Court File No. CL-26-00000362-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

MARSHALLZEHR GROUP INC.

Applicant

- and -

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

Respondents

AIDE MEMOIRE

August 18, 2026

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Lawyers for the Applicant MarshallZehr Group Inc.

1. MarshallZehr Group Inc. ("**MarshallZehr**" or the "**Applicant**") has brought a creditor led application for an initial order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**" and such proceedings, the "**CCAA Proceedings**") in respect of the Respondent, 2055226 Ontario Inc. ("**205 Ontario**"), Alliance (Sutton) Inc. ("**Alliance**"), Berkstar Development Inc. ("**Berkstar**") and Rose Operating I GP Inc. ("**Rose GP**" and collectively with 205 Ontario, Alliance and Berkstar, the "**Respondents**") the general partner of Rose Sutton Limited Partnership ("**Rose Sutton LP**"), which is scheduled to be heard by the Court on August 18, 2026 (the "**Creditor Led CCAA Application**"). Subject to the proposed Initial Order being granted, the Comeback Motion is scheduled to be heard on August 28, 2026 (the "**Comeback Motion**"). Capitalized terms not defined herein have the meaning ascribed to them in the Affidavit of Sean Atkinson sworn on August 17, 2026.

2. On the evening of Sunday August 16, 2026, Sam Reisman advised that he had engaged DJ Miller of Thornton Grout Finnigan LLP to represent him in respect of the Creditor Led CCAA Application. Ms. Miller has requested an adjournment of the Creditor Led CCAA Application to the date of the Comeback Motion. Sam Reisman's Notice of Appearance received on August 17, 2026

3. Sam Reisman has a few roles in respect of the Respondents as follows:

   (a) He is the Secretary and one of three directors of 205 Ontario, which is the builder and vendor under HCRA of the Project;

   (b) He is a the President and one of three directors of Rose GP;

(c) By way of an assignment on April 30, 2026, he is a minority participant in the first ranking Charge on the Phase 2/3 MZGI 569 Charge and the second ranking Phase 1 MZGI 569 Charge holding 10.64% interest and approximately 13 percent of the outstanding indebtedness (the "**Mortgages**").

4. MarshallZehr is the Mortgage Administrator of the Mortgages and Ducimus holds the other 72.95% and approximately 87% of the outstanding indebtedness under the Mortgages. Ducimus supports the relief being sought by MarshallZehr.

5. Sam Reisman has been aware of the proposed Creditor Led CCAA Proceeding for weeks and has been aware of the finanicial difficulties of the Respondents since prior to the date of the demands on May 22, 2026. Natalie Reisman, Senior Vice President – Legal and HR of The Rose Corporation received a draft of the Initial Order on July 31. 2026. Martin Simon, Chief Operating Officer and Vice President of Rose GP, assisted with the preparation of the cash flow forecast.

<u>Adjournment Request</u>

6. A ten-day adjournment is not appropriate in the circumstances.

7. The Project and the Respondents are experiencing a significant liquidity crisis and require immediate stabilization.

8. The evidence demonstrates that construction activities have effectively ceased, no meaningful source of alternative financing is available, and the Project lacks the liquidity necessary to recommence construction, complete homes currently under construction and address ongoing obligations. The relief sought in the proposed Initial Order is directed at addressing those immediate issues.

9. Further delay will exacerbate existing challenges facing the Project and increase the risk of value deterioration. Maintaining the status quo for an additional ten days will not improve the Respondents' circumstances. Rather, it will prolong the current standstill, delay construction activity, postpone closings of sales of homes to Purchasers and defer access to the restructuring tools required to stabilize the Project.

10. The consequences of further delay include the following:

(a) Escalating HCRA complaints. Purchasers have already made complaints to the Home Construction Regulatory Authority regarding the apparent halt in construction activity at the Project. Regulatory review is ongoing.

(b) Potential Tarion consequences. There is concern that continued delay may result in action affecting the Project's ability to continue operating under the existing Tarion framework, including possible restrictions affecting future sales or construction activity.

(c) Escalating purchaser concern. Existing purchasers are already raising concerns regarding the visible lack of construction activity and the future of the Project. Continued delay will only increase uncertainty and stakeholder concern.

(d) Increasing regulatory risk. The longer the Project remains stalled, the greater the potential for regulatory scrutiny and intervention.

(e) Risk to licences and registrations. The ability of the Project to continue operating through its existing builder and vendor structure, including the registrations and approvals necessary to build, sell and close units, is itself an important source of value. Further delay increases the risk to those arrangements.

11. Importantly, proceeding with the proposed restructuring will improve the Respondents' current situation. New financing is required immediately to recommence construction and preserve value. The evidence demonstrates that meaningful additional funding is not available outside of a restructuring process capable of addressing the existing debt and lien issues affecting the Project. The proposed DIP financing is therefore a critical component of the proposed restructuring

12. The relief sought is intended to stabilize the Project, not implement a final restructuring. The proposed Initial Order provides only a short initial stay, limited interim financing and Monitor oversight and expanded powers pending the Comeback Hearing. Delaying that relief for a further ten days would defer the very stabilization measures required to preserve value and advance the restructuring.

13. In the circumstances, the Applicant requests a two day adjournment of the Creditor Led CCAA Application.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 18th day of August 2026.

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