Court File No.: CL-26-00000362-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC. 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., ROSE SUTTON LIMITED PARTNERSHIP 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

FIRST REPORT OF BDO CANADA LIMITED IN ITS CAPACITY AS MONITOR

AUGUST 27, 2026

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CONFIDENTIAL APPENDIX

INTRODUCTION

1. On August 24, 2026 (the "**Filing Date**"), upon application (the "**CCAA Application**") by MarshallZehr Group Inc. ("**MarshallZehr**" or the "**Applicant**") in its capacity as senior secured lender and mortgage administrator in respect of the Property, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**Initial Order**") granting protections for the Respondents from their creditors under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"). The protections granted under the Initial Order were also extended to Rose Sutton Limited Partnership ("**Rose Sutton LP**" and together with the Respondents, the "**CCAA Parties**"). Pursuant to the Initial Order, BDO Canada Limited ("**BDO"**) was appointed as monitor in these proceedings (in such capacity, the "**Monitor**"). A copy of the Initial Order is attached as **Appendix "A"** hereto.

2. Among other things, pursuant to the Initial Order the Court granted:

    a) an initial stay of proceedings (the "**Stay of Proceedings**") in favour of CCAA Parties, along with Alliance Homes Inc. ("**Alliance Homes**"), in its capacity as construction manager (in such capacity, the "**Construction Manager**") until and including September 3, 2026;

    b) the appointment of the Monitor and expanded powers of the Monitor during the CCAA proceedings (the "**CCAA Proceedings**");

    c) a charge over the CCAA Parties' property (the "**Property**") to stand as security for payment by the CCAA Parties of the professional fees and disbursements of the Applicant's legal counsel, the Monitor and its independent legal counsel, in an aggregate amount not to exceed $500,000, (the "**Administration Charge**");

    d) a charge over the Property to stand as security for loan advances to be made by MarshallZehr (the "**DIP Lender**") under a credit facility (the "**DIP Facility**") in an initial amount not to exceed of the principal amount of $800,000 (plus interest, fees and costs, the "**DIP Charge**");

    e) a charge over the Property to stand as security for the CCAA Parties' obligations to indemnify the directors from any liabilities they may incur in such capacity from and after the commencement of the CCAA Proceedings, up to a maximum amount of $325,000 (the "**Directors' Charge**"); and

    f) the Monitor certain enhanced powers necessary to preserve, protect and exercise control over the CCAA Parties' Property and business (the "**Monitor's Enhanced Powers**").

3. The comeback motion is scheduled to be heard on August 28, 2026 (the "**Comeback Hearing**").

PURPOSE OF REPORT

4. The purpose of this first report of the Monitor (the "**First Report**") is to provide information to the Court with respect to:

    a) the activities of the Monitor since the granting of the Initial Order;

    b) confirmation of the amount of the Directors' Charge (as defined in the Initial Order);

    c) the Monitor's outline for collection of sales proceeds from Phase 1 Unit sales including remittance of HST collected thereon;

    d) the amended and restated initial order (the "**ARIO**") sought by the Applicant, including, among other things the following relief:

        i. an extension of the Stay of Proceedings until and including to November 13, 2026;

        ii. an increase in the Administration Charge up to the maximum amount of $650,000

        iii. an increase in the DIP Charge to the maximum principal amount of $2,000,000 (plus interest, fees and expenses); and

        iv. the addition of certain additional expanded powers (as discussed in more detail below).

    e) the Applicant's proposed unit sales order (the "**Unit Sales Order**") for, among other things:

        i. authorization of the Monitor to sell, convey, transfer, lease or assign the Phase 1 Units (as defined below) without approval of the court in respect of any transaction not exceeding $1,100,000 excluding HST and extras (the "**Permitted Transactions**");

        ii. approval of a form of Vesting Order to be completed by the Monitor for the Permitted Transactions and submitted to the Court for signature, which will convey the Phase 1 Unit Sales to the purchasers free and clear of any mortgages, charges, liens or other encumbrances; and

        iii. a sealing of the Confidential Appendices attached hereto, pending completion of all of the Phase 1 Unit Sales, or further order of this Court, as it contains sensitive pricing information that could adversely affect any further sales process; and

DISCLAIMER AND TERMS OF REFERENCE

5. In preparing this First Report, BDO has relied solely on information and documents provided to it by the CCAA Parties, Alliance Homes and MarshallZehr, and their respective advisors, including

unaudited, draft and/or internal financial information, financial projections prepared by 205 Ontario, discussions with representatives or advisors of the CCAA Parties, Alliance Homes and MarshallZehr including Alex Troop ("**Troop**"), Martie Simon and Sean Atkinson and the affidavit of Mr. Sean Atkinson sworn August 17, 2026 (the "**First Atkinson Affidavit**"), the affidavit of Sean Atkinson ("**Atkinson**") sworn August 26, 2026 (the "**Second Atkinson Affidavit**" and together with the First Atkinson Affidavit, the "**Atkinson Affidavits**") and the counsel to MarshallZehr (the "**Information**").

6. Except as otherwise described in this First Report:

    a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in any manner that would wholly or partially comply with the Canadian Auditing Standards ("**CAS**") pursuant to the *Chartered Professional Accountant of Canada Handbook*, as such, BDO expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and

    b) the Monitor has not conducted an examination or review of any financial forecasts in a manner that would comply with the procedures described in the *Chartered Professional Accountant of Canada Handbook*.

7. Future oriented financial information referred to in this First Report was prepared based on the estimates and assumptions provided by Troop and Atkinson. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.

8. Unless otherwise indicated, the Monitor's understanding of the factual matters expressed in this First Report concerning the CCAA Parties is based on the Information, and not independent factual determinations made by the Monitor.

9. The Initial Order and all other material documents pertaining to the CCAA Proceedings are available on Monitor's website at www.bdo.ca/2055226_Ontario (the "**Monitor's Website**"). In addition, BDO has arranged for an email address HedgeRoad@bdo.ca (the "**Dedicated Email**") through which creditors of the CCAA Parties or other interested parties can make inquires related to the CCAA Proceedings.

10. Terms not defined herein shall have the definitions ascribed in the Pre-Filing Report, Initial Order or the Atkinson Affidavits.

11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

BACKGROUND

12. This First Report should be read in conjunction with the Atkinson Affidavits and the Pre-Filing Report which can be found on the Monitor's Website and contain background information with respect to the CCAA Parties' business and operations as well as matters leading up to the commencement of these CCAA Proceedings.

INITIAL ACTIVITIES OF THE MONITOR

13. Since the commencement of these CCAA Proceedings, the Monitor has:

    a) established the Monitor's Website and Dedicated Email;

    b) undertaken the necessary steps to prepare a notice containing information regarding the CCAA Proceedings (the "**Notice to Creditors**"), based on the contact information of known creditors with claims against the CCAA Parties in excess of $1,000, as provided by the CCAA Parties. A copy of the Notice to Creditors will be posted on the Monitor's website once it has been sent to the creditors;

    c) filed the statutory Forms 1 and 2 containing certain prescribed information regarding the CCAA Proceedings with the Office of the Superintendent of Bankruptcy;

    d) reviewed the terms of the Initial Order with Mr. Troop as they relate to the administration of pre-filing and post-filing payment obligations;

    e) assisted the CCAA Parties with the preparation of stakeholder communications;

    f) caused a notice in respect of these CCAA Proceedings to be published in the Globe & Mail;

    g) engaged in discussions with listing brokers interested in submitting listing proposals in respect of the potential sale of the Project;

    h) engaged in various discussions with the Applicant's counsel and the Monitor's counsel with regards to the CCAA Proceedings;

    i) opened dedicated bank accounts in the name of the Monitor for the purposes of these CCAA Proceedings (the "**Monitor's Bank Accounts**");

    j) created a monitoring protocol to allow the Monitor to review and report on the CCAA Parties' weekly cash receipts and disbursements;

    k) executed the DIP Term Sheet, by and on behalf of the CCAA Parties and requested the Initial Advance;

l) discussed with the Construction Manager the status of Phase 1 Units (defined below), the remaining work to be done and estimated dates of completion;

m) worked with the Troop and Atkinson to update the Amended Cash Flow Forecast (defined below) based on additional information relating to the construction and sale of Phase 1 Units and the estimated timing of same, subject to the granting of the Unit Sales Order; and

n) prepared this First Report.

PHASE 1 UNIT SALES

13. As set out in the Atkinson Affidavits, one of the intended purposes of the CCAA Proceedings is to allow construction on Phase 1 of the Project to resume. As set out in the Atkinson Affidavits, to date, 76 units on Phase 1 have been completed and sold to purchaser, while the remainder were pre-construction or mid-construction including four (4) homes which 205 Ontario estimated would be completed within the next 30 days and six (6) further homes, which are expected to be completed within the next 60-90 days (the "**Phase 1 Units**").

14. The Phase 1 Units that are expected to be sold under the Unit Sales Order are as follows:

No.	Lot	PIN
1	Lot 2	PIN: 30064-0002 (LT)
2	Lot 3	PIN: 30064-0003 (LT)
3	Lot 6	PIN: 30064-0006 (LT)
4	Lot 14	PIN: 30064-0014 (LT)
5	Lot 18	PIN: 30064-0018 (LT)
6	Lot 35	PIN: 30064-0035 (LT)
7	Lot 36	PIN: 30064-0036 (LT)
8	Lot 39	PIN: 30064-0039 (LT)
9	Lot 104	PIN: 30064-0104 (LT)
10	Lot 118	PIN: 30064-0118(LT)

15. All of the Phase 1 Units are subject to existing agreements of purchase and sale (the "**Existing APAs**"). Redacted copies of the Existing APAs have been attached to the Second Atkinson Affidavit. Unredacted copies of the Existing APAs are attached as **Confidential Appendix "1"**.

16. The Phase 1 APAs are all on substantially similar forms which, together with amendments which in some instances include adjustments of purchase price and options for upgrades, provide the conveyance of the Phase 1 Units to the intended purchasers. It is expected that 205 Ontario, as vendor and as authorized by the Monitor by virtue of its Expanded Powers, will complete the transactions as and when the Phase 1 Units are complete.

17. The sale of the Phase 1 Units is within the ordinary course of business for the CCAA Parties. The Vesting Orders are required in order to efficiently address encumbrances on title and complete the transactions. Given request for Vesting Orders to be issued as and when such sales are ready to be closed, the Monitor has considered the appropriateness of the granting of such relief through the lens of the statutory requirements of the CCAA and applicable caselaw.

18. In that regard, the Monitor and the Applicant received an opinion as to value from Daniel Foch of Valery Real Estate Inc., who the Monitor understands has experience selling homes of similar nature in this geographical area. A copy of Mr. Foch's CV is attached as **Appendix "B"**. A copy of the broker opinion (the "**Broker Opinion**") received from Mr. Foch is attached as **Confidential Appendix "2"**. The Broker Opinion provides an opinion as to value of certain of Phase 1 Units including those that are subject to the Unit Sales Order. The Broker Opinion suggests value of the Phase 1 Units could have potential upwards variance of approximately 5% to 10%. However, the assessment of potential value is subject to a number of assumptions including staged listings over a period of 6 to 12 months. The Broker Opinion further does not take into consideration any negative stigma associated with the CCAA Proceedings, the cost to carry the homes for the staged listing period suggested, the cost and litigation risk in disclaiming the Existing APAs.

19. In considering the appropriateness of the relief sought in this regard, the Monitor has considered the following:

    a. While the Broker Opinion suggests a potential positive variance in potential value if re-marketed over a period of 6-12 months, the other risks and assumptions set out in the Broker Opinion along with the additional cost of retaining the Phase 1 Units, when weighed against the hypothetical upside, does not suggest any material additional value is likely to be attained by re-marketing the Phase 1 Units subject to the Existing APAs;

    b. The closing of the Phase 1 Unit homes will generate cash proceeds which revenue will reduce carrying costs of partially completed units, be available for payment of post-filing services and reduce outstanding debt within the CCAA Proceedings;

    c. If closings under the Existing APAs did not occur, the Monitor would likely have to seek direction as to the disclaimer of those agreements and re-market the homes, which is not guaranteed to generate any better outcome particularly given current market conditions and once the additional professional cost, agent's commissions and delay in proceeds generation is considered;

d. The closings of the Phase 1 Unit homes under the Existing APAs is supported by the Applicant; and

e. If such closings do not occur, under the current Amended Cash Flow Forecast (defined below), the CCAA Parties will not have sufficient funds to fund their obligations as they come due during the proposed stay extension period.

20. The proposed Unit Sales Order provides a mechanism for the issuance of Vesting Orders in connection with the closing of the Phase 1 Units. Under the Units Sales Order:

a. the Monitor would be empowered to authorize and direct the CCAA Parties including 205 Ontario to sell, convey, transfer, or assign individual Phase 1 Units without Court approval for those transactions not exceeding $1,100,000 excluding HST and extras; and

b. a form of Vesting Order would be approved, which form of Order would be completed by the Monitor for each Phase 1 Unit sale transaction and submitted to the Court for signature (over the counter), which will convey the Phase 1 Unit(s) to the purchaser free and clear of any mortgages, charges, liens or other encumbrances.

21. The Monitor believes the proposed Unit Sales Order provides a cost-efficient mechanism for the allowance of Vesting Orders to be issued without the requirement for the need to return to Court on multiple motions. Each of the Phase 1 Units falls under the proposed $1.1 million (excluding HST and extras) threshold.

22. The Applicant is seeking an Order sealing the Confidential Appendices pending the completion of the sales of the Phase 1 Units. The redacted information includes commercially sensitive market information as well as purchase price and deposit information regarding the Existing APAs. In the event that such transactions do not close and the Phase 1 Units need to be re-marketed, the prior disclosure could negatively impact the Monitor or the CCAA Parties' ability to re-market the units.

Proposed Closing Process and Treatment of Proceeds

23. In connection with the closing of the proposed completion of the sales of the Phase 1 Unit sales, the Monitor expects that it will collect the gross proceeds of sale (subject to any closing adjustments) which proceeds will be deposited in the Monitor's Bank Accounts and will be

accounted for and tracked by the Monitor. As set out below, collected HST will be deposited into a segregated Monitor's Bank Account.

24. HST collected on the Phase 1 Unit sales will be remitted by the Monitor in the ordinary course. 205 Ontario remits HST on a monthly basis.

25. It is expected that net proceeds of sale after closing costs and HST will be used, first, to repay outstanding amounts under the DIP Facility and for the CCAA Parties to operate during these CCAA Proceedings and, subsequently, be subject to further Order of the Court on distribution.

AMENDED CASH FLOW FORECAST

26. The Monitor (in accordance with the Monitor's Enhanced Powers) with the assistance of Troop and Atkinson has prepared an amended cash flow (the "**Amended Cash Flow Forecast**"), on a weekly basis for the period August 24, 2026, to November 22, 2026 (the "**Forecast Period**), for the purposes of projecting the Respondents' liquidity needs during the Forecast Period. The Amended Cash Flow Forecast was prepared using the probable and hypothetical assumptions set out in the notes to the Amended Cash Flow Forecast. A copy of the Amended Cash Flow Forecast together with accompanying notes and a report containing the prescribed representations regarding the preparation of the Amended Cash Flow Forecast are attached hereto as **Appendix "C"**.

27. The Amended Cash Flow predominately reflects scheduling changes in the lot sale closings during the Forecast Period is set out below (the "**Scheduling Changes**").

No.	Tranche	Amended Cash Flow Forecast	Cash Flow Forecast
1	Wave 1	Lot 35	Lot 35
2	Wave 1	Lot 36	Lot 36
3	Wave 1	Lot 39	Lot 39
4	Wave 1	Lot 118	Lot 118
5	Wave 2	Lot 2	Lot 96
6	Wave 2	Lot 3	Lot 108
7	Wave 2	Lot 6	Lot 6
8	Wave 2	Lot 14	Lot 109
9	Wave 2	Lot 18	Lot 111
10	Wave 2	Lot 104	Lot 115

28. The impact to the cash flow forecast as a result of the Scheduling Changes is summarized in the table below.

	13-Week Amended	13-Week Pre-Filing
Cash Receipts:		
Proceeds from house sales (excl HST)	$ 6,497,444	5,609,523
HST collected	715,178	-
Total Cash Receipts	**7,212,622**	**5,609,523**
Cash Disbursements:		
Construction costs (incl HST)	4,182,533	2,339,462
Professional fees	1,610,000	1,610,000
HST to be paid on eligible costs		513,430
HST to be remitted to CRA	715,178	-
Total Cash Disbursements	**6,507,711**	**4,462,892**
Net Cash Flow:	**704,911**	**1,146,631**
Opening Cash Balance	-	-
Cummulative DIP funding advance	3,750,000	2,800,000
Cummulative DIP repayment	(3,806,746)	(2,800,000)
Ending Cash Balance	**$ 648,164**	**1,146,631**

29. The Amended Cash Flow Forecast indicates that the Respondents will experience net negative cash flow of approximately $571,000 over the first 11 weeks of Forecast Period. However, due to the anticipated closing of homes during weeks 12 and 13, the cash flow, over the Forecast Period is net positive. The foregoing is based upon:

a) forecasted receipts of $7,212,622 from the sale closings of 10 homes during the Cash Flow Period. The cash receipts during the first 11 weeks are not sufficient to fund the anticipated costs to be incurred during the Forecast Period;

b) forecast disbursements of $4,182,533 relate primarily to direct construction costs including materials, subcontractors and HST;

c) restructuring costs are forecast to be approximately $1,610,000 during the Forecast Period and include both pre-filing and post-filing amounts for the Applicant’s legal counsel and the Monitor and its legal counsel; and

d) HST collected and payable to Canada Revenue Agency from anticipated lot sale closings of $715,178.

30. Based on the Amended Cash Flow Forecast, and subject to the assumptions contained therein, the Respondents forecast that they will need interim financing of up to $2.0 million to fund operations during the CCAA Proceedings, all of which will be repaid by the end of the Forecast Period. Without access to the full $2.0 million contemplated under the DIP Facility, the Respondents will not have sufficient liquidity to pay cost during the CCAA Proceedings.

31. Pursuant to subsection 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 9 "Cash-Flow Statement", the Monitor hereby reports as follows:

    e) the Amended Cash Flow Forecast has been prepared by the Monitor (in accordance with its Enhanced Powers) with the assistance of Troop and Atkinson, for the purpose described in the Amended Cash Flow Forecast's accompanying notes using probable and hypothetical assumptions set out in notes 1 to 7.

    f) the Monitor's review of the Amended Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied by Troop and Atkinson. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Amended Cash Flow Forecast. The Monitor has also reviewed the support, as applicable, for the probable assumptions, and the preparation and presentation of the Amended Cash Flow Forecast.

    g) based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

        i. the hypothetical assumptions are not consistent with the purpose of the Amended Cash Flow Forecast;

        ii. as at the date of this First Report, the probable assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Amended Cash Flow Forecast, given the hypothetical assumptions; or,

        iii. the Amended Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

32. Since the Amended Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the results shown in the Amended Cash Flow Forecast will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the Amended Cash Flow Forecast or relied upon in preparing the Amended Cash Flow Forecast.

33. The Amended Cash Flow Forecast has been prepared solely for the purpose described in the notes accompanying the Amended Cash Flow Forecast and readers are cautioned that it may not be appropriate for other purposes.

ARIO

Extension of the Stay

34. The Applicant is seeking an extension of the Stay of Proceedings to November 13, 2026. As set out above, subject to the increase in the borrowing limit under the DIP Facility and closing of the Phase 1 Units, the CCAA Parties are expected to have sufficient funds to meet their liabilities as they come due. Since the granting of the Initial Order, and with the supervision of the Monitor pursuant to the Initial Order, the CCAA Parties have been and continue to act in good faith and with due diligence.

35. The extension of the Stay of Proceedings will facilitate the stated purpose of these proceedings which will include, among other things, completion of the Phase 1 Units, call for claims against the CCAA Parties and a sale process for the remainder of the Property.

36. The Monitor does not believe that the extension of the Stay of Proceedings will unduly prejudice any stakeholder of the CCAA Parties.

Administration Charge

37. The Applicant is seeking to increase the maximum amount secured by the Administration Charge from $500,000 to a maximum of $650,000.

38. As set out in the Pre-filing Report, the professionals subject to the Administration Charge have incurred and continue to incur professional fees in the preparation for and carrying out of the CCAA Proceedings. The Monitor is of the view that based on, among other things, the Amended Cash Flow Forecast, the complexity of these CCAA Proceedings, the work completed to date and the work anticipated to be required during the CCAA period, the increased quantum of the Administration Charge is necessary and appropriate to protect the professionals assisting with CCAA Parties throughout the CCAA Proceedings.

Directors' and Officers' Charge

39. Although not formally part of the relief requested in the initial application, at the request of Sam Reisman, one of the directors of 205 Ontario and Rose GP, the Applicant agreed to include a Directors' Charge for the benefit of the directors and officers of the CCAA Parties during the CCAA Proceedings.

40. The Directors' Charge of $325,000 provided for in the Initial Order was based on the HST projected to be calculated from proceeds of sale of the completion and closing of the next four (4) Phase 1 Units. As set out above, the Monitor has been advised by Troop that HST is remitted monthly.

41. Following the Initial Order, the Monitor worked with Troop and Atkinson and the Applicant to update the cash flow (as reflected in the Amended Cash Flow Forecast). Based on the Amended Cash Flow Forecast, the new proposed amount of the Directors' Charge is $450,000.

42. The amount of the proposed Directors' Charge was calculated based on the projected maximum expected amount of HST collected in any remittance period. As set out above, the Monitor has opened a dedicated Monitor Bank Account for HST and the Monitor will collect HST on closings which will be deposited in its HST account and remitted by the Monitor monthly in the ordinary course. The Monitor is of the view that the proposed quantum of the Directors' Charge above is appropriate given the HST will be collected by the Monitor and remitted in the ordinary course.

DIP Charge

43. Based on the Amended Cash Flow Forecast, and subject to the assumptions contained therein, the CCAA Parties forecast that they will need interim financing to fund their forecasted expenses during the CCAA Proceedings. The Applicant is requesting an increase in the maximum borrowing limit under the DIP Facility from $800,000 to $2.0 million. As set out in the Amended Cash Flow Forecast, it is expected that the advances under the DIP Term Sheet will be repaid by the end of the Forecast Period. Without access to the DIP Facility, the CCAA Parties will not have sufficient liquidity to pay construction and other expenses during the CCAA Proceedings.

44. The Applicant is requesting that the maximum borrowing limit under the DIP Facility and the DIP Charge be increased from $800,000 to $2.0 million (plus interest, fees and expenses). As presented in the Amended Cash Flow Forecast, the Initial Advance is projected to be depleted in the next three weeks. Without an increase in the DIP Facility: i) there will be insufficient funds to fund the construction costs to complete the Phase 1 Units, which are partially complete; and ii) there will be insufficient funds to pay the professionals associated with the CCAA Proceedings who have accrued and will continue to accrue fees throughout these CCAA Proceedings.

45. The request to increase the DIP Charge is a condition to advances continuing to be made available by the DIP Lender. The Monitor is of the view that the increase is appropriate in the circumstances to maintain the CCAA Parties' business in the normal course and the fund the CCAA Proceedings.

Further Enhanced Powers of the Monitor

46. Pursuant to the Initial Order, in addition to those powers and authorities provided to it, the Monitor was provided certain additional enhanced powers as set out in the Initial Order (the "**Existing Enhanced Powers**").

47. The Applicant is requesting that the Monitor be granted certain additional enhanced powers as set out in the proposed ARIO (the "**Additional Enhanced Powers**" and together with the Existing Enhanced Powers, the "**Monitor's Enhanced Powers**"). The proposed Additional Enhanced Powers further clarify the rights and authorities of the Monitor in exercising and operating the Business (as defined in the Initial Order).

48. The Monitor believes that the Additional Enhanced Powers will facilitate the Monitor's engagement in this matter including, where necessary engaging with stakeholders and other third parties in these CCAA Proceedings who may not be as familiar with the broad authorizations provided for under the Existing Enhanced Powers.

49. The Monitor has agreed to the proposed Additional Enhanced Powers should they be granted by the Court pursuant to the ARIO.

CONCLUSION

50. For the reasons set out in the First Report, the Monitor is of the view that the relief sought at the Comeback Hearing is both reasonable and appropriate. As such, the Monitor supports the relief and respectfully recommends that the Court grant the relief sought herein.

This report is respectfully submitted this 27th day of August 2026

In its capacity as Court-Appointed Monitor of 2055226 Ontario Inc.,
Alliance (Sutton) Inc., Berkstar Development Inc.,
Rose Sutton Limited Partnership and Rose Operating I GP Inc.
and not in its personal or corporate capacity

J. Parisi

Josie Parisi, CPA, CA, CBV, CIRP, LIT
Senior Vice President

APPENDIX "A"

Court File No.: CL-26-00000362-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	MONDAY, THE 24TH
	)	
JUSTICE DUNPHY	)	DAY OF AUGUST, 2026

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.

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AND

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

Respondents

INITIAL ORDER

THIS APPLICATION, made by MarshallZehr Group Inc. (the "**Applicant**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario M5G 1R7 by judicial videoconference via Zoom.

ON READING the Affidavit of Sean Atkinson sworn August 17, 2026 and the Exhibits thereto (the "**First Atkinson Affidavit**"), the Affidavit of Alex Troop sworn August 17, 2026, the Affidavit of Sam Reisman sworn August 22, 2026, the Supplementary Affidavit of Alex Troop sworn August 23, 2026, the Affidavit of Rosemarie Parruzza sworn August 23, 2026, the Affidavit of Manav Acharya sworn August 23, 2026, and the pre-filing report of BDO Canada Limited ("**BDO**"), in its capacity as the proposed monitor of 2055226 Ontario Inc., Alliance (Sutton) Inc., Berkstar Development Inc., Rose Sutton Limited Partnership and Rose Operating I GP Inc. (the "**Respondents**") (in such capacity, the "**Monitor**") dated August 17, 2026 (the "**Pre-Filing Report**") and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, counsel for the proposed Monitor, counsel for Alliance Sutton Inc. and Alliance Homes Inc. ("**Alliance Homes**"), counsel for Ducimus Capital Inc., counsel for Sam Reisman and such other counsel as were present as appears on the Participant List, with no one else appearing for any other person although duly served as it appears from the affidavit of service of Kim Sellers dated August 17, 2026, filed, and on reading the consent of BDO to act as the Monitor of the Respondents,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that unless otherwise defined herein, capitalized terms have the meanings given to them in the First Atkinson Affidavit.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that 2055226 Ontario Inc., Alliance (Sutton) Inc., Berkstar Development Inc., and Rose Operating I GP Inc. are companies to which the CCAA applies.

4. **THIS COURT ORDERS** that, although not a Company (as the term is defined in the CCAA), Rose Sutton Limited Partnership shall be bound by the terms of this Order and enjoy the benefits, protections and authorizations provided in this Order.

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Respondents shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, and subject to (i) funding being available to the Respondents under the DIP Term Sheet and the availability within the cash flow forecast to do so; and (ii) the constraints imposed on the Respondents arising from the Monitor's Enhanced Powers (defined below) that may impede the ability of the Respondents from doing so, the Respondents shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Respondents are authorized and empowered to continue to retain and employ the employees, consultants, independent contractors, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that, subject to the oversight of the Monitor specifically set out in paragraph 25 of this Order, the Respondents shall be entitled to continue to utilize their central cash management system currently in place as described in the First Atkinson Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Respondents of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Respondents, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management

System, an unaffected creditor under any plan of compromise or arrangement under the CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that, subject to the terms of the Definitive Documents (as hereinafter defined), the Respondents shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicant and, subject to the prior consent of the Monitor, the Respondents in respect of these proceedings, at their standard rates and charges.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, and subject to the terms of the Definitive Documents, the Respondents shall be entitled but not required to pay all reasonable expenses incurred by the Respondents in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance and security services; and

(b) payment for goods or services actually supplied to the Respondents following the date of this Order; and

(c) payment for goods or services actually supplied to the Respondents by third party suppliers prior to the date of this Order if it is determined by the Respondents, with the consent of the Monitor and the DIP Lender (defined below), that the supplier is critical to the Business, ongoing operations of the Respondents, or preservation of the

Property, the payment is required to ensure ongoing supply and/or services, and such payments are approved in advance by the Monitor or by further Order of the Court.

9. **THIS COURT ORDERS** that the Monitor shall direct that the Respondents shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes and all other amounts related to such deductions or employee wages payable for periods following the date of this Order pursuant to the *Income Tax Act*, the *Canada Pension Plan Act*, the *Employment Insurance Act*, or similar provincial statutes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Respondents in connection with the sale of goods and services by the Respondents, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Respondents.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Respondents shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Respondents and the landlord from time to time ("**Rent**"), for the

period commencing from and including the date of this Order twice monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

11. **THIS COURT ORDERS** that, except as specifically permitted herein or required pursuant to the terms of the Definitive Documents, the Respondents are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Respondents to any of their creditors as of the date of this Order; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. **THIS COURT ORDERS** that the Respondents (or the Monitor on behalf of the Respondents) in consultation with the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their business or operations;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate;

(c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

to permit the Respondents to proceed with an orderly restructuring of the Business (the "**Restructuring**").

NO PROCEEDINGS AGAINST THE RESPONDENTS OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including September 3, 2026 or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Respondents, Construction Manager (as defined below) or the Monitor or their respective employees, directors, or counsel, or affecting the Business or the Property, except with the written consent of the Respondents, Construction Manager and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Respondents or any of their employees, directors, or counsel, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Respondents, Alliance Homes in its capacity as the existing consulting/construction manager for the Project (in such capacity, the "**Construction Manager**"), or the Monitor, or their respective employees, directors, or counsel, for matters affecting the Business or the Property, including, without limitation, licences and permits required for the Project regardless of who is the legal holder of any such licences and permits, are hereby stayed and suspended except with the written consent of the Respondents, Construction Manager and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower the Respondents to carry on any business which the Respondents are not lawfully entitled to carry on; (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (c) prevent the filing of any registration to preserve or perfect a security interest; or (d) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to

perform any right, renewal right, contract, agreement, licence, authorization or permit in favour of or held by the Respondents, except with the written consent of the Respondents and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Respondents or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Respondents, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Respondents, and that the Respondents shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Respondents in accordance with normal payment practices of the Respondents or such other practices as may be agreed upon by the supplier or service provider and each of the Respondents and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Respondents. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

NO PRE-FILING VS POST-FILING SET OFF

18. **THIS COURT ORDERS** that during the Stay Period, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Respondents in respect of obligations arising prior to the date of this Order with any amounts that are or may become due from the

Respondents in respect of obligations arising prior to the date of this Order; (b) are or may become due to the Respondents in respect of obligations arising prior to the date of this Order with any amounts that are or may become due from the Respondents in respect of obligations arising on or after the date of this Order; or (c) are or may become due from the Respondents in respect of obligations arising prior to the date of this Order with any amounts that are or may become due to the Respondents in respect of obligations arising on or after the date of this Order, in each case without the consent of the Respondents and the Monitor, or with leave of this Court.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Respondents with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Respondents whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Respondents, if one is filed, is sanctioned by this Court or upon further Order of this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Respondents shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers after the commencement of these proceedings, except to the extent the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. **THIS COURT ORDERS** that the directors and officers of the Respondents shall be entitled to the benefit of and are hereby granted a charge (the **"Directors' Charge"**) on the Property, which charge shall not exceed an aggregate amount of $325,000 as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 41 and 43 hereof.

22. **THIS COURT ORDERS** that notwithstanding any language in any applicable insurance policy to the contrary:

(a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and

(b) the directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under a directors' and officers' insurance policy, or to the extent such coverage is insufficient to pay amounts indemnified under paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. **THIS COURT ORDERS** that BDO is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Respondents with the powers and obligations set out in the CCAA or set forth herein and that the Respondents and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Respondents pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) provide any consents or authorizations as contemplated by this Order;

(b) monitor the Respondents' receipts and disbursements including the management and use of any funds advanced by the Applicant as DIP lender (in such capacity, the "**DIP Lender**") under the DIP Term Sheet (as hereinafter defined);

(c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(d) assist the Respondents, to the extent required by the Respondents, in their dissemination to the DIP Lender and its counsel on a regular basis of financial and other information as agreed to between the Respondents and the DIP Lender, which financial and other information may be used in these proceedings, including reporting on a basis to be agreed with the DIP Lender or as required pursuant to the Definitive Documents;

(e) advise the Respondents in its preparation of the Respondents' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis as agreed to by the DIP Lender or as required pursuant to the Definitive Documents;

(f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Respondents, to the extent that is necessary to adequately assess the Respondents' business and financial affairs or to perform its duties arising under this Order;

(g) be at liberty to engage independent legal counsel and such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(h) perform such other duties as are required by this Order or by this Court from time to time.

25. **THIS COURT ORDERS** that, without in any way limiting the powers and duties of the Monitor otherwise set out herein, the Monitor is hereby empowered and authorized, but not obligated, to do any of the following in the name of and on behalf of the Respondents, where the Monitor considers it necessary or desirable:

(a) take any and all actions and steps to manage, operate and carry on the Business, or to preserve, protect and exercise control over the Property, or any parts thereof, including, without in any way limiting the generality of the foregoing:

(i) any actions or steps the Monitor considers necessary or desirable to proceed with an orderly restructuring or realization of the Business;

(ii) any and all steps of the Respondents authorized by this Order including making payments;

(iii) receive, collect and exercise control over all monies and accounts held by or owing to the Respondents;

(iv) entering into any agreements on behalf of and in the name of the Respondents;

(v) exercising any rights of the Respondents;

(vi) taking any and all corporate governance actions for the Respondents including without limitation the authority to make any Major Decisions (as defined in the Co-owners Agreement); and

(vii) execute, assign, issue and endorse documents of whatever nature by and on behalf of the Respondents in respect of any of the Property for any purpose pursuant to this Order;

(b) to report to, meet with and discuss with such affected persons as the Monitor deems appropriate on all matters relating to the Business and the Property, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable;

(c) oversee and direct the preparation and dissemination of financial and other information of the Respondents in these proceedings, including cash flow statements; and

(d) perform such other duties or take any steps reasonably incidental to the exercise of these powers,

(collectively, the "**Monitor's Enhanced Powers**") and in each case where the Monitor takes any such actions or steps pursuant to the Monitor's Enhanced Powers, it shall be exclusively authorized and empowered to do so, to the exclusion of all other persons, including the Respondents and without interference from any other person, and no director or officer of the Respondents shall incur any liability for decisions or actions of the Monitor acting under that authority.

26. **THIS COURT ORDERS** that the Monitor shall not take possession of the Business or Property and shall take no part in the management or supervision of the management of the Business other than when exercising the Monitor's Enhanced Powers for and on behalf of the Respondents. By fulfilling its obligations under this Order, or through inadvertence in the due exercise of its powers or performance of its duties, the Monitor shall not be deemed to have taken or maintained possession or control of the Business or Property or to be an officer, director, employer, successor employer of liquidator of the Respondents for any purposes whatsoever.

27. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") (or be deemed to take Possession of) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"); provided, however, that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

28. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Respondents and the DIP Lender with information provided by the Respondents in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Respondents is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Respondents may agree.

29. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

ADMINISTRATION CHARGE

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order as part of the costs of these proceedings (the "**Administration Fees**"). The Respondents are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant, on a weekly basis, and, in addition, the Respondents are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant retainers in such amounts as may be agreed from time to time, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

31. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicant's counsel shall allocate their Administration Fees and the Monitor shall allocate the amounts advanced under the DIP Term Sheet (as defined below), in each case as between those relating to Phase 1, Phase 2 and 3 and those not related to a particular Phase of the Real Property, subject to further Order of the Court.

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of

these proceedings. The Administration Charge shall have the priority set out in paragraphs 41 and 43 hereof.

DIP FINANCING

34. **THIS COURT ORDERS** that the Respondents are hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Facility**") from the DIP Lender in order to finance the Respondents' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed an initial advance in a principal amount up to $800,000 plus interest, fees and expenses, unless permitted by further Order of this Court.

35. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the debtor-in-possession term sheet between the Respondents (to be executed by the Monitor for and on behalf of the Respondents), as the borrower, and the DIP Lender, as lender, to be entered into after approval by this Order, a copy of which is appended to the First Atkinson Affidavit (the "**DIP Term Sheet**").

36. **THIS COURT ORDERS** that the Respondents and the Monitor are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively with the DIP Term Sheet, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Respondents are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Definitive Documents and this Order (collectively, the "**DIP Obligations**") as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property as security for any and all DIP Obligations. The DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 41 and 43 hereof.

38. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon seven (7) days' notice to the Respondent and the Monitor, may exercise any and all of its rights and remedies against the Respondents or the Property under or pursuant to the Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Respondents and set off and/or consolidate any amounts owing by the Respondents to the DIP Lender under the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Respondents and for the appointment of a trustee in bankruptcy of the Respondents; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Respondents or the Property.

39. **THIS COURT ORDERS** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Respondents under the CCAA, or any proposal filed by the Respondents under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 (the "**BIA**"), with respect to any advances made under the Definitive Documents.

40. **THIS COURT ORDERS** that: (a) pending expiry of the time for filing a notice of appeal or application for leave to appeal, or an appeal in respect of this Order and the disposition of any claims, actions, proceedings, applications, or motions to review, rescind or vary this Order, or applications for leave to appeal or appeals from this Order (collectively, "**Challenges**"), the Respondents are authorized to borrow funds under the DIP facility in accordance with the DIP Term Sheet; and (b) irrespective of the disposition of any Challenges,

the DIP Lender shall have the benefit of the DIP Charge and all other provisions of this Order in respect of all amounts so advanced; and (c) this Order is subject to provisional execution to the extent necessary to give effect to the foregoing.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

41. **THIS COURT ORDERS** that the priorities of the Administration Charge, the DIP Lender's Charge and the Directors' Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $500,000);

Second – DIP Lender's Charge; and

Third - Directors' Charge (to the maximum amount of $325,000).

42. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

43. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

44. **THIS COURT ORDERS** that, for greater certainty, the Charges do not attach to deposit trust funds subject to true trust and held by the escrow agent under the Deposit Trust Agreement.

45. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Respondents shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Respondents also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the applicable Charges (collectively, the "**Chargees**"), or further Order of this Court.

46. **THIS COURT ORDERS** that the Charges and the Definitive Documents, shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) or receivership order(s) issued pursuant to the BIA, or otherwise any bankruptcy order or receivership order(s) made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Respondents, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by the Respondents of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Respondents entering into the Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Respondents pursuant to this Order, the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

47. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Respondents' interest in such real property leases.

SERVICE AND NOTICE

48. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in *The Globe and Mail* a notice containing the information prescribed under the CCAA; (b) within five days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, in the prescribed manner or by electronic message to the e-mail addresses as last shown in the Respondents' records, a notice to every known creditor who has a claim against the Respondents of more than $1,000, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not be required to make the claims, names and addresses of any individual persons who are creditors publicly available unless otherwise ordered by this Court.

49. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List E-Service (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/files/guides/the-guide-concerning-commercial-list-e-service-en.pdf) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194 (the "**Rules**"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(1)(d) of the Rules and paragraph 13 of the Protocol, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a case website shall be established in accordance with the Guide with the following URL: www.bdo.ca/2055226_Ontario (the "**Monitor's Website**").

50. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant, the Respondents and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Respondents' creditors or other interested parties at their respective addresses as last shown on the records of the Respondents and that any

such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

51. **THIS COURT ORDERS** that the Monitor shall create, maintain, and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor's Website, provided that the Monitor shall have no liability in respect of the accuracy or the timeliness of making any changes to the Service List.

52. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear on a motion before this Court and any such interested person shall give not less than five business days' notice to the Service List and any other party or parties likely to be affected by the Order sought; provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 41 and 43 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

COMEBACK HEARING

53. **THIS COURT ORDERS** that the comeback hearing shall be heard on August 28, 2026 at 12:30 p.m. via Zoom videoconference (details to be provided to the Service List).

GENERAL

54. **THIS COURT ORDERS** that the Applicant, the Respondents or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties hereunder or in the interpretation of this Order.

55. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Respondents, the Business or the Property.

56. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Respondents, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Respondents and the Monitor and their respective agents in carrying out the terms of this Order.

57. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

58. ~~**THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order without the need for entry or filing.~~

Digitally signed by Sean Dunphy
Date: 2026.08.24 13:06:50 -04'00'

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

Court File No.: CL-26-00000362-0000

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2055226 ONTARIO INC. et al.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at *Toronto*

INITIAL ORDER
(Dated August 24, 2026)

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Lawyers for the Applicant

APPENDIX "B"

DANIEL FOCH

Real Estate Broker (Ontario) · Candidate Member, Appraisal Institute of Canada
Vaughan, Ontario · danielfoch@gmail.com

PROFESSIONAL SUMMARY

Daniel Foch is a real estate broker, housing-market analyst, and valuation specialist with more than 15 years of experience spanning residential brokerage, development advisory, institutional portfolio strategy, mortgage origination, and real estate data science. He is Chief Real Estate Officer of Valery Real Estate Inc. (Valery.ca), where he provides pricing and valuation leadership to a brokerage of more than 80 agents that has completed approximately $250 million in transaction volume under his direction. Over his career, he has advised on more than $1 billion in real estate transactions across the Greater Toronto Area on behalf of homeowners, investors, lenders, and developers.

Mr. Foch is formally trained in property valuation, holding a Post-Graduate Certificate in Property Valuation from the UBC Sauder School of Business and standing as a Candidate Member of the Appraisal Institute of Canada on the AACI designation path. His practice has particular depth in development land and pre-development analysis — including highest-and-best-use, site acquisition, and secondary-plan investment analysis — and in the valuation of residential property and portfolios. He is co-founder of The Habistat, a housing-market data science platform licensed by the Toronto Regional Real Estate Board (TRREB) and its technology subsidiary PropTx, and has been consulted on housing-market and policy matters by all three levels of government. His market analysis is regularly cited by national and international media, including The Wall Street Journal, The Globe and Mail, CBC, and BNN Bloomberg.

LICENCES, DESIGNATIONS & EDUCATION

- Registered Real Estate Broker — Real Estate Council of Ontario (RECO)
- Candidate Member (AACI designation path) — Appraisal Institute of Canada
- Post-Graduate Certificate in Property Valuation — UBC Sauder School of Business, Real Estate Division
- Bachelor of Commerce, Real Estate & Housing — University of Guelph
- Data Science in Real Estate — MIT School of Architecture + Planning (professional program)

VALUATION & ADVISORY EXPERTISE

- **Development land and projects:** highest-and-best-use analysis, site acquisition, and secondary-plan and greenfield investment analysis in the Greater Toronto Area; served as Director of Economic Research at RARE Real Estate Inc., advising developers on market conditions, absorption, and pricing strategy.
- **Residential property and portfolios:** comparative market analysis and pricing oversight at scale across an 80-agent brokerage; multi-residential portfolio strategy with CLV Group / InterRent REIT; residential mortgage origination experience (Avina Capital) including valuation review for underwriting.
- **Market data and comparable evidence:** co-founded The Habistat, a real-time housing-market data platform licensed by TRREB/PropTx, providing neighbourhood-level pricing, absorption, and comparable-sale analytics used across the Ontario brokerage industry.
- **Commercial and institutional context:** retail investment experience at CBRE, corporate real estate management at Hydro One, and municipal economic development with the Township of King.

PROFESSIONAL EXPERIENCE

Valery Real Estate Inc. (Valery.ca) — *Chief Real Estate Officer* 2023 – Present

- Provides brokerage-wide pricing, valuation, and market-strategy leadership to a team of 80+ agents; approximately $250 million in completed transaction volume under his direction.
- Built the brokerage's market research and AI-enabled operations infrastructure, profiled by Inman News (2026).

The Canadian Real Estate Investor Podcast — *Co-Host & Analyst* 2022 – Present

- Co-hosts one of Canada's top-ranked real estate podcasts, producing twice-weekly data-driven analysis of Canadian housing markets, financing conditions, and policy; audience of 100,000+ investors across platforms.

The Habitat — *Co-Founder* Licensed by TRREB / PropTx, 2024

- Co-founded a housing data-science platform delivering real-time market statistics and comparable evidence; after a multi-year review, the platform was licensed by the Toronto Regional Real Estate Board and its technology subsidiary PropTx for industry-wide deployment.

RARE Real Estate Inc. — *Director of Economic Research* 2023

- Led primary research and market analysis for the brokerage and its developer clients, including land, pre-construction, and absorption analysis during a period of rapid market repricing.

Foch Family Real Estate — *Broker — Residential & Commercial*

- Practised with the family's residential and commercial brokerage business serving York Region and the northern Greater Toronto Area, advising homeowners, investors, and developers.

Earlier Career — *Analyst & Advisory Roles*

- Avina Capital — Senior Loan Originator (residential and investment mortgage origination).
- CBRE — Retail Investment (investment sales support and analysis).
- CLV Group / InterRent REIT — Portfolio Strategy (multi-residential).
- Hydro One — Real Estate Management (corporate portfolio).
- Township of King — Economic Development.
- University of Guelph — Teaching Assistant & Research Assistant, Real Estate & Housing program.

GOVERNMENT & INSTITUTIONAL ADVISORY

- Consulted on housing-market conditions and housing policy by municipal, provincial, and federal governments.
- Advised several of Canada's largest developers on market trends, absorption, and investment strategy.
- Winner, CMHC "Make Rental Happen" Challenge (2014) for affordable rental housing innovation.

RESEARCH, PUBLICATIONS & MEDIA

- Regular market-analysis columnist, REM (Real Estate Magazine), a national industry publication — ongoing monthly analysis of Canadian housing-market data.
- Contributing author, Zolo — analysis of mortgage markets, market cycles, and valuation topics.
- Housing-market commentary featured or cited in The Wall Street Journal, The Globe and Mail, CBC, BNN Bloomberg, Toronto Star, Financial Post, Storeys, and Better Dwelling.

TEACHING, SPEAKING & ACADEMIC CONTRIBUTIONS

- Instructor and academic contributor, Real Estate & Housing program, University of Guelph.
- Founder, Undergraduate Real Estate Case Competition (URECC), University of Guelph; co-founder, University of Guelph Real Estate Alumni Association.
- Conference speaker, including Veritas Investment Research Real Estate Conference (2024) and FREIS (2025).

AWARDS & RECOGNITION

- Red Diamond Award — Top 2% (2018 – 2021).
- Royal LePage Rookie of the Year (2016).
- Finalist, Cornell International Real Estate Case Competition (2014).
- Winner, CMHC Make Rental Happen Challenge (2014).

APPENDIX “C”

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., ROSE SUTTON LIMITED PARTNERSHIP AND ROSE OPERATING I GP INC.
(collectively the "Respondents")

REPORT ON AMENDED CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The Monitor (in accordance with the Monitor's Enhanced Powers) with assistance and input from Troop and Atkinson has developed the assumptions and prepared the attached statement of projected cash flow of the CCAA Parties as of the 27th day of August 2026, consisting of the period from August 24, 2026 to November 22, 2026 (the "Amended **Cash Flow Forecast**").

To the best knowledge of BDO Canada Limited in its capacity as monitor of in the CCAA proceedings, the hypothetical assumptions are reasonable and consistent with the purpose of the Amended Cash Flow Forecast described in the notes therein and provide a reasonable basis for the Amended Cash Flow Forecast. All such assumptions are disclosed in the notes therein.

Since the Cash Flow Forecast in based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The Amended Cash Flow Forecast has been prepared solely for the purpose described in the notes therein, using the probable and hypothetical assumptions set out therein. Consequently, readers are cautioned that the Amended Cash Flow Forecast may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 27th day of August 2026.

BDO Canada Limited

In its capacity as Monitor of 2055226 Ontario Inc.,
Alliance (Sutton) Inc., Berkstar Development Inc.,
Rose Sutton Limited Partnership and Rose Operating I GP Inc.
And not in its personal or corporate capacity

J. Parisi

Josie Parisi, CPA, CA, CBV, CIRP, LIT
Senior Vice President

2055226 Ontario Inc.
Weekly Cash Flow Forecast
STATEMENT OF AMENDED CASH FLOW FORECAST
$ CDN

		1	2	3	4	5	6	7	8	9	10	11	12	13	13-Week
		30-Aug-26	6-Sep-26	13-Sep-26	20-Sep-26	27-Sep-26	4-Oct-26	11-Oct-26	18-Oct-26	25-Oct-26	1-Nov-26	8-Nov-26	15-Nov-26	22-Nov-26	Total
	Notes														**Amended**
Cash Receipts:															
Proceeds from lot sales (excl HST)	[1]	-	-	-	-	2,501,976	-	-	-	697,938	1,045,327	-	1,219,048	1,033,154	6,497,444
HST collected						274,004				79,072	106,453		126,595	129,054	715,178
Total Cash Receipts		**-**	**-**	**-**	**-**	**2,775,980**	**-**	**-**	**-**	**777,010**	**1,151,780**	**-**	**1,345,643**	**1,162,208**	**7,212,622**
Cash Disbursements:															
Construction costs (incl HST)	[2]	167,073	115,044	172,075	192,284	365,705	340,232	401,742	438,432	454,704	459,224	430,552	361,157	284,307	4,182,533
Professional fees	[3]	330,000	105,000	205,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	115,000	115,000	215,000	1,610,000
HST to be remitted to CRA	[4]	-	-	-	-	274,004	-	-	-	79,072	106,453	-	126,595	129,054	715,178
Total Cash Disbursements		**497,073**	**220,044**	**377,075**	**267,284**	**714,709**	**415,232**	**476,742**	**513,432**	**608,776**	**640,677**	**545,552**	**602,751**	**628,362**	**6,507,711**
Net Cash Flow:		(497,073)	(220,044)	(377,075)	(267,284)	2,061,271	(415,232)	(476,742)	(513,432)	168,234	511,103	(545,552)	742,892	533,847	**704,911**
Opening Cash Balance		-	102,927	132,882	105,807	138,523	651,624	236,393	109,650	146,218	137,442	120,009	124,456	115,183	-
Cummulative DIP funding advance	[5]	600,000	250,000	350,000	300,000	-	-	350,000	550,000	600,000	200,000	550,000	-	-	3,750,000
Cummulative DIP repayment	[6]	-	-	-	-	(1,548,169)	-	-	-	(777,010)	(728,536)	-	(752,165)	(865)	(3,806,746)
Ending Cash Balance		**102,927**	**132,882**	**105,807**	**138,523**	**651,624**	**236,393**	**109,650**	**146,218**	**137,442**	**120,009**	**124,456**	**115,183**	**648,164**	**648,164**

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. (collectively the "**Respondents**")

Disclaimer

The amended cash flow (the "**Amended Cash Flow Forecast**") has been prepared by the Monitor (in accordance with the Monitor's Enhanced Powers) with the assistance of and input from Troop and Atkinson. In reviewing this cash flow, BDO Canada Limited (the "**Monitor**") has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. Since the Amended Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Amended Cash Flow Forecast period will vary from the Amended Cash Flow Forecast, even if the assumptions materialize, and such variations my be material.

There is no representation, warranty, or other assurance that any of the estimates, forecasts or projections will be realized. The Amended Cash Flow Forecast is based on certain estimates and assumptions discussed below with respect to operations, including the assumption that the CCAA Parties continue to operate with the protections afforded during the CCAA Proceedings.

The Amended Cash Flow Forecast is presented in Canadian dollars. All defined terms that are not otherwise defined herein are to have the same meaning ascribed in the Pre-filing Report and the First Report of the Monitor.

The purpose of the Amended Cash Flow Forecast is to present the estimated cash receipts and disbursements of the Respondents for the period from August 24, 2026 to November 22, 2026 (the "**Forecast Period**"). The Amended Cash Flow Forecast has been prepared by the Respondents in consultation with the Monitor. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

<u>Note 1 – Proceeds from Sale of Houses</u>

The CCAA Parties are assumed to continue construction over the Forecast Period. Ten houses are anticipated to be completed during the Forecast Period with estimate total net proceed (inclusive of HST) of $7,212,622. The net sale proceeds are anticipated to be received as set out in the Amended Cash Flow Forecast.

<u>Note 2 – Cost to Complete ("CTC")</u>

CTC are estimated by Troop on a home-by-home basis taking into consideration the remaining work and materials required to complete the specific homes.

<u>Note 3 – Professional fees</u>

Includes both pre-filing and post-filing amounts for the professional fees of the Monitor, counsel to the Monitor, counsel to the Applicant in connection with the CCAA proceedings.

<u>Note 4 – HST</u>

The amount represents HST collected on house closing of 13%. These amounts will be held by the Monitor in trust in a separate bank account. For conservatism, the Amended Cash Flow Forecast contemplates collecting HST ITCs associated with eligible expenditures in periods after the Forecast Period.

Note 5 – DIP Funding Advances

The Amended Cash Flow Forecast reflects cumulative advances under the DIP Facility during the Forecast Period totaling $3.75 million, but reflects a maximum balance under the DIP Facility of not more than $2 million. The advances including an initial advance in the first week of $600,000 and advances throughout the Forecast Period ranging from $250,000 to $600,000.

Note 6 – DIP Repayment

A full repayment of the DIP Facility is scheduled in the Amended Cash Flow Forecast.

Court File No. **CL-26-00000362-0000**

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

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
TORONTO
(COMMERCIAL LIST)

FIRST REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS MONITOR
AUGUST 27, 2026

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Lawyers for BDO Canada Limited
in its Capacity as Monitor