

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 2055226 ONTARIO INC., ALLIANCE (SUTTON) INC. BERKSTAR
DEVELOPMENT INC., and ROSE OPERATING I GP INC.

MARSHALLZEHR GROUP INC.

Applicant

- and -

**2055226 ONTARIO INC., ALLIANCE (SUTTON) INC., BERKSTAR DEVELOPMENT INC.,
ROSE SUTTON LIMITED PARTNERSHIP and ROSE OPERATING I GP INC.**

Respondents

**AFFIDAVIT OF ALEX TROOP
(Sworn August 17, 2026)**

August 17, 2026

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Lawyers for Alliance Homes Ltd.

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**AFFIDAVIT OF ALEX TROOP
(Sworn August 17, 2026)**

I, ALEX TROOP, of the Township of Essa, MAKE OATH AND SAY:

1. I am the President and a director of Alliance Homes Ltd. ("**Alliance Homes**"), the president and a director of the Respondent, Alliance (Sutton) Inc., and the president and a director of the Respondent, 2055226 Ontario Inc. ("**205**"), and therefore have knowledge of the matters I refer to in this affidavit. Where this affidavit is made on information and belief, I have stated the source of that information and believe it to be true.

2. I make this affidavit to outline the reasons why, in my view, it is important that restructuring steps be taken quickly for 205 and the development project that it owns as bare trustee for the

remaining Respondents, including Alliance (Sutton) Inc. which is the vehicle through which I indirectly own a one third interest in that development.

3. There are several reasons I have that belief, which I will briefly summarize:

- a) Lack of funds: 205's available funds are very limited. Its business is to develop, build and sell the development lands at what is called the Hedge Road Landing project located on the south shore of Lake Simcoe. 205 has unfortunately been seriously impacted by the downturn in the GTA real estate market, demonstrated both by reduction in land values and a reduction in new home sales. 205 has not sold a new home since January of 2025, which has impacted cash flow and the ability to pay for construction of units already under contract to be sold. As a result, 205's last closing of a house sale was on March 31, 2026. Since then, multiple construction liens have been registered by trades who performed work for 205.
- b) Halt to development and construction: As a result of the lack of funds, 205 has been effectively forced to stop its development and construction efforts at the project. Alliance Homes is the construction manager under a co-ownership agreement among the beneficial owners of 205 and the project, and as a result I am only too aware of the work that is, and is not, being done. The stoppage has to my knowledge become obvious to persons outside the development group, which I know includes existing purchasers of units because I have received inquiries from them about why work appears to have stopped.
- c) Regulatory issues for 205: 205 has to my knowledge been compliant with its obligations under the Tarion warranty program and related regime for dealing with purchasers, including providing notices to purchasers about the intended closing dates and any extensions that apply to that, as well as dealing with after sales service and warranty

obligations. Some purchasers have nonetheless made complaints to the Home Construction Regulatory Authority (“**HCRA**”) regarding what they perceive as a lack of construction and their belief that the development has run out of funding. I have been corresponding with HCRA on behalf of 205 regarding that issue for several weeks now. The HCRA review of the complaints it is processing is, as far as I know, not complete because I am not able to fully answer those questions without the possibility of prejudicial action being taken by a regulator that could impact the ability to resolve these issues through a restructuring process, including through further construction, sales of homes and closings. For similar reasons, I am concerned that Tarion could also take steps, including possibly suspending 205’s ability to sell and build new homes with Tarion warranty coverage or altering the terms on which Tarion would agree to provide continued warranty coverage when Tarion currently has no specific collateral that has been pledged in that regard.

- d) Regulatory issues for Alliance Homes: Alliance Homes is the construction manager for 205 and exists as the “umbrella registrant” for HCRA and Tarion, which is why 205 was able to itself get registrations for the Hedge Road Landing project. It is for that reason that I am concerned that a regulatory impasse or problem with either HCRA or with Tarion may not be limited to 205, and could end up flowing over into Alliance Homes’ other registrations and projects. That could end up negatively impacting Alliance Homes.
- e) New lending is necessary: 205 has been unable to itself secure access to funds in order to meaningfully continue the project. 205, through myself and Martie Simon of Rose Corp., which is a company holding an indirect owner of a one third interest in 205, has an interest, have been in discussions with MarshallZehr Group Inc. as the administrator of the mortgages registered against the project since at least April. Without getting into discussion that could involve settlement privilege, it has been made clear to me that new

funds will not be advanced without a restructuring proceeding in order to, among other things, deal with the registration of liens on title and the possibility of further such claims.

- f) Impasse for 205 and for me personally: I should note that I have been personally advancing approximately \$600,000 funds to 205 in order to attempt to finish the work on four houses that were approximately 90% complete so that all work would not completely cease at the project. I have no real ability to advance further funds in any meaningful way, and I am also concerned that if I were to do so it would be both a drop in the bucket compared to what 205 really needs and would also not really address the overall problems that 205 faces. I believe that the best interests of 205 and the people who purchased homes will be served by entering a restructuring proceeding and addressing the underlying debt load and non-performance issues under the existing loans.

- g) Impediment to unit closings: 205 is presently attempting to complete the four units noted above in order to get to closings, which would generate some income for the project and, in a practical sense, 205's lenders. I believe that making some progress like that will be beneficial for 205, because it will demonstrate to its lenders that sales can be achieved and will demonstrate to purchasers that units are now being delivered again. I note that such closings will be under agreements of purchase and sale that were entered into years ago, but which I believe are financially prudent for 205 compared with what could be obtained if units were sold on the open market along with the time it would take to do so. Sales have been slow recently, and in my view part of a viable path forward for 205 and its stakeholders is to deliver on units already under contract so that there is activity and revenue. Closings are problematic at present because of the proliferation of construction liens. While bonding and motions to vacate liens is possible, that all involves expenses that 205 cannot pay. Further, if 205 is going to have to undergo a restructuring at some point anyhow, then I believe that any such expenses would be wasted because I am

advised by counsel for Alliance Homes, Brendan Bissell, that once a restructuring starts it may be possible to address liens through one or more court orders that permit closings. Paying for things that would later not be necessary is not an expense that 205 can afford. I believe that the sooner that 205 can get to the position of being able to close unit sales, the better.

SWORN by Alex Troop of the Township of Essa, before me at the City of Toronto, in the Province of Ontario, on August 17, 2026 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

R. B. Bissell

Commissioner for Taking Affidavits
(or as may be)

R. Brendan Bissell

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Alex Troop

Alex Troop (Aug 17, 2026 21:45:22 EDT)

ALEX TROOP

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Court File No CL-00000362-0000

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Proceeding Commenced at
Toronto

**AFFIDAVIT OF ALEX TROOP
(sworn August 17, 2026)**

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Lawyers for Alliance Homes Ltd.

Affidavit Form 4D

Final Audit Report

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