



Insolvency Proceedings of Certain Entities in the RHH Rental Properties Group of Companies

Frequently Asked Questions – July 1, 2025

General Questions:

1. Which entities are subject to formal insolvency proceedings (the “Insolvent Entities”)?
 - a. Sherwood Forest Square Ltd. (“Sherwood”): Which was placed into receivership by order of the Ontario Superior Court of Justice (the “Court”) on May 20, 2025 and BDO Canada Limited (“BDO”) was appointed as receiver and manager (the “Sherwood Receiver”).
 - b. SF Square GP Corp. (“Square GP”): Which filed a voluntary assignment in bankruptcy on May 30, 2025 with BDO appointed as Licensed Insolvency Trustee (the “SF Square Trustee”) which appointment was affirmed at the first meeting of creditors held on June 20, 2025.
 - c. RHH Rental Properties Ltd. (“RHP”): Which filed a voluntary assignment in bankruptcy on June 18, 2025 with BDO appointed as Licensed Insolvency Trustee (the “RHP Trustee”) subject to affirmation by the creditors or substitution of another trustee by the creditors as the first meeting of creditors to be held on July 7, 2025.

2. How are the Insolvent Entities related?

RHP is the primary real estate development company which, through its multiple ownership interests in corporations and partnerships, has developed several real estate projects in Ontario. RHP was also the primary vehicle for sourcing investor funds, namely through promissory notes to develop various real estate projects. RHP holds an equity interest in Sherwood.

Sherwood is a real estate development company, which initially began construction of a student residence in London, Ontario (“The W London”) in late 2018. In late 2019, BDO understands The W London was transferred into a limited partnership (SF Square LP) structure for financial, legal, and tax efficiency reasons.

Square GP is the sole general partner of the limited partnership SF Square LP (“Square LP”). By virtue of the bankruptcy of Square GP, all of the property of Square LP vests in the SF Square Trustee.

3. What is the difference between the Receivership and Bankruptcy Proceedings?

The Receivership proceeding was initiated by certain secured creditors of Sherwood and the Sherwood Receiver was appointed by order of the Court. There is currently no claims process which has been initiated for creditors in the Receivership.

The Bankruptcy proceedings were initiated by the directors of those Insolvent Entities to preserve value with the goal of maximizing realizations to all stakeholders. Creditors can file a claim in the respective proceeding(s), depending on which entity(ies) are indebted to them.

In each form of proceeding BDO acts as an Officer of the Court, is working to maximize realizations to the estates, and represents the interests of all stakeholders.



4. I am owed money by one or more of the Insolvent Entities, how do I register my claim?

If you are owed money from Sherwood, there is currently no claims process which has been initiated for creditors in the Receivership. The Sherwood Receiver will make an application to the Court prior to any funds being distributed and may initiate a Court Approved claims process, if necessary.

If you are owed money from one of the bankrupt companies (i.e. RHP or SF Square GP), there is a prescribed proof of claim form (a "Proof of Claim") that can be obtained from and submitted to BDO as Trustee of these entities. There is currently no deadline for submission of a Proof of Claim.

5. How much will I receive in the proceedings?

This depends on a number of factors including:

- a. The total realizations in each of the Insolvent Entities' estates;
- b. The total number of creditors and quantum of their claims;
- c. The nature of your claim. At a high-level, the order of priority is as follows:
 - i. Trust, or super-priority claims (generally government debts);
 - ii. Secured creditors;
 - iii. Unsecured creditors; and
 - iv. Equity holders.

6. How long will the proceedings take?

The timeline for an insolvency proceeding can vary significantly. During the administration of the estates, the Trustee will provide further information as it becomes available through dedicated websites established for the proceedings (further discussed below).

7. How is it determined which of the Insolvent Entities I have a claim against?

The lists of creditors for each of the Insolvent Entities have been prepared by the directors of the respective entity and provided to the BDO as part of the documentation required for the statutory filings under the *Bankruptcy and Insolvency Act* (the "BIA"). Recognizing that the investments in the Insolvent Entities are intertwined with each other, we appreciate the complexity of the determination of the entity in which you are invested. The creditors' package has been sent to each known creditor at the time of filings under the BIA and notice of the bankruptcy proceedings has been published in newspapers to make the general public aware of the proceedings and provide an opportunity to contact the Trustee.

8. What is happening with other entities related to the RHH Rental Properties Group?

At this time, these entities are not subject to formal insolvency proceedings administered by BDO. A list of the RHH Rental Properties Group of Companies will be outlined in RHP's preliminary trustees report (org. chart).

9. Who is in control of the Insolvent Entities?

All property of the Insolvent Entities vests with and is under the direction of BDO, in its capacity as the Sherwood Receiver, the SF Square Trustee, and the RHP Trustee. The former ownership, directors, and management of the Insolvent Entities are not in a position to direct, control, or make decisions related to the Insolvent Entities.

Two (2) former employees of RHP have been retained by BDO to assist with information requests related to the insolvency proceedings. These individuals have been retained as they have the most knowledge/experience with the Insolvent Entities' records and are able to generate and provide the



information necessary for administration of the estate on an expeditious basis. Given the foregoing, their assistance is expected to facilitate BDO's mandate of maximizing realizations for all stakeholders. These individuals' work is under the supervision/direction of BDO.

Under the BIA, debtors and the officers, directors, and agents of a debtor corporation have specific statutory obligations to ensure the proper administration of the bankruptcy or insolvency proceedings. These obligations are crucial for allowing the trustee to fulfill their duties to creditors and the court.

Debtors and their officers must:

- Fully cooperate with the trustee;
- Deliver all assets and records;
- Submit accurate financial disclosures;
- Attend examinations under oath;
- Disclose all relevant transactions (transfers of property, payments, or preferences made prior to bankruptcy that may be subject to review under the BIA's reviewable transaction provisions); and
- Avoid obstruction or misrepresentation.

10. What is happening at the upcoming first meeting of creditors for RHP on July 7, 2025, and where is it being held?

This meeting is solely with respect to the estate of RHP and will serve to:

- a. Consider the affairs of RHP;
- b. Affirm the appointment of the RHP Trustee, or substitute another in its place; and
- c. Appoint up to five (5) inspectors to the estate.

This meeting is being held virtually via teleconference/Microsoft Teams.

Should you wish to attend the meeting, please send an email to BDO at tmontesano@bdo.ca to register your attendance and obtain the requisite Microsoft Teams link.

To participate and vote at the meeting, creditors of RHP must file a Proof of Claim in advance of the meeting however creditors are not required to file a Proof of Claim prior to the meeting to be considered for distribution purposes.

11. Who are the inspectors of an estate and what do they do?

The BIA allows creditors to appoint up to five (5) inspectors at the first meeting of creditors, who act in a fiduciary capacity on behalf of all creditors. In general, inspectors act as the board of the estate and provide guidance to the Trustee. Their role can include:

- a. Approving the sale of assets of the bankrupt estate;
- b. Authorizing the Trustee's fees and expenses;
- c. Advising and supervising the Trustee in the administration of the estate;
- d. Approving settlements or compromises with creditors or debtors;
- e. Directing legal actions that the Trustee may take on behalf of the estate; and
- f. Authorizing dividends to be paid to creditors.

12. Does inclusion as a creditor in the RHP bankruptcy proceeding remove an entity from the Square GP creditor pool?

Being listed as a creditor in the RHP estate does not necessarily remove an entity from the Square GP estate however, whether they can recover from one or both entities will depend on:



- a. The Trustee's review of the security and the associated documents; and
- b. the final determination of their claims within both estates, including whether their claims crystallize as unsecured claims after security enforcement.

At this stage, the claims remain under review and the classification between creditor pools is not yet finalized. All of this will be completed prior to any distribution of funds held by the Trustee and will likely be subject to a Court order.

For example: most creditors received promissory notes (debt instruments) at RHP (so they will also be on the RHP' creditors list), some of those creditors were granted security on Sherwood Forest Square Ltd or on SF Square LP or on various other entities within the greater RHP Rental Properties Group of Companies. These creditors will appear on multiple entities' creditors list; however, the creditor can only get paid up to up the total amount that they advanced (can't get paid twice, etc.).

13. I am a limited partnership ("LP") unitholder. Am I able to redeem my equity investment?

The ability for investors in SF Square LP to redeem their equity investment is not automatic (is currently stayed by the Bankruptcy) and is highly contingent on:

- a. The asset realization within the LP; and
- b. Whether there are remaining funds available after satisfying secured creditors and other liabilities.

It is important to note that equity investors rank behind creditors in priority (further discussed above). As such, any equity redemption is dependent on there being a surplus after satisfying priority, secured, and unsecured claims.

14. Am I a secured creditor if I am an LP investor?

If you are an LP investor, you would likely be considered as an equity investor, and not a secured creditor. In Canada, LPs in a limited partnership are not typically considered secured creditors. A secured creditor is someone or an entity who has a legal claim (security interest) over specific assets of a debtor as collateral for a loan or obligation. To be a secured creditor, you must have a security agreement and typically register that interest under the *Personal Property Security Act* ("PPSA").

15. RHH vs. RHP Relationship

We understand it, the shareholders of RHP had originally set up RHP to hold rental assets. RHH had primarily been focused on home building for sale and RHP was intended to develop a rental property portfolio. Historically (per 2018) we understand the common shares of RHP were held as follows:

34 Holdings Inc. ("34Co")	-	10 common shares;
CSBM Holdings Inc. ("CSBM")		75 common shares; and
Blevins Developments Ltd. ("BDL")		15 common shares.

In the spring of 2018, we understand that Scott Reid approached the shareholders to request that he acquire RHP. The shareholders agreed to enter into a transaction whereby all operational control and future growth of RHP would accrue to 34Co a corporation owned and controlled by Scott Reid.

34Co did not have the cash available to acquire the common shares held by CSBM and BDL. As such, a transaction was structured whereby the common shares of RHP held by CSBM and BDL would be



converted into Class A special shares (June 2018- articles of amendment were filed). The intention of these shares was to capture CSBM and BDLs' share of the value of RHP as at June 30, 2018.

- Class A special shares contained no right to vote or otherwise control RHP.
- They carried a redemption value equal to the value of property transferred in exchange for such shares and a dividend rate of 2% of the outstanding redemption amount.

Special shares were used in lieu of a promissory note as the timing for payment of the value was unknown and by using special shares, any gains would be deferred until the redemption of the special shares (tax freeze transaction).

Upon completion of that transaction, 34Co was the sole owner of voting shares in the capital of RHP. As the intention was that 34Co would have full operational control of RHP, no shareholders agreement was entered into to provide any additional rights to BDL and CSBM. We understand that it was intended for these Class A special shares to be redeemed over time thereby satisfying the purchase price for RHP.

- 29 of the Class A special shares held by CSBM were redeemed (+ accrued dividends) in November of 2021.
- To our knowledge, no further redemptions have been made since that date.
- Currently, CSBM holds 46 Class A special shares and BDL holds 15 Class A special shares.

We also understand that the only two (2) projects were continued to completion after disconnecting the RHH/RHP relationship (past the end of 2018) was the Vantage (condo in Guelph) and Madison Lane (condo in Bowmanville).

16. RHP Real Estate Investments LP Relationship.

RHP Real Estate Investments LP ("Real Estate LP") is a separate entity that is owed 100% by RHH Rental Properties Ltd. ("RHP"). We understand that Real Estate LP ended up being used primarily as investment vehicle for RHP and that the only asset in this entity is the ~\$15 million intercompany receivable due from RHP (which coincides with the Class A unit holder amounts outstanding). Real Estate LP is currently not subject to the insolvency proceeding. The RHP Trustee is in the process of examining its options with regards to this entity and will communicate that with the investors/creditors in due course.

17. How do I find out more information about the insolvency proceedings?

On BDO's website, two (2) pages have been created as follows:

- a. For Sherwood and SF Square GP Corp: www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/sherwood
- b. For RHP: www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/rhh-rental-properties

The forgoing websites are being updated as further information becomes available on an ongoing basis. Should you have further questions, not answered above, these can be directed to BDO as follows:

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