



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

June 18, 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**

**THIRD REPORT TO COURT OF
KSV RESTRUCTURING INC. AS PROPOSAL TRUSTEE**

JUNE 18, 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 “First Amended Proposal”). On June 15, 2021, the Companies filed another amendment (the “Second Amendment”) to the First Amended Proposal, which narrowed the scope of the releases (the “Amended Proposal”). Copies of the Amended Proposal and the Certificate are attached as Appendices “B” and “C”, respectively.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Companies;
 - b) summarize the results of the meeting of creditors held on June 15, 2021 to consider and vote on the Amended Proposal (the “Meeting”);
 - c) provide the statutory disclosure required under Sections 58(d) and 59(1) of the BIA; and
 - d) provide the Proposal Trustee’s recommendation to the Court with respect to:
 - i. the approval of the Amended Proposal; and
 - ii. sealing the confidential appendices to this Report on the terms set out below.

1.2 Currency

1. All currency references in this Report are to Canadian dollars.

1.3 Definitions

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

1.4 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 been provided with two appraisals by CBRE Limited (“CBRE”) - one with an effective date of July 30, 2019 issued to Cresford Developments and one with an effective date of March 16, 2021 (the “2021 CBRE Appraisal”) issued to Concord (collectively, the “CBRE Appraisals”). The Proposal Trustee has assumed that the CBRE Appraisals accurately reflect the YSL Project (as defined in Section 2.1 below).
3. The Proposal Trustee has not performed an audit or other verification of the financial and other information provided to it. 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’ and Concord’s 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 or the Appraisals presented in this Report or relied upon by the Proposal Trustee in its preparation of this Report.

4. Any sale, restructuring and/or realization process for the YSL Project (as defined in Section 2.1 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 “D”.
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 improved the value of the YSL Project and enhanced the prospects of a viable proposal being made by the Companies. The Proposal Trustee consented to the disclaimers. No objections to the disclaimers were received.
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 ongoing dewatering and monitoring work required 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 “E”.
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 "LP Applications") 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. If the NOI proceedings are discontinued, or if the Amended Proposal is not accepted by the creditors or approved by the Court, Timbercreek has scheduled an application for the appointment of a receiver on July 12, 2021. Timbercreek has advised that if the Amended Proposal is not approved on the return of this motion, it may seek the immediate appointment of a receiver.
3. 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 the LP 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 certain of 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. As set out below, the statutory majority of creditors voted to accept the Amended Proposal and therefore the hearing on June 23, 2021 will consider the LP Applications and the Companies' motion for Court approval of the Amended Proposal. A copy of the June 1st Endorsement is provided as Appendix "F".
4. Court materials filed in these proceedings, including the Proposal Trustee's First Report to Court dated May 6, 2021 (the "First Report") and its Second Report to Court dated May 14, 2021, are available on the Proposal Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/yg-limited-partnership>.
5. Additional information about these proceedings, including additional background on the Companies, the LP Applications, and the Companies' current financial position is included in the Proposal Trustee's Report to Creditors dated June 4, 2021 (the "Report to Creditors"). A copy of the Report to Creditors is provided in Appendix "G", without attachments, and can also be found on the Proposal Trustee's website.

3.0 Creditors

1. On June 4, 2021, the Proposal Trustee mailed to each creditor and posted on its website a creditors' package, including a Proof of Claim form, voting letter and the Report to Creditors.

2. A summary of the Companies' liabilities based on its books and records is presented below. The table includes all claims as of the date the Proposal was filed, with interest projected on secured creditor claims to 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. A list of known creditors based on the Statement of Affairs dated May 27, 2021 sworn by Daniel C. Casey, an officer of the Companies, is attached as Appendix "H".
4. A summary of the claims filed by the Companies' creditors as of the date of the Meeting is provided below¹.

Creditor	Amount (\$000)
Affected Claims	
Third party general unsecured claims	1 24,284
Convenience Creditor Claims	2 107
Conditional Claims	3 2,072
Contingent claims	4 22,709
Related Party Claims	5 38,284
Total Affected Claims	87,456

Notes

1. Represents unsecured claims filed by third party creditors, not including Convenience Creditor Claims, Conditional Claims, and Claims determined by the Proposal Trustee as contingent pursuant to Section 135 (1.1) of the BIA.
2. Represents unsecured claims filed by third party creditors that are either: i) in an amount less than or equal to \$15,000; or ii) in an amount greater than \$15,000 if the relevant Creditor submitted a valid Convenience Creditor Election Form prior to 5:00pm on June 14, 2021.
3. Discussed further in Section 4.3 below
4. Discussed further in Section 4.4 below
5. Discussed further in Section 4.5 below

¹ Represents amounts reflected in filed proofs of claim, where applicable. The claims remain subject to review and determination by the Proposal Trustee.

5. Since the Meeting, two additional claims have been filed in the amounts of \$4.9 million and \$17,000. While the claims were not included in the voting results, the creditor which filed the larger claim (\$4.9 million) submitted a voting letter in favour of acceptance of the Amended Proposal.

4.0 The Amended Proposal

1. The terms of the Amended Proposal were set out in Section 4 of the Report to Creditors and are summarized below.

4.1 Purpose and Effect

1. The overall purpose of the Amended Proposal is to:
 - a) provide for payment in full of the Secured Claims; 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 4.2), 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.

4.2 Dividend Amount

1. If the total Proven Claims are less than \$65 million (the "Maximum Proposal Claims Amount"), Affected Creditors are to receive a distribution of 58% of the face value of their Affected Creditor Claims (the "Affected Creditor Share"). If the total Proven Claims exceed \$65 million, Affected Creditors are to receive an amount equal to 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 (the "Affected Creditor Pro Rata Share").
2. In Section 4.8 of the Report to Creditors, the Proposal Trustee advised that estimated Affected Creditor Claims based on the list of known creditors at the date the Amended Proposal was filed totalled \$63.2 million. The Proposal Trustee noted that *"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. As described in Section 3 above, as at the date of this Report, the Proposal Trustee received 59 claims totalling \$92.4 million, which include Conditional Claims, contingent claims, and other claims where the amounts were unknown as at the date the Amended Proposal was filed. Certain of these claims, if accepted as Proven Claims, could result in the total Affected Creditor Claims exceeding \$65 million, therefore resulting in the Affected Creditors receiving the Affected Creditor Pro Rata Share.
4. If the disputed claims are not resolved consensually, they may need to be adjudicated.

4.3 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. Pursuant to the Amended Proposal, the Conditional Creditors 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.
3. As of the date of this Report, the Proposal Trustee has received 11 claims in the aggregate amount of \$2.1 million which meet the criteria definition of Conditional Claims, all of which relate to claims of real estate brokers in respect of commissions on condominium sales where one or more conditions precedent remain outstanding (such as proof of financing or payment of deposits). If brokers with Conditional Claims satisfy the Conditional Claim Conditions, the quantum of the total Affected Creditor Claims will increase.

4.4 Contingent Claims

1. Contingent Claims totalling \$22.7 million were filed by former Cresford employees. The employees have advanced claims alleging that the Companies are a common employer in respect of, *inter alia*, wrongful dismissal, unpaid bonuses, commissions and profit sharing.
2. The largest employee claim was filed by Maria Athanasoulis, the former President and Chief Operating Officer of Cresford. Ms. Athanasoulis's claim is in the amount of \$19 million and is related to a Statement of Claim she filed on January 21, 2020 against the Companies, other Cresford affiliates and Mr. Casey (the "Athanasoulis Claim"). The Athanasoulis Claim is in respect of, among other things, allegations of:
 - a) wrongful dismissal; and
 - b) damages for breach of an oral agreement that the owner of each Cresford project, including the YSL Project, would pay Ms. Athanasoulis 20% of the profits earned on each project (the "Profit Sharing Agreement").
3. The support provided in the Athanasoulis Claim includes, among other things, an unsigned employment agreement dated November 1, 2014 as between Cresford and Ms. Athanasoulis (the "Unsigned Employment Agreement"). A copy of the Athanasoulis Claim is attached as Appendix "I".

4. The Proposal Trustee is aware that Ms. Athanasoulis filed similar claims in the insolvency proceedings of other Cresford affiliates, including in the proceedings commenced by The Clover on Yonge Inc. and the Clover on Yonge Limited Partnership pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "Clover CCAA Proceedings"). Mr. Justice Hainey issued an endorsement dated January 8, 2021 in the Clover CCAA Proceedings (the "Justice Hainey Endorsement") pursuant to which he stated that Ms. Athanasoulis's claim is "too speculative and remote" and therefore was not admitted for voting purposes. An unofficial transcript of the Justice Hainey Endorsement is attached as Appendix "J".
5. The Proposal Trustee reviewed the Athanasoulis Claim and determined it to be a Contingent Claim for an unliquidated amount that was too speculative to be admitted (or otherwise should be valued at nil) for voting purposes for the following reasons:
 - a) the existence and terms of the oral Profit Sharing Agreement and wrongful dismissal have not been proven and are the subject matter of ongoing litigation;
 - b) the efficacy of the Unsigned Employment Agreement is uncertain; and
 - c) the treatment of the similar claim filed by Ms. Athanasoulis in the Clover CCAA Proceedings.
6. Email correspondence between Davies Ward Phillips & Vineberg LLP ("Davies"), the Proposal Trustee's counsel, and Goodmans LLP ("Goodmans"), Ms. Athanasoulis's counsel, concerning the Proposal Trustee's intended treatment of her claim for voting purposes at the Meeting is provided as Appendix "K".
7. Five additional claims totaling \$3.7 million which were filed by various former employees of Cresford, each of which is represented by Naymark Law ("Naymark"), were also treated as Contingent Claims in unliquidated amounts although there was some basis for valuing two of these Contingent Claims for voting purposes. The Proposal Trustee's intended treatment of each of these claims for voting purposes at the Meeting was set out in email correspondence between Davies and Naymark, a copy of which is attached as Appendix "L".

4.5 Related Party Claims

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 Claims represent a significant portion of the total pool of potential Affected Creditor Claims.
3. The LPs and Goodmans, on behalf of Ms. Athanasoulis, have raised concerns regarding the Related Party Claims, including that the amounts owing to the Related Party Creditors should be treated as equity and not debt.

4. As the quantum and classification of the Related Party Claims could affect the distribution to Affected Creditors, the Proposal Trustee has performed extensive diligence on the Related Party Claims.
5. To date, the Proposal Trustee's diligence has included:
 - a) reviewing financial and other documents provided by the Companies in respect of the Related Party Claims, including but not limited to, accounting records, bank statements, relevant agreements and contracts, tax returns, financial statements and loan documents;
 - b) discussing the Related Party Claims with the Companies' management;
 - c) reviewing materials filed in connection with these proceedings and the LP Applications; and
 - d) discussing the Related Party Claims with certain of the LPs and other stakeholders.
6. 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.
7. Related Parties are only entitled to vote against a proposal. For the purposes of voting on the Amended Proposal, the Proposal Trustee advised the Related Party Creditors that it was not able to determine by the Meeting if the Related Party Claims are provable. Accordingly, the Proposal Trustee marked the claims disputed and permitted the Related Party Creditors to vote on that basis. The Related Party Creditors did not vote at the Meeting.

4.6 Second Amendment

1. As discussed above, the First Amended Proposal was amended on June 15, 2021, following discussions between the Companies, the Sponsor, certain of the Companies' creditors and the LPs. The purpose of the Second Amendment is to narrow the release provisions contemplated in Section 7.01 of the First Amended Proposal.
2. On June 15, 2021, the Amended Proposal was filed with the Official Receiver and posted on the Proposal Trustee's website. It was also tabled at the Meeting.

4.7 The Meeting

1. The Meeting was convened virtually by Zoom on June 15, 2021 and was chaired by the Proposal Trustee.

4.8 Voting Treatment

1. The Proposal Trustee received a total of 57 claims prior to the Meeting. As discussed above, in accordance with section 108 of the BIA, the Proposal Trustee objected to certain claims for voting purposes, either partially or in full.
2. Of the 57 claims received, the Proposal Trustee allowed 37 claims to vote at the full value as filed (the “Eligible Voting Claims”), 10 claims were allowed to vote at a reduced value (the “Partially Disputed Voting Claims”) and 10 claims were fully disallowed for voting purposes and valued at nil (“Fully Disputed Voting Claims”). The voting treatment of these claims is summarized in the table below:

Voting Treatment of Claims	#	\$ (Allowed)	\$ (Disallowed)
Eligible Voting Claims	37	13,287,381	-
Partially Disputed Voting Claims	10	5,313,758	7,097,757
Fully Disputed Voting Claims	10	-	61,735,343
Total claims received	57²	18,601,139	68,833,100

3. The Partially Disputed Voting Claims primarily include claims filed by brokers in respect of commissions, a portion of which were filed as Conditional Claims. As described in Section 4.3 above, a portion of these claims is only payable on the fulfillment of the Conditional Claim Conditions. Therefore, these claims were only valued for voting purposes at the amount that was payable as per the Companies’ accounts payable listing at the date of the Meeting, with the residual amount marked as disputed. Also included in the Partially Disputed Voting Claims are two claims of former employees represented by Naymark.
4. The Fully Disputed Voting Claims include the Related Party Claims (\$38.3 million), the Athanasoulis Claim (\$19 million), three claims of former employees represented by Naymark (\$1.9 million) and three claims from creditors that are not reflected in the Companies’ books and records (\$2.5 million).

4.9 Voting Result

1. The following table summarizes the results of the voting at the Meeting:

Voting Summary	Claims Allowed for Voting		Objected Claims ³		Total	
	#	\$	#	\$	#	\$
Accept	46	18,533,339	3	3,295,725	49	21,829,064
Reject	-	-	1	19,000,000	1	19,000,000
Total	46	18,533,339	4	22,295,725	50	40,829,064
% Accept	100%	100%			98%	53%

2. As presented in the table above, the Amended Proposal was unanimously accepted by the Creditors with claims allowed for voting purposes at the Meeting.

² Of the 57 votes noted in the table over, 10 were marked as fully disputed, seven of which did not vote and three of which voted.

³ The Objected Claims do not include the Partially Disputed Voting Claims, as they are included in the Claims Allowed for Voting at the amount determined for that purpose by the Proposal Trustee.

3. Ms. Athanasoulis voted to reject the Amended Proposal.
4. As indicated by the totals presented in the table above, if Ms. Athanasoulis' claim is accepted for voting purposes, the Amended Proposal would fail. As the other Objected Claims all voted in favour of the Amended Proposal, their treatment would not change the outcome of the Amended Proposal.
5. Copies of the voting register and the minutes of the Meeting are attached as Appendices "M" and "N", respectively.

4.10 Participation of the Sponsor

1. As set out in Section 4.9 of the Report to Creditors, Concord advised the Proposal Trustee that certain of the Companies' creditors, which as of the date of the Report to Creditors were owed approximately \$16 million in respect of unsecured or lien claims, had 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 Court approval of the Amended Proposal and provides for a payment by the Sponsor to these creditors following Court approval of the Amended Proposal 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. The Sponsor has advised the Proposal Trustee that as of the date of this Meeting, it had executed Claim Assignment Agreements with 39 creditors representing filed claims allowed for voting purposes of \$15.8 million. A schedule listing the creditors and their respective claims is provided as Appendix "O". The Sponsor advised the Proposal Trustee that, as of the Meeting, it had entered into agreements with six other creditors; however, those creditors did not submit votes and therefore the Sponsor considers those agreements to be terminated. Additionally, the Sponsor entered into agreements similar to the Claim Assignment Agreements with the five creditors represented by Naymark that filed claims totalling \$3.7 million⁴. The claims of two of those creditors were accepted for voting purposes at \$413,000.
4. As a result of the Claim Assignment Agreement, the Sponsor is bearing the risk that the total Proven Claims exceed the Maximum Proposal Claims Amount (\$65 million) and therefore that the distributions under the Amended Proposal are less than 58% of Proven Claims.

⁴ These claims remain subject to determination by the Proposal Trustee. It is the Proposal Trustee's understanding that the amount payable by the Sponsor is based on the Proven Claim as determined by the Proposal Trustee.

5. Allegations have been made by various parties in these proceedings that to induce creditors to vote to accept the Amended Proposal, Concord negotiated side deals with creditors in addition to the Assignment Agreements. The Proposal Trustee has asked the Sponsor to confirm whether this is the case. The Proposal Trustee has been advised by the Sponsor that no such side deals were entered into.

5.0 Realization in a Bankruptcy/Receivership

5.1 FM Report and Valuation

1. In the First Report, the Proposal Trustee advised the Court that it engaged Finnegan-Marshall Inc. (“FM”), a prominent real estate and development cost consulting firm based in Toronto, to, among other things, prepare a report that opines on:
 - a) the sales price for the YSL Project on an as-is basis after assessing the YSL Project budget, project revenue and resultant profitability⁵;
 - b) the sales price for the YSL Project if the purchaser disclaimed all existing Condominium Purchase Agreements and re-marketed all the units under the assumption that the purchaser could obtain a higher price per square foot for the units based on market rates; and
 - c) the CBRE Appraisals, in order to explain the differences between the two appraisals and provide an opinion on the appraised values contained therein.
2. FM was retained to, among other things, prepare a report so that the Proposal Trustee could provide a recommendation to the Companies’ creditors with respect to the Amended Proposal.
3. 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 Condominium Purchase Agreement 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”).
4. FM issued a report dated May 26, 2021 to the Proposal Trustee (the “FM Report”) which provides detailed projections of the revenues and the costs associated with the YSL Project as well as the two scenarios referenced above. The Proposal Trustee prepared a waterfall analysis (“Waterfall Analysis”) that, among other things, summarizes the estimated distributions to the Companies’ creditors based on various scenarios, including the Amended Proposal, As-Is Scenario, Re-Sell Scenario and the 2021 CBRE Appraisal. The FM Report, 2021 CBRE Appraisal and Waterfall Analysis

⁵ The FM Report estimates the value that a purchaser would be prepared to pay for the land, as well as the implied value of the land in the Amended Proposal.

are provided in Confidential Appendices “1”, “2” and “3”, respectively. The reasons for including these as confidential appendices are provided in Section 5.2 below.

5. As detailed in Section 6.1 of the Report to Creditors:
 - a) the implied value of the Amended Proposal is \$291 million, including the condo purchaser deposits that have been spent by the Companies, as the Sponsor will not get the benefit of these deposits upon acquisition;
 - b) 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, secured creditors would not be paid in full; and
 - c) the FM Report indicates that in a sale of the YSL Project under the As-Is and Re-Sell Scenarios, there would be no value for the LPs, even if the Related Party Claims were excluded.

5.2 Sealing

1. The Proposal Trustee recommends that the FM Report, 2021 CBRE Appraisal and Waterfall Analysis be filed with the Court on a confidential basis and remain sealed pending further order of the Court. These documents contain sensitive financial information that could negatively impact realization on the YSL Project should the Amended Proposal not be implemented and a sale process be undertaken.
2. Certain of the stakeholder parties in these proceedings, including the Sponsor, Goodmans and the LPs, requested that the Proposal Trustee provide a copy of the FM Report. The Proposal Trustee has done so based on the confidentiality undertakings provided by these parties.
3. The Proposal Trustee does not believe that any stakeholder will be prejudiced if the information is sealed. Upon request and subject to the execution of a confidentiality undertaking, the Proposal Trustee is prepared to make available the FM Report, 2021 CBRE Appraisal and the Waterfall Analysis to the Companies’ creditors who request this information.

5.3 Prospective Transactions

1. Pursuant to a Cross-Examination Brief dated June 11, 2021 filed by the LPs (the “Cross Examination Brief”), the Proposal Trustee was advised of three prospective transactions that the Companies had been considering in 2020 related to the YSL Project. A copy of the Cross Examination Brief is attached as Appendix “P”.
2. The three prospective transactions are:
 - a) a letter of intent dated May 15, 2020 from PJD Properties Inc., an affiliate of GFL Environmental Inc. (the “GFL LOI”);
 - b) an agreement of purchase and sale dated July 14, 2020 between Empire (Water Wave) Inc. and the Companies (the “Empire APS”); and

- c) a financing term sheet dated November 12, 2020 submitted by Concord Properties Developments Corp. (the same entity as the Sponsor) (the “Concord Term Sheet”).
3. The GFL LOI, Empire APS and Concord Term Sheet are each included in the Cross Examination Brief.
4. The Proposal Trustee understands that each of the above transactions was subject to various conditions. Based on discussions with the Companies’ counsel and management, the Proposal Trustee understands that:
 - a) the GFL LOI did not proceed past the preliminary diligence stage;
 - b) the LPs were not prepared to consent to the Empire APS and, for at least that reason, Empire’s conditions were not met. Additionally, the Empire APS was also subject to a broad conditionality provision, including the “economic and financial feasibility of the Property”; and
 - c) the Concord Term Sheet was subject to financing conditions and did not proceed as Otera Capital Inc., the Sponsor’s construction loan lender, did not agree to the financing terms.
5. On June 12, 2021, the Proposal Trustee provided FM with the Cross Examination Brief and asked whether: a) FM was provided with these documents prior to issuance of the FM Report; and b) if not, if FM could review these documents and advise on whether the information contained therein would change the conclusions in the FM Report.
6. FM advised that it was not previously aware of the three offers but that the offers did not change its analysis or conclusions. A copy of the FM Correspondence is provided in Appendix “Q”.

6.0 Retail Square Footage

1. Counsel to Ms. Athanasoulis provided information to the Proposal Trustee regarding a reduction of approximately 13,000 square feet in the retail square footage utilized by CBRE in the 2021 CBRE Appraisal compared to the appraisal it completed in 2019.
2. The Proposal Trustee contacted CBRE to discuss the difference and was advised by CBRE that it relied on drawings provided by Concord, to whom the appraisal was being issued. Concord has advised the Proposal Trustee that the difference is in respect of gross leasable area, which was the measurement used in the 2019 appraisal, compared to net leasable area, which was the measurement in the 2021 CBRE Appraisal, with the estimated rents per square foot considered on those different bases.
3. The Proposal Trustee has requested that Concord approach CBRE to explain this difference and to indicate whether any revisions to the valuation are appropriate. The Proposal Trustee intends to file a supplement to this Report to address this issue based on the response from CBRE, if necessary.

4. The Proposal Trustee asked FM to estimate the incremental value of the retail space if the retail space was understated, as suggested by Ms. Athanasoulis. Based on the rents per square foot included in the 2021 CBRE Appraisal, FM estimated that the values associated with this space if included as leasable area would be \$13 million, less \$1.5 million of costs to complete it, resulting in a net increase of approximately \$11.5 million. Even with this additional value, the recovery under the Amended Proposal provides a superior result for unsecured creditors when compared to a sale of the YSL Project.

7.0 Conclusion and Recommendation

1. In the Report to Creditors, the Proposal Trustee advised that the First Amended Proposal provides creditors with a better outcome than a bankruptcy and therefore recommended that the creditors vote in favour of the First Amended Proposal. Specifically, Section 6 of the Report to Creditors provides that the value of the YSL Project under the First Amended Proposal exceeds the value of the YSL Project under the As-Is and Re-Sell Scenarios, which, in the Proposal Trustee's opinion are the two most likely options for the YSL Project if the First Amended Proposal is not approved. The Proposal Trustee noted that the First Amended Proposal provides Affected Creditors with an opportunity for a recovery of up to 58¢ on the dollar value of their claims, which amount may be nil if the YSL Project is marketed for sale.
2. The Proposal Trustee's recommendations in respect of the First Amended Proposal continue to apply to the Amended Proposal.
3. The retail space issue raised by Ms. Athanasoulis does not affect the Proposal Trustee's recommendation.
4. The Proposal Trustee recommends that the Court issue an order approving the Amended Proposal for the following reasons:
 - a) it was unanimously accepted by creditors entitled to vote at the Meeting; and
 - b) acceptance and implementation of the Amended Proposal is likely to result in a significantly superior result for creditors than a bankruptcy of the Companies.
5. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order approving the Amended Proposal.

* * *

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)

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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 #2

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 an amendment to the Original Proposal was filed in accordance with section 50(2) of the BIA on June 3, 2021 (the "**First Amended Proposal**");

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

NOW THEREFORE the Company hereby submits the following second amended proposal under the BIA to its creditors (as amended, 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 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;

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

"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 in connection with this Proposal and the Project, 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, its affiliates, the former directors and officers, and general partner of the Company shall not be released in respect of any (x) Equity Claim as defined in section 2 of the BIA or any analogous claim in respect of a partnership interest or (y) any claim by a former employee of the Company or its affiliates relating to unpaid wages or other employment remuneration.

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 at a Court hearing scheduled for June 23, 2021 at 10:00am.

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.

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Dated at Toronto, this 15th day of June, 2021.

YSL RESIDENCES INC.

Per:



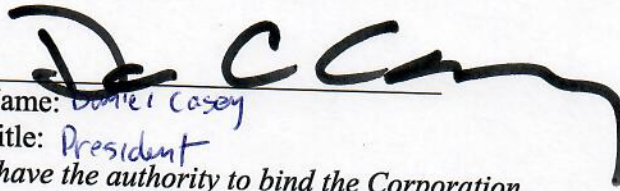
Name: Daniel Casey

Title: President

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

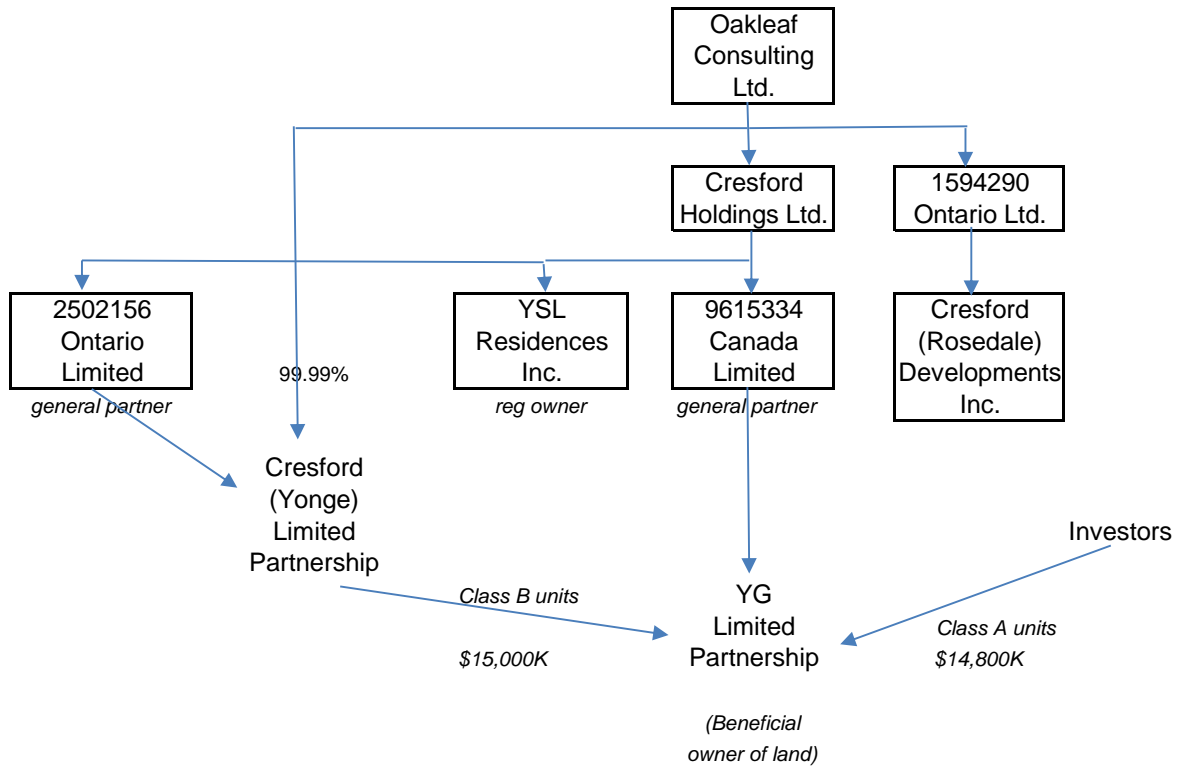
Official Receiver

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

Appendix “D”

Cresford Group

Organization Chart - Yonge/Gerrard



Appendix “E”

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:

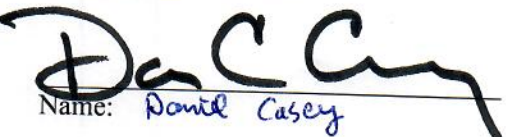
YSL RESIDENCES INC.

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 “F”

**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

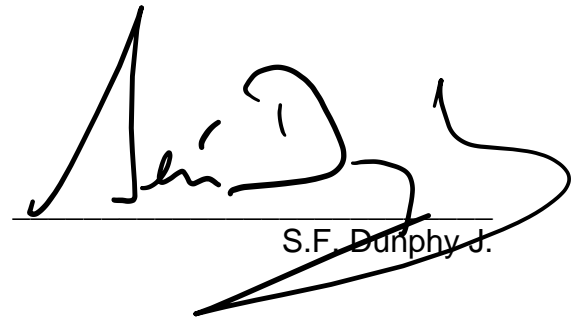
June 18 - Cresford's Factum re the LPs' Applications and Factum re BIA Proposal

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

Appendix “G”



**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	(986,619)
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 “H”

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	250,839,561	
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 Unit 101, 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 “I”

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: **Maria Athanasoulis** Telephone: **(416) 849-6895 (Counsel)**

Address: **Creditor:** Fax: **(416) 979-1234 (Counsel)**

**44 Glenallan Rd, North
York, Ontario, M4N 1G8**

Counsel to Creditor:

Goodmans LLP

**3400 - 333 Bay Street,
Toronto, Ontario, M5H
2S7**

Email: **mdunn@goodmans.ca (Counsel)**
cfox@goodmans.ca (Counsel)

Account No.: _____

In the matter of the bankruptcy (or the proposal, or the receivership) of **YG Limited Partnership and YSL Residences Inc.** and the claim of **Maria Athanasoulis**, creditor.

I, **Maria Athanasoulis**, of **North York, Ontario**, do hereby certify:

1. That I am a creditor of the above-named debtors.
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 amount of \$19 million, as described in Schedule "A" hereto and in the Statement of Claim attached as Schedule "B".** ~~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 \$ [See Schedule A and Appendix B hereto.]

(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 \$ 19,000,000 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 North York, this 10th day of June, 2021.


Witness


Creditor Authorized Signatory

SCHEDULE “A” TO THE PROOF OF CLAIM OF MARIA ATHANASOULIS

A. Ms. Athanasoulis’ Action Against Cresford

1. Maria Athanasoulis is the former President and Chief Operating Officer of Cresford (Rosedale) Developments Inc. and its affiliates and subsidiaries (collectively, “**Cresford**”), including the debtors, YG Limited Partnership and YSL Residences Inc. (together, “**YSL**” or the “**YSL Debtors**”). She is also the Plaintiff in the Action having Court File No. CV-20-00635914-00CL (the “**Action**”) against Cresford, including YSL.

2. The Action seeks (among other things) damages for wrongful dismissal and damages for breach of an oral agreement that the owner of each Cresford project, including YSL, would pay Ms. Athanasoulis 20% of the profits earned on each project (the “**Profit Sharing Agreement**”).

B. The Profit Sharing Agreement

3. The Profit Sharing Agreement was an agreement entered into between Ms. Athanasoulis and the owners of each Cresford development project (the “**Owners**”). The YSL Debtors own Yonge Street Living Residences (the “**YSL Project**”), and they are bound by the Profit Sharing Agreement.

4. The terms of the Profit Sharing Agreement were negotiated between Ms. Athanasoulis and Mr. Dan Casey who was, at the time, the sole officer and director of each of the Owners, including the YSL Debtors.

5. The YSL Debtors are bound by the Profit Sharing Agreement. In fact, the YSL Debtors specifically admitted that they are bound by the Profit Sharing Agreement in their Statement of Defence and Counterclaim.

(i) *The Terms of the Profit Sharing Agreement*

6. The terms of the Profit Sharing Agreement were initially negotiated in 2014. The parties agreed that each Owner would pay Ms. Athanasoulis 10% of the profits earned on each project undertaken by an Owner (each, a “**Project**”) when the Project was completed and profits were realized.

7. In November 2014, Ms. Athanasoulis drafted an employment agreement based on a form of agreement that Cresford had used for another employee. The draft employment agreement prepared by Ms. Athanasoulis, which is attached as **Appendix “A”**, specified (among other things) that Ms. Athanasoulis’ entitlement under the Profit Sharing Agreement would not be extinguished if Ms. Athanasoulis left Cresford or was terminated by it. Ms. Athanasoulis provided the draft agreement to Mr. Casey, but does not recall whether Mr. Casey signed it. Ms. Athanasoulis does not have a signed copy of the agreement.

8. The draft agreement is between Ms. Athanasoulis and “Cresford Developments.” Although each Owner is not specifically named in the draft agreement, it was these Owners that had the ability to pay a share of the profits. “Cresford Developments” did not have any right to receive profits from the Owners, and it therefore had no ability to pay these profits to Ms. Athanasoulis. Ms. Athanasoulis and Mr. Casey agreed that the obligation to pay profits would rest with the Owners.

9. In 2015, Ms. Athanasoulis and Mr. Casey agreed that the Profit Sharing Agreement would be amended to provide that Ms. Athanasoulis would receive 15% of the profits earned on each project.

10. In October 2018, the parties (including the YSL Debtors) agreed that Ms. Athanasoulis' entitlement would increase to 20% of the profits earned on each Project. This included the YSL Project.

11. In late 2018 and early 2019, Ms. Athanasoulis also pressed Mr. Casey to properly document the Profit Sharing Agreement. Ms. Athanasoulis and Mr. Casey agreed that John Papadakis, a lawyer with Blaney McMurtry LLP, would reduce the terms of the Profit Sharing Agreement into a formal agreement.

12. The terms of the Profit Sharing Agreement were discussed and confirmed at a meeting with Mr. Papadakis on February 16, 2019. Specifically, Mr. Casey and Ms. Athanasoulis both confirmed during the meeting that:

- (a) Although it had never been reduced to writing, the Profit Sharing Agreement was an existing agreement that had been in place since 2014;
- (b) Under the Profit Sharing Agreement, Ms. Athanasoulis was entitled to 20% of the profits earned on each of the Projects, including the YSL Project; and
- (c) The Profit Sharing Agreement was an agreement between Ms. Athanasoulis and each Owner, including the YSL Debtors.

13. Ms. Athanasoulis never received a written Profit Sharing Agreement for her review and approval. She does not know why a written copy of the Profit Sharing Agreement was not provided to her, since Mr. Casey promised that it would be.

14. Although Ms. Athanasoulis was entitled to be paid a share of the YSL Debtors' profits, she was never a shareholder of the YSL Debtors.

(ii) The YSL Debtors' repudiation of the Profit Sharing Agreement

15. As noted, Ms. Athanasoulis commenced the Action, which seeks (among other things) a declaration that she is entitled to 20% of the profits earned on each of Cresford's Projects including the YSL Project. In their Defence and Counterclaim, the Defendants (including the YSL Debtors) admit the existence of the Profit Sharing Agreement but claim that Ms. Athanasoulis' entitlement was conditional on her continued employment by Cresford. They claim that Ms. Athanasoulis effectively waived her rights under the Profit Sharing Agreement by accepting her constructive termination (which is described below).

16. By refusing to honour or acknowledge the Profit Sharing Agreement, the YSL Debtors repudiated the essential terms of that agreement, thereby crystallizing Ms. Athanasoulis' claim against them for breach of contract. The YSL Debtors are liable for the damages caused by their repudiation of the Profit Sharing Agreement.

(iii) Damages for breach of the Profit Sharing Agreement

17. Ms. Athanasoulis is entitled to damages that will put her in the position that she would occupy but-for the YSL Debtors' breach of the Profit Sharing Agreement. Specifically, she is entitled to compensation for the lost opportunity to receive 20% of the profits from the YSL Project.

18. As described in detail in Ms. Athanasoulis' Statement of Claim, a copy of which is attached as **Appendix "B"**, as of the date of YSL's repudiation of the Profit Sharing Agreement, YSL was in a position to earn substantial profits. In fact, Cresford's internal documents forecast a profit of in excess of \$90 million as of February 2020. Thus, as of the date of the YSL Debtors' repudiation

of the Profit Sharing Agreement, Ms. Athanasoulis' claim under that agreement was worth approximately \$18 million.

C. Wrongful termination claim

(i) Cresford's wrongful termination of Ms. Athanasoulis

19. The corporate defendants in the Action (including the YSL Debtors) are all part of a group of companies engaged in the development, construction, marketing and sale of condominiums in Toronto, Ontario using the brand name Cresford.

20. Ms. Athanasoulis was hired by Cresford in 2004, and worked in progressively more senior positions thereafter. These positions are described in more detail in Ms. Athanasoulis' Statement of Claim.

21. Until 2014, Ms. Athanasoulis earned a salary of \$300,000 plus benefits. Recognizing Ms. Athanasoulis' value, Mr. Casey agreed to (among other things) increase her salary to \$500,000 per annum in 2014 and pay her 0.15% of Cresford's sales on every project going forward.

22. As described in Ms. Athanasoulis' Statement of Claim, Ms. Athanasoulis discovered how Mr. Casey had funded Cresford's business, and the need for significant further funding in 2018. She urged Mr. Casey to find stable funding for Cresford so it could complete the Projects and comply with its lending agreements. She worked diligently to help him do so, but made it clear she would not help him deceive lenders, contractors or anyone else. As more time passed, and the issues grew more serious, Ms. Athanasoulis' efforts to convince Mr. Casey to address the issues became more urgent and forceful.

23. Despite Ms. Athanasoulis' efforts, Mr. Casey took no steps to rectify the situation.

24. Ms. Athanasoulis, and other members of Cresford's management, asked Mr. Casey to clarify these issues. Mr. Casey provided no meaningful response. Instead, he instructed his litigation lawyer, Allan O'Brien, to write to Ms. Athanasoulis to accuse her of breaching her fiduciary duties to Cresford. Mr. O'Brien provided no particulars to support this allegation because there was no such breach.

25. Mr. Casey then prohibited Ms. Athanasoulis from communicating with any of Cresford's lenders, and indicated that he alone would speak to these lenders.

26. Mr. Casey then went further still, and advised that he alone would deal with *all* of Cresford's key stakeholders, including contractors. He also told Cresford's staff, who previously reported to Ms. Athanasoulis, that they would now report to him directly.

27. Mr. Casey's actions stripped Ms. Athanasoulis of essentially all of her responsibilities as Cresford's president and COO. She was terminated in all but name. On December 20, 2019, Mr. Casey even told Cresford staff that Ms. Athanasoulis was gone and would not be returning. He said that Cresford would be better and stronger without her.

28. Mr. Casey refused to formalize this termination because he was concerned about how Cresford's key stakeholders, including contractors, lenders, investors and employees, would react.

29. All of this put Ms. Athanasoulis in an impossible situation. She was nominally an officer of Cresford (and a director of YSL Residences Inc.) but had no ability to understand or affect how Cresford conducted business. She had good reason to believe that Mr. Casey planned to take steps that would violate Cresford's legal obligations and potentially expose her to personal liability.

30. The conduct described above, and set out in more detail in Ms. Athanasoulis' Statement of Claim, constituted repudiation of Ms. Athanasoulis' employment contract, and constructive termination of her employment by Cresford. By letter dated January 2, 2020, Ms. Athanasoulis wrote to accept this repudiation.

(ii) Damages for wrongful termination

31. Ms. Athanasoulis was constructively dismissed without notice or cause. The Defendants, including the YSL Debtors, are liable for damages in an amount equal to what Ms. Athanasoulis would have earned during the notice period to which she was entitled. Ms. Athanasoulis is entitled to 24 months' notice, having regard to:

- (a) **Character of employment:** Ms. Athanasoulis was Cresford's most senior employee except for Mr. Casey, with overall responsibility for virtually all aspects of Cresford's business except financing. In that capacity, she successfully executed some of the most ambitious development and construction projects in Canada;
- (b) **Age and length of employment:** Ms. Athanasoulis worked at Cresford for 16 years and was 42 years old at the time of her termination;
- (c) **Availability of similar employment:** similar employment is not currently available to Ms. Athanasoulis and will not be available to her for the foreseeable future. There are only a handful of developers in Canada that execute projects of the type, size and scope that Ms. Athanasoulis worked on while she was at Cresford. These developers already have presidents. As a result, Ms. Athanasoulis is unlikely to find comparable employment for at least 24 months.

(iii) Punitive and exemplary damages

32. As described above, and in the Statement of Claim, Ms. Athanasoulis was terminated because she insisted that Mr. Casey deal honestly with Cresford's stakeholders. Cresford's actions demonstrate a wanton and contumelious disregard for Ms. Athanasoulis' rights and warrant an award of punitive and exemplary damages. Those actions also caused significant mental and emotional distress to Ms. Athanasoulis such that an award of aggravated damages is also warranted.

(iv) YSL's liability for wrongful termination

33. Ms. Athanasoulis was simultaneously employed by each of the Cresford companies, including the YSL Debtors. They are jointly and severally liable for her wrongful termination.

34. Ms. Athanasoulis did not have a written employment agreement. Accordingly, YSL's liability is determined by the common law.

35. Cresford functioned as a single, integrated unit under the ultimate control of Mr. Casey. Each Cresford company operated from the same premises, and all were marketed as being part of the same entity. Each Cresford company had the same director and shareholder, Mr. Casey.

36. One important aspect of Cresford's integrated business was Mr. Casey's practice of moving funds between companies to meet liabilities. Mr. Casey routinely directed Cresford's accounting personnel to use funds belonging to one company to satisfy debts owed by another.

37. Cresford was in the business of buying, developing, marketing and selling new condominiums. Each new condominium project was owned by one of the Owners, and Ms. Athanasoulis provided her services directly to each of the Owners. Although the Owners sometimes paid fees to other Cresford entities, there was no written management agreement setting

out what fees would be paid and when. The timing and quantum of the fee payments were determined by Ms. Casey.

38. In light of the foregoing, the YSL Debtors and the other Cresford companies are common employers who are jointly and severally liable with the other Defendants in the Action for Ms. Athanasoulis' wrongful termination damages.

7173246

APPENDIX "A"

THIS AGREEMENT, made as of 1st day of November, 2014,

BETWEEN:

Cresford Developments

(the "Employer")

-and-

Maria Athanasoulis

(the "Employee")

The Employee and the Employer wish to confirm a change to the compensation terms governing the terms and conditions of employment.

THEREFORE THE EMPLOYER AND THE EMPLOYEE AGREE AS FOLLOWS:

TITLE:

The Employer is employing the Employee as the President of Marketing and Sales.

Salary:

The Salary of the Employee will be \$500,000 per annum, payable bi-monthly less applicable statutory deductions. In addition, the Employee will participate in the group benefit plan provided by the Employer as amended from time to time. The Employee will be entitled to leave as required for absence due to illness.

The Employee will be eligible for bonus payments earned at the registration of the condominium declaration of each development as well as bonus on gross revenue sold. The specific process for allocation of the bonus will be determined and agreed upon by the Employer and the Employee and outlined in schedule "B" of this agreement.

Other Benefits:

The Employer will pay the Employee a monthly vehicle allowance of \$1200 (less statutory deductions). The Employee will be responsible for the cost of his vehicle, including insurance and gas. The Employer will pay the monthly allowance on a bi-monthly basis.

The Employer will provide a cellular phone to the Employee.

The Employer will reimburse the employee for all reasonable travel and other business expenses incurred while carrying out his responsibilities on behalf of the Employer, upon presentation of appropriate receipts for the expenses claimed.

The Employer will reimburse the Employee for the cost of memberships in business related professional associations, provided these membership fees are approved in advance by the Employer.

Annual Leave:

The Employee is entitled to 5 weeks vacation with pay.

Performance Review:

The performance of the Employee will be reviewed on an annual basis based on criteria agreed upon by the Employee and the Employer at the beginning of the year subject to review, and based on the agreed duties to be performed by the Employee as outlined in schedule "A".

The Employee's annual performance will be reviewed at the end of each calendar year and at that time the Employer and the Employee may make amendments to this contract and to compensation at their mutual agreement.

Termination of Employment:

The Employee's employment may be terminated as follows:

1. By the Employee at any time upon providing the employer with 6 weeks notice in writing; or
2. By the Employer at any time for just cause, without notice; or
3. By the Employer without cause upon ten months notice or, bi-monthly pay in lieu thereof, subject to the following. In the event of the employee finding comparable alternative employment, the employee will be paid 50% of the balance owing on the remainder of the termination payment from the date of commencement of such employment to the end of the notice period herein. The Employee agrees that he will advise the Employer forthwith upon finding such comparable employment.
4. Bonus payments will be paid in full at the completion of any project in the construction phase if employee's employment is terminated.

Confidential Information:

It is essential to the success of the Employer that the business and affairs of the Employer be kept in the strictest confidence. Therefore, the Employee shall not at any time nor in any manner, except where authorized or required by law or by the Employer, divulge, disclose or communicate to any person, firm or corporation any information concerning any matters affecting or relating to the enterprise of the Employer, including without limiting the generality of the foregoing, any information concerning the

Employers products and product designs, customer lists, the prices it obtains or has obtained from the sale of, or at which it sells or has sold its products, types and kinds of raw materials used by it, the suppliers and costs thereof, the manner of its operation, its marketing, product development and other plans, its manufacturing and other processes and any financial affairs of the Employer.

Company Property:

The Employee agrees that upon termination of his employment, all property belonging to Employer will be returned immediately.

Amendment of Agreement:

Any amendment to this agreement must be in writing and signed by both parties.

Dated at Toronto this ____ day of October, 2014

Witness

Per: Dan Casey, President & C.E.O "Employer"

Cresford Developments Inc.

Witness

Per: Maria Athnasoulis "Employee"

SCHEDULE 'A'

The following outlines the terms agreed to for bonus between the employer and the employee.

- 1) A \$500,000 bonus will be paid upon the final registration of 1000 Bay Condominiums
- 2) A \$500,000 bonus will be paid upon the final registration of CASA 2 Condominiums
- 3) A \$500,000 bonus will be paid upon the final registration of CASA 3 Condominiums
- 4) A bonus of 10% of final profits will be paid upon the final registration of VOX Condominiums
- 5) A bonus of 10% of final profits will be paid on final closing on any future site Cresford acquires
- 6) A bonus of 0.15% on the gross sales of each project marketed by Cresford will be paid on construction start for sales earned to date, with the balance after construction start paid on final closing



APPENDIX "B"

Electronically issued : 21-Jan-2020
Délivré par voie électronique : 21-Jan-2020
Toronto

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

MARIA ATHANASOULIS

Plaintiff

- and -

CRESFORD (ROSEDALE) DEVELOPMENTS INC., EAST DOWNTOWN REDEVELOPMENT PARTNERSHIP, THE CLOVER ON YONGE INC., THE CLOVER ON YONGE LIMITED PARTNERSHIP, 33 YORKVILLE RESIDENCES INC., 33 YORKVILLE RESIDENCES LIMITED PARTNERSHIP, 480 YONGE STREET INC., 480 YONGE STREET LIMITED PARTNERSHIP, YG LIMITED PARTNERSHIP, YSL RESIDENCES INC., YSL RESIDENCES LIMITED PARTNERSHIP, 50 CHARLES STREET LIMITED, 50 CHARLES STREET LIMITED PARTNERSHIP and DANIEL C. CASEY

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, **WITHIN TWENTY DAYS** after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date January 21, 2020 Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
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Toronto ON M5G 1R7

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Counsel to the Defendants

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CLAIM

1. The Plaintiff, Maria Athanasoulis, claims against the Defendants for:
 - (a) A declaration that the Defendants wrongfully terminated Ms. Athanasoulis;
 - (b) Damages for wrongful dismissal in the amount of \$1,000,000;
 - (c) A declaration that Ms. Athanasoulis is entitled to 20% of the profits earned by each of the Projects (as defined below);
 - (d) Damages in the amount of \$48 million, representing the value of the entitlement referenced in (c) above;
 - (e) Damages for defamation, in an amount to be provided prior to trial;
 - (f) Punitive, aggravated and exemplary damages;
 - (g) Pre and post judgment interest; and
 - (h) Such further and other relief as this Court deems just.

PART I. BACKGROUND

A. THE DEFENDANTS' BUSINESS

(i) *Cresford*

2. The corporate defendants (collectively, “**Cresford**”) are all part of a group of companies engaged in the development, construction, marketing and sale of condominiums in Toronto, Ontario using the brand name Cresford.

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3. Cresford's corporate predecessors were founded by the Defendant, Daniel C. Casey, approximately 40 years ago. However, until approximately 2014, Cresford and its predecessors focused on small and medium-sized condominium developments.

4. Since 2014, Cresford has developed a reputation for developing and building large luxury condominium communities, largely as a result of the Plaintiff's efforts (which are described below). It has completed some of the largest and most ambitious condominium development and construction projects in the Greater Toronto Area.

5. Each of Cresford's development and construction projects is owned by a separate legal entity. That entity purchases the land where the relevant project is to be built, obtains the required permissions, markets the project to proposed purchasers, hires contractors to build the project and takes all of the other steps to convert real estate into a major condominium development.

6. The staff required to complete this work, including Ms. Athanasoulis, were paid by East Downtown Redevelopment Partnership ("**EDRP**"). However, EDRP does not own any real estate or conduct any active business. Cresford employees, including Ms. Athanasoulis, provided services directly to the entities that owned, developed and built Cresford's projects.

(ii) Ms. Athanasoulis was critical to Cresford's success

7. Ms. Athanasoulis joined Cresford in 2004 as its Manager, Special Projects. Although she had not previously worked in real estate, she quickly demonstrated a talent for marketing development projects. In 2005, she was promoted to Vice President of Sales and Marketing.

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8. In 2012, Ms. Athanasoulis was promoted again to President, Sales and Marketing. In that capacity, she reported directly to Mr. Casey. Over time, her role expanded to include virtually all aspects of Cresford's business except for land acquisition and project finance. In 2018, Ms. Athanasoulis was promoted again to President and Chief Operating Officer ("COO") around the time that Ted Dowbiggin, the President of Cresford Capital, resigned.

(iii) The real estate development and construction process

9. Condominium development and construction projects are complex, and each is unique to some extent. However, certain steps are common to virtually all projects. The builder/developer must:

- (a) identify an attractive development site;
- (b) negotiate an agreement to purchase the site;
- (c) hire third parties to design the proposed project;
- (d) obtain the municipal permissions required to build the proposed project, which often involves a long and extensive review and approval process. The process of obtaining these approvals is typically called the "development process";
- (e) market condominium units to purchasers. These purchasers provide a deposit (or a series of deposits) to secure their purchases;¹

¹ These deposits must be insured before they can be used to fund construction costs. The deposit insurer guarantees that the deposits will be repaid to purchasers if the units are not built, and registers a mortgage on title to protect itself against the risk of repayment.

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- (f) hire contractors to supply the labour and materials required to build the project; and
- (g) register the condominium and transfer control of it to the condominium corporation.

10. Importantly, the vast majority of revenues earned on a project are not released to the builder/developer until construction is complete and the condominium is registered. This means that the builder/developer must fund development and construction costs using both debt and equity.

(iv) Mr. Casey was responsible for providing or securing the equity that Cresford required

11. In recent years, Mr. Casey has had very little involvement in Cresford's day to day operations. He rarely attended Cresford's offices and was largely unaware of – and uninvolved in – Cresford's business except for financing matters and cost overruns. Unlike other aspects of the business, which were operated by Ms. Athanasoulis, Mr. Casey always kept control of Cresford's financing and limited Ms. Athanasoulis' access to information about it.

12. As noted above, almost all of the revenue from a condominium development is earned after the condominium is built and registered. Almost all of the costs required to complete the development must be incurred before then. Real estate development projects, and particularly the large-scale projects that Cresford has pursued recently, have substantial (and complex) funding needs.

13. Cresford, like all major developers, secures third party mortgage financing to fund a significant portion of its construction and development costs. Lenders agree to fund based on a detailed budget prepared for each project and carefully monitor costs. A project inspector reviews

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detailed information to ensure that funds are properly used and the project can be completed in accordance with the original budget. If the project inspector identifies cost overruns, then the owner of the project must immediately provide the required funds. The Altus Group (“**Altus**”) is the project inspector on Cresford’s current projects.

14. In addition, lenders rely on the financial position of the project owner in deciding to advance funds. As a result, the loan agreements all prohibit further borrowing without prior consent from the lender.

15. Cresford’s lenders required that the owner of each project make a significant equity investment before funds were advanced. Mr. Casey’s primary role at Cresford was to provide or secure these equity investments. The investments were critical. In order to complete its projects, Cresford needed a stable source of equity funds. Without such funds, Cresford could not meet its commitments to lenders, construction contractors, consultants, brokers, purchasers and other stakeholders.

16. Mr. Casey represented to Ms. Athanasoulis that he was a wealthy and successful businessman. Ms. Athanasoulis believed that Mr. Casey had the ability to make the investments that Cresford’s business required.

17. As described below, these funds either did not exist or Mr. Casey was not prepared to invest them in Cresford’s business. Mr. Casey was unwilling or unable to provide the equity funding that Cresford required. This failure threatened (and continues to threaten) the viability of Cresford’s business.

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18. Importantly, prior to the fall of 2018, Ms. Athanasoulis was not responsible for acquiring development sites or financing the purchase and construction of projects. Ted Dowbiggin, the President of Cresford Capital, was responsible for site acquisitions and finance until his resignation effective August 31, 2018. Mr. Dowbiggin reported directly to Mr. Casey, and together, they were solely responsible for financing Cresford's acquisition and development activities. Finance activities were separated from the rest of Cresford's operations. Ms. Athanasoulis and her team had little information about how Mr. Casey and Mr. Dowbiggin financed projects and what they communicated to lenders.

19. Thus, Ms. Athanasoulis was responsible for executing Cresford's projects successfully but was not responsible for how those projects were financed, did not participate in communications with lenders and did not know what Mr. Casey did (and did not) tell lenders.

(v) Cresford's recent success

20. Although Ms. Athanasoulis developed (and has) significant expertise in every aspect of the real estate development and construction business, she has a unique talent for designing and marketing residential condominium units to purchasers. As a result, Cresford was able to sell a large volume of condominium units quickly and for premium prices. Every condominium must pre-sell units worth a minimum amount before construction loan funding will be advanced – typically 65% or more of the total project revenue. Cresford's most recent projects have met their targets very quickly.

21. As importantly, Ms. Athanasoulis built Cresford into a recognized luxury condominium brand. Satisfied customers bought units in multiple Cresford projects, and the real estate brokers

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that represented Cresford's target customers trusted Cresford to keep its promises. This allowed Cresford to charge premium prices for its units. Few, if any, Canadian developers have the sort of reputation that Ms. Athanasoulis built for Cresford.

22. Put simply, Ms. Athanasoulis was the driving force behind Cresford's success. In the last five years alone, Cresford has sold more than 3,000 condominium units and generated revenues in excess of \$2.5 billion. In the process, she built a reputation (both for herself and for Cresford) for dealing honestly and fairly with consultants, construction contractors and real estate agents.

(vi) Ms. Athanasoulis' compensation

23. Mr. Casey recognized Ms. Athanasoulis' value. He knew that Ms. Athanasoulis was the key to Cresford's success and, over the years, he offered her significant incentives to remain at Cresford.

24. In 2014, Ms. Athanasoulis supervised the design, marketing and sales on the Vox project at Yonge and Wellesley in Toronto, as she had done on several previous projects. The Vox project met its sales targets with ease, and the project was a success. Moreover, because of Ms. Athanasoulis' sales and marketing expertise, Cresford saved the substantial cost of a third party marketing company. A third party marketing company would have charged Cresford more than \$3 million to market only the Vox project, but Ms. Athanasoulis was paid only \$300,000 per annum, plus a payment equal to 0.15% of Cresford's sales on every project, to market all of Cresford's projects and fulfill her other duties. Ms. Athanasoulis realized that she could earn much more working as a contractor for Cresford and other developers.

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25. Recognizing Ms. Athanasoulis' value, Mr. Casey agreed to increase her salary to \$500,000 per annum in 2014 and pay her 0.15% of Cresford's sales on every project going forward. Most importantly, after the Vox project, Mr. Casey agreed that Ms. Athanasoulis would be entitled to 15% of the profits earned on all projects launched by Cresford thereafter as well as an additional \$500,000 at registration of each of the active projects (i.e., 1000 Bay, Casa II and Casa III). Following the successful launch of YSL, Mr. Casey increased the percent of profits that Ms. Athanasoulis was to be entitled to from 15% to 20%. In an effort to assist with monthly cash flow, Ms. Athanasoulis never drew her increased salary. Mr. Casey knew this, and knew that Ms. Athanasoulis was still owed her increased salary.

26. Ms. Athanasoulis worked closely with Mr. Casey, and trusted him to protect her interests. As a result, their agreement was not immediately reduced to writing. Ms. Athanasoulis launched three more very successful projects in 2015, 2016 and 2017.

27. After the successful launch of YSL (as defined below) in October 2018, Ms. Athanasoulis realized that the services she provided to Cresford on its four most recent projects had saved it approximately \$37.5 million on fees that would otherwise have been paid to a third party marketing consultant. She asked Mr. Casey to memorialize his agreement to pay her 20% of the profits on existing projects. She subsequently attended a meeting with Mr. Casey and John C. Papadakis, Cresford's corporate lawyer. At the meeting, Mr. Casey confirmed that Ms. Athanasoulis was entitled to 20% of the profits generated by Cresford's projects and asked Mr. Papadakis to document the agreement.

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28. Ms. Athanasoulis did not receive the agreement that Mr. Papadakis was instructed to draft. She did not press for a written agreement, however, because Mr. Casey had confirmed her entitlement several times and she trusted him.

29. As described below, her trust was misplaced.

PART II. CRESFORD'S CASH CRISIS

A. CRESFORD'S CURRENT PROJECTS

30. In recent years, Cresford has focused on large condominium developments in or near downtown Toronto. Cresford currently has four active condominium developments (collectively, the "**Projects**"):

- (a) The Clover on Yonge ("**Clover**"), a 44 story condominium located near Yonge and Bloor. Clover is owned by Clover on Yonge Inc. ("**Clover Inc.**") in its capacity as General Partner of Clover on Yonge Limited Partnership ("**Clover LP**"). Clover LP is beneficially owned by entities related to or controlled by Mr. Casey;
- (b) Halo Residences on Yonge ("**Halo**"), a 38 story condominium tower located on Yonge Street between Wellesley and Carlton in Toronto. Halo is owned by 480 Yonge Street Inc. ("**Halo Inc.**"), the general partner of 480 Yonge Street Limited Partnership ("**Halo LP**"). Halo LP is, in turn, beneficially owned by entities related to or controlled by Mr. Casey;
- (c) The Residences of 33 Yorkville ("**33 Yorkville**"), a condominium with one 64-story tower and one 41-story tower. 33 Yorkville is owned by 33 Yorkville

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Residences Inc. (“**33 Yorkville Inc.**”), in its capacity as general partner of 33 Yorkville Residences Limited Partnership (“**33 Yorkville LP**”). There are two classes of limited partnership units in 33 Yorkville LP. The Class A limited partnership units are held by 20 third parties, who collectively invested \$75 million. These investments are described in more detail below; and

- (d) Yonge Street Living Residences (“**YSL**”), an 85-story condominium tower located at the corner of Yonge and Gerrard in Toronto. YSL is owned by YSL Residences Inc. (“**YSL Inc.**”), in its capacity as general partner of YG Limited Partnership (“**YSL LP**”). YSL LP is beneficially owned by entities controlled by or related to Mr. Casey and third party investors.

31. Revenue from the project will not be realized unless and until the Projects are completed. In order to complete the Projects, Cresford must meet its obligations to lenders, contractors and other stakeholders. This requires access to funding that Cresford does not currently have.

B. MR. CASEY’S FAILURE TO MAKE (OR SECURE) EQUITY INVESTMENTS

32. As noted above, each lender required that Cresford (or Mr. Casey) invest significant equity into each Project. Ms. Athanasoulis only role in these equity investments was to introduce potential investors to Mr. Casey.

33. Mr. Dowbiggin resigned from Cresford in August 2018. Around the time of Mr. Dowbiggin’s resignation, Ms. Athanasoulis learned, for the first time, that Cresford was woefully underfunded on Clover and Halo. Cresford did not have the funds required to complete the Projects, and Mr. Casey did not have a plan to secure the funds it needed.

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34. Mr. Casey and Mr. Dowbiggin initially directed Ms. Athanasoulis to reach out to CBRE, a well-known commercial real estate brokerage, to explore the possibility of selling the land owned by YSL Inc. Mr. Casey hoped to earn a gross profit on the sale of \$80-\$100 million and use that profit to fund cost overruns on the Clover and Halo projects.

35. Given the scale of the YSL Project, the pool of potential buyers was quite small. CBRE reached out to the most likely purchasers, but did not find an interested buyer. Accordingly, the only alternative was to design, market and sell the project in order to make it viable. Ms. Athanasoulis worked tirelessly in September and October to launch the YSL Project quickly. This work paid off, and the YSL launch was a huge success. Among other things, the purchasers were contracted to pay approximately \$140 million in deposits on YSL units.

36. Ms. Athanasoulis continued to work with Mr. Casey to try to find a solution to Cresford's cash issues. However, in the summer of 2019 she learned that Mr. Casey's own financial position was far more precarious than he had claimed.

37. Worse still, Ms. Athanasoulis learned in the fall of 2019 that Cresford had made significant misrepresentations to its lenders. When Ms. Athanasoulis pressed Mr. Casey to make the equity investments the business required and to deal honestly with lenders, she was stripped of her responsibilities and constructively terminated.

(i) Mr. Casey's secret loans

38. Cresford did not actually make many of the equity investments that it was contractually required to make, and claimed to have made. Instead, Mr. Casey represented to lenders that funds borrowed from a third party lender, OTB Capital Inc. ("**OTB**"), were equity investments made by

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Mr. Casey or entities that he controlled. These so-called equity investments were, in fact, high interest financing that was specifically prohibited by the applicable loan documents. OTB's loans are secured by every piece of collateral that Mr. Casey could offer, including the unsold retail and residential condominium units in the Clover and Halo projects. Neither Ms. Athanasoulis nor the affected lenders were aware of this.

39. Specifically, Ms. Athanasoulis learned that Mr. Casey had borrowed money from OTB in or around 2014. She also knew that Cresford had to make substantial monthly interest payments to OTB. This was a significant burden on Cresford's cashflow, since interest on most loans in the real estate development industry is capitalized and paid at the end of the project.

40. Ms. Athanasoulis did not, however, know the details of Mr. Casey's arrangements. Most importantly, she did not know what Mr. Casey had told lenders about OTB. She assumed that Mr. Casey had disclosed the nature of his relationship with OTB to existing and prospective lenders, as he was required to do. Shortly before her termination (which is described below), she learned that he had not.

(ii) Clover

41. Mr. Casey's scheme is illustrated by the funding of Clover. Pursuant to a commitment letter dated April 27, 2016 (the "**Clover Loan Agreement**"), British Columbia Investment Management Corporation ("**QuadReal**") agreed to provide Clover Inc. with:

- (a) a construction financing and letter of credit facility in the amount of approximately \$175 million, which was to be secured by a first mortgage charge; and

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- (b) a third mortgage facility in the amount of approximately \$30 million (including a \$9 million interest reserve).

42. The Clover Loan is managed by QuadReal Property Group (“QuadReal”), a real estate company owned by BC IMC.

43. The Clover Loan Agreement required that the borrower, Clover Inc., invest equity of approximately \$20.6 million before any funds could be advanced. The Clover Loan Agreement prohibited any other financing without the prior written consent of QuadReal, but it allowed Clover Inc. to register *its own* mortgage on title to secure the equity investment it was required to make.

44. Clover Inc. represented to QuadReal that it made the required equity investment, and registered a mortgage on title in favour of Cresford Financial Limited (“CFL”). Once it was satisfied that this investment had been made, QuadReal began to advance funds.

45. Unbeknownst to QuadReal, and to Ms. Athanasoulis, neither Clover Inc. nor any other entity related to Mr. Casey invested \$20.6 million in Clover. Most of the so-called equity investment was borrowed from OTB.

46. Specifically, OTB lent CFL \$17 million. The loan was guaranteed by Clover Inc., Mr. Casey and a host of other Cresford companies. CFL pledged all of its shares to OTB until OTB’s loan was repaid. Accordingly, the mortgage registered by CFL secured OTB’s loan and was effectively controlled by OTB.

47. Put simply, the majority of the “equity” in the Clover project was actually high interest secured debt.

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(iii) Halo

48. Mr. Casey made substantially identical arrangements relating to Halo, without the knowledge of Ms. Athanasoulis or QuadReal.

49. By commitment letter dated November 24, 2016 (the “**Halo Loan Agreement**”), QuadReal agreed to fund a first mortgage construction loan (including a \$2 million letter of credit facility) in the amount of approximately \$159 million and a third mortgage mezzanine loan in the amount of approximately \$29 million to fund the Halo Project. The Halo Loan Agreement required that Halo Inc. invest equity of \$13.6 million before any loan advances were made, and prohibited any other borrowing by Halo Inc. without QuadReal’s prior consent. Halo Inc. was, however, allowed to register a mortgage to secure its own equity investment in the Project.

50. Halo Inc. did not make the equity investment required of it. By Loan Agreement dated November 30, 2016, Cresford Equities Inc. (“**Cresford Equities**”) agreed to borrow \$10.1 million from OTB. This amount was guaranteed by, among other companies, Halo Inc.

51. Cresford Equities registered a fifth mortgage against the lands owned by Halo Inc. However, Cresford Equities pledged all of its shares to OTB until the loan was repaid. Thus, the fifth mortgage that was meant to secure Cresford’s equity was in fact registered to secure OTB’s loan. None of this was shared with Ms. Athanasoulis, or QuadReal.

(iv) 33 Yorkville

52. The budget submitted to lenders in respect of 33 Yorkville required an equity investment of approximately \$75 million. Mr. Casey approached Ms. Athanasoulis and asked her to identify third party investors who might fund some of this commitment. As a result of Cresford’s

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reputation for successful projects, and her own close relationships with a number of potential investors, Ms. Athanasoulis was able to introduce Mr. Casey to investors that ultimately purchased \$75 million worth of limited partnership units in 33 Yorkville LP (the “**33 Yorkville Investors**”). She trusted Mr. Casey to make appropriate arrangements and disclose those arrangements to the lenders. This did not happen.

53. Without Ms. Athanasoulis’ knowledge, Mr. Casey represented to QuadReal that the 33 Yorkville Investors had invested approximately \$20.5 million in 33 Yorkville and that Cresford and/or Mr. Casey had made the balance of the equity investment required.

(v) **YSL**

54. YSL is Cresford’s largest project to date, with its most complex funding structure. The purchase price and early stage project costs were funded by a \$100 million first mortgage from Timbercreek Financial Corp. (“**Timbercreek**”) and a deposit insurance facility in the amount of \$120 million from Westmount Guarantee Services Inc. (“**Westmount**”) that was arranged after the success of the YSL launch to repay a prior mortgage that had come due. Timbercreek’s first mortgage was to be repaid using a first mortgage construction loan from Otera Capital Inc. (“**Otera**”) in the amount of approximately \$623 million (the “**YSL Construction Loan**”). The YSL Construction Loan was arranged after the successful launch of YSL.

55. The YSL Construction Loan required equity of \$75 million. Mr. Casey represented to lenders that these funds had been raised from equity investments in YSL LP. Mr. Casey and YSL Inc. guaranteed that the investments would be repaid with interest.

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56. Indeed, Mr. Casey and YSL Inc. even agreed to grant one of the so-called limited partners, 247625 Ontario Inc. (“**247 Inc.**”) a mortgage over the YSL lands to secure its \$20 million “equity” investment. Mr. Casey told Cresford’s staff that he had personally borrowed the funds from 247 Inc. to invest in YSL, but this is not true. YSL Inc.’s corporate predecessor borrowed the funds, and YSL Inc. is liable for them. Although the mortgage has not yet been registered on title, the funds advanced by 247 Inc. (like the so-called equity investments in Halo and Clover described above) were high interest secured debt in all but name.

C. CRESFORD’S MANAGEMENT IDENTIFIES CASH SHORTFALLS

57. Beginning in mid-2018, Cresford’s management team identified significant cash shortfalls in the Clover and Halo projects. In late 2018, after the launch of YSL, a cash shortfall was identified in the 33 Yorkville Project. Each of these projects could (and still can) be completed successfully. But each project requires additional equity funding, and Mr. Casey has been unwilling or unable to provide or secure that funding.

(i) Clover cash shortfall

58. Clover is currently under construction. Construction costs are funded through the Clover Construction Loan, which is described above. These costs are carefully monitored by Altus, the project inspector hired by QuadReal (although paid by Clover Inc.). Clover Inc. must provide detailed information about the status of construction, and the projected cost to complete the project, in order to secure the advances that it needs to pay contractors. Clover Inc. is responsible for cost overruns, and if projected costs exceed the original budget, then Clover Inc. must fund the increased costs before further funds will be advanced.

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59. As noted, Clover is a 44-story condominium tower. Clover Inc. (through its contractors and suppliers) had to purchase a significant volume of steel and other material in order to build the project. In 2018, the price of steel and other construction materials increased significantly, primarily as a result of tariffs imposed by the United States. At the same time, unions representing the workers required to build Clover negotiated new agreements that significantly increased labour costs. These factors significantly increased the cost of building the Clover project, and all of the other condominium developments in Toronto.

60. In addition, the original construction schedule proposed for the Clover project was very aggressive. After construction began, it became clear that the original schedule was unrealistic. The delay further increased construction and project costs.

61. By the fall of 2018, Ms. Athanasoulis, and the rest of Cresford's senior management team, advised Mr. Casey that Clover would require an additional \$50 million to complete construction. Though this additional funding requirement would mean that no profit would be earned on this project, all lenders, trades and costs would be paid in full and Cresford could continue as a going concern with a solid reputation. Cresford funded some of the Clover obligations using fees earned on other projects, but a shortfall of \$37 million remains.

(ii) Halo cash shortfall

62. Cresford faces a similar cash shortfall on the Halo project, for substantially the same reasons. Halo construction costs increased substantially as a result of the increased costs of steel and other materials. In addition, the aggressive schedule originally proposed for the Halo project proved unachievable.

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63. Halo Inc. awarded a number of construction contracts in November 2018. When the contracts were awarded, Cresford's management estimated that the total overrun would be \$45 million. Some of the shortfall has been funded using fees earned on other projects, leaving a \$38 million funding shortfall for the Halo project. Though this additional funding requirement would mean that no profit would be earned on the Halo project, all lenders, trades and costs would be paid in full, and Cresford could continue as a going concern with a solid reputation.

(iii) 33 Yorkville cash shortfall

64. In late 2018, Cresford's construction team hired a third party peer review cost consultant, CB Ross, to assess the construction budget for 33 Yorkville to confirm the magnitude of anticipated cost overruns. As a result of this review, the projected cost of the project that had been presented by the construction team was confirmed. Based on the new estimate, 33 Yorkville is facing a cash shortfall of approximately \$65 million. Though an additional \$65 million funding requirement would mean that only nominal profit would be earned on this project, all lenders, trades and costs would be paid in full, and Cresford could continue as a going concern with a solid reputation.

(iv) Casa III

65. As noted, Mr. Casey used funds earned from earlier projects to fund overruns on later projects. One of these earlier projects was Casa III, a luxury condominium that was owned by 50 Charles Street Limited and registered in August 2018. Funds earned from Casa III were used to pay amounts due on other projects, which left Casa III without the funds required to make the final payments that it owed. The final work on Casa III, which will cost approximately \$4.5 million,

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cannot be completed. The owner of Casa III already owes approximately \$5 million to construction contractors and real estate contracts. It is unable to fund either the outstanding payables or the construction required to complete the project, leaving the building and landscaping unfinished for the past two years.

(v) *Mr. Casey proved unwilling or unable to address Cresford's cash flow issues*

66. Mr. Casey was unwilling or unable to provide an adequate solution – or any solution – to Cresford's cash flow problems. As noted, Mr. Casey told Ms. Athanasoulis for years that he had substantial assets available to him. Mr. Casey refused to use these funds (if they existed) to fund Cresford's business. The only funds invested in Clover, Halo, 33 Yorkville and YSL were generated from earlier projects that Cresford completed but these projects did not generate nearly enough cash to satisfy the requirements.

67. But taking funds from predecessor projects did not solve the problem. Instead, it caused the cash flow problem to grow and spread. For example, real estate brokers that were owed commissions for previously completed projects (including Cresford's own brokers, employed by Cresford Real Estate Corporation) are owed approximately \$5 million.

(vi) *Cresford's cash flow crisis worsened*

68. The understanding of the overall cash flow issues grew significantly worse over time. The projected cash shortfall across Casa III, Clover, Halo and 33 Yorkville ballooned to a combined \$150 million. Projects were unable to pay contractors what they were owed as payments came due on Casa III and Halo. Clover and 33 Yorkville would soon have the same issue, because Cresford did not have a plan in place, and because Mr. Casey was unwilling to use funds available

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to him personally, to fund the contracts it had entered into. These contractors pressed Cresford's construction staff (who reported to Ms. Athanasoulis) for payment. As the situation grew worse, contractors demanded answers from Ms. Athanasoulis. She did not have those answers. In addition, Cresford could not enter into new construction contracts because it did not have the ability to fund the resulting costs.

(vii) Mr. Casey could not or would not help solve Cresford's cash problems

69. As noted, Mr. Casey had repeatedly represented to Ms. Athanasoulis that he had access to significant funds. Ms. Athanasoulis believed that Mr. Casey could use some of this wealth to solve Cresford's cash problems. In the summer of 2019, however, Mr. Casey told Ms. Athanasoulis that he had substantial mortgages registered against both his cottage and home. Ms. Athanasoulis began to suspect that Mr. Casey was not as wealthy as he claimed, and that he would not be able to contribute the funds that Cresford required.

70. Ms. Athanasoulis' concerns about Mr. Casey were exacerbated by his lavish lifestyle. He told her in the summer of 2019 that he required between \$4 million and \$5 million annually to maintain his lifestyle, and Ms. Athanasoulis learned that funds needed by Cresford had been used for personal purposes. As noted, Cresford had used fees earned on earlier projects to fund some of the cost overruns on later projects. But Mr. Casey prioritized his own interests over Cresford's. For example, in February 2019, when Cresford was desperate for cash, he took approximately \$750,000 from Casa III (which should have been used to pay creditors) to buy a house for his son.

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(viii) The Defendants conduct caused significant mental and emotional harm

71. This caused Ms. Athanasoulis significant stress and anxiety. Ms. Athanasoulis had spent years building Cresford's reputation with Toronto's largest and most reliable contractors and real estate brokers. She developed close personal and professional relationships with many of these contractors and brokers. Her hard work and critical relationships were threatened by Cresford's inability to pay contractors and brokers on time, or at all. She also worried about how contractors and brokers would react when they learned that there were no funds available to pay them. She worried about what would happen to purchasers who had trusted Cresford and paid deposits on condominium units. She worried about what would happen to Cresford's staff if funding was not secured.

(ix) Potential purchaser to solve Cresford's cash flow crisis

72. Ms. Athanasoulis worked diligently to solve Cresford's financial difficulties. She explored a number of potential solutions once it became clear Mr. Casey could not or would not provide the funds that Cresford desperately needed. In the course of these discussions, Mr. Casey suggested that he would consider selling the business to solve the cash flow crisis.

73. Ms. Athanasoulis was ultimately introduced to a well-known Toronto businessman who expressed an interest in buying Cresford's four ongoing projects and other assets. The potential purchaser was, however, only interested in Cresford if Ms. Athanasoulis stayed with the company and continued to operate its business. Mr. Casey was of the same opinion and agreed the opportunity should be explored.

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74. Ms. Athanasoulis discussed the potential sale with Mr. Casey and he authorized her to continue discussions with the potential purchaser. The potential purchaser signed a non-disclosure agreement, and began to evaluate Cresford's business.

75. The potential purchaser offered Ms. Athanasoulis an interest in the business to incentivize her to participate in the transaction and remain with Cresford after the sale.

76. Ms. Athanasoulis told Mr. Casey that, if the purchase was completed, she would have an interest in the purchaser. He did not object, nor did he suggest that Ms. Athanasoulis' potential interest with the purchaser would interfere with her continued role at Cresford.

77. Discussions with the purchaser progressed to the point that the potential purchaser provided Mr. Casey with a non-binding letter of intent ("LOI") setting out the terms of a potential deal in December 2019. The proposed transaction would have addressed Cresford's cash flow issues, injected the proper required equity by paying out the high interest loans and investors, and generated a significant personal profit for Mr. Casey. But Mr. Casey did not accept, or even negotiate to improve, the LOI.

(x) *Mr. Casey tries to conceal Cresford's cash flow crisis*

78. Instead of completing the proposed purchase, or pursuing an alternative solution to Cresford's cash crisis, Mr. Casey focused on concealing that crisis from lenders and other stakeholders.

79. As noted above, Halo Inc. had an obligation to provide Altus with copies of all of its construction contracts. This allowed Altus to (among other things) identify cost overruns. In

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October 2018, Cresford hired Verdi Inc. (“**Verdi**”) to perform concrete forming work on the Halo project. The Verdi contract created a cash shortfall of approximately \$4.5 million. Instead of funding this overrun with equity (or finding outside funding), Mr. Casey directed Cresford’s staff to withhold the Verdi contract and all progress bills from Altus. This was a breach of the Halo Loan Agreement. It was also very short-sighted. Verdi erected a large crane on the Halo site, which is prominently located on Yonge Street, to complete its work. It is only a matter of time before Altus sees the crane, identifies the breach of contract and notifies the affected lenders.

80. The cash flow issues on 33 Yorkville are also urgent. The applicable loan agreements require that 75% of the remaining construction contracts be awarded by January 1, 2020. Awarding these contracts would crystallize cost overruns in the approximate amount of \$65 million, and 33 Yorkville Inc. would have to fund these overruns. Mr. Casey had no plan in place to fund the overruns, so he instructed Cresford’s construction staff to delay awarding the contracts. This breached the 33 Yorkville loan agreements. It is also short-sighted, since the contracts will still need to be awarded, and the cost overruns will need to be addressed.

81. In addition, contractors and real estate brokers already working on the Projects have not been paid on time. The owners of these projects owe approximately \$20 million to contractors and real estate brokers. Many of these amounts are significantly overdue. Mr. Casey has no funding in place to pay the contractors, and several have threatened to sue and/or register liens in accordance with the *Construction Lien Act* if they are not paid immediately.

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D. CONSTRUCTIVE TERMINATION

82. As soon as Ms. Athanasoulis discovered how Mr. Casey had funded Cresford's business, and the need for significant further funding, she urged Mr. Casey to find stable funding for Cresford so it could complete the Projects and comply with its lending agreements. She worked diligently to help him do so, but made it clear she would not help him deceive lenders, contractors or anyone else. As more time passed, and the issues grew more serious, Ms. Athanasoulis' efforts to convince Mr. Casey to address the issues became more urgent and forceful.

83. Despite Ms. Athanasoulis' efforts, Mr. Casey took no steps to rectify the situation.

84. Instead of focusing on the projects that required cash, Mr. Casey told Ms. Athanasoulis that Cresford's sole priority was to satisfy the conditions precedent on the YSL Construction Loan. In order to access that funding, YSL Inc. had to enter into an agreement to sell the retail component of YSL. This was the final funding condition, so once a suitable purchaser was found YSL could access the first tranche of the YSL Construction Loan.

85. As is standard, funds advanced pursuant to the YSL Construction Loan can only be used to fund construction costs on YSL. Thus, funding the YSL Construction Loan would do nothing at all to help Cresford's overall cash position unless YSL diverted funds to other projects. Such diversions would be fraud.

86. Ms. Athanasoulis raised this concern with Mr. Casey, but did not receive a meaningful response. Instead, Mr. Casey sent a non-binding letter of intent purporting to relate to the sale of the retail component of YSL directly to YSL's construction lender, Otera. The letter of intent did not satisfy the condition of the YSL Construction Loan, since an actual agreement of purchase and

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sale was required, no one (including Cresford's management) knew who the purchaser was and the transaction contemplated by the letter of intent did not satisfy the requirements of the YSL Construction Loan in any event. The YSL Construction Loan required that the deposit on the retail component be available to fund construction costs, and such use was prohibited by the letter of intent Mr. Casey provided.

87. Ms. Athanasoulis, and other members of Cresford's management, asked Mr. Casey to clarify these issues. Mr. Casey provided no meaningful response. Instead, he instructed his litigation lawyer, Allan O'Brien, to write to Ms. Athanasoulis and accuse her of breaching her fiduciary duty by interfering with YSL Inc.'s attempts to close the YSL Construction Loan. Mr. O'Brien provided no particulars to support this allegation, because there was no interference.

88. Otera was, understandably, confused by Mr. Casey's e-mail. Ms. Athanasoulis had been responsible for Cresford's relationship with Otera since early 2019, so Otera asked to speak with her. Mr. Casey prohibited her from communicating with Otera, or any other lender, and indicated that he alone would speak to Cresford's lenders.

89. Mr. Casey then went further still, and advised that he alone would deal with *all* of Cresford's key stakeholders including contractors and lenders. He also told Cresford's staff, who previously reported to Ms. Athanasoulis, that they would now report to him directly.

90. Mr. Casey's actions stripped Ms. Athanasoulis of essentially all of her responsibilities as Cresford's president and COO. She was terminated in all but name. But Mr. Casey refused to formalize this termination because he was concerned about how Cresford's key stakeholders, including contractors, lenders, investors and employees, would react.

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91. All of this put Ms. Athanasoulis in an impossible situation. She was nominally an officer of Cresford (and a director of YSL Inc.) but had no ability to understand or affect how Cresford conducted business. She had good reason to believe that Mr. Casey planned to take steps that would violate Cresford's legal obligations and potentially expose her to personal liability.

92. The conduct described above constituted repudiation of Ms. Athanasoulis' employment contract, and constructive termination of her employment by Cresford. By letter dated January 2, 2020, Ms. Athanasoulis wrote to accept this repudiation.

E. DEFAMATION

93. Ms. Athanasoulis' January 2, 2020 letter indicated that she would like to negotiate an amicable separation from Cresford and that, while negotiations were ongoing, she would tell third parties only that she was no longer with Cresford and that all inquiries relating to Cresford should be directed to Mr. Casey.

94. Ms. Athanasoulis did what she said she would do. When lenders, contractors and other stakeholders contacted her, she referred them to Mr. Casey and said nothing about Cresford's business.

95. Unfortunately, Mr. Casey followed the opposite path. Before Ms. Athanasoulis accepted Cresford's repudiation, Mr. Casey began telling lies meant to harm her reputation and blame her for Cresford's cash flow issues. His false and defamatory statements continued after Ms. Athanasoulis' termination.

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96. On December 21, 2019, Mr. Casey told the potential purchaser – who was also Ms. Athanasoulis’ potential business partner – that “people” had invented Cresford’s cash crisis to further their own financial interests. Mr. Casey’s statement obviously referred to Ms. Athanasoulis, since she was the only person in a position to “create” the cash flow crisis and then profit from it. Mr. Casey’s statement was, in essence, an allegation that Ms. Athanasoulis committed a grievous breach of her duties as President by harming Cresford to further her own interests.

97. In addition, on January 2, 2020, Mr. Casey told members of Cresford’s staff that Ms. Athanasoulis had caused Cresford’s cash crisis by selling condominium units for less than they were worth. This, too, was defamatory.

98. Mr. Casey’s defamatory campaign continued. After terminating Ms. Athanasoulis, Mr. Casey hired Ted Dowbiggin, the former president of Cresford Capital. He told Mr. Dowbiggin that Ms. Athanasoulis had devalued Cresford so that she could buy it. Mr. Dowbiggin relayed Mr. Casey’s false allegations to Cresford personnel and others.

99. On January 7, 2020, Mr. Casey met again with the prospective purchaser. At that meeting, Mr. Casey repeated his allegations against Ms. Athanasoulis. He claimed again that “people” had “hidden” Cresford’s profits for their own benefit. It was clear to the potential purchaser that Mr. Casey was referring to Ms. Athanasoulis, and alleging again that she had breached her duties to Cresford in order to further her own financial interests.

100. Ms. Athanasoulis has spent many years building a stellar reputation in the real estate development industry. She is known to be a talented executive who conducts business honestly.

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This reputation is very valuable. Indeed, because of her reputation, Ms. Athanasoulis had the opportunity to acquire an interest in Cresford's business if the purchase transaction described above was completed. That reputation is particularly important now, since Ms. Athanasoulis has been terminated by Cresford and must now seek new opportunities in the industry.

101. Mr. Casey's statements harmed – and were meant to harm – Ms. Athanasoulis' reputation. Mr. Casey's false allegations that she betrayed him would, if believed, make it difficult or impossible for Ms. Athanasoulis to do business with the potential purchaser or other business partners. Potential new employers would, of course, never hire an executive who had tried to destroy her previous employer so its business could be purchased at a discount.

102. Mr. Casey's statements are unquestionably defamatory. They are also entirely false. Ms. Athanasoulis did not – and would not – do anything to harm Cresford. Cresford's cash crisis was (and is) real. It was caused by Mr. Casey's own failure to inject equity into the business, and the secret high interest loans he took out to fool lenders into thinking he had made the equity injections he agreed to make.

F. COMPENSATORY DAMAGES

(i) Notice period

103. Ms. Athanasoulis was constructively dismissed without notice or cause. The defendants are liable for damages in an amount equal to what Ms. Athanasoulis would have earned during the notice period that she was entitled to. Ms. Athanasoulis is entitled to 24 months' notice, having regard to:

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- (a) **Character of employment:** Ms. Athanasoulis was Cresford's most senior employee except for Mr. Casey, with overall responsibility for virtually all aspects of Cresford's business except financing. In that capacity, she successfully executed some of the most ambitious development and construction projects in Canada;
- (b) **Age and length of employment:** Ms. Athanasoulis worked at Cresford for 16 years and is 42 years old;
- (c) **Availability of similar employment:** similar employment is not currently available to Ms. Athanasoulis and will not be available to her for the foreseeable future. There are only a handful of developers in Canada that execute projects of the type, size and scope that Ms. Athanasoulis worked on while she was at Cresford. These developers already have presidents. As a result, Ms. Athanasoulis is unlikely to find comparable employment for at least 24 months.

(ii) *Profit and revenue shares owed*

104. As noted, Ms. Athanasoulis was entitled to \$500,000 per annum, plus benefits. She also was entitled to 0.15% of all revenue earned by Cresford on new projects during her notice period.

105. In addition, and most importantly, Ms. Athanasoulis continued to dedicate her time, energy and talent to Cresford's business because Mr. Casey agreed to pay her 20% of the profits yielded by that business. She is entitled to 20% of all the profits earned by Cresford on the Projects. The Projects are expected to yield profits of \$242 million, with a majority of this coming from YSL, and Ms. Athanasoulis is entitled to 20% of those profits, which are equal to \$48 million.

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G. PUNITIVE AND EXEMPLARY DAMAGES

106. As described above, Ms. Athanasoulis was terminated because she insisted that Mr. Casey deal honestly with Cresford's stakeholders. Cresford's actions, and those of Mr. Casey, demonstrate a wanton and contumelious disregard for Ms. Athanasoulis' rights and warrant an award of punitive and exemplary damages. Those actions also caused significant mental and emotional distress to Ms. Athanasoulis, and an award of aggravated damages is also warranted.

January 21, 2020

GOODMANS LLP
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Bay Adelaide Centre
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Lawyers for the Plaintiff, Maria Athanasoulis

MARIA ATHANASOULIS
Plaintiff

- and - DANIEL CASEY *ET AL.*
Defendants

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

Proceeding commenced at Toronto

STATEMENT OF CLAIM

GOODMANS LLP

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Carlie Fox LSO#: 68414W
Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Plaintiff, Maria Athanasoulis

Appendix “J”

Re Clower on YONGE INC

- ① This is a motion for an order sanctioning the Plan of Compromise and Arrangement dated November 6, 2020. ("Plan")
- ② The Plan was approved on December 15, 2020 by the requisite statutory majorities of affected creditors with voting claims in each of the Plan's two classes of creditors. 96.6% of the Depositor Creditor class voted in favour of the

(2)

Plan and 98.8% of the General Unsecured Creditor class voted in favor of the plan.

(3) There is one unsecured voting claim advanced by Maria Athanasiou, which she values at \$49 Million ("Maria's claim"). If this claim is accepted in the value asserted, the Plan would be defeated in the General Unsecured Creditor class. All but \$1 million of Maria's claim is a claim for a share of

(3)

profits in a number of projects, including the Clouet on Yonge project.

④ I accept the Monitor's position that with respect to the component of Mania's claim related to an alleged profit sharing agreement with respect to the Clouet on Yonge project there was no prospect of any profit from that project because as of March 31, 2020, shortly after the receivership commenced, the Clouet on Yonge project was forecast to generate a loss of \$61 Million. As a

④ result because I accept that the proper date to value Monica's claim is when the receiver was appointed on March 27, 2020. There was no profit from the Clouds on George project that could be stored with Monica.

⑤ Mr. Dunn, on behalf of Monica, concedes there can be no profit from this project unless the pre-sale unit purchase contracts are disclaimed. I have already addressed that those contracts can only

(3)

be disclaimed if the Plan is approved.

(6) as the Monitor points out in the Supplementary Report & its 1472 Report any forecast profit is entirely dependent on the restructuring of the revenues of the Clover on yard project. I accept and adopt the Monitor's following statement:

"It does not avail Ms. Athanaroulis to argue she is entitled to share in profit denied from a successful Plan that she would vote against and cause to fail

(6)

if she had a claim."

(7) In my view to argue that the relevant date to calculate her profit-sharing claim is later than the receivership appointment date and that profit will be deemed from the cloud on George Frost is far too remote and speculative and lacks an air of reality. I agree with the Applicant's

submission that "there is no profit absent disclaimer, and no disclaimer absent the approval, sanction and

⑦

implementation of the Plan.
Accordingly, if the profit component of the alleged Athanasouitis claim is allowed for negative voting purposes, it must follow that the value attributed to it is a profit expectation of \$ nil, and not a profit expectation of \$48 million."

⑧ The criterion I must use to determine if Honda's claim, which is a contingent claim, is to be included in the insolvency process is whether the event that has

(8)

not yet occurred is too remote or speculative. In my view Mania's claim cannot be shown to be neither too remote nor speculative unless the Plan is approved, sanctioned and implemented. This is the very event that Mania would defeat if her contingent profit-sharing claim of \$48 Million is allowed for voting purposes.

(9) I rely on Justice Morrison's decision in Nalco Energy v. Grant Thornton, 2015 NBQB 20 at para 35 where he

⑨

affirmed the proposal trustee's decision to disallow a contingent creditor's claim for purpose of voting on a summary basis on facts that are strikingly similar to the facts in this case.

⑩ Accordingly, I have concluded, for the reasons outlined above, that Monia's claim is so speculative and remote in the amount of \$48 million to be allowed for voting purposes. I will therefore not have to consider whether Monia's claim is an equity claim that should not be counted for voting purposes.

⑪ With respect to the issue of whether the Plan should be sanctioned, I am satisfied that,

(a) It has been approved by the requisite statutory majority of the Applicants' non-equity creditors;

(b) There has been strict compliance with all statutory requirements and adherence to previous orders of the Court;

(c) Nothing has been done, or purported to be done

That is not authorized by
The CAA; and
(d) The Plan is fair and
reasonable.

(12) In conclusion, for the
reasons set out above,
The Plan is sanctioned by
The Court in its entirety
and I declare that
Hodia's claim cannot be
valued at more than
\$1 Million (the wrongful demand
portion of the claim) for
voting purposes with
respect to the Plan.

(12)

(13) An order shall go
to this effect.

(14) I thank all counsel
for their helpful
submissions.

Hainey J.

January 8, 2021

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE
CLOVER ON YONGE INC., THE CLOVER ON YONGE LIMITED PARTNERSHIP**

Applicants

**UNOFFICIAL TRANSCRIPT OF THE ENDORSEMENT
OF HAINEY J. DATED JANUARY 8, 2021**

1. This is a motion for an order sanctioning the Plan of Compromise and Arrangement dated November 6, 2020 (“Plan”).
2. The Plan was approved on December 15, 2020 by the requisite statutory majorities of affected creditors with voting claims in each of the Plan’s two classes of creditors. 96.6% of the Depositor Creditor Class voted in favour of the Plan and 98.8% of the General Unsecured Creditor Class voted in favour of the Plan.
3. There is one unresolved voting claim advanced by Maria Athanasoulis, which she values at \$49 million (“Maria’s Claim”). If this claim is accepted in the value asserted, the Plan would be defeated in the General Unsecured Creditor Class. All but \$1 million of Maria’s Claim is a claim for a share of profits in a number of projects, including the Clover on Yonge Project.
4. I accept the Monitor’s position that with respect to the component of Maria’s Claim related to an alleged profit-sharing agreement with respect to the Clover on Yonge Project. There was no prospect of any profit from that project because as of March 31, 2020, shortly after the receivership commenced, the Clover on Yonge Project was forecast to generate a loss of \$61 million. As a result, because I accept that the proper date to value Maria’s Claim is when the Receiver was appointed on March 27, 2020, there was no profit from the Clover on Yonge Project that could be shared with Maria.
5. Mr. Dunn, on behalf of Maria, concedes there can be no profit from this project unless the pre-sale unit purchase contracts are disclaimed. I have already ordered that those contracts can only be disclaimed if the Plan is approved.

6. As the Monitor points out in the Supplementary Report to its 14th Report, any forecast profit is entirely dependent on the restructuring of the revenues of the Clover on Yonge Project. I accept and adopt the Monitor's following statement:

“It does not assist Ms. Athanasoulis to argue she is entitled to share in profit derived from a successful Plan that she would vote against and cause to fail if she had a claim.”

7. In my view, to argue that the relevant date to calculate her profit-sharing claim is later than the Receivership Appointment date and that profit will be derived from the Clover on Yonge Project is far too remote and speculative and lacks an air of reality. I agree with the Applicants' submissions that “there is no profit absent disclaimer, and no disclaimer absent the approval, sanction and implementation of the Plan. Accordingly, if the profit component of the alleged Athanasoulis Claim is allowed for negative voting purposes, it must follow that the value attributed to it is a profit expectation of \$ nil, and not a profit expectation of \$48 million”.

8. The criterion I must use to determine if Maria's Claim, which is a contingent claim, is to be included in the insolvency process is whether the event that has not yet occurred is too remote or speculative. In my view, Maria's Claim cannot be shown to be neither too remote nor speculative unless the Plan is approved, sanctioned and implemented. This is the very event that Maria would defeat if her contingent profit-sharing claim of \$48 million is allowed for voting purposes.

9. I rely on Justice Morrison's decisions in *Nalcor Energy v. Grant Thornton*, 2015 NBQB 20 at paragraph 35 where he affirmed the proposal trustee's decision to disallow a contingent creditor's claim for the purpose of voting on a summary basis on facts that are strikingly similar to the facts in this case.

10. Accordingly, I have concluded, for the reasons outlined above, that Maria's Claim is too speculative and remote in the amount of \$48 million to be allowed for voting purposes. I will therefore not have to consider whether Maria's Claim is an equity claim that should not be counted for voting purposes.

11. With respect to the issue of whether the Plan should be sanctioned, I am satisfied that,

- (a) It has been approved by the requisite statutory majority of the Applicants' non-equity creditors;
- (b) There has been strict compliance with all statutory requirements and adherence to previous orders of the Court;
- (c) Nothing has been done, or purported to be done that is not authorized by the CCAA; and
- (d) The Plan is fair and reasonable.

12. In conclusion, for the reasons set out above, the Plan is sanctioned by the Court in its entirety and I declare that Maria's Claim cannot be valued at more than \$1 million (the wrongful dismissal portion of the claim) for voting purposes with respect to the Plan.

13. An order shall go to this effect.

14. I thank all counsel for their helpful submissions.

January 8, 2021

Hailey J.

Appendix “K”

Murtaza Tallat

From: Dunn, Mark <mdunn@goodmans.ca>
Sent: June 15, 2021 10:34 AM
To: Schwill, Robin
Cc: Armstrong, Christopher; Bobby Kofman; Mitch Vininsky; Murtaza Tallat; Fox, Carlie
Subject: Re: YSL - Maria Athanasoulis

Robin,

Thank you for your e-mail. We object to this determination, and reserve all of our rights. Please also record that our client will vote against the plan, if allowed to vote. In the interest of an orderly meeting, we do not object to all of this simply being noted at the meeting without the need for Ms. Athanasoulis or our firm to actually say anything or physically vote.

We are considering a procedure to resolve Ms. Athanasoulis' claim, and would appreciate a discussion after the vote has occurred to set a schedule for that resolution.

Please also confirm that the Proposal Trustee will be tracking votes according to: whether Concord has purchased the claim; and, whether the creditor is entitled to a lien claim.

Finally, we have not received a link to the creditors meeting. If links have been circulated, we would appreciate if that could be forwarded to us.

Sent from my iPad

On Jun 15, 2021, at 9:46 AM, Schwill, Robin <rschwill@dwpv.com> wrote:

Mark,

As discussed, the Proposal Trustee will be treating your client's claim as a contingent unliquidated claim that is too speculative to value and, therefore, not entitled to vote at the creditors' meeting.

The Proposal Trustee will note your objection to this determination and, accordingly, will mark your client's claim as objected to for voting purposes and record your client's vote as such.

Robin B. Schwill | [Bio](#) | [vCard](#)
T 416.863.5502
rschwill@dwpv.com

DAVIES

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DAVIES WARD PHILLIPS & VINEBERG LLP

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Appendix “L”

Murtaza Tallat

From: Daniel Naymark <dnaymark@naymarklaw.com>
Sent: June 15, 2021 12:15 PM
To: Schwill, Robin
Cc: James Gibson; Bobby Kofman; Mitch Vininsky; Murtaza Tallat
Subject: Re: YSL Creditors' Meeting

Thanks for this, Robin. Confirming it is consistent with our discussion.

It sounds like it might be helpful for us to work through the claims with KSV once we get to valuing them for distribution purposes, assuming we get to that stage. That is not today's issue, though. Good luck for a smooth meeting.

Daniel

--

Daniel Naymark*
NAYMARK LAW
t: (416) 640-6078 | f: (647) 660-5060
dnaymark@naymarklaw.com
*practicing as Naymark Law Professional Corporation

From: "Schwill, Robin" <rschwill@dwpv.com>
Date: Tuesday, June 15, 2021 at 10:09 AM
To: Daniel Naymark <dnaymark@naymarklaw.com>
Cc: James Gibson <jgibson@naymarklaw.com>, Bobby Kofman <bkofman@ksvadvisory.com>, Mitch Vininsky <mvininsky@ksvadvisory.com>, Murtaza Tallat <mtallat@ksvadvisory.com>
Subject: YSL Creditors' Meeting

Daniel,

As discussed, the Proposal Trustee will be treating your clients' claims as follows at the meeting:

Ryan Millar

Claim will be permitted to vote for the amount of the \$83,333.33 bonus earned for the YSL project plus the Halo claim amount of \$205,000 without prejudice to the amount to be finally determined for distribution purposes.

You will object to that determination for the balance of the claim and, accordingly, the balance of his claim will be marked as objected to and permitted to vote on that basis pending final determination of the objection.

Marco Mancuso

Claim is for a contingent unliquidated amount that is too speculative to value and, therefore, not entitled to vote.

You will object to that determination and, accordingly, his claim will be marked as objected to and permitted to vote on that basis pending final determination of the objection.

Louie Giannakopoulos

Claim is for a contingent unliquidated amount that is too speculative to value and, therefore, not entitled to vote.

You will object to that determination and, accordingly, his claim will be marked as objected to and permitted to vote on that basis pending final determination of the objection.

Sarven Cicekian

Claim is for a contingent unliquidated amount that is too speculative to value and, therefore, not entitled to vote.

You will object to that determination and, accordingly, his claim will be marked as objected to and permitted to vote on that basis pending final determination of the objection.

Mike Catsiliras

Claim will be permitted to vote for the amount that was accepted in the Halo proceeding, being \$125,000, without prejudice to the amount to be finally determined for distribution purposes.

You will object to that determination for the balance of the claim and, accordingly, the balance of his claim will be marked as objected to and permitted to vote on that basis pending final determination of the objection.

Robin B. Schwill | [Bio](#) | [vCard](#)

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DAVIES WARD PHILLIPS & VINEBERG LLP

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Appendix “M”

**YG Limited Partnership and YSL Residences Inc.
Claims Summary
(unaudited; \$C)**

Date received	Creditor	Amount as filed	Convenience Claim	Conditional Claim	Value for Voting*	Disputed Amount (For Voting)	Objection to Dispute	Vote	Vote method	Proxy	Notes
08-Jun-21	Master's Choice Realty Inc.	379,298.00	No	Yes	379,298.00	-	-	Accept	Letter	Cliff McCracken	
08-Jun-21	JDL Realty Inc.	48,154.00	No	Yes	20,478.00	27,676	No	Accept	Letter	Cliff McCracken	
09-Jun-21	Real One Realty Inc.	321,539.99	No	No	181,936.00	139,604	No	Accept	Letter	Cliff McCracken	
09-Jun-21	Home Standards Brickstone Realty	585,858.00	No	No	114,566.00	471,292	No	Accept	Letter	Cliff McCracken	
09-Jun-21	ReMax Realton Realty Inc.	14,458.00	No	Yes	14,458.00	-	-	Accept	Letter	Cliff McCracken	
10-Jun-21	1st Choice Disposal	8,917.00	Yes	No	8,917.00	-	-	Accept	Letter	Cliff McCracken	Convenience Creditor Claim as <\$15,000
10-Jun-21	David Ryan Millar	935,246.71	No	No	288,333.33	646,913	Yes	Objected - Accept	Email	James Gibson	Contingent - Partially allow for voting at \$288,333
11-Jun-21	ERA Architects, Inc.	46,763.76	No	No	46,763.76	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	R Avis Surveying Inc.	47,051.79	No	No	47,051.79	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Mulvey & Banani Lighting Inc.	17,987.35	No	No	17,987.35	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Heritage Restoration Inc.	393,005.53	No	No	393,005.53	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	WSP Canada Inc.	76,063.71	No	No	76,063.71	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Tradeworld Realty Inc.	82,288.00	No	Yes	67,770.00	14,518	No	Accept	Letter	Cliff McCracken	
11-Jun-21	Municipal Mechanical Contractors Ltd. architectsAlliance & Stephen Wells Architect Ltd.	11,529.14	Yes	No	11,529.14	-	-	Accept	Letter	Cliff McCracken	Convenience Creditor Claim as <\$15,000
11-Jun-21	1,009,360.03	No	No	1,009,360.03	-	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	You Go Rental & Sales	3,087.91	Yes	No	3,087.91	-	-	Accept	Letter	Cliff McCracken	Convenience Creditor Claim as <\$15,000
11-Jun-21	Reco Cleaning Services	74,482.26	No	No	74,482.26	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Safeline Management Group	8,723.60	Yes	No	8,723.60	-	-	Accept	Letter	Cliff McCracken	Convenience Creditor Claim as <\$15,000
11-Jun-21	Maria Athanasoulis	19,000,000.00	No	No	-	19,000,000	Yes	Objected - Reject	Email	N/A	Contingent and unliquidated
11-Jun-21	PricewaterhouseCoopers LLP	19,266.50	No	No	19,266.50	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Petra Consultants Ltd.	185,969.30	No	No	185,969.30	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Stephenson's Rental Services Inc.	13,202.22	Yes	No	13,202.22	-	-	Accept	Letter	Cliff McCracken	Convenience Creditor Claim as <\$15,000
11-Jun-21	V.A. Siu Design Consultants	96,050.00	No	No	96,050.00	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Myles Burke Architectural Models Inc.	53,698.00	No	No	53,698.00	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Kramer Design Associates Limited	74,184.50	No	No	74,184.50	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Kohn Pedersen Fox Associates PC	1,962,750.00	No	No	1,962,750.00	-	-	Accept	Letter	Justin Kanji	
11-Jun-21	Priestly Demolition Inc.	660,122.70	No	No	660,122.70	-	-	Accept	Letter	N/A	
11-Jun-21	Verdi Structures Inc.	775,180.00	No	No	775,180.00	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	Dale & Lessmann LLP	21,668.78	Yes	No	15,000.00	-	-	Accept	N/A	N/A	Filed a Convenience Creditor Election Form. Deemed to Accept.
11-Jun-21	Royal Excavating & Grading Limited	1,758,732.00	No	No	1,758,732.00	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	COB Michael Bros Excavation	125,424.00	No	No	125,424.00	-	-	Accept	Letter	Cliff McCracken	
11-Jun-21	RE/MAX Goldenway Realty Inc.	517,500.00	No	No	-	517,500	Yes	Objected - Accept	Email	James Gibson	Contingent and unliquidated
11-Jun-21	Marco Mancuso	882,320.00	No	No	-	882,320	Yes	Objected - Accept	Email	James Gibson	Contingent and unliquidated
11-Jun-21	Sarven Cicekian	532,115.00	No	No	-	532,115	Yes	Objected - Accept	Email	James Gibson	Contingent and unliquidated
11-Jun-21	Louie Giannakopoulos	699,789.00	No	Yes	-	699,789	No	Fully Disputed - Accept	Letter	Cliff McCracken	
13-Jun-21	Sultan Realty Inc.	841,877.00	No	No	125,000.00	716,877	Yes	Objected - Accept	Email	James Gibson	Contingent - Partially allow for voting at \$288,333
14-Jun-21	Mike Catsiliras	10,000.59	Yes	No	10,000.59	-	-	Accept	N/A	N/A	Convenience Creditor Claim as <\$15,000
14-Jun-21	Aird & Berlis LLP	72,090.00	No	Yes	72,090.00	-	-	Accept	Letter	Cliff McCracken	
14-Jun-21	Re/Max Realty Enterprises Inc.	246,998.00	No	Yes	246,998.00	-	-	Accept	Letter	Cliff McCracken	
14-Jun-21	Cityscape Real Estate Ltd.	300,000.00	No	Yes	-	300,000	No	Fully Disputed - Accept	Letter	Cliff McCracken	
14-Jun-21	Jia Yi (Joy) Wang	53,036.00	No	Yes	53,036.00	-	-	Accept	Letter	Cliff McCracken	
14-Jun-21	Century 21 Kenned Realty	87,573.99	No	Yes	45,737.98	41,836	No	Accept	Letter	Cliff McCracken	
14-Jun-21	Bay Street Group Inc.	18,992,620.00	No	No	-	18,992,620	No	Fully Disputed - No Vote	N/A	N/A	
14-Jun-21	Oakleaf Consulting Ltd. East Downtown Redevelopment Partnership (EDRP)	5,810,053.00	No	No	-	5,810,053	No	Fully Disputed - No Vote	N/A	N/A	
14-Jun-21	Cresford (Rosedale) Developments Inc.	13,480,946.00	No	No	-	13,480,946	No	Fully Disputed - No Vote	N/A	N/A	
14-Jun-21	Livnig Realty Inc.	88,588.00	No	Yes	88,588.00	-	-	Accept	Letter	Cliff McCracken	
14-Jun-21	Brian Isherwood & Assoc. Ltd.	131,668.84	No	No	131,668.84	-	-	Accept	Letter	Cliff McCracken	
14-Jun-21	PM Sheet Metal & Ventilation Ltd.	29,380.00	Yes	No	15,000.00	-	-	Accept	Letter	Cliff McCracken	
14-Jun-21	GFL Infrastructure Group Inc.	4,356,940.17	No	No	4,356,940.17	-	-	Accept	Letter	Cliff McCracken	
14-Jun-21	HomeLife New World Realty Inc.	1,838,587.45	No	No	544,355.99	1,294,231	No	Accept	Letter	Cliff McCracken	
14-Jun-21	HomeLife Landmark Realty Inc.	3,170,389.62	No	No	1,669,032.01	1,501,358	No	Accept	Letter	Cliff McCracken	
14-Jun-21	Innocon Partership	50,239.22	No	No	50,239.22	-	-	Accept	Letter	Cliff McCracken	
14-Jun-21	2600924 Ontario Inc.	67,800.00	No	No	67,800.00	-	-	No vote	N/A	N/A	
14-Jun-21	Jablonsky Ast and Partners	349,631.55	No	No	349,631.55	-	-	Accept	Letter	Cliff McCracken	
14-Jun-21	Landpower Real Estate Ltd.	4,500,000.00	No	No	2,256,548.80	2,243,451	No	Accept	Letter	Cliff McCracken	
15-Jun-21	Investments Hardware Limited	15,081.41	No	No	15,081.41	-	-	Accept	Letter	Cliff McCracken	
15-Jun-21	Yulei Zhang (Henry Zhang)	1,520,000.00	No	No	-	1,520,000	No	Fully Disputed - Accept	Letter	Cliff McCracken	
Total Claims		87,455,287.62	8	11	18,601,139.19	68,833,099.65					

*Broker claims are valued for voting at the amount as per the Companies' A/P records, which indicate the "approved" commissions as at the date of the Meeting.

Voting Summary

	Number of Votes	Dollar Value of Votes (\$)
Accept	46	18,533,339
Reject	-	-
No Vote	1	67,800
Total	47	18,601,139

	Number of Votes	Dollar Value of Votes (\$)
Objected - Accept	3	3,295,725
Objected - Reject	1	19,000,000
Objected - No Vote	3	38,283,619
Total	7	60,579,344

Voting Result (excluding Objected)

% Accept	100%	100%
STAT REQ	PASS	PASS

Voting Result (Including Objected)

% Accept	98%	53%
STAT REQ	PASS	REJECT

Appendix “N”

**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**

MINUTES OF GENERAL MEETING OF CREDITORS

1. The following are the minutes of the Meeting of Creditors (the "Meeting") in the Proposal proceedings of YG Limited Partnership ("YG LP") and YSL Residences Inc. ("Residences", and together with YG LP, the "Companies") held via video conference on the 15th day of June 2021 at 2:00 p.m. (EST).
2. An attendance list of those present is attached as Appendix "A".
3. Mitch Vininsky of KSV Restructuring Inc. ("KSV"), the Proposal Trustee, called the Meeting to order at 2:00 p.m., announced the presence of a quorum and that the meeting was duly constituted.
4. Mr. Vininsky informed the Meeting that he would act as Chair pursuant to Section 51(3) of the *Bankruptcy and Insolvency Act* ("BIA") and Murtaza Tallat of KSV would act as the Recording Secretary. Mr. Vininsky introduced the other representatives of the Proposal Trustee (Bobby Kofman), Robin Schwill of Davies Ward Phillips & Vineberg LLP ("Davies"), the Proposal Trustee's counsel, Dave Mann, representative of the Companies, Harry Fogul, of Aird & Berlis LLP, the Companies' counsel, Cliff McCracken, representative of Concord Properties Developments Corp. (the "Sponsor"), and David Gruber and Jesse Mighton of Bennett Jones LLP, the Sponsor's counsel.
5. Mr. Vininsky advised that the estate of YG LP and Residences have been procedurally and substantively consolidated pursuant to a May 14th Order of the Ontario Superior Court of Justice.
6. The Chair advised that the Recording Secretary would make the following documents available should any creditors wish to review them:
 - the Proposal, as amended (the "Amended Proposal");
 - Notice of Meeting of Creditors;
 - Trustee's Report to Creditors ("Report");
 - Proofs of Claim, as filed; and
 - Affidavit of Service relating to the Proposal.

Review of Report and Proposal

7. The Chair reviewed the Report, which includes background on:
 - the Companies and their development of the real properties municipally known as 363-391 Yonge Street and 3 Gerrard Street East, Toronto (the "Real Property"); and

- the Amended Proposal, noting that the principal purpose of the 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 an alternative insolvency process.
8. The Chair advised that the Sponsor has agreed 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 mixed-use office, retail and residential condominium development known as Yonge Street Living Residences (the "YSL Project") and that its intention is to resume construction expeditiously.
 9. The Chair provided background on the Amended Proposal, noting that the overall purpose of the Amended Proposal is to:
 - provide for payment in full of the Secured Claims, as defined in the Amended Proposal; and
 - make a distribution of up to 58% of the amounts owing to each Affected Creditor assuming that the Affected Claims do not exceed \$65 million. If claims exceed \$65 million, creditors will receive their pro-rata portion of \$37.7 million.
 10. The Chair advised of a further amendment to the Amended Proposal regarding the scope of the Releases set out in Section 7.01 of the Amended Proposal. The amendment limits claims against the Released Parties to claims related to the Companies and the YSL Project. The Chair read the language in the portions of the Release which were amended and advised that the Amended Proposal was posted to the Proposal Trustee's website prior to the Meeting. The Chair experienced technical difficulties sharing his screen with the attendees, which prevented the attendees from viewing the changes to the Release during the Meeting as described orally by the Chair.
 11. The Chair noted that the Proposal Trustee provided its views in Section 6 of the Report as to why the Amended Proposal is better than bankruptcy or an alternative insolvency process, in which case there may be no recoveries for unsecured creditors. The Proposal Trustee's view is based on a report prepared by Finnegan-Marshall Inc. ("FM") dated May 26, 2021 (the "FM Report"), a prominent cost real estate development consultant, which considered the projected revenue and expenses associated with the completion of the YSL Project under "as is"¹ and "resell"² scenarios. The Proposal Trustee believes these are the most likely scenarios if the Amended Proposal is not accepted.

¹ Meaning the purchase price that a purchaser would pay for the Real Property in a sale process if all existing Condo Purchase Agreements were assumed by the purchaser (excluding the 56 Condo Purchase Agreements that were disclaimed).

² Meaning the purchase price that a purchaser would pay for the Real Property in a sale process if 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.

12. The Chair advised that following the issuance of the FM Report, the Proposal Trustee provided FM with documentation in respect of three prospective transactions received in 2020 for the YSL Project. FM advised the Proposal Trustee that its review of those documents did not change its conclusions in its Report.
13. The Chair advised that Timbercreek Mortgage Servicing Inc., the senior mortgagee in these proceedings, has a pending receivership application in the event that the Amended Proposal is not accepted at the Meeting or approved by the Court.
14. The Chair reported that three Cresford-related entities have filed claims in these proceedings totalling \$38 million. The Chair advised that the Proposal Trustee is still reviewing these claims. Related parties are only entitled to vote against the Amended Proposal. The Chair advised that the related party claims had been marked as disputed and accordingly their vote, if cast, would not be included in the outcome of the vote, subject to a determination by the Court.
15. The Chair advised that in addition to the related party claims, certain other claims were contingent, unliquidated and too speculative to value with the relevant claimants disputing this determination and, accordingly, were marked as disputed for the purpose of voting on the Amended Proposal. The Chair shared his screen so that all attendees could see the register of disputed claims. The register of disputed claims is attached as Appendix "B". The disputed claims were permitted to vote on that basis pending final determination of the objection by the Court.
16. Mr. Schwill noted that, from his discussion with respective counsel, Ms. Maria Athanasoulis would be voting to reject the Amended Proposal whereas the other individuals noted above would be voting in favour of the Amended Proposal.
17. The Chair advised that Thornton Grout Finnigan LLP ("TGF"), counsel to 2576725 Ontario Inc., Yonge SL Investment Limited Partnership, 2124093 Ontario Inc., E&B Investment Corporation, SixOne Investment Ltd., Taihe International Group Inc., and 2576725 Ontario Inc., each of which is a Limited Partner of YG LP (the "LPs"), have several objections to the Amended Proposal that they would like recorded in these minutes (the "TGF Objections").
18. The Chair invited Mr. Schwill, counsel to the Proposal Trustee, to speak to the TGF Objections. Mr. Schwill advised that, as the LPs are not creditors of the Companies, they are not entitled to participate or vote at the Meeting. However, given the LPs' involvement in these proposal proceedings, the Proposal Trustee invited the LPs to attend as observers and agreed to read the TGF Objections into the minutes. Mr. Schwill then read the objections raised by the LPs in the TGF Objections:
 - *"First, we refer to the Proposal Trustee's Report to creditors, section 4.9. We object to there being a secret deal between Concord and any unsecured creditors. It is against public policy for there to be a secret bargain that violates the equality between creditors inherent to a proposal.*

- *Second, we object that the CBRE appraisal dated April 30, 2021, was not made available to creditors. We also object that, for the purpose of establishing the land value of the YSL Project lands, the appraisal disregards any costs incurred to date and assumes, at the request of Concord, that the property is vacant and unimproved, particularly given the acknowledgement in the appraisal that excavation at the property has commenced and other project costs have been incurred.*
- *Third, we object to the scope of the release contained in the Amended Proposal, which is much too broad. It should not extend to parties related to the debtors, nor to their directors or officers, etc. Those entities and persons have not contributed anything to the proposal and there is no basis for them to enjoy the benefit of a release.”*

19. The Chair requested questions from the floor. No questions were asked.

Vote to Accept the Proposal

20. Mr. McCracken, holding proxies from several creditors, made a motion to table the Amended Proposal and the Chair accepted the motion.
21. The Chair reported that it had received 46 voting letters representing a voting value of \$18,533,339, excluding the disputed claims. The Chair reported that all 46 voting letters were in favour of the Amended Proposal. The Proposal Trustee asked if there were any creditors in attendance that had not submitted a voting letter and wished to cast their vote at the Meeting, to which there was no response.
22. The Chair announced the voting results. The Proposal was unanimously accepted by the creditors voting on the Amended Proposal, not including the disputed claims. Accordingly, the Chair declared that the vote on the Amended Proposal had been carried.
23. The Chair advised that of the disputed claims, which were recorded separately, the claim of Ms. Athanasoulis filed in the amount of \$19 million was the only one voting to reject the Amended Proposal. The Proposal Trustee advised that if the claim of Ms. Athanasoulis was included in the vote, the Amended Proposal would not pass.
24. The Chair advised that a motion for Court approval of the Amended Proposal is scheduled for June 23, 2021 at 10:00 a.m. (EST). The Chair advised that a notice of the hearing date was sent to the creditors on June 4, 2021.
25. The Chair advised that certain of the LPs have taken the position that, among other issues, the Partnership's General Partner did not have the authority to file a Proposal for various reasons set out in their court materials, which can be found on the Proposal Trustee's website. The Chair advised that the LP motion will be heard at the same time as the motion to approve the Amended Proposal. If the LPs are successful, it is expected that Timbercreek will seek to have its application for the appointment of a receiver heard at the earliest possible opportunity. As noted, the FM report indicates that in a receivership, unsecured creditors may not have a recovery.

26. There being no further business, the meeting was terminated at 2:30 p.m.

Dated at Toronto, Ontario this 17th day of June, 2021.



Mitch Vininsky, Chair



Murtaza Tallat, Recording Secretary

Appendix “A”

**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**

FIRST MEETING OF CREDITORS

ATTENDANCE REGISTER

Date: June 15, 2021 at 2:00 pm
Estate File No: 31-2734090

No.	Name (Print)	Representing	Amount of Claim	Remarks
1	Mitch Vininsky	KSV Restructuring Inc., Proposal Trustee	N/A	
2	Murtaza Tallat	KSV Restructuring Inc., Proposal Trustee	N/A	
3	Bobby Kofman	KSV Restructuring Inc., Proposal Trustee		
4	Robin Schwill	Davies Ward Phillips & Vineberg LLP, counsel to KSV Restructuring Inc., Proposal Trustee	N/A	
5	Dave Mann	YG Limited Partnership and YSL Residences Inc.	N/A	
6	Harry Fogul	Aird & Berlis LLP, counsel to YG Limited Partnership and YSL Residences Inc.	N/A	
7	David Gruber	Bennett Jones LLP, counsel to Concord Properties Developments Corp. (the Sponsor)	N/A	
8	Jesse Mighton	Bennett Jones LLP, counsel to Concord Properties Developments Corp. (the Sponsor)	N/A	
9	Jane Dietrich	Cassels Brock & Blackwell LLP, counsel to 2292912 Ontario Inc. and Timbercreek Mortgage Servicing Inc.	N/A	

**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**

FIRST MEETING OF CREDITORS

ATTENDANCE REGISTER

Date: June 15, 2021 at 2:00 pm
Estate File No: 31-2734090

No.	Name (Print)	Representing	Amount of Claim	Remarks
10	John Kim	Home Standards Brickstone Realty	\$585,858	
11	Maria Athanasoulis	Maria Athanasoulis	\$19,000,000	
12	Mark Dunn	Goodmans LLP, representing Maria Athanasoulis	N/A	
13	Justin Kanji	Osler, Hoskin & Harcourt LLP, counsel to Kohn Pedersen Fox Associated PC Proxy to Kohn Pedersen Fox Associated PC	\$1,962,750	
14	Alexander Soutter	Thornton Grout Finnigan LLP, counsel to 2576725 Ontario Inc., Yonge SL Investment Limited Partnership, 2124093 Ontario Inc., E&B Investment Corporation, SixOne Investment Ltd., Taihe International Group Inc., and 2576725 Ontario Inc., Limited Partners of YG Limited Partnership	N/A	
15	Sapna Thakker	Lax O'Sullivan Lisus Gottlieb LLP, counsel to 2504670 Canada Inc., 8451761 Canada Inc. and Chi Long Inc., each a Limited Partner of YG Limited Partnership	N/A	
16	Bikram Singh	Cityscape Real Estate Ltd.	\$246,998	

**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**

FIRST MEETING OF CREDITORS

ATTENDANCE REGISTER

Date: June 15, 2021 at 2:00 pm
Estate File No: 31-2734090

No.	Name (Print)	Representing	Amount of Claim	Remarks
17	Joshua Sugar	Sugar Law Group, counsel to R Avis Surveying Inc.	\$47,051	
18	Daniel Naymark	Naymark Law, counsel to David Ryan Millar, Louie Giannakopoulos, Mike Catsiliras, Marco Nacuso and Sarven Cicekian	\$3,709,059	
19	Amrit Singh	2600924 Ontario Inc.	\$67,800	
20	James MacLellan	Borden Ladner Gervais LLP, counsel to Westmount Guarantee Services Inc.	N/A	
21	Meghan Pohl	Aviva Canada	N/A	
22	John Paul Ventrella	Glaholt Bowles LLP, counsel to GFL Infrastructure Group Inc. and Lam & Associates Ltd.	\$4,356,940	
23	Cliff McCracken	Concord Properties Developments Corp. (the Sponsor) and proxy to certain of the Companies' creditors.	\$23,740,268	
24	Christopher Wai	SixOne Investment Ltd., a Limited Partner of YG Limited Partnership	N/A	
25	Yvonne McAnderson	Timbercreek Mortgage Servicing Inc.	N/A	

**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**

FIRST MEETING OF CREDITORS

ATTENDANCE REGISTER

Date: June 15, 2021 at 2:00 pm
Estate File No: 31-2734090

No.	Name (Print)	Representing	Amount of Claim	Remarks
26	Mark Raska	Jablonsky AST and Partners	\$349,632	
27	Brian Howe	Howe Gastmeier Chapnik	N/A	
28	Lorraine Ng	A Limited Partner of YG Limited Partnership	N/A	
29	[Unnamed Party]	E&B Investment Corporation, a Limited Partner of YG Limited Partnership	N/A	

Appendix “B”

YG Limited Partnership and YSL Residences Inc.
Disputed Claims Summary
(unaudited; \$C)

Creditor	Amount filed per Proof of Claim	Value for Voting	Disputed Amount
Maria Athanasoulis	19,000,000.00	-	19,000,000.00
David Ryan Millar	935,246.71	288,333.33	646,913.38
Louie Giannakopoulos	532,115.00	-	532,115.00
Sultan Realty Inc.	699,789.00	-	699,789.00
Mike Catsiliras	841,877.00	125,000.00	716,877.00
Marco Mancuso	517,500.00	-	517,500.00
Jia Yi (Joy) Wang	300,000.00	-	300,000.00
JDL Realty Inc.	48,154.00	20,478.00	27,676.00
Real One Realty Inc.	321,539.99	181,936.00	139,603.99
Home Standards Brickstone Realty	585,858.00	114,566.00	471,292.00
Tradeworld Realty Inc.	82,288.00	67,770.00	14,518.00
Sarven Cicekian	882,320.00	-	882,320.00
Bay Street Group Inc.	87,573.99	45,737.98	41,836.01
Oakleaf Consulting Ltd.	18,992,620.00	-	18,992,620.00
East Downtown Redevelopment Partnership (EDRP)	5,810,053.00	-	5,810,053.00
Cresford (Rosedale) Developments Inc.	13,480,946.00	-	13,480,946.00
HomeLife New World Realty Inc.	1,838,587.45	544,355.99	1,294,231.46
HomeLife Landmark Realty Inc.	3,170,389.62	1,669,032.01	1,501,357.61
Landpower Real Estate Ltd.	4,500,000.00	2,256,548.80	2,243,451.20
Totals	72,626,857.76	5,313,758.11	67,313,099.65

Appendix “O”

CONCORD CONDITIONAL ASSIGNMENT AGREEMENTS

CLAIMANT NAME	CLAIMANT DESIGNATION	AMOUNT OF CLAIM ALLOWED FOR VOTING PURPOSES
Architects Alliance Stephen Wells Architect Ltd	Lien Claimant	1,009,360.03
Brian Isherwood & Associates Ltd	Lien Claimant	131,668.84
GFL Infrastructure Group Inc	Lien Claimant	4,356,940.17
Investments Hardware Limited	Lien Claimant	15,081.41
Kramer Design Associates Limited	Lien Claimant	74,184.50
Petra Consultants Ltd	Lien Claimant	185,969.30
Priestly Demolition Inc	Lien Claimant	660,122.70
R. Avis Surveying Inc	Lien Claimant	47,051.79
Reco Cleaning Services	Lien Claimant	74,482.26
Royal Excavating & Grading Limited	Lien Claimant	1,758,732.00
Safeline Management Systems	Lien Claimant	8,723.60
Verdi Structures	Lien Claimant	775,180.00
WSP Canada Inc.	Lien Claimant	76,063.71
Heritage Restoration Inc	Lien Claimant	393,005.53
Kohn Pedersen Fox Associates PC	Lien Claimant	1,962,750.00
1st Choice Disposal	General Unsecureds	8,917.00
E.R.A. Architects Inc.	General Unsecureds	46,763.76
Innocon Partnership	General Unsecureds	50,239.22
Jablonsky, Ast and Partners	General Unsecureds	349,631.55
Mulvey & Banani Lighting Inc.	General Unsecureds	17,987.35
Municipal Mechanical Contractors Inc.	General Unsecureds	11,529.14
Myles Burke Architectural Models Inc.	General Unsecureds	53,698.00
Stephenson's Rental Services	General Unsecureds	13,202.22
V.A. Siu Design Consultants	General Unsecureds	96,050.00
You-Go Rental & Sales	General Unsecureds	3,087.91
Bay Street Group Inc	General Unsecureds	45,737.98
RE/MAX Goldenway Realty Inc.	General Unsecureds	125,424.00
Home Standards Brickstone Rea	General Unsecureds	114,566.00
JDL Realty Inc.	General Unsecureds	20,478.00
Century 21 Kennect Realty	General Unsecureds	53,036.00
Living Realty Inc.	General Unsecureds	88,588.00
Master's Choice Realty, Inc.	General Unsecureds	379,298.00
Real One Realty Inc.	General Unsecureds	181,936.00
RE/MAX Realton Realty	General Unsecureds	14,458.00
Sultan Realty Inc.	General Unsecureds	-
RE/MAX Realty Enterprises Inc	General Unsecureds	72,090.00
LandpowerReal Estate Ltd.	General Unsecureds	2,256,548.80
Cityscape Real Estate Ltd.	General Unsecureds	246,998.00
Tradeworld RealtyInc.	General Unsecureds	67,770.00
		15,847,350.77

Appendix “P”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

2504670 CANADA INC., 8451761 CANADA INC.
and CHI LONG INC.

Applicants

and

CRESFORD CAPITAL CORPORATION, YSL RESIDENCES INC, 9615334
CANADA INC., YG LIMITED PARTNERSHIP and DANIEL CASEY

Respondents

CROSS-EXAMINATION BRIEF

June 11, 2021

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Lawyers for the Applicants

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TAB 1

Private & Confidential

May 15, 2020

PJD Properties Inc.

By email – pdovigi@gflenv.com

Dear Mr. Dovigi:

This letter ("**Letter of Intent**") sets out the terms and conditions upon which YSL Residences Inc. and 9615334 Canada Inc. in its capacity as general partner of YG Limited Partnership (collectively, the "**Vendors**") offer to sell to PJD Properties Inc. or one of its affiliates ("**Purchaser**") the condominium development ("**YSL**"), as described in Exhibit A (the "**Purchased Assets**"). The proposed sale by the Vendor of the Purchased Assets is referred to in this Letter of Intent as the "**Transaction**" and the closing date of the Transaction is referred to as the "**Closing**".

Except as set forth in Sections 7 and 8 of this Letter of Intent, a binding agreement for the purchase of the Purchased Assets will only arise upon joint execution and delivery of a definitive purchase agreement (the "**Definitive Agreement**"). Upon receipt of a copy of this Letter of Intent executed by the Vendors and the Shareholder, the Purchaser will immediately proceed to complete its due diligence review of the Purchased Assets in accordance with Section 3 of this Letter of Intent.

While the parties anticipate that the matters set forth in this Letter of Intent will form the basis for Definitive Agreement to be entered into by the parties, the parties acknowledge that further negotiations and the conduct by Purchaser of its due diligence review in accordance with Section 3 of this Letter of Intent may result in issues being raised that require the matters described in this Letter of Intent to be supplemented, amended or qualified on agreement of the parties, acting reasonably. The Purchaser acknowledges that the Vendor will not entertain and shall not be required to consider any further amendments to the terms of this Letter of Intent that involve any reduction in the Purchase Price. Any subsequent disagreement as to the Purchase Price stated in this Letter of Intent shall result in the termination of this Offer and the termination of any obligation to negotiate a Definitive Agreement.

The principal terms and conditions of this Letter of Intent are set forth below. All dollar amounts referred to in this Letter of Intent are in Canadian dollars unless otherwise specified.

1. Purchase Price

Subject to the conditions outlined in this Letter of Intent, Purchaser proposes to purchase the Purchased Assets for the purchase price set out in Exhibit A, with adjustments calculated in accordance with Exhibit A, and otherwise adjusted in accordance with the usual adjustments applicable to such a transaction. (the "**Purchase Price**").

The parties will work to structure the Transaction in a tax-efficient manner, including whether the Transaction is to be structured as an equity purchase or a sale of real estate assets and related contracts.

The Purchase Price assumes that the Vendors are responsible for, and will indemnify Purchaser from, the usual liabilities applicable to similar transactions. The Purchaser shall be responsible for and will indemnify the Vendor from any and all (i) project payables, all of which are to be assumed by the Purchaser pursuant to Exhibit A and B; and (ii) any debt to be assumed by the Purchaser pursuant to

Exhibit A; the Claim issued by Maria Athanasoulis filed under court file number CV-20-00634836-0000 and the Counterclaim of the Defendants in that action shall be dismissed on a without cost basis.

The Purchased Assets shall be conveyed to Purchaser free and clear of all encumbrances and rights of others, other than in connection with the debt, mortgages, notes, capital leases, guarantees, and indebtedness as described in Exhibit A (the "**Indebtedness**"). For clarification, any construction liens for materials or services supplied to the project as at the Closing Date shall be included in the payables listed in Schedule "B" and shall be paid out by the Purchaser on Closing in addition to the Purchase Price.

The Vendors and Shareholder are responsible for and will pay their own legal, accounting and other transaction fees and expenses incurred by them in connection with the Transaction.

2. Conditions to Closing

The Closing would be conditional upon Purchaser being satisfied with, or waiving, each of the following:

- (a) completion by Purchaser of its due diligence review of the Purchased Assets in accordance with Section 3 below;
- (b) each of the Vendors, the Shareholder and the other shareholders of the Vendors entering into confidentiality agreements in a form satisfactory to Purchaser, providing for a 3-year confidentiality period calculated from Closing and otherwise on mutually acceptable terms;
- (c) the Vendors or the Shareholder obtaining all required regulatory consents to the completion of the Transaction, as described in Exhibit A, and/or the transfer of any required permits, so that Purchaser would be in a position to continue to operate the Purchased Assets after Closing in substantially the same manner as conducted prior to the Closing subject to the acknowledgement of the parties that the Tarion enrollment of the Vendor is not assignable and the Purchaser shall be required to enroll with Tarion as vendor and builder in order to continue with the existing agreements of purchase and sale;
- (d) the assignment of all trademarks, logos, licenses, etc. relating to the Purchased Assets to Purchaser, excluding any trademarks, logos, licenses, etc. associated with the Cresford brand; and
- (e) the approval of the Purchaser's investment committee.

3. Due Diligence.

Purchaser acknowledges that it is purchasing the Purchased Assets on an as-is and where-is basis, and would expect to complete its business, environmental, legal, accounting and other third party due diligence on or before May 30, 2020, with a target Closing of thirty (30) days from completion of such due diligence period.

During the Exclusive Period (as defined below), the Vendors will:

- (a) upon reasonable notice, grant to Purchaser, and to its officers, employees, legal counsel, auditors and other authorized representatives (collectively, the "**Purchaser Representatives**") the right to inspect the assets, properties, books and records of the Purchased Assets (including the conduct of such environmental due diligence as Purchaser may consider necessary or desirable) and to consult with the officers, senior management, legal counsel, accountants and other authorized representatives of the Vendors (collectively the "Vendors' Representatives") concerning the Purchased Assets; and
- (b) direct the Vendors' Representatives to provide information to Purchaser as reasonably requested.

This timeframe assumes that Purchaser and the Purchaser Representatives are provided with full and timely access to the Purchased Assets' books, records, properties, personnel, and other data and information relating to the Purchased Assets as reasonably requested by any of them for the purposes of evaluating and effectuating the Transaction. This timeframe also assumes full and timely cooperation by the Vendors, the Shareholder and Vendors' Representatives. To the extent Purchaser does not receive such access and full and timely cooperation, the timeframe outlined above would be extended appropriately.

Purchaser will be under no obligation to continue with its due diligence investigations or with negotiations for a Definitive Agreement, or to enter into a Definitive Agreement if, at any time, the results of its diligence review are not satisfactory to it in its sole discretion.

4. Operations Pending Closing

Prior to the Closing, and to the extent reasonably possible in current financial, economic and global circumstances related to the COVID-19 coronavirus pandemic, the Vendors will (i) continue to operate the Purchased Assets with a representative designated by the Purchaser having active role in day to day decisions and otherwise in the ordinary course of business and consistent with prior practice and will not dispose of or acquire any assets other than in the ordinary course of business; and (ii) enter into contracts or commitments in connection with the Purchased Assets as reasonably requested by Purchaser. Without limiting the generality of the foregoing, the Vendors will not enter into any commitment to acquire any asset that is part of the Purchased Assets with an individual purchase price of \$50,000 or more without the prior written consent of Purchaser. In addition, from and after the date hereof throughout the Exclusive Period, the Vendors will notify Purchaser in the event that the Vendors intend to bid on or enter into or amend any contract or commitment in connection with the Purchased Assets with an aggregate value of \$50,000 or more.

5. Exclusive Negotiations

In order to induce Purchaser to expend the time and resources necessary to complete its due diligence review, for a period expiring on the 30th day May, 2020 (the "**Exclusive Period**"), no Vendor, nor any officer, director, employee, consultant affiliate advisor, agent or representative of any Vendor or the Shareholder will (i) solicit, initiate, or encourage any inquiries, proposals, or offers from any corporation, partnership, person, entity or group (a "**Third Party**") other than Purchaser or an affiliate of Purchaser respecting any leasing arrangement, merger, consolidation business combination, recapitalization sale of any assets or sale of any equity or debt securities or any similar transaction related to the Purchased Assets (a "**Third Party Acquisition**"), (ii) provide any information to or respond to any questions of any Third Party respecting the Purchased Assets in response to any inquiry concerning, or in order to facilitate, any Third Party Acquisition or (iii) engage in any negotiations or discussions with or enter into any agreement, understanding or undertaking with any Third Party concerning any Third Party Acquisition (and shall discontinue any current or pending discussions). Upon receipt of any information request that could result in a Third Party Acquisition or the receipt of any proposal respecting a Third Party Acquisition, the occurrence of such request or proposal and its contents shall promptly be communicated in writing to Patrick Dovigi at pdovigi@gflenv.com.

Notwithstanding the foregoing, if at any time during the Exclusive Period, Purchaser determines that it will not be proceeding with the Transaction, it will forthwith notify the Vendors at the address noted on the first page of this Letter of Intent and the provisions of this Section 5 will thereafter have no further force or effect.

Each of the parties will pay its own legal, accounting and other transaction fees in connection with the Transaction.

6. Definitive Agreement

The parties will proceed in good faith resolve the structure of the Transaction and proceed with the negotiation of the terms and conditions of a Definitive Agreement and related agreements, which shall be delivered to the Vendors at the conclusion of the Exclusivity Period. The Definitive Agreement will embody the terms and conditions of this Letter of Intent and additional representations, warranties, covenants, conditions and indemnities negotiated between the parties, all of which are subject to the mutual agreement of the parties. Purchaser will prepare the first draft of the Definitive Agreement.

7. Confidentiality

Except as required by law, Purchaser's potential purchase of the Purchased Assets and the term and conditions of this Letter of Intent, including the Purchase Price (the "**Purchase Information**") are confidential and shall not be disclosed by the Vendors or the Shareholder to any person or entity except to the those of the Vendors' Representatives that need to know the Purchase Information in connection with the negotiation or completion of the Transaction. This Letter of Intent and the status of any negotiations between the parties shall constitute confidential information and be governed by the Confidentiality Agreement dated October 16, 2019 between Purchaser, the Vendors and the Shareholder, as may be amended from time to time (the "**Confidentiality Agreement**"). The Vendors and the Shareholder acknowledge and agree that Purchaser may have discussions with, and receive and disclose Confidential Information (as defined in the Confidentiality Agreement), with the lenders for the Purchased Assets, provided that the Vendor is fully informed in advance as to such discussions and communications between the Purchaser and the Lender.

8. Intent of the Parties and Governing Law

This Letter of Intent supersedes all prior expressions of interest, discussions agreements or undertakings of the parties relating to the Transaction, other than the Confidentiality Agreement which will remain in full force and effect in accordance with its terms. This Letter of Intent shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

This Letter of Intent is an expression of intent only and is not intended to create legally binding obligations of the parties. Notwithstanding the foregoing, Sections 4, 5, 7 and 8 of this Letter of Intent shall constitute binding and enforceable obligations of the parties hereto. The provisions of Sections 7 and 8 shall survive the expiration of the Exclusive Period.

9. Expiry

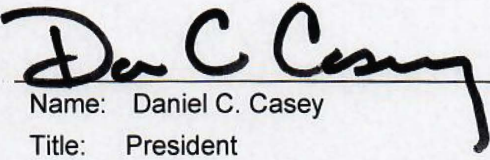
This letter of intent will be open for signature by the Purchaser until 6:00 pm (EDT) on May , 2020, unless the time for such signature is extended in writing by Purchaser.

Please indicate your acceptance of this letter of intent by signing and returning one copy to the attention of the undersigned. A facsimile or electronic copy of this Letter of Intent will be treated for all purposes as an original and a copy of this Letter of Intent executed in counterparts will be treated as one and same document for all purposes.

We look forward to working with you on completing this Transaction.

Sincerely,

**YSL Residences Inc. and 9615334 Canada Inc.
in its capacity as general partner of YG
Limited Partnership (collectively, the
"Vendors")**
Daniel C. Casey (the "Shareholder")

By: 
Name: Daniel C. Casey
Title: President

Agreed to this 19th day of May, 2020.

PJD PROPERTIES INC.

By: 
Name: Patrick Dovigi
Title: President

EXHIBIT A**YSL**

Municipal Addresses: 363-391 Yonge Street and 3 Gerrard Street East
 Status: Excavation underway
 Ownership: YSL Residences Inc. and 9615334 Canada Inc. in its capacity as general partner of YG Limited Partnership.

Current Lenders
 First Mortgage: Computershare Trust Company of Canada (Timbercreek)

Deposit Insurer: Westmount Guarantee Services Inc.

Investors: Various (\$34.8M comprised of 8 investors)

Note: Assets exclude 357 ½ to 357A Yonge Street

Financial Terms:

1. Purchaser to pay TWO HUNDRED AND NINETY MILLION DOLLARS (\$290,000,000.00) to Vendors to purchase the lands, with \$5,000,000.00 due at signing of the Definitive Agreement and the remainder due at Closing;
2. Purchaser to have the right to discuss with Timbercreek the assumption of the existing first mortgage (current drawn balance of \$100,000,000.00) on Closing; If not assumed, to be paid out of the sale proceeds on Closing. If the Purchaser assumes the mortgage the Purchaser shall get credited for the outstanding amount of the mortgage on Closing.
3. Purchaser to replace any existing letter of credit facility posted with the City of Toronto on Closing.
4. Purchaser to assume all Condominium Purchase and Sale Agreements and liability under the Westmount deposit insurance facility for purchaser deposits (\$109,000,000.00). The amount outstanding under the Westmount deposit insurance facility shall be credit to the Purchaser on Closing subject to approval of Westmount, failing which the amount outstanding under the Westmount facility shall be discharged and paid out on Closing from the proceeds of sale.
5. Purchaser to take assignment of all construction contracts, consultant agreements, all current drawings, permits, city agreements, and any other material agreements or documents required to take over the project and Vendor to use best efforts to obtain consent to such assignments where required.
6. Purchaser to be responsible for and to pay all accounts payable under the Project budget, the construction budget and the sales and marketing budget for the Project as set out in Exhibit B (which amounts are to be updated as at Closing) and to indemnify the Vendors and Shareholder with respect to the same on Closing. Such indemnity shall survive the Closing of the transaction.
7. Investor equity loans in the amount of \$34,800,000.00 to be paid out and discharged from proceeds of sale. In the alternative, the investor equity loans may be assumed by the Purchaser subject to consent of the investors, including consent of the investors to release the Vendors and Shareholder for all liability thereunder, and in that event shall be credited to the Purchaser on Closing.

Exhibit B
20-YG Limited Partnership
A/P Accounts Payable/Claims
Summary Aged Payables List
as of March 31/20
Aged by Invoiced Date

Code	Supplier Name	Net A/P	Current	31-60Days	61-90Days	Over90Days	Holdback
2600924	2600924 Ontario Inc.	67,800.00	0	67,800.00	0	0	0
1STCHO	1st Choice Disposal	8,916.81	426.3	832.05	1,749.94	5,908.52	0
AECPAR	AEC Paralegal Corporation	593.25	0	0	0	593.25	0
AIMHOM	Aim Home Realty Inc	15,018.01	0	0	0	15,018.01	0
AIRBER	Aird & Berlis LLP	15,781.60	8,651.07	7,130.53	0	0	0
ALTGRO	Altus Group Limited	20,959.70	542.12	2,422.98	0	17,994.60	0
ALUINC	AlumaSafway, Inc	46,505.15	0	28,210.45	0	18,294.70	0
ARCALL	Architects Alliance	1,008,914.62	46,505.90	146,076.70	146,168.69	670,163.33	0
BAAGRO	Baaron Group Inc.	20,397.91	0	1,582.00	0	18,815.91	0
BACONS	BA Consulting Group Ltd.	6,844.99	2,178.08	2,895.63	0	1,771.28	0
BAYSTR	Bay Street Group Inc	45,737.98	0	0	0	45,737.98	0
BENJON	Bennett Jones LLP	44,825.62	0	243.3	4,439.49	40,142.83	0
BLAMCM	Blaney McMurtry LLP	100,056.60	0	8,142.96	0	91,913.64	0
BLICOU	Blizzard Courier Service Ltd.	335.5	0	0	0	335.5	0
BVDGRO	BVDA Group Ltd.	1,130.00	0	0	0	1,130.00	0
CANCAN	Canon Canada Inc.	37.9	0	37.9	0	0	0
CBSCAP	CBSC Capital Inc.	1,574.50	0	838.87	0	735.63	0
CITDOO	Citywide Door & Hardware Inc.	1,130.00	0	0	0	1,130.00	0
CITPER	The Treasurer, City of Toront	500	0	500	0	0	0
CITREA	Cityscape Real Estate Ltd.	246,998.63	0	0	0	246,998.63	0
CLAREA	Homelife Classic Realty Inc	12,478.00	0	0	0	12,478.00	0
CONPLU	Re/Max Condo Plus Corp	16,358.00	0	0	0	16,358.00	0
DALLES	Dale & Lessmann LLP	982.38	982.38	0	0	0	0
DEKCORP	Dekla Corporation	0	0	0	0	0	25,000.00
ENBGAS	Enbridge Gas Inc.	0.01	0	0	0	0.01	0
ENTCOR	Entuitive Corporation	5,508.75	0	0	0	5,508.75	0
ERAARC	E.R.A. Architects Inc.	43,455.57	0	0	0	43,455.57	0
FEDWIR	Federal Wireless Communicatio	4,291.74	0	0	0	4,291.74	0
FORHIL	Forest Hill Real Estate Inc	30,876.00	0	0	0	30,876.00	0
FOSINT	Foster Interactive Inc.	1,627.20	0	0	813.6	813.6	0
GFLINE	GFL Infrastructure Goup Inc.	3,663,177.53	296,561.83	0	513,400.92	2,853,214.78	445,803.10
HERRES	Heritage Restoration Inc	393,005.53	0	0	0	393,005.53	0
HOMFRO	HomeLife Frontier Realty Inc.	25,376.00	0	0	0	25,376.00	0
HOMLAN	HomeLife Landmark Realty Inc.	1,669,032.01	0	0	0	1,669,032.01	0
HOMSTA	Home Standards Brickstone Rea	90,068.00	0	0	0	90,068.00	0
HOWGAS	Howe Gastmeier Chapnik Limite	668.11	0	0	0	668.11	0

HUNASS	Hunter & Associates Ltd.	2,923.88	0	0	0	2,923.88	0
HYDMIS	Toronto Hydro-Electric System	44,097.88	0	0	0	44,097.88	0
INNPAR	Innocon Partnership	50,239.12	0	0	1,296.34	48,942.78	0
INVHAR	Investments Hardware Limited	14,471.85	0	257.3	4,161.60	10,052.95	0
ISHERW	Isherwood	107,416.33	18,659.01	24,789.71	0	63,967.61	0
JABAST	Jablonsky, Ast and Partners	349,631.55	0	3,851.55	11,300.00	334,480.00	0
JANROS	JanetRosenberg&Studio Inc.	13,152.35	0	3,030.94	0	10,121.41	0
JDLREA	JDL Realty Inc.	20,478.00	0	0	0	20,478.00	0
JENHUG	Jensen Hughes Consulting Cana	34,317.01	18,002.14	0	0	16,314.87	0
KELWIL	Keller Williams Referred	23,036.00	0	0	0	23,036.00	0
KENREA	Century 21 Kennect Realty	53,036.00	0	0	0	53,036.00	0
KINQUA	Century 21 King's Quay Real E	37,594.00	0	0	0	37,594.00	0
KOHPED	Kohn Pedersen Fox Associates	1,836,000.00	0	0	0	1,836,000.00	0
KRMDES	Kramer Design Associates Limi	74,184.50	0	0	0	74,184.50	0
LAMASS	Lam & Associates Ltd.	129,925.39	0	31,194.40	39,103.39	59,627.60	0
LANREA	LandpowerReal Estate Ltd.	2,256,548.80	17,018.00	0	37,578.00	2,201,952.80	0
LEAEDG	Century 21 Leading Edge Realt	10,878.00	0	0	0	10,878.00	0
LERBAT	Lerch Bates	11,900.00	0	0	0	11,900.00	0
LIVPAT	Live Patrol Inc.	11,187.00	1,864.50	1,864.50	1,864.50	5,593.50	0
LIVREA	Living Realty Inc.	88,588.00	0	88,588.00	0	0	0
MASCHO	Master's Choice Realty, Inc.	379,298.00	0	0	0	379,298.00	0
MCIPER	McIntosh Perry	218.09	0	0	0	218.09	0
MICBRO	Michael Bros. Excavating	1,582,858.80	38,442.60	307,540.80	653,524.20	583,351.20	155,640.00
MONSTE	Montana Steele	73,927.81	477.81	14,690.00	14,690.00	44,070.00	0
MULBAN	Mulvey & Banani Lighting Inc.	29,978.91	0	1,582.00	5,311.00	23,085.91	0
MUNMEC	Municipal Mechanical Contract	11,303.14	11,303.14	0	0	0	0
MYLBUR	Myles Burke	35,798.40	0	17,899.20	0	17,899.20	0
NAFCON	Naf-Muk Contracting Inc	2,439.67	0	0	0	2,439.67	0
NEWCON	Royal LePage - New Concept	85,770.01	15,018.01	0	0	70,752.00	0
NEWWOR	HomeLife New World Realty Inc	544,355.99	0	0	283,570.00	260,785.99	0
NORAME	North American Sign Company I	2,825.00	0	0	0	2,825.00	0
ODADET	The Odan/Detech Group Inc.	5,831.20	2,214.80	1,237.35	830.55	1,548.50	0
OTICAN	Otis Canada Inc.	4,912,110.00	0	0	0	4,912,110.00	483,000.00
PETCON	PETRA Consultants Ltd.	178,856.40	0	83,168.00	0	95,688.40	0
PMSVEN	PM Sheetmetal & Ventilation	26,442.00	0	0	0	26,442.00	2,600.00
POWREA	Powerland Realty, Brokerage	10,678.00	0	0	0	10,678.00	0
PRIDEM	Priestly Demolition Inc.	374,609.80	0	0	0	374,609.80	0
RAVSUR	R. Avis Surveying Inc.	53,757.52	0	8,311.15	18,758.58	26,687.79	0
REAENT	RE/MAX Realty Enterprises Inc	72,090.00	0	0	0	72,090.00	0
REAONE	Real One Realty Inc.	181,936.00	0	0	91,768.00	90,168.00	0
REAREA	RE/MAX Realtron Realty Inc.	28,117.97	0	0	0	28,117.97	0
RECCLE	Reco Cleaning Services	62,376.57	0	10,664.94	0	51,711.63	0
REPLIM	Reprodux Limited	578.39	24.23	227.59	326.57	0	0
RIGATH	Right At Home Realty Inc.	10,678.00	0	0	0	10,678.00	0
ROYELI	Royal Elite Realty Inc., Broke	16,198.00	0	0	0	16,198.00	0

SAFMAN	Safeline Management Systems I	8,723.60	0	2,576.40	813.6	5,333.60	0
SEBSTE	Sebba Steel Construction Ltd.	86,075.49	0	12,147.50	0	73,927.99	0
SIGREA	Royal LePage - Signature Real	14,678.00	0	0	0	14,678.00	0
SPLCON	WSP Canada Inc.	74,029.14	6,630.28	14,127.26	2,055.47	51,216.13	0
STACON	Stantec Consulting Ltd.	1,463.26	0	0	0	1,463.26	0
STEREN	Stephenson's Rental Services	4,678.43	4,678.43	0	0	0	0
STRAGG	Strada Aggregates	27,075.99	11,780.66	0	0	15,295.33	0
THODOR	Thompson Dorfman Sweatman LLP	6,475.77	0	0	0	6,475.77	0
TRAFIR	Trace Fire Protection Inc.	-30	0	0	0	-30	0
TRAREA	Tradeworld RealtyInc.	67,770.00	0	0	0	67,770.00	0
ULTREA	ReMax Ultimate Realty Inc.	16,718.00	0	0	0	16,718.00	0
VASDES	V.A. Siu Design Consultants	96,050.00	0	0	0	96,050.00	0
VERSTR	Verdi Structures Inc	718,680.00	718,680.00	0	0	0	50,000.00
WESGUA	Westmount Guarantee Services	444,155.00	0	0	222,955.00	221,200.00	0
YOUREN	You-Go Rental & Sales	2,808.71	411.32	476.39	548.05	1,372.95	0
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Total Report

23,032,954.32	1,221,052.61	894,938.35	2,057,027.49	18,859,935.87	1,162,043.10
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Less: Payments

Westmount	-444,155.00
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Add:

Accruals

Tarion enrolment	1,510,000.00
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Tie-back commitment	1,875,000.00
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Holdbacks

1,162,043.00

27,135,842.32

TAB 2

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT made the 14th day of July, 2020.

BETWEEN:

YSL RESIDENCES INC.

(the "Vendor")

OF THE FIRST PART;

- and -

EMPIRE (WATER WAVE) INC.

("Empire")

OF THE SECOND PART;

- and -

YG LIMITED PARTNERSHIP

(the "Beneficial Owner")

OF THE THIRD PART.

WHEREAS:

- A. The Vendor is the legal and registered owner of the Property;
- B. The Beneficial Owner is the beneficial owner of the Property and holds 100% of the beneficial ownership of the Property;
- C. The Parties have agreed to enter into an arrangement respecting the Project on the Property that includes entering into a limited partnership pursuant to a Limited Partnership Agreement.

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, the following terms shall have the following respective meanings:

"Affiliate" of any specified Person means any other Persons directly or indirectly controlled by or under the direct or indirect common control with such specified Person;

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“Agreement” means the agreement arising from the execution hereof by the Vendor, the Beneficial Owner and Empire, together with all schedules hereto and all instruments supplemental hereto or in any amendment or confirmation hereof;

“Applicable Laws” means, with respect to any Person, property, transaction or event, all laws, by-laws, rules, regulations, orders, judgements, decrees, decisions or other requirements having the force of law relating to or applicable to such Person, property, transaction or event;

“Assignment of Plans” means an assignment by the Vendor to the Limited Partnership of the Vendor’s right title interest in and to all of the Plans;

“Assumed Contracts” has the meaning set out in section 6.3;

“Assumed Property Value” means the fair market value of the Property assumed to be \$250,000,000 for the purposes of this Agreement;

“Broker” means the Vendor’s real estate agent and broker, Colliers International;

“Building” means the building to be constructed on the Lands containing the Proposed Condominium;

“Business Day” means any day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario;

“Claims” means any claims, suits, proceedings, liabilities, obligations, losses, damages, penalties, judgments, costs, expenses, fines, disbursements, legal fees on a substantial indemnity basis, interest, demands and actions of any nature or any kind whatsoever;

“Closing” means the completion of the transactions contemplated herein on the Closing Date;

“Closing Capital Payment” means the capital contribution of \$3,000,000 to be made by Empire to the Limited Partnership on Closing as compensation for the Vendor’s Prior AP Payments, to be dealt with in the manner described in section 2.3 hereof;

“Closing Date” means the 30th Business Day following the Due Diligence Date;

“Closing Documents” means, collectively, documents and deliveries to be made pursuant to section 6.1 and section 6.2 hereof;

“Condominium Purchaser” means a purchaser of a condominium unit of the Proposed Condominium pursuant to an Existing Agreement of Purchase and Sale;

“Construction Contract Accounts Payable” means any amounts owing or accrued on account of Construction Contracts as at Closing pursuant to section 2.9 hereof;

“Construction Contracts” means, contracts related to the construction of the Building and the supply of building materials with the exception of the Existing Agreements of Purchase and Sale;

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“Construction Financing Advance Date” means the date on which the first advance of construction financing is made with respect to the Project;

“Contracts” means, any contracts entered into by the Vendor with respect to the Proposed Condominium or the Building, including without limitation, Construction Contracts;

“Contracts Accounts Payable” means any amounts owing or accrued on account of Contracts as at Closing including without limitation Construction Contract Accounts Payable as set out in Schedule D;

“Data Room” means the electronic data room populated by the Vendor, assisted by Colliers International;

“Documents for Inspection” means those documents, reports and other data contained in the Data Room;

“Due Diligence Date” means 5:00 p.m. on the 10th Business Day following the waiver of the Vendor’s condition contained in section 4.3;

“Encumbrances” means, in the case of any of the Property, all mortgages, pledges, charges, liens, debentures, trust deeds, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, such Property or any part thereof or interest therein, and any agreements, Leases, options, easements, rights of way, restrictions, executions or other encumbrances (including notices or other registrations in respect of any of the foregoing) affecting title to the Property or any part thereof or interest therein;

“Environmental Laws” means all Applicable Laws concerning pollution or protection of the natural environment or otherwise relating to the environment, including Applicable Laws pertaining to (i) reporting, licensing, permitting, investigating and remediating the presence of Hazardous Substances, and (ii) the storage, generation, use, handling, manufacture, processing, transportation, treatment, Release and disposal of Hazardous Substances;

“Execution Date” means the date the Agreement is executed and delivered by both of the Parties hereto;

“Existing Agreements of Purchase and Sale” means all existing Agreements of Purchase and Sale with respect to the purchase of condominium units within the Proposed Condominium, all of which are enumerated in Schedule C annexed hereto, and true copies of which shall be delivered to Empire within 2 Business Days following the Execution Date;

“Governmental Authority” means any government, regulatory authority, governmental department, agency, commission, board, tribunal or court or other law, rule or regulation-making entity having jurisdiction on behalf of any nation, province or other subdivision thereof or any municipality, district or other subdivision thereof;

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"Hazardous Substances" means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws, including contaminants, pollutants, dangerous substances, dangerous goods, liquid wastes, industrial wastes, hauled liquid wastes, radioactive wastes, toxic substances, hazardous wastes, hazardous materials or hazardous substances as defined in any Environmental Laws;

"HST" means goods and services tax and/or harmonized sales tax payable pursuant to the *Excise Tax Act* (Canada);

"Included Assets" means assignment of all Architectural Contracts and engineering contracts, trade name, all intellectual property, models including the scale model of the Building, advertising literature, plans and specifications, hoarding, preconstruction matters, sales office contents, any building system including the bracing system created for support of the heritage structure on the Lands, and any specialized crane owned by the Vendor related to the Building being constructed and all other tangible and intangible property relating to the creation of the Building and the Proposed Condominium (excluding the Existing Agreements of Purchase and Sale);

"Initial Project Budget" means an initial budget for the Project initially prepared by Empire and as mutually agreed on between the Parties, each acting in good faith, and which shall include the following assumptions:

- (a) the Assumed Property Value, if unencumbered by the Mortgages, or otherwise encumbered;
- (b) the renewal or replacement of the Timbercreek Mortgage in approximately the same, greater or lesser, principal amount;
- (c) the Contracts Accounts Payable;
- (d) the contribution by Empire or its Affiliate of equity, the exact amount of which will be determined based on funding requirements at time of construction financing, to the Limited Partnership in accordance with the Limited Partnership Agreement;
- (e) Closing Capital Payment of \$3,000,000 by Empire;
- (f) the assumed contribution of \$75,000,000 to the Project by the Beneficial Owner;
- (g) the Replacement Letters of Credit referred to in section 6.2(i);

"Lands" the lands and premises legally described in Schedule A annexed hereto;

"Leases" means any leases, executed offers to lease, agreements to lease, subleases, renewals of leases and other rights or licences granted by or on behalf of the Vendor or any of its predecessors in title which entitle an entity or Person to possess or occupy any portion of the Property;

"Limited Partnership" means a limited partnership to be entered into on Closing pursuant to the Limited Partnership Agreement;



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“Limited Partnership Agreement” means the limited partnership agreement to be entered into by the Parties respecting the Limited Partnership containing the provisions set out in Schedule E annexed hereto;

“Material Agreements” means the Limited Partnership Agreement, the USA, the Project Development and Construction Management Agreement, the Sales and Marketing Agreement, the Advisory Agreement and the Empire Guarantee Agreement (as defined in Schedule E);

“Mortgage Statement” means a mortgage statement from a mortgagee under a Mortgage containing inter alia, the principal amount and interest outstanding under the relevant Mortgage as at the Closing Date together with a statement of defaults, if any, under the Mortgage;

“Mortgages” means the following existing mortgages in favour of:

- (a) Timbercreek Mortgage Servicing Inc. in the principal amount of [\$100,000,000] (the **“Timbercreek Mortgage”**);
- (b) Westmount Guarantee Services Inc. in the principal amount of [\$107,000,000] (the **“Westmount Mortgage”**);

“Party” means any party to this Agreement, and **“Parties”** has a corresponding meaning;

“Permitted Encumbrances” means those encumbrances described in Schedule C annexed hereto;

“Person” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

“Plans” means all of the architectural plans prepared by architects Alliance and Kohn Pedersen Fox Associates for a proposed building on the Property consisting primarily of a residential condominium;

“Prior AP Payments” means payments previously made by the Vendor in the aggregate amount of \$3,000,000 on account of then outstanding Contracts Accounts Payable;

“Prior Interest Payments” means a total of \$4,800,000 previously paid by the Vendor on account of interest payments respecting the Timbercreek Mortgage, all of which have been paid to date and are current;

“Project” means the construction of the Building and the sale of the condominium units therein (whether to existing Condominium Purchasers or new condominium unit purchasers);

“Project Development and Construction Management Agreement” has the meaning ascribed thereto in Schedule E;

“Property” means the Lands and the Included Assets;

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“Proposed Condominium” means the proposed condominium by the Vendor to be constructed on the Lands, as described in the Disclosure Statement, a copy of which is contained in the Data Room;

“Sales and Marketing Agreement” has the meaning ascribed thereto in Schedule E;

“Unassumed Contracts” means those Contracts, which are not Assumed Contracts;

“USA” means the unanimous shareholders’ agreement to be entered into on Closing in accordance with the provisions of Schedule E; and

“Westmount” means Westmount Guarantee Services Inc.

1.2 Extended Meanings

Grammatical variations of any terms defined herein have similar meanings to such defined terms; words importing number include the singular and the plural; words importing gender include the feminine, neuter and masculine genders.

1.3 Headings

The division of this Agreement into separate Articles, sections and Schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and, except as herein stated and in the instruments and documents to be executed and delivered pursuant hereto, contains all of the representations, warranties and agreements of the respective Parties with respect to the subject matter hereof. There are no verbal representations, undertakings or agreements of any kind between the Parties.

1.5 Severability

If any covenant, obligation or provision of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby. Each covenant, obligation and provision of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

1.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.



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1.7 Knowledge of the Vendor

For the purposes of this Agreement, the expression "Knowledge of the Vendor" means the knowledge of Daniel C. Casey and Ted Dowbiggin, representatives of the Vendor, after having made reasonable inquiries with respect thereto.

1.8 Business Days

Where anything is required to be done under this Agreement on a day that is not a Business Day, then the day for such thing to be done shall be the next following Business Day.

1.9 Time

Time shall be of the essence of this Agreement. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. The time limited for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the Parties or by their respective solicitors.

1.10 Vendor and Beneficial Owner

In this Agreement, where reference is made to the "Vendor", such reference shall be deemed to include the Beneficial Owner.

1.11 Schedules

The following schedules are attached to this Agreement and form and integral part hereof:

Schedule A	-	The Lands
Schedule B	-	Permitted Encumbrances
Schedule C	-	List of Existing Agreements of Purchase and Sale
Schedule D	-	List of Contracts Accounts Payable
Schedule E	-	Provisions of the Limited Partnership Agreement and USA

**ARTICLE 2
LIMITED PARTNERSHIP**

2.1 Limited Partnership

On Closing:

- (a) The Beneficial Owner and Empire or its Affiliate shall enter into the Limited Partnership Agreement and the USA;
- (b) The Beneficial Owner shall transfer the Property, the Contracts, the Contract Accounts Payable, the Plans, the Construction Contract Accounts Payable and the Existing Agreements of Purchase and Sale to the Limited Partnership. The transfers shall be made pursuant to an agreement (the "Transfer Agreement"), which may

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be made pursuant to Section 97(2) of the *Income Tax Act*, or such other arrangement as agreed upon between the Parties and their advisors;

- (c) The Beneficial Owner shall receive 75,000,000 Class "A" Units in the Limited Partnership as contemplated in Schedule E;
- (d) Empire or its Affiliate (collectively, the "Empire LP") shall contribute equity as required from time to time as determined by the General Partner of the Limited Partnership up to the Construction Mortgage Advance Date, in each case as capital to the Limited Partnership in exchange for Class "B" Units in the Limited Partnership as contemplated in Schedule E.

2.2 Deposit

- (a) Within 2 Business Days following the Execution Date, Empire shall pay to the Vendor a deposit in the amount of One Million Dollars (\$1,000,000) by wire transfer to the Beneficial Owner's solicitors, in trust (the "Deposit");
- (b) The Deposit shall be held by the Beneficial Owner's solicitors in trust in an interest-bearing account or term deposit, pending completion of this transaction or earlier termination of this Agreement. If the transaction contemplated in this Agreement is not completed for any reason other than the default of Empire, the entire Deposit, together with all accrued interest thereon shall forthwith be returned to Empire. If the transaction contemplated in this Agreement is not completed by reason of the default of Empire, then, the Deposit and any accrued interest thereon shall be forfeited to (and become the property of) the Beneficial Owner and thereupon be paid to the Beneficial Owner as liquidated damages (and not as a penalty) and thereafter Empire shall have no further obligations or liabilities of any nature or kind whatsoever to the Beneficial Owner. The Deposit shall be credited on account of the equity contribution of the Empire LP respecting the Closing Capital Payment on Closing and any accrued interest shall be paid directly to Empire.

2.3 Closing Capital Payment

- (a) On Closing, Empire shall make the Closing Capital Payment of \$3,000,000 to the Limited Partnership in exchange for 3,000,000 Class "B" Units of the Limited Partnership (subject to the credit respecting the Deposit) (as provided in Schedule E).
- (b) Forthwith following Closing, the Limited Partnership shall transfer the \$3,000,000 received in accordance with subparagraph (a) above to the Vendor as compensation for the Prior AP Payments.

2.4 Adjustments

The Vendor and Empire shall adjust the amount due on Closing as set out in section 2.1(d) hereof as of midnight on the day immediately preceding the Closing Date (with the Closing Date itself being for the account of Empire) on account of the following items:

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- (a) realty taxes; and
- (b) utilities.

2.5 Documents for Inspection

The Vendor shall make available to Empire within 2 Business Days from the Execution Date, electronic copies of the Documents for Inspection. In addition, the Vendor shall deliver to Empire, without cost to Empire, on or prior to Closing, reliance letters from the author/consultant of any reports contained within the Documents for Inspection (including without limitation, soil and environmental reports) forming a part of the Documents for Inspection (collectively, the "Reports") addressed to Empire and Empire's lender authorizing Empire and such lender to use and rely on such Reports if so desired (collectively, the "Reliance Letters").

2.6 Authorizations

The Vendor shall deliver to Empire within 2 Business Days from the Execution Date, such authorizations to Authorities as reasonably requested and prepared by Empire, to permit Empire to obtain information from their files (but not including or permitting any authorization to inspect the Property). Empire agrees it will not request any inspection of the Property by Governmental Authorities.

2.7 Inspections

Commencing upon the Execution Date, the Vendor agrees that Empire or its agents, shall have the right to enter the Property in order to conduct tests as may be considered necessary or desirable by Empire, provided that in so doing no damage is done to the Vendor's property. In the event of any damage, Empire agrees to repair any such damage at its own expense, in order to restore the Property to its original state.

2.8 Mortgagee Statements

The Vendor shall obtain mortgagee statements with respect to each of the Mortgages and provide same to Empire within 2 Business Days following the Execution Date.

2.9 Construction Contract Accounts Payable

- (a) The Parties acknowledge and agree that the Limited Partnership shall be responsible for all Contracts Accounts Payable whether for Assumed Contracts or Non-Assumed Contracts. The Contracts Accounts Payable shall be paid at such times as determined by the Project Manager in its absolute discretion. In addition, Empire, with co-operation from the Vendor, may seek to arrange for termination of certain Contracts without penalty, prior or subsequent to Closing;
- (b) In the event that Empire becomes aware of any unpaid Construction Contract Accounts Payable as at Closing not included in Schedule D, Empire shall be entitled to pay such amounts (the "Construction Contract Payments") and apply the amount paid to the capital contribution of Empire LP referred to in section 2.1(d)

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(other than amounts paid on account of Assumed Contracts Accounts Payable relating to Construction Contracts that are Assumed Contracts).

ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties of the Vendor

The Vendor and Beneficial Owner jointly and severally represent and warrant as follows:

(a) Authority

The Vendor is a corporation duly incorporated in the jurisdiction in which it was incorporated and the Beneficial Owner is a limited partnership established in Ontario, and each are existing and in good standing under the laws of Ontario and has the power and capacity to own the Property and, subject to obtaining a Special Resolution of all of the Limited Partners at a duly convened meeting of the Limited Partners or a written resolution in one or more counterparts signed by all Limited Partners, has the power and capacity to dispose of the Property (in the case of the Vendor, on behalf of the Beneficial Owner). All necessary action, approvals and authorizations have been taken or given to authorize the execution and delivery of this Agreement and the performance of the obligations hereunder by the Vendor and the Beneficial Owner.

(b) No Breach of Constating Documents or Laws

Neither the entering into nor the delivery of this Agreement nor the completion by the Vendor of the transactions contemplated hereby will conflict with, or constitute a material default under, or result in a material violation of (i) any of the provisions of the formation documents of the Vendor or the Beneficial Owner or by-laws of the Vendor, or (ii) any Applicable Laws.

(c) Enforceability of Obligations

This Agreement has been validly executed and delivered by the Vendor and the Beneficial Owner and is a valid and legally binding obligation of the Vendor and the Beneficial Owner enforceable against the Vendor and the Beneficial Owner in accordance with its terms.

(d) Title

The Vendor is the legal and registered owner of the Property with good and marketable title thereto, free and clear of all Encumbrances except the Permitted Encumbrances.

(e) Leases

There are no Leases with respect to the Property.

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(f) Non-Binding Ryerson Discussions

There are no binding agreements between the Vendor and Ryerson University with respect to the acquisition of any portion of the Property.

(g) Cessation of Work

That all work on the Building and all improvements within the meaning of the *Construction Act*, Ontario ceased on or before April 1, 2020 and will not resume prior to Closing. Any lien rights that have not been preserved or perfected as at the Closing Date will have expired prior to the Closing Date.

(h) Expropriation

Neither the Property, nor any part thereof has been expropriated nor does the Vendor have any knowledge of any proposed expropriation thereof.

(i) Accounts for Work

Except as provided in Schedule D, all accounts for work and services performed or materials placed or furnished upon or in respect of construction at the Property requested by or contracted for by or on behalf of the Vendor including all Claims, construction liens and work orders will have been fully paid by Closing.

(j) Litigation

Except as provided in the Data Room, the Vendor has not received any notice in writing that there is, nor are they aware of, any outstanding proceeding with respect to the Vendor or the Property which could adversely affect the right or ability of the Vendor to complete the Purchase of the Property in accordance with the terms of this Agreement.

(k) No Notice of Environmental Laws Violation

To the best of the Vendor's knowledge and belief, the Property is in compliance with all Environmental Laws. The Vendor has not received written notice of and has not been prosecuted for violation of any Environmental Laws, or received any order or directive requiring action to be taken under Environmental Laws which remains outstanding against it, or against any Person whose liability for same it has retained or assumed by contract or otherwise with respect to the Property and to the best of the knowledge of the directors and officers of the Vendor. In addition, no pending litigation respecting Environmental matters, no outstanding Ministry of Environment and Energy Orders, investigations, charges, or prosecutions regarding Environmental matters exist; and to the knowledge of the directors and officers of the Vendor the Property and adjacent lands have never been used as a waste disposal site, and no Hazardous Materials or contaminants have been stored on the Property.

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(l) Delivery Materials

All Documents for Inspection contained in the Data Room are true and complete copies of all documents and materials referred to therein and there are no amendments thereto.

(m) Condominium Act and Documentation

Except as provided in the Data Room, the preparation of the Declaration and Description, Plan of Condominium and all of the Existing Agreements of Purchase and Sale with respect to units in the Proposed Condominium are in strict compliance with the *Condominium Act* and all regulations thereunder and the requirements of Tarion and all of the foregoing documents are included in the Documents for Inspection.

(n) No Collective Bargaining Agreements

The Vendor is not a party to nor is bound by any collective bargaining agreements or any written agreements, certification proceedings, letters of understanding, letters of intent with a trade union or association which may qualify as a trade union by which Empire shall be bound by virtue of acquiring the Property. The Vendor is not currently engaged in any labour negotiations nor is the Vendor aware of any union organization effort by any of the Employees.

(o) Resident of Canada

The Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act (Canada)* and is not acting as agent, trustee or nominee for or on behalf of any other Person who is a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act (Canada)*.

(p) Architectural Contracts

The architectural contracts (the "**Architectural Contracts**") with the architects respecting the Plans and any amounts payable to the architects in connection therewith are fully reflected in Schedule D as part of the Contracts Amounts Payable. The Vendor has the right to assign the Plans and the use thereof to Empire.

(q) Contracts

In addition to Architectural Contracts, all other Contracts in connection with the Proposed Condominium have been included in the Data Room.

(r) Contracts Accounts Payable

Schedule D enumerates all Contracts Accounts Payable and the statements made in section 2.9 of this Agreement are true and accurate.

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3.2 Representations and Warranties of Empire

Empire represents and warrants as follows:

(a) Authority

Empire is a corporation incorporated under the laws of Ontario and has the power and capacity to own and dispose of the Property. All necessary action, approvals and authorizations have been taken or given to authorize the execution and delivery of this Agreement and the performance of the obligations hereunder by it as Empire.

(b) No Breach of Constatng Documents or Laws

Neither the entering into nor the delivery of this Agreement nor the completion by Empire of the transactions contemplated hereby will conflict with, or constitute a material default under, or result in a material violation of (i) any of the provisions of the formation documents or by-laws of Empire, or (ii) any Applicable Laws.

(c) Enforceability of Obligations

This Agreement has been validly executed and delivered by Empire and is a valid and legally binding obligation of Empire enforceable against Empire in accordance with its terms.

3.3 Indemnity and Survival

(a) The Vendor shall indemnify Empire LP from and against any liabilities, obligations, litigation, or claims not disclosed in the Data Room, Schedule D or the representation and warranties contained in section 3.1;

(b) The representations and warranties contained in section 3.1 and 3.2 shall survive for a period of one year following the Closing Date.

3.4 Covenants Respecting Material Agreements

The Parties shall act in good faith and use reasonable efforts to agree on the form of all of the Material Agreements based on the terms contained in Schedule E, on or before the Due Diligence Date.

Empire shall provide drafts of each of the Material Agreements, in each case as a basis for discussion and negotiation as soon as reasonably possibly following the Execution Date and in any event not later than 5 Business Days from the Execution Date.

In the event that any provision of any of the Material Agreements have not been resolved by the Closing Date, the Limited Partnership shall have the right to extend the Date of Closing for periods of 30 days (not exceeding 120 days) pending resolution of any matter in dispute with respect to resolving any of the Material Agreements. Any such extended date shall thereafter be referred to as the "Date of Closing".

ARTICLE 4 CONDITIONS

4.1 Purchaser's Conditions

This Agreement is conditional, which conditions have been inserted for the sole benefit of Empire and which Empire alone may waive, on the following:

- (a) by the Due Diligence Date, Empire has conducted whatever searches, inspections, analysis and investigations Empire, in its sole and absolute discretion, deems advisable including, without limitation, the Permitted Encumbrances, zoning, soil tests, environmental matters, Documents for Inspection and the economic and financial feasibility of the Property and is satisfied, in its sole and absolute discretion with the results of all such searches, inspections and investigations;
- (b) the representations and warranties of the Vendor contained in section 3.1, being true in all material respects on and as of the Closing Date with the same effect as if those representations and warranties had been made on and as of the Closing Date;
- (c) all of the covenants and agreements of the Vendor to be performed on or before the Closing Date pursuant to this Agreement having been duly performed in all material respects.

4.2 Satisfaction of Purchaser's Conditions

In the event that the conditions set out in section 4.1 are not satisfied or waived in writing by Empire on or before the Due Diligence Date with respect to subparagraph (a) and on or before Closing with respect to subparagraphs (b) and (c) (collectively the "Condition Date"), Empire may, in its sole discretion, terminate this Agreement by notice in writing to the Vendor, whereupon this Agreement shall be terminated and neither Party shall have any further obligation or liability to the other. The conditions set forth in section 4.1 are for the sole benefit of Empire and may be waived in whole or in part by Empire by notice in writing to the Vendor on or before the relevant Condition Date. In the event Empire does not send notice in writing to the Vendor that a condition has been fulfilled on or before the relevant Condition Date, such condition shall be deemed not to be waived or fulfilled.

4.3 Vendor's Conditions

This Agreement is conditional until 5:00 p.m. on July 17, 2020 upon the Vendor obtaining a special resolution of all of the Limited Partners of the Vendor at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with the terms of the governing amended and restated limited partnership agreement governing the Vendor and its limited partners, or a written resolution in one or more counterparts, signed by all Limited Partners. In the event that a Special Resolution has not been obtained within the Vendor's Conditional Period, this agreement shall be at an end and the Deposit shall be returned to Empire.

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4.4 Risk and Damage

- (a) Other than as may be herein otherwise expressly provided, all buildings on the Property shall be and remain, until completion, at the risk of the Vendor. Pending completion, the Vendor shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interest may appear and in the event of substantial damage, Empire shall take the proceeds of any insurance and complete the purchase; and
- (b) No insurance shall be transferred on the Closing Date.

4.5 Submitting Applications

Upon Empire waiving the Due Diligence Condition contained in section 4.1(a) above, provided that Empire gives the Vendor advance notice of not less than 5 Business Days and obtains the Vendor's written consent, which consent shall not be unreasonably withheld or delayed Empire on behalf of the Vendor, acting as its agent, shall have the authority to submit applications, at Empire's sole cost and expense, to various Governmental Authorities in order to further develop and improve the Property. Empire agrees to indemnify and save the Vendor harmless from and against any and all costs and expenses, including legal fees and disbursements on a solicitor and his own client basis, and from and against any and all claims, demands, actions, causes of action, liability, damages and losses arising out of or from any of the matters referred to above, including, without limitation, any applications submitted or made by Empire on behalf of the Vendor as its agent or otherwise to any Governmental Authority.

ARTICLE 5 TITLE

5.1 Title Search

Empire shall be allowed until 10 days prior to the Closing Date (the "Requisition Date") to investigate the title to the Property, to satisfy itself that the title to the Property is free and clear of all encumbrances except for the Permitted Encumbrances, and to submit any valid objections to title. If within that time any valid objection to title is made in writing to the Vendor, which the Vendor shall be unwilling or unable to remove or satisfy and which Empire will not waive, then, at the option of Empire exercisable by written notice to the Vendor, this Agreement shall, notwithstanding any intermediate acts or negotiations in respect of such objection or requisition, be automatically terminated and the Parties shall be automatically released from all obligations and liabilities hereunder. Except for any valid objection to title so made on or before the Requisition Date and except for any objection going to the root of title, Empire shall be deemed to have accepted the title to the Property. The Vendor shall discharge from Title on Closing any Encumbrance that is not a Permitted Encumbrance at its expense, failing which Empire shall be entitled to pay the amount thereof and deduct such payment from the amount otherwise payable on account of the Balance Due on Closing.

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ARTICLE 6
CLOSING DOCUMENTS

6.1 Vendor's Closing Documents

On Closing, the Vendor shall prepare and execute or cause to be executed and shall deliver or cause to be delivered to Empire the following:

- (a) the Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of the Vendor. If requested by Empire, the Vendor covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by clauses 50(21a) (a) and (b) of the *Planning Act*, 1990;
- (b) a certificate of the Vendor certifying that it is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada) and it is not acting as agent, trustee or nominee for or on behalf of any other Person who is a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada);
- (c) a certificate of the Vendor certifying that the representations and warranties of the Vendor contained in section 3.1 are true and accurate as of the Closing Date in all material respects;
- (d) a statement of Adjustments to be delivered at least 2 Business Days before Closing;
- (e) an undertaking by the Vendor to readjust the Adjustments;
- (f) the Assignment of the Plans;
- (g) the Assignment of Assumption of Contracts;
- (h) a Mortgage Statement from each of the Mortgagees;
- (i) the Reliance Letters;
- (j) the Transfer Agreement of the Property to the Limited Partnership;
- (k) the Limited Partnership Agreement and the USA;
- (l) the Advisory Agreement and resolution of the remaining Material Agreements; and
- (m) such other documents which are required pursuant to this Agreement and which Empire has reasonably requested on or before Closing to give effect to the transaction contemplated herein.

All such documentation shall be in form and substance acceptable to Empire and the Vendor, each acting reasonably and in good faith.



6.2 Empire LP Closing Documents

On Closing, the Limited Partnership or the Empire LP, as the case may be, shall execute or cause to be executed and shall deliver or cause to be delivered to the Vendor the following:

- (a) the Assignment of Plans;
- (b) the Assignment and Assumption of Contracts;
- (c) an HST Undertaking and Indemnity of Empire;
- (d) an undertaking by the Limited Partnership to readjust the Adjustments;
- (e) evidence of HST registration as provided for in section 7.3 of this Agreement;
- (f) the Transfer Agreement, the Limited Partnership Agreement and the USA;
- (g) the Advisory Agreement and the remaining Material Contracts signed by the relevant parties;
- (h) such other documents which are required pursuant to this Agreement and which the Vendor have reasonably requested on or before Closing to give effect to the transaction contemplated herein; and
- (i) Copies of Letters of Credit in favour of the City of Toronto (the "City") (the "**Replacement Letters of Credit**") in amounts equal to the Letters of Credit currently posted by the Vendor that secure obligations of the Vendor under Permitted Encumbrances with the City, together with Empire's undertaking to deliver the Replacement Letters of Credit to the City immediately following Closing in order to secure the release to the Vendor by the City of the Letters of Credit posted by the Vendor.

All such documentation shall be in form and substance acceptable to Empire and the Vendor, each acting reasonably and in good faith.

6.3 Assumed Contracts

Empire shall provide written notice to the Vendor which of the Contracts Empire wishes to assume (the "**Assumed Contracts**") on or before the Due Diligence Date. On Closing, the Vendor shall assign to the Limited Partnership all of the Assumed Contracts which assignment agreement shall provide that the Limited Partnership is responsible for all obligations and those Contracts Accounts Payable set out in Schedule D and any liabilities disclosed in the Data Room respecting the Assumed Contracts whether arising before or after Closing (the "**Assignment and Assumption of Contracts**").



6.4 Employees

- (a) Within 2 Business Days following the Execution Date, the Vendor shall deliver to Empire a current list of all employees of the Vendor relating to the Building and Proposed Condominium, if any (the “**Employees**”) together with relevant details of employment including length of service, compensation and position (the “**Employees’ List**”);
- (b) On or before the Due Diligence Date, Empire shall provide written notice to the Vendor which of the employees of the Vendor included in the Employees’ List Empire desires to retain (the “**Retained Employees**”);
- (c) On Closing, Empire shall retain the Retained Employees on the same terms as provided in the Employees’ List;
- (d) On Closing, the Vendor shall terminate the employment of all of the Employees that are not Retained Employees and the Vendor shall be responsible for all statutory and common law obligations owing to such Employees prior to or as a result of such termination.

ARTICLE 7 CLOSING ARRANGEMENTS

7.1 Closing Arrangements

The Closing of the purchase and sale, which is contemplated herein, shall be completed commencing at 3:00 o’clock in the afternoon (local time) on the Closing Date or at such other time as the Parties may mutually agree. The Closing shall take place at the offices of Empire’s solicitors or at such other place as the Parties may mutually agree.

7.2 Terms of Tender

The documents and other instruments to be delivered by the Vendor to Empire’s solicitors in accordance with section 6.1 hereof and to be delivered by Empire to the Vendor’s solicitors in accordance with section 6.2 hereof may be delivered in trust on such reasonable trust conditions as would customarily be imposed in a similar transaction in Ontario.

7.3 Taxes and Fees

On Closing, the Limited Partnership shall either remit to the Vendor all HST in respect of the sale of the Property or self-assess for the eligible HST and deliver prior to closing to the Vendor a notarial copy of its HST registration certificate and a declaration and indemnity stating that the Limited Partnership is registered under Subdivision d of Division V of Part IX of the ETA for the collection and remittance of HST. The Limited Partnership shall indemnify and save harmless the Vendor from any HST penalty, interest or other amounts which may be payable by or assessed against the Vendor under the ETA as a result of or in connection with the Vendors’ failure to collect and remit any HST applicable on the sale and conveyance of the Property by the Vendor.

7.4 DRA

If electronic registration ("E-Reg") is mandatory in the Land Titles Office in which the Property is registered, the following provisions shall prevail, namely:

- (a) Empire's solicitor and the Vendor's solicitor shall each be obliged to be authorized E-Reg users and in good standing with the Law Society of Upper Canada, and are hereby authorized by the Parties hereto to enter into a document registration agreement in the form adopted by the Joint LSUC-CBAO Committee on Electronic Registration of Title Documents on September 19, 2000 or any replacement thereof (the "DRA"), establishing the procedures and timing for completing this transaction, which DRA shall be exchanged between the Vendor's solicitor and Empire's solicitor prior to the Closing Date.
- (b) The delivery and exchange of all closing deliveries hereunder and the release thereof to the Parties hereto shall be governed by the DRA, pursuant to which each solicitor receiving any closing deliveries will be required to hold same in escrow, and will not be entitled to release same except in strict accordance with the provisions of the DRA.

ARTICLE 8 MISCELLANEOUS

8.1 Time

Time shall be of the essence of this Agreement and the transactions contemplated herein.

8.2 Tender

Any Notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated in this Agreement may be given or delivered and accepted or received by Empire's solicitors on behalf of Empire and by the Vendor's solicitors on behalf of the Vendor and any tender of Closing Documents and the balance payable on Closing may be made upon the Vendor's solicitors and Empire's solicitors, as the case may be.

8.3 Notice

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a "Notice") must be in writing, sent by personal delivery, electronic mail, courier or facsimile and addressed:

- (a) to the Vendor at:

c/o Cresford Developments
Head Office
59 Hayden Street, Suite 200
Toronto, ON M4Y 0E7



- 20 -

Attention: David Mann, Chief Financial Officer
 Email:
 Facsimile:

with a copy to:

Nelligan, O'Brien, Payne LLP
 50-300 O'Connor Street
 Ottawa, ON K1P 6L2

Attention: Debbie Bellinger
 Email: debbie.bellinger@nelliganlaw.ca
 Facsimile: 1-613-238-2098

(b) to Empire at:

125 Villarboit Crescent
 Vaughan, ON L4K 4K2

Attention: Daniel G. Guizzetti
 Email: dgguizzetti@empirecommunities.com
 Facsimile: 905-307-8103

with a copy to:

125 Villarboit Crescent
 Vaughan, ON L4K 4K2

Attention: Morton G. Gross
 Email: mgross@empirecommunities.com
 Facsimile: 905-307-8103

A Notice is deemed to be given and received (i) if sent by personal delivery, electronic mail or same-day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 5:00 p.m. (Toronto time) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day if the delivery was made prior to 5:00 p.m. (local time in place of receipt) on such Business Day and otherwise on the next Business Day, or (iii) if sent by facsimile or email, on the Business Day of confirmation of transmission by the originating facsimile if such confirmation of transmission indicates that such facsimile was received prior to 5:00 p.m. (Toronto time) on a Business Day and otherwise on the next Business Day, or in the case of email, the same Business Day when such notice is sent. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed.

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8.4 Further Assurances

Each of the Parties hereto shall execute and deliver all such further documents and do such other things as the other Party may reasonably request in order to give full effect to this Agreement.

8.5 Assignment

Empire shall have the right at any time following the waiver of the condition in section 4.1(a) hereof of assigning the Agreement to any Affiliate or related person(s) or corporation(s), firm or partnership of person(s), and/or corporation(s) which includes Empire or an Affiliate of Empire and upon such assignment and written notice thereof to the Vendor, Empire shall be relieved of any and all obligations herein and the Vendor shall accept such assignee(s) in place and stead of Empire as if the assignee(s) were the original Purchaser herein in the first instance and upon the aforesaid assignee executing and delivering to the Vendor an agreement assuming all of the right and obligations of Empire under this Agreement in form and substance acceptable to the Vendor, acting reasonably, the aforesaid assignee(s) shall have the full right to enforce this Agreement as though it were the original Purchaser herein.

8.6 Agent or Broker

The Parties acknowledge and agree that the Broker is the sole agent that effected this transaction and the Limited Partnership shall be fully responsible for agreed upon fees with the Broker of \$250,000 and payments to the Broker in connection with this transaction.

8.7 Confidentiality

The Parties agree that this Agreement and transaction contemplated by this Agreement and any information provided by any Party to the other with respect to the Property will remain confidential between the Parties.

8.8 Exclusivity

The Vendor represents and warrants that it has not entered into and shall not prior to Closing, enter into any other agreement to sell the whole or any portion of the Property nor has it entered into any "joint venture" or other similar arrangement respecting the Property or granted an option to purchase or right of first refusal and shall not effect any of the foregoing during the existence of this Agreement.

8.9 Counterparts

This Agreement may be executed in counterparts and when each Party has executed a counterpart, each of such counterparts shall be deemed to be an original and all of such counterparts, when taken together, shall constitute one and the same agreement. This Agreement may also be executed by facsimile or email/PDF and in counterparts as hereinbefore provided in this section 8.6, provided that the Parties shall thereafter proceed in a diligent manner to deliver to the others original copies of this Agreement.

DLG



8.10 Waiver

No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise expressed or provided.

8.11 Subdivision Control Legislation

This Agreement and the transactions reflected herein are subject to compliance with Section 50 of the *Planning Act* (Ontario).

8.12 Offer and Acceptance

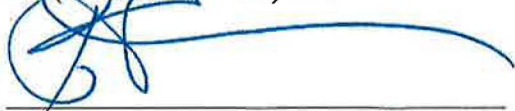
This offer by Empire is open for acceptance by the Vendor until July 17, 2020 at 5:00 p.m. after which time, if not accepted, this Offer shall be null and void and the deposit shall be returned to Empire without interest or deduction.

[The remainder of this page has been intentionally left blank.]

VJCC 

IN WITNESS WHEREOF this Agreement has been executed as of the date hereof by the Vendor and Purchaser under the hands of their respective proper signing officers duly authorized in that behalf.

EMPIRE (WATERWAVE) INC.

Per: 
Name: Daniel Guizzetti
Title: President


I have authority to bind the corporation.

YSL RESIDENCES INC.

Per: 
Name:
Title:

I have authority to bind the corporation.

**YG LIMITED PARTNERSHIP, by its
General Partner, 9615334 CANADA INC.**

Per: 
Name:
Title:

I have authority to bind the corporation and the corporation has the authority to bind the limited partnership.

ndc 

SCHEDULE A

THE LANDS

363 Yonge Street and 3 Gerrard Street East, Toronto

PIN 21101-0049(LT)

PT LT 31 E/S YONGE ST PL 22A TORONTO AS IN EP126440; TORONTO, CITY OF TORONTO

367 Yonge Street, Toronto

21101-0048(LT)

369 Yonge Street, Toronto

21101-0047(LT)

373 Yonge Street, Toronto

21101-0046(LT)

377 Yonge Street, Toronto

21101-0045(LT)

379 Yonge Street, Toronto

21101-0044(LT)

381 Yonge Street, Toronto

21101-0043(LT)

385 Yonge Street, Toronto

21101-0042(LT)



SCHEDULE B

PERMITTED ENCUMBRANCES

A. GENERAL

- (1) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility;
- (2) any minor easements for the supply of domestic utility or telephone services to the Property or adjacent properties;
- (3) any easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the present use of the Property;
- (4) any unregistered liens, or other encumbrances of any nature claimed by or held by Her Majesty the Queen in the Right of Canada or the Province of Ontario or any agency or authority under or pursuant to any applicable legislation, statute or regulation; and
- (5) all reservation, limitations, provisos, and conditions expressed in the original grant of title of the lands and premises comprising the Property from the Crown.

B. SPECIFIC

PIN 21101-0049(LT)

- (1) Instrument No. 63BA598 dated January 31, 1975, being the *Boundaries Act* Plan.
- (2) Instrument No. AT4648039 registered, August 4, 2017, being a Charge in the principal amount of \$100,000,000 between Computershare Trust Company of Canada, as Chargee, and 2502295 Ontario Inc., as Chargor.
- (3) Instrument No. AT4648040, registered August 4, 2017, being a Notice of Assignment of Rents – General between Computershare Trust Company of Canada and 2502295 Ontario Inc.
- (4) Instrument No. AT4981830, registered October 15, 2018, being an Application to Change Name-Owners from 2502295 Ontario Inc. to YSL Residence Inc.
- (5) Instrument No. AT5018709, registered November 29, 2018, being a Charge in the principal amount of \$75,000,000 between Westmount Guarantee Services Inc., as Chargee, and YSL Residence Inc., as Chargor.
- (6) Instrument No. AT5117887, registered April 23, 2019 being a Notice of Notice of an Amending Agreement dated April 10, 2019, between YSL Residences Inc. and Westmount Guarantee Services Inc. This Instrument amends the Agreement dated November 29, 2018 registered as Instrument No. AT5018709.

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- (7) Instrument No. AT5142530, registered May 24, 2019, being a Notice of a Heritage Easement Agreement dated April 16, 2019 between YSL Residences Inc. and the City of Toronto.
- (8) Instrument No. AT5142531 registered May 24, 2019, being a Postponement of Interest between Computershare Company of Canada and City of Toronto. Instrument No. AT4648039 is postponed to Instrument No. AT5142530.
- (9) Instrument No. AT5142532 registered May 24, 2019, being a Postponement of Postponement of Interest between Westmount Guarantee Services Inc. and City of Toronto. Instrument No. AT5018709 is postponed to Instrument No. AT5142530.
- (10) Instrument No. AT5157421 registered June 11, 2019, being a By-Law regarding the designation of the property at 363-365 Yonge Street as being of cultural heritage value or interest.
- (11) Instrument No. AT5246455, registered September 25, 2019, being a Notice of an Agreement dated September 13, 2019 between YSL Residences Inc. and The Corporation of the City of Toronto with respect to the Section 37 of the *Planning Act*.
- (12) Instrument No. AT5246456, registered September 25, 2019, being a Postponement of Interest between Computershare Company of Canada and City of Toronto. Instruments No. AT4648039 and AT4648040 are postponed to Instrument No. AT5246455.
- (13) Instrument No. AT5246457, registered September 25, 2019, being a Postponement of being a Postponement of Postponement of Interest between Westmount Guarantee Services Inc. and City of Toronto. Instruments No. AT5018709 and AT5117887 are postponed to Instrument No. AT5246455.
- (14) Instrument No. AT5247886, registered September 26, 2019, being a Notice of Amending Agreement dated September 25, 2019, between YSL Residences Inc. and Westmount Guarantee Services Inc. This Instrument amends the Agreement dated November 29, 2018 registered as Instrument No. AT5018709.



SCHEDULE C

LIST OF EXISTING AGREEMENTS OF PURCHASE AND SALE

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SCHEDULE D
LIST OF CONTRACTS ACCOUNTS PAYABLE

20 - YG Limited Partnership
AP - Accounts Payable
Summary Aged Payables List
As of Jun30/20

Code	Supplier Name	Net A/P	Current	31-60Days	61-90Days	Over90Days	Holdback
2600924	2600924 Ontario Inc.	67,800.00	0	0	0	67,800.00	0
1JTCDO	1st Choice Disposal	8,916.81	0	0	0	8,916.81	0
AECPAR	AEC Paralegal Corporation	593.25	0	0	0	593.25	0
AIMHOM	Aim Home Realty Inc	15,018.01	0	0	0	15,018.01	0
ATRBER	Aird & Berlis LLP	15,781.60	0	0	0	15,781.60	0
ALTGRO	Altus Group Limited	20,959.70	0	0	0	20,959.70	0
ALUINC	AlumaSafway, Inc	46,505.15	0	0	0	46,505.15	0
AQUITEC	Aqua Tech Dewatering Company	4,125.40	0	4,125.40	0	0	0
ARCALL	Architects Alliance	1,008,914.62	0	0	0	1,008,914.62	0
BAROGR	Baron Group Inc.	20,357.91	0	0	0	20,357.91	0
BACONS	BA Consulting Group Ltd.	7,918.50	0	511.32	562.11	6,844.99	0
BAYSTR	Bay Street Group Inc	45,737.98	0	0	0	45,737.98	0
BECTAX	Beck Taxi	2,007.72	0	0	0	2,007.72	0
BEL908	Bell Canada	456.27	456.27	0	0	0	0
BENJON	Bennett Jones LLP	44,825.62	0	0	0	44,825.62	0
BLANCM	Blaney McMurtry LLP	100,056.60	0	0	0	100,056.60	0
BVDGRO	BVDA Group Ltd.	1,130.00	0	0	0	1,130.00	0
CBSCAP	CBSC Capital Inc.	1,574.50	0	0	0	1,574.50	0
CITDOO	CityWide Door & Hardware Inc.	1,130.00	0	0	0	1,130.00	0
CITPER	The Treasurer, City of Toronto	1,074,926.00	0	334,976.00	334,976.00	404,974.00	0
CITREA	Cityscape Real Estate Ltd.	246,998.63	0	0	0	246,998.63	0
CLAREA	HomeLife Classic Realty Inc	12,478.00	0	0	0	12,478.00	0
CONELU	Con/Max Condo Plus Corp	16,358.00	0	0	0	16,358.00	0
DALLES	Dale & Lessmann LLP	982.38	0	0	0	982.38	0
DEKCORP	Dekia Corporation	0	0	0	0	0	25,000.00
ENTCOR	Entuitive Corporation	5,508.75	0	0	0	5,508.75	0
ERAARC	E.R.A. Architects Inc.	46,611.21	0	0	0	46,611.21	0
FEDWIR	Federal Wireless Communicatio	4,291.74	0	0	0	4,291.74	0
FORHIL	Forest Hill Real Estate Inc	30,876.00	0	0	0	30,876.00	0
POSTINT	Poster Interactive Inc.	1,627.20	0	0	0	1,627.20	0
FOUSEA	Four Seasons Hotel Toronto	97,938.35	0	0	0	97,938.35	0
GFLINF	GFL Infrastructure Goup Inc.	3,663,177.53	0	0	0	3,663,177.53	445,803.10
HERRES	Heritage Restoration Inc	393,005.53	0	0	0	393,005.53	0
HOMFRO	HomeLife Frontier Realty Inc.	25,376.00	0	0	0	25,376.00	0
HOMLAN	HomeLife Landmark Realty Inc.	1,669,032.01	0	0	0	1,669,032.01	0
HOMSTA	Home Standards Brickstone Rea	114,566.00	0	0	24,492.00	90,066.00	0
HONGAS	Howe Gastmeier Chapnik Limite	15,342.79	0	0	0	15,342.79	0
HUNASS	Hunter & Associates Ltd.	2,923.89	0	0	0	2,923.89	0
HYDMIS	Toronto Hydro-Electric System	44,097.98	0	0	0	44,097.98	0
INNPAR	Innocon Partnership	50,239.12	0	0	0	50,239.12	0
INVUAR	Investments Hardware Limited	15,090.77	0	0	0	15,090.77	0
ISHERW	Isherwood	131,668.84	0	0	0	131,668.84	0
JABAST	Jablonsky, Ast and Partners	349,631.55	0	0	0	349,631.55	0
JANROS	JanetRosenberg&Studio Inc.	16,690.38	0	0	0	16,690.38	0
JDLREA	JDL Realty Inc.	20,478.00	0	0	0	20,478.00	0
JENHUG	Jensen Hughes Consulting Cana	53,898.61	0	0	19,571.10	34,317.01	0
KELWIL	Keller Williams Referred	23,036.00	0	0	0	23,036.00	0
KENREA	Century 21 Kennet Realty	53,036.00	0	0	0	53,036.00	0
KINQUA	Century 21 King's Quay Real E	37,594.00	0	0	0	37,594.00	0
KOHPEP	Kohn Pedersen Fox Associates	1,962,750.00	0	0	0	1,962,750.00	0
KRMPES	Kramer Design Associates Limi	74,184.50	0	0	0	74,184.50	0
LAMASS	Lam & Associates Ltd.	129,925.39	0	0	0	129,925.39	0
LANREA	LandpowerReal Estate Ltd.	2,256,548.80	17,919.00	0	0	2,239,530.80	0
LEAEDG	Century 21 Leading Edge Realt	10,878.00	0	0	0	10,878.00	0
LERBAT	Lerch Bates	11,500.00	0	0	0	11,500.00	0
LIVPAT	Live Patrol Inc.	11,167.00	1,364.50	4,864.50	0	7,458.00	0
LIVREA	Living Realty Inc.	98,588.00	0	0	0	98,588.00	0
MASCHO	Master's Choice Realty, Inc.	379,298.00	0	0	0	379,298.00	0
MCIPER	McIntosh Perry	218.09	0	0	0	218.09	0
MICBRO	Michael Bros. Excavating	1,582,358.80	0	0	0	1,582,358.80	155,640.00
MONTST	Montana Steele	73,927.81	0	0	0	73,927.81	0
MULBAN	Mulvey & Banani Lighting Inc.	29,979.91	0	0	0	29,979.91	0
MURMEC	Municipal Mechanical Contract	11,303.14	0	0	0	11,303.14	0
MYLBUR	Myles Burke	53,697.60	0	0	0	53,697.60	0

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20 - YG Limited Partnership
 AP - Accounts Payable
 Summary Aged Payables List
 As of Jun30/20

Code	Supplier Name	Net A/P	Current	31-60Days	61-90Days	Over90Days	Holdback
NAPCON	Naf-Mak Contracting Inc	2,439.67	0	0	0	2,439.67	0
NEWCON	Royal LePage - New Concept	85,770.01	0	0	0	85,770.01	0
NEWWOR	HomeLife New World Realty Inc	544,355.99	0	0	0	544,355.99	0
NORAME	North American Sign Company I	2,825.00	0	0	0	2,825.00	0
ODADET	The Odan/Detech Group Inc.	6,384.90	0	0	553.7	5,831.20	0
OTICAN	Otis Canada Inc.	4,912,110.00	0	0	0	4,912,110.00	483,000.00
PETCON	PETRA Consultants Ltd.	185,969.30	0	7,112.00	0	178,856.40	0
PMSVEN	PM Sheetmetal & Ventilation	26,442.00	0	0	0	26,442.00	2,600.00
POWREA	Powerland Realty, Brokerage	10,678.00	0	0	0	10,678.00	0
PRIDEM	Priestly Demolition Inc.	374,609.80	0	0	0	374,609.80	0
PRIWAT	PricewaterhouseCoopers LLP	19,266.50	0	0	0	19,266.50	0
RAPEQU	Rapid Equipment Rental Limite	4,520.00	0	0	0	4,520.00	0
RAVSUR	R. Avis Surveying Inc.	53,757.52	0	0	0	53,757.52	0
REAENT	RE/MAX Realty Enterprises Inc	72,090.00	0	0	0	72,090.00	0
REARONE	Real One Realty Inc.	181,936.00	0	0	0	181,936.00	0
REAREA	RE/MAX Realtron Realty Inc.	28,117.97	0	0	0	28,117.97	0
RECCLE	Reco Cleaning Services	62,376.57	0	0	0	62,376.57	0
REPLIM	Reprodux Limited	724.18	113	0	0	611.18	0
RIGATH	Right At Home Realty Inc.	10,678.00	0	0	0	10,678.00	0
ROYELI	Royal Elite Realty Inc.,Broke	16,198.00	0	0	0	16,198.00	0
SAPMAN	Safeline Management Systems I	8,723.60	0	0	0	8,723.60	0
SEBSTE	Sebba Steel Construction Ltd.	86,075.49	0	0	0	86,075.49	0
SIGREA	Royal LePage - Signature Real	14,678.00	0	0	0	14,678.00	0
SOBENG	Soberman Engineering Inc	1,271.25	0	0	0	1,271.25	0
SPLCON	WSP Canada Inc.	76,063.14	0	0	2,034.00	74,029.14	0
STACON	Stantec Consulting Ltd.	4,112.14	0	0	0	4,112.14	0
STEREN	Stephenson's Rental Services	7,949.99	817.89	1,635.78	817.89	4,678.43	0
STRAGG	Strada Aggregates	27,075.99	0	0	0	27,075.99	0
TRAREA	Tradeworld RealtyInc.	67,770.00	0	0	0	67,770.00	0
ULTREA	ReMax Ultimate Realty Inc.	16,718.00	0	0	0	16,718.00	0
VASDES	V.A. Siu Design Consultants	96,050.00	0	0	0	96,050.00	0
VERSTR	Verdi Structures Inc	718,680.00	0	0	0	718,680.00	50,000.00
WESGUA	Westmount Guarantee Services	229,017.00	229,017.00	0	0	0	0
YOUREN	You-Go Rental & Sales	2,808.71	0	0	0	2,808.71	0
Total Report		24,266,807.55	249,286.66	350,225.91	383,013.37	23,284,281.61	1,162,043.10

Add: Accruals

Tariion enrollment fee 1,510,000.00

Y. Muelienbach - tieback and
encroachment 1,875,000.00

Holdbacks payable 1,162,043.10

28,813,850.65

SCHEDULE E

LIMITED PARTNERSHIP AGREEMENT ("LPA") AND OTHER MATERIAL AGREEMENTS

I. LPA

- (1) The LPA shall contain 2 classes of Units, Class "A" Units and Class "B" Units.
- (2) The Class "A" Units shall be issued for \$1.00 for each Unit and have no preference payment.
- (3) 75,000,000 Class "A" Units shall be issued to the Beneficial Owner on the completion of the transfer of the Property to the Limited Partnership (the "LP").
- (4) The Class "B" Units shall have an annual 15% cumulative preference entitlement.
- (5) On Closing, 3,000,000 Class "B" Units will be issued to Empire LP in consideration of the payment of the Closing Capital Payment.
- (6) In addition, as may be agreed upon between Empire LP and the Vendor, Empire LP shall provide up to an additional \$10,000,000 in exchange for Class "B" Units (the "**additional Class "B" Units**"), the funds for which shall be utilized by the Vendor to acquire the limited partnership interests of certain of the existing investors of the Vendor in the Beneficial Owner. In such event, the number of Class "A" Units of the Vendor shall be reduced by the amount of the additional Class "B" Units (the "**Reduced Class "A" Units**").
- (7) Following Closing, Class "B" Units will be issued to Empire LP from time to time in consideration of capital contributions to the LP up to the Construction Financing Advance Date.
- (8) Subject to paragraph (9) below, if it is determined that more equity is required for the LP following the Construction Financing Advance Date, Empire LP will provide such equity in exchange for additional Class "B" Units in the LP.
- (9) It may be decided to obtain mezzanine financing in lieu of additional equity or to obtain further funds in addition to the additional equity.
- (10) The LP shall either extend the Timbercreek Mortgage (in approximately the same, greater or lesser amount), or arrange a new first construction mortgage in approximately a similar, greater or lesser amount.
- (11) The LPA shall contain a "waterfall" clause providing that Net Cash Flow (after payment of expenditures, including the fees payable to Empire's Affiliates for the agreements referred to in paragraphs II(1), II(3), the guarantee fee in paragraph II(4) below and the then existing mortgages) shall be payable in the following priority:

DCC 

- 2 -

- (i) unpaid preference payments on the Class "B" Units to Empire (including the additional Class "B" Units);
 - (ii) repayment of capital contributed by Empire, represented by the Class "B" Units (including the additional Class "B" Units);
 - (iii) repayment of \$75,000,000 to the Beneficial Owner, represented by the Class "A" Units (minus an amount representing the Reduced Class "A" Units if any);
 - (iv) the balance will be distributed to Empire LP and the Beneficial Owner in the same ratio as the total amount of Class "B" Units (including Units for additional capital contributions to cover shortfalls and the additional Class "B" Units) bears to the 75,000,000 Class "A" Units (minus the Reduced Class "A" Units if any) of the Beneficial Owner provided that the ratio to which Empire LP shall be entitled shall not be less than 35% and the ratio to which the Beneficial Owner shall be entitled shall not exceed 65%.
- (12) All decisions respecting the Project shall be made by Empire or its Affiliate either:
- (i) as Development and Construction Manager, including by way of example, all planning matters pursuant to the *Planning Act* (Ontario), all matters relating to alteration of Plans and construction drawings, and all matters relating to construction of the Project;
 - (ii) as Sales and Marketing Manager, including by way of example, all matters relating to the marketing and sales of the condominium units;
 - (iii) all other decisions shall be made by Empire or its Affiliate as sole shareholder and nominee of directors and officers of the General Partner, including by way of example, all financial decisions, as shall be provided in the USA.

II. OTHER MATERIAL AGREEMENTS

- (1) The LP shall enter into a Development and Construction Management Agreement with ECMI LP, an Affiliate of Empire (the "**Project Manager**") for a fee of 1.25% of revenue from the Project and 4.5% of the construction hard costs.
- (2) On Closing, the Project Manager shall enter into the Advisory Contract ("**CAS**"), containing the following terms:

Casey, through a corporation to be named (the "**Advisor**") shall be contracted by the Project Manager to provide advice to the Project Manager and shall be entitled to receive \$25,000 per month as a fee during the period commencing on the Closing and ending on the registration of the condominium and the sale of the last unit until the Advisor has received a maximum of \$4,800,000. To the extent that the Advisor has received less than \$4,800,000 (the "**Differential**") as at registration of the condominium and the sale of the last unit, the Differential shall be paid to the Advisor by the Project Manager immediately following payment of item I(11)(iii) in the waterfall referred to in paragraph (11) of the provisions respecting the LPA above.

- 3 -

- (3) The LP shall enter into a Sales and Marketing Agreement with an Affiliate of Empire providing for a commission of 1.5% of the gross purchase price (exclusive of HST) of each of the Units plus 1.5% of the gross price for changes, upgrades, locker units, parking stalls and bicycle storage.
- (4) In the event that a guarantee of financing shall be required, Empire or its Affiliate will provide the guarantee to the full extent required by the Lender (including any required "cost overrun guarantee") for a fee of 4% annually on 65% of the amount guaranteed (the "Guarantee Agreement").

DCC 

TAB 3

**SUMMARY OF PRINCIPAL FINANCING TERMS AND CONDITIONS FOR
363-391 YONGE STREET AND 3 GERRARD STREET EAST IN TORONTO, ONTARIO
(the “Property”)**

November 12, 2020

Set forth below in this term sheet (the “**Term Sheet**”) is a summary of the principal terms and conditions for the Loan (as defined in Section 3 below). The terms and conditions outlined below have been developed solely to illustrate a basis of providing financing for the Borrowers. These terms and conditions are for discussion purposes only and do not, at this time, represent an offer of commitment to provide financing. A formal commitment would require a satisfactory due diligence review and authorization of the proposal by the Lender and shall not be established unless and until the parties execute and deliver definitive loan documentation.

1. Borrowers

- (1) YG Limited Partnership, a limited partnership formed under the laws of the Province of Manitoba and YSL Residences Inc., a corporation incorporated under the laws of Ontario (collectively, the “**Borrowers**”). The Borrowers’ liability for the Loan (as defined in Section 3 below) and all other fees, costs, obligations, liabilities and indebtedness incurred in connection with the Loan shall be joint and several.

2. Lender

- (1) Concord Properties Developments Corp. or an affiliate (the “**Lender**”).

3. Facility

- (1) Up to CDN\$100,000,000 (the “**Commitment Amount**”) committed, non-revolving mezzanine loan (the “**Loan**”).

4. Purpose

- (1) To provide financing for a new mixed-use of office, retail and residential development at 363-391 Yonge Street and 3 Gerrard Street East in Toronto, Ontario (the “**Project**”).

5. Drawdown

- (1) Each advance will be pursuant to a draw request acceptable to the Lender and supported by documentation in form and substance satisfactory to the Lender and its counsel.

6. Repayment

- (1) The Loan shall be repayable on demand made in writing by the Lender.

7. Interest Rate

- (1) Interest on advances of the Loan will accrue in Canadian dollars at the rate of 15% per annum, compounded monthly. Interest on advances of the Loan shall be calculated on the basis of the actual number of days elapsed in a 365-day year (or a 366-day year in a leap year), and payable upon repayment of the principal balance of the Loan.

8. Standby Fee

- (1) The Borrowers shall pay a standby fee on the unused portion of the Loan equal to 10% per annum, compounded monthly. The standby fee shall be calculated on the basis of the actual number of days elapsed in a 365-day year (or a 366-day year in a leap year), and payable upon repayment of the principal balance of the Loan.

9. Commitment Fee

- (1) The Borrowers shall pay to the Lender a commitment fee equal to 5% of the Commitment Amount, provided that such commitment fee shall be reduced to 2.5% of the Commitment Amount of the Loan if the Property is sold prior to commencement of construction of the Project. In consideration of the Lender's time, effort and expense of making this Term Sheet available and its commitment to the Project and the Borrowers, the commitment fee shall be fully earned upon execution of the Credit Agreement (whether or not any advances are made thereunder). The full amount of the commitment fee (5%) shall be payable from the initial advance of the Loan.

10. Project Management

- (1) The Borrowers shall appoint an affiliate of the Lender as the "**Project Manager**" for the Project pursuant to a separate agreement (the "**Project Management Agreement**"). The Project shall be branded as a "**Concord Adex Project**". The Project Manager shall manage all aspects of development, pre-sale and leasing, construction, registration and after-sales service relating to the Project.
- (2) The Project Manager shall be paid a fee for the services described in Section 10(1) in the amount and by way of installments to be determined.
- (3) On completion of the Project, the Project Manager shall be paid an additional fee equal to 60% of the Net Proceeds of the Project. The "**Net Proceeds**" of the Project shall be the profit generated by the Project after payment of (a) all Project expenses, costs, fees; (b) the repayment of the Construction Loan (as defined in Section 13(1)(i) below); (c) cash security that may be required by the Deposit Surety Lender (as defined in Section 13(1)(j) below); (d) the Loan; and, (e) appropriate cash reserves to fund warranty obligations.
- (4) For clarity, the first [**\$180**] million of Net Proceeds shall be paid to the Project Manager and the Borrower on a 50/50 basis. Net Proceeds in excess of [**\$180**] million shall be paid to the Project Manager until the ratio of 60/40 has been achieved and, thereafter, on a 60/40 basis.

11. Financing by Other Lenders

- (1) In the event that the Lender or the Borrowers are able to secure mezzanine type financing for the Project from other lenders (the "**Third Party Mezz Financing**") on terms or conditions more favourable than the terms and conditions hereof, the Borrowers shall be permitted to obtain such financing, provided that (a) the amount of the Third Party Mezz Financing shall reduce the Commitment Amount on a dollar-for-dollar basis; and (b) the Lender shall be entitled to a fee equal to the difference between the costs of the Loan provided hereunder and the costs of the Third Party Mezz Financing (with the difference in "costs" being calculated based on all fees, interests and other amounts owing under or in connection the Loan and the Third Party Mezz Financing). Such fee shall be calculated and paid to the Lender prior to the determination of Net Proceeds.

12. Loan and Security Documentation

- (1) The Borrowers shall provide the usual and customary credit and security documents for transactions of this type, together with such other security as the Lender may consider necessary or advisable in the circumstances, having regard to the transaction and the results of the due diligence. The security shall be in form and substance satisfactory to the Lender and its counsel and shall include, without limitation, the following (collectively, the “**Loan Documents**”):
- (a) credit agreement incorporating the terms and conditions outlined herein, general terms and conditions and usual and customary terms and conditions for loans of this type, which the Lender considers necessary or advisable in the circumstances (the “**Credit Agreement**”);
 - (b) site-specific general security agreement from the Borrowers providing the Lender with a security interest over all of its tangible and intangible assets, whether now owned or hereafter acquired, subject to permitted encumbrances to be agreed;
 - (c) assignments of material contracts, permits, agreements, licences, management agreements, including Project plans, specifications, permits, architectural, engineering and fixed-price contracts, to the extent required by the Lender;
 - (d) a third-ranking collateral charge/mortgage (ranking only subordinate to the charges/mortgages granted to secure the Construction Loan (as defined in Section 13(1)(i) below) and amounts owing in connection with the Deposit Insurance (as defined in Section 13(1)(j) below)) in the amount of CAD\$250,000,000 registered against title to the Property, together with a satisfactory title opinion or title insurance and certificates, declarations and documents required in connection therewith;
 - (e) a third-ranking beneficial charge/mortgage granted by the Limited Partnership;
 - (f) general assignment of rents and leases registered over the Property against title in the applicable land title office and under the *Personal Property Security Act*;
 - (g) assignment of builder’s risk insurance for full insurable value of the Project with loss payable to the Lender as mortgagee, as its interest may appear;
 - (h) the Lender shall be named as mortgagee and loss payee as its interest may appear on property insurance policies and as an additional insured on liability insurance policies;
 - (i) an environmental indemnity;
 - (j) an intercreditor agreement among the Lender, the lender providing the Construction Loan (defined below), the insurer providing the Deposit Insurance, and the Borrower in a form acceptable to the Lender;
 - (k) letter of opinion from the Borrowers’ solicitor regarding Loan Documents and addressing all customary matters;
 - (l) the Project Management Agreement; and
 - (m) such other security as the Lender may reasonably request or as advised by counsel.

13. Conditions Precedent to First Advance

- (1) Usual and customary for a transaction of this nature, each in form and substance satisfactory to the Lender and its counsel, including but not limited to:
 - (a) all Loan Documents shall have been executed and delivered to the Lender, and registered with the appropriate government authorities;
 - (b) all liens, charges/mortgages, security or other encumbrances to be granted to the Lender shall have been perfected under all applicable laws and shall rank in the priority contemplated hereunder;
 - (c) the Lender shall have been provided with evidence satisfactory to its legal counsel that the proposed use of the Property is permitted (e.g., zoning by-law, site plan agreement, building permit);
 - (d) the Lender shall have been provided with a satisfactory environmental audit of the Property prepared by an environmental consultant approved by the Lender, with results acceptable to the Lender in its sole discretion, and with such audit subject to a transmittal letter allowing the Lender to rely on the audit;
 - (e) the Lender is to be provided with a satisfactory construction budget and schedule for the Project;
 - (f) the Lender is to be provided with an Accredited Appraiser Canadian Institute appraisal of the Property that has been deemed acceptable by the Lender in its sole discretion, and includes a subject to a transmittal letter allowing the Lender to rely on the appraisal;
 - (g) the Lender is to be provided with evidence of liability insurance and builder's risk insurance;
 - (h) the Lender will have completed a satisfactory site inspection of the Project.
 - (i) the Borrowers will have entered into a binding agreement for a construction loan (the "**Construction Loan**") on terms and conditions acceptable to the Lender;
 - (j) the Borrowers have entered into credit facilities with a surety company (the "**Deposit Surety Lender**") on terms acceptable to the Lender to facilitate the advance of purchasers' deposits to fund Project costs;
 - (k) an affiliate of the Lender has become the sole shareholder of 9615334 Canada Inc. and shall have appointed all of the officers and directors of 9615334 Canada Inc.; and
 - (l) such other conditions as the Lender may reasonably request or as advised by counsel.

14. Representations and Warranties

- (1) The Loan Documents shall include usual and customary representations and warranties for a transaction of this nature including but not limited to: organization and qualification, subsidiaries, authorization and validity of the Loan Documents, use of proceeds, financial reports, no material adverse change, full disclosure, intellectual property, governmental authority and licensing, title to

properties and assets, no material litigation, payment of taxes, governmental approvals, transactions with affiliates, compliance with laws (including environmental), no violation of agreements, solvency, no broker's fees, and absence of default or Event of Default. Representations and warranties shall be deemed to be repeated on each advance of the Loan.

15. Events of Default

- (1) The Loan Documents shall include usual and customary events of default for transactions of this nature, together with such other events of default as the Lender may consider to be necessary or advisable in the circumstances, subject to cure periods, materiality exceptions and qualifications to be agreed (each an “**Event of Default**”). Events of Default shall include but not be limited to the following:
 - (a) failure to pay when due any principal, interest fees or other amounts owing under the Loan Documents;
 - (b) failure to comply with financial covenants, positive covenants, negative covenants, reporting requirements or other covenants under any of the Loan Documents;
 - (c) inaccuracy of representations and warranties when made;
 - (d) cross-default to other funded debt (including the Construction Loan and the Deposit Insurance) and to the Project Management Agreement and all other agreements with the Lender and its affiliates;
 - (e) any Loan Document ceasing to be enforceable, any item of security ceasing to constitute a security interest or the nature and with the priority contemplated under the Loan Documents or the validity or enforceability of any Loan Document being disputed by the Borrower;
 - (f) termination of any material contract unless replaced on terms satisfactory to the Lender within thirty days;
 - (g) unsatisfied judgements in excess of \$100,000;
 - (h) material adverse change;
 - (i) insolvency, or commencement of voluntary or involuntary insolvency proceedings;
 - (j) appointment of a receiver; or
 - (k) change of control or ownership.

16. Expenses and Indemnification

- (1) The Borrowers shall pay:
 - (a) all reasonable costs and expenses of the Lender incurred in connection with the preparation, due diligence (including third party expenses), execution, amendment, delivery, administration of the Loan and the Loan Documents, including the reasonable fees, disbursements and other charges of counsel to the Lender, the foregoing, whether or not the transactions contemplated herein are completed; and

- (b) all out-of-pocket expenses of the Lender, including the fees, disbursements and other charges of counsel to the Lender in connection with any default or event of default or the enforcement of the Loan Documents, including in connection with workouts or restructurings.
- (2) The Borrowers agree to indemnify and hold harmless the Lender (and its affiliates and their respective officers, directors, employees, advisors and agents) from and against any loss, liability, cost or expense, including the reasonable fees, disbursements and other charges of counsel to the indemnified parties and, if a conflict of interest exists, one additional counsel to the affected indemnified parties, incurred in connection with the financing contemplated hereby or the use of proceeds of the Loan, except to the extent they result from such person's gross negligence or willful misconduct.

17. Taxes, Yield Protection and Increased Costs

- (1) All loan repayments and prepayments will be made free and clear of any taxes, withholdings or other deductions. The Borrowers will reimburse the Lender for any costs incurred by the Lender in performing its obligations under the Loan Documents resulting from any change in law, including, without limitation, any reserve or special deposit requirements or any tax or capital requirements or any change in the compliance of the Lender therewith that has the effect of increasing the cost of funding to the Lender or reducing its effective rate of return on capital.

18. Expiry Date

- (1) This Term sheet is available for acceptance until 5:00 p.m. on November 13, 2020, after which the Lender will be under no obligation to proceed with a due diligence review or authorization of the Loan and, if these steps are completed to the Lender's satisfaction, to negotiate definitive loan documentation to establish a formal commitment of the Lender.

19. Closing Date

- (1) The transactions contemplated in this Term Sheet, including the negotiation, execution and delivery of the Loan Documents, the establishment of all security required by the Credit Agreement and the satisfaction of all conditions precedent shall be completed on or before December 31, 2020, or such other date as may be agreed by the Lender in its sole discretion.

20. Governing Law


- (1) Province of Ontario and the laws of Canada applicable in such province.

21. Counterparts and Email

- (1) This Term Sheet may be executed in counterparts and transmitted by email, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

[Signature Page to follow]

**CONCORD PROPERTIES DEVELOPMENTS
CORP.**

By: 
Name: Cliff McCracken
Title: Authorized Signing Officer

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

By: _____
Name:
Title:

YSL RESIDENCES INC.

By: _____
Name:
Title:

**CONCORD PROPERTIES
DEVELOPMENTS CORP.**

By: _____
Name: Cliff McCracken
Title: Authorized Signing Officer

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

By: *Daniel Casey*
Name: *Daniel Casey*
Title: *president*

YSL RESIDENCES INC.

By: *Daniel Casey*
Name: *Daniel Casey*
Title: *president*

TAB 4

From: [Harry Fogul](#)
To: [Sapna Thakker](#); [Shaun Laubman](#); [Matt Gottlieb](#); [Alexander Soutter](#)
Subject: FW: Term Sheet - Concord loan to YG Limited Partnership
Date: March-25-21 2:31:40 PM
Attachments: [Term Sheet - Concord loan to YG Limited Partnership \(Fu\(42387126.1\).pdf\)](#)

As we previously advised you the lender that Concord was negotiating with to provide construction financing for the YSL Project did not want any Cresford entity to have an ownership interest in the project. Accordingly, the Term Sheet that was signed with Concord last November is no longer viable. In light of this fact, the e-mail below was sent to Concord's Counsel this morning.

Harry Fogul
Aird & Berlis LLP

T 416.865.7773
E hfogul@airdberlis.com

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Harry Fogul
Sent: March 25, 2021 10:22 AM
To: Andrew Webster <awebster@airdberlis.com>; Trevor Crowley <tcrowley@airdberlis.com>; 'David Gruber' <GruberD@bennettjones.com>
Subject: Term Sheet - Concord loan to YG Limited Partnership

In light of the position being taken by the lender (who Concord had approached for construction financing) that it would not provide any construction financing if any Cresford entity maintained an ownership interest in the YG Limited Partnership , the Term Sheet dated November 20, 2020 , copy attached, can no longer be carried out and it is therefore null and void.

Harry Fogul
Aird & Berlis LLP

T 416.865.7773
E hfogul@airdberlis.com

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

TAB 5

From: [Harry Fogul](#)
To: [Sapna Thakker](#)
Cc: [Matt Gottlieb](#); [Shaun Laubman](#); [Alexander Soutter \(asoutter@tgf.ca\)](#)
Subject: RE: Update - YSL Residence
Date: April-12-21 4:20:27 PM
Attachments: [image001.jpg](#)

Discussions with Concord have been ongoing since the end of last week with no conclusion as yet. Timbercreek is aware of these discussions but there has been no formal extension.

Harry Fogul
Aird & Berlis LLP

T 416.865.7773
E hfogul@airdberlis.com

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error.
If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Sapna Thakker
Sent: April 12, 2021 3:10 PM
To: Harry Fogul
Cc: Matt Gottlieb ; Shaun Laubman
Subject: Update - YSL Residence

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Hi Harry,

Do you have an update for us with respect to the discussions with either Concord/Timbercreek? Was there any follow-up from the events of last week?

Thanks,
Sapna

Sapna Thakker
Direct 416 642 3132
Cell 437 213 3408
sthakker@lolg.ca

Lax O'Sullivan Lisus Gottlieb LLP
Suite 2750, 145 King St W
Toronto ON M5H 1J8 Canada
T 416 598 1744 F 416 598 3730

www.lolg.ca



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TAB 6



Corporate Profile / Profil corporatif

Date and time of Corporate Profile (YYYY-MM-DD)	2021-06-09 8:50 AM	(AAAA-MM-JJ) Date et heure du Profil corporatif
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CORPORATE INFORMATION		RENSEIGNEMENTS CORPORATIFS
Corporate name	Dénomination	
	9615334 Canada Inc.	
Corporation number	961533-4	Numéro de société ou d'organisation
Business number	785322728RC0001	Numéro d'entreprise
Governing legislation	Régime législatif	
	<i>Canada Business Corporations Act (CBCA) - 2016-02-03</i> <i>Loi canadienne sur les sociétés par actions (LCSA) - 2016-02-03</i>	
Status	Statut	
	Active	
	Active	

REGISTERED OFFICE ADDRESS	ADRESSE DU SIÈGE
	59 Hayden Street, 2nd Floor Toronto ON M4Y 0E7 Canada

ANNUAL FILINGS	DÉPÔTS ANNUELS	
Anniversary date (MM-DD)	02-03	(MM-JJ) Date anniversaire
Filing period (MM-DD)	02-03 to/au 04-03	(MM-JJ) Période de dépôt
Status of annual filings	Statut des dépôts annuels	
	Filed	2021
	Deposé	Déposé
	Filed	2020
	Deposé	Déposé
	Filed	2019
	Deposé	Déposé
Date of last annual meeting (YYYY-MM-DD)	2019-06-30	(AAAA-MM-JJ) Date de la dernière assemblée annuelle
Type	Type	
	Non-distributing corporation with 50 or fewer shareholders	
	Société n'ayant pas fait appel au public et comptant 50 actionnaires ou moins	

DIRECTORS		ADMINISTRATEURS
Minimum number	1	Nombre minimal
Maximum number	5	Nombre maximal
Current number	1	Nombre actuel
DANIEL C. CASEY	141 RIVERVIEW DRIVE, TORONTO ON M4N 3C6, Canada	

CORPORATE HISTORY		HISTORIQUE CORPORATIF
Corporate name history (YYYY-MM-DD)		(AAAA-MM-JJ) Historique de la dénomination
2016-02-03 to present / à maintenant	9615334 Canada Inc.	
Certificates issued (YYYY-MM-DD)		(AAAA-MM-JJ) Certificats émis
Certificate of Incorporation	2016-02-03	Certificat de constitution en société
Certificate of Amendment	2016-02-11	Certificat de modification
Amendment details: Province or Territory of Registered Office		Renseignements concernant les modifications aux statuts : Province ou territoire du siège social
Amendments details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed.		Seuls les renseignements concernant les modifications effectuées après 2010-03-20 sont disponibles. Certains certificats émis avant 2000 pourraient ne pas être listés.
Documents filed (YYYY-MM-DD)		(AAAA-MM-JJ) Documents déposés

The Corporate Profile sets out the most recent information filed with and accepted by Corporations Canada as of the date and time set out on the Profile.	Le Profil corporatif fait état des renseignements fournis et acceptés par Corporations Canada à la date et à l'heure indiquées dans le profil.
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TAB 7

Request ID: 026274643
 Transaction ID: 79557672
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2021/06/09
 Time Report Produced: 08:28:15
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2027336	CRESFORD CAPITAL CORPORATION	2003/05/29
		Jurisdiction
		ONTARIO
		Former Jurisdiction
		NOT APPLICABLE
Corporation Type	Corporation Status	
ONTARIO BUSINESS CORP.	ACTIVE	
Registered Office Address		Date Amalgamated
59 HAYDEN STREET 2ND FLOOR TORONTO ONTARIO CANADA M4Y 0E7		NOT APPLICABLE
		Amalgamation Ind.
		NOT APPLICABLE
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
Mailing Address		Revival Date
59 HAYDEN STREET 2ND FLOOR TORONTO ONTARIO CANADA M4Y 0E7		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
		Number of Directors
		Minimum
		Maximum
		00001
		00010
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification		
NOT AVAILABLE		

Request ID: 026274643
Transaction ID: 79557672
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/06/09
Time Report Produced: 08:28:15
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2027336

Corporation Name

CRESFORD CAPITAL CORPORATION

Corporate Name History

CRESFORD CAPITAL CORPORATION

Effective Date

2003/05/29

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

YES - SEARCH REQUIRED FOR DETAILS

Administrator:**Name (Individual / Corporation)**DANIEL
C.
CASEY**Address**

141 RIVERVIEW DRIVE

TORONTO
ONTARIO
CANADA M4N 3C6**Date Began**

2003/05/29

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type**Resident Canadian**

Y

Request ID: 026274643
Transaction ID: 79557672
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/06/09
Time Report Produced: 08:28:15
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CORPORATION PROFILE REPORT

Ontario Corp Number

2027336

Corporation Name

CRESFORD CAPITAL CORPORATION

Administrator:**Name (Individual / Corporation)**

DANIEL
C.
CASEY

Address

141 RIVERVIEW DRIVE

TORONTO
ONTARIO
CANADA M4N 3C6

Date Began

2003/05/29

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Administrator:**Name (Individual / Corporation)**

TED
DOWBIGGIN

Address

121 SUMMERHILL AVENUE

TORONTO
ONTARIO
CANADA M4T 1B1

Date Began

2003/05/29

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Request ID: 026274643
Transaction ID: 79557672
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2027336

CRESFORD CAPITAL CORPORATION

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2019/08/02

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB 8

Request ID: 026274648
 Transaction ID: 79557682
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2021/06/09
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2502295	YSL RESIDENCES INC.	2016/01/28
		Jurisdiction
		ONTARIO
		Former Jurisdiction
		NOT APPLICABLE
Corporation Type	Corporation Status	
ONTARIO BUSINESS CORP.	ACTIVE	
Registered Office Address		Date Amalgamated
59 HAYDEN STREET 2ND FLOOR TORONTO ONTARIO CANADA M4Y 0E7		NOT APPLICABLE
		Amalgamation Ind.
		NOT APPLICABLE
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
Mailing Address		Revival Date
59 HAYDEN STREET 2ND FLOOR TORONTO ONTARIO CANADA M4Y 0E7		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
		Number of Directors
		Minimum
		Maximum
		00001
		00010
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification		
NOT AVAILABLE		

Request ID: 026274648
 Transaction ID: 79557682
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2502295	YSL RESIDENCES INC.

Corporate Name History	Effective Date
YSL RESIDENCES INC.	2018/10/03
2502295 ONTARIO INC.	2016/01/28

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
DANIEL C. CASEY	141 RIVERVIEW DRIVE TORONTO ONTARIO CANADA M4N 3C6

Date Began	First Director	
2016/01/28	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 026274648
Transaction ID: 79557682
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

2502295

Corporation Name

YSL RESIDENCES INC.

Administrator:**Name (Individual / Corporation)**

DANIEL
C.
CASEY

Address

141 RIVERVIEW DRIVE

TORONTO
ONTARIO
CANADA M4N 3C6

Date Began

2017/08/04

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Request ID: 026274648
Transaction ID: 79557682
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/06/09
Time Report Produced: 08:28:31
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2502295

YSL RESIDENCES INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA CHANGE NOTICE

1

2020/01/20 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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TAB 9

Request ID: F/00001/142
Transaction ID: 79563620
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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Date Report Produced: 2021/06/09
Time Report Produced: 11:42:56
Page: 1

LIMITED PARTNERSHIPS REPORT EXPIRED RECORD

Firm name registered under the *Limited Partnerships Act*

YG LIMITED PARTNERSHIP

Business Identification Number

260160361

Business Type

LIMITED PARTNERSHIP

Mailing Address

59 HAYDEN ST
No. 200
TORONTO
ONTARIO
CANADA, M4Y 0E7

Address of Principal Place of Business in Ontario

59 HAYDEN ST
No. 200
TORONTO
ONTARIO
CANADA, M4Y 0E7

General Nature of Business

REAL ESTATE INVESTMENT

Jurisdiction of Formation

MANITOBA

Declaration Date

2016/02/12

Expiry Date

2021/02/11

Renewal Date

NOT APPLICABLE

Change Date(s)

2020/03/24

Last Document Filed

CHANGE

Dissolution/Withdrawal Date

NOT APPLICABLE

Last Document Filed Date

2020/03/24

Current Partnership Business Names Exist:

NO

Expired Partnership Business Names Exist:

NO

Former Names

NOT APPLICABLE

Date of Name Change

Request ID: F/00001/142
Transaction ID: 79563620
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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Date Report Produced: 2021/06/09
Time Report Produced: 11:42:56
Page: 2

LIMITED PARTNERSHIPS REPORT EXPIRED RECORD

Firm name registered under the *Limited Partnerships Act*

YG LIMITED PARTNERSHIP

Business Identification Number

260160361

Business Type

LIMITED PARTNERSHIP

Information Regarding General Partner(s)

Name (Individual/Corporation/Other)

9615334 CANADA INC.

Corporate Number: 1951089

Address

59 HAYDEN ST

No. 200
TORONTO
ONTARIO
CANADA, M4Y 0E7

Name of Signatory

CASEY, DANIEL C.

Power of Attorney

NO

Former Limited Partnership Names will only be displayed for Declarations registered on or after April 1, 1994.

This Report sets out expired registration information recorded in the Ontario Business Information System as of the expiration date.

2504670 CANADA INC. et al.
Applicants

-and- CRESFORD CAPITAL CORPORATION et al.
Respondents

Court File No. CV-21-00661386-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

CROSS-EXAMINATION BRIEF

LAX O'SULLIVAN LISUS GOTTLIEB LLP

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Tel: 416 360 8481

Sapna Thakker LSO#: 68601U

sthakker@lolg.ca

Tel: 416 642 3132

Lawyers for the Applicants

Appendix “Q”

Murtaza Tallat

From: Niall Finnegan <niall@finneganmarshall.com>
Sent: June 12, 2021 8:55 PM
To: Mitch Vininsky
Cc: Murtaza Tallat; Bobby Kofman
Subject: FW: FM Report
Attachments: 2021 06 11 - Cross-Examination Brief.PDF

Mitch – I was not provided with any of the documents noted below for GFI/Empire or Concord. I have reviewed them now and advise that nothing within these documents changes my analysis or conclusions.

Thanks Niall

NIALL FINNEGAN
FINNEGAN-MARSHALL INC.
W: [416-929-0006 ext. 101](tel:416-929-0006) M: [416-270-9109](tel:416-270-9109)

From: Mitch Vininsky <mvininsky@ksvadvisory.com>
Sent: June 12, 2021 5:08 PM
To: Niall Finnegan <niall@finneganmarshall.com>
Cc: Bobby Kofman <bkofman@ksvadvisory.com>; Murtaza Tallat <mtallat@ksvadvisory.com>
Subject: FM Report

One group of the limited partners inquired if you had been provided with an LOI from GFL, an APS from Empire and a term sheet from Concord (all attached) as part of your review. We think the answer is not but please confirm.

If you were not provided with these when you prepared your report then can you review them and advise if the information in these three documents alters your analysis and your conclusions on the on the value of the project? For your reference, we were advised by Cresford that “the GFL/LOI proceeded to the provision of due diligence information by the General Partner and then no response from GFL. The Empire APS was terminated because the Limited Partners would not accept the return of their capital plus 12.25% interest to closing as they wanted the return of double their capital as provided in the YG Limited Partnership Agreement, which was to be paid from profits at the end of the project. The Concord original deal did not proceed as Otera Capital Inc. who was going to provide the construction financing would not proceed unless Concord became the owner of the YSL Project”.

Feel free to call me if you want to discuss this or the other request.



Mitch Vininsky
Managing Director

T 416.932.6013
M 416.254.4912
W www.ksvadvisory.com