

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
AND**

**IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE "A" HERETO**

**MOTION RECORD
(Motion Returnable October 22, 2014)**

October 14, 2014

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2198392 Ontario Ltd.

King City Holdings Ltd.

Guelph Financial Corporation

Briarbrook Apartments Inc.

2009031 Ontario Inc.

1267818 Ontario Ltd.

1711060 Ontario Ltd.

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INDEX

INDEX

DOCUMENT	TAB
Notice of Motion	1
List of Entities	A
Draft Order	B
Fifteenth Report of the Receiver	2
Appendix “A” – List of Entities	A
Appendix “B” – Receivership Order, October 17, 2012	B
Appendix “C” – Reasons of Justice Campbell, November 22, 2012	C
Appendix “D” – List of Known Properties	D
Appendix “E” – Endorsement of Justice Morawetz, January 15, 2013	E
Appendix “F” – September 12, 2014 Order and Endorsement	F
Appendix “G” – Closing Statement and Cash Summary Statement for Orillia Independent Living	G
Appendix “H” – Addenda Payout Statement regarding Orillia Independent Living	H
Appendix “I” – Cameron Stephens Payout Statement regarding Orillia Independent Living	I
Appendix “J” – Dentons Security Opinion (Orillia Independent Living)	J
Appendix “K” - Statement of receipts and disbursements (Orillia Independent Living)	K

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
AND**

**IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE "A" HERETO**

**NOTICE OF MOTION
(RETURNABLE OCTOBER 22, 2014)**

A. Farber & Partners Inc. ("**Farber**") in its capacity as court-appointed receiver (the "**Receiver**") of the debtors referred to at Schedule "A" attached hereto (collectively, the "**Debtors**") will make a motion to a judge presiding over the Commercial List on Wednesday, October 22, 2014, at 10:00 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An order substantially in the form of the draft order attached hereto as Schedule "B", *inter alia*:
 - (a) declaring that the timing and method of service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable;

- (b) approving the fifteenth report to Court of the Receiver dated October 14, 2014 (the “**Fifteenth Report**”) and the activities of the Receiver set out therein; and
- (c) authorizing the Receiver to distribute the amount of \$4,363,131.71 plus additional reasonable legal fees not to exceed \$2,000, to Addenda Capital Inc. (“**Addenda**”) and in full and final satisfaction of the charge/mortgage granted by Dondeb in favour of Addenda in the original principal sum of \$4,300,000 registered on December 5, 2008 as Instrument No. SC704605 (the “**Addenda OIL Charge**”) against the Orillia Independent Living (“**OIL**”) real property located at 20 Simcoe Street, Orillia, Ontario (the “**OIL Real Property**”) transferred by Dondeb to 2198392 Ontario Ltd. on December 13, 2010 from the funds held by the Receiver in the account maintained for the OIL property;
- (d) authorizing the Receiver to distribute \$100,000.00 to Cameron Stephens Financial Corporation (“**Cameron Stephens**”) in partial satisfaction of the charge/mortgage granted by Dondeb in favour of Cameron Stephens in the original principal sum of \$700,000 registered on March 5, 2009 as Instrument No. SC720662 (the “**Cameron Stephens OIL Charge**”) over the OIL Real Property from the funds held by the Receiver in the account maintained for the OIL property;
- (e) declaring that the distributions contemplated by the order be without prejudice to any rights of subrogation, marshalling, apportionment or assessment that any subordinate creditors may have; and
- (f) declaring that nothing in the Order prevents a person from challenging the amount and allocation of the holdbacks and reserves being retained by the Receiver at a future date.

- 2. Such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. On October 17, 2012, pursuant to the Receivership Order, Farber was appointed as the Receiver over all of the undertakings, property and assets of the Debtors;
2. The Debtors comprised 12 legal entities which held 25 known real properties. In accordance with various court approved agreements of purchase and sale, the Receiver has sold its interest in 24 of the initial known real properties, including the OIL property, and certain additional assets.

OIL

3. As outlined in the Fourteenth Report, OIL was a 32 unit independent living facility located in Orillia Ontario. The first and second mortgagees listed on title to the real property were the Addenda OIL Mortgage and the Cameron Stephens OIL Mortgage (collectively, the “**OIL Mortgagees**”).
4. On September 12, 2014, the Court granted an approval and vesting order in respect of a sale transaction involving the OIL property. The transaction closed on September 17, 2014.
5. The Receiver has obtained a legal opinion from its independent legal counsel, Dentons Canada LLP (formerly Fraser Milner Casgrain LLP) (“**Dentons**”) that, subject to the customary assumptions and qualifications, the Addenda OIL Charge and the Cameron Stephens OIL Charge are valid.
6. The Receiver has reviewed a payout statement from Addenda as first mortgagee dated October 3, 2014 which indicates that the total amount of principal, accrued interest and costs owing under the Addenda Charge is \$4,363,131.71 effective October 22, 2014. The Receiver has reviewed the payout statement and is satisfied that it reflects the balance due and owing as secured against the OIL property.

7. The Receiver has reviewed a payout statement from Cameron Stephens which indicates that the principal, accrued interest and costs owing under the Cameron Stephens Charge is well in excess of the \$100,000 proposed as a partial distribution.

GENERAL

8. The facts as further set out in the Fifteenth Report;
9. The Receivership Order;
10. The provisions of the BIA, FCA, APA, the *Courts of Justice Act* (Ontario) and the *Rules of Civil Procedure* (Ontario); and
11. Such further and other grounds as counsel may advise and this Honourable Court permits.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

1. The Fifteenth Report and the appendices attached thereto; and
2. Such further and other evidence that counsel may advise and this Honourable Court permit.

October 14, 2014

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SCHEDULE “B”

SCHEDULE "B"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	WEDNESDAY, THE 22ND
)	
JUSTICE)	DAY OF OCTOBER, 2014

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
AND**

**IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE “A” HERETO**

ORDER

THIS MOTION made by A. Farber & Partners Inc. in its capacity as court-appointed receiver (the “**Receiver**”) of the debtors referred to at Schedule “A” attached hereto (collectively, the “**Debtors**”) for an order *inter alia*: (i) declaring that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that the motion is properly returnable; (ii) approving the fifteenth report to Court of the Receiver dated October 14, 2014 (the “**Fifteenth Report**”) and the activities of the Receiver set out therein; (iii) authorizing the Receiver to distribute the amount of \$4,363,131.71 plus additional reasonable legal fees not to exceed \$2,000, to Addenda Capital Inc. (“**Addenda**”) and in full and final satisfaction of the charge/mortgage granted by Dondeb in favour of Addenda in the original principal sum of \$4,300,000 registered on December 5, 2008 as Instrument No. SC704605 (the “**Addenda OIL Charge**”) against the Orillia Independent Living (“**OIL**”) real property located at 20 Simcoe Street, Orillia, Ontario

(the “**OIL Real Property**”) transferred by Dondeb to 2198392 Ontario Ltd. on December 13, 2010 from the funds held by the Receiver in the account maintained for the OIL property; (iv) authorizing the Receiver to distribute \$100,000.00 to Cameron Stephens Financial Corporation (“**Cameron Stephens**”) in partial satisfaction of the charge/mortgage granted by Dondeb in favour of Cameron Stephens in the original principal sum of \$700,000 registered on March 5, 2009 as Instrument No. SC720662 (the “**Cameron Stephens OIL Charge**”) over the OIL Real Property from the funds held by the Receiver in the account maintained for the OIL property; (v) declaring that the distributions contemplated by the order be without prejudice to any rights of subrogation, marshalling, apportionment or assessment that any subordinate creditors may have; and (vi) declaring that nothing in the Order prevents a person from challenging the amount and allocation of the holdbacks and reserves being retained by the Receiver at a future date; was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion dated October 14, 2014 and the Fifteenth Report, and upon hearing the submissions of the counsel for the Receiver, no other party appearing, although duly served, as appears from the Affidavit of Service of ● sworn October ●, 2014, filed,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Fifteenth Report and the activities of the Receiver set out therein, be and are hereby approved.
3. **THIS COURT ORDERS** that the Receiver is authorized to distribute the amount \$4,363,131.71 plus additional reasonable legal fees not to exceed \$2,000 to Addenda in full and final satisfaction of the Addenda OIL Charge from the funds held by the Receiver in the account maintained for the OIL property.
4. **THIS COURT ORDERS** that the Receiver is authorized to distribute the amount \$100,000 to Cameron Stephens in partial satisfaction of the Cameron Stephens OIL

Charge from the funds held by the Receiver in the account maintained for the OIL property.

5. **THIS COURT ORDERS AND DECLARES** that the distributions contemplated by this Order be without prejudice to any rights of subrogation, marshaling, apportionment or assessment that any subordinate creditors may have.

6. **THIS COURT ORDERS** that nothing in this Order prevents a person from challenging the amount and allocation of the holdbacks and reserves being retained by the Receiver at a future date.

SCHEDULE "A"

1281515 Ontario Inc.

2338067 Ontario Inc.

2198392 Ontario Ltd.

King City Holdings Ltd.

Guelph Financial Corporation

Briarbrook Apartments Inc.

2009031 Ontario Inc.

1267818 Ontario Ltd.

1711060 Ontario Ltd.

1182689 Ontario Inc.

Ace Self Storage and Business Centre Inc.

Court File No: CV-12-9794-00CL

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND
IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43, AS AMENDED WITH RESPECT TO
DONDEB INC. AND ALL THE DEBTORS LISTED AT SCHEDULE "A" HERETO

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

**ORDER
(October 22, 2014)**

DENTONS CANADA LLP
77 King Street West, Suite 400,
Toronto Ontario, M5K 0A1

CASSELS BROCK & BLACKWELL LLP
2100 Scotia Plaza, 40 King Street West,
Toronto Ontario M5H 3C2

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LAWYERS FOR the RECEIVER

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND

IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE DEBTORS LISTED AT SCHEDULE "A" HERETO

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

**NOTICE OF MOTION
(returnable October 22, 2014)**

DENTONS CANADA LLP
77 King Street West, Suite 400,
Toronto Ontario, M5K 0A1

CASSELS BROCK & BLACKWELL LLP
2100 Scotia Plaza, 40 King Street West,
Toronto Ontario M5H 3C2

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LAWYERS FOR the RECEIVER

TAB 2

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS
AMENDED AND**

**IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT,
R.S.O. 1990 C. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND
ALL THE DEBTORS LISTED AT SCHEDULE "A" HERETO**

**A. FARBER & PARTNERS INC.
COURT APPOINTED RECEIVER**

FIFTEENTH REPORT OF THE RECEIVER

OCTOBER 14, 2014

1. INTRODUCTION

1. By Court Order dated October 18, 2012, A. Farber & Partners Inc. (“**Farber**”) was appointed receiver (“**Receiver**”) of all of the assets, undertakings and properties of Dondeb Inc. (“**Dondeb**”), and those debtors listed on **Appendix “A”** (collectively, the “**Debtors**”). The Court Order was subsequently amended and restated to be dated October 17, 2012 consistent with the endorsement of the Honourable Justice Campbell (hereinafter referred to as the “**Receivership Order**”), which is attached as **Appendix “B”**. A copy of the reasons of the Honourable Justice Campbell released on November 22, 2012 is attached hereto as **Appendix “C”**.
2. The Debtors were in the primary business of acquiring or developing properties for rent or sale. The Debtors’ properties and operations were located throughout Southern Ontario.
3. The global receivership encompasses 12 legal entities which owned 25 known real properties (collectively the “**Properties**” and each a “**Property**”). The 24 Properties known at the time of the Receivership Order included: four retirement homes and/or independent living homes; two multiple unit apartment buildings; two private schools; five commercial properties; one residential condo unit; one golf course; and nine properties under development comprising vacant land. The list of known properties and assigned numbers is attached as **Appendix “D”**. Property numbers and names as defined in **Appendix “D”** are used throughout this report. Subsequent to the date of the Receivership Order being granted one additional Property was located, being a vacant piece of land located at 20 Scotia Road in Emsdale Ontario (Township of Perry) owned by 1281515 Ontario Inc. (the “**Scotia Road Property**”), as described in a previous report to the Court.
4. By Order dated October 26, 2012, the Court, among other matters, authorized Receiver Borrowings, with the consent of the mortgagees, by way of a revolving credit up to \$500,000, secured by the Properties, with the foregoing limit excluding borrowings for the completion of the Barrie Business Centre (Property #9). The Receiver was also granted authority, without the consent of The Empire Life Insurance Company (“**Empire Life**”), to borrow by way of revolving credit of up to \$60,000 for the purpose of funding interim

expenditures in respect of the real property located at 301 Byron Street South, Whitby, Ontario and the Hatch House Montessori School operated thereon (Property #13). Collectively, such borrowings were to be secured by way of a fixed and specific charge (“**Receiver’s Borrowing Charge**”) as security for payment of monies, in priority to all security interests, trusts and lien claims including but not limited to deemed trust claims under subsection 227(4) and (4.1) of the *Income Tax Act*, subsection 23(3) and (4) of the *Canada Pension Plan* and subsection 86(2) and (2.1) of the *Employment Insurance Act*, but subordinate in priority to the Receiver’s Charge (as defined in the Receivership Order) and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the *Bankruptcy and Insolvency Act* (the “**BIA**”).

5. On January 8, 2013, the Receiver filed its Second Report to Court (the “**Original Second Report**”) seeking, among other things, approval of agreements of purchase and sale for the following four Properties: (i) Devonshire Place property (Property #4); (ii) Tim Hortons/Wendy’s property (Property #10); (iii) Dorset Place property (Property #22); and (iv) Preston Springs Gardens property (Property #24).
6. On January 11, 2013, the Receiver filed a supplement to its Second Report (the “**First Supplement**”) addressing minor amendments to the transactions involving the Tim Hortons/Wendy’s and the Preston Springs Gardens Properties.
7. On January 14, 2013, (i) without objection from any party, the Court granted the approval and vesting order approving the Devonshire Place property sale; and (ii) the Debtors advised the Court that they were in the process of retaining new counsel and requested an adjournment of one week for the remaining relief; Justice Morawetz granted an adjournment until January 15, 2013 for the approval of the remaining agreements of purchase and sale.
8. On the morning of January 15, 2013, the Debtors, having retained new counsel, filed a responding affidavit and in reply the Receiver filed a second supplement to the Second Report (the “**Second Supplement**” and together with the Original Second Report and the First Supplement, the “**Second Report**”).

9. After hearing submissions on January 15, 2013, Justice Morawetz delivered his endorsement orally (the “**January 15 Endorsement**”), *inter alia* (i) approving the Tim Hortons/Wendy’s, the Dorset Place and the Preston Springs Gardens agreements of purchase and sale; and (ii) adjourning the requested approval of the Receiver’s activities as set out in the Second Report so that new counsel for the Debtors had time to consider the matters addressed therein with such approval to be brought back before the Court within 60 days. A copy of the January 15 Endorsement is attached as **Appendix “E”** hereto.
10. The Tim Hortons/Wendy’s property transaction closed on January 17, 2013. The Dorset Place property transaction closed on January 22, 2013. The Preston Springs Gardens property transaction closed on January 28, 2013.
11. By Court Order dated February 13, 2013, among other matters, the Receiver’s activities were approved as set out in the Second Report and the Third Report of the Receiver dated February 6, 2013, and interim distributions of proceeds held for the Dorset Place, Preston Springs Gardens and Tim Hortons/Wendy’s Properties were approved. Approval and vesting orders were also granted on February 13, 2013, in respect of transactions involving the Coldwater (Property #3) and Brechin (Property #12) Properties. The Coldwater property transaction closed on February 15, 2013. The Brechin property transaction closed on February 28, 2013. The Devonshire Place property transaction closed on March 1, 2013.
12. On March 25, 2013, the Court granted orders (i) approving an interim distribution in respect of the Coldwater and Devonshire Place Properties; and (ii) approving the activities of the Receiver set out in the Fourth Report of the Receiver dated March 15, 2013. In addition, on March 25, 2013, the Court granted approval and vesting orders as requested by the Receiver in respect of transactions for the sale of the Sussex Place (Property #8) and the Georgian Manor (Property #17) Properties.
13. The Georgian Manor property transaction closed on March 27, 2013. The Sussex Place property transaction closed on April 24, 2013.
14. On May 10, 2013, the Court granted orders (i) approving the Agreements of Purchase of Sale of the following properties: Ontario Street, Hatch House Montessori School and Tudhope Manor; (ii) approving an Auction Agreement for certain panelization equipment,

as well as approval of a stalking horse sales agreement for the Ace Self Storage property and business and Stalking Horse sales process for same; (iii) approving the distribution of funds held in respect of the Georgian Manor and Sussex Place Properties; and (iv) approving the activities of the Receiver set out in the Fifth Report of the Receiver dated May 3, 2013.

15. The Ontario Street property transaction closed on May 15, 2013 and the Hatch House Montessori School transaction closed on May 21, 2013.
16. On May 29, 2013, the Court granted (i) an order approving an interim distribution in respect of the Ontario Street and Hatch House Montessori School properties; and (ii) an approval and vesting order in respect of the sale of the Lafontaine Terrace property.
17. On June 11, 2013, following a contested hearing, Justice Newbould made two Orders which, among other things, declared that Empire Life was not entitled to an interest differential on four properties: Dorset Place, Sussex Place, Hatch House and Leons, and approved interim distributions on the Tudhope Manor and Lafontaine Terrace properties, which had closed on May 30 and June 4, 2013 respectively.
18. In a motion originally returnable on July 30, 2013, the Receiver sought an approval and vesting order in respect of the Ace Self Storage business and property. Melvyn A. Dancy (“**Dancy**”) appeared in person at the hearing and advised the Court that he was attempting to retain new counsel and requested an adjournment of the Receiver’s motion. Justice Morawetz granted an adjournment until August 6, 2013. At the return of the Motion on August 6, 2013, Dancy advised that he had still not been able to retain new counsel. Notwithstanding same, the approval and vesting Order was granted for the sale of the Ace Self Storage business and property to Pace Savings & Credit Union Limited (“**Pace**”), which sales transaction was the culmination of a previously approved stalking horse sales process. Upon closing of the Ace Self Storage transaction, \$6.2 million was authorized to be distributed to the purchaser, Pace. In addition, an Order of the Court was granted on August 6, 2013 which, among other matters, approved interim distributions to the secured creditor of the Coldwater Property and the Brechin Property and reallocation of proceeds from 2338067 Ontario Inc. to Dondeb Inc., related to the sale of the Dorset Place property.

19. On December 2, 2013, the Court granted (i) an order approving a distribution from the remaining proceeds of sale of the Lafontaine Terrace Property; (ii) approval and vesting orders in respect of the sales of the Orillia Prep School, Orillia Retirement Residence, Whispering Pines, Pepper/Palmer and the 240 Yeoman Street properties; and (iii) an order that the motion brought by Dancy seeking leave to file a complaint against Farber be dismissed on a with prejudice basis and without costs unless Dancy provided written notice on or before January 10, 2014 of his intention to bring on the motion. Dancy did not provide such notice.

20. On March 24, 2014, the Court granted an order (i) authorizing the Receiver to consolidate the Segregated Accounts for Ontario Street, Coldwater, Devonshire Place, Sussex Place, 240 Yeoman Street, Brechin and Dorset Place into one account (the “**Dondeb General Account**”); (ii) authorizing the Receiver to transfer \$108,565.68 from the Dondeb General Account to the Tim Hortons/Wendy’s property Segregated Account to reimburse the Tim Hortons/Wendy’s property in respect of deemed trust amounts owing by Dondeb to Canada Revenue Agency (the “**CRA**”) which were paid to the CRA pursuant to the Order of Justice Morawetz made on February 13, 2013; (iii) authorizing the Receiver to distribute \$180,000 to Faithlife Financial in partial satisfaction of the charge/mortgage granted by 2009031 Ontario Inc. in favour of Faithlife Financial against the Tudhope Manor property; (iv) authorizing the Receiver to distribute \$180,000 to CRA in partial satisfaction of amounts deemed to be held in trust by 118 in favour of CRA; (v) authorizing the Receiver to distribute the amount of \$160,000 to Empire Life in partial satisfaction of the charge/mortgage granted by Dondeb in favour of Empire Life from the proceeds of the Hatch House Montessori School property; (vi) authorizing the Receiver to distribute from the proceeds of sale in respect of the Tim Hortons/Wendy’s property the amount of \$12,500 to Sun Life Assurance Company of Canada in full and final satisfaction of all amounts owing to Sun Life by Dondeb; and (vii) authorizing the Receiver to distribute from the proceeds of sale in respect of the Tim Hortons/Wendy’s property the amount of \$100,000 to The Bank of Nova Scotia, Trustee (“**BNS**”) in full and final satisfaction of all amounts secured in respect by a charge/mortgage granted by 2339506 Ontario Inc. in favour of BNS as against the Tim Hortons/Wendy’s Property. Also on March 24, 2014 approval and vesting orders in respect of the sales of the Rockin Boats, Remo’s Ristoronti,

Scotia Rd. and Barrie Business Centre properties were granted. As well, an approval and vesting order in respect of a transaction involving the Feed-in-Tariff contract (“**FIT Contract**”) between Dondeb and Ontario Power Authority related to the Rockin Boats property was made.

21. On May 2, 2014, the Court granted an Order (i) approving the Twelfth Report and the activities of the Receiver set out therein; (ii) authorizing the Receiver to distribute the amount of \$2,630,000 to First Source Mortgage Corporation and Mark Cosman (“**First Source/Cosman**”) and in partial satisfaction of the charge/mortgage granted by Dondeb, in favour of First Source/Cosman in the original principal sum of \$7,100,000 registered on September 1, 2011 as Instrument No. SC928251 (the “**First Source BBC Charge**”) against the BBC property from the funds held by the Receiver in the account maintained for the BBC property; (iii) authorizing the Receiver to distribute the amount of \$160,000 to First Source/Cosman in partial satisfaction of the charge/mortgage granted by Dondeb, in favour of First Source/Cosman in the original principal sum of \$150,000 registered on August 24, 2012 as Instrument No. SC1006304 (the “**First Source Tim Hortons Charge**”) against the Tim Hortons/Wendy’s property from the funds held by the Receiver in the account maintained for the Remo’s Ristoronti property; and (iv) authorizing the Receiver to distribute the amount of \$250,000 to The Toronto-Dominion Bank (“**TD**”) in partial satisfaction of the charge/mortgage granted by Dondeb to The Canada Trust Company as custodian for TD in the original principal amount of \$712,000, registered on November 1, 2005 as Instrument No. SC382515, against the Rockin Boats property from the proceeds of sale of the Rockin Boats property.
22. On July 28, 2014, the Court granted Orders (i) approving the thirteenth report to Court of the Receiver and the activities of the Receiver set out therein; (ii) approving the completion of the sale transaction, related to the property at 92 Davidson Avenue, Barrie, ON, contemplated by the agreement of purchase and sale between the Receiver as vendor and Solara Sustainable Energy Company Limited as purchaser made as of July 8, 2014 and related relief; and (iii) approving Farber’s fees and disbursements as Receiver for the period October 17, 2012 to May 31, 2014 and the fees and disbursements of Farber’s independent legal counsel, counsel Dentons LLP (“**Dentons**”), for the period October 17

2012 to May 31, 2014 and Cassels, Brock & Blackwell LLP for the period March 2, 2014 to May 31, 2014 for the following 13 properties: Ace Self Storage and Business Centre Inc., 240 Yeoman, Brechin, Coldwater, Devonshire, Dorset Place, Georgian Manor, King City Holdings (Belleville – Pepper/Palmer), Ontario Street, Orillia Independent Living, Preston Springs, Sussex Place and Tudhope Manor.

23. On September 12, 2014, the Court granted an Order (i) approving the completion of the sale transaction (the “**OIL Transaction**”) contemplated by the agreement of purchase and sale in respect of the real property municipally known as 20 Simcoe Street, Orillia, ON and the business located thereon known as Orillia Independent Living (“**OIL**”), between the Receiver as vendor and Retirement Suites (Simcoe) Ltd (the “**OIL Purchaser**”) as assignee of Nitin Mendiratta In Trust for company to be incorporated as purchaser made as of July 21, 2014, as amended (the “**OIL APS**”); (ii) vesting in the OIL Purchaser the Property (as defined in the OIL APS) free and clear of encumbrances, other than Permitted Encumbrances (as defined in the OIL APS); and (iii) sealing and treating as confidential Confidential Appendix 1 to the Fourteenth Report until closing of the OIL Transaction or further order of the Court and providing that the relief set out in the order be subject to provisional execution. Copies of the Order and Endorsement from September 12, 2014 are attached hereto as **Appendix “F”**. The OIL Transaction closed on September 17, 2014.
24. In summary, to date, of the 25 Properties, sales have been completed in respect of the following 24 Properties: Tim Hortons/Wendy’s, Dorset Place, Preston Springs Gardens, Devonshire Place, Coldwater, Brechin, Georgian Manor, Sussex Place, Ontario Street, Hatch House Montessori School, Tudhope Manor, the Lafontaine Terrace, the Ace Self Storage, Orillia Prep School, Orillia Independent Living, Orillia Retirement Residence, Whispering Pines, Pepper/Palmer, Yeomen Street, Rockin Boats, Remo’s Ristoronti property, Scotia Road, and the Barrie Business Centre.

2. PURPOSE OF REPORT

25. The Purpose of this fifteenth report to the Court of the Receiver (the “**Fifteenth Report**”) is to report to the Court on the activities of the Receiver since the filing of the Receiver’s

Fourteenth Report to the Court and to provide support for the Receiver's request for an Order:

- (i) approving the Fifteenth Report and the activities of the Receiver set out therein;
- (ii) authorizing the Receiver to distribute the amount of \$4,363,131.71 plus additional reasonable legal fees not to exceed \$2,000 to Addenda Capital Inc. ("**Addenda**") and in full and final satisfaction of the charge/mortgage granted by Dondeb in favour of Addenda in the original principal sum of \$4,300,000 registered on December 5, 2008 as Instrument No. SC704605 (the "**Addenda OIL Charge**") against the real property located at 20 Simcoe Street, Orillia, Ontario (the "**OIL Real Property**") transferred by Dondeb to 2198392 on December 13, 2010 from the funds held by the Receiver in the account maintained for the OIL property; and
- (iii) authorizing the Receiver to distribute \$100,000.00 to Cameron Stephens Financial Corporation ("**Cameron Stephens**") in partial satisfaction of the charge/mortgage granted by Dondeb in favour of Cameron Stephens in the original principal sum of \$700,000 registered on March 5, 2009 against the OIL Real Property as Instrument No. SC720662 (the "**Cameron Stephens OIL Charge**") from the funds held by the Receiver in the account maintained for the OIL Property.

3. DISCLAIMER

- 26. Farber has relied upon the financial records and information provided by the Debtors, as well as other information supplied by management, appraisers, accountants, auditors and advisors.

4. RECEIVER'S ACTIVITIES

- 27. Since September 3, 2014, the Receiver's activities have included, among other things:

- Monitoring receipts and disbursements, coordinating debt service payments where cash flow permits and liaising with mortgagees, as appropriate;
- Following up the transactions previously approved by the Court in respect of the sale of certain feed – in – tariff contracts and steps to conclude and close those transactions;
- Overseeing and monitoring of ongoing operations at OIL, in concert with the current business managers and review through to the close of the OIL Transaction;
- Preparation for and attendance at Court on September 12, 2014 for approval of the OIL APS;
- Attending to preparation for and closing of the OIL Transaction on September 17, 2014;
- Liaising with the Oil Purchaser and various suppliers of OIL to ensure uninterrupted supply of goods and services to the OIL tenants after close of the OIL APS transaction; and
- Corresponding by email and telephone with the Debtors’ creditors.

PROPERTY # 21 ORILLIA INDEPENDENT LIVING – INTERIM DISTRIBUTION

28. OIL is a 32 unit independent living retirement home located in Orillia, Ontario. The property was owned by 2198392 Ontario Inc. The first and second mortgages of record were: the Addenda OIL Charge and the Cameron Stephens OIL Charge (“collectively, the **“OIL Mortgages”**).
29. On July 21, 2014, after consultation with the Addenda and Cameron Stephens, the Receiver entered into the OIL APS. On September 12, 2014, the Court approved the OIL APS and the transaction closed on September 17, 2014.

30. On closing of the transaction on September 17, 2014, Farber was paid \$4,355,872.70 which was net of \$114,127.30 in closing adjustments related to rental apportionment for the month of September 2014, tenant deposits plus interest on same and realty taxes. This represented the balance of the purchase price, taking into account the real estate adjustments at closing and the deposits of \$500,000 held by the Receiver. A copy of the closing statement and cash summary statement for the transaction are attached as **Appendix “G”**.
31. The Receiver has reviewed a payout statement from Addenda as first mortgagee provided on October 3, 2014 which indicates that the principal, accrued interest and costs owing under the Addenda Charge is \$4,363,131.71 effective October 22, 2014. A copy of the payout statement is attached as **Appendix “H”**. The Receiver has reviewed the payout statement and is satisfied that it reflects the balance due and owing as secured against the OIL property.
32. The Receiver has reviewed a payout statement from Cameron Stephens dated October 10, 2014 which indicates that the principal, accrued interest and costs owing under the Cameron Stephens Charge is in excess of \$999,316.92 effective October 10, 2014. A copy of the payout statement is attached as **Appendix “I”**. The Receiver is comfortable that the amount owed to Cameron Stephens as secured by the Cameron Stephens OIL Charge is substantially in excess of the proposed interim distribution of \$100,000 to Cameron Stephens. The Receiver has not, however, performed a detailed and therefore expresses no view as to the exact amount owing to Cameron Stephens that is secured by the Cameron Stephens OIL Charge.
33. The Receiver has obtained a legal opinion from its independent legal counsel, Dentons Canada LLP (formerly Fraser Milner Casgrain LLP) (“**Dentons**”) that, subject to the customary assumptions and qualifications, the Addenda OIL Charge and the Cameron Stephens OIL Charge are valid. A copy of the Dentons’ security opinion dated January 31, 2013 is attached as **Appendix “J”**.
34. Pursuant to the Receivership Order, the Receiver has set up and maintained segregated bank accounts and ring fenced accounting for each property. Attached as **Appendix “K”** is

a copy of a statement of receipts and disbursement for the period October 17, 2012 to October 10, 2014 for the OIL Property showing a balance of \$4,621,205.54

35. Set out below is a table summarizing the proposed distribution to Addenda and proposed interim distribution to Cameron Stephens for the OIL Property, taking into account the current net cash position for the property effective October 10, 2014, and the mortgagees' loan payout positions effective October 22, 2014 for Addenda and October 10, 2014 for Cameron Stephens, priority claims, charges and fees, with estimated reserve to be held until such time as all claims and costs are determined.

Orillia Independent Living - Proposed Interim Distribution

20 Simcoe Street, Orillia

Statement of Receipts & Disbursements - October 10, 2014	4,621,205.64
Less: Proposed Full Payout to Addenda Capital Inc. - October 22, 2014	(4,363,131.71)
Less: Interim Distribution to Cameron Stephens Financial	(100,000.00)
Less: Estimated Receiver Fees to Complete	(25,000.00)
Less: Estimated Legal Fees to Complete	(20,000.00)
Less: Reserve for GARE Fees	(90,000.00)
Less: Final operating costs to closing date	(5,000.00)
Estimated Remaining Funds	18,073.93

36. The proposed interim distribution contemplates the following: (i) that Addenda be paid out \$4,363,131.71 in full satisfaction all amounts secured by the Addenda OIL Charge; (ii) that \$100,000 be paid out in partial satisfaction of amounts secured by the Cameron Stephens OIL charge, and (iii) that the Receiver reserve approximately \$140,000 for OIL operating costs accrued to and payable to the closing date and all claims and costs required to complete the administration of the global receivership, including general restructuring and administrative expenses (“GARE”) and professional fees since October 1, 2014 with a final distribution to be undertaken once all such amounts are determined.
37. The Receiver also proposes that the requested interim distribution order be made without prejudice to any rights of marshaling, subrogation or apportionment that any subordinate creditors may have, in particular, as it relates to the property which may be free and clear if the proposed interim distribution occurs.

5. STATUS OF MARKETING AND SALE PROCESS OF THE REMAINING PROPERTIES

38. Only one remaining real Property (Leon's, 555 Memorial Ave., Orillia, Ontario) remains to be sold. The Receiver has marketed this property through a series of listings. There have been a number of enquiries and offers submitted as well as two further expressions of interest being worked on at the date of this Report, however, no acceptable offer has been received to date.
39. In addition, the Receiver continues efforts to realize upon the remaining three FIT Contracts. Agreements of purchase and sale have been previously approved by the Court for two of the remaining FIT Contracts (those formerly associated with the Rockin' Boats and Barrie Business Centre properties). The Receiver continues to work with the purchasers of those FIT Contracts to satisfy the conditions to closing of the relevant agreements. As well, with respect the FIT Contract associated with the Leon's Property, the Receiver continues its efforts to market such for sale with the goal of entering into an agreement of purchase and sale for such contract as well.

6. RECOMMENDATION

40. The Receiver respectfully recommends that this Court grant an order for the relief requested in Section 2 hereof.

A. FARBER & PARTNERS INC.

In its capacity as Receiver of the Debtors

Listed on Appendix A and not in its personal capacity

A. Farber & Partners Inc.,

APPENDIX “A”

SCHEDULE "A"

1281515 Ontario Inc.

2338067 Ontario Inc.

2198392 Ontario Ltd.

King City Holdings Ltd.

Guelph Financial Corporation

Briarbrook Apartments Inc.

2009031 Ontario Inc.

1267818 Ontario Ltd.

1711060 Ontario Ltd.

1182689 Ontario Inc.

Ace Self Storage and Business Centre Inc.

APPENDIX “B”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEDNESDAY, THE 17TH
JUSTICE C. CAMPBELL) DAY OF OCTOBER, 2012

THE TORONTO-DOMINION BANK AND THE CANADA TRUST COMPANY

Applicants

- and -

**DONDEB INC., FIRST SOURCE MORTGAGE CORPORATION AND ONTARIO
WEALTH MANAGEMENT CORPORATION**

Respondents

ORDER

THIS APPLICATION made by the Applicants including the Creditors defined in Schedule "B" hereto for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing A. Farber & Partners Inc. as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of the Debtors referred to at Schedule "A" attached hereto (the "Debtors") acquired for, or used in relation to the business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

WHEREAS those Debtors are defined in Schedule "A" to the Notice of Application in Court File Number CV-12-00009865-00CL which Schedule is attached hereto as Schedule "A".

ON READING the materials filed by the parties in Court File No. CV-12-00009865-00CL and upon hearing the submissions of the Counsel for the Debtors and Counsel for the Creditors listed in Schedule "B" hereto,

APPOINTMENT

1. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, A. Farber & Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties including real property listed as Schedule "C" hereto ("Real Property") of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

2. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;

- (d) after consulting with the relevant mortgagees, and upon obtaining their consent or FURTHER ORDER OF THIS COURT market any or all of the Real Property, including advertising and soliciting offers in respect of the Real Property or any part or parts thereof, signing listing agreements in respect of the Real Property or any part(s) thereof, and negotiating such terms and conditions of sale as the Receiver in consultation with the Mortgagees may deem appropriate, subject to prior approval of this Court being obtained before any sale is completed;
- (e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (f) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (g) to receive and collect all monies subject to provisions in paragraph number 3 herein and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (h) to settle, extend or compromise any indebtedness owing to the Debtors;
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (j) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;

- (k) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (l) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (m) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000.00, provided that the aggregate consideration for all such transactions does not exceed \$500,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (n) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (o) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the

Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (p) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (q) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (r) to file assignments into bankruptcy for any of the Debtors with leave of the Court on notice to the Debtors;
- (s) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (t) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (u) to undertake improvements to the property municipally known as 92 Davidson Street, Barrie, Ontario upon the consent of the mortgagees thereof; and
- (v) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

Ring-Fencing and Use of Funds

3. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected, from and after the making of this Order, from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable of the Debtors in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into new property-specific accounts (the "Segregated Accounts") to be opened by the Receiver immediately. The number of Segregated Accounts so opened shall be equivalent to the number of properties owned by the Debtors in the aggregate. The Segregated Accounts shall be segregated such that all receipts in respect of a property shall be deposited into the Segregated Account opened in respect of such property and all permitted disbursements (the "Permitted Disbursements") in respect of such property shall be withdrawn therefrom, if sufficient funds are available. "Permitted Disbursements" shall mean, in relation to the property in respect of which a Segregated Account has been opened, realty taxes, utilities, payroll, insurance, maintenance expenses, other reasonable property-specific expenses and business expenses associated with such property. The Receiver shall have sole signing authority over the Segregated Accounts. The monies, if any, standing to the credit of each Segregated Account, net of any Permitted Disbursements provided for herein, shall be paid on a monthly basis to the mortgagees of such property according to the priority of the registration of such mortgagees' mortgages, or any further Order of this Court. For greater certainty, the term "property" in this paragraph shall include the Business operated by Ace Self Storage and Business Centre Inc. and Pace Savings Credit Union Limited shall be treated as a mortgagee thereof.

4.

- a. THIS COURT ORDERS THAT no payments shall be made to any secured creditor, pursuant to paragraph 3 or 4 otherwise, by the Receiver unless and until the Receiver receives an opinion that such secured creditor's security is valid and enforceable, subject to customary qualifications and assumptions or further Order of the Court.

- b. THIS COURT ORDERS that the lock box arrangements with respect to Briarbrook Apartments Inc. shall remain in effect.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully

copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors 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 Debtors 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current 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 Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited in the appropriate Segregated Accounts as outlined in paragraph 3 herein to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver'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.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order including without limitation, pursuant to Retirement Homes Act, 2010, S.O. 2010 ch.11, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18.

- a) THIS COURT ORDERS that the Receiver and its counsel shall be entitled to and is hereby granted a Charge (the "Pre-Filing Receiver's Charge") on the Property as security for such fees and disbursements incurred before this Order was made, to be paid upon sale or refinancing of the relevant Property or Business to each of the Real Properties described in Schedule "C" hereto in the amount of \$11,000.00 per Real Property or Business.
- b) THIS COURT FURTHER ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are

hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements incurred after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

- c) The Receiver and its Counsel shall allocate their respective fees and disbursements with respect to work done on each of the Debtor's Property including Ace Self Storage & Business Centre Inc.

19. THIS COURT ORDERS that the Receiver is hereby authorized to deposit proceeds of sale of any personal property of the Debtors into the appropriate Segregated Account and in connection with Dondeb Inc., the Receiver shall be authorized to apply the said proceeds to the General Restructuring Administrative Expenses (GARE). The Receiver and its Counsel shall keep separate records for GARE defined in paragraph 19 herein.

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

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and is empowered with the consent of the Mortgagees, not including Collateral Mortgagees, of the Real Property against which the borrowings are required to borrow by way of a revolving credit or otherwise, such

monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. For greater certainty the foregoing limit shall not include borrowings for completion of the Barrie Business Centre. The whole of each Real Property as defined in respect of which the borrowings have been incurred shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "D" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

26. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

27. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a Trustee in Bankruptcy of the Debtors.

28. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

29. THIS COURT ORDERS that the Receiver 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 Receiver 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.

30. THIS COURT ORDERS that in order to facilitate the administration of the within Receivership, the following proceedings, each being Notices of Intention to Make a Proposal. Specifically:

- (a) Dondob Inc. – 31-1664344
- (b) Ace Self Storage & Business Centre – 31-1664774
- (c) 1711060 Ontario Ltd. – 31-1664775
- (d) 2338067 Ontario Ltd. – 31-1664772
- (e) King City Holdings Ltd. – 31-1671712
- (f) 1182689 Ontario Inc. – 31-1671611
- (g) 2198392 Ontario Inc. – 31-1673260.

are hereby stayed and suspended pending further Order of the Court.

31. THIS COURT ORDERS that the title of proceedings in this matter be changed to read as follows:

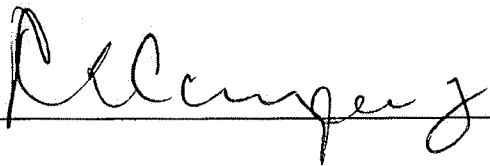
IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND
IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE DEBTORS LISTED AT SCHEDULE "A" HERETO.

32. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.

OCT 22 2012



Schedule "A"

The Debtors

Dondeb Inc.

1281515 Ontario Inc.

2338067 Ontario Inc.

2198392 Ontario Ltd.

King City Holdings Ltd.

Guelph Financial Corporation

Briarbrook Apartments Inc.

2009031 Ontario Inc.

1267818 Ontario Ltd.

1711060 Ontario Ltd.

1182689 Ontario Inc.

Ace Self Storage and Business Centre Inc.

Schedule "B"

The Creditors Present in Court on October 17, 2012

Pace Savings & Credit Union Limited

Vector Financial Services Limited

First Source Mortgage Corporation

Mark Cosman, Trustee

The Empire Life Insurance Company

RMG Mortgages, a division of MCAP Financial Corporation

FaithLife Financial

Addenda Capital Inc.

Virgin Venture Capital Corporation

The Bank of Nova Scotia Trust Company, in trust

RDB (Toronto) Holdings Inc.

Susan Michaels Holdings Limited

Comfort Capital Inc.

JLJR Investments Inc.

1522648 Ontario Inc.

Berend Koopmans

Michael Swartz

Audrey Michaels

The Toronto-Dominion Bank and The Canada Trust Company

Schedule "C" - Real Properties

Properties of Dondeb Inc. and Related Companies

Registered Owner of the Property	Property Number	Property Name	Municipal Description	Property Value	Major Assets	Current Liabilities	Interest Rate	Maturity Date	Collateral
Dondeb Inc. (NOI Under the BIA filed 11-Sep-12)	1	Ace Self Storage (437 indoor storage units and office rental space, 105,000 sq ft)	256 Hughes Rd, Orillia, ON; 270 Hughes Rd, Orillia, ON; 4575 Huronia Rd, Orillia, ON; Huronia Rd., Orillia, ON	\$135,962.59 (256 Hughes Rd.) \$49,141.14 (270 Hughes Rd.) \$10,458.12 (4575 Huronia Rd.) = \$195,561.85	COLLATERAL 1 - Pace Savings & Credit Union Limited 2 - Pace Savings & Credit Union Limited 3 - Pace Savings & Credit Union Limited (Pace loans collateralized with Ace Self Storage and Business Centre Inc.) 4 - Vector Financial Services Limited 5 - First Source Mortgage Corporation / Mark Cosman	\$3,450,000 \$1,550,000 \$1,550,000	Prime +1% Prime +1% Prime +1%	Matured Matured Matured	
	2	Ontario St. (Vacant land zoned for industrial, 1.5 acres)	6 Ontario St. Orillia, ON	\$2,647.54	1 - Fred Rankel	\$900,000	12.00%	1-Jan-14	● Fred Rankel loan - Mel Dancy, 1182689 Ontario Inc., and King City Holdings Ltd.
	3	Coldwater (Vacant land zoned for 120 unit condominiums, 3.96 acres)	233, 249 & 261 Coldwater Ave. Orillia, ON	1,226,77 (233) + 832,10 (249) + 1,212,94 (261) = \$3,251,81	1 - Fred Rankel	\$800,000	12.00%	1-Jan-14	● Fred Rankel loan - Mel Dancy, 1182689 Ontario Inc., and King City Holdings Ltd.
	4	Devonshire Place (1 Unit Rental Condo, 550 sq ft)	35390 Yonge St Unit 208 Aurora, ON	NIL	1 - Laurentian Bank of Canada	\$73,868	3.00%	1-Aug-14	● Laurentian loan - Mel Dancy
	5	ProSpan / Rockin Boats (Tenanted 1 unit industrial building, 26,000 sq ft)	61 Forest Plain Rd. Orillia, ON	\$108,861.18	1 - The Canada Trust Company COLLATERAL 2 - First Source Mortgage Corporation	\$572,974.25 (as of June 12, 2012) \$300,000 = \$872,974	5.74% 10.5%	Matured 1-Aug-12	● Canada Trust Company loan - Mel Dancy ● First Source loan - Mel Dancy
	6	Remo's Ristranti (Vacant restaurant, 4,155 sq ft on 0.845 acres of land)	480 West St. South, Orillia ON	NIL	1 - Ontario Wealth Management Corporation	\$1,000,000	12.75%	1-Jan-11 (Derek advises extended to 1-Jan-13)	● Ontario Wealth Management loan - Mel Dancy

Properties of Dondob Inc. and Related Companies

Registered Owner of the Property	Number	Property Name	Municipal Description	Property Value	Property Tax Amount	Registered Assets	Current Loans	Interest Rate	Maturity Date	Signature
Dondob Inc. (NOI Under the BIA filed 11-Sep-12)	7	Orillia Retirement Residence (31 unit retirement home, 27,438 sq ft)	24 Simcoe St. Orillia, ON	\$44,823.31		1- Vector Financial Services Limited 2- A.&L. Cabrio Investments Ltd. et al (New Heaven)	\$2,900,000 \$1,500,000 = \$4,400,000	8.75% 8.75%	10-Jun-12 26-Apr-12	•Vector loan - Mel Dancy
	8	Sussex Place (47 unit apartment building, 6 storeys, located on 0.9 acres of land)	205 Volden Street East Brampton, ON	\$40,850.29		1- The Empire Life Insurance Company 2- Ontario Wealth Management Corporation COLLATERAL 3- First Source Mortgage Corporation / Mark Cosman	\$2,682,892.11 (as of September 14, 2012) \$800,000 \$4,121,840.71 (as of September 20, 2012) = \$7,604,733	5.3% 12.5% 9.5%	1-Oct-15 1-Feb-08 1-Sep-13	• Empire Life loan - Mel Dancy • Ontario Wealth Management loan - Mel Dancy, 1194927 Ontario Inc.
	9	Barrie Business Center (1 tenant large industrial space under construction, 90% complete for phase 1 current building 34,500 sq addition is 26,000 sq ft)	92 Davidson St Barrie, ON	\$11,876.61		1- First Source Mortgage Corporation / Mark Cosman 2- 1160145 Ontario Inc.	\$4,121,840.71 (as of September 20, 2012) \$53,773 = \$4,175,614	9.5% 4.00%	1-Sep-13 11-Oct-12	•1160145 Ontario Inc. loan - Mel Dancy
	10	Tim Hortons & Wendy's (leased restaurant, 3,700 sq ft on 1.86 acres of land)	525 - 545 Memorial Ave Orillia, ON	\$12,069.00		1- Clarica Life Insurance Company 2- Ontario Wealth Management Corporation 3- Bank of Nova Scotia Trust Company COLLATERAL 4- First Source Mortgage Corporation/Mark Cosman	\$481,298.41 (as of 18-Sep-12) \$1,000,000 \$1,600,000 \$150,000 (as of September 20, 2012) = \$3,231,298	4.3% 12.75% 11.5% 9.5%	1-Jun-16 1-Jan-11 (Derek address extended to 1-Feb-13) 28-Aug-13 1-Sep-13	•Clarica life loan - Mel Dancy •Ontario Wealth Management loan Mel Dancy
	11	240 Yeoman (Vacant land zoned for 68 unit condominium site, 3.96 acres)	240 Yeoman St. Bellefleur, ON	\$12,114.29		1- Fred Rankel	\$860,000	17.00%	1-Jan-14	•Fred Rankel loan - Mel Dancy, 1182689 Ontario Inc., and King City Holdings Ltd.

Properties of Dondeb Inc. and Related Companies

Registered Owner of the Property	Number	Property Address	Municipal Description	Property Value	Property Tax Amount	Mortgages	Current Balance	Interest Rate	Maturity Date	Supplier
	12	Brechin (100 acre farm, no residence on it)	Brechin (near Orillia, ON)	\$507.99	\$507.99	COLLATERAL 1- Fred Rankel	\$800,000	12.00%	1-Jan-14	•Fred Rankel loan - Mel Dancy, 1182689 Ontario Inc., and King City Holdings Ltd.

Properties of Dondob Inc. and Related Companies

Registered Owner of the Property	Number	Property Name	Physical Description	Property Value	Mortgages	Current Balance	Interest Rate	Maturity Date	Collateral
1182689 Ontario Inc. (NOI Under the BIA filed 1-Oct-12)	13	Hatch House Montessori School (School, 8,315 sq ft on 21,389 sq ft of land)	301 Byron Street South, Whitby, ON	\$59,197.70	1- The Empire Life Insurance Company 2- Minister of Finance	\$493,270 (as of 14-Sep-12) \$518,235 = \$1,011,505	5.60%	1-Apr-2016	● Empire Life loan - Mel Dancy
	14	Orillia Prep School (School, 3,681 sq ft on 11,475 sq ft of land)	547 Laclie St, Orillia, ON	\$1,267.66	1- Ontario Wealth Management Corporation	\$1,000,000	12.75%	1-Jan-2011 (pre-advices extended 1-Jan-2013)	● Ontario Wealth Management loan - Mel Dancy
King City Holdings Ltd. (NOI Under the BIA filed 1-Oct-12)	15	Belleville (Pepper) (Vacant land zoned for 17 townhomes, 4.77 acres)	Belleville, ON	\$1,486.91	1- Ontario Wealth Management Corporation	\$300,000	10.00%	1-Apr-10	● Ontario Wealth Management loan - Mel Dancy
	16	Belleville (Palmer) (Vacant land zoned for 16 townhomes, 4.72 acres)	Belleville, ON		1- Ontario Wealth Management Corporation	\$300,000	10.00%	1-Apr-10	● Ontario Wealth Management loan - Mel Dancy
1267818 Ontario Ltd.	17	Georgian Manor Banquet Hall (Vacant 2 storey banquet hall, 5,497 sq ft)	52 Morrow Rd, Barrie, ON	\$14,583.99	1- Duca Financial Services Credit Union Ltd. COLLATERAL 2- Fred Rankel	\$405,610 (as at 4 Sep-12) \$800,000 = \$1,205,610	7.3% 12%	15-Aug-11 1-Jan-14	● Duca loan - Mel Dancy ● Fred Rankel loan - Mel Dancy, 1182689 Ontario Inc., and King City Holdings Ltd.
	18	Whispering Pines (9 Hole Golf Course)	451 Golf Course Rd, Huntsville, ON	\$7,259.92	1- Vector Financial Services Limited 2- Robert Weisz/The Bank of Nova Scotia Trust Company	\$600,000 \$250,500 (as at 1-Sep-12) = \$850,000	9.5% 10%	10-Oct-10 (Derek advises extended 1-Aug-2012 in forbearance) 15-Jan-10	● Vector loan - Mel Dancy ● Robert Weisz loan - Mel Dancy ● Robert Weisz loan - Mel Dancy
1711060 Ontario Ltd. (NOI Under the BIA filed 12-Sep-12)	19	Latontaine Terrace (38 unit retirement home on 1.52 acres of land)	169 Borden Ave, Kitchener, ON	NIL	1- RMG Mortgages, a division of MFCAP Financial Corporation 2- David Sugar et al	\$759,820 \$467,829.38 (as of 1-Sep-12) = \$1,227,199	bank + 1.7% 12.00%	10-Mar-11 1-Nov-11	● RMG loan - Mel Dancy

Properties of Dondeb Inc. and Related Companies

Registered Owner of the Property	Number	Property Name	Municipal Description	Property Value	Property Tax Amount	Mortgages	Current Balance	Interest Rate	Maturity Date	Statement
2009031 Ontario Inc.	20	Tudhope Manor (40 unit retirement home, 12,340 sq ft on 19,658 sq ft of land)	127 Peter St. N Orillia, ON	\$109,657,111		1- Lutheran Life Insurance Society of Canada (now Faith Life) 2- Minister of Finance	\$2,056,859 (as at 4-Oct-12) \$275,525 = \$2,372,384	5.88%	1-Dec-12	• Lutheran Life loan - Dondeb and Mel Dancy

Properties of Dondeb Inc. and Related Companies

Registered Owner of the Property	Property Name	Municipal Description	Property Value	Assessors Tax Base	Market Value	Current Balance	Interest Rate	Maturity Date	Security
2198392 Ontario Ltd.	21 Orillia Independent Living (32 unit retirement home, 24,205 sq ft on 28,837 sq ft of land)	20 Simcoe St Orillia, ON	\$15,794.13	\$10,882.05	1- Addenda Capital Inc. 2- Cameron Stephens Financial Corporation 3- Virgin Venture Capital Corporation	\$3,951,362.33 (as of August 1, 2012) \$700,000 \$2,774,878.27 (as at 4-Oct-12) =\$6,726,241	4.8% 14% 11.5%	1-Apr-12 31-Mar-12 1-Sep-13	•Addenda loan - Mel Dancy •Cameron Stephens loan - Mel Dancy •Virgin loan - Mel Dancy, Derek Dancy, and 2338067 Ontario Inc. (note also cross collateralized)
2338067 Ontario Inc. (NOI Under the BIA filed 12-Sep-12)	22 Dorset Place (51 unit apartment building on 0.76 acres, 6 storeys)	90 Gurnett Street Aurora, Ontario	\$10,882.05	\$10,882.05	1- The Empire Life Insurance Company 2- Virgin Venture Capital Corporation <u>COLLATERAL</u> 3- First Source Mortgage Corporation/Mark Cosman	\$3,114,577.93 (as of August 10, 2012) \$2,774,878.27 (as at 4-Oct-12) \$150,000 (as of September 20, 2012) =\$8,036,455	5.5% 11.5% 9.5%	10-Mar-16 1-Sep-13 1-Sep-13	•Empire Life loan - Mel Dancy •Virgin loan - Mel Dancy, Derek Dancy, and 2198392 Ontario Inc. (note also cross collateralized)
Briarbrook Apartments Inc.	23 Leon's (41,612 sq ft retail store)	555 Memorial Ave Orillia, ON	\$32,470.00	\$32,470.00	1- The Empire Life Insurance Company 2- The Bank of Nova Scotia Trust Company <u>COLLATERAL</u> 3- First Source Mortgage Corporation/Mark Cosman	\$1,539,042 (as of September 14, 2012) \$1,600,000 \$4,121,840.71 (as of September 20, 2012) =\$7,260,882	5.6% 11.5% 9.5%	1-Apr-16 23-Aug-13 1-Sep-13	•Empire Life loan - Mel Dancy •Bank of Nova Scotia loan - Mel Dancy
Guelph Financial Corporation	24 Preston Springs Gardens (Former retirement home under construction 50% complete, on 2.385 acres)	102-110 Fountain St. North, Cambridge, Ontario	25,417.64 (102 Fountain St. 5) + 14157.74 (110 Fountain St. 5) =\$39, 575.38		1- First Source Mortgage Corporation <u>COLLATERAL</u> 2- Ontario Wealth Management Corporation (note that this is to secure payment of arrears on all other Ontario Wealth loans to July 1, 2012)	\$300,000 \$2,100,000 (note: no funds advanced; amount represents security for all outstanding Ontario Wealth loans) =\$2,400,000	10.5%	1-Aug-12	•First Source loan - Mel Dancy and Dondeb Inc. •Ontario Wealth Management loan - King City Holdings Ltd., Dondeb Inc. and 1182689 Ontario Inc.
TOTAL						\$5,163,400			(Please note that cross collateralized loans were only included in this total)

SCHEDULE "D"

RECEIVER CERTIFICATE

"PROPERTY" [Municipal Address]

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that A. Farber & Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties of [DEBTOR'S NAME] acquired for, or used in relation to the Property described above, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 18^h of October, 2012 (the "Order") made in an action having Court file number CV-12-00009794-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver in respect of the above-noted Property pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of MONTH, 20YR.

A. Farber & Partners Inc., solely in its capacity
as Receiver of the [Debtors], and not in its
personal capacity

Per: _____

Name:

Title:

The Toronto-Dominion Bank et al.

Applicant(s)

- and -

Dondeb Inc. et al

Respondent(s)

Court File No.: CV-12--9794-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding Commenced at Toronto

ORDER

**KESTENBERG SIEGAL LIPKUS
LLP**

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65 Granby Street
Toronto, Ontario
M5B 1H8

MICHAEL R. KESTENBERG

Law Society No. 16005H

BEVERLY C. JUSKO

Law Society Registration #31122C

Telephone: (416) 597-0000

Facsimile: (416) 597-6567

Solicitors for the Applicants

0608-872

APPENDIX “C”



SUPERIOR COURT OF JUSTICE
 Judges' Administration
 Court House
 361 University Avenue, Room 170
 TORONTO, ONTARIO M5G 1T3
 Tel: (416) 327-5284 Fax: (416) 327-5417

FAX / MAIL COVER SHEET

Date: November 22, 2012

To	Fax No.
David P. Preger / Lisa S. Corne / Michael Weinczok	416-865-1398
Gary Sugar	416-366-8571
D.R. Rothwell	416-593-7740
Harry Fogul	416-863-1515
Robin Dodokin	416-869-0547
Beverly Jusko / M.R. Kestenberg	416-597-6567
Roger Jaipargas	416-761-7067
R.B. Bissell	416-597-3370
Jeffrey Larry	416-646-4301
Douglas Langley	905-940-8785
David Mende	416-863-1009
W. Rabinovitch / J. Dietrich	416-863-4592
M. Church	416-775-4675

From: Aggie Gomez
 Secretary to C. Campbell J.

Total No. of Pages (incl. cover page): 9

Message: DONDEB INC.

COURT FILE NO.: CV-12-00009865-00CL

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Original will NOT follow. If you do not receive all pages, please telephone us immediately at the above number.

[2] The application is vigorously opposed by numerous secured creditors which have mortgage or other security on property beneficially owned by one or more of the companies in the Dondeb "group".

[3] The applicants seek the protection of the *CCAA* to enable an orderly liquidation of the assets and property of the various companies to enable what is asserted to be the remaining equity after sale and expenses to accrue to the benefit of the Dondeb Group.

[4] It is urged that the flexible mechanism of the *CCAA* is appropriate as there are common expenses across some of the companies', common security across others and that any order in liquidation would prevent the incurrence of added cost should individual properties and companies placed in liquidation with the loss of remaining equity.

[5] The applications propose a Debtor in Possession (DIP) financing and administrative charge to secure the fees of professionals and expenses associated with *CCAA* administration. The application is opposed by approximately 75% in value of the secured creditors.

[6] The basis of the opposition can be summarized as follows:

- i) That in many instances the properties over which security is held is sufficiently discrete with specific remedies including sale being more appropriate than the "enterprise" approach posed by the applicants.
- ii) That the proposed DIP/financial and administration changes are an unwarranted burden to the equity of specific properties are evidence of the inappropriate application of the *CCAA*.
- iii) That in the circumstances individual receivership orders for many of the properties is a more appropriate remedy where the creditors and not the debtor would have control of the process.
- iv) That the creditors have lost confidence in the Dondeb family owners of the Dondeb group for a variety of reasons including for breach of promise and representation.
- v) That it is now evident that the applicants will be unable to propose a realistic plan that is capable of being accepted by creditors given a difference in position with respect to value of various properties.

[7] Those who support the applicants in the main wish to see those businesses that are operating on some of the properties such as in one instance, a school, and others like retirement homes continue in a way that may not be possible in a bankruptcy.

[8] During the course of the submissions on the first return date an alternative was proposed by a number of secured creditors, namely a joint or consolidated receivership of the various entities to maximizing creditor control of the process and ensure that costs of administration be allocated to each individual property and company.

[9] The application was adjourned to be returnable October 15, 2012 to allow both the applicants and the opposing creditors to consider their positions hopefully achieve some compromise. In the meantime 4 notices of intention under the BIA were stayed.

[10] The return of the application on October 15, 2012 did produce some modification of position on both sides but not sufficient to permit a CCAA order to be agreed to.

[11] The applicants revised the proposed form of Initial Order to allow for segregation of accounts on the individual properties an entitlement.

[12] The rationale of the applicants for the original Initial Order sought was that if liquidated or otherwise operated in an orderly way by the debtor and a "super" monitor, greater value could be achieved than the secured debt owing in respect to at least a number of the properties which could be available (a) to other creditors in respect of which guarantees or multiple property security could enhance recovery and or (b) the equity holders.

[13] The second major reason advanced by a significant number of creditors appearing through counsel was that they no longer had any confidence in Mr. Dandy, the principal of Dondeb Inc. Significant examples of alleged misleading supported the positions taken.

[14] I accept the general propositions of law advanced on behalf of the applicants that pursuant to s.11.02 of the CCAA the court has wide discretion "on any terms it may impose" to make an Initial Order provided the stay does not exceed 30 days [see *Nortel Networks Corporation (Re)* 2009, CanLII 39492 (ONSC) at para 35 and *Lehndorff General Partners Ltd. (Re)* (1993), 17 CBR (3d) 24 (Ont.Gen.Div. Commercial) CF 33.

[15] The more recent decision of the Supreme Court of Canada in *Century Services Inc. v. Canada (Attorney General)*, (2010), (S.C.C.) 60 at para 15 confirms the breadth and flexibility of the CCAA to not only preserve and allow for restructuring of the business as a going concern but also to permit a sale process or orderly liquidation to achieve maximum value and achieve the highest price for the benefit of all stakeholders. See also *Timminco Limited (Re)* (2012), ONSC 506 at para 49-50 (leave to appeal denied 2012 ONCA 552).

[16] I also accept the general proposition that given the flexibility inherent in the CCAA process and the discretion available that that an Initial Order may be made in the situation of "enterprise" insolvency where as a result of a liquidation crisis not all of the individual entities comprising the "enterprise" may be themselves insolvent but a number are and to propose of the restructuring is to restore financial health or maximize benefit to all stakeholders by permitting further financing. Such process can include liquidation. See *First Leaside Wealth Management (Re)* (2012) (ONSC) 1299 and also *Edgeworth Properties Inc. (Re)* CV-11-9409-CL [Commercial List].

[17] I also accept that while each situation must be looked at on its individual facts the court should not easily conclude that a plan is likely to fail. See *Azure Dynamics Corp. (Re)* (2012), (BCSC) 781 at paras 7-10.

[18] In *Cliffs Over Maple Bay Investments, Ltd. v. Fisgard Capital Corp.* 2008 Carswell BC 1758 (BCCA), the British Columbia Court of Appeal overturned the decision of the chambers' judge extending a stay of proceedings and authorizing DIP financing under the CCAA in the case of a debtor company in the business of land development because:

Although the CCAA can apply to companies whose sole business is a single land development as long as the requirements set out in the CCAA are met, it may be that, in view of the nature of its business and financing arrangements, such companies would have difficulty proposing an arrangement or compromise that was more advantageous than the remedies available to its creditors. The priorities of the security against the land development are often straightforward, and there may be little incentive for the creditors having senior priority to agree to an arrangement or compromise that involves money being paid to more junior creditors before the senior creditors are paid in full. If the developer is insolvent and not able to complete the development without further funding, the secured creditors may feel that they will be in a better position by exerting their remedies rather than by letting the developer remain in control of the failed development while attempting to rescue it by means of obtaining refinancing, capital injection by a new partner or DIP financing.

[19] Similarly, in *Octagon Properties Group Ltd.* 2009 Carswell Alta 1325 (Q.B.) paragraph 17, Kent, J. made the following comments:

This is not a case where it is appropriate to grant relief under the CCAA. First, I accept the position of the majority of first mortgagees who say that it is highly unlikely that any compromise or arrangement proposed by Octagon would be acceptable to them. That position makes sense given the fact that if they are permitted to proceed with foreclosure procedures and taking into account the current estimates of value, for most mortgagees on most of their properties they will emerge reasonably unscathed. There is no incentive for them to agree to a compromise. On the other hand if I granted CCAA relief, it would be these same mortgagees who would be paying the cost to permit Octagon to buy some time. Second, there is no other reason for CCAA relief such as the existence of a large number of employees or significant unsecured debt in relation to the secured debt. I balance those reasons against the fact that even if the first mortgagees commence or continue in their foreclosure proceedings that process is also supervised by the court and to the extent that Octagon has reasonable arguments to obtain relief under the foreclosure process, it will likely obtain that relief.

[20] A similar result occurred in *Shire International Real Estate Investments Ltd.* (2010) CarswellAlta 234 even after an initial order had been granted.

[21] In *Edgeworth*, dealing with the specifics of that case I noted:

Were it not for the numerous individual investors (UDIs, MICs) and others who claim to have any interest in various of the lands as opposed to being general creditors of the Edgeworth companies, I doubt I could have been persuaded to grant the Initial CCAA Order.

[22] At the conclusion of oral submissions which followed on a hearing of the application which commenced on Friday October 11, 2012 continued on October 15 with additional written material and concluded on Wednesday October 17, 2012 again with additional written material and oral submissions the following conclusions were reached.

- (i) The application for an Initial Order under the CCAA based on the material filed be dismissed.
- (ii) The issue of costs incurred by the proposed Monitor Farber and of counsel to the debtor be reserved for further consideration (if not resolved) basis on material to be provided to counsel for the creditors and their submissions.
- (iii) The request for a more limited CCAA Initial Order which like the Original Application is opposed by a significant body of creditors is also rejected.
- (iv) A Global Receivership Order which is supported by most of the creditors appearing to oppose the application and which has the support of Farber which will become Receiver of those companies and properties covered by the application will issue in a format to be approved by counsel and the court.

[23] For ease of administration the Global Receivership Order will issue in Court File No. CV-12-9794-CL and make reference to the various companies and properties to be covered by the Order.

[24] In order to further facilitate administration the following proceedings, each being Notices of Intention to make a proposal

Dondeb Inc.	31-1664344
Ace Sel/Storage & Business Centre	31-1664774
1711060 Ontario Ltd.	31-1664775
2338067 Ontario Ltd.	31-1664772
King City Holdings Ltd.	31-1671612
1182689 Ontario Inc.	31-1671611
2198392 Ontario Inc.	31-1673260

hereby stayed and suspended pending further order of the court.

[25] The request for an Initial Order under the CCAA was dismissed for the simple reason that I was not satisfied that a successful plan could be developed that would receive approval in any meaningful fashion from the creditors. To a large extent, Mr. Dandy is the author of his own misfortune not just for the liquidity crisis in the first place but also for a failure to engage with creditors as a whole at an early date.

[26] In his last affidavit filed Mr. Dandy explained why certain properties were transferred into individual corporations to allow additional financing that would permit the new creditors access to those properties in the event of default. To a certain extent this was perceived by creditors as "robbing Peter to pay Paul" and led to the distrust and lack of confidence the vast majority of creditors exhibit. Had there been full and timely communication both the creditors and the court may have concluded that a CCAA plan could be developed.

[27] Under the proposed Initial Order the fees of the proposed monitor and of counsel to the debtor were an issue as well as leaving the debtor in possession with the cost that would entail.

[28] Counsel for each of the various creditors represented urged that their client's individual property should not be burdened with administrative expenses and professional fees not associated with that property.

[29] Counsel for the debtor advised that to the extent possible his client and the monitor would keep individual accounts. This proposal did not appease the opposing creditors who did agree that their clients could accept what was described as a "global" receiver and that the Farber firm would be acceptable as long as the receiver's charge was allocated on an individual property basis. In other words, the opposing creditors are prepared to accept the work of the professionals of the receiver but not fund the debtor or its counsel.

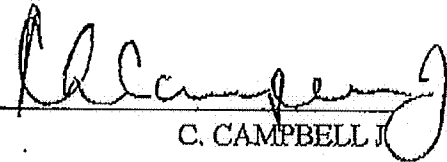
[30] The issue of the fees of Farber incurred to date in respect of preparation of the CCAA application was agreed between the opposing creditors, Farber and its counsel and are not an issue. Counsel for the debtor requested that the court consider a request for fees and costs on the part of the debtor. In order to give an opportunity for the parties to consider the details of such request and possible resolution the issue was deferred to a later date.

[31] Following further submissions on behalf of the debtor I advised the parties that in my view the conditions necessary for approval of an Initial CCAA Order were not met but that a comprehensive Receivership Order should achieve an orderly liquidation of most of the properties and protect the revenue from the operating properties with the hope of potential of some recovery of the debtor's equity.

[32] Counsel are to be commended for the effort and success in reaching agreement on the form of order acceptable to the court.

[33] The CCAA is a flexible instrument, which with judicial discretion, is capable of permitting restructuring, including in appropriate situations, liquidation.

[34] In my view the use of the CCAA for the purpose of liquidation must be used with caution when liquidation is the end goal, particularly when there are alternatives such as an overall less costly receivership that can accomplish the same overall goal.


C. CAMPBELL J

Schedule "A"

1. Dondob Inc.
2. Ace Self Storage and Business Centre Inc.
3. 1182689 Ontario Inc.
4. King City Holdings Inc.
5. 1267818 Ontario Ltd.
6. 1281515 Ontario Inc.
7. 1711060 Ontario Ltd.
8. 2009031 Ontario Inc.
9. 2198392 Ontario Ltd.
10. 2338067 Ontario Inc.
11. Briarbrook Apartments Inc.
12. Guelph Financial Corporation

CITATION: Dondob Inc. (Re), 2012 ONSC 6087
COURT FILE NO.: CV-12-00009865-00CL
DATE: 20121122

ONTARIO

SUPERIOR COURT OF JUSTICE
(COMMERCIAL)

BETWEEN:

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

- AND -

IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT
TO DONDEB INC. and the ADDITIONAL APPLICANTS
LISTED ON SCHEDULE "A" HERETO (collectively, the
"APPLICANTS")

Applicants

REASONS FOR DECISION

C. CAMPBELL J.

Released: November 22, 2012

APPENDIX “D”

Properties of Dondeb Inc. and Related Companies

Registered Owner of the Property	No.	Property Name	Municipal Description	Mortgages
Dondeb Inc. (NOI Under the BIA filed 11-Sep-12)	1	Ace Self Storage (437 Indoor storage units and office rental space, 105,000 sq ft)	256 Hughes Rd, Orillia, ON 270 Hughes Rd, Orillia, ON 4575 Huronia Rd, Orillia, ON	<u>COLLATERAL</u> 1 - Pace Savings & Credit Union Limited 2 - Pace Savings & Credit Union Limited 3 - Pace Savings & Credit Union Limited (Pace loans collateralized with Ace Self Storage and Business Centre Inc.) 4 - Vector Financial Services Limited 5 - First Source Mortgage Corporation/Mark Cosman
	2	Ontario St. (Vacant land zoned for industrial, 1.5 acres)	6 Ontario St., Orillia, ON	1- Fred Rankel
	3	Coldwater (Vacant land zoned for 120 unit condominiums, 3.96 acres)	233, 249 & 261 Coldwater Ave. Orillia, ON	1- Fred Rankel
	4	Devonshire Place (1 Unit Rental Condo, 550 sq ft)	15390 Yonge St Unit 208 Aurora, ON	1- Laurentian Bank of Canada
	5	ProSpan / Rockin Boats (Tenanted 1 unit industrial building, 26,000 sq ft)	61 Forest Plain Rd., Orillia, ON	1- The Canada Trust Company <u>COLLATERAL</u> 2- First Source Mortgage Corporation
	6	Remo's Restaurant (Vacant restaurant, 4,155 sq ft on 0.845 acres of land)	480 West St. South, Orillia ON	1 - Ontario Wealth Management Corporation
Dondeb Inc. (NOI Under the BIA filed 11-Sep-12)	7	Orillia Retirement Residence (31 unit retirement home, 27,438 sq ft)	24 Simcoe St., Orillia ON	1 - Vector Financial Services Limited 2- A.&L. Cabrio Investments Ltd. et al (New Haven)
	8	Sussex Place (47 unit apartment building, 6 storeys, located on 0.9 acres of land)	205 Vodden Street East Brampton, ON	1- The Empire Life Insurance Company 2- Ontario Wealth Management Corporation <u>COLLATERAL</u> 3- First Source Mortgage Corporation / Mark Cosman
	9	Barrie Business Center (1 tenant large industrial space under construction, 90% complete for phase 1 current building 34,500 sq addition is 26,000 sq ft)	92 Davidson St, Barrie, ON	1- First Source Mortgage Corporation / Mark Cosman 2- 1160145 Ontario inc.
	10	Tim Hortons & Wendy's (Leased restaurant, 3,700 sq ft on 1.86 acres of land)	525 - 545 Memorial Ave Orillia, ON	1- Clarica Life Insurance Company 2- Ontario Wealth Management Corporation 3 - Bank of Nova Scotia Trust Company <u>COLLATERAL</u> 4 - First Source Mortgage Corporation/Mark Cosman
	11	240 Yeoman (Vacant land zoned for 68 unit condominium site, 3.96 acres)	240 Yeoman St., Belleville, ON	1- Fred Rankel
	12	Brechin (100 acre farm, no residence on it)	Brechin (near Orillia, ON)	<u>COLLATERAL</u> 1- Fred Rankel

Properties of Dondeb Inc. and Related Companies

Registered Owner of the Property	No.	Property Name	Location / Description	Mortgages
1182689 Ontario Inc. (NOI Under the BIA filed 1-Oct-12)	13	Hatch House Montessori School (School, 8,315 sq ft on 21,389 sq ft of land)	301 Byron Street South, Whitby, ON	1- The Empire Life Insurance Company 2- Minister of Finance
	14	Orillia Prep School (School, 3,681 sq ft on 11,475 sq ft of land)	547 Lacle St, Orillia, ON	1- Ontario Wealth Management Corporation
King City Holdings Ltd. (NOI Under the BIA filed 1-Oct-12)	15	Belleville (Pepper) (Vacant land zoned for 17 townhomes, 4.77 acres)	Belleville, ON	1- Ontario Wealth Management Corporation
	16	Belleville (Palmer) (Vacant land zoned for 16 townhomes, 4.72 acres)	Belleville, ON	1- Ontario Wealth Management Corporation
1267818 Ontario Ltd.	17	Georgian Manor Banquet Hall (Vacant 2 storey banquet hall, 5,497 sq ft)	52 Morrow Rd, Barrie, ON	1- Duca Financial Services Credit Union Ltd. <u>COLLATERAL</u> 2- Fred Rankel
1281515 Ontario Inc.	18	Whispering Pines (9 Hole Golf Course)	451 Golf Course Rd, Huntsville, ON	1- Vector Financial Services Limited 2- Robert Weisz/The Bank of Nova Scotia Trust Company
1711060 Ontario Ltd. (NOI Under the BIA filed 12-Sep-12)	19	Lafontaine Terrace (38 unit retirement home on 1.52 acres of land)	169 Borden Ave, Kitchener, ON	1- RMG Mortgages, a division of MCAP Financial Corporation 2- David Sugar et al
2009031 Ontario Inc.	20	Tudhope Manor (40 unit retirement home, 12,340 sq ft on 19,638 sq ft of land)	127 Peter St. N, Orillia, ON	1- Lutheran Life Insurance Society of Canada (now Faith Life) 2- Minister of Finance
2198392 Ontario Ltd.	21	Orillia Independent Living (32 unit retirement home, 24,205 sq ft on 28,837 sq ft of land)	20 Simcoe St., Orillia, ON	1- Addenda Capital Inc. 2- Cameron Stephens Financial Corporation 3- Virgin Venture Capital Corporation
2338067 Ontario Inc. (NOI Under the BIA filed 12-Sep-12)	22	Dorset Place (51 unit apartment building on 0.76 acres, 6 storeys)	90 Gumett Street, Aurora, ON	1- The Empire Life Insurance Company 2- Virgin Venture Capital Corporation <u>COLLATERAL</u> 3- First Source Mortgage Corporation/Mark Cosman
Briarbrook Apartments Inc.	23	Leon's (41,612 sq ft retail store)	555 Memorial Ave, Orillia, ON	1- The Empire Life Insurance Company 2- The Bank of Nova Scotia Trust Company <u>COLLATERAL</u> 3- First Source Mortgage Corporation/Mark Cosman
Guelph Financial Corporation	24	Preston Springs Gardens (Former retirement home under construction 50% complete, on 2.386 acres)	102-110 Fountain St. North, Cambridge, ON	1- First Source Mortgage Corporation <u>COLLATERAL</u> 2- Ontario Wealth Management Corporation (note that this is to secure payment of arrears on all other Ontario Wealth loans to July 1, 2012)

APPENDIX “E”

principles, I determined that the Sealy
Order was appropriate in the
circumstances.

[Signature]

Jan 15, 2013

For well reasons delineated today,
the Tim Horrows Tract, the
Preston Spring Cinders Tract and the
Dorset Place Tract are
approved. ~~and subject to~~ Approval
and Vesting Orders granted under
orders are subject to provisional
execution.

Approval Note relating to Revere's
Report deferred to a later date;
to be set by Council within

60 days.
Sealy Order granted with respect to
Expedited Approval
A-D. *[Signature]*

CV-12-00009794-00CL

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED
AND

IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.
1990 c. C.43, AS AMENDE WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS

ENDORSEMENT

BEFORE THE HONOURABLE JUSTICE G. B. MORAWETZ on January 15th,
2013, at TORONTO, Ontario

APPEARANCES:

A. Apps

Counsel for the Defendant

J. Dietrich
N. Rabinovitch
K. Stigler

Counsel for the Receiver A Farber and Partners Inc

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 January 15, 2013

-2- UPON COMMENCING...

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E N D O R S E M E N T

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6 G. B. Morawetz, J. (Orally)

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THE COURT: A Farber and Partners Inc., ("Farber" or "the Receiver"), in its capacity as court appointed receiver of Dondeb Inc. and related debtors, ("Dondeb" or the "Debtor"), brought this motion for approval of its Second Report and the activities of the receiver set out therein, and for an order approving four transactions: The Tim Horton's Transaction, the Preston Springs Transaction, the Devonshire Transaction, and the Dorset Place Transaction.

The motion was originally returned on January 14, 2013. On the return of the motion, counsel of record to Dondeb advised that Mr. Apps was now

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 acting on behalf of Dondeb. An adjournment was
2 requested.

3
4 The adjournment was objected to by the Receiver
5 and by the mortgagees in attendance. The reason
6 for the objection was primarily that the
7 transactions in question had certain time limits
8 that form part of the contractual agreements that
9 required court approval and the issuance of an
10 approval and vesting order on a timely basis.

11
12 The motion for approval of the Devonshire
13 Transaction did proceed on January 14, 2013. The
14 transaction was approved and the approval and
15 vesting order was issued.

16
17 Counsel for the Receiver advised there was a
18 condition in the Tim Horton's Transaction and the
19 Preston Springs Transaction that vesting orders be
20 granted no later than January 15, 2013 and the
21 Dorset Place Transaction had an approval deadline
22 of January 21, 2013.

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

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Under the circumstances I determined that it was appropriated to adjourn the motion for a period of twenty-four hours to today, namely, January 15th, so as to provide Mr. Apps with the opportunity to put forth argument on behalf of Dondeb. Mr. Apps filed an affidavit of Mr. Dancy sworn January 14, 2013.

A considerable portion of the affidavit does not, in my view, address the matters at issue on this motion. Rather the affidavit focuses to a large extent on historical aspects of the file, including the CCAA proceedings initiated by Dondeb which resulted in C. Campbell J., declining to issue an initial order under the CCAA and instead pronounce a global receivership order. Extensive reasons were provided by C. Campbell J. To the extent that Mr. Dancy is challenging past events, it is noted that no appeal was filed from the order of C. Campbell J. appointing Farber as

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 Receiver, nor has any request been made to extend
2 the time for appeal.

3
4 In my view these issues are not before the court.
5 To the extent that Mr. Dancy wishes to challenge
6 the adequacy of the legal representation that he
7 received during these proceedings, it appears to
8 me that his remedy, if any, does not lie in the
9 proceedings before the court today. In that
10 respect, it is noted that the former solicitor has
11 contacted the Law Society Practice Advisory
12 Department to advise them of the concerns raised
13 by Mr. Dancy and Mr. Apps has confirmed that the
14 former solicitor has fully cooperated with him in
15 the preparation for today's motion.

16
17 To the extent that Mr. Dancy in his affidavit
18 challenges the role of the receiver, including any
19 potential conflict issues, it seems to me that if
20 this challenge, is to go forward, Mr. Dancy will
21 first have to obtain leave pursuant to section 215
22 of the Bankruptcy and Insolvency Act ("BIA") and

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 pursuant to the provisions of the order appointing
2 the Receiver.

3
4 In the circumstances, however, I do feel that it
5 is prudent to defer the request of the Receiver to
6 receive approval of its Report until such time as
7 Mr. Apps has had an opportunity to fully consider
8 the issue.

9
10 The focus of the hearing today then shifted to the
11 Motion to approve the three transactions.

12
13 Section 247(b) of the BIA provides that a receiver
14 shall deal with the property of the insolvent
15 person in a commercially reasonable manner. The
16 receiver's duty is not to obtain the best price
17 but to do everything reasonably possible in the
18 circumstances to obtain the best price.

19 *Skyepharma PLC v. Hyal Pharmaceutical Corp.*, 12
20 C.B.R. (4th) 87. The duties of the court in
21 reviewing a proposed sale of assets by a receiver

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondéb Inc.

1 that is opposed by other interested parties are as
2 follows:

3

4 1) It should consider whether the receiver has
5 made a sufficient effort to obtain the best
6 price and has not acted improvidently,

7

8 2) It should consider the interests of all
9 parties,

10

11 3) It should consider the efficacy and
12 integrity of the process of which offers have
13 been obtained, and

14

15 4) It should consider whether there has been
16 unfairness in the working out of the process.

17

18 *Royal Bank v. Soundair Corp.*, 7 C.B.R. (3rd) 1,
19 (Ont C. A.) *National Bank of Canada v. Global*
20 *Fasteners and Clamps, Ltd.*, 24 C.B.R. (4th) 228.

21 The court must not, however, enter into the
22 marketplace. It must not sit as if it were

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 hearing an appeal from the decision of the
2 receiver, reviewing in detail every element of the
3 process by which the receiver has arrived at its
4 recommendation. *Crown Trust Co. v. Rosenberg* 67
5 C.B.R. (N.S.) 320. If the receiver has acted
6 fairly and reasonably and not arbitrarily, the
7 court will ordinarily approve the recommendation
8 of the receiver. *Integrated Building Corp. v.*
9 *Bank of Nova Scotia*, 75 C.B.R. (N.S.) 158.

10
11 It is only in exceptional circumstances that the
12 court will intervene and proceed contrary to the
13 recommendation of the receiver. *Crown Trust*
14 *supra*.

15
16 In this case the receiver has filed its Second
17 Report and two supplements to the Second Report.
18 I am not going to take the time in this
19 endorsement to set out all of the facts that the
20 receiver has relied on in arriving at its
21 recommendation to proceed with the court

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 application for the approval of the three
2 transactions in question today.
3

4 In addition, certain documentation is the subject
5 of a request for sealing order. It seems to me
6 that the confidential appendices do contain
7 confidential information, the disclosure of which
8 might be detrimental to stakeholders. In this
9 respect I am satisfied, based on the Sierra Club
10 principles, that the sealing order ought to be
11 granted.
12

13 I am given to understand that certain information
14 has been provided to Mr. Apps that relates to the
15 proposed purchase price of the transactions in
16 question. I have also taken into account all the
17 marketing efforts that receiver has referenced in
18 its second report.
19

20 The receiver is of the view that the market was
21 extensively canvassed and a competitive process
22 undertaken. The evidentiary background to the

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 sale of the property with respect to the Tim
2 Horton's Agreement, the Preston Springs
3 Agreements, and the Dorset Place Agreement
4 indicates that the Receiver has made substantial
5 efforts in obtaining an adequate purchase price
6 based on the multiple offers received and the
7 negotiations entered into after showing the
8 property to a variety of interested parties.
9

10 With the respect to the Tim Horton's Agreement
11 specifically, the Receiver is of the view that the
12 highest and best purchase price has been received
13 and the proposed purchaser has provided a
14 substantial deposit and the relevant mortgagees
15 have approved the Receiver entering into the
16 agreement.
17

18 With respect to the Preston Springs Agreement, the
19 Receiver is of the view that the Preston Springs
20 Agreement contains the highest and best purchase
21 price of the offers received and that a
22 substantial deposit has been provided and that the

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondob Inc.

1 prompt sale will curtail the ongoing need to fund
2 holding costs of this vacant property and the
3 mortgagee has approved the entering into of the
4 agreement.

5
6 With the respect to Dorset Place, the Receiver is
7 of the view that the Dorset Place Agreement
8 contains the highest and best purchase price of
9 the offers received and that a substantial deposit
10 has been provided and the relevant mortgagees have
11 provided their approval to the entering into the
12 transaction.

13
14 I have also taken into account certain financial
15 information that Mr. Dancy provided on the return
16 of the CCAA Application which detailed a value
17 that he himself had ascribed to certain
18 properties. I am satisfied that the purchase
19 price for the Tim Horton's Agreement and the
20 Dorset Place Agent are reasonably consistent with
21 the values put on the properties by Mr. Dancy.

22 With respect to Preston Springs agreement, it does

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 appear that the purchase price is somewhat less
2 that the value ascribed by Mr. Dancy. However, I
3 am satisfied based on the reasons provided by the
4 Receiver that it cannot be said to be an
5 unreasonable amount.
6

7 With respect to the Preston Springs Property the
8 position put forth by Mr. Dancy is that there are
9 alternatives available. Mr. Dancy's Affidavit
10 references a commitment from Pacific Financial
11 Group and a commitment of up to \$650, 000. Mr.
12 Apps indicated that other arrangements could be
13 put in place to satisfy obligations owing to the
14 second mortgagee and there were some suggestion
15 that there had been some discussion with the
16 second mortgagee, but the fact remains that
17 counsel to the second mortgagee supports the sale.
18

19 Further, there are also some practical
20 difficulties with the proposal put forth by Mr.
21 Apps with respect to Preston Springs as it would
22 require that property to be extracted from the

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondé Inc.

1 receivership proceedings. The receivership
2 proceedings involve a number of properties and
3 although there may very well be a transaction that
4 could produce a higher monetary result than the
5 one put forth by the receiver, I must take into
6 account that there would be considerable risks in
7 not approving the transaction.

8
9 For example, there is the "drop dead" purchase
10 date and also an indication that it does not
11 appear that the conditions in the PNC financing
12 commitments with respect to free and clear title
13 or insurance, among other things, could be
14 fulfilled. This has to be contrasted with the
15 high degree of certainty that the transaction as
16 recommended by the Receiver will proceed and
17 produce the expected results to the secured
18 creditors on this property.

19
20 On balance, I am satisfied that the Receiver has
21 conducted a proper sales prospect with respect to
22 all the properties involved and has considered the

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 interests of all parties. I am also satisfied
2 that the process has been fairly worked out. I
3 have not been persuaded that Mr. Dancy has
4 demonstrated that the transactions should not be
5 approved. It cannot be overlooked that the
6 negotiations involved with respect to these
7 properties have been ongoing for a considerable
8 period of time and Mr. Dancy and Dondeb elected to
9 wait until "one minute before midnight" before
10 objecting to the transactions involved.

11
12 Accordingly, the three transactions are approved.

13
14 The Receiver has also requested that the court
15 grant an order and declaration that the relief
16 granted is subject to provisional execution. The
17 Receiver expresses concern that if a notice of
18 appeal is filed, it will have the effect of
19 rendering this order moot, as the requirement of
20 two of the agreement is that the vesting order be
21 obtained today and not be subject to appeal.
22

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 In support of the argument that the declaration
2 should be made, the Receiver references
3 *Computershare Trust Company of Canada and*
4 *Beachfront Developments, Inc.*, 70 C.B.R. (5th) 284,
5 a decision of Newbould J. Newbould J. adopted
6 what appears to be a variation of the test for
7 injunctive relief that is set out in *RJR*
8 *MacDonald, Inc. v. Canada (Attorney General)*
9 (1994) 1 S.C.R. 311.

10
11 The three part test being that,

- 12
13 1) A serious issue has been identified,
14 2) Irreparable harm,
15 3) Balance of convenience.
16

17 This test has been adopted in cases not unlike the
18 one before me. In *BDC Venture Capital, Inc. v.*
19 *Natural Convergence Inc.* 2009 ONCA 637. Lang J.A.
20 referenced *After Eight Interiors Inc. v. Glenwood*
21 *Homes, Inc.* (2006) 391 AR 202. Lang J.A. stated
22 that the criteria included whether there was a

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 serious issue to be appealed, whether the moving
2 party would suffer irreparable harm if the stay
3 was not lifted, and whether the moving party would
4 suffer greater harm than the responding party if
5 the stay was not lifted.

6
7 In the *After Eight* decision, Fruman J.A. stated
8 that courts generally in applications under
9 section 195 of the BIA focus on the relative
10 prejudice to the parties and the interests of
11 justice generally. In my view it is appropriate
12 to consider this test, in these circumstances, to
13 be a variation of the RJR test.

14
15 As Newbould J. indicated in the *Computershare*
16 decision, (and I agree) I would not presume to
17 consider whether an appeal in this case on my
18 decision is or is not without serious merit. If
19 that is a factor to be considered, I will assume
20 there is some merit to the appeal. Focusing on
21 the issue of irreparable harm in this case, the
22 Receiver has put forth the argument that the

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 transactions may not be consummated if there is a
2 delay caused by an appeal. This would obviously
3 cause harm to the mortgagees in question. Whether
4 it is irreparable is another question.
5 Irreparable in the context of an injunction
6 usually that means that it cannot be calculated in
7 damages.

8
9 It is at this point that it is necessary to
10 consider the relative prejudice to the parties.
11 The Dondeb proceedings were commenced by way of an
12 application for CCAA relief. This requires that
13 the applicant Dondeb be insolvent. In these
14 circumstances, it is questionable as to whether or
15 not a damage award could be paid or honoured by
16 Dondeb and one has to consider the position of the
17 mortgagees in question for whose benefit the
18 receivership order was granted.

19
20 In these circumstances it appears to me that that
21 there would be serious and irreparable harm to the
22 mortgagees in question if the transactions could

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

1 not be consummated and as a result, there is
2 substantial risk that the Receiver would then have
3 to remarket the properties.
4

5 The balance of convenience aspect also favours, in
6 my view, the secured creditors. Again, I have to
7 emphasize the lateness with which these objections
8 were raised by Dondeb. It is clear from the
9 record that the negotiations resulting in the
10 agreements being put forth for approval today were
11 entered into some time ago. There is also some
12 evidence that Mr. Dancy's son has been actively
13 involved and following along in the marketing
14 process and has some knowledge of matters.
15

16 In these circumstances I find that the balance of
17 convenience favours the position of the secured
18 creditors and I do give effect to the submission
19 of Mr. Rabinovitch that the entire declaration
20 could be moot if it is not subject to provisional
21 execution, which is therefore granted. Subject to
22 any questions counsel, that concludes my reasons.

Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of
the Courts of Justice Act with respect to Dondeb Inc.

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Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.

FORM 2

CERTIFICATE OF TRANSCRIPT (SUBSECTION 5 (2))

Evidence Act

I, Santiago Orbe, certify that this document is a true and accurate transcript of the recording of *Application Pursuant to Section 243(1) of the Bankruptcy and Insolvency Act and Section 101 of the Courts of Justice Act with respect to Dondeb Inc.* in the Superior Court of Justice of Ontario held at 330 University Avenue, Toronto, Ontario, taken from recording No. 4899_8-1_20130115_161934-10, which has been certified in Form 1.

(Date)

(Signature of Authorized Person)

Photo static copies of this transcript are not certified and have not been paid for unless they bear the signature of SANTIAGO ORBE in blue ink, and accordingly are in direct violation of Ontario Regulation 587/91, Courts of Justice Act, January 1, 1990.

APPENDIX “F”



Court File No. CV-12-9794-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE *Mr.*) FRIDAY, THE 12th
JUSTICE *Patillo*) DAY OF SEPTEMBER, 2014

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
AND

IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE "A" HERETO

APPROVAL AND VESTING ORDER
(Orillia Independent Living)

THIS MOTION, made by A. Farber & Partners Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Dondeb Inc. and the other debtors referred to at Schedule A attached hereto (collectively, the "**Debtors**"), for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale between the Receiver and Retirement Suites (Simcoe) Ltd. (the "**Purchaser**") as assignee of Nitin Mendriratta in trust for a company to be incorporated made as of July 21, 2014, as amended (the "**Sale Agreement**"), and appended to the fourteenth report to Court of the Receiver dated September 3rd, 2014 (the "**Fourteenth Report**"), and vesting in the Purchaser all of the right, title and interest of 2198392 Ontario Ltd. ("**219**"), if any, in and to the Property (as defined in the Sale Agreement), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fourteenth Report and on hearing the submissions of counsel for the Receiver, Addenda Capital Inc., no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Stephanie Waugh sworn September 3, 2014 and September 4, 2014 filed:

1. THIS COURT ORDERS that the timing and method of service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable.

2. THIS COURT ORDERS that the Fourteenth Report and the activities of the Receiver as set out therein be and are hereby approved.

3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Property to the Purchaser.

4. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule B hereto (the "**Receiver's Certificate**"), all of 219's right, title and interest in and to the Property, if any, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Campbell dated October 17, 2012; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule D hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not

include the permitted encumbrances, easements and restrictive covenants listed on Schedule E) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Property are hereby expunged and discharged as against the Property.

5. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Land Titles Division of Simcoe of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule C hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule D hereto.

6. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Property shall stand in the place and stead of the Property, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Property with the same priority as they had with respect to the Property immediately prior to the sale, as if the Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

8. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in 219's records related to the Property which pertain to the past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by 219.

9. THIS COURT ORDERS that, notwithstanding:
- (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made in respect of the Debtors;

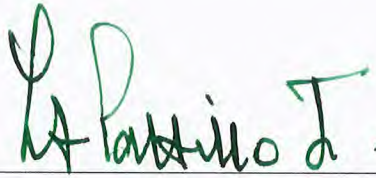
the vesting of the Property in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

11. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

12. THIS COURT ORDERS AND DIRECTS that Confidential Appendix “1” of the Fourteenth Report be sealed until the filing of the Receiver’s Certificate with the Court or until further order of this Court.

13. THIS COURT ORDERS AND DECLARES that the relief granted by this order is subject to provisional execution.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 12 2014

NB

Schedule A – Debtors

1281515 Ontario Inc.

2338067 Ontario Inc.

2198392 Ontario Ltd.

King City Holdings Ltd.

Guelph Financial Corporation

Briarbrook Apartments Inc.

2009031 Ontario Inc.

1267818 Ontario Ltd.

1711060 Ontario Ltd.

1182689 Ontario Inc.

Ace Self Storage and Business Centre Inc.

Schedule B – Form of Receiver’s Certificate

Court File No. CV-12-9794-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
AND**

**IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE “A” HERETO**

**RECEIVER’S CERTIFICATE
(Orillia Independent Living)**

RECITALS

A. Pursuant to an Order of the Honourable Justice Campbell of the Ontario Superior Court of Justice (the “**Court**”) dated October 17, 2012, A. Farber & Partners Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Dondeb Inc. and the other debtors referred to at Schedule A of the order.

B. Pursuant to an Order of the Court dated September 12, 2014, the Court approved an agreement of purchase and sale between the Receiver and Retirement Suites (Simcoe) Ltd. (the “**Purchaser**”) as assignee of Nitin Mendriratta in trust for a corporation to be incorporated made as of July 21, 2014, as amended (the “**Sale Agreement**”), and provided for the vesting in the Purchaser of 2198392 Ontario Ltd.’s right, title and interest, if any, in and to the Property (as defined in the Sale Agreement), which vesting is to be effective with respect to the Property upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase

Price for the Property; (ii) that the conditions to Closing of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Property payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [TIME] on _____ [DATE].

A. Farber & Partners Inc., in its capacity as Receiver of the undertaking, property and assets of 2198392 Ontario Ltd., and not in its personal capacity

Per: _____

Name:

Title:

Schedule C – Real Property

PTS LTS 41 & 42 PL 432 PTS 7, 8, 9, 10, 11, 12, 15 & 16 51R35247; S/T ROW OVER PT LTS 41 & 42 PL 432 PTS 8, 11 & 15 51R35247 IN FAVOUR OF LT 40 & PT LT 41 PL 432 PTS 1 TO 6 51R34257 AND PT LT 42 & LT 43 PL 432 PTS 13, 14 & 17 51R35247 AS IN SC560185; S/T EASEMENT IN GROSS OVER PT LT 42 PL 432 PTS 15 & 16 51R35247 AS IN SC559950; T/W ROW OVER PT LTS 40, 41 & 42 PL 432 PTS 2, 5, 13 & 14 51R35247 AS IN SC560185; ORILLIA; SUBJECT TO AN EASEMENT IN FAVOUR OF PT LT 42 & LT 43 PL 432 PTS 13, 14 & 17 51R35247 AS IN SC872243

Schedule D

Claims to be deleted and expunged from title to Real Property

1. Instrument No. SC704605 registered on December 5, 2008, being a Charge/Mortgage granted by Dondeb Inc. in favour of Addenda Capital Inc. in the original principal sum of \$4,300,000.00.
2. Instrument No. SC704606 registered on December 5, 2008, being a Notice of General Assignment of Rents granted by Dondeb Inc. in favour of Addenda Capital Inc.
3. Instrument No. Sc720662 registered on March 5, 2009, being a Charge/Mortgage granted by Dondeb Inc. in favour of Cameron Stephens Financial Corporation in the original principal sum of \$700,000.00.
4. Instrument No. SC720663 registered on March 5, 2009, being a Notice of General Assignment of Rents granted by Dondeb Inc. in favour Cameron Stephens Financial Corporation.
5. Instrument No. SC1013793 registered on September 25, 2012, being a Charge/Mortgage granted by 2198392 Ontario Ltd. in favour of Marc Lean, Neil Rabinovitch, Craig Johnston and A. Farber & Partners Inc., in the original principal sum of \$500,000.00.
6. Instrument No. SC1016353 registered on October 4, 2012, being a Notice Amending Charge No. SC1013793 to increase the principal amount to \$1,000,000.00 between 2198392 Ontario Ltd. in favour of Marc Lean, Neil Rabinovitch, Craig Johnston and A. Farber & Partners Inc.
7. Instrument No. SC1020873 registered on October 29, 2012, being an Application for Court Order granted by the Ontario Superior Court of Justice in favour of A. Farber & Partners Inc.

Schedule E

Permitted Encumbrances, Easements and Restrictive Covenants related to the Real Property

(unaffected by the Vesting Order)

1. Instrument No. SC559950 registered on July 6, 2007, being a Transfer of Easement.
2. Instrument number SC560185 registered on July 9, 2007, being a Transfer containing an Easement.
3. Instrument NO. SC872243 registered on December 13, 2010, being a Transfer of Easement.

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND
IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE "A" HERETO

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER
(Orillia Independent Living)

DENTONS CANADA LLP
77 King Street West
Suite 400
Toronto Ontario
M5K 0A1

Lawyer: Neil S. Rabinovitch
LSUC: 33442F
E-mail: neil.rabinovitch@dentons.com
Telephone/Facsimile: 416 863-4656 / 416 863-4592

CASSELS BROCK & BLACKWELL LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, ON
M5H 3C2

Lawyer: Jane O. Dietrich
LSUC: 49302U
E-mail: jdietrich@casselsbrock.com
Telephone/Facsimile: 416 860-5223 / 416 640-3144

LAWYERS FOR the Receiver

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND
IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE "A" HERETO

Sept 12-14

Sept 12, 2014.

*J. Dietrich - for the Receiver
W. Petkov - for Abdena Capital Inc.*

*Based on material filed, I am satisfied
the vesting order requested should issue. Confidential
Appendix 1 to the Receiver's 14th Report to be sealed
as per order. Fourteenth Report approved. Order signed
by me.*

[Handwritten Signature]



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

MOTION RECORD

(Motion Returnable September 12, 2014)

DENTONS CANADA LLP
77 King Street West
Suite 400
Toronto Ontario
M5K 0A1

Lawyer: Neil S. Rabinovitch
LSUC: 33442F
E-mail: neil.rabinovitch@dentons.com
Telephone/Facsimile: 416 863-4656 / 416 863-4592

CASSELS BROCK & BLACKWELL LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, ON
M5H 3C2

Lawyer: Jane O. Dietrich
LSUC: 49302U
E-mail: jdietrich@casellsbrock.com
Telephone/Facsimile: 416 860-5223 / 416 640-3144

LAWYERS FOR the Receiver

APPENDIX “G”

REVISED STATEMENT OF ADJUSTMENTS

VENDOR: A. Farber & Partners Inc., in its capacity as court-appointed receiver of
2198392 Ontario Ltd.

PURCHASER: Retirement Suites (Simcoe) Ltd.

PROPERTY: 20 Simcoe Street, Orillia

AS AT: September 16, 2014

SALE PRICE: \$4,970,000.00

DEPOSITS \$500,000.00

HST
Purchaser to remit HST Directly

2014 REALTY TAXES:
Roll No. 010-109-19320-0000:
2014 realty taxes \$42,503.04
Vendor's portion 258 days = \$30,043.24
Vendor paid – \$31,488.63

ALLOW VENDOR \$1,445.39

RENTS
Total rents for September, 2014
(See Schedule "A" attached)

ALLOW PURCHASER \$39,050.00

TENANT DEPOSITS HELD
(See Schedule "B" attached)

ALLOW PURCHASER \$78,307.78

TENANT DEPOSIT FOR SUITE 109
Emma Morrison – Received September 10,
2014

ALLOW PURCHASER \$1,000.00

PREPAID EXPENSES
(See Schedule "C" attached)

ALLOW VENDOR \$670.50

EXTENSION CREDIT
(\$2,000.00 plus HST)

ALLOW VENDOR \$2,260.00

BALANCE DUE ON CLOSING:
payable by wire, certified cheque or
bank draft

\$4,356,018.11

E. & O. E.

\$4,974,375.89

\$4,974,375.89

SCHEDULE "A"

ORILLIA INDEPENDENT LIVING RENT ROLL			
Sep-14			
SUITE	TENANT'S NAME	RENT	VACANT
APT. 102	VACANT		\$ 2,800.00
APT. 103	H. SANDERSON	\$ 2,800.00	
APT. 104	DON MACINNES	\$ 2,800.00	
APT. 105	N. OLAN	\$ 2,800.00	
APT. 106	VACANT		\$ 2,800.00
APT. 107	B. HAWKE	\$ 2,800.00	
APT. 108	A. KIMBERLEY	\$ 2,800.00	
APT. 109	VACANT		\$ 2,700.00
APT. 110	JOSEPH & THERESA PELYHE	\$ 3,300.00	
APT. 111	L. HUFFMAN	\$ 2,800.00	
SUBTOTAL		\$ 20,100.00	\$ 8,300.00
APT. 201	E. POWER	\$ 2,800.00	
APT. 202	VACANT		\$ 2,000.00
APT. 203	VACANT		\$ 2,000.00
APT. 204	G. McCLURG	\$ 2,800.00	
APT. 205	VACANT		\$ 2,800.00
APT. 206	H. BLACK	2,800.00	
APT. 207	B. MACKAY	\$ 2,800.00	
APT. 208	J. ARBOUR	\$ 2,800.00	
APT. 209	ED BILLET	\$ 2,800.00	
APT. 210	ARIGANELLO	\$ 3,300.00	
APT. 211	M. VANDERGEEST	\$ 2,800.00	
SUBTOTAL		\$ 22,900.00	\$ 6,800.00
APT. 301	J & D BARON	\$ 3,350.00	
APT. 302	JUNE FRANKLAND	\$ 3,200.00	
APT. 303	BILL AND JEAN JARRETT	\$ 3,350.00	
APT. 304	R & H FRANCE	\$ 3,350.00	
APT. 305	J. ALLISON	\$ 3,150.00	
APT. 306	P. LEWINGTON	\$ 3,150.00	
APT. 307	ELIZABETH STARR	\$ 3,250.00	
APT. 308	G. & C. ELBERS	\$ 3,350.00	
APT. 309	B. SHENNETT	\$ 3,350.00	
APT. 310	JANE KIRK	\$ 2,800.00	
APT. 311	R MAZGY	\$ 2,800.00	
SUBTOTAL		\$ 35,100.00	\$ -
TOTAL		\$ 78,100.00	\$ 15,100.00

Closing date 16-Sep-14
 Credit Purchaser 15 days 39,050.00

SCHEDULE "B"

**Orillia Independent Living - 20 Simcoe St
Deposits and Interest Owed as of September 16, 2014**

Apt.	Tenant	Dep. Date	Dep. Amt.	Int. Owed	Total Deposit and interest
First Floor					
102	Vacant				\$ -
103	R & H Sanderson	Jan 1/14	\$ 2,800.00	\$ 19.82	\$ 2,819.82
104	D Macinnes	03-Jul-14	\$ 2,800.00	\$ 4.54	\$ 2,804.54
105	Norm Olan (LMR Sept. 2014)	Jul 1/11		\$ -	\$ -
106	Vacant			\$ -	
107	Bill Hawke	Oct 3/11	\$ 2,800.00	\$ 188.44	\$ 2,988.44
108	A. Kimberley	Sep 1/14	\$ 2,800.00	\$ 52.23	\$ 2,852.23
109	Vacant			\$ -	
110	J & T Pelyhe	Oct 1/13	\$ 3,300.00	\$ 43.39	\$ 3,343.39
111	Leo Huffman	Jul 1/10	\$ 2,800.00	\$ 232.90	\$ 3,032.90
Total:			\$ 17,300.00	\$ 541.33	\$ 17,841.33
Second Floor					
201	Eliz Power	Sep 1/06	\$ 2,800.00	\$ 444.11	\$ 3,244.11
202	Vacant			\$ -	
203	Vacant			\$ -	
204	G. McClurg	Jul 1/11	\$ 2,800.00	\$ 193.54	\$ 2,993.54
205	Vacant			\$ -	
206	H. Black	Feb 1/11	\$ 3,200.00	\$ 230.82	\$ 3,430.82
207	B Mackay	July 18/14	\$ 2,400.00	\$ -	\$ 2,400.00
208	J. Arbour	Nov 1/12	\$ 2,800.00	\$ 111.75	\$ 2,911.75
209	Ed. Billett	Jan 1/13	\$ 3,350.00	\$ 116.34	\$ 3,466.34
210	M. Ariganello	Nov 1/12	\$ 3,300.00	\$ 131.71	\$ 3,431.71
211	M. Vandergeest	Apr 1/09	\$ 2,800.00	\$ 300.41	\$ 3,100.41
Total:			\$ 23,450.00	\$ 1,528.68	\$ 24,978.68
Third Floor					
301	J & B Baron	Jan 20/14	\$ 3,300.00	\$ 23.35	\$ 3,323.35
302	M. J. Frantlard	02-Jun-14	\$ 3,200.00	\$ 7.36	\$ 3,207.36
303	J & B Jarrett	Jan 1/12	\$ 3,350.00	\$ 219.73	\$ 3,569.73
304	R & H France	02-Jun-14	\$ 3,000.00	\$ 6.90	\$ 3,006.90
305	J. Allison	Nov 1/12	\$ 3,150.00	\$ 210.30	\$ 3,360.30
306	P. Lewington	Oct 1/14	\$ 3,150.00	\$ 52.85	\$ 3,202.85
307	Elizabeth Starr	April 1/12	\$ 3,250.00	\$ 164.21	\$ 3,414.21
308	G & C Elbers	02-Jul-14	\$ 3,350.00	\$ 5.51	\$ 3,355.51
309	B Shennett	01-Aug-14	\$ 3,350.00	\$ 5.51	\$ 3,355.51
310	J. Kirk	Feb 1/13	\$ 2,800.00	\$ 88.42	\$ 2,888.42
311	R Mazgy	Aug 1; 2014	\$ 2,800.00	\$ 3.62	\$ 2,803.62
Total:			\$ 34,700.00	\$ 787.77	\$ 35,487.77
Total Deposits Received:			25	\$75,450.00	
Total Interest:				\$2,857.78	
Total deposits and interest				\$78,307.78	

SCHEDULE "C"

Elevator Licence - Paid
\$105.00 payable annually from
July 16, 2014 to July 15, 2015
Vendor's share for 62 days = \$17.84

ALLOW VENDOR \$87.16

Elevator Maintenance - Paid
\$555.09 payable monthly
Vendor's share for 15 days = 277.55

ALLOW VENDOR \$277.55

Security Monitoring – Paid
\$104.00 payable monthly
Vendor's share for 15 days = \$52.00

ALLOW VENDOR \$52.00

Estimated Telephone Equipment rental – Paid
\$284.21 payable monthly
Vendor's share for 15 days = \$142.11

ALLOW VENDOR \$142.11

Web Hosting Account – Paid
\$131.50 payable annually from
July 23, 2014 to July 22, 2015
Vendor's share for 55 days = \$19.82

ALLOW VENDOR \$111.68

TOTAL **\$670.50**

STATEMENT OF FUNDS

A. Farber & Partners Inc., in its capacity as court-appointed receiver
of 2198392 Ontario Ltd. (the "Vendor") sale to Nitin Mendiratta, in Trust
and assigned to Retirement Suites (Simcoe) Ltd. (the "Purchaser")
of part of Lots 41 and 42, Plan 432, designated as Parts 7, 8, 9, 10, 11,
12, 15 and 16 on Reference Plan 51R-35247 City of Orillia, municipally
known as 20 Simcoe Street, Orillia

Balance received on closing, in accordance with the Statement of Adjustments	\$4,356,018.11
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Less:		
City of Orillia		
(pay outstanding realty taxes and penalties)	<u>\$145.41</u>	<u>\$145.41</u>

TOTAL AMOUNT OF FUNDS WIRED TO VENDOR	\$4,355,872.70
--	-----------------------

E. & O.E.

APPENDIX “H”

Dondeb - Default statement - estimated
October 22, 2014

Principal Balance(paid Through – May 1, 2014	3,777,188.42
Accrued Interest to October 22, 2014 @ 4.84%	85,974.68
Late Charges on late payments:	5,992.65
Receiver costs (including their legal fees)	412,862.52
Interest on Receiver costs @ 4.84%	19,460.16
Legal fees paid (lender solicitor)	69,517.44
Sub-	
Total	4,370,995.97
Less: Funds currently held in escrow:	-7,864.26
Amount Due October 22, 2014.	<u>\$4,363,131.71</u>

Per Diem: \$553.08

APPENDIX “I”

**CAMERON | MORTGAGE
STEPHENS | CAPITAL LIMITED**

25 Adelaide Street East, Suite 60
Toronto, Ontario
Canada M5C 3A1
T: 416 591 8787
F: 416 591 9001

Date: October 10, 2014
Lender Solicitor: Fogler, Rubinoff Attention: Richard Rotchin

Mortgage Discharge Statement

Loan No: 3023-71
Borrower(s): Dondeb Inc.
Property Address: Orillia Independent Living
Payout Date: October 10, 2014

Interest Rate:	14.00%	Principal & Interest:	\$ 950,628.31
Maturity Date:	April 1, 2012	Property Tax:	
Payment Frequency:	Monthly	Escrow:	
Next Payment Due:		TOTAL PAYMENT:	\$ 999,316.92

Principal Balance	\$	700,000.00
Accrued Interest up to October 9, 2014	\$	3,270.33
Interest in arrears	\$	247,357.98
NSF Fee	\$	100.00
Extension Fee - 2 Months (Apr.1-Jun.1, 2012)	\$	3,127.00
Extension Fee - 16 Months (Jun.1-Oct 1, 2013)	\$	25,013.00
Legal Fees - Fogler, Rubinoff LLP Invoice #21264598	\$	976.80
Legal Fees - Fogler, Rubinoff LLP Invoice #21265006	\$	16,374.22
Veritas Investment Invoice # 67 - Site Visit August 4, 2012	\$	2,547.59
Discharge Fee	\$	550.00

Total amount required in certified funds (1:00 p.m. October 10, 2014) \$ 999,316.92

IMPORTANT NOTES: Taxes in arrears are not included in the statements

CONDITIONS

This statement is correct only if all payments have been made and honoured and is subject to the correction of any errors or omissions. Should this transaction not close prior to the next payment due date then this statement will be void and Cameron Stephens Mortgage Capital Ltd. will require the **(November 1, 2014)** payment made and a new statement requested.

Should the mortgage be in arrears, the "Principal Balance" will be as at the due date of the last paid instalment. All taxes and other charges paid by us from the time of preparation to the closing date and not indicated on this statement, are the responsibility of the mortgagor.

Funds received after 1:00pm of the proposed discharge date will be subject to an additional daily interest charge of (\$363.37) until paid. If the proposed discharge date is on Friday, funds after 1:00pm will be subject to additional interest until the next business day.

It is the responsibility of your office to ensure that the appropriate discharge documents are prepared and forwarded to Cameron Stephens Mortgage Capital for execution. This includes any applicable PPSA discharge documentation.

This statement is valid up the last day of the current month of the expected payout date. Should the rate change prior to payout then this statement will be void and a new statement issued to reflect the change in the interest rate.

Yours truly,


Vivian David
Senior Funding Officer


Giuliana Mauro
AVP Loan Servicing and Funding

E&EO

APPENDIX “J”



Fraser Milner Casgrain LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

MAIN 416 863 4511
FAX 416 863 4592

January 31, 2013

Delivered

A. Farber & Partners Inc.
150 York Street, Suite 1600
Toronto, ON M5H 3S5

Attention: Hylton Levy

Dear Mr. Levy:

Re: Dondeb Inc. ("Dondeb") and 2198392 Ontario Ltd. ("2198392") (Dondeb and 2198392 are, collectively, the "Debtors") re: 20 Simcoe Street, Orillia, Ontario

You have asked us in your capacity as court-appointed receiver of the Debtors' assets to review certain loan, security and related and supporting documentation as it pertains to the Real Property (as defined below), provided to us in connection with the indebtedness of the Debtors to:

- (a) Addenda Capital Inc. ("**Addenda**");
- (b) Cameron Stephens Financial Corporation ("**Cameron**"); and
- (c) Virgin Venture Capital Corporation ("**Venture**"), Quincy Investments Limited ("**Quincy**") and 1538456 Ontario Limited ("**1538456**", with Venture and Quincy, are, collectively, "**Virgin**").

SCOPE OF REVIEW

The scope of our review is limited to a) those security and related documents listed in Schedule "A" hereto that were provided to us, and b) the Search Results (defined below) (collectively, the "**Documents**"). The only searches and inquiries conducted by us are those referred to in this letter, the results of which are summarized in Schedule "D" attached hereto (the "**Search Results**").

We reviewed the Documents generally to identify any aspect of the Documents or any registrations which did not appear complete and regular on their face, or which appeared to raise material issues. We have also listed in Schedule "A" attached hereto documents that were not provided to us for our review even though they are referenced in the Documents.

This report is limited to the laws of the Province of Ontario and the federal laws of Canada applicable therein. We express no opinion with respect to the validity of Documents to the extent such validity is governed by the laws of any other jurisdiction.

ASSUMPTIONS AND QUALIFICATIONS

Our opinion as to the validity of the Documents is subject to the assumptions and qualifications set out in Schedules "B" and "C", respectively, attached hereto.

SEARCH RESULTS

Corporate History

Our corporate search reveals that Dondeb Construction Co. Limited was incorporated on December 4, 1970 ("**DCCL**") pursuant to the laws of the Province of Ontario. Eugene Construction Limited was incorporated on January 20, 1958 ("**ECL**") pursuant to the laws of the Province of Ontario. 470261 Ontario Limited was incorporated on February 13, 1981 ("**470**") pursuant to the laws of the Province of Ontario.

DCCL, ECL and 470 amalgamated on January 1, 1994 and continued as Dondeb. Dondeb's head office is located in King City, Ontario. Dondeb has the following current business style names:

Orillia Independent Living	--	April 18, 2006
Barrie Business Centre	--	August 26, 2011

2198392 was incorporated on February 19, 2009 pursuant to the laws of the Province of Ontario. 2198392's head office is located in King City, Ontario. 2198392 has no current business style names.

Personal Property Searches

We conducted searches against Dondeb and 2198392 as noted in Schedule "D" under the following statutes:

1. *Bankruptcy and Insolvency Act* (Canada);
2. Section 427 of the *Bank Act* (Canada);
3. *Executions Act* (Ontario); and
4. *Personal Property Security Act* (Ontario) (the "**PPSA**").

The results of our searches are summarized in Schedule "D" attached hereto. The Province of Ontario does not have a system for registering title to personal property and, accordingly, we cannot confirm whether the Debtors hold title to any of the personal property referred to herein. We did not conduct any searches against Melvyn Dancy or Derek Dancy. Melvyn Dancy ("**Dancy**") guaranteed indebtedness owing to Addenda and Cameron and each of Dancy, Derek Dancy and 2338067 Ontario Inc. ("**2338067**" and collectively with Dancy and Derek Dancy, the "**Guarantors**") have guaranteed indebtedness owing to Virgin. We conducted searches against 2338067 in connection with other real property that is subject to the Receivership Order (as defined below) the results of which are summarized in Schedule "D" attached hereto.

Dondeb filed a notice of intention to make a proposal on September 11, 2012. This proceeding was stayed and suspended by Court Order dated October 17, 2012. Dondeb is a party to seven proceedings which are summarized in Schedule "D" attached hereto.

2198392 filed a notice of intention to make a proposal on October 5, 2012. This proceeding was stayed and suspended by Court Order dated October 17, 2012.

Real Property Searches

On October 23, 2012, at approximately 11:03 a.m., we conducted a subsearch of title (the "**Subsearch**") to the real property located in Orillia and described in Schedule "E" attached hereto (the "**Real Property**"). The results of the Subsearch are summarized below. The following is a summary of the results of the Subsearch and is not a full investigation of title to the Real Property. Given the limited nature of a Subsearch we do not express any opinion as to title to the Real Property or the priority of any encumbrances affecting the Real Property.

The parcel register for the Real Property which we obtained as part of our Subsearch shows the following registrations:

PIN 58678-0087 (LT):

- (a) Charge/Mortgage granted by Dondeb in favour of Addenda, in the original principal sum of \$4,300,000.00 registered on December 5, 2008 as Instrument No. SC704605 (the "**Addenda Mortgage**"). The Addenda Mortgage appears to be a first mortgage;
- (b) Notice of Assignment of Rents granted by Dondeb in favour of Addenda, registered on December 5, 2008 as Instrument No. SC704606 in connection with the Addenda Mortgage (the "**Addenda Assignment of Rents**");
- (c) Charge/Mortgage granted by Dondeb in favour of Cameron, in the original principal sum of \$700,000.00 registered on March 5, 2009 as Instrument No. SC720662 (the "**Cameron Mortgage**"). The Cameron Mortgage appears to be a second mortgage;
- (d) Notice of Assignment of Rents granted by Dondeb in favour of Cameron, registered on March 5, 2009 as Instrument No. SC720663 in connection with the Cameron Mortgage (the "**Cameron Assignment of Rents**");
- (e) Transfer of Land from Dondeb to 2198392 registered on December 13, 2010 as Instrument No. SC872242;
- (f) Charge/Mortgage granted by 2198392 in favour of Venture and 1538456, in the original principal sum of \$2,737,042.00, registered on August 10, 2012 as Instrument No. SC1003296 (the "**Virgin Mortgage**"). The Virgin Mortgage appears to be a third mortgage;
- (g) Notice of Assignment of Rents granted by 2198392 in favour of Venture and 1538456, registered on August 10, 2012 as Instrument No. SC1003297 (the "**Original Virgin Assignment of Rents**");
- (h) Transfer of Charge by Venture and 1538456 to Virgin on August 14, 2012 and registered as Instrument No. SC1003850;

- (i) Notice of Assignment of Rents granted by Venture and 1538456 in favour of Virgin, registered on August 28, 2012 as Instrument No. SC1007207 (the "**Virgin Assignment of Rents**");
- (j) Charge/Mortgage granted by 2198392 in favour of Marc Lean, Neil Rabinovitch, Craig Johnston and A. Farber & Partners Inc., in the original principal sum of \$500,000, registered on September 25, 2012 as Instrument No. SC1013793; and
- (k) Notice by 2198392 to Marc Lean, Neil Rabinovitch, Craig Johnston and A. Farber & Partners Inc. registered on October 4, 2012 as Instrument No. SC1016353.

Execution searches were conducted against Dondeb in the Regional Municipalities of Toronto on October 30, 2012, York on November 1, 2012, and Hastings, Simcoe and Dufferin on November 13, 2012, the results of which reveal that there were no writs of execution.

Execution searches were conducted against 2198392 in the Regional Municipalities of Toronto and York on October 30, 2012 and Simcoe on November 13, 2012, the results of which reveal that there were no writs of execution.

Certificate of Status

We obtained a certificate of status dated December 14, 2012 in respect of Dondeb issued by the Ministry of Government Services confirming the corporate existence of Dondeb as at that date.

We also obtained a certificate of status dated January 10, 2013 in respect of 2198392 issued by the Ministry of Government Services confirming the corporate existence of 2198312 as at that date.

SECURITY REVIEW

Subject to the assumptions and qualifications set out in this letter, we have the following comments on and opinions with respect to the Documents.

A. Addenda Loan

Credit facilities in the principal amount of \$4,300,000.00 were extended to Dondeb pursuant to a commitment letter dated October 3, 2008 among Dondeb, as borrower, Melvyn Dancy, as guarantor, and Addenda, as lender (the "**Addenda Commitment Letter**"). Dondeb and Dancy agreed jointly and severally to satisfy all the terms, conditions and requirements contained in the Addenda Commitment Letter before any advances were to be made, and agreed that the obligations to make payments under the Addenda Mortgage, in addition to any other obligations arising pursuant to the Addenda Commitment letter would also be joint and several.

All of the indebtedness, liabilities and obligations of Dondeb to Addenda pursuant to the Addenda Commitment Letter were guaranteed by a guarantee and postponement of claim dated December 3, 2008 by Dancy in favour of Addenda (the "**Addenda Guarantee**").

Dondeb

1. *Mortgage.* The Addenda Mortgage grants, by its terms, a valid fixed charge in favour of Addenda in the Real Property. The Addenda Mortgage is the first charge/mortgage registered against title to the Real Property. Under the terms of the Addenda Mortgage, there is no right of prepayment in whole or in part until such time as Addenda has received all amounts owing to it, including without limitation, all outstanding principal and interest and the Yield Maintenance Fee. The Addenda Mortgage provides that Dondeb shall have no right to prepay the Addenda Mortgage in part. The Yield Maintenance Fee is defined in the Addenda Mortgage as equal to the following:

- (a) The amount by which the Canada Yield Price (as defined in the Addenda Mortgage) exceeds the principal and interest then outstanding under the Addenda Mortgage plus an additional 0.5% of the outstanding principal amount under the Addenda Mortgage; or
- (b) Three months' interest on the principal balance then outstanding under the Addenda Mortgage plus an additional 05% (sic) of the said outstanding principal balance.

The Addenda Mortgage provides that it is an event of default under the Addenda Mortgage if Dondeb fails to observe any of the covenants, agreements or conditions contained in any other charge or encumbrance affecting the Real Property, whether or not it has priority over the Addenda Mortgage.

Dondeb covenants in the Addenda Mortgage that it will pay the principal sum stated in the Addenda Mortgage and all Taxes (as such term is defined in the Addenda Mortgage) as they fall due.

Pursuant to the Addenda Mortgage, in the event of a further encumbrance or sale of the Real Property, all amounts secured by the Addenda Mortgage become payable to Addenda unless Dondeb obtains Addenda's prior written consent. We were not provided with a copy of a consent executed by Addenda in respect of the Cameron Mortgage or the Virgin Mortgage.

The Addenda Mortgage also provides that notwithstanding the registration of the Addenda Mortgage and the advance of funds pursuant to the Addenda Mortgage, the terms and the conditions of the Addenda Mortgage shall remain binding and effective on the parties thereto, and shall not merge in the Addenda Mortgage nor in any document executed and delivered to Addenda in connection with the transaction contemplated by the Addenda Commitment Letter, and the terms of the Addenda Commitment Letter are incorporated by reference.

2. *Assignment of Rents.* The Addenda Assignment of Rents grants to Addenda an assignment of all rents pursuant to leases of the Real Property entered into from time to time by Dondeb with various tenants of the Real Property. The Addenda Assignment of Rents states it enures to the benefit of and is binding on each of the parties and their successors and assigns. Subsequent assignees could potentially allege that the definition of "Leases" in the Addenda Assignment of Rents is limited to leases granted by Dondeb (rather than by 2198392).

3. *Security Agreement.* The Addenda Security Agreement (as defined in Schedule "A" attached hereto) grants, by its terms, a valid security interest in favour of Addenda in the personal property of Dondeb charged thereunder to which the PPSA applies.

The Addenda Security Agreement is titled "General Security Agreement (Site Specific)" and limits the collateral to that which is located on or used in connection with the Real Property and all proceeds therefrom. In addition, we have not been provided with any documentation evidencing a transfer of title of the personal property of Dondeb to 2198392; nor have we been provided with a general security agreement granting a valid security interest by 2198392 in favour of Addenda in 2198392's personal property located on the Real Property. The Addenda Security Agreement provides that it is binding upon the successors and permitted assigns of Dondeb.

4. *PPSA Registrations.* A financing statement in respect of the security interest granted by Dondeb in favour of Addenda was registered under the PPSA on October 22, 2008 (the "**Addenda Registration**"). The details of the Addenda Registration are set out in Schedule "D" attached hereto. The Addenda Registration was registered under the PPSA, in respect of "Inventory, Equipment, Accounts and Other" with the following general collateral description: "property used in connection with, situate at, or arising from the ownership, development, use or disposition of, the property known as 20 Simcoe Street, Orillia, Ontario."

As the Real Property was transferred from Dondeb to 2198392 on December 13, 2010, and assuming that title to the personal property was transferred by Dondeb to 2198392 at the same time, Addenda would have thirty days from the date that it became aware of the date of transfer (in any event, no later than October 17, 2012, the date of the Receivership Order, as defined below) to effect a financing change statement evidencing the transfer to avoid losing the perfection of its security interest in any transferred collateral.

On October 26, 2012, Addenda filed a new registration against 2198392 as a debtor under the PPSA (the "**New Addenda Registration**"). The details of the New Addenda Registration are also set out in Schedule "D" attached hereto. As Addenda did not file a financing change statement to reflect the transfer of collateral from Dondeb to 2198392 but rather filed the New Addenda Registration, the New Addenda Registration is subsequent to all prior registrations registered against 2198392.

5. *Real Property Registrations.* The fixed charge constituted by the Addenda Mortgage was registered against title to the Real Property, as noted above. Therefore the subsequent transfer by Dondeb to 2198392 of the Real Property was subject to the Addenda Mortgage.

The Guarantor

1. *Guarantee and Postponement of Claim.* The Addenda Guarantee, by its terms, guarantees the obligations of Dondeb under the Addenda Commitment Letter and all promissory notes (if any) and all documents whether or not referred to in the Addenda Commitment Letter that were or may be delivered or assigned to Addenda in connection with or as security for the Addenda Commitment Letter. The liability of Dancy under the Addenda Guarantee is unlimited.

2. *Security Agreement.* We have not been provided with a general security agreement by Dancy in favour of Addenda.

B. Cameron Loan

Credit Facilities in the principal amount of \$700,000.00 were extended to Dondeb pursuant to a commitment letter dated February 23, 2009 among Dondeb, as borrower, Dancy, as guarantor and Cameron, as lender (the "**Cameron Loan Agreement**").

All of the indebtedness, liabilities and obligations of Dondeb to Cameron, pursuant to the Cameron Loan Agreement were guaranteed by a guarantee and postponement of claim dated February 28, 2009 executed by Dancy, in favour of Cameron (the "**Cameron Guarantee**").

1. *Mortgage.* The Cameron Mortgage grants, by its terms, a valid fixed charge in favour of Cameron in the Real Property. The Cameron Mortgage is the second charge/mortgage registered against title to the Real Property.

Each of the Cameron Mortgage and the Cameron Loan Agreement provide that if Dondeb is not in default, and provided that Cameron receives 6 months interest, Dondeb has the right to prepay the Cameron Mortgage upon fourteen (14) days written notice, at any time, subject to Cameron receiving all applicable fees as set out therein.

The Cameron Mortgage provides that a default under any obligation to repay borrowed money, or in the performance or observance of any agreement, covenant or condition in respect of such borrowed money (whether with respect to the Real Property or any other property and whether with respect to any obligation to Cameron or any other person) shall be an event of default under the Cameron Mortgage.

2. *Assignment of Rents.* The Cameron Assignment of Rents grants to Cameron an assignment of all rents and other income arising pursuant to leases, agreements to lease and tenancies now or hereafter affecting the Real Property entered into from time to time by Dondeb with various tenants of the Real Property. It states that it enures to the benefit of and is binding on each of the parties and their successors and assigns. The Cameron Assignment of rents was registered on title to the Real Property after the Addenda mortgage and the Addenda assignment of rents.

3. *Security Agreement.* The Cameron Security Agreement (as defined in Schedule "A" attached hereto) grants, by its terms, a valid security interest in favour of Cameron in the personal property of Dondeb charged thereunder to which the PPSA applies.

The Cameron Security Agreement is titled "General Security Agreement (Site Specific)" and limits the collateral to that which is located on or used in connection with the Real Property and all proceeds therefrom. In addition, we have not been provided with any documentation evidencing a transfer of title of the personal property of Dondeb to 2198392; nor have we been provided with a general security agreement granting a valid security interest by 2198392 in favour of Cameron in 2198392's personal property located on the Real Property. The Cameron Security Agreement provides that it is binding upon the successors and permitted assigns of Dondeb.

4. *PPSA Registrations.* We were provided with a copy of the verification statement evidencing that a financing statement in respect of the security interest granted by Dondeb in favour of Cameron was registered under the PPSA on March 4, 2009 (the "**Cameron Dondeb Registration**"). The details of the Cameron Dondeb Registration are set out in Schedule "D" attached hereto. The Cameron Dondeb Registration was registered under the PPSA in respect of "Inventory, Equipment, Accounts, and Other" with the following general collateral description: "Property used in connection with, situate at or arising from the ownership, development, use or disposition of the property municipality known as 20 Simcoe Street, Orillia, Ontario."

On May 11, 2011, Cameron filed a new registration against 2198392 as a debtor under the PPSA (the "**New Cameron Registration**"). The details of the New Cameron Registration are also set out in Schedule

"D" attached hereto. The New Cameron Registration was registered under the PPSA in respect of "Inventory, Equipment, Accounts, and Other" and did not include a general collateral description.

As the Real Property was transferred from Dondeb to 2198392 on December 13, 2010, and assuming that title to the personal property was transferred by Dondeb to 2198392 at the same time, Cameron would have thirty days from the date that it became aware of the date of transfer to effect a financing change statement evidencing the transfer to avoid losing the perfection of its security interest in any transferred collateral. As of January 17, 2013, the currency date of our search, Cameron had not filed a financing change statement to reflect the transfer of collateral from Dondeb to 2198392 but rather filed the New Cameron Registration; the search results reveal no prior registrations to the New Cameron Registration.

5. *Real Property Registrations.* The fixed charge constituted by the Cameron Mortgage was registered against title to the Real Property as noted above.

The Guarantor

1. *Guarantee and Postponement of Claim.* The Cameron Guarantee, by its terms, guarantees the obligations of Dondeb under the Cameron Mortgage. The liability of Dancy under the Cameron Guarantee is limited to \$700,000.00.

2. *Security Agreement.* We have not been provided with a general security agreement by Dancy in favour of Cameron.

3. *PPSA Registration.* A financing statement in respect of the security interest granted by Dancy in favour of Cameron was filed under the PPSA on March 4, 2009 (the "**Cameron Guarantor Registration**"). The details of the Cameron Guarantor Registration are set out in Schedule D attached hereto. The Cameron Guarantor Registration was registered under the PPSA, in respect of "Accounts and Other" with the following general collateral description: "Guarantee and Postponement of Claim – Dondeb Inc. 20 Simcoe Street, Orillia."

C. Virgin Loan

Credit Facilities in the principal amount of \$2,750,000.00 were extended to Briarbrook Apartments Inc. ("**Briarbrook**") and 2198392 pursuant to a commitment letter dated August 3, 2012 among Briarbrook and 2198392, as borrowers, and the Guarantors, as guarantors, and Venture and 1538456, as lenders (the "**Virgin Loan Agreement**"). 1538456 subsequently assigned 50% of its interest in the principal amount of the payment of the Indebtedness (as defined therein) to Quincy pursuant to an assignment of debt and security dated August 14, 2012.

All of the indebtedness, liabilities and obligations of 2198392 to Virgin, pursuant to the Virgin Loan Agreement were guaranteed by a guarantee dated August 8, 2012 executed by the Guarantors in favour of Venture and 1538456 (the "**Virgin Guarantee**").

1. *Mortgage.* The Virgin Mortgage grants, by its terms, a valid fixed charge in favour of Virgin in the Real Property. While the parcel register states that the principal amount of the Virgin Mortgage is \$2,737,042.00, the receipted Virgin Mortgage lists the principal amount as \$2,737,041.64.

The Virgin Mortgage is the third charge/mortgage registered against title to the Real Property. The Virgin Mortgage provides that when not in default, 2198392 has the privilege of prepaying the whole or any part of the principal sum, upon payment of three (3) months interest bonus on the amount prepaid.

The Virgin Mortgage and the Virgin Loan Agreement state that the Virgin Mortgage is given as collateral security to a mortgage registered on the same date on the lands municipally known as 90 Gurnett Street, Aurora, Ontario ("**Dorset Place**"). The Virgin Loan Agreement provides that the Virgin Mortgage shall be discharged upon prepayment by Briarbrook and 2198392 of no less than \$400,000.00 of the principal sum plus all applicable interest and fees. The Virgin Mortgage does not contain this provision, however, it provides that the terms and conditions contained in the Virgin Loan Agreement shall not merge with the Virgin Mortgage and the terms of the Virgin Loan Agreement are incorporated by reference. The Virgin Mortgage also states that in the event of an inconsistency, Virgin may determine which terms shall prevail.

Any and all default under: (i) the Virgin Mortgage; (ii) the Virgin Loan Agreement; or (iii) pursuant to any other charge or security document between 2198392 and Virgin, including any document pursuant to which 2198392 is a guarantor, shall constitute a concurrent default the Virgin Mortgage and any and all defaults under the Virgin Mortgage shall constitute a concurrent default under all such security documents.

The Virgin Loan Agreement provides that no subsequent mortgages, charges or encumbrances of any nature were to be registered against the Real Property.

2. *Assignment of Rents.* The Virgin Assignment of Rents grants to Virgin an assignment of all rents and other income pursuant to leases of the Real Property entered into from time to time by 2198392 with various tenants of the Real Property. It states that it enures to the benefit of and is binding on each of the parties and their successors and assigns. The Original Virgin Assignment of Rents was registered on title to the Real Property after the Addenda Mortgage, the Addenda Assignment of Rents, the Cameron Mortgage and the Cameron Assignment of Rents.

3. *Security Agreement.* The Virgin Security Agreement (as defined in Schedule "A" attached hereto) grants, by its terms, a valid security interest in favour of Virgin in the personal property of 2198392 charged thereunder to which the PPSA applies.

4. *Assignment of Debt and Security.* The Assignment of Debt and Security (as defined in Schedule "A" attached hereto) grants, by its terms, an assignment by 1538456 of one-half of its interest in the indebtedness stated therein to be \$1,368,520.82 plus accrued interest as of the date of the Assignment of Debt and Security (the "**Indebtedness**") and certain security and ancillary documents listed on Schedule "A" to the Assignment of Debt and Security (the "**Security**"), and one-half of all the right, title and interest of 1538456 in the Indebtedness and the Security, together with full benefit of all powers and all covenants and provisos contained in the Security to Quincy.

5. *PPSA Registrations.* A financing statement in respect of the security interest granted by 2198392 in favour of Virgin was registered under the PPSA on August 15, 2012 (the "**Virgin Registration**"). The details of the Virgin Registration are set out in Schedule "D" attached hereto. The Virgin Registration was registered under the PPSA in respect of "Inventory, Equipment, Accounts, and Other" with the following general collateral description: "general security agreement and general assignment of rents relating to the property municipally known as 20 Simcoe Street, Orillia, Ontario".

6. *Real Property Registrations.* The fixed charge constituted by the Virgin Mortgage was registered against title to the Real Property as noted above.

The Guarantors

1. *Guarantee.* The Virgin Guarantee, by its terms, guarantees all of the indebtedness and obligations of 2198392 to Virgin.
2. *Security Agreement.* We have not been provided with a general security agreement by the Guarantors in favour of Virgin.

OPINIONS WITH RESPECT TO VALIDITY AND PRIORITY OF SECURITY

In our opinion, based on the assumptions and subject to the qualifications set out herein:

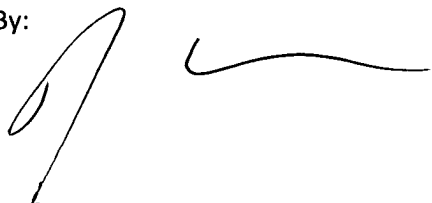
1. each of the Addenda Mortgage, the Cameron Mortgage and the Virgin Mortgage is a valid charge of the Real Property. The Addenda Mortgage has priority over the Cameron Mortgage and the Virgin Mortgage. The Cameron Mortgage has priority over the Virgin Mortgage;
2. each of the Addenda Assignment of Rents, the Cameron Assignment of Rents and the Virgin Assignment of Rents is a valid assignment of the rents referred to therein. The Addenda Assignment of Rents has priority over the Cameron Assignment of Rents and the Virgin Assignment of Rents. The Cameron Assignment of Rents has priority over the Virgin Assignment of Rents;
3. the Addenda Security Agreement grants, by its terms, a valid security interest in favour of Addenda in the personal property of Dondeb referred to therein to which the PPSA applies. The Cameron Security Agreement grants, by its terms, a valid security interest in favour of Cameron in the personal property of Dondeb referred to therein to which the PPSA applies. The Virgin Security Agreement grants, by its terms, a valid security interest in favour of Virgin in the personal property of 2198392 referred to therein to which the PPSA applies; and
4. the Virgin Assignment of Debt and Security grants, by its terms, a valid assignment by 1538456 of one-half of its interest in the indebtedness plus accrued interest as of the date of the Assignment of Debt and Security.

This review is provided to you in your capacity as court-appointed receiver of the assets of the Debtors pursuant to the order of the Honourable Mr. Justice Campbell dated October 17, 2012 (the "Receivership Order"). This letter may not be relied on by any other person without our prior written consent. Please do not hesitate to contact us if you wish to discuss any of the foregoing.

Yours very truly,

FRASER MILNER CASGRAIN LLP

By:



SCHEDULE "A"

DOCUMENTS REVIEWED

Documents not defined below shall have the meaning ascribed to them in the body of the security review letter.

Addenda Loan and Security Documents:

1. Commitment letter dated October 3, 2008 among Dondeb, as borrower, Dancy, as guarantor and Addenda, as lender, with respect to the Real Property.
2. Charge/Mortgage granted by Dondeb in favour of Addenda, in the original principal sum of \$4,300,000.00, registered on December 5, 2008 as Instrument No. SC704605.
3. Notice of Assignment of Rents granted by Dondeb in favour of Addenda, registered on December 5, 2008 as Instrument No. SC704606 in connection with the Addenda Mortgage.
4. General Security Agreement given by Dondeb in favour of Addenda dated December 3, 2008 (the "**Addenda Security Agreement**").
5. Guarantee and Postponement of Claim, granted by Melvyn Dancy in favour of Empire in respect of the indebtedness of Dondeb to Empire.

Addenda Documents Received but not Reviewed:

1. Assignment of Insurance given by Dondeb in favour of Addenda dated December 3, 2008.
2. Title Insurance Policy No. ONL0060236 issued by First American Title Insurance Company dated December 5, 2008.

Cameron Loan and Security Documents:

1. Commitment Letter dated February 23, 2009 among Dondeb, as borrower, Dancy, as guarantor, and Cameron, as lender, with respect to the Real Property.
2. Charge/Mortgage granted by Dondeb in favour of Cameron, in the original principal sum of \$700,000.00, registered on March 5, 2009 as Instrument No. SC720662.
3. General Assignment of Rents registered on March 5, 2009 as Instrument No. SC720663 in connection with the Cameron Mortgage.
4. Authorization and Direction re: Electronic Registration dated February 28, 2009 from Dondeb to Fogler, Rubinoff LLP.
5. General Security Agreement dated February 28, 2009 by Dondeb in favour of Cameron.
6. Guarantee and Postponement of Claim dated February 23, 2009 granted by Melvyn Dancy to Cameron.

7. Financing Statement filed pursuant to the PPSA against Dondeb Inc. in favour of Cameron in respect of the property used in connection with, situate at or arising from the ownership, development, use or disposition of the property municipally known as 20 Simcoe Street, Orillia, Ontario, as registration no. 20090304 0918 1590 2841 (reference file number 651833181) on March 4, 2009.
8. Financing Statement filed pursuant to the PPSA against Melvyn Dancy in favour of Cameron relating to a Guarantee and Postponement of Claim in connection with the Guarantee of Dondeb with respect to 20 Simcoe Street, Orillia, Ontario as registration no. 20090304 0918 1590 2840 (reference file no. 651833172) on March 4, 2009.
9. Negative Pledge dated February 28, 2009 from Dondeb and Dancy to Cameron and to Fogler, Rubinoff LLP.
10. Acknowledgement of Receipt of Standard Charge Terms No. 8629 dated February 28, 2009 by Dondeb to Cameron and to Fogler, Rubinoff LLP in respect of the Cameron Mortgage.
11. Non-Merger Acknowledgement dated February 28, 2009 from Dondeb and Dancy to Cameron and to Fogler, Rubinoff LLP.
12. Statutory Declaration (Third Party Declaration) by Melvyn Dancy, as President of Dondeb, dated February 28, 2009, certifying that Dondeb will be the registered and beneficial owner of the Real Property on closing and that the Real Property will not be held in trust for any third party.

Cameron Documents Received but Not Reviewed:

1. Certificate of Advance dated February 28, 2009 from Dondeb to Cameron and to Fogler, Rubinoff LLP, confirming the advance of \$700,000.00.
2. Assignment of Insurance Interest dated December 3, 2008 from Dondeb to Addenda.
3. Undertakings with respect to insurance and a cost approach summary dated March 3, 2009 and March 5, 2009 from Dondeb to Cameron and to Fogler, Rubinoff LLP.
4. Reporting letter from Fogler, Rubinoff LLP dated July 27, 2009 to Cameron Stephens Mortgage Capital Limited in respect of the Cameron Loan.
5. Correspondence with Fogler Rubinoff regarding the Cameron Loan to Dondeb Inc. dated July 27, 2009.
6. Corporate Documents and Letter regarding the Cameron Loan to Dondeb Inc. dated February 27, 2009.
7. Statutory Declaration (Down Payment Verification) dated March 4, 2007.
8. Instrument Letter dated February 26, 2009 from Cameron to Fogler, Rubinoff LLP.
9. Commercial Loan Policy of Title Insurance Policy No. ONL0062065 issued by First American Title Insurance Company dated March 5, 2009 in respect of the Real Property.

10. Assignment of Insurance Interest dated February 28, 2009 from Dondeb to Cameron and Fogler, Rubinoff LLP in respect of the Real Property.
11. Proincon report dated February 28, 2009 from Dondeb to Cameron and Fogler, Rubinoff LLP in respect of the Real Property.
12. Corporate opinion of Lloyd Rubinoff, Barrister and Solicitor, dated February 27, 2009 to Cameron and to Fogler, Rubinoff LLP in respect of and attaching the corporate documents of Dondeb.
13. Pre-Authorized Payment Form and "VOID" cheque.
14. Directions re: Net Advances and Gross Advances dated February 28, 2009 by Dondeb to Cameron and to Fogler, Rubinoff LLP.
15. Declaration re: Identification dated March 2, 2009 from Lloyd Rubinoff to Cameron confirming and acknowledging identification of Melvyn Dancy.
16. Clear Execution Certificate dated March 5, 2009.
17. Survey dated January 19, 2007.

Virgin Loan and Security Documents:

1. Commitment letter dated August 3, 2012 among Briarbrook and 2198392, as borrowers, the Dancy and Derek Dancy, as guarantors, and Venture and 1538456, as lenders, with respect to the Real Property.
2. Non-merger covenant agreement dated August 8, 2012 granted in favour of Venture and 1538456 by 2338067 and 2198392, as borrowers and by Dancy and Derek Dancy, as guarantors.
3. Acknowledgement and Direction from 2198392, as borrower and the Guarantors, as guarantors to Venture and 1538456, as lenders and Corsianos, Lee, as solicitors to the lenders dated August 8, 2012 in respect of the registration of the Virgin Mortgage and the Virgin Assignment of Rents.
4. Charge/Mortgage granted by 2198392 in favour of Venture and 1538456 in the original principal sum of \$2,737,041.64, registered on August 10, 2012 as Instrument No. SC1003296.
5. Notice of Assignment of Rents granted by 2198392 in favour of Venture and 1538456, registered on August 10, 2012 as Instrument No. SC1003297 in connection with the Virgin Mortgage.
6. General Assignment of Rents granted by 2198392 in favour of Venture and 1538456 dated August 8, 2012.
7. General Security Agreement given by 2198392 in favour of Venture and 1538456 dated August 9, 2012 (the "**Virgin Security Agreement**").
8. Assignment of Fire Insurance given by 2198392 in favour of Venture and 1538456 dated August 8, 2012.

9. Guarantee and Postponement of Claim granted by the Dancy, Derek Dancy and 2338067 Ontario Inc. in favour of Venture and 1538456 guaranteeing all of the Indebtedness (as such term is defined therein) of 2198392 to Venture and 1538456 dated August 8, 2012.
10. Assignment of Debt and Security Agreement between 1538456, as assignor, and Quincy, as assignee, dated August 14, 2012 wherein 1538456 assigns 50% of its interest in the Indebtedness and Security (as defined therein) to Quincy (the "**Assignment of Debt and Security**").
11. Transfer of Charge granted by Venture and 1538456 in favour of Virgin registered on August 14, 2012 as Instrument No. SC1003850 in connection with the Assignment of Debt and Security.
12. Notice of Assignment of Rents granted by Venture and 1538456 in favour of Virgin registered on August 28, 2012 as Instrument No. SC1007207 in connection with the Assignment of Debt and Security.
13. Financing Statement filed pursuant to the PPSA against 2198392 in favour of Virgin as Registration No. 20120815 1030 1862 5937 (reference file no 680698629) on August 15, 2012.

Miscellaneous Documents

1. Transfer of Land from Dondeb to 2198392 registered on December 13, 2010 as Instrument No. SC872242.

DOCUMENTS NOT PROVIDED FOR REVIEW

The following documents have not been provided for our review:

Virgin Loan and Security Documentation listed in Schedule "A" to the Assignment of Debt and Security:

1. PPSA Acknowledgement by 2198392;
2. Environmental Warranty and Indemnity Agreement by 2198392 in favour of Virgin;
3. Statutory Declaration re Environmental Matters by 2198392;
4. Statutory Declaration re Construction Liens by 2198392;
5. Statutory Declaration re Realty Taxes and Utilities by 2198392;
6. Statutory Declaration re Tenancies by 2198392;
7. Direction to Tenants by 2198392;
8. Guarantors' Acknowledgement;
9. Waiver of Independent Legal Advice;
10. Authorization re Insertion of Dates, Etc.;

11. Direction re Funds; and
12. Certificate of Covenants, Representations and Warranties.

SCHEDULE "B"

ASSUMPTIONS

For the purposes of conducting this review, we have assumed the following:

1. that the signatures on the Documents are genuine and that the Documents submitted to us as photocopies or facsimile copies conform to authentic original Documents, and that all Documents were fully completed prior to execution and delivery;
2. that each of the Guarantors had at all relevant times the necessary corporate status, power and capacity to grant to the applicable creditor the Documents to which it is party and to perform its obligations under each of those Documents;
3. that the Documents were duly authorized, executed and delivered to and in favour of the applicable creditor;
4. that the Documents were provided, as the case may be, to the applicable creditor by the Debtors, the Guarantors on the basis of informed consent and advice and for value;
5. that each of Addenda, Cameron and Virgin holds proper evidence of the amount of indebtedness owed to it, respectively, by the Debtors and the dates on which such indebtedness was incurred;
6. that none of the Documents has been assigned, amended, superseded, released, discharged or otherwise impaired, either in whole or in part;
7. that each of the Debtors and the Guarantors holds legal and beneficial title to the property charged by such party in any of the Documents and that all such property was, at the time of the granting of the relevant security interest, and is presently, in Ontario;
8. the accuracy and completeness of the descriptions of all property of the Debtors and the Guarantors referred to in any Document;
9. that there are no agreements to which the Debtors, the Guarantors is a party or was a party at the time of the execution of the Documents which might impair its ability to execute and deliver or grant any of the Documents to which it is a party or to perform any of its obligations thereunder;
10. that none of the Documents, originals or copies of which we examined, has been amended (except as set out in this letter), and there are no other agreements or understandings between the parties that would amend, supplement or qualify any provisions of the Documents;
11. to the extent that a security interest in investment property (as defined in the PPSA) has been granted by the Debtors or the Guarantors to a creditor, such creditor has control of such investment property;
12. that value has been given sufficient for purposes of attachment under the PPSA, that no secured party has agreed to postpone the time for attachment of any security interest created by any of the Documents, and that there are no priority or other agreements which purport to alter the

order of registration of the security interests as described. While we can express no opinion as to the priority of any security interest, we do express a view as to the apparent priority based solely on the order of registration as disclosed by our searches;

13. that no execution creditor or other person has seized or caused seizure of any asset of the Debtors or the Guarantors; and
14. that the public records examined by us in connection with this report were complete and accurate when examined.

SCHEDULE "C"

QUALIFICATIONS

1. We express no opinion with respect to title to any of the personal property or Real Property charged by the Documents.
2. We express no opinion with respect to any personal property to which the PPSA does not apply.
3. We express no opinion as to the priority of any security interest created by the Documents as against any statutory liens, charges, deemed trusts or other priorities.
4. We express no opinion as to any security interest created by the Documents with respect to any property of the Debtors that is transformed in such a way that it is not identifiable or traceable or any proceeds of property of the Debtors that are not identifiable or traceable.
5. We express no opinion as to the creation or validity of any charge of, assignment or transfer of or security interest in any of the following property or any interest of the Debtors or the Guarantors therein: (i) any policy of insurance or contract of annuity; (ii) any permits, quotas, licenses and other property which is not personal property; and (iii) any property consisting of a receivable, license, approval, privilege, franchise, permit, lease or agreement (collectively, the "**Special Property**") to the extent that the terms of the Special Property or any applicable law prohibits its assignment or requires as a condition of its assignability, a consent, approval, notice or other authorization or registration which has not been made or given.
6. No opinion is expressed under the terms of this opinion with respect to the laws of any jurisdiction (other than Ontario) to the extent that such laws may govern the validity, perfection, effect of perfection or non-perfection of the security interests created by the Documents as a result of the application of Ontario conflict of law rules.
7. We did not investigate whether, any steps were taken in connection with the registration of the Documents or of any of the interests created thereunder: (i) under the *Patent Act* (Canada), the *Trade-marks Act* (Canada), the *Industrial Designs Act* (Canada), the *Integrated Circuit Topography Act* (Canada), the *Copyright Act* (Canada) or the *Plant Breeders' Rights Act* (Canada); (ii) in respect of any vessel which is registered or recorded under the *Canada Shipping Act* (Canada); (iii) in respect of any rolling stock to which the provisions of the *Canada Transportation Act* (Canada) or the *Shortline Railways Act* (Ontario) may apply; or (iv) under the *Financial Administration Act* (Canada).
8. Provisions of the Document which purport to exculpate any secured party from liability for its acts or which purport to confirm the continuance of obligations notwithstanding any act or omission or other matter are subject to the discretion of an Ontario Court.
9. An Ontario Court may decline to enforce the rights of indemnity and contribution potentially available under the Documents to the extent that they are found to be contrary to equitable principles or public policy.
10. An Ontario Court may decline to enforce those provisions of the Documents which purport to allow a determination, calculation or certificate of a party thereto as to any manner provided for therein to be final, conclusive and binding upon any other party thereto if such determination is

found to be inaccurate on its face or to have reached or made on an arbitrary or fraudulent basis.

11. A perfected security interest may become unperfected prior to its stated expiry date in certain circumstances.
12. Wherever any matter or thing is to be determined or done in the discretion of any secured party, such discretion may be required to be exercised in a commercially reasonable manner and in good faith.
13. With respect to the charge of, or transfer or pledge or assignment of, or the granting of a security interest in, any account or like personal property pursuant to the Documents, notice may have to be given to the obligor thereunder and the secured creditors may be subject to the equities between the obligor and the grantor of the security interest in the event that it wishes to enforce any such account or like personal property as against the obligor under such account or like personal property.
14. Powers of attorney contained in any of the Documents, although expressed to be irrevocable, may in some circumstances be revoked, including without limitation, pursuant to the *Substitute Decisions Act* (Ontario).
15. Pursuant to section 8 of the *Interest Act* (Canada), no fine, penalty or rate of interest may be exacted on any arrears of principal or interest secured by a mortgage on real property that has the effect of increasing the charge on the arrears beyond the rate of interest payable on principal money not in arrears.

SCHEDULE "D"

SEARCH SUMMARY

SUMMARY OF SECURITY SEARCHES AGAINST

2198392 ONTARIO LTD.

2198392 Ontario Ltd. was incorporated on February 19, 2009. 2198392's head office is located in King City, Ontario. 2198392 has no current business style names.

Personal Property Security Act (Ontario)

(File Currency: January 17, 2013)

1. **Secured Party:** **Cameron Stephens Financial Corporation**
Debtor: 2198392 Ontario Ltd.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: None
Registration No.: 20110511 1356 1590 1616
File No.: 669778425
Registration Date: May 11, 2011
Registration Period: 5 Years
Expiry Date: May 11, 2016

2. **Secured Party:** **Virgin Venture Capital Corporation**
Secured Party: **1538456 Ontario Limited**
Secured Party: **Quincy Investments Limited**
Debtor: 2198392 Ontario Ltd.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: General security agreement and general assignment of rents relating to the property municipally known as 20 Simcoe Street, Orillia, Ontario
Registration No.: 20120815 1030 1862 5937
File No.: 680698629
Registration Date: August 15, 2012
Registration Period: 5 Years
Expiry Date: August 15, 2017

3. **Secured Party:** **Addenda Capital Inc.**
Debtor: 2198392 Ontario Ltd.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: All personal property and undertaking of the debtor located at or used in connection with the business carried on by the debtor at 20 Simcoe Street, Orillia, Ontario, and all proceeds thereof.
Registration No.: 20121026 1559 1862 0896
File No.: 682454286
Registration Date: October 26, 2012
Registration Period: 2 Years

Expiry Date: October 26, 2014

Bank Act (Ontario)

Date of Search: October 30, 2012

File Currency: October 30, 2012

CLEAR

Official Receiver (Bankruptcy)

Date of Search: October 30, 2012

File Currency: October 26, 2012

BIA Estate No:	31-1673260
BIA Estate Name:	2198392 Ontario Ltd.
Province:	Ontario
Estate Type:	Notice of Intention
Date of Proceeding	October 5, 2012
Total Liabilities:	\$7,376,473

Bankruptcy (Petitions)

Date of Search: October 31, 2012

File currency: October 30, 2012

CLEAR

[Current litigation matters are on file for 2009031 Ontario Inc., 2198392 Ontario Ltd., 1267818 Ontario Ltd. and 1281515 Ontario Inc.]

Executions (Toronto and York)

Date of Search: October 30, 2012

File Currency: October 30, 2012

CLEAR

Executions (Simcoe)

Date of Search: November 13, 2012

File Currency: November 13, 2012

CLEAR

SUMMARY OF SECURITY SEARCHES AGAINST

DONDEB INC.

CORPORATE HISTORY

Dondeb Construction Co. Limited was incorporated on December 4, 1970 ("DCCL"). Eugene Construction Limited was incorporated on January 20, 1958 ("ECL"). 470261 Ontario Limited was incorporated on February 13, 1981 ("470").

DCCL, ECL and 470 amalgamated on January 1, 1994 and continued as Dondeb Inc. ("Dondeb"). Dondeb's head office is located in King City, Ontario. Dondeb has the following current business style names:

Orillia Independent Living	--	April 18, 2006
Barrie Business Centre	--	August 26, 2011

Personal Property Security Act (Ontario)

(File Currency: November 8, 2012)

- | | | |
|----|--|---|
| 1. | <p>Secured Party:</p> <p>Debtor:</p> <p>Debtor:</p> <p>Debtor:</p> <p>Debtor:</p> <p>Debtor:</p> <p>Collateral Classification:</p> <p>General Collateral Description:</p>
<p>Registration No.:</p> <p>File No.</p> <p>Registration Date:</p> <p>Registration Period:</p> <p>Expiry Date:</p> <p>Amended by:</p>
<p>Amended by:</p>
<p>Amended by:</p> | <p>ING Bank of Canada</p> <p>CFN Richmond Hill Inc.</p> <p>Dondeb Inc.</p> <p>2008691 Ontario Inc.</p> <p>King City Holdings Ltd.</p> <p>Melvyn Dancy, D.O.B. February 2, 1936</p> <p>Inventory, Equipment, Accounts, Other</p> <p>General security agreement and general assignment of rents relating to 160 Essex Ave., Richmond Hill.</p> <p>Guarantee and postponement of claim in respect of loan to CFN Richmond Hill Inc. over 160 Essex Avenue, Richmond Hill, Ontario</p> <p>20030822 1006 1462 6694</p> <p>897513786</p> <p>August 22, 2003</p> <p>11 Years</p> <p>August 22, 2014</p> <p>20050404 1714 1462 2649 being an assignment by secured party, ING Mortgage Broker Services Inc. to ING Bank of Canada</p> <p>20100812 1702 1462 8703 being a transfer by debtor, Dondeb Inc. to CFN Richmond Hill Inc.</p> <p>20100812 1702 1462 8704 to add additional debtors and to add to the collateral description</p> |
|----|--|---|

- Amended by:** 20101110 1406 1462 8301 to delete a debtor and to add a debtor
2. **Secured Party:** **Computershare Trust Company of Canada**
 Debtor: Dondeb Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: All rights, title and interest of the debtor in all personal property located at, relating to or used in connection with the real property known as Lot 2 and Part Lots 1 & 10, Plan STR-1, 200 Queen Street South, Mississauga, Ontario, and all proceeds thereof
 Registration No.: 20050527 1510 1862 9742
 File No. 615505968
 Registration Date: May 27, 2005
 Registration Period: 12 Years
 Expiry Date: May 27, 2017
3. **Secured Party:** **The Toronto-Dominion Bank – Mississauga 12752 CAS 3472**
 Debtor: Dondeb Inc.
 Collateral Classification: Accounts, Other
 General Collateral Description: None
 Registration No.: 20050627 1948 1531 9119
 File No. 616440843
 Registration Date: June 27, 2005
 Registration Period: 5 Years
 Expiry Date: June 27, 2015
Renewed by: 20100422 1942 1531 5465 for an additional 5 years
4. **Secured Party:** **The Empire Life Insurance Company**
 Debtor: Dondeb Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: General assignment of rents, general security agreement and chattels of the debtor including all elevators, stoves and fridges in connection with 205 Vodden Street East, Brampton
 Registration No.: 20050824 1428 1793 7832
 File No. 618233553
 Registration Date: August 24, 2005
 Registration Period: 11 Years
 Expiry Date: August 24, 2016
5. **Secured Party:** **Computershare Trust Company of Canada**
 Debtor: CFN Richmond Hill Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other

- General Collateral Description:** All present and future undertaking, security and property, both real and personal of the debtor, comprising and relating to 653 Major MacKenzie Drive and 181 Colborne Avenue, Richmond Hill, Ontario, including, without limitation, all rents, income, equipment, material agreements, deposits, permits, receivables, books and records, and intangibles relating thereto and all proceeds thereof
- Registration No.:** 20051012 1453 1530 4746
File No. 619624935
Registration Date: October 12, 2005
Registration Period: 11 Years
Expiry Date: October 12, 2016
Amended by: 20051102 1452 1530 1996 to amend the general collateral description
Amended by: 20081001 1451 1530 0024 being an assignment by secured party The Canada Trust Company to Computershare Trust Company of Canada
Amended by: 20101001 1518 1862 2702 being a transfer by debtor, Dondeb Inc. to CFN Richmond Hill Inc.
6. **Secured Party:** **The Empire Life Insurance Company**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: General security agreement and general assignment of rents and chattels including all elevators, stoves and fridges in connection with 90 Gurnett Street, Aurora, Ontario
- Registration No.:** 20060222 1704 1462 3248
File No. 622902645
Registration Date: February 22, 2006
Registration Period: 11 Years
Expiry Date: February 22, 2017
7. **Secured Party:** **The Empire Life Insurance Company**
Debtor: 1182689 Ontario Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: General security agreement and general assignment of rents in connection with 301 Byron Street South, Whitby, Ontario
- Registration No.:** 20060302 1449 1793 2277
File No. 623082051
Registration Date: March 2, 2006
Registration Period: 11 Years
Expiry Date: March 2, 2017
Amended by: 201211011703 1462 9358 – transfer from Dondeb Inc. to 1182689 Ontario Inc.

- General Collateral Description: Property used in connection with, situate at, or arising from the ownership, development, use or disposition of, the property known as 20 Simcoe Street, Orillia, Ontario (SIP/MK 4067682)
- Registration No.: 20081022 1500 1862 1795
 File No. 649417365
 Registration Date: October 22, 2008
 Registration Period: 25 Years
 Expiry Date: October 22, 2033
12. **Secured Party:** **Melvyn A. Dancy**
 Debtor: Dondeb Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: None
 Registration No.: 20081203 1311 1862 4877
 File No. 650324385
 Registration Date: December 3, 2008
 Registration Period: 10 Years
 Expiry Date: December 3, 2018
Subordinated by: 20081224 1055 1515 1756 – Pursuant to postponement of claims dated December 22, 2008, the Secured Party postpones its interest herein to the interest held by Ontario Wealth Management Corporation as registered by File# 650645442.
Subordinated by: 20111006 1622 1862 1288 – Postponement of PPSA registration no. 20081203 1311 1862 4877, file no. 650324385 filed by Melvyn A. Dancy to PPSA registration no. 20110818 1639 1862 6535, file no. 672302241 filed by First Source Mortgage Corporation and Mark Cosman, Trustee as amended by PPSA registration no. 20111006 1600 1862 1282, file no. 672302241.
13. **Secured Party:** **Ontario Wealth Management Corporation**
 Debtor: 1182689 Ontario Inc.
 Debtor: Dondeb Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: None
 Registration No.: 20081219 1215 1515 1752
 File No. 650645442
 Registration Date: December 19, 2008
 Registration Period: 4 Years
 Expiry Date: December 19, 2012
Amended by: 20081222 1047 1515 1753 to add a debtor
Renewed by: 20121109 1333 1862 1876 to add another 5 years
14. **Secured Party:** **Cameron Stephens Financial Corporation**
 Debtor: Dondeb Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other

- General Collateral Description: Property used in connection with, situate at or arising from the ownership, development, use or disposition of the property municipally known as 20 Simcoe Street, Orillia, Ontario
- Registration No.: 20090304 0918 1590 2841
 File No. 651833181
 Registration Date: March 4, 2009
 Registration Period: 5 Years
 Expiry Date: March 4, 2014
15. **Secured Party:** **MCAP Leasing Inc.**
Secured Party: **MCAP Leasing Limited Partnership**
 Debtor: Dondeb Inc.
 Collateral Classification: Equipment, Accounts, Other
 General Collateral Description: Telecommunications equipment as described on leases, from time to time leased by the secured party to the debtor and any proceeds thereof, together with all replacement parts, accessories and attachments
- Registration No.: 20101130 1042 8077 8638
 File No. 666234657
 Registration Date: November 30, 2010
 Registration Period: 3 Years
 Expiry Date: November 30, 2013
16. **Secured Party:** **Vector Financial Services Limited**
 Debtor: Dondeb Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: All rights, title and interest of the debtor in all personal property, and all proceeds of such personal property, located at, relating to or used in connection with the real property comprising (I) Part Lots 42 & 43, Plan 432, PIN 58678-0088 LT, 24 Simcoe Street, Orillia, Ontario (II) Part Lots 11 & 12, Concession 3 South Orillia, PIN 58569-0016 LT, 555 Memorial Avenue, Orillia, Ontario
- Registration No.: 20101210 1136 1862 7920
 File No. 666495765
 Registration Date: December 10, 2010
 Registration Period: 3 Years
 Expiry Date: December 10, 2013
17. **Secured Party:** **Vector Financial Services Limited**
 Debtor: Dondeb Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other

- General Collateral Description: Assignment of term deposits, GICs, credit balances, commercial paper, treasury bills, bankers acceptances, accounts, instruments, monies, securities and other similar personal property, and all proceeds of such personal property, owned by the debtor and on deposit with or otherwise held by the secured party
- Registration No.: 20101210 1135 1862 7919
 File No. 666495747
 Registration Date: December 10, 2010
 Registration Period: 3 Years
 Expiry Date: December 10, 2013
18. **Secured Party:** **First Source Mortgage Corporation**
 Debtor: Dondeb Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: Security relating to 61 Forest Plain Road, City of Orillia
 Registration No.: 20110708 0844 1862 3423
 File No. 671296392
 Registration Date: July 8, 2011
 Registration Period: 3 Years
 Expiry Date: July 8, 2014
19. **Secured Party:** **First Source Mortgage Corporation**
Secured Party: **Mark Cosman, Trustee**
 Debtor: Dondeb Inc.
 Debtor: Barrie Business Centre
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: General security agreement in respect of the obligations of Dondeb Inc. relating to 92 Davidson Street, Barrie, Ontario and 256 Hughes Road and 555 Memorial Avenue, Orillia, Ontario
 Registration No.: 20110818 1639 1862 6535
 File No.: 672302241
 Registration Date: August 18, 2011
 Registration Period: 4 Years
 Expiry Date: August 18, 2015
Amended by: 20111006 1600 1862 1282 to add a general collateral description

Bank Act (Ontario)

Date of Search: October 30, 2012

File Currency: October 30, 2012

CLEAR

Official Receiver (Bankruptcy)

Date of Search: October 30, 2012

File Currency: October 26, 2012

BIA Estate No:	31-1664344
BIA Estate Name:	Dondeb Inc.
Province:	Ontario
Estate Type:	Notice of Intention
Date of Proceeding	September 11, 2012
Total Liabilities:	\$36,597,017

Bankruptcy (Petitions)

Date of Search: October 31, 2012

File currency: October 30, 2012

- | | |
|--------------------------|--|
| Case No. | CV04CL0055790000 |
| Case Type: | CVCBCA – Civil-CL-Canadian Business Corp Act |
| Case Opened: | October 15, 2004 |
| Status: | Active |
| Action: | Toronto-Dominion Bank et al v. Preston Springs Gardens Inc. et al |
| Parties Involved: | BDO Dunwoody LLP
Benchmark Equity Corporation
Benchmark Equity Corporation
Dondeb Inc.
Melvyn A. Dancy
Peter B. Moffat
Peter B. Moffat
Preston Springs Gardens Inc.
Guelph Financial Corp.
Toronto-Dominion Bank
bcIMC Construction Fund Corp. |
- | | |
|---------------------|---|
| Case No. | CV04CL005579A000 |
| Case Type: | CLCBC CL—Canada Business Corporations Act NN |
| Case Opened: | June 24, 2005 |
| Status: | Active |
| Action: | The Toronto Dominion Bank vs Preston Springs Gardens Inc. et al |

- Parties Involved:** Benchmark Equity Corporation
Benchmark Equity Corporation
Dondeb Inc.
King City Holdings Ltd.
Melvyn A. Dancy
Peter B. Moffat
Peter B. Moffat
Preston Springs Gardens
The Toronto Dominion Bank
3. **Case No.** CV120000979200CL
Case Type: CLBKA CL—Bankruptcy and Insolvency Act NN
Case Opened: July 20, 2012
Status: Active
Action: Ontario Wealth Management Corporation v. Dondeb Inc.
et al
Parties Involved: 1182689 Ontario Inc.
Dondeb Inc.
King City Holdings Ltd
Ontario Wealth Management Corporation
4. **Case No.** CV120000979400CL
Case Type: BR Bankruptcy or Insolvency Law
Case Opened: July 26, 2012
Status: Inactive
Action: The Toronto-Dominion Bank et al v. Dondeb Inc. et al
Parties Involved: Dondeb Inc.
Farber & Partners Inc.
First Source Mortgage Corporation
Ontario Wealth Management Corporation
The Canada Trust Company
The Toronto-Dominion Bank
5. **Case No.** CV120000986500CL
Case Type: CLCCA CL—Companies' Creditors Arrangement Act NN
Case Opened: October 10, 2012
Status: Active
Action: Dondeb Inc. v. Virgin Venture Capital Corp et al

- Parties Involved:**
- 1538456 Ontario Ltd.
 - Cameron Stephens Financial Corporation
 - Dondeb Inc.
 - Faithlife Financial
 - First Source Mortgage Corporation
 - Mortgagees of Briarbrook Apartments Inc.
 - Mark Cosman
 - Ontario Wealth Management Corporation
 - Pace Savings & Credit Union Ltd
 - Quincy Investments Ltd
 - RMG Mortgages division of MCAP Financial Corporation
 - Service Employees International Union Local 1 Canada
 - The Empire Life Insurance Company
 - Virgin Venture Capital Corp
6. **Case No.** BK12016643440031
Case Type: OA – Ordinary Administration
Case Opened: October 11, 2012
Status: Active
Action: Dondeb Inc. et al
Parties Involved: Dondeb Inc.
The Empire Life Insurance Company
7. **Case No.** BK12016647750031
Case Type: OA—Ordinary Administration
Case Opened: October 11, 2012
Status: Active
Action: 1711060 Ontario Ltd. et al
Parties Involved: 1711060 Ontario Ltd.
Lisa S. Corne
David Preger

Executions (Toronto and York)

Date of Search: October 30, 2012

File Currency: October 30, 2012

CLEAR**Executions (Hastings, Simcoe and Dufferin)**

Date of Search: November 13, 2012

File Currency: November 13, 2012

CLEAR

SUMMARY OF SECURITY SEARCHES AGAINST THE GUARANTORS

SUMMARY OF SECURITY SEARCHES AGAINST

2338067 ONTARIO INC.

2338067 Ontario Inc. was incorporated on August 8, 2012. 2338067's head office is located in King City, Ontario. 2338067 has a business style name filed on August 30, 2012 as Dorset Place.

Personal Property Security Act (Ontario)

(File Currency: October 22, 2012)

- | | |
|----|---|
| 1. | <p>Secured Party: Virgin Venture Capital Corporation</p> <p>Secured Party: 1538456 Ontario Limited</p> <p>Secured Party: Quincy Investments Limited</p> <p>Debtor: 2338067 Ontario Inc.</p> <p>Collateral Classification: Inventory, Equipment, Accounts, Other</p> <p>General Collateral Description: General security agreement and general assignment of rents relating to the property municipally known as 90 Gurnett Street, Aurora, Ontario</p> <p>Registration No.: 20120815 1025 1862 5936 (Caution Filing)</p> <p>File No.: 680698548</p> <p>Registration Date: August 15, 2012</p> <p>Registration Period: 5 Years</p> <p>Expiry Date: August 15, 2017</p> |
|----|---|

Bank Act (Ontario)

Date of Search: **October 30, 2012**

File Currency: **October 30, 2012**

CLEAR

Official Receiver (Bankruptcy)

Date of Search: **October 30, 2012**

File Currency: **October 26, 2012**

CLEAR

Bankruptcy (Petitions)

Date of Search: **October 31, 2012**

File currency: **October 30, 2012**

Bankruptcy (Petitions)

Date of Search: **October 31, 2012**

File currency: **October 30, 2012**

- | | |
|----|---|
| 1. | <p>Case No. BK12016647720031</p> <p>Case Type: OR—Ordinary Administration</p> |
|----|---|

Case Opened: October 11, 2012
Status: Active
Action: 2338067 Ontario Inc. et al
Parties Involved: 2338067 Ontario Inc.
The Empire Life Insurance Company

Executions (Toronto)

Date of Search: **October 30, 2012**

File Currency: **October 30, 2012**

CLEAR

Executions (York)

Date of Search: **November 9, 2012**

File Currency: **November 9, 2012**

CLEAR

SCHEDULE "E"

LEGAL DESCRIPTION OF REAL PROPERTY

Municipal Address: 20 Simcoe Street, Orillia

PIN No. 58678-0087 (LT): Part of Lots 41 and 42, Plan 432, designated as Parts 7, 8, 9, 10, 11, 12, 15 and 16, Reference Plan 51R-35247, S/T a right-of-way over Part of Lots 41 and 42, Plan 432, designated as Parts 8, 11 and 15, Reference Plan 51R-35427 in favour of Lot 40 and Part of Lot 41, Plan 432, designated as Parts 1 to 6, Reference Plan 51R-34257 and Part of Lot 42 and Lot 43, Plan 432, designated as Parts 13, 14 and 17, Reference Plan 51R-35247 as in SC560185, S/T an easement in gross over Part of Lot 42, Plan 432, designated as Parts 15 and 16, Reference Plan 51R-35247 as in SC559950, T/W a right-of-way over Part of Lots 40, 41 and 42, Plan 432, designated as Parts 2, 5, 13 and 14, Reference Plan 51R-35247 as in SC560185, Orillia, S/T an easement in favour of Part of Lot 42 and Lot 43, Plan 432, designated as Parts 13, 14 and 17, Reference Plan 51R-35247 as in SC872243.

APPENDIX “K”

Dondeb Group of Companies
2198392 Ontario Ltd. - Orillia Independent Living
20 Simcoe Street, Orillia
Receipts and Disbursements for the Receivership period October 17, 2012 to October 10, 2014

Cash flow from Operations -

Receipts:

Tenant rents	\$ 1,799,813.00
Receiver fees and expenses paid by secured lender	347,977.78
Receiver legal counsel fees and expenses funded by secured lender	64,884.74
Advances from secured creditor	60,000.00
Interest earned	2,415.74
	<u>2,275,091.26</u>

Operating disbursements:

Payroll and head office	567,312.01
Debt service	524,716.80
Receivership fees and expenses	347,977.78
Receiver legal counsel fees and expenses	64,884.74
Maintenance, repairs and supplies	243,119.10
Food	170,841.00
Utilities	148,398.83
Realty taxes	92,646.61
Repayment of advances from secured creditor	60,000.00
Insurance	13,660.92
Pre receivership fees and expenses (Note 1)	12,430.00
	<u>2,245,987.79</u>

Net cash flow from Operations \$ 29,103.47

Proceeds from Sale of Property -

Sales Proceeds	\$ 4,970,000.00
Less:	
Closing adjustments (Note 2)	(113,981.89)
Priority distributions (Note 3)	(145.41)
Commission, inclusive of HST	<u>(202,044.00)</u>
Net sales proceeds	4,653,828.70
Receivership Professional Fees and Costs paid post closing	
Receiver	(42,002.95)
Legal counsel	<u>(19,723.58)</u>
Total Receivership Professional Fees and Costs	<u>(61,726.53)</u>

Net sales proceeds after professional costs 4,592,102.17

Cash balance, October 10, 2013 (Note 3) \$ 4,621,205.64

Notes:

1. Pursuant to the Receivership Order, the Receiver was paid \$11,000.00 plus HST per property.
2. Closing adjustments relate mainly to tenant deposits and pre-closing September rents.
3. Priority payments for taxes.

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND
IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE "A" HERETO

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

**FIFTEENTH REPORT OF THE RECEIVER
(October 14, 2014)**

DENTONS CANADA LLP
77 King Street West
Suite 400
Toronto Ontario
M5K 0A1

Lawyer: Neil S. Rabinovitch
LSUC: 33442F
E-mail: neil.rabinovitch@dentons.com
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M5H 3C2

Lawyer: Jane O. Dietrich
LSUC: 49302U
E-mail: jdietrich@casselsbrock.com
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LAWYERS FOR the Receiver

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND
IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43, AS AMENDED WITH RESPECT TO DONDEB INC. AND ALL THE
DEBTORS LISTED AT SCHEDULE "A" HERETO

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

MOTION RECORD
(Motion Returnable October 22, 2014)

DENTONS CANADA LLP
77 King Street West
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Toronto Ontario
M5K 0A1

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LAWYERS FOR the Receiver