



February 26, 2024

DELIVERED BY EMAIL

To: All Contractors, Trades and Suppliers to The One Project

Re: Replacement of the General Contractor and Developer on The One Project

As you are aware, on October 18, 2023, pursuant to the Order (Appointing Receiver) (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. (collectively, the “**Debtors**”) acquired for, or used in relation to a business carried on by the Debtors, including in connection with the development of an 85-storey condominium, hotel and retail tower located at the southwest corner of Yonge Street and Bloor Street West in Toronto, Ontario (the “**The One Project**”).

The purpose of this letter is to notify you that effective March 13, 2024, the Receiver has engaged SKYGRiD Construction Inc. (“**SKYGRiD**”) to act as the new construction manager in respect of The One Project, and to continue the development and construction of The One Project in the ordinary course. Knightsbridge Development Corporation (“**Knightsbridge**”) will continue in its role as the Receiver’s project manager.

Please be advised that on February 26, 2024, the Receiver issued a notice of disclaimer to Mizrahi Inc. in its capacity as the general contractor and developer of The One Project (the “**Notice of Disclaimer**”), effective as of March 13, 2024. The Notice of Disclaimer was issued pursuant to paragraph 5 of the Receivership Order and disclaims both the Construction Management Agreement and the GC Agreement (each as defined in the Receivership Order).

Going forward, Mizrahi Inc., Sam M Inc. and Sam Mizrahi, and any other Mizrahi-affiliated entities, will have no continued involvement or association with the development and construction of The One Project.

Please note the following important items:

- The Receiver determined that it is in the best interests of The One Project to have SKYGRiD act as the new construction manager to lead continuing development and construction. This important decision was made to provide an increased level of stability for The One Project and should not otherwise impact day-to-day operations.
- Monthly payments due to contractors, trades and other suppliers to The One Project will continue to be funded by the Receiver in the ordinary course.

Please direct payment requests and copies of invoices to SKYGRiD at svirk@skygrid.ca and copy the Receiver at TheOnePayments@alvarezandmarsal.com.

- Pursuant to paragraph 17 of the Receivership Order, all persons having oral or written agreements or mandates for the supply of goods and/or services to The One Project, are restrained from discontinuing or terminating the supply of any such goods and services. This means that all

contractors, trades and other suppliers to The One Project, including those having contractual arrangements with Mizrahi Inc., are required to continue providing goods and services, and will continue to be paid in the normal course pursuant to the terms of the Receivership Order.

Please also review Appendix A of this letter, which provides answers to certain additional questions you may have.

Should you have any further questions regarding the above, or any other inquiries relating to The One Project, please contact any of the following:

Receiver	theone@alvarezandmarsal.com	1-855-499-1480
SKYGRiD	info@skygrid.ca	416-622-9602
Knightsbridge	info@knightsbridgecorp.ca	647-368-7510

Court filings and additional information concerning the receivership proceedings are available at the Receiver's website at www.alvarezandmarsal.com/theone.

Nothing in this letter shall be construed to constitute an affirmation or assumption of any contract by the Receiver or SKYGRiD, and the Receiver expressly disclaims any personal liability under or in connection with any such contract.

Your continued support and ongoing cooperation are highly valued.

Yours very truly,

**ALVAREZ & MARSAL CANADA INC.,
SOLELY IN ITS CAPACITY AS COURT-
APPOINTED RECEIVER AND MANAGER OF
MIZRAHI COMMERCIAL (THE ONE) LP,
MIZRAHI DEVELOPMENT GROUP (THE ONE)
INC., AND MIZRAHI COMMERCIAL (THE ONE)
GP INC., AND NOT IN ITS PERSONAL OR
CORPORATE CAPACITY**



APPENDIX A

IMPORTANT QUESTIONS AND ANSWERS

1. Why was this decision made?

The Receiver determined that it is in the best interests of The One Project to have SKYGRiD act as the new construction manager and to lead the continuing development and construction of The One Project.

The Receiver believes this change will provide an increased level of stability to The One Project and will allow The One Project to be completed in a more efficient and timely manner.

SKYGRiD is a highly experienced construction manager with a long track record of delivering successful projects across Canada, including large and complex developments similar to The One Project, as well as taking over large development projects in the context of insolvency proceedings.

2. What does this mean for my contract with Mizrahi Inc.?

Pursuant to paragraph 17 of the Receivership Order, all persons having oral or written agreements or mandates for the supply of goods and/or services to The One Project (including contracts with Mizrahi Inc.) are restrained from discontinuing or terminating the supply of any such goods and services.

This means all contractors, trades and other suppliers, including those having contractual arrangements with Mizrahi Inc., are required to continue providing goods and services, and will continue to be paid in the normal course pursuant to the terms of the Receivership Order.

A representative of SKYGRiD will contact you to discuss entering into a new arrangement for the continued supply of goods and/or services to The One Project. During the immediate period and before arrangements are made directly with SKYGRiD, the Receiver requires all contractors, trades, suppliers and other persons to continue to perform under existing contracts in accordance with the terms of the Receivership Order.

3. How will I get paid?

Payments will continue to be funded by the Receiver on a monthly basis in the normal course pursuant to the terms of the Receivership Order.

As previously communicated, at the commencement of the receivership proceedings, the Receiver secured financing in the amount of up to \$315 million to fund ongoing construction of The One Project and the costs of the receivership. Since the commencement of the Receivership on October 18, 2023, the Receiver has disbursed approximately \$70 million from such financing. Accordingly, up to \$245 million of financing remains available.

4. Can I terminate my contract with The One Project?

No. Pursuant to paragraph 16 of the Receivership Order, all contractors and trades are prohibited from terminating or ceasing to perform any contract in respect of The One Project. Further, pursuant to paragraph 17 of the Receivership Order, all persons having oral or written agreements or



mandates for the supply of goods and/or services relating to The One Project are restrained from discontinuing or terminating the supply of any such goods and services.

5. Where do I send my invoices?

Monthly payments will continue to be funded by the Receiver in the normal course pursuant to the terms of the Receivership Order.

Please direct copies of all future and outstanding invoices to SKYGRiD at svirk@skygrid.ca and copy the Receiver at TheOnePayments@alvarezandmarsal.com.

6. Does the change in general contractor affect my ability to register liens against The One Project?

All contractual and statutory rights to register construction liens against The One Project remain unaffected by the change in general contractor. However, the process by which lien claimants may exercise such rights will be affected by the proposed Lien Regularization Order (the “**LRO**”), the approval of which is sought by the Receiver in its upcoming motion, returnable March 7, 2024 (the “**Receiver’s Motion**”).

The Receiver is seeking approval of the LRO to provide for an alternative process for lien claimants seeking to exercise their rights under the *Construction Act* (Ontario) without impacting the availability of financing to the Receiver, thereby ensuring the stability and ongoing construction of The One Project.

Rather than registering liens against title to The One Project, under the proposed LRO, lien claimants will provide a lien notice to the Receiver in accordance with the LRO and within the time frame prescribed by the *Construction Act* (Ontario) to preserve their lien claim for The One Project. By delivery of the lien notice, lien claimants shall be deemed to have preserved and perfected their lien claim and will then be granted a charge against The One Project equivalent to the lien rights provided for under the *Construction Act* (Ontario).

Further details regarding the LRO and the additional relief sought by the Receiver in the Receiver’s Motion can be found in the Receiver’s Motion Record, which will be made available on the Receiver’s website at www.alvarezandmarsal.com/theone.

All contractors and trades are requested to please contact the Receiver or SKYGRiD prior to registering any liens against the Project, in order to discuss the basis for any lien claim, the process for registering a lien claim, as well as any alternative solutions that may exist and be acceptable to all parties.

7. What is happening with respect to holdbacks?

At the commencement of the receivership proceedings, the Receiver transferred all holdback amounts into a new account held by the Receiver.

All holdback funds continue to be held by the Receiver.

8. What are the contemplated next steps in these receivership proceedings?

Following the hearing of the Receiver's Motion, the Receiver intends to finalize a proposed sale and investment solicitation process (the "**SISP**") in respect of The One Project. The Receiver understands that the Debtors' senior secured lenders (the "**Senior Secured Lenders**") intend to participate in the SISP. While the exact nature of the Senior Secured Lenders' participation remains under discussion, the Receiver has been working with the Senior Secured Lenders to ensure the SISP is designed in a manner that results in a transaction that will see The One Project being funded and continued until it is fully developed and completed.

The Receiver expects to return to the Court to seek approval of the SISP in the coming weeks.