



FREQUENTLY ASKED QUESTIONS

1. What is going on?

On October 18, 2023, pursuant to an Order (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), Alvarez & Marsal Canada Inc. was appointed as receiver and manager (the “**Receiver**”) without security of all of the assets, undertakings and properties of Mizrahi Commercial (The One) LP, Mizrahi Development Group (The One) Inc., and Mizrahi Commercial (The One) GP Inc. (together, the “**Debtors**”) acquired for, or used in relation to a business carried on by the Debtors, including in connection with the development of the 85storey condominium, hotel and retail tower located at the southwest corner of Yonge and Bloor in Toronto (the “**The One Project**”).

A copy of the Receivership Order and other publicly available information is available on the Receiver’s website for these proceedings at www.alvarezandmarsal.com/theone.

2. What is receivership?

Although it can be used in other cases, receivership is a legal remedy available and typically used by secured creditors to help them recover amounts owing to them when a company defaults on its loan repayments. The secured lender can either “privately” appoint a receiver under the provisions of their loan agreement, or seek the appointment of a receiver by the Court. Only a Licensed Insolvency Trustee can act as a Receiver.

The Receiver in this case was appointed by the Court to take possession of and exercise control over the receivership property to manage, sell or otherwise realize on it. As such, the Receiver is an officer of the court, and the powers and rights of the Receiver are described in the Receivership Order.

Among other things, a court-appointed receiver is required to report to the Court throughout the proceedings to provide updates to the Court on its progress and in respect of its activities, and to seek the approval of the Court to undertake certain actions. In this case, the reports that will be prepared by the Receiver, as well as other publicly available Court filings, will be posted to the Receiver’s website for these proceedings referenced above.

3. Why did this happen?

Over the last few years, like many other large-scale construction projects, The One Project has faced various economic headwinds, including impacts from the Covid-19 pandemic, supply chain disruptions and unanticipated work stoppages, which together with other factors have resulted in material cost overages and extended construction timelines. The principal purpose of the receivership proceedings is to create a stabilized environment to allow for the continued construction of The One Project, to obtain additional financing required for that ongoing construction, and to assess and implement the best means of maximizing the value of The One Project.

4. What will happen to The One Project now?

Arrangements have been put in place to provide for the continuing construction and development of The One Project, and additional financing commitments have been secured from the Debtors’

existing senior secured lenders that will provide the Receiver with access to \$315 million to fund ongoing construction and development costs, among other expenses.

Mizrahi Inc. is continuing in its capacity as the General Contractor of The One Project under the supervision of the Receiver. The Receiver will be engaging additional construction advisors, including a project manager, to assist with day-to-day operations and to oversee the ongoing construction of The One Project.

5. What happens to my deposit?

The *Condominium Act* (Ontario) requires that deposits be held in trust until, among other things, sufficient security for such deposits has been provided. That security includes insurance coverage by Tarion Warranty Corporation, which provides deposit protection for the first \$20,000 of a purchaser's deposit, as well as third-party excess deposit insurance for deposit amounts in excess of \$20,000 that are released from trust. The Receiver understands that excess deposit insurance has been obtained from Aviva Insurance Company of Canada Inc. such that deposit funds were used to fund the construction and development of The One Project.

6. Is the sale agreement in respect of my condominium unit still valid?

The Receiver has not yet had an opportunity to review any of the existing condominium sales agreements. As part of its near-term activities and as contemplated by the agreement in respect of the above-noted financing commitments, the Receiver intends to review such agreements in conjunction with a review of the fair market value of the applicable unit to determine what, if any, steps will be taken with respect to these agreements. Following this review, additional information will be made available to pre-construction purchasers.

7. Where do I call with additional questions?

Court filings and additional information concerning the receivership proceedings are available at the Receiver's website at www.alvarezandmarsal.com/theone. Should you have any questions regarding the foregoing, you may contact the Receiver by emailing theone@alvarezandmarsal.com or calling 1-855-499-1480.