

Court File No.: CV-16-11409-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

and

**URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.,
URBANCORP (RIVERDALE) DEVELOPMENTS INC., &
URBANCORP (THE BEACH) DEVELOPMENTS INC.**

Respondents

**APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, C.B-3, AS AMENDED, SECTION 68 OF THE
CONSTRUCTION LIEN ACT, R.S.O. 1990 C. C. 30, AND UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C. 43**

**EIGHTH REPORT
OF
ALVAREZ & MARSAL CANADA INC.,
AS RECEIVER AND MANAGER AND CONSTRUCTION LIEN TRUSTEE
OF THE ASSETS, UNDERTAKINGS AND PROPERTY OF URBANCORP
(LESLIEVILLE) DEVELOPMENTS INC., URBANCORP (RIVERDALE)
DEVELOPMENTS INC., & URBANCORP (THE BEACH) DEVELOPMENTS INC.**

March 18, 2019

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1.0 INTRODUCTION AND OVERVIEW

1. On May 31, 2016, the Ontario Superior Court of Justice (the “**Court**”) granted an order (the “**Appointment Order**”) appointing Alvarez & Marsal Canada Inc. as receiver and manager (in such capacity, the “**Receiver**”), pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C.43, as amended, and as construction lien trustee (in such capacity, the “**Construction Lien Trustee**”, and together with the Receiver, the “**Construction Receiver**”), pursuant to section 68 of the *Construction Lien Act*, R.S.O. 1990, c. C.30, as amended (the “**CLA**”), of all of the assets, undertakings, and property acquired for, or used in relation to the business of Urbancorp (Leslieville) Developments Inc. (“**UC Leslieville**”), Urbancorp (Riverdale) Developments Inc. (“**UC Riverdale**”) and Urbancorp (The Beach) Developments Inc. (“**UC Beach**”, together with UC Riverdale, the “**Guarantors**”, and the Guarantors, together with UC Leslieville, the “**Debtors**”) (such proceedings, the “**Receivership Proceedings**”).
2. A detailed summary and history of the Debtors’ business and the Receivership Proceedings is set out in the Sixth Report of the Construction Receiver, dated June 19, 2018 (the “**Sixth Report**”). Capitalized terms not otherwise defined in this Eighth Report are as defined in the Sixth Report.

1.1 *Purpose of the Report*

3. The purpose of this Eighth Report of the Construction Receiver (the “**Eighth Report**”) is to:
 - a. provide the Court with a general update on the status of the Leslieville Project, Beach Project and Riverdale Project and the Construction Receiver’s activities from the date of the Sixth Report (June 19, 2018) to the date of this Eighth Report;
 - b. provide the Court with an update with respect to the Construction Receiver’s combined Interim Statement of Receipts and Disbursements for the Leslieville Project, Beach Project and Riverdale Project, for the period of May 31, 2016 to March 4, 2019 (the “**Interim R&D Statement**”);
 - c. provide the Court with an update on the closing of the sales for residential units at the Leslieville Project (the “**Leslieville Units**”) and the purchase price adjustments made in connection therewith, including a motion served on March 18, 2019 by Shibley Righton LLP (“**Shibley Righton**”) and returnable on March 26, 2019, in which Shibley Righton, on behalf of certain Leslieville Purchasers (defined below), have challenged one of the purchase price adjustments (the “**Shibley Righton Motion**”);
 - d. provide the Court and stakeholders with a range of possible future distribution amounts to Terra Firma, Lien Claimants and the Opt-In Leslieville Purchasers, pursuant to the 12th stage of the Distribution

Waterfall, taking into account a number of contingencies that have yet to be resolved; and

- e. support the Construction Receiver's motion requesting this Court's granting of orders:
 - (i) approving the settlements reached between the Vetting Committee (as hereinafter defined) and Lido Construction Inc. ("**Lido**") in respect of CLA holdback entitlements for the Leslieville Project and Beach Project (the "**Holdback Settlement**");
 - (ii) authorizing and directing the Construction Receiver to pay the applicable Holdback Settlement in respect of the Leslieville Project and the Beach Project from the holdback reserves currently maintained by the Construction Receiver, and releasing the remainder of such holdback reserves for distribution to creditors in accordance with the distribution waterfall (the "**Distribution Waterfall**") set out in Paragraph 55 of the settlement approval order (re: Leslieville Project) granted by Mr. Justice Newbould dated May 2, 2017, as amended by the order of Mr. Justice Newbould dated May 11, 2017 (the "**Settlement Approval Order**");
 - (iii) approving the amount of Lien Claimant entitlements, net of holdback settlements already paid, for the purposes of the Construction Receiver calculating *pari passu* distributions to such Lien Claimants, if any;
 - (iv) authorizing the Construction Receiver to waive certain notice periods provided for in the *Ontario New Home Warranties Plan Act* (Ontario) (the "**ONHWPA**"), in order to permit Tarion Warranty Corporation ("**Tarion**") to assess and remediate warrantied defect claims at the Leslieville Project more expeditiously;
 - (v) authorizing and directing the Construction Receiver to pay certain amounts to Tarion as cash collateral, which would otherwise be payable to Travelers Guarantee Company of Canada/Travelers Insurance Company of Canada ("**Travelers**") pursuant to the Settlement Approval Order, to be held by Tarion pending the expiry of certain warranty periods;
 - (vi) authorizing the Construction Receiver to disclose certain contact information of purchasers of Leslieville Units (the "**Leslieville Purchasers**") who are unrepresented by counsel;
 - (vii) granting substituted service on unrepresented Leslieville Purchasers by email to the last known email address of such

Leslieville Purchaser, based on the records of the Construction Receiver's real estate counsel, Miller Thomson LLP ("**Real Estate Counsel**");

- (viii) declaring that certain purchase price adjustments calculated and charged by the Construction Receiver in connection with the closing of Leslieville Units are accurate and binding as between the Construction Receiver and purchasers;
- (ix) setting a protocol and schedule for the resolution of the pending Shibley Righton Motion, regarding a dispute over the purchase price adjustment made on closing with respect to a parkland levy (the "**Park Levy**");
- (x) approving the activities of the Construction Receiver described in the Seventh Report of the Construction Receiver, dated October 5, 2018 (the "**Seventh Report**") and this Eighth Report;
- (xi) approving the Interim R&D Statement; and
- (xii) approving the fees and disbursements of:
 - a. the Construction Receiver for the nine (9) month period of May 1, 2018 through to and including January 31, 2019;
 - b. the Construction Receiver's independent counsel Blake, Cassels & Graydon LLP for the nine (9) month period of May 1, 2018 through to and including January 31, 2019; and
 - c. the Construction Receiver's counsel Gowling WLG (Canada) LLP for the nine (9) month period of May 1, 2018 through to and including January 31, 2019.

1.2 ***Currency***

- 4. Unless otherwise noted, all currency references in this Eighth Report are to Canadian dollars.

2.0 **STATUS OF PROJECTS**

2.1 ***Leslieville Project***

- 5. In the Sixth Report, the Construction Receiver reported that:
 - a. construction of the Leslieville Project was substantially complete, with only unit pre-delivery inspection ("**PDI**") work and minor common area work remaining;

- b. the City of Toronto (the “**City**”) was holding two letters of credit (“**LCs**”) (issued by CIBC) totaling \$870,920 related to the construction and development of the Leslieville Project, namely:
 - i. \$769,280 as security for the transfer of the Leslieville Parkland to the City (dated February 12, 2013) (the “**Park LC**”); and
 - ii. \$101,640 as security for baseline Leslieville Parkland improvements.
 - c. the City was also holding cash collateral of \$40,000 funded directly by Terra Firma in connection with the Site Plan Agreement to secure landscape works as detailed on the approved Landscaping Plans;
 - d. all fifty-five (55) Leslieville Units (together with parking and storage units, as applicable) had been sold, of which fifty-four (54) were subject to firm agreements of purchase and sale. There was one (1) Leslieville Unit sale that was still within the statutory rescission period which was to expire on June 26, 2018;
 - e. occupancy permits from the City had been issued for all fifty-five (55) Leslieville Units, of which fifty-two (52) Leslieville Units were occupied pursuant to the Occupancy Licence contained in each agreement of purchase and sale (“**APS**”); and
 - f. ten (10) excess parking units (“**Excess Parking Units**”) and twenty one (21) bicycle storage units (“**Bicycle Storage Units**”) had been sold.
6. The following developments have taken place at the Leslieville Project since the filing of the Sixth Report:
- a. all outstanding common area and unit “pre-delivery inspection” or “PDI” work has been completed, and only two Leslieville Units remain subject to Tarion inspection, which inspection is scheduled for April 24, 2019;
 - b. the Park LC has been returned, undrawn;
 - c. the LC for the original face value amount \$101,640 held as security by the City for baseline Leslieville Parkland improvements has been reduced to \$12,773¹, undrawn. City representatives have advised the Construction Receiver that they intend to hold the security until at least May 1, 2020;

¹ The LC held by the City expires on September 10, 2019, subject to certain annual renewal provisions. On December 3, 2018, CIBC issued a notice of non-renewal to the City indicating that CIBC would not renew the LC and would not honour any draw requests in respect of the LC after September 10, 2019. In light of the above, the Construction Receiver anticipates that the City will draw on the LC prior to September 10, 2019, and that CIBC will fund the draw request from cash held in the CIBC cash collateral account.

- d. the \$40,000 cash collateral funded directly by Terra Firma and held as security by the City for Leslieville Project landscaping has been returned to Terra Firma in full;
- e. the one (1) Leslieville Unit sale subject to the statutory rescission period firmed up in late June 2018 and has closed;
- f. the three (3) remaining unoccupied Leslieville Units, were occupied over the course of the summer of 2018;
- g. the Construction Receiver filed a claim with its insurer for approximately \$125,000 (exclusive of HST) in respect of ice storm damage to the Leslieville Project which occurred during the initial occupancy phase in April 2018. The deductible under the Construction Receiver's insurance policy is \$50,000. The Construction Receiver has recently been advised that its claim has been accepted in full and that it will be receiving approximately \$75,000 (i.e. the claim amount less the deductible);
- h. an additional three (3) Bicycle Storage Units were sold prior to condominium registration;
- i. the Leslieville Units were registered as Toronto Standard Condominium Corporation No. 2669 ("**TSCC No. 2669**" or the "**Condominium Corporation**") on September 7, 2018;
- j. Leslieville Unit² closings took place between October 18 and 25, 2018 for gross proceeds of \$51.4 million, inclusive of all purchase price and other closing adjustments and HST ("**Leslieville Sale Proceeds**");
- k. the sale of the geothermal unit to TSCC No. 2669 for \$800,000, inclusive of HST, was approved by this Court on October 11, 2018 and closed on October 24, 2018;
- l. as authorized by the Order (Re: Approving Lien Settlements, Authorizing Assignment of Sale Agreements & Charging Cash Collateral) granted by Mr. Justice Penny, dated October 11, 2018, the Construction Receiver entered into a cash collateral agreement with CIBC, whereby the Construction Receiver distributed approximately \$164,000 to CIBC in support of CIBC's Leslieville Project and Riverdale Project LC obligations to the City;
- m. as authorized and directed by the Court in the Settlement Approval Order, the Construction Receiver established a reserve of \$1,184,000 (the "**Leslieville Holdback Reserve**") from the Leslieville Sale Proceeds to

² Including parking and storage units, as applicable.

satisfy all claims of the Lien Claimants of the Leslieville Project in respect of Holdback Deficiencies (defined below). All Leslieville Project holdback claims have been settled with the respective lien claimant and all but one such settlements have been approved by this Court. The final, unapproved settlement with Lido is further described in Section 3.0 of this Report;

- n. the City has issued supplementary 2018 property tax bills totaling approximately \$101,000. The Construction Receiver understands that the supplementary property taxes were issued to reflect an increased mill rate with the change in the Leslieville Project from a development project to a condominium corporation. As such, the Construction Receiver is of the view that the supplementary 2018 taxes are owed by the owners of the Leslieville Units. The Construction Receiver has submitted an application for the apportionment of these taxes to the current owners of the Leslieville Units. The City's General Government and Licensing Committee will consider the apportionment application at a hearing scheduled for April 23, 2019;
 - o. the condominium turnover meeting was held on January 8, 2019 and a new board of directors was elected by the TSCC No. 2669 unit owners;
 - p. the Construction Receiver filed HST returns with the Canada Revenue Agency ("CRA") in respect of the sale of the Leslieville Units up to and including February 28, 2019, and has held back from distribution an appropriate amount, pending the receipt of clearance certificates confirming that no additional HST is owing. Applications to the CRA for clearance certificates have been made and the Construction Receiver will report on their progress as information becomes available; and
 - q. the final Excess Parking Unit and four (4) additional Bicycle Storage Units were sold in late February/early March 2019 for gross proceeds of \$21,700, inclusive of HST. These transactions are expected to close over the coming days.
7. All assets of the Leslieville Project have now been realized upon other than:
- a. seven (7) Bicycle Storage Units which remain for sale;
 - b. the ice storm insurance claim, for which proceeds are pending;
 - c. potential recoveries from cash collateral held by CIBC (or the City) in respect of the last remaining UC Leslieville LC;
 - d. potential recoveries from cash collateral to be held by Tarion (should this Court grant the Tarion Cash Collateral Order being sought), and

- e. certain HST refunds due from CRA.

2.2 ***Beach Project***

8. As previously reported, the principal asset of the Beach Project was the Beach Lots, the sale of which closed on July 28, 2017 for gross sale proceeds of \$4.9 million. After adjustments and realtor commissions, the Construction Receiver received \$4,736,120 (the “**Beach Sale Proceeds**”).
9. As authorized and directed by the Court, the Construction Receiver established a reserve of \$416,000 (the “**Beach Holdback Reserve**”) from the Beach Sale Proceeds to satisfy all claims of the Lien Claimants of the Beach Project in respect of Holdback Deficiencies (defined below). All Beach Project holdback claims have been settled and such settlements approved by this Court, other than that of Lido, which is further described in Section 3.0 of this Report.
10. Further, the Construction Receiver was authorized and directed to repay \$2.2 million of Receiver Certificates from Beach Sale Proceeds. The remaining \$1.1 million of Beach Sale Proceeds was utilized by the Construction Receiver to fund the ongoing administration costs of the estates.
11. There are no further assets to be realized upon under the Beach Project.

2.3 ***Riverdale Project***

12. As outlined in the Sixth Report, the sale of the townhome units at the Riverdale Project was completed in late April to early May 2016, prior to the date of the Appointment Order.
13. The closing documentation for the Riverdale Project sales was prepared by the Debtors’ solicitors, Harris Sheaffer LLP (“**Harris Sheaffer**”). Total closing proceeds, less costs and HST, of \$18,668,456.18, were remitted to CIBC in respect of the Debtors’ loan obligations to the CIBC Syndicate. Harris Sheaffer held monies related to these closings, totaling \$2,976,772.41, plus accrued interest, equal to the HST portion of proceeds collected from purchasers (the “**Residual Closing Monies**”).
14. On April 20, 2018, counsel to Terra Firma filed a motion to have the Residual Closing Monies remitted to the Construction Receiver. The motion was unopposed, and on April 30, 2018 an Order (the “**April 30th Order**”) was granted (i) directing Harris Sheaffer to remit the Residual Closing Monies to the Construction Receiver, and (ii) authorizing and directing the Construction Receiver to first repay Terra Firma’s costs related to the motion and the Debtors’ bankruptcy proceedings, and second, to repay certain debt obligations of the Construction Receiver from Residual Closing Monies.

15. On May 31, 2018, the Construction Receiver received from Harris Sheaffer \$3,004,495.32 (being Residual Closing Monies, plus accrued interest, less bank charges). As outlined further below, the Construction Receiver has utilized these proceeds to:
 - a. establish a reserve of \$114,495.32 to repay Terra Firma's costs related to the motion and the Debtors' bankruptcy proceedings. Actual Terra Firma costs totaled \$101,795.32. The unused portion of the reserve was utilized by the Construction Receiver to fund the administrative costs of the estates; and
 - b. repay \$2,890,0000 of CIBC Syndicate Construction Loan obligations (being post-filing debt obligations).
16. As at the date of the Sixth Report, there were four (4) LCs (issued by CIBC) totaling \$195,039 that were held by the City as security in connection with the construction and development of the Riverdale Project.
17. Since the Sixth Report, three (3) LCs totaling \$79,535 have been returned, undrawn. The only remaining LC was for \$115,504 and was in support of future City water discharge fees (based on the estimated annual average storm water discharge for 13 units along Howie Avenue for a period of 20 years). This LC was drawn upon by the City upon receiving notice from CIBC, dated December 3, 2018, that it would not be renewing the LC. The draw down was funded by CIBC from a CIBC cash collateral account. As such, the City is holding cash collateral in place of the LC. The Construction Receiver has been in contact with City representatives on this issue and expects that a determination of whether the cash collateral can be returned, or reduced, should be made within the next three (3) to six (6) months.
18. There are no further assets to be realized upon under the Riverdale Project.

3.0 CONSTRUCTION LIEN CLAIMS AND HOLDBACK SETTLEMENTS

3.1 *Leslieville Project and Beach Project Liens & Holdback Settlements*

19. As reported in the Second Report, there were nine (9) construction lien claims in the aggregate amount of \$2,058,930.92 registered on title with respect to the Beach Project and 13 construction lien claims in the aggregate amount of \$3,561,770.19 registered on title with respect to the Leslieville Project.
20. Pursuant to the CLA, a construction Lien Claimant with a valid lien claim may assert a priority claim on account of deficiencies in holdbacks that an owner should have maintained in priority to amounts owing to a mortgagee under its charge on the project lands. Under the CLA, where a Lien Claimant contracted directly with the Debtors (as owners) or their agent(s), a Lien Claimant is entitled to claim priority for holdback deficiencies in priority to amounts owing to

registered mortgagees up to a maximum amount of 10% of the total value of materials and services which the Lien Claimant provided to the project (the “**Holdback Deficiencies**”).

21. As described in the Sixth Report, a vetting committee was convened, consisting of representatives of Terra Firma, Travelers and two construction Lien Claimant counsel (the “**Vetting Committee**”), to review construction lien claims and make recommendations to the Construction Receiver regarding the settlement of same. Supporting documentation has been provided by all applicable construction Lien Claimants, and through a negotiation and settlement process with these claimants, the Vetting Committee has recommended (with the Construction Receiver’s support) settlement and payment offers to all claimants in respect of their Holdback Deficiencies.
22. Pursuant to orders of the Court dated June 26, 2018 (the “**June 26 Order**”) and October 11, 2018 (the “**October 11 Order**”), settlements were approved with all but one Lien Claimant in respect of the Beach Project and the Leslieville Project, Lido.
23. Pursuant to the June 26 Order, the Construction Receiver was maintaining a holdback reserve of \$200,000 in respect of the Leslieville Project (the “**Leslieville Holdback Reserve**”) and \$120,000 in respect of the Beach Project (the “**Beach Holdback Reserve**”). The October 11 Order authorized the Construction Receiver to make payments to certain Lien Claimants out of these reserves, reducing the Leslieville Holdback Reserve to \$173,713.37 and the Beach Holdback Reserve to \$97,928.08.

Lido Settlement

24. Since the date of the October 11 Order, the settlement offer recommended by the Vetting Committee and made to Lido has been accepted. The Lido settlement is as follows:

Agreed holdback to be paid:
 - (i) Leslieville Project: \$58,691.18
 - (ii) Beach Project: \$71,811.32
25. The Construction Receiver is seeking the Court’s approval of this holdback settlement with Lido. Subject to Court approval, the foregoing settlement amounts will be paid out of the remaining Leslieville Holdback Reserve and Beach Holdback Reserve.
26. Because Lido is the last remaining Lien Claimant that has not received a holdback payment, once the payments are made there will cease to be a reason to maintain holdback reserves, and the Construction Receiver is accordingly seeking the

Court's authorization to release the balance of the Leslieville Holdback Reserve and the Beach Holdback Reserve. These balances are \$115,022.19 (Leslieville Holdback Reserve) and \$26,116.76 (Beach Holdback Reserve), for a total amount of \$141,138.95.

Determination of Final Lien Claim Amounts

27. In order to calculate the holdback settlements that have, with the exception of Lido's settlement, been Court approved and paid to Lien Claimants, the Vetting Committee assessed the aggregate lien claims of each Lien Claimant, reviewed supporting documentation and invoices, assessed what parts of the lien claim were supported by documents, took into account any incremental pre-filing payments that may have been made by UC Leslieville and UC Beach (as applicable), and then calculated the appropriate 10% holdback amount. Accordingly, in order to calculate Lien Claimants' entitlements to Holdback Deficiencies, the Vetting Committee had to calculate the provable lien claim underlying those Holdback Deficiencies.
28. The Construction Receiver is now seeking to have the lien claims of each Lien Claimant approved, based on the analysis of the Vetting Committee. The Construction Receiver requires these lien claims to be finally determined in order to be able to make necessary calculations for distribution in accordance with the Settlement Approval Order.
29. Paragraph 55 of the Settlement Approval Order provides for the detailed Distribution Waterfall, which was carefully negotiated by the relevant stakeholders in early 2017 and ultimately Court approved on May 2, 2017. On May 11, 2017, an order was made amending subparagraph 55(l) of the Settlement Approval Order, which as amended provides for distributions at the twelfth level of the priority waterfall as follows (the "**Twelfth Stage Distribution**"):
 - (1) twelfth, on a 50/50 basis between (i) Terra Firma (up to the remaining Terra Firma Indebtedness, if any) and (ii) the Opt-In Leslieville Purchasers for the aggregate amount of the Premiums paid by all Opt-In Leslieville Purchasers pursuant to the New APS (the "**Premium Reimbursement Claims**"), with such amount allocated to the Opt-In Leslieville Purchasers to be further allocated as among the Opt-In Leslieville Purchasers and the Lien Claimants in respect of the balance of their valid lien claims other than the Holdback Deficiencies paid above (the "**Lien Claimants Balance Claims**"), to be distributed on a *pari passu* and rateable basis among the Premium Reimbursement Claims and the Lien Claimants Balance Claims; subject to determination by the Court, if necessary of the appropriate allocation of the Lien Claimants Balance Claims to the respective Projects.

30. As noted later in this Eighth Report, it is not clear whether there will be sufficient funds for the Construction Receiver to make the Twelfth Stage Distribution. However, in the event that a Twelfth Stage Distribution is available, the Construction Receiver needs to have fixed amounts for both the Premium Reimbursement Claims and the Lien Claimants Balance Claims in order to calculate such distributions. The Premium Reimbursement Claims are based on the Premium paid by the Opt-In Leslieville Purchasers and is defined in the Settlement Approval Order: it is \$255,000 for each Opt-In Leslieville Purchaser for a total of \$10,200,000 for the forty (40) Opt-Ins.
31. The Lien Claimants Balance Claims, and the allocation of same to the respective Projects, has not been finally determined, although in the Construction Receiver's view it follows necessarily from the Court approved Holdback Deficiency settlements. The Construction Receiver is concerned that negotiating or adjudicating the Lien Claimants Balance Claims is therefore unnecessary and could be time consuming and unnecessarily costly. Accordingly, the Construction Receiver is seeking their final approval at this time.
32. According to the Vetting Committee's calculations, with which the Construction Receiver agrees, the Lien Claimants Balance Claims for the Leslieville Project are set out in **Appendix "A"**, and summarized as follows:

Leslieville Lien Claimants		Leslieville Lien Claimants' Balance Claims
1	207875 Ontario Ltd (o/a Canadian Rental Centres)	\$29,385.47
2	Alpa Stairs and Railings Inc.	\$115,174.81
3	Commercial Two Construction Inc.	\$118,367.21
4	Emergency Propane Services Inc.	\$0.00
5	EXP Services Inc.	\$8,246.87
6	MDF Mechanical Ltd.	\$180,841.23
7	NG Marin Inc.	\$744,804.02
8	Silvio Construction Co. Ltd.	\$35,826.09
9	Sterling Carpet and Tile	\$13,710.22
10	Uptown Hardware Ltd.	\$65,377.57
11	Orin Contractors Corp.	\$161,474.17
12	Roni Excavating Limited	\$25,105.45
13	Lido Construction Inc.	\$54,515.60
Total		\$1,552,828.71

33. Attached as **Appendix "B"** is the Vetting Committee's calculation of Lien Claimants total lien claims in respect of the Beach Project, which like the above Leslieville Project claims, are based on the applicable Court approved Holdback

Deficiency calculations. However, the Twelfth Stage Distribution is being made only in respect of the Leslieville Project, and accordingly the Construction Receiver is not seeking to have the lien claims in respect of the Beach Project approved.

34. On February 7, 2019, counsel to the Construction Receiver sent counsel to each of the Leslieville Project Lien Claimants a notice of its assessment of their Lien Claimants Balance Claim, which notice advised of the Construction Receiver's intention to seek court approval of such amounts for the purposes of determining the Lien Claimants Balance Claims under the Settlement Approval Order. Lien Claimants are also being served with the Construction Receiver's motion record.
35. To date, only one Lien Claimant responded to the Construction Receiver indicating that it disagreed with the Construction Receiver's calculation. The Construction Receiver in consultation with the Vetting Committee determined that the Lien Claimant was correct. The amounts included in the foregoing chart and in Appendix "A" reflect the correct, revised amount.
36. In the Construction Receiver's view, this type of negative claims process is the most efficient means for finally determining the Lien Claimants Balance Claims, given that Holdback Deficiencies (which are based on the proposed Lien Claimants Balance Claims) have been accepted by the affected Lien Claimants and approved by the Court.

Amendment to Twelfth Stage Distribution

37. As discussed in the Seventh Report, the Lien Claimant counsel participating on the Vetting Committee (in their capacity as counsel, the "**Vetting Committee Counsel**"), have expressed concern that they (or their clients) have incurred disproportionate costs connected with ensuring the interests of Lien Claimants generally are represented in the Vetting Committee process. They accordingly requested that the Construction Receiver seek an amendment to the Settlement Approval Order that would provide for certain distributions to be made to Vetting Committee Counsel, as compensation for their expenses incurred for the benefit of all Lien Claimants.
38. The Construction Receiver sought to amend the Settlement Approval Order to provide such compensation in connection with seeking the October 11 Order, but ultimately adjourned this relief when certain other stakeholders raised concerns with it.
39. Since the adjournment of the proposed amendment to the Settlement Approval Order on October 11, 2018, the Construction Receiver has had further discussions with Vetting Committee Counsel about the requested amendment, but is not seeking such relief in connection with the Construction Receiver's pending motion.

40. Vetting Committee Counsel have been advised of this motion prior to the service of the Construction Receiver's motion record, and should Vetting Committee Counsel seek to amend the Settlement Approval Order at the return of the Construction Receiver's motion, the Construction Receiver will file a supplemental report to take a position on such relief.

4.0 TARION ORDER

41. The Settlement Approval Order provides for, among other things, the comprehensive Distribution Waterfall, made up of 15 priority tiers.
42. The seventh tier of the Distribution Waterfall provides for a distribution to be made to Travelers, in respect of certain secured obligations owing by UC Leslieville to Travelers, including on account of (i) a bond in the current amount of \$772,540³ as security for UC Leslieville's obligations to Tarion (the "**Tarion Bond**"), and (ii) an excess condominium deposit insurance policy issued by Travelers to cover deposits not protected by Tarion (the "**Travelers Master Excess Claims Policy**").
43. Since the date of the Seventh Report, the Construction Receiver and Travelers took steps to notify the three (3) parties with outstanding claims against the Travelers Master Excess Claims Policy that they were eligible for payment. In response to these efforts, all claimants made claims.
44. Accordingly, as of the date of this Eighth Report, all claimants with claims under the Travelers Master Excess Claims Policy have asserted a claim, those claims have been funded by Travelers to the extent Travelers is liable for them, and Travelers has been reimbursed by the Construction Receiver. Therefore, the only remaining amounts payable to Travelers under the seventh tier of the Distribution Waterfall are in respect of cash collateral required be paid to secure the Tarion Bond.
45. The Tarion Bond, in turn, secures obligations owed to Tarion, and in November 2018 the Construction Receiver entered into discussions with counsel to Tarion and Travelers to determine whether the cash collateral required to be paid by the Construction Receiver on account of the Tarion Bond could be paid directly to the beneficiary of the Tarion Bond, thereby eliminating future bond premiums from accruing due, and eliminating Travelers' role in these proceedings.
46. Between November 2018 and January 2019, the Construction Receiver, Tarion, Travelers and Terra Firma came to an agreement whereby the Construction Receiver would pay Travelers' entitlement under the seventh tier of the Distribution Waterfall directly to Tarion "as cash collateral, an amount equal to

³ The Construction Receiver has recently been made aware of a further draw request in the approximate amount of \$23,000 that, if and when funded, would cause the bond to be drawn down by that amount, but increase the cash collateral sought to be paid to Tarion by an equal amount.

the then outstanding Tarion Bond Amount” and that such cash collateral is in addition to the Tarion Charge Amount (as such term is defined in the Settlement Approval Order) to which Tarion is entitled under the Distribution Waterfall. This arrangement would allow Travelers to terminate the Tarion Bond, without prejudice to Tarion, and entitle Tarion to access the cash collateral pursuant to a Court order.

47. It was further agreed that Tarion would administer Leslieville Purchaser warranty claims, in consultation with the Construction Receiver, draw on the cash collateral to reimburse itself for costs, and at a certain date remit any balance of the cash collateral to the Construction Receiver, until the Construction Receiver’s discharge, as described in the related draft Court order being sought by the Construction Receiver.
48. The Construction Receiver estimates that this arrangement, and in particular the cancellation of the Tarion Bond, will save the UC Leslieville estate approximately \$60,000, by eliminating future bond premiums and Travelers’ legal costs.
49. Implementing the foregoing cash collateral and bond cancellation arrangement is an amendment to the Distribution Waterfall. However, the only parties affected are Tarion and Travelers (except to the extent that creditors with claims below the seventh tier stand to benefit from the cost savings), and both parties have agreed to this arrangement.
50. In order to ensure that it is strictly in compliance with its obligations under the Distribution Waterfall, the Construction Receiver is seeking an order approving and directing it to make payment of the cash collateral to Tarion and providing for the turn-over of cash collateral when Tarion’s entitlement to it expires and certain related relief.

5.0 ADMINISTRATION OF WARRANTY CLAIMS

51. The Leslieville Units are subject to two warranty regimes: one is contractual and backstopped by Craft, and the other is statutory and backstopped by Tarion (to the extent that UC Leslieville does not fulfill its warranty-related obligations). The Construction Receiver has had extensive discussions with Craft, Tarion and Terra Firma regarding the most efficient way for these warranties to be administered going forward, and has come to a solution that it believes is both cost efficient and protective of the interests of owners of Leslieville Units, given the fact that UC Leslieville is not fulfilling its warranty-related obligations.

Craft Warranty Claims

52. Pursuant to the construction contract between UC Leslieville (by the Construction Receiver) and Craft, dated April 18, 2017 and approved by the Settlement Approval Order (the “**Construction Contract**”), the warranty period for construction done by Craft is one year from the date of “Substantial Performance

of the Work”, as defined in the Construction Contract. Substantial Performance of the Work occurred on June 7, 2018. Accordingly, the warranty period under the Construction Contract will expire on June 7, 2019.

53. Additionally, the Construction Contract provides for certain extended warranties that are valid beyond the ordinary one year warranty period. These include any third party warranties on chattel or fixtures that are offered by the manufacturer of such items. Craft’s only obligation under the Construction Contract in respect of these extended warranties is to ensure that the third party warranties are in place. Therefore, Craft does not need to be engaged for this in any general, on going capacity.
54. Finally, if Craft does warranty work, that warranty work is further warrantied for an additional 3 years. In the Construction Receiver’s view, this will be a narrow category of potential claims.
55. Accordingly, Craft will remain engaged with the Leslieville Project until at least June 7, 2019, in order to address any warranty claims that may arise under the Construction Contract. In this capacity, it may also receive claims in respect of defects or deficiencies that are not covered by the Construction Contract warranty period, but rather are covered by the Tarion warranty. In such an event, Craft will pass the claim along to Tarion, and Tarion will deal with them pursuant to the ONHWPA.
56. In the Construction Receiver’s view, it is appropriate for Craft to disengage with the Leslieville Project after June 7, 2019, and for all warranty claims to be processed directly by Tarion pursuant to the ONHWPA.

Tarion Warranty Claims

57. The Leslieville Purchasers acquired their Leslieville Units subject to warranties from UC Leslieville backstopped by Tarion, because the Unit was “substantially completed” as of the date of the Construction Receiver’s appointment. The issue of “substantial completion” is discussed at length in the Second Report of the Receiver dated April 21, 2017.
58. Under the ONHWPA, among other things, a vendor of a new home warrants to the owner of that home that the home is constructed in a workmanlike manner, free from defects in material, is fit for habitation, is constructed in accordance with the Ontario Building Code, and is free from major structural defects.⁴ In the case of the Leslieville Project, the vendor of the Leslieville Units is UC Leslieville (and following the appointment of the Construction Receiver, UC Leslieville by the Construction Receiver).

⁴ The Construction Receiver notes certain exemptions to the warranty enumerated in section 13(2) of the ONHWPA, the details of which are not relevant to the relief being requested by the Construction Receiver at this time.

59. The ONHWPA warranties take effect for units on the date of occupancy and for common elements on the date of registration of the condominium. The warranties are of different term lengths, with warranties for major structural defects having a term of up to 7 years.⁵ Possession dates of Leslieville Units range from March to August, 2018.
60. In the ordinary course, pursuant to the regulations promulgated under the ONHWPA, if a warranted claim arises in respect of a home, the homeowner may submit a claim, which then gives rise to a period of time during which the vendor is required to remedy the defect (a “**Notice Period**”). The applicable Notice Period varies depending on the defect, but can be as long as 150 days. In simple terms, if a vendor does not remediate the defect within the applicable Notice Period, then Tarion may step in to do so.
61. In the present case, UC Leslieville is subject to receivership and bankruptcy proceedings and by virtue of the Settlement Approval Order, the Construction Receiver does not have the funds to remedy future defects, so repairs will ultimately be done by Tarion to the extent that they are warranted claims under the ONHWPA. Accordingly, there is no purpose in requiring Leslieville Purchasers to submit to the Notice Periods ordinarily imposed by the ONHWPA.
62. The Construction Receiver has discussed a path forward with Tarion, Craft and Terra Firma, and believes that the most efficient and fair solution is for the Construction Receiver to waive the applicable Notice Periods provided for in the ONHWPA and its regulations, in order that any ONHWPA warranty claims may be addressed by Tarion without unnecessary delay. This will enable any defects that would ultimately be addressed by Tarion to be remediated much sooner, which has clear benefits to the Leslieville Purchasers, with no corresponding prejudice to other stakeholders.
63. The Construction Receiver is therefore seeking an order that will authorize it to waive the applicable Notice Periods under the ONHWPA and authorize Tarion, in its discretion, to remediate defects that are properly subject to ONHWPA warranty claims immediately upon receiving notice of such claims from unit owners or the Condominium Corporation.
64. The Construction Receiver notes that costs borne by Tarion in remediating warranted defects will reduce the cash collateral held by Tarion, discussed above. As this cash collateral would always be Tarion’s recourse in the event that it was required to remediate warranted defects, the Construction Receiver views the proposed protocol for warranty claims to be, at a minimum, economically neutral but potentially economically advantageous to UC Leslieville’s stakeholders.

⁵ See ONHWPA s. 13(3) and (4) and R.R.O 1990 Reg. 892 (Administration of the Plan).

because it will permit defects to be remedied more expeditiously and prevent any defects from getting worse in the meantime.

65. Any residual, unused Tarion cash collateral will be released at the end of the applicable warranty periods, including any processing and payment periods thereafter, all in accordance with the terms of the Court Order sought on this motion.

Unit Owner and Condominium Corporation Correspondence

66. If the Court grants the relief sought by the Construction Receiver in respect of warranty claims, the Construction Receiver intends to send a letter to each Leslieville Unit owner and the Condominium Corporation, in consultation with Tarion and Craft (the “**Unit Owner Correspondence**”). The Unit Owner Correspondence is intended to notify affected parties of the warranty coverage and claim procedure set out above, and provide contact information for Craft, Tarion and the Construction Receiver in the event of any questions.

6.0 LESLIEVILLE CLOSING PROCEEDS AND STATEMENTS OF ADJUSTMENT

67. For ease of review, the Construction Receiver has provided its discussion and analysis of the Leslieville Project closing proceeds and purchase price adjustments in a supplement to the Eighth Report, dated contemporaneously herewith (the “**Supplemental Report**”).
68. The relief being sought by the Construction Receiver in respect of the purchase price adjustments will be of particular relevance to certain unrepresented Leslieville Purchasers, and it may be unduly and unnecessarily complex and comprehensive to include that discussion and analysis in the body of the Eighth Report, which is itself quite voluminous.

7.0 CONSTRUCTION RECEIVER’S INTERIM COMBINED STATEMENT OF RECEIPTS AND DISBURSEMENTS

69. Over the course of the receivership proceedings, the Construction Receiver opened a total of eight (8) bank accounts:
 - a. one (1) for administration expenses;
 - b. one (1) for asset realizations; and
 - c. six (6) for Leslieville Project construction - one account for each construction lender (Craft, the CIBC Syndicate and Terra Firma), an account for the \$535,000 of cash collateral provided by Craft pursuant to the Craft Development Contract (the “**Craft Cash Collateral**”), a supplier holdback account and a disbursement account.

70. In addition, the Construction Receiver oversaw the distribution of funds from two (2) lawyers' trust accounts – one (1) held by Real Estate Counsel (in respect of the Leslieville Project closings) and the other held by Harris Sheaffer (in respect of the pre-receivership deposits made by the Original Leslieville Purchasers). All funds held within these trust accounts have now been distributed, either to the Construction Receiver or to others as directed by the Construction Receiver in accordance with the Distribution Waterfall.
71. The Interim R&D Statement in respect of the above accounts for the period of May 31, 2016 to March 4, 2019 is attached as **Appendix “C”**.
72. The Interim R&D Statement indicates that the Construction Receiver has collected \$76.5 million of receipts from asset sales, borrowings and other sources and has disbursed approximately \$71.6 million to various parties over the course of the receivership proceedings.
73. Total receipts of \$76.5 million consist of the following
 - a. Borrowings of \$12.9 million to finance the administration of the Debtors' estates and completion of the Leslieville Project construction, namely:
 - (i) \$4.8 million from the CIBC Syndicate to fund the Construction Receiver's initial administration of the Debtors' estates;
 - (ii) \$2.0 million from Craft as the initial tranche of the Leslieville Project construction financing;
 - (iii) \$535,000 of Craft Cash Collateral, in support of Craft's obligations under the Craft Construction and Development agreements;
 - (iv) \$3.95 million from the CIBC Syndicate as additional construction financing required to complete the construction of the Leslieville Project; and
 - (v) \$1.6 million from Terra Firma in respect of construction budget cost overruns which were beyond the fixed price contract with Craft. These cost overruns were formally outlined in contract Change Orders as approved by Altus Group, the Project Monitor.

As outlined below, all borrowings have been repaid, inclusive of interest and financing fees.
 - b. Leslieville Project asset realizations of \$53.7 million, which consist primarily of:
 - (i) \$51.4 million (inclusive of \$5.4 million in HST collected and all purchase price and other closing adjustments) from the sale of

fifty-five (55) Leslieville Units (with parking), ten (10) Excess Parking Units and twenty-four (24) Bicycle Storage Units;

- (ii) \$800,000 (inclusive of approximately \$92,000 in HST collected) of proceeds from the sale of the Leslieville Project geothermal unit to the Condominium Corporation;
 - (iii) \$1.2 million of interim occupancy fees; and
 - (iv) Recovery of Leslieville Purchaser deposits held by Harris Sheaffer plus interest totaling approximately \$343,000.
- c. Proceeds of \$4.9 million from the sale of the Beach Project lots;
 - d. Collection of \$3.0 million of UC Riverdale Residual Closing Monies;
 - e. Other receipts of \$2.0 million, which consist primarily of HST refunds and deposit interest earned.

74. Total disbursements of \$71.6 million consist of the following:

- a. \$9.8 million of construction related costs, consisting of \$7.7 million of budgeted construction costs and approved Change Orders, a Craft Deferred Management Fee of \$1.125 million, and a Craft Success Fee of \$1.0 million;
- b. Full repayment of all Receiver's borrowings of \$12.9 million plus interest and fees of \$1.4 million;
- c. \$31.3 million of other distributions to stakeholders with security or court-order charges, namely:
 - (i) Approximately \$641,000 to twelve (12) UC Leslieville Lien Claimants and eight (8) UC Beach Lien Claimants;
 - (ii) \$26.4 million to the CIBC Syndicate for pre-receivership loans, inclusive of accrued interest. This includes approximately \$165,000 which was distributed to CIBC pursuant to a cash collateral agreement to secure outstanding pre-receivership letters of credit and related legal fees;
 - (iii) Craft geothermal costs of approximately \$194,000, inclusive of interest;
 - (iv) Travelers claims of approximately \$1,024,000, consisting of deposit claims paid under Travelers' Excess Condominium

Deposit Insurance policy, draws on the Tarion Bond, unpaid bond and insurance policy premiums, legal fees and interest;

- (v) Tarion claims of approximately \$234,000 in respect of deposit claims paid under the Ontario New Home Warranty Program inclusive of Tarion's 15% administration charge; and
- (vi) \$2.75 million to Terra Firma in respect of pre-receivership claims.

d. Other disbursements of \$16.2 million, namely:

- (i) \$5.4 million remitted to CRA (representing HST collected on the sale of the UC Leslieville Project residential assets and Geothermal unit, net of October 2018 input tax credits);
- (ii) \$2.4 million of HST paid to suppliers (and utilized by the Construction Receiver as input tax credits);
- (iii) \$3.2 million in fees and disbursements of the Construction Receiver's Legal Counsel (Gowlings), Independent Counsel (Blakes) and Real Estate Counsel (Miller Thomson), as well as the Debtors' legal counsel (Harris Sheaffer) for assistance provided to the Construction Receiver in connection with the Receivership Proceedings;
- (iv) \$2.5 million of Construction Receiver fees and disbursements;
- (v) Approximately \$934,000 in realtor brokerage commissions in respect of the sale of the UC Beach Lots and Leslieville Units;
- (vi) Realty taxes of approximately \$397,000;
- (vii) Project monitor (Altus Group) fees and disbursements of approximately \$367,000;
- (viii) Repairs and maintenance costs (prior to construction recommencement) of approximately \$309,000;
- (ix) Insurance premiums of approximately \$206,000;
- (x) Security costs of approximately \$148,000;
- (xi) Repayment of Terra Firma Motion and Debtors' bankruptcy fees of approximately \$102,000, as authorized by the April 30 Order; and

- (xii) Approximately \$352,000 in other disbursements such as costs incurred for the release of letters of credit, appraisal costs, condominium maintenance fees, winter heating and other utilities, interim property management fees, etc.
75. Total cash on hand as at March 4, 2019 was \$4.9 million. Of this amount, the Construction Receiver has set aside approximately \$1.4 million in holdbacks and reserves⁶, as summarized below:
- a. Holdback of \$173,713.37 for the lien claim of Lido, in respect of the Leslieville Project, as determined pursuant to Court Orders dated May 2, 2017 (Settlement Approval Order), June 26, 2018 and October 11, 2018 (the “Leslieville Holdback Reserve”, defined above);
 - b. Holdback of \$97,928.08 for the lien claim of Lido Construction Inc., in respect of the Beach Project, as determined pursuant to Court Orders dated May 2, 2017 (Settlement Approval Order), June 26, 2018 and October 11, 2018 (the “Beach Holdback Reserve”, defined above);
 - c. Reserve of \$836,656.30 in favour of Travelers representing Travelers’ maximum claim under the Distribution Waterfall.
 - d. Reserve of \$327,460.00 in favour of Tarion representing Tarion’s maximum claim under the Distribution Waterfall.
76. After taking into account the above holdbacks and reserves, the Construction Receiver has approximately \$3.5 million of unrestricted cash available to fund accrued and potential liabilities, future costs and stakeholder distributions.

8.0 RANGE OF POTENTIAL TWELFTH STAGE DISTRIBUTION

77. The Receiver has been requested by certain stakeholders, including Terra Firma and counsel to certain Lien Claimants, to provide an estimate of potential Twelfth Stage Distributions, which as described above would be paid to Terra Firma, Lien Claimants and Opt-In Leslieville Purchasers in accordance with the Settlement Approval Order.
78. Attached as **Appendix “D”** is a projection of the range of possible Twelfth Stage Distributions (“**12th Stage Projection**”), based on high-recovery and low-recovery assumptions regarding future realizations and contingent costs.
79. As discussed in this Eighth Report, there are a number of contingencies with respect to the wind-down of the UC Leslieville estate that have yet to materialize. Examples of these contingencies include the extent to which warranty claims will be made against Tarion, potential additional HST liability, determination of

⁶ Excluding the Park Levy Reserve and the Utility Reserve, each as defined in the Supplemental Report.

Leslieville Project purchase price adjustments, release of Leslieville Project and Beach Project holdback reserves, and final determination of professional and administrative fees.

80. The 12th Stage Projection is being provided for illustrative purposes only, to demonstrate a possible scope of recoveries. The 12th Stage Projection is based on assumptions that the Construction Receiver cannot provide assurances will materialize, and the 12th Stage Projection should not be relied upon as an estimate of actual future distributions, which may be lower or higher than what is reflected in the 12th Stage Projection. Moreover, the 12th Stage Projection does not account for the timing of any distributions, some of which could take years to make depending on how certain long-term contingencies are resolved.

9.0 CONSTRUCTION RECEIVER'S ACTIVITIES

81. In addition to the foregoing, since the Sixth Report, the Construction Receiver has undertaken a variety of activities in pursuing its mandate, including, among other things (i) implementing the Settlement, (ii) conservatory and security measures, (iii) asset review, analysis and realizations, and (iv) court/administrative and regulatory matters, as summarized below.

9.1 *Settlement Implementation*

- a. preparing updated security waterfall scenarios to assist in the overall analysis of the Settlement, including related discussions and meetings with stakeholders;
- b. reviewing construction lien claims and related discussions with counsel and the Vetting Committee regarding Holdback Deficiencies and the process to determine and settle such claims;
- c. preparing the monthly reporting package to key stakeholders required by the Craft Development Contract, including statements of receipts and disbursements, summaries of estimated accrued liabilities, summaries of secured creditor balances and estimated future cash needs, and related discussions with stakeholders;
- d. consulting with CIBC, Terra Firma, Travelers and Craft in respect of numerous construction, marketing and administrative matters;
- e. reviewing monthly reporting prepared by Craft in respect of construction, project development and sales;
- f. reviewing deposit claims made by parties who opted-out of the Settlement;
- g. corresponding with parties who opted-out of the Settlement but had not made a deposit claim;

- h. reviewing various reports prepared by the Altus Group in connection with draw requests received from Craft, including Change Orders and budget revisions and related communication with Terra Firma in respect of funding matters;
- i. preparing Drawdown notices, Solvency Certificates and Project Status Certificates in respect of advance requests under the CIBC Syndicate Construction Loan, as well as arranging for related wire transfers to Craft, and establishing appropriate holdback amounts;
- j. discussing and corresponding with Craft regarding the state of the Leslieville Project, status of letters of credit, status of pre-delivery inspections and deficiency repairs, and other matters on an ongoing basis;
- k. discussions with City representatives in connection with the release of letters of credit, and the status of letters of credit still held;
- l. discussions with Tarion in respect of the logistics of warranty coverage for the Leslieville Project under the Ontario New Home Warranty Program;
- m. discussions with Craft, Altus Group and legal counsel regarding the threshold for the release of holdback monies;
- n. follow up discussions Harris Sheaffer in respect of receiving the UC Riverdale Residual Closing Monies;
- o. review and reimbursement of Terra Firma's costs in respect of the April 30th Order and the Debtors' trustee, MSI Spergel Inc.;
- p. discussions with legal counsel, and review and execution of documentation relating to the registration of the Leslieville Project as TSCC No. 2669 on September 7, 2018;
- q. discussions with legal counsel about distributions to secured creditors on account of pre-filing debt;
- r. discussions with City officials in respect of 2018 supplementary property tax assessments and assignment of Sanitary Discharge Agreement to the Condominium ;
- s. review of payout statements from CIBC, Craft, Travelers and Terra Firma, and arrange for repayment of all Construction Receiver debt obligations as well as other distributions pursuant to the Distribution Waterfall;
- t. discussions with Craft and legal counsel in respect of transferring vacant land on Jones Ave. (adjacent to the Leslieville Project) to Craft (or its nominee), as required under the Craft Development Agreement;

- u. numerous discussions and related correspondence with counsel for Travelers and Tarion, in respect of setting up reserves to cover the maximum possible claims of Travelers and Tarion, such that distributions to Terra Firma could be made in accordance with the Distribution Waterfall;
- v. discussions with CRA regarding the filing of applications for clearance certificates and filing of same; and
- w. discussions with interim board member of the Condominium Corporation, and legal counsel in advance of turnover meeting which was held on January 8, 2019;

9.2 *Conservatory and Security Measures*

- a. discussing with Firstbrook Cassie and Anderson Inc., the Construction Receiver's insurance broker, insurance coverage renewals;
- b. filing an insurance claim in respect of ice storm damage to the Leslieville Project which occurred during the initial occupancy phase in April 2018;
- c. attending the Leslieville Project for periodic site visits;
- d. discussions and correspondence with the interim property manager, First Service Ontario LP ("**First Service**"), regarding safety and security matters, authorized disbursements, sub-metering arrangements with PowerStream, and other matters during the interim occupancy period of March 26, 2018 to September 6, 2018; and
- e. discussions with First Service on transitioning interim property management services on behalf of the Construction Receiver to property management services on behalf of the Condominium Corporation, effective September 7, 2018.

9.3 *Asset Review, Analysis & Realizations*

- a. reviewing Craft's updated marketing plans in respect of the Leslieville Project Excess Parking Units and Bicycle Storage Units, and corresponding with Craft and RE/MAX regarding marketing efforts;
- b. reviewing, commenting on and executing agreements of purchase and sale in respect of the Leslieville Project Excess Parking Units and Bicycle Storage Units;
- c. reviewing and executing MLS forms Confirmation of Co-operation and Representation in respect of Leslieville Project sales;

- d. reviewing, commenting on and executing numerous Leslieville Project purchase and sale amendments;
- e. reviewing and approving extension notices to Leslieville Purchasers in connection with Final Occupancy dates, as recommended by Craft, including related discussions with major stakeholders;
- f. reviewing summaries of interim occupancy closing statements of adjustment from March 2018 to August 2018, and related review of interim occupancy monthly payment calculations prepared by legal counsel;
- g. discussions with Leslieville Purchasers regarding adjustments to the purchase price under the APS, assignment and HST rebate issues;
- h. review, approval and execution of one (1) assignment agreement;
- i. discussions with Tarion in respect of Tarion's enrollment fee to be calculated based on actual purchase price vs. estimated 2011 prices;
- j. correspondence with Leslieville Purchasers regarding upcoming closing and geothermal unit sale;
- k. reviewing final closing statements of adjustment in October 2018, and overall reconciliation of funds received from legal counsel;
- l. reviewing and approving RE/MAX commission invoices for payment out of Real Estate Counsel trust account;
- m. reviewing Craft's marketing/financing plan in respect of the Leslieville Project geothermal system, including meetings and follow up discussions with Craft and its consultant, Innovia Corp.;
- n. review and execution of purchase and sale agreement of the Geothermal Unit to the Condominium Corporation;
- o. review of draft approval and vesting order in respect of the geothermal unit and preparation of report in support of same;
- p. review and provide comments on loan documentation from CoPower Holdings Inc. to finance the sale of the Geothermal Unit to the Condominium Corporation;
- q. reviewing final closing statements of adjustment in March 2019 in respect of the Excess Parking Units and Bicycle Storage Units; and

- r. corresponding with Leslieville Purchasers in respect of New Housing Rebate applications.

9.4 *Court/Administration/Regulatory*

- a. attending Court for various matters in respect of these Receivership Proceedings;
- b. updating the Construction Receiver's webpage as new information becomes available;
- c. responding to creditor enquiries about the status of the Receivership Proceedings;
- d. engaging in discussions with Shibley Righton and Terra Firma regarding the Park Levy dispute;
- e. preparing and filing HST returns in respect of the receivership reporting periods ended June 30, 2018 to February 28, 2019;
- f. discussing and corresponding with CRA concerning delays in receiving post-filing HST refunds;
- g. managing operating costs and expenses of the Receivership Proceedings, including estimating the Construction Receiver's cash requirements, reviewing invoices submitted by contractors and consultants, and preparing statements of receipts & disbursements and commitments;
- h. preparing the Interim Statements of Receiver dated November 20, 2018 pursuant to section 246(2) of the BIA for each of the Debtors and remitting same to the Office of the Superintendent of Bankruptcy and the Debtors' Licensed Insolvency Trustee, MSI Spergel Inc.;
- i. preparing the Construction Receiver's Seventh Report; and
- j. preparing this Eighth Report.

- 82. The Construction Receiver is seeking the Court's approval of the foregoing activities, and those set out in the Seventh Report.

10.0 **FEE APPROVAL**

- 83. Pursuant to the Appointment Order, the Construction Receiver was specifically authorized by the Court to retain counsel to the Syndicate, Gowlings WLG LLP as its counsel (the "**Construction Receiver's Counsel**") to advise and represent it, save and except on matters upon which the Construction Receiver in its judgment determines it requires independent advice, in which case the Construction Receiver

was authorized to and retained Blake, Cassels & Graydon LLP (“**Blakes**”) as its independent counsel (“**Independent Counsel**”). To assist in finalizing the New APS and condominium disclosure documentation and facilitating the closing of the 55 Leslieville Units, the Construction Receiver also retained Real Estate Counsel, Miller Thomson LLP.

84. Pursuant to the Appointment Order, the fees and disbursements of the Construction Receiver and the fees and disbursements of its legal counsel were authorized to be paid on a periodic basis based on the fees and expenses incurred in respect of the Leslieville Project, the Beach Project and the Riverdale Project, and for fees and expenses incurred for the general administration of the Receivership Proceedings.
85. The Construction Receiver most recently sought and received approval of its fees and disbursements and those of the Construction Receiver’s Counsel, and Independent Counsel from April 1, 2017 to April 30, 2018 and approval of the fees and disbursements of Real Estate Counsel from April 1, 2017 to June 2, 2017 (the “**June Fee Approval**”).
86. The Construction Receiver is seeking approval of its fees and those of its counsel in connection with the performance of their duties in the Receivership Proceedings for the period following the June Fee Approval, in the following amounts:
 - a. Construction Receiver in the amount of \$392,314.00, plus HST and disbursements, for the nine (9) month period from May 1, 2018 to January 31, 2019;
 - b. Independent Counsel (Blakes) in the amount of \$136,501.30, plus HST and disbursements, for the nine (9) month period from May 1, 2018 to January 31, 2019; and
 - c. Construction Receiver’s Counsel (Gowlings) in the amount of \$39,679.00, plus HST and disbursements, for the nine (9) month period from May 1, 2018 to January 31, 2019,
87. The Construction Receiver is not seeking approval of Real Estate Counsel’s fees at this time, and will seek such approval at a later appearance.
88. The total fees and disbursements of the Construction Receiver are set out in detail in the affidavit of Douglas McIntosh sworn March 11, 2019 (the “**McIntosh Affidavit**”), a copy of which is attached as Tab “A” to the Construction Receiver’s Compendium of Fee Affidavits, filed together with the Construction Receiver’s Motion Record (the “**Fee Compendium**”). The McIntosh Affidavit sets out a summary which identifies the accounting professionals who worked on the Receivership Proceedings, including rank, hourly rates, total fees and hours

billed. This summary indicates a combined average hourly rate of \$598.04 and 656 of total hours worked.

89. The total fees and disbursements of Independent Counsel are set out in detail in the affidavit of Milly Chow, to be sworn (the “**Chow Affidavit**”), a copy of which will be attached as Tab “B” to the Fee Compendium. The Chow Affidavit sets out a summary which identifies the legal professionals who worked on the Receivership Proceedings, including year of call, hourly rates, total fees and hours billed. This summary indicates a combined average hourly rate of \$563.12 and 242.4 of total hours worked.
90. The total fees and disbursements of the Construction Receiver’s Counsel are set out in detail in the affidavit of Clifton Prophet sworn March 18, 2019 (the “**Prophet Affidavit**”), a copy of which is to attached as Tab “C” to the Fee Compendium. The Prophet Affidavit sets out a summary which identifies the legal professionals who worked on the Receivership Proceedings, including year of call, hourly rates, total fees and hours billed. This summary indicates a combined average hourly rate of \$808.13 and 49.1 of total hours worked.
91. The work done by Blakes and the work done by Gowlings was done in connection with different aspects of the Urbancorp receivership, and in the Construction Receiver’s view there is no overlap or duplication between the Blakes and the Gowlings work.
92. The foregoing professional fees have been reported to secured creditors on an ongoing basis both as part of the Construction Receiver’s monthly update on interim receipts and disbursements and accrued commitments, and as part of the Construction Receiver’s periodic updates to its Distribution Waterfall analysis.
93. The Construction Receiver is of the view that the fees and disbursements incurred by it and its counsel are fair and reasonable. Accordingly, the Construction Receiver respectfully requests this Court’s approval of such fees and disbursements, as more particularly set out in the Fee Affidavits.

11.0 CONCLUSION

94. For the reasons set out in this Eighth Report and in the Supplemental Report, the Construction Receiver requests that this Honourable Court grant the orders, in the form enclosed in the Motion Record of the Construction Receiver, which taken together will have the effect of:
 - a. approving the settlements reached between the Vetting Committee and Lido;
 - b. authorizing and directing the Construction Receiver to pay the applicable Holdback Settlement in respect of the Leslieville Project and the Beach Project from the holdback reserves currently maintained by the

Construction Receiver, and releasing the remainder of such holdback reserves for distribution to creditors in accordance with the Distribution Waterfall;

- c. approving the amount of Lien Claimant entitlements, net of holdback settlements already paid, for the purposes of the Construction Receiver calculating *pari passu* distributions to such Lien Claimants, if any;
- d. permitting Tarion to assess and remediate warrantied defect claims at the Leslieville Project more expeditiously than it is permitted pursuant to prevailing regulations;
- e. authorizing and directing the Construction Receiver to pay certain amounts to Tarion as cash collateral, which would otherwise be payable to Travelers, to be held by Tarion pending the expiry of certain warranty periods;
- f. authorizing the Construction Receiver to disclose certain contact information of the Unrepresented Purchasers (as defined in the Supplemental Report);
- g. granting substituted service on the Unrepresented Purchasers (as defined in the Supplemental Report) by email to the last known email address of such Unrepresented Purchaser, based on the records of Real Estate Counsel;
- h. declaring that the Leslieville Purchase Price Adjustments, excluding the Park Levy, are accurate and binding as between the Construction Receiver and Leslieville Purchasers;
- i. setting a protocol and schedule for the resolution of the pending Shibley Righton Motion;
- j. approving the activities of the Construction Receiver described in the seventh report of the Construction Receiver, dated October 5, 2018 and this Eighth Report;
- k. approving the Interim R&D Statement; and
- l. approving the fees and disbursements of:
 - 1. the Construction Receiver for the nine (9) month period of May 1, 2018 through to and including January 31, 2019;
 - 2. the Construction Receiver's Independent Counsel for the nine (9) month period of May 1, 2018 through to and including January 31, 2019; and

3. the Construction Receiver's Counsel for the nine (9) month period of May 1, 2018 through to and including January 31, 2019.

[Signature on Next Following Page]

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All of which is respectfully submitted, this 18th day of March 2019.

**ALVAREZ & MARSAL CANADA INC. SOLELY IN ITS CAPACITY AS RECEIVER
AND MANAGER AND CONSTRUCTION LIEN TRUSTEE OF THE ASSETS,
UNDERTAKINGS AND PROPERTY OF URBANCORP (LESLIEVILLE)
DEVELOPMENTS INC., URBANCORP (RIVERDALE) DEVELOPMENTS INC., &
URBANCORP (THE BEACH) DEVELOPMENTS INC. AND NOT ITS PERSONAL OR
CORPORATE CAPACITY**

Per:



Douglas R. McIntosh
President

EIGHTH REPORT

APPENDIX A

Urbancorp (Leslieville) Developments Inc.

Summary of Lien claims, holdback payments and Net Claim to be Utilized for Stage 12 distribution, if any
Prepared as at March 13, 2019

	Leslieville Lien Claimants	Total Claim Amount Before Any Holdback Payout	Less Court Authorized Holdback payment (note 1)	Leslieville Lien Claimants' Balance Claims
1	207875 Ontario Ltd (o/a Canadian Rental Centres)	\$37,133.02	\$7,747.55	\$29,385.47
2	Alpa Stairs and Railings Inc.	\$179,860.26	\$64,685.45	\$115,174.81
3	Commercial Two Construction Inc.	\$220,067.21	\$101,700.00	\$118,367.21
4	Emergency Propane Services Inc.	\$12,022.05	\$12,022.05	\$0.00
5	EXP Services Inc.	\$9,377.58	\$1,130.71	\$8,246.87
6	MDF Mechanical Ltd.	\$291,963.55	\$111,122.32	\$180,841.23
7	NG Marin Inc.	\$856,928.72	\$112,124.70	\$744,804.02
8	Silvio Construction Co. Ltd.	\$39,806.77	\$3,980.68	\$35,826.09
9	Sterling Carpet and Tile	\$46,997.53	\$33,287.31	\$13,710.22
10	Uptown Hardware Ltd.	\$72,641.74	\$7,264.17	\$65,377.57
11	Orin Contractors Corp.	\$179,415.75	\$17,941.58	\$161,474.17
12	Roni Excavating Limited	\$33,450.50	\$8,345.05	\$25,105.45
13	Lido Construction Inc.	\$113,206.78	\$58,691.18	\$54,515.60 (Note 1)
Total		\$2,092,871.46	\$540,042.75	\$1,552,828.71

Notes:

- 1 All holdback deficiency payments, other than for Lido, were previously approved by the Court pursuant Orders dated June 26, 2018 and October 11, 2018. Lido's holdback payment is as proposed in Section 3.0 of the Construction Receiver's Eighth Report.

EIGHTH REPORT

APPENDIX B

Urbancorp (The Beach) Developments Inc.

Summary of Lien claims, holdback payments and Net Claim to be Utilized for Stage 12 distribution, if any
Prepared as at March 13, 2019

Beach Lien Claimants		Total Claim Amount Before Any Holdback Payout	Less Court Authorized Holdback payment (note 1)	Beach Lien Claimants' Balance Claims
1	207875 Ontario Ltd (o/a Canadian Rental Centres)	\$73,903.36	\$10,648.46	\$63,254.90
2	Alpa Stairs and Railings Inc.	\$33,083.39	\$29,466.78	\$3,616.61
3	Furkin Construction Inc.	\$116,337.45	\$27,491.46	\$88,845.99
4	NG Marin Inc.	\$646,159.76	\$64,615.98	\$581,543.78
5	Silvio Construction Co. Ltd.	\$35,467.55	\$3,342.76	\$32,124.79
6	Uptown Hardware Ltd.	\$25,456.76	\$2,545.68	\$22,911.08
7	Orin Contractors Corp.	\$181,969.72	\$18,196.97	\$163,772.75
8	Roni Excavating Limited	\$38,749.50	\$3,874.95	\$34,874.55
9	Lido Construction Inc.	\$198,162.75	\$71,811.32	\$126,351.43 (Note 1)
Total:		\$1,349,290.24	\$231,994.36	\$1,117,295.88

Notes:

- 1 All holdback deficiency payments, other than for Lido, were previously approved by the Court pursuant Orders dated June 26, 2018 and October 11, 2018. Lido's holdback payment is as proposed in Section 3.0 of the Construction Receiver's Eighth Report.

EIGHTH REPORT

APPENDIX C

URBANCORP (LESLIEVILLE, THE BEACH, RIVERDALE)
COMBINED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD MAY 31, 2016 TO MARCH 4, 2019

TOTAL (CAD \$)

RECEIPTS:

Receiver Borrowings:

CIBC Syndicate - Receiver Certificates Issued [1]	4,800,000.00
Craft Construction Loan [2]	2,000,000.00
Craft Collateral [3]	535,000.00
CIBC Syndicate Construction Loan [4]	3,950,000.00
Terra Firma Funded Cost Overruns [5]	1,565,502.92
Sub-total - Receiver Borrowings	12,850,502.92

UC Leslieville Asset Realizations:

Proceeds (net of HST) from Sale of UC Leslieville Residential, Parking and Locker Units [6]	45,908,889.39
HST Collected on Sale of UC Leslieville Residential, Parking and Locker Units [6]	5,441,430.89
Interim Occupancy Fee Receipts [7]	1,245,741.99
Proceeds (net of HST) from Sale of UC Leslieville Geo-Thermal Unit [8]	707,964.60
Recovery of UC Leslieville Purchaser Deposits Held by Harris Sheaffer, In Trust [9]	343,482.84
HST collected on Sale of UC Leslieville Geo-Thermal Unit [8]	92,035.40
Collection of Amounts Due to Builder on Closing	4,894.00
Sub-total - UC Leslieville Asset Realizations	53,744,439.11

UC Beach Asset Realizations:

Proceeds from Sale of the Beach Project Lots [10]	4,902,229.72
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UC Riverdale Asset Realizations:

Receipt of UC Riverdale Residual Closing Monies [11]	3,004,495.32
City of Toronto - Tree Security Deposit Refund	2,915.00
Sub-total - UC Riverdale Asset Realizations	3,007,410.32

Other Receipts

HST Refunds Received [12]	1,766,593.20
Deposit Interest & Other Interest	164,365.79
Purchaser Deposit - In Trust (Subsequently Transferred to Miller Thomson Trust Account)	27,000.00
Recovery of Craft Expenses Funded by Receiver	23,998.43
Recovery of Geo-Thermal Finance Fees Funded by Receiver on Behalf of Condo Corp	3,000.00
Sub-total - Other Receipts	1,984,957.42

Total Receipts

76,489,539.49

DISBURSEMENTS:

Construction Related Costs

Amounts Paid to Craft per Construction Budget + Approved Change Orders [13]	(7,703,631.25)
Craft Deferred Management Fee [14]	(1,125,000.00)
Craft Success Fee [14]	(1,000,000.00)
Sub-total - Construction Related Costs	(9,828,631.25)

Repayment of Receiver's Borrowings

CIBC Syndicate - Receiver's Certificate - Principal Repayment [1]	(4,800,000.00)
CIBC Syndicate - Receiver's Certificate - Interest [1]	(563,252.26)
CIBC Syndicate Construction Loan - Principal Repayment [4]	(3,950,000.00)
CIBC Syndicate Construction Loan - Interest [4]	(70,958.22)
CIBC Syndicate Construction Loan - Fees [4]	(200,000.00)
Craft Construction Loan - Principal Repayment [2]	(2,000,000.00)
Craft Construction Loan - Interest [2]	(207,106.96)
Craft Cash Collateral - Principal Repayment [3]	(535,000.00)
Craft Cash Collateral - Interest [3]	(59,414.59)
Terra Firma Funded Cost Overruns - Principal Repayment [5]	(1,565,502.92)
Terra Firma Funded Cost Overruns - Interest [5]	(340,170.51)
Sub-total Repayment of Receiver's Borrowings	(14,291,405.46)

Other Distributions to Stakeholders with Security/Court-Ordered Charges

Court Authorized Lien Payments (UC Beach & UC Leslieville) [15]	(641,534.61)
CIBC Syndicate Loans (Pre-Receivership) - Principal Repayment [16]	(23,717,545.99)
CIBC Syndicate Loans (Pre-Receivership) - Interest [16]	(2,539,191.46)
CIBC Syndicate Cash Collateral re: Letters of Credit (Pre-Receivership) [16]	(164,691.56)
Craft Geothermal Costs - Principal Repayment [17]	(180,820.08)
Craft Geothermal Costs - Interest [17]	(12,915.98)
Travelers secured indebtedness (known claims) [18]	(1,024,204.99)
Tarion, in Lieu of Travelers Bond Draw [19]	(233,900.00)
Terra Firma Loan (Pre-Receivership) [20]	(2,750,000.00)
Sub-total - Other Distributions to Stakeholders with Security/Court-Ordered Charges	(31,264,804.67)

URBANCORP (LESLIEVILLE, THE BEACH, RIVERDALE)
COMBINED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD MAY 31, 2016 TO MARCH 4, 2019

TOTAL (CAD \$)

Other Disbursements

HST Remitted to CRA	(5,419,372.57)
HST Paid to Suppliers	(2,298,742.30)
Legal Fees & Disbursements [21]	(3,152,827.19)
Construction Receiver Fees & Disbursements [22]	(2,502,555.84)
Listing Brokerage Commissions (UC Beach & UC Leslieville)	(934,084.75)
Realty Taxes	(397,269.84)
Altus Group Costs [23]	(369,863.47)
Repairs & Maintenance	(309,476.97)
Insurance	(205,590.00)
Security / Alarm	(148,497.98)
Repayment of Terra Firma Motion & Bankruptcy Fees	(101,795.32)
Latent Defect Testing	(59,199.56)
Toronto Standard Condo Corp No. 2669 - Maintenance Fees	(53,439.83)
Costs Incurred to Release LCs	(46,620.69)
Utilities	(44,198.10)
Winter Heating	(30,250.00)
Appraisal Report Costs	(30,120.00)
Purchaser Deposit - Transferred to Miller Thomson Deposit Trust	(27,000.00)
PST Paid to Suppliers	(15,126.80)
Tarion Enrolment Fees	(13,950.00)
Interim Property Management Fees	(8,820.00)
UTMI Staffing Costs	(8,426.03)
Tax Consultant	(4,987.50)
Geothermal Finance Fee Advance	(3,000.00)
Office Expense	(2,874.98)
Bank Charges	(2,725.42)
Mediation Expense	(1,500.00)
Sub-total - Other Disbursements	(16,192,315.13)
Total Disbursements	(71,577,156.51)
Excess of Receipts over Disbursements (Cash on Hand)	4,912,382.98
HOLDBACKS AND RESERVES:	
Holdback for Liens as per court order - Leslieville [24]	(173,713.37)
Holdback for Liens as per court order - Beach [24]	(97,928.08)
Reserve for Travelers secured debt obligations [25]	(836,656.30)
Reserve for Tarion contingent liabilities [26]	(327,460.00)
Total Holdbacks and Reserves	(1,435,757.75)
Unrestricted Cash on Hand to Fund Accrued and Potential Liabilities, Future Costs and Stakeholder Distributions [27]	3,476,625.23

Urbancorp (Leslieville, The Beach, Riverdale)

Notes to Combined Interim Statement of Receipts and Disbursements

For the period May 31, 2016 to March 4, 2019

- [1] To fund the administration of the estates, the Construction Receiver borrowed from the CIBC Syndicate (by way of Receiver's Certificates) a total of \$4.8 million over the course of the receivership proceedings. Pursuant to Orders dated May 2, 2017 and October 26, 2017, all Receiver's Certificate borrowings were repaid, inclusive of interest, from UC Beach and UC Leslieville asset realizations.
- [2] The Construction Receiver borrowed \$2.0 million from Craft Development Corporation ("Craft") on June 2, 2017 to help fund the completion of the construction of the Leslieville Project. Pursuant to the Settlement Approval Order, the Construction Receiver distributed to Craft approximately \$2.2 million on October 29, 2018 in full repayment of the Craft Construction Loan, inclusive of interest.
- [3] As part of the Craft Development Agreement, Craft provided the Construction Receiver with cash collateral of \$535,000 to support Craft's obligations thereunder. On December 6, 2018, the Construction Receiver returned the cash collateral to Craft, plus interest of approximately \$59,000.
- [4] Following the utilization of the Craft Construction Loan, the Construction Receiver borrowed a further \$3.95 million from the CIBC Syndicate to fund Leslieville Project construction costs. Pursuant to the order of Mr. Justice Myers dated April 30, 2018, the Construction Receiver repaid CIBC Syndicate Construction Loan Obligations consisting of principal, interest, and a deferred commitment fee totaling \$2.89 million. In addition, during the month of August 2018, the Construction Receiver repaid CIBC Syndicate Construction Loan Obligations consisting of principal and interest totaling \$500,000. All remaining principal and interest due under the CIBC Syndicate Construction Loan totaling approximately \$831,000 was repaid on October 22, 2018.
- [5] Pursuant to the Terra Firma Cost Overrun Agreement, the Construction Receiver borrowed a total of \$1.57 million from Terra Firma Capital Corporation ("Terra Firma") in respect of approved Change Orders to the original Leslieville Project construction budget. On December 21, 2018, the Construction Receiver repaid Terra Firma advances in full, plus interest of approximately \$340,000.
- [6] Proceeds of \$45.9 million plus HST of \$5.4 million was collected by the Construction Receiver in respect of UC Leslieville units which closed October 19-25, 2018. The closed units consisted of 55 residential units (with parking), 10 excess parking units and 24 bicycle locker units. One (1) excess parking unit and 11 bicycle locker units remain unsold.
- [7] Interim occupancy of the UC Leslieville project commenced in late March 2018 and continued until the unit closings which took place between October 19-25, 2018.
- [8] The sale of the UC Leslieville Geothermal unit for \$800,000 (inclusive of approximately \$92,000 in HST) to the project condominium corporation, TSCC No. 2669, closed on October 24, 2018.
- [9] Represents Leslieville Purchaser deposits of \$250,000 (plus interest earned) held by Harris Sheaffer LLP pursuant to a Deposit Trust Agreement between UC Leslieville, Travelers and Harris Sheaffer dated May 19, 2011.
- [10] The sale of the UC Beach Project lots for \$4.9 million closed on July 28, 2017.
- [11] Pursuant to the order of Mr. Justice Myers dated April 30, 2018, Harris Sheaffer wired the Construction Receiver funds on May 31, 2018 totaling approximately \$3.0 million (being UC Riverdale Residual Closing Monies, plus accrued interest less bank charges). On June 1, 2018, the Construction Receiver utilized these funds to (i) establish a reserve of approximately \$114,000 to repay Terra Firma's estimated costs related to the motion and the Debtors' bankruptcy proceedings, and (ii) repay \$2.89 million of Syndicate Construction Loan obligations.
- [12] HST refunds relate to input tax credits generated by the Construction Receiver for administrative costs, asset selling costs as well as construction and development costs.

Urbancorp (Leslieville, The Beach, Riverdale)

Notes to Combined Interim Statement of Receipts and Disbursements

For the period May 31, 2016 to March 4, 2019

- [13]** Represents amounts paid to Craft pursuant to the approved construction budget, inclusive of approved change orders, as approved by the Project Monitor, Altus Group. The amounts paid to Craft are inclusive of a \$375,000 Earned Management Fee.
- [14]** In addition to the Earned Management Fee, Craft also earned a Deferred Management Fee of \$1.125 million and a Success Fee of \$1.0 million which were paid to Craft from the Leslieville Project proceeds of sale. As part of its compensation, Craft is also entitled to have a vacant lot located on Jones Ave., adjacent to the Leslieville Project, transferred to it, or its nominee. The Construction Receiver is currently working with Craft's counsel to arrange for the transfer.
- [15]** Pursuant to the Orders (Re: Lien Settlement Approvals, etc.) of Mr. Justice Myers dated June 26, 2018 and Mr. Justice Penny dated October 11, 2018, the Receiver has paid approximately \$160,000 to UC Beach lien claimants and approximately \$481,000 to UC Leslieville lien claimants.
- [16]** Pursuant to the Settlement Approval Order, the Construction Receiver distributed approximately \$26.3 million to the CIBC Syndicate on October 24, 2018 in full repayment of pre-receivership advances, inclusive of interest. Further, approximately \$165,000 was distributed to CIBC pursuant to a cash collateral agreement with the Construction Receiver to deal with outstanding pre-receivership letters of credit plus legal fees.
- [17]** Pursuant to the Settlement Approval Order, the Construction Receiver distributed to Craft Development Corporation approximately \$194,000 for costs incurred in connection with the commissioning of the UC Leslieville geothermal system, inclusive of interest.
- [18]** Travelers' claim consists of (i) depositor claims paid to fourteen (14) "Opt-out" depositors pursuant to Travelers' Excess Condominium Deposit Insurance policy, (ii) a draw down of its bond by Tarion in respect of four (4) depositors, (iii) unpaid bond and insurance policy premiums, (iv) legal fees, and (v) interest.
- [19]** The payment to Tarion of \$233,900 represents ten (10) deposit claims of \$20,000 each, plus Tarion's 15% administration fee and HST. The payment has reduced Travelers' \$1.1 million bond held by Tarion by an equivalent amount.
- [20]** Further to establishing reserves for the payment of the potential further claims of Travelers and Tarion, the Construction Receiver, with the consent of Travelers and Tarion, distributed \$2.5 million to Terra Firma on December 21, 2018 in respect of pre-receivership advances made by Terra Firma to the Debtors. A further \$250,000 was distributed to Terra Firma on January 21, 2019, for total distributions of \$2.75 million.
- [21]** Represents Construction Receiver's Legal Counsel fees & disbursements (Gowlings) incurred up to December 31, 2018, Construction Receiver's Independent Counsel fees & disbursements (Blakes) up to January 31, 2019, Construction Receiver's Real Estate Legal Counsel fees & disbursements (Miller Thomson) up to November 30, 2018, including fees & disbursements in connection with the UC Leslieville unit closings and Debtors' Legal Counsel fees & disbursements (Harris Sheaffer) for transition assistance provided to the Construction Receiver.
- [22]** Represents Construction Receiver fees & disbursements incurred up to January 31, 2019.
- [23]** Represents fees and disbursements of Altus Group, the UC Leslieville construction project monitor, up to January 31, 2019.
- [24]** Represents holdbacks for the lien claims of Lido Construction Inc., in respect of UC Leslieville and UC Beach, as determined pursuant to Court Orders dated May 2, 2017 (Settlement Approval Order), June 26, 2018 and October 11, 2018.
- [25]** Represents a reserve established by the Construction Receiver in favour of Travelers representing Travelers' maximum claim under the Waterfall outlined in the Settlement Approval Order.

Urbancorp (Leslieville, The Beach, Riverdale)

Notes to Combined Interim Statement of Receipts and Disbursements

For the period May 31, 2016 to March 4, 2019

- [26]** Represents a reserve established by the Construction Receiver in favour of Tarion representing Tarion's maximum claim under the Waterfall outlined in the Settlement Approval Order.
- [27]** Unrestricted Cash on Hand includes funds reserved in respect of the Park Levy and the Utility Levy.

EIGHTH REPORT

APPENDIX D

Urbancorp (Leslieville, Beach, Riverdale)

Projected Waterfall Distribution - prepared on March 13, 2019

Caution: In preparing this document, Alvarez & Marsal Canada Inc. ("A&M" or "we") has necessarily relied upon unaudited financial and other information supplied, and representations made to us, by various parties. We have not independently verified the accuracy or completeness of the information or conducted an audit, nor are we providing any other form of assurance thereon. We have not completed procedures recommended by CPA Canada or the AICPA for the examination of a financial forecast. The estimated recoveries and distributions referred to herein are based on assumptions which are not always capable of objective verification or validation. To the extent that actual conditions vary from those projected, the results predicted can be expected to change. Such changes may be material. Accordingly, A&M makes no representation or warranty as to the accuracy, reliability or completeness of the foregoing projections and A&M is not responsible to any party, in any way, for any analysis or projections contained in this document. A&M expressly reserves the right to amend or vary foregoing projections in its sole discretion, including in future reports to Court or stakeholders.

		Projected Realizations		
Line		Low	High	
1	Cash on hand as at March 4, 2019 (per R&D)	\$4,912,383	\$4,912,383	
2	Less: Holdback for Liens as per court order - Leslieville	(173,713)	(173,713)	
3	Less: Holdback for Liens as per court order - Beach	(97,928)	(97,928)	
4	Less: Reserve for Travelers secured debt obligations	(836,656)	(836,656)	
5	Less: Reserve for Taron contingent obligations	(327,460)	(327,460)	
6	Cash Available to fund accrued liabilities, estimated future costs and future stakeholder distributions as at March 4, 2019 (per R&D)	\$3,476,625	\$3,476,625	
7	Projected changes in holdbacks and reserves [1]			
8	Add: Release of holdback for Leslieville liens	\$173,713	\$173,713	
9	Less: Payment of Lido holdback claim (Leslieville) as per settlement outlined in Receiver's 8th Court Report	(58,691)	(58,691)	
10	Add: Release of holdback for Leslieville liens	97,928	97,928	
11	Less: Payment of Lido holdback claim (Beach) as per settlement outlined in Receiver's 8th Court Report	(71,811)	(71,811)	
12	Add: Release of existing Travelers reserve	836,656	836,656	
13	Less: Excess of Travelers' Reserve over Bond [2]	(64,116)	-	
14	Add: Release of existing Taron reserve	327,460	327,460	
15	Less: Funding of Taron cash collateral account [3]	(1,100,000)	(1,100,000)	
16	Sub-total	\$141,139	\$205,255	
17	Other Potential Adjustments to Projected Cash Flow [1]			
18	Less: Craft invoice for Final amounts due under Craft Construction Contract (Hard costs)	(\$240,309)	(\$240,309)	
19	Add: Recovery of HST paid on final payments to Craft (Hard costs)	27,646	27,646	
20	Less: Craft invoice for Final amounts due under Craft Development Contract (Soft Costs)	(8,439)	(8,439)	
21	Add: Recovery of HST paid on final payments to Craft (Soft costs)	971	971	
22	Less: Craft invoice for Cost Overruns - Latent Defects	(36,704)	(36,704)	
23	Add: Recovery of HST paid on final payments to Craft (Cost overruns - Latent defects)	4,223	4,223	
24	Less: Estimated Administrative Accrued Liabilities	(39,550)	(39,550)	
25	Add: Recovery of HST paid on estimated administrative accrued liabilities	4,550	4,550	
26	Less: Estimated Future Administrative Costs until Discharge	(395,435)	(296,584)	
27	Add: Recovery of HST paid on estimated future administrative	45,493	34,120	
28	Add: HST refunds for the months of December 2018 to February 2019	420,559	420,559	
29	Add: Sale of 1 excess parking unit, and 4 bicycle storage units, net of closing costs (closing mid-March, 2019)	20,800	20,800	
30	Less: Remittance of HST on sale of remaining parking and bicycle storage units	(2,393)	(2,393)	
31	Add: Potential sale of remaining 7 bicycle storage units, net of closing costs	-	9,800	
32	Less: Remittance of HST on potential sale of remaining 7 bicycle storage units	-	(1,127)	
33	Add: Potential Recovery from CIBC / City of Toronto Cash Collateral [4]	-	149,270	
34	Add: Potential recovery on Insurance claim [5]	75,344	75,344	
35	Add: Potential Recovery on Taron Cash Collateral account [3]	-	1,025,000	
36	Less: Park Levy reimbursement claim (under dispute)	(700,000)	-	
37	Add: Recovery of HST on Park Levy reimbursement claim (under dispute)	76,545	-	
38	Sub-total	(\$746,701)	\$1,147,177	
39	Projected Cash available for Combined Stage 11 and 12 distributions	\$ 2,871,063	\$ 4,829,057	
40	Less: Distribution required for Terra Firma to achieve \$6.5 million cap under Stage 11 [6]	(3,750,000)	(3,750,000)	
41	Projected Potential Amount of Cash available for Stage 12 distribution only	\$0	\$1,079,057	
42	Terra Firma	50%	\$0	\$539,529
43	Leslieville Opt-In Purchasers / Lien Claimants	50%	\$0	\$539,529

See notes on next page

NOTES:

- 1 This analysis assumes that all Court orders sought by the Construction Receiver and described in the 8th Report and the Supplemental Report will be granted and that no unforeseen liabilities or claims are made by any party. The low-end of the analysis assumes that the Park Levy reimbursement claim (under dispute) will have to be paid to Leslieville Purchasers, while the high-end assumes that no payment will be required. Although the Construction Receiver does not believe that any amounts are due to Canada Revenue Agency ("CRA") for HST, we caution that CRA has not conducted an audit of the Construction Receiver's HST accounts nor have clearance certificates been issued. Further, City of Toronto (the "City") has claimed that the Construction Receiver owes the City approximately \$101,000 in supplementary 2018 property taxes for the Leslieville Project. The Construction Receiver believes that such supplementary taxes are owed by the Leslieville Purchasers and has advised the City of such. An apportionment application has been filed by the Construction Receiver and is scheduled to be heard on April 23, 2019. Should it be determined that CRA, the City, the Leslieville Purchasers or any other party, has a valid claim against the Construction Receiver or the Debtors' estates which is not reflected in this analysis, then the analysis will change and the change may be material.
- 2 As at March 4, 2019, all claims under Travelers' Excess Condominium Deposit Insurance policy have been paid in full by Travelers. Further, Tarion has drawn \$327,460 on the bond issued by Travelers in respect of fourteen (14) Opt-out depositors. The amount remaining on the Tarion bond is \$772,540.00. Travelers has been reimbursed in full by the Receiver pursuant to the Waterfall outlined in the Settlement Approval Order. The low end of estimated realizations assumes that all of the excess reserve will be utilized by Travelers to cover legal and other costs. The high end assumes that the excess reserve will not be utilized by Travelers and will be available for distribution to the other stakeholders.
- 3 Tarion's cash collateral is assumed to be \$1,100,000 relating solely to warranty coverage. The low end of the analysis assumes that all of cash collateral will be utilized by Tarion. The high-end assumes that the cash collateral will be used to fund \$75,000 in warranty claims with the remainder returned to the Construction Receiver.
- 4 Pursuant to the Cash Collateral Letter Agreement dated October 24, 2018 between CIBC and the Construction Receiver, CIBC is currently holding \$33,766.05 in a cash collateral account to cover the outstanding principal of one LC issued by CIBC on behalf of the Debtors, LC fees and related legal fees and disbursements. Further, the City has drawn on one LC and is currently holding \$115,504.35 in cash in support of certain obligations of the UC Riverdale in respect of a Sanitary Discharge Agreement with the City. The low end of the analysis assumes that there will be no recoveries from the CIBC/City cash collateral, while the high end assumes that all of the cash collateral on hand (held by either CIBC or the City) will be returned to the Construction Receiver.
- 5 The Construction Receiver has filed an insurance claim for \$125,343.50 plus HST with its insurer related to certain damage caused by an ice storm back in April 2018. The Construction Receiver's insurance policy has a deductible of \$50,000. The Receiver has been advised by the insurer that it will be paying the full claim amount (excluding HST) less the \$50,000 deductible, or \$75,343.50.
- 6 To date, the Construction Receiver has distributed \$2,750,000 in respect of Terra Firm's pre-receivership debt. A further distribution of \$3,750,000 is required to achieve the \$6.5 million threshold outlined in the Settlement Approval Order.