

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 September 12, 2014)**

September 3, 2014

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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 SEPTEMBER 12, 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 Friday, September 12, 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 fourteenth report to Court of the Receiver dated September 3, 2014 (the “**Fourteenth Report**”) and the activities of the Receiver set out therein; and
 - (c) approving the completion of the sale transaction (the “**OIL Transaction**”) contemplated by the agreement of purchase and sale between the Receiver as vendor and Retirement Suites (Simcoe) Ltd. as purchaser (the “**Purchaser**”) as assignee of Nitin Mendriratta in trust for a corporation to be incorporated made as of July 21, 2014, as amended (the “**OIL APS**”), a copy of which is attached to the Fourteenth Report;
 - (d) vesting in the Purchaser, the right, title and interest, if any of 2198392 Ontario Ltd. (“**219**”) in the Property (as defined in the OIL APS) free and clear of encumbrances, other than Permitted Encumbrances (as defined in the OIL APS);
 - (e) sealing and treating as confidential **Confidential Appendix 1** to the Fourteenth Report until closing of the transaction set out in the OIL APS or further order of the Court; and
 - (f) providing that the relief set out in the order be subject to provisional execution.
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 23 of the initial known real properties, and certain additional assets.

3. One of the remaining two initial known real properties in the Receivership proceeding is a piece of real property owned by 219 located at 20 Simcoe Street, Orillia, Ontario and the independent living residence located thereon, known as Orillia Independent Living (“**OIL**”).

OIL APS

4. As outlined in the Fourteenth Report, OIL is a 32 unit independent living facility located in Orillia Ontario. The first and second mortgagees listed on title to the real property are Addenda Capital Inc. and Cameron Stephens Financial Corporation (collectively, the “**OIL Mortgagees**”).
5. The Receivership Order provided the Receiver with the authority to market the OIL property for sale with the consent of the OIL Mortgagees. In this regard, the Receiver obtained two listing proposals for the OIL property and listed the OIL property for sale on January 18, 2013.
6. Since 2013, as outlined in the Fourteenth Report, the market was extensively canvassed with over 84 parties signing confidentiality agreements, 23 parties completing tours and over 10 offers/proposals to purchase the OIL property having been received.
7. Through extensive negotiations, the Receiver entered into agreements of purchase and sale with two parties which were conditional upon, among other things court approval and purchaser due diligence. The purchase price of both of those conditional agreements was slightly higher (less than 3%) than that provided for in the OIL APS for which approval is now sought. However, the purchasers in each of those conditional agreements failed to satisfy or waive the due diligence and/or financing conditions, such that those agreements terminated prior to the Receiver seeking Court approval of such.
8. At the end of June of 2014, the OIL Purchaser, who had submitted an earlier offer of the OIL property, came forward with a new offer. This new offer was the subject matter of negotiations, and with the approval of the OIL Mortgagees

a conditional agreement of purchase and sale (being the OIL APS) was entered into on July 21, 2014. The OIL APS was subsequently amended to extend the due diligence dates and the date by which court approval was required. The OIL Purchaser has now waived due diligence and the only remaining condition to closing is Court approval.

9. The purchase price in respect of the OIL APS (and in respect of all offers/proposals received for the OIL property) is not sufficient to repay the OIL Mortgagees in full.
10. The Receiver is of the view that the OIL APS should be approved by the Court as: (i) the Receiver is of the view that the market was extensively canvassed and a competitive process undertaken; (ii) the purchase price is commercially reasonable in the circumstances; (iii) the OIL Mortgagees have consented to the transaction; and (iv) employment will be preserved at the OIL facility and there will be increased certainty for tenants with exit from the Receivership proceeding.

GENERAL

11. The secured creditors affected by the orders sought are being given notice of the motion;
12. The facts as further set out in the Fourteenth Report;
13. The Receivership Order;
14. The provisions of the BIA, FCA, APA, the *Courts of Justice Act* (Ontario) and the *Rules of Civil Procedure* (Ontario); and
15. 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 Fourteenth Report and the appendices attached thereto; and
2. Such further and other evidence that counsel may advise and this Honourable Court permit.

September 3, 2014

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SCHEDULE "B"

SCHEDULE "B"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) FRIDAY, THE 12th
)
JUSTICE) 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 Mendhiratta 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, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of ● sworn September ●, 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.

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. SC872243 registered on December 13, 2010, being a Transfer of Easement.
6. 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.
7. 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.
8. 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.

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
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M5K 0A1

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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 September 12, 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**

FOURTEENTH REPORT OF THE RECEIVER

SEPTEMBER 3, 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 ("**Sun Life**") 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 Dondob 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. In summary, to date, of the 25 Properties, sales have been completed in respect of the following 23 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 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

24. The Purpose of this fourteenth report to the Court of the Receiver (the “**Fourteenth Report**”) is to report to the Court on the activities of the Receiver since the filing of

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

- (i) approving the Fourteenth Report and the activities of the Receiver set out therein; and
- (ii) 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**"); 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 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.

3. **DISCLAIMER**

25. 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**

26. Since July 21, 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 and negotiation of offers;
- Attending to due diligence requirements of the OIL Purchaser; and
- Corresponding by email and telephone with the Debtors’ creditors.

5. APPROVAL OF SALE OF 20 SIMCOE STREET, ORILLIA, ONTARIO

27. OIL is a 32 unit independent living retirement home located in Orillia, Ontario. The property is owned by 2198392 Ontario Inc. The first and second mortgagees of record are: Addenda Capital Inc., (“**Addenda**”) and Cameron Stephens Financial Corporation (“collectively, the “**OIL Mortgagees**”). A title abstract for the real property associated with OIL is attached hereto as **Appendix “F”**.
28. Independent counsel to the Receiver, Dentons (formerly Fraser Milner Casgrain LLP) has reviewed the security registered against the OIL Property and delivered an opinion to the Receiver that the OIL Mortgages are valid, subject to typical qualifications and assumptions. A copy of the security review for the OIL Property is attached hereto as **Appendix “G”**.
29. The OIL real property is situated on one of three adjacent lots that were owned by different Dondeb entities, which formed part of the Global Receivership. The other adjoining properties are: Orillia Retirement Residence (“**ORR**”) located at 24 Simcoe Street, Orillia which was owned by Dondeb and had been vacant for most of the receivership proceedings, the sale of which was ultimately approved by the Court on December 2, 2013 and closed on December 13, 2013; and Remos Restaurant (vacant) located at 480 West Street, Orillia which was owned by Dondeb. The sale of Remos Restaurant property was approved by the Court on March 24, 2014 and closed on March 28, 2014.

30. Throughout the Receivership proceedings, OIL continued to operate with relatively high occupancy. There was a need at the onset of the receivership to stabilize operations and manage ongoing operations and occupancy, including marketing of the facility.
31. At the commencement of the receivership, the Receiver sought proposals from two realtors who specialize in the retirement home sector for sale and marketing of the OIL Property. Ultimately, the OIL Property was listed with Sean Jensen Realty Inc. (“**Jensen Realty**”) on January 18, 2013 for \$6.445 million with the consent of the OIL Mortgagees. The listing term was originally until July 31, 2013, however a series of extensions ensued through to May 31, 2014. There was a reduction in the listing price to \$5.5 million in August 2013.
32. Jensen Realty’s marketing process included: compilation of a comprehensive information package for distribution to interested parties who signed a Confidentiality Agreement (“CA”), the listing was posted to Loop Net, an electronic announcement was sent to 1,200 contacts registered in the Jensen proprietary database and newspaper advertisements were placed in *The Globe and Mail* on February 19 and 21, 2013. With various extensions to the listing, the parties who had signed CA’s were contacted by way of follow up notices and advised of the ongoing status of the OIL Property.
33. A total of 181 parties provided expressions of interest, 84 parties signed CA’s and were provided information packages, with 23 parties completing tours and inspections of the premises. Ten offers/proposals received by the end of May 2014 with a further offer received in the holder over period in June 2014. Some of these offers proposals were en bloc offers for the three properties (OIL, ORR and Remos Restaurant) or the two homes (ORR and OIL).
34. Through the period December 2013 to early June 2014, the Receiver had been in extensive negotiations with four other parties in respect of OIL. Throughout that time, the Receiver entered into agreements of purchase and sale with two parties which were conditional upon, among other things purchaser due diligence and court

approval. The purchase price of both of those conditional agreements was slightly higher (less than 3%) than that provided for in the OIL APS for which approval is now sought. However, the purchasers in each of those conditional agreements failed to satisfy or waive the due diligence and/or financing conditions, such that those agreements terminated prior to the Receiver seeking Court approval of such.

35. On June 26, 2014, the OIL Purchaser, who had submitted an earlier offer for the OIL property in May 2014, came forward with an offer from cooperating brokers, Avison Young Commercial Real Estate (Ontario) Inc. and Sutton Group Incentive Realty Group Inc. Ultimately, as a result of negotiations undertaken through late June and July 2014, the Receiver entered into the OIL APS, subject to Court approval, with the OIL Purchaser on July 21, 2014. Subsequent amendments to the OIL APS extended the due diligence condition date and the date by which Court approval was required.
36. The purchase price in respect of the OIL APS (and in respect of all offers/proposals received for the OIL property) is not sufficient to satisfy amounts owing to the OIL Mortgagees in full.
37. Key terms of the OIL APS include: (i) a purchase price which comprised a substantial deposits and cash payment of the full purchase price on closing; (ii) waiver of due diligence the period by August 22, 2014 (and later as amended to August 27, 2014); (iii) Court approval on or by September 10, 2014 (and later amended to September 12, 2014); (iv) a Closing Date of the second business day following the granting of the approval and vesting order, should such be granted.

Evaluation of the OIL APS

38. A copy of the OIL APS with the purchase price redacted is attached as **Appendix “H”**. A copy of the unredacted OIL APS is attached as Confidential Appendix “1”. Consistent with other transactions wherein Court approval is being sought, the Receiver is seeking a sealing order of the Confidential Appendix pending the earlier of the completion of the transaction contemplated by the OIL APS or further Order of the Court in order to ensure that value of the Property (as

defined in the OIL APS) is not impacted if the transaction contemplated by the OIL APS does not close.

39. Key terms of the OIL APS include:
- i. a substantial deposit slightly in excess of 10% of the purchase price has been paid to the Receiver;
 - ii. The Receiver understands that the OIL Purchaser has financing in place in order to pay the balance of Purchase Price in cash at closing;
 - iii. a condition requiring the granting of an approval and vesting order by September 12, 2014; and
 - iv. a closing date of no later than two business days after Court Approval unless an extension is mutually agreed to by the parties.
40. The Receiver is of the view that the OIL APS should be approved by the Court as: (i) the Receiver is of the view that the market was extensively canvassed and a competitive process undertaken; (ii) the purchase price is commercially reasonable in the circumstances; (iii) the OIL Mortgagees have consented to the transaction; and (iv) employment will be preserved at the OIL facility and there will be increased certainty for tenants with exit from the Receivership proceeding.

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

41. Only one remaining real Property (Leon's, 555 Memorial Ave., Orillia, Ontario) remains to be sold. The Receiver continues to market this property through a listing agent. There have been a number of enquiries and offers submitted, however, no acceptable offer has been received to date.
42. 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.

7. RECOMMENDATION

43. 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	Number	Property Name	Municipal Description	Property Value	Major Assets	Current Liabilities	Interest Rate	Maturity Date	Classification
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)	5.74%	Matured	● Canada Trust Company 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	\$300,000 = \$872,974	10.5%	1-Aug-12	● First Source loan - Mel Dancy
						\$1,000,000	12.75%	1-Jan-11 (Derek advises extended to 1-Jan-13)	● Ontario Wealth Management 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	Registered Assets	Current Loans	Interest Rate	Maturity Date	Signature
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	\$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. Belleville, 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 Arrears	Mortgages	Current Balance	Interest Rate	Maturity Date	Supplier
	12	Brechin (100 acre farm, no residence on it)	Brechin (near Onills, 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 Address	Property Value	Mortgage Balance	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)	\$59,197.70	\$493,270 (as of 14-Sep-12)	\$518,235	5.60%	1-Apr-2016	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)	\$1,267.66	\$1,000,000	\$1,000,000	12.75%	1-Jan-2011 (pre-advices extended 1-Jan-2013)	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)	\$1,486.91	\$300,000	\$300,000	10.00%	1-Apr-10	Ontario Wealth Management Corporation
	16	Belleville (Palmer) (Vacant land zoned for 16 townhomes, 4.72 acres)		\$300,000	\$300,000	10.00%	1-Apr-10	Ontario Wealth Management Corporation
1267818 Ontario Ltd.	17	Georgian Manor Banquet Hall (Vacant 2 storey banquet hall, 5,497 sq ft)	\$14,583.99	\$405,610 (as at 4 Sep-12)	\$800,000	7.3%	15-Aug-11	1- Duca Financial Services Credit Union Ltd. COLLATERAL 2- Fred Rankel
	18	Whispering Pines (9 Hole Golf Course)	\$7,259.92	\$600,000	\$600,000	9.5%	10-Oct-10 (Derek advises extended 1-Aug-2012 in forbearance)	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	Latontaine Terrace (38 unit retirement home on 1.52 acres of land)	NIL	\$467,829.38 (as of 1-Sep-12)	\$759,820	bank + 1.7%	10-Mar-11	1- RMG Mortgages, a division of MFCAP Financial Corporation 2- David Sugar et al

Properties of Dondeb Inc. and Related Companies

Registered Owner of the Property	Number	Property Name	Municipal Description	Property Status	Property Tax Amount	Mortgages	Current Balance	Interest Rate	Maturity Date	Stipulator
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		\$109,657.11	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	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	1- The Empire Life Insurance Company 2- Virgin Venture Capital Corporation COLLATERAL 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	1- The Empire Life Insurance Company 2- The Bank of Nova Scotia Trust Company COLLATERAL 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 COLLATERAL 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					\$51,631,405				(Please note that some collateralized loans were only included here 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**

Barristers and Solicitors
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.

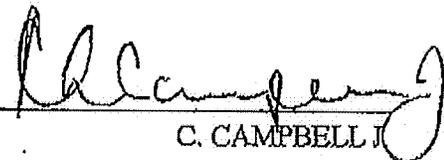
[30] The issue of the fees of Farber incurred to date in respect of preparation of the CCAA application was agreed between the opposing creditors, Farber and its counsel and are not an issue. Counsel for the debtor requested that the court consider a request for fees and costs on the part of the debtor. 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 determined today,
the Tim Horrocks 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”



ServiceOntario

LAND
REGISTRY
OFFICE #51

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 2
PREPARED FOR fcoffini
ON 2014/08/29 AT 11:38:43

58678-0087 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION:

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

PROPERTY REMARKS:

PLANNING ACT CONSENT IN SC560185.

ESTATE/QUALIFIER:

RECENTLY:
DIVISION FROM 58678-0085

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

CAPACITY SHARE

2198392 ONTARIO LTD.

PIN CREATION DATE:
2007/07/11

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT		INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **				
**SUBJECT,		ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:				
**		SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *				
**		AND ESCHEATS OR FORFEITURE TO THE CROWN.				
**		THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF				
**		IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY				
**		CONVENTION.				
**		ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.				
**DATE OF CONVERSION TO		LAND TITLES: 2001/10/09 **				
51R35247	2007/03/07	PLAN REFERENCE				
SC559950	2007/07/06	TRANSFER EASEMENT	\$2	DONDEB INC.	ORILLIA POWER DISTRIBUTION CORPORATION	C
SC704605	2008/12/05	CHARGE	\$4,300,000	DONDEB INC.	ADDENDA CAPITAL INC.	C
SC704606	2008/12/05	NO ASSGN RENT GEN		DONDEB INC.	ADDENDA CAPITAL INC.	C
		REMARKS: SC704605				
SC720662	2009/03/05	CHARGE	\$700,000	DONDEB INC.	CAMERON STEPHENS FINANCIAL CORPORATION	C
SC720663	2009/03/05	NO ASSGN RENT GEN		DONDEB INC.	CAMERON STEPHENS FINANCIAL CORPORATION	C
		REMARKS: SC720662				
SC872242	2010/12/13	TRANSFER		DONDEB INC.	2198392 ONTARIO LTD.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



ServiceOntario

LAND
REGISTRY
OFFICE #51

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 2
PREPARED FOR fcoffini
ON 2014/08/29 AT 11:38:43

58678-0087 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
		REMARKS: PLANNING ACT STATEMENTS				
SC872243	2010/12/13	TRANSFER EASEMENT	\$2	2198392 ONTARIO LTD.	DONDEB INC.	C
SC1013793	2012/09/25	CHARGE	\$500,000	2198392 ONTARIO LTD.	LEAN, MARC RABINOVITCH, NEIL JOHNSTON, CRAIG A. FARBER & PARTNERS INC.	C
SC1016353	2012/10/04	NOTICE	\$2	2198392 ONTARIO LTD.	LEAN, MARC RABINOVITCH, NEIL JOHNSTON, CRAIG A. FARBER & PARTNERS INC.	C
SC1020873	2012/10/29	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	A. FARBER & PARTNERS INC.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

APPENDIX “G”



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

Personal Property Security Act (Ontario)**Registration Against****Melvyn Dancy**

1. **Secured Party:** **Cameron Stephens Financial Corporation**
Debtor: Melvyn A Dancy
Collateral Classification: Accounts, Other
General Collateral Description: Guarantee and postponement of claim – Dondeb Inc. – 20
 Simcoe Street, Orillia
Registration No.: 20090304 0918 1590 2840
File No. 651833172
Registration Date: March 4, 2009
Registration Period: 5 Years
Expiry Date: March 4, 2014

2. **Secured Party:**
Debtor:
Collateral Classification:
General Collateral Description:
Registration No.:
File No.
Registration Date:
Registration Period:
Expiry Date:

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 H

Agreement of Purchase and Sale

This Agreement is made as of July 18th, 2014, between

A. FARBER & PARTNERS INC. in its capacity as court-appointed receiver of 2198392 Ontario Ltd., (collectively, the "Vendor")

and

NITIN MENDIRATTA, In Trust for a company yet to be formed (the "Purchaser")

RECITALS

A. Pursuant to the Order of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (the "Court") dated October 17, 2012 (the "Receivership Order"), A. Farber & Partners Inc. was appointed as receiver (the "Receiver") of the assets, properties and undertakings of 2198392 Ontario Ltd. (the "Company");

B. Subject to the approval of the Court, the Vendor wishes to sell and the Purchaser wishes to purchase on an "as is, where is basis" the Property (as defined below) pursuant to the terms and conditions of this Agreement; and

C. The Vendor's execution of this Agreement shall constitute a conditional acceptance of the Purchaser's offer to acquire the Property subject to the approval of the Court.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

- (1) **Accounts Receivable** means any and all trade and other accounts receivable and work in progress of the Company related to the Business;
- (2) **Agreement** means this agreement including any recitals and schedules to this agreement, as amended, supplemented or restated from time to time; provided that this agreement shall constitute an offer, as set out in Section 2.1, until accepted by the Vendor;
- (3) **Approval and Vesting Order** has the meaning given to it in Section 5.3(1)(a);



- (4) **Assumed Liabilities** means:
- (a) all current liabilities of the Business arising in respect of the period following the Effective Time, including the obligation to continue to operate the Business and provide the services currently offered by the Business;
 - (b) all obligations and liabilities arising following the Effective Time under the Contracts; and
 - (c) all other obligations and liabilities expressly assumed in this Agreement.
- (5) **Books and Records** means the accounting Records and all books, records, books of account, sales and purchase records, lists of suppliers and customers, credit and pricing information, personnel and payroll records, production and inventory and Accounts Receivable data, tax records, environmental reports, list of potential customers, business reports, marketing and advertising materials, plans and projections of or relating exclusively to the Business, including all data and information stored electronically, digitally or on computer related media;
- (6) **Business** means the operation of an Independent Living Facility located on the Real Property;
- (7) **Business Day** means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are closed in Toronto, Ontario, Canada;
- (8) **Court** has the meaning given to it in Recital A;
- (9) **Closing** means the completion of the Transaction;
- (10) **Closing Date** means the second Business Day following the date on which the Approval and Vesting Order is granted or such later date as agreed to in writing by the parties;
- (11) **Company** has the meaning given to it in Recital A;
- (12) **Contracts** means all contracts, agreements, instruments and other legally binding commitments or arrangements, written or oral, related to the Business to which the Company is a party or under which it has rights or obligations, including, without limitation, any obligations to residents of the Business;
- (13) **Deposit** has the meaning given to it in Section 3.4(1)(a);
- (14) **Effective Time** means 12:01 am on the Closing Date;
- (15) **Employees** means an Individual who is employed by Dondeb Inc. and provides services exclusively with respect to the Business, either on a full or part time basis, and whether

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active or inactive, including those on disability leave, pregnancy or parental or other statutory leave or absence from work ;

- (16) **Encumbrances** means all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging or creating a security interest in the Property or any part thereof or interest therein, and any agreements, leases, options, easements, rights-of-way, restrictions, executions or other encumbrances, including notices or other registrations in respect of any of the foregoing, affecting title to the Property or any part thereof or interest therein;
- (17) **ETA** means the *Excise Tax Act* (Canada);
- (18) **Equipment** means all equipment used in connection with the Business, including all office supplies and office equipment, furniture, furnishings, fixtures, computer hardware and software and parts, wherever located, including all attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing;
- (19) **Excluded Property** means all assets of the Company or the Vendor other than the Property.
- (20) **Goodwill** means:
- (a) the goodwill associated with the Business;
 - (b) the exclusive right to represent oneself as carrying on the Business in continuation of, and as successor to, the Company and the right to use any words indicating that the Business is so carried on;
 - (c) any trade names used by the Vendor exclusively in the Business;
 - (d) the Business' reputation and unique market position; and
 - (e) all restrictive agreements and negative covenant agreements which the Company may have with Employees, past or present;
- (21) **Governmental Authority** means any Canadian federal, provincial, state, municipal or local, or other government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body;
- (22) **HSY** has the meaning given to it in Section 3.3(1) hereof;

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- (23) **Intellectual Property** means, collectively, all Intellectual property used in whole or in part in, or required by the Company for the carrying on by the Company of the Business, including without limitation any common-law trademarks;
- (24) **License** means any licence, permit, approval, authorization, certificate directive, order, variance, registration, right, privilege, concession or franchise of the Company related to the Business issued, granted, conferred or otherwise created by any Governmental Authority;
- (25) **Permitted Encumbrances** means those encumbrances set out on Schedule "B" hereto;
- (26) **Property** means the interest of the Company in the Real Property, the Accounts Receivable, the Contracts, the Equipment, the Intellectual Property, the Licenses to the extent transferable, the Books and Records and the Goodwill.
- (27) **Purchase Price** has the meaning given to it in Section 3.2 hereof;
- (28) **Real Property** means the real property municipally known as 20 Simcoe Street, Orillia, Ontario and as more particularly described in Schedule "A" hereto as well as all buildings and fixtures located thereon;
- (29) **Receiver** has the meaning given to it in Recital A;
- (30) **Receivership Order** has the meaning given to it in Recital A;
- (31) **Taxes** means, other than Transfer Taxes, all taxes, assessments, charges, duties, fees, levies, imposts or other governmental charges, including, without limitation, all federal, state, local foreign and other income, environmental, add-on, minimum, franchise, profits, capital gains, capital stock, capital structure, transfer, gross receipt, use, *ad valorem*, service, service use, lease, recording, customs, occupation, property, excise, gift, windfall profits, premium, stamp, license, payroll, social security, employment, unemployment, disability, value-added, withholding, and other taxes, assessments, charges, duties, fees, levies, imposts or other governmental charges of any kind whatsoever (whether payable directly or by withholding and whether or not requiring the filing of a return) and all estimated taxes, deficiency assessments, additions to tax, additional amounts imposed by a governmental authority (domestic or foreign), penalties, fines and interest, and shall include any liability for such amounts as a result either of being a member of a combined, consolidated, unitary or affiliated group or of a contractual obligation to indemnify any person, regardless of whether disputed;
- (32) **Time of Closing or Closing Time** means 2:00 p.m. Toronto time on the Closing Date or as otherwise determined by mutual agreement of the parties in writing;
- (33) **Transaction** means the transaction of purchase and sale contemplated by this Agreement; and

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(34) **Transfer Taxes** means all present and future goods and services taxes and value-added taxes, and any other taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Property.

1.2 Headings and References

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement," "hereof," "hereunder" and similar expressions refer to this Agreement and not to any particular section, subsection or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to "Sections" are to sections, subsections and further subdivisions of sections of this Agreement.

1.3 Extended Meanings

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including without limitation."

1.4 Statutory References

Each reference to an enactment is deemed to be a reference to that enactment, and to the regulations made under that enactment, as amended or re-enacted from time to time.

SECTION 2-- OFFER

2.1 Offer

This Agreement, shall constitute a valid and binding offer to purchase by the Purchaser, which may not be revoked or terminated by the Purchaser prior to July 18th, 2014 at 4:00 p.m. Toronto time. The Vendor and Purchaser agree and acknowledge that this Agreement is conditional upon the granting of the Approval and Vesting Order approving the sale of the Property to the Purchaser on the terms and conditions set forth in this Agreement and that such condition is not capable of waiver. Should the Approval and Vesting Order not be obtained this Agreement shall be at an end and the Deposit shall be returned to the Purchaser without interest and without set off or deduction.

SECTION 3 - SALE AND PURCHASE

3.1 Sale and Purchase of Property.

Upon and subject to the terms and conditions of this Agreement including the payment of the Purchase Price, the Vendor shall sell to the Purchaser and the Purchaser shall purchase all of the Vendor's right, title and interest in, if any, and to the Property on the Closing Date free

of Encumbrances other than Permitted Encumbrances. The Purchaser acknowledges that it is not purchasing any other property or assets of the Vendor other than the Property and for greater certainty is not purchasing any assets related to businesses of the Company other than the Business.

3.2 Purchase Price

- (1) The purchase price (the "Purchase Price") for the Property shall be \$ 1,100,000.00 plus applicable Taxes and Transfer Taxes without adjustment of any kind other than as set out in Section 3.2(2).
- (2) Adjustments between the Vendor and the Purchaser shall be made on the Closing Date, for realty taxes, local improvement rates, utility costs, security deposits, rents and any other prepaid expenses or deposits. Such adjustments shall be made on the basis that the Closing occurred at the Effective Time. Any adjustments that cannot be determined on the Closing Date shall be determined by the parties as soon after the Closing Date as is reasonably possible. Any amounts payable by one party to the other, as determined by the parties, acting reasonably, shall be paid within ten (10) days of the request for such payment. Upon completion, the Vendor and the Purchaser shall exchange undertakings to re-adjust the foregoing items, if necessary.
- (3) The Purchase Price shall be allocated by the Purchaser prior to Closing, subject to the approval of the Vendors, such approval not to be unreasonable withheld.

3.3 Harmonized Sales Tax

- (1) The Purchase Price of the Property does not include the applicable Harmonized Sales Tax ("HST") payable by the Purchaser in respect of the purchase of the Property pursuant to the ETA. Subject to Sections 3.3(2) and 3.3(3) below, the Purchaser agrees to pay to the Vendor, on the date of Closing, as a condition of completion of the Transaction by certified cheque or bank draft, all HST payable as a result of this Transaction in accordance with the ETA.
- (2) Notwithstanding Section 3.3(1) above, and to the extent such election is available pursuant to the terms of the ETA, the Vendor and the Purchaser may make a joint election in prescribed form and in the prescribed manner under subsection 167(1) of the ETA (the "Section 167 Election") to have subsection 167(1.1) of the ETA apply to the supply of the Property contemplated in this Agreement. If such election is available and made in this Transaction, the Purchaser shall file the Section 167 Election in a timely manner with the Canada Revenue Agency in accordance with section 167 of the ETA. The Purchaser will provide the Vendor with such supporting documentation as the Vendor may reasonably request in order to confirm that such election has been made and properly filed. The Purchaser shall indemnify the Vendor for any amounts assessed against the Vendor under the ETA, and any costs, damages or reasonable expenses, including assessed penalties and interest, suffered by the Vendor as a result of either (i)

the Purchaser not filing the Section 167 Election in a timely manner in the prescribed form and manner, or (ii) the Canada Revenue Agency asserting that the Section 167 Election is not available in the circumstances, after the Section 167 Election has been made and filed by the Purchaser.

(3) Notwithstanding Section 3.3(1) above, and provided the Section 167 Election described in Section 3.3(2) is not available or made in this Transaction, the Vendor shall not collect HST from the Purchaser in this Transaction with respect to the portion of the Purchase Price allocated to the Real Property if the Purchaser is registered under the ETA, and in that event, the Purchaser shall self-assess the applicable HST payable on the Real Property, report same in its relevant GST/HST return and remit such HST to the Receiver General for Canada when and to the extent required by the ETA. Provided the Section 167 Election described in Section 3.3(2) is not available or made in this Transaction, the Purchaser shall provide to the Vendor, on or prior to the date of Closing, a statutory declaration confirming that the Purchaser is registered under the ETA for the purposes of collecting and remitting HST, and confirming its HST registration number under the ETA, together with an indemnity in favour of the Vendor for any costs or expenses payable by the Vendor as a result of the Vendor's failure to collect HST from the Purchaser on Closing (including, without limitation, any assessment of HST, penalty and interest, assessed against Vendor by any Governmental Authority in respect of the Transaction), such statutory declaration and indemnity to be in a form satisfactory to the Vendor's solicitor, acting reasonably. For greater certainty, provided the Section 167 Election described in Section 3.3(2) is not available or made in this Transaction, the Purchaser will pay to the Vendor, on the date of Closing, as a condition of completion of the Transaction by certified cheque or bank draft, all HST payable on the portion of the Purchase Price allocated to the balance of the Property other than the Real Property.

(4) The Purchaser's obligations under this Section 3.3 shall survive closing.

3.4 Payment of Purchase Price.

(1) The Purchaser shall pay the Purchase Price as follows:

- (a) by paying \$ _____ by wire, certified cheque or bank draft payable to the Vendor upon execution by the Purchaser of this Agreement, as a deposit (together with the interest earned thereon from time to time, the "Initial Deposit"), which amount will be held by the Vendor and credited toward the Purchase Price on Closing unless otherwise returned to the Purchaser in accordance with Section 5.5; and
- (b) by paying \$ _____ by wire, certified cheque or bank draft payable to the Vendor upon waiver or satisfaction of the condition set out in section 5.1(1)(a) hereof by the Purchaser, as a deposit (together with the interest earned thereon from time to time and with the Initial Deposit, the "Deposit"), which amount will

be held by the Vendor and credited toward the Purchase Price on Closing unless otherwise returned to the Purchaser in accordance with Section 5.5

- (c) by paying an amount equal to the balance of the Purchase Price plus applicable Taxes and Transfer Taxes (including any applicable HST), if any, by certified cheque, bank draft, or wire transfer of immediately available funds payable to the Vendor at Closing.

3.5 Assumed Liabilities.

The Purchaser agrees to assume the Assumed Liabilities.

3.6 Employees.

(1) Offer of Employment to Employees

- (a) The Purchaser shall offer to the Employees employment with the Purchaser on substantially similar terms in the aggregate to those they have with the Company, such employment to commence at the Effective Time and be conditional on Closing.
- (b) The Employees who are offered and who accept an offer of employment with the Purchaser when made, are referred to herein as the "Transferred Employees".
- (c) The Purchaser shall be responsible for and will discharge all obligations and liabilities with respect to the Transferred Employees arising after the Effective Time.

3.7 Land Transfer Tax and Other Costs

The Purchaser shall pay its own legal costs, registration costs and fees and all land transfer tax payable in connection with the Transaction.

3.8 "As is, Where is".

The Purchaser acknowledges that the Vendor is selling the Property on an "as is, where is" basis as the Property shall exist on the Closing Date and no adjustments shall be made for any changes in the condition of the Property. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Purchaser has conducted such inspections of the condition of and title to the Property, as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for any particular use or purpose, merchantability, condition, assignability, value or quality or in respect of any other matter or thing whatsoever concerning the Property or the right of the Vendor to sell same. Without limiting the generality of the foregoing: (1) any and all conditions, warranties or representations

expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in any other jurisdiction do not apply hereto and have been waived by the Purchaser and (2) no representation or warranty is made with respect to the accuracy or completeness of any information provided by the Vendor and its respective officers, directors, employees, and agents, to the Purchaser in connection with this transaction. The description of the Property contained herein is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

SECTION 4- REPRESENTATIONS AND WARRANTIES

4.1 Vendor's Representations.

The Vendor represents and warrants to the Purchaser that:

- (a) to the best of the Vendor's knowledge, no actions or proceedings are pending or have been threatened to restrain or prohibit the completion of the Transaction;
- (b) the Vendor is not, and at the time of Closing will not be, a non-resident of Canada within the meaning of that term as used in the *Income Tax Act* (Canada); and
- (c) the Vendor is, or will be before the date of Closing, registered under Part IX of the ETA.

4.2 Purchaser's Representations.

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser will be a corporation existing under the laws of Ontario, Canada, and will have full corporate power and authority to enter into and carry out this Agreement and the Transaction;
- (b) the entering into of this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party and the consummation of the Transaction have been duly authorized by all requisite corporate action;
- (c) other than the Approval and Vesting Order, no approval or consent of and no filing with or application to any Governmental Authority is required for the Purchaser to enter into this Agreement or to complete the Transaction, other than such approvals, consents, filings and applications that have been obtained or made as at the date hereof, copies of which have been provided to the Vendor;



- (d) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Closing Time, duly and validly executed and delivered by the Purchaser and constitute or will, as at the Closing Time, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (e) the Purchaser has entered into this Agreement and will be completing the Transaction on its own account, not as an agent; and
- (f) the Purchaser is, or will be before the date of Closing, registered under Part IX of the ETA.

4.3 Survival.

The representations and warranties of the parties shall not survive Closing.

SECTION 5 - CONDITIONS TO CLOSING

5.1 Conditions - Purchaser.

- (1) The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:
 - (a) By 5:00 pm on August 22, 2014, the Purchaser delivering a notice in writing to the Vendor confirming that the Vendor has satisfied itself in its sole and unfettered discretion of with its due diligence in respect of the Property. Such due diligence will include the Purchaser arranging necessary financing, the inspection of all structural and utility components, zoning verification, building permits, verification of required licensing, and engineering consultations. If written notice is not provided by the Purchaser to the Vendor as set out by the date noted above, this agreement shall be null and void and the deposit shall be returned to the Purchaser in full and without deduction;
 - (b) all representations and warranties of the Vendor contained in this Agreement shall be true as of the Time of Closing with the same effect as though made on and as of that date;
 - (c) the Vendor shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
 - (d) the Vendor shall have delivered or caused to be delivered to the Purchaser each of the items listed in Section 6.2;

The foregoing conditions are for the exclusive benefit of the Purchaser.

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5.2 Conditions - Vendor.

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Time of Closing with the same effect as though made on and as of that date;
- (b) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (c) the Purchaser shall have delivered or caused to be delivered to the Vendor each of the Items listed in Section 6.3.

The foregoing conditions are for the exclusive benefit of the Vendor.

5.3 Conditions - Vendor and Purchaser.

(1) Neither party shall be obligated to complete the transactions contemplated by this Agreement unless at the Time of Closing:

- (a) an order shall have been made by the Court approving this Agreement and the Transaction and vesting all the right, title and interest of the Company, if any, in the Property in the Purchaser free and clear of all Encumbrances other than Permitted Encumbrances, (the "Approval and Vesting Order") by no later than September 10, 2014 or such later date as the Purchaser and Vendor may agree to; and
- (b) no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other governmental order (whether temporary, preliminary or permanent) which is in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting consummation of such transactions.

The foregoing conditions are for the mutual benefit of both parties.

(2) The Vendor covenants that it will use commercially reasonable efforts to fulfill or cause to be fulfilled the conditions contained in Section 5.1 and Section 5.3 hereof and the Purchaser covenants to use commercially reasonable efforts to fulfill or cause to be fulfilled the conditions contained in Sections 5.2 and 5.3 hereof prior to Closing.



5.4 Non-Satisfaction of Conditions.

- (1) If any condition set out in Section 5.1, Section 5.2 or Subsection 5.3(b) is not satisfied or performed prior to the time specified therefor, the party for whose benefit the condition is inserted may in writing:
 - (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
 - (b) elect on written notice to the other party to terminate this Agreement before Closing.
- (2) If the condition set out in Section 5.3(a) is not satisfied or performed prior to the time specified therefor, this Agreement shall terminate, such condition not being capable of waiver.

5.5 Termination Obligations.

If the Purchaser validly terminates this Agreement in accordance with Section 5.4 other than as a result of the failure by the Purchaser to complete the Transaction in accordance with the terms of this Agreement, then:

- (1) all the obligations of both the Vendor and Purchaser pursuant to this Agreement shall be at an end;
- (2) the Purchaser shall be entitled to have the Deposit returned only if termination under Section 5.4 is the result of the Vendor's actions or the non satisfaction of the conditions set out in Section 5.3; and
- (3) neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from the other.

5.6 Breach by Purchaser.

If the Purchaser fails to complete the Transaction in accordance with the terms of this Agreement, then the Vendor may by notice to the Purchaser elect to treat the Agreement as having been repudiated by the Purchaser. In that event, the Deposit and any other payments made by the Purchaser shall be forfeited to the Vendor on account of its liquidated damages, not as a penalty and the Property may be resold by the Vendor without prejudice to any claims which the Vendor may have against the Purchaser by reason of such default.

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5.7 Inspection

- (1) The Purchaser, or its agents or representatives, shall have the right, upon giving 48 hours written notice, to enter upon the Property during normal business hours to satisfy itself with respect to the condition of the Property and, without limiting the generality of the foregoing, for the purposes of obtaining financing, quotations for work to be done after closing, appraisals or insurance. A representative of the Vendor may accompany the Purchaser on such occasions.
- (2) The Purchaser, or its agents or representatives, shall have the right, upon giving 48 hours written notice the Vendor, to enter upon the Property during normal business hours following the provision of the waiver or satisfaction of the conditions in section 5.1(a) of this Agreement and prior to Closing or termination of this agreement.

SECTION 6-- CLOSING

6.1 Closing.

The completion of the Transaction shall take place at the offices Fraser Milner Casgrain LLP, solicitors for the Vendor, in Toronto, Ontario at Time of Closing.

6.2 Vendor's Deliveries

- (1) At or before the Closing Time, upon fulfilment by the Purchaser of all the conditions herein in favour of the Vendor which have not been waived in writing by the Vendor, the Vendor shall deliver the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:
 - (a) a copy of the Approval and Vesting Order;
 - (b) at least one set of working keys to all interior as well as exterior doors;
 - (c) a general direction from the Vendor to the residents directing such residents to pay all future rentals to the Purchaser, or as the Purchaser may direct and advising the residents of the change in ownership;
 - (d) at least five business days prior to Closing, an updated census in detail showing the units rented, rent received, occupation dates, date of last rent increase, date of payment of interest on deposits, arrears, if any, and prepaid rent; and
 - (e) such further and other documentation as is referred to in this Agreement, or as the Purchaser may reasonably require to give effect to this Agreement.
- (2) Within 7 calendar days of acceptance of this agreement by the Purchaser, the Vendor shall deliver to the Purchaser the following (to the extent such are within the possession or control of the Vendor):



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- (a) A copy of the existing survey;
- (b) A copy of a sample lease agreement and resident application form, together with copies of all of the tenancy agreements including access to all resident files with the right to make copies thereof;
- (c) Copies of Invoices for the Property for the two years preceding the acceptance of this agreement, with respect to City of Orillia (water, Union Gas, insurance and realty taxes;
- (d) Copies of service contracts, including, without limitation, food, cleaning, maintenance and laundry;
- (e) A copy of the rent roll for the current month, noting suite number, tenant name, rent, arrears (if any), move-in dates, prepaid rent and date to which interest on prepaid rent has been paid together with copies of the lease agreements or terms thereof in existence for each tenant;
- (f) Copies of any building assessments, structural engineering reports and / or environmental reports, in the control or possession of the Vendor;
- (g) Copies of any facility management contracts, or terms of employment, in writing or otherwise;
- (h) List of arrears, bad debt and vacancy history for one year preceding the acceptance of the agreement;
- (i) Access to the Property files under the supervision of the Receiver and the right to make copies of documents;
- (j) Copies of the elevator license;
- (k) Tax bills and assessment notices for the three years preceding the acceptance of this agreement; and
- (l) Detailed list of all Equipment as specified in section 1.1(18) hereof.

To the extent the transaction does not close, the Purchaser undertakes to return to the Receiver, or destroy, at the Receiver's option, all such information provided to the Purchaser in accordance with this section.

6.3 Purchaser's Deliveries on Closing.

At or before the Closing Time, upon fulfilment by the Vendor of all the conditions herein in favour of the Purchaser which have not been waived by the Purchaser, the Purchaser shall

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execute and deliver the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) payment of the Purchase Price pursuant to Section 3.4;
- (b) payment or evidence of the payment of the Taxes and Transfer Taxes (including any HST), if any; and
- (c) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

6.4 Taxes.

The parties agree that the Purchaser shall be liable and shall pay any and all Transfer Taxes (including HST) and shall indemnify or reimburse the Vendor for any amounts for which the Vendor may become liable as a result of any failure by the Purchaser to pay any Transfer Taxes (including HST) or to file the Section 167 Election, if applicable, in a timely manner and in the prescribed form and manner. At Closing, the Purchaser will, as applicable, either pay the foregoing to the Vendor or deliver to the Vendor evidence confirming the Purchaser's payment of all of the foregoing, in form and substance satisfactory to the Vendor, acting reasonably. The Purchaser shall be entitled to provide the Vendor with evidence that the Purchaser is an exempt Purchaser, in whole or in part, for purposes of relevant legislation and, upon provision of such evidence satisfactory to the Vendor, acting reasonably, the Purchaser shall not be required to pay on Closing such taxes.

6.5 Risk

Until completion of this Agreement on the Closing Date, the Property shall be and remain at the risk of the Vendor, except as otherwise provided in Section 6.5. In the event of any damage to the Property on or before the Closing Date, the Vendor may elect (i) to repair the Property to the same state and condition as it was in at the time this Agreement was entered into in which event the Purchaser will complete the transaction without an abatement in the Purchase Price; or (ii) to reduce the Purchase Price by an amount equal to the cost required to complete the repair as estimated by an independent qualified architect or engineer retained by the Vendor in which event the Purchaser will complete the transaction and accept the price reduction equal to such cost; or (iii) to terminate this Agreement in which case the Deposit shall be immediately returned to the Purchaser, with interest and without deduction, and neither party shall have any further rights or obligations under this Agreement.

6.6 Electronic Registration

- (1) Where the Real Property is in an area where electronic registration is mandatory and the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, c. L-4, and the Electronic Registration Act, S.O. 1991, c.-44, and any amendments thereto, the Vendor and the Purchaser

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acknowledge and agree that the exchange of closing funds, documents and other closing deliverables provided for under this Agreement and the release thereof to the Vendor and the Purchaser shall:

- (a) not occur at the same time as the registration of the Transfer of the Real Property (and any other documents intended to be registered in connection with the completion of this Transaction); and
- (b) be subject to conditions whereby the lawyer(s) receiving any of the closing deliverables will be required to hold such closing deliverables in escrow and not release same except in accordance with the terms of a document registration agreement between the said lawyers, shall be in the form as recommended from time to time by the Law Society of Upper Canada.

6.7 Purchaser's Acknowledgement.

The Purchaser acknowledges that the Vendor is selling the Property solely pursuant to the Vendor's rights and capacity conferred by the Receivership Order and the Approval and Vesting Order. The Purchaser agrees to accept a conveyance of the Property by way of the Approval and Vesting Order.

6.8 Possession of Property.

On Closing the Purchaser shall acquire ownership of the Property where situate at the Time of Closing provided that in no event shall title to the Property pass to the Purchaser until the Approval and Vesting Order is effective.

6.9 Tender.

Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors on the Closing Date.

SECTION 7- GENERAL

7.1 Notices.

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the recipients as follows:



Handwritten initials or signature.

In the case of the Vendor:

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

Attention: Hylton Levy
Facsimile: (416) 496-3070
Email: hlevy@farberfinancial.com

with a copy to:

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

Attention: Nell Rabinovitch
Facsimile: 416-863-4656
Email: nell.rabinovitch@dentons.com

In the case of the Purchaser:

Avison Young

Attention: David Lieberman
Facsimile: (416) 955-0724
Email: david.lieberman@avisonyoung.com

with a copy to:

Crawford McKenzie McLean & Wilford

Attention: WILLIAM MCLEAN
Facsimile: (705) 325-4913
Email: wmclean@mclaw.ca

or to such other address, individual or electronic communication number as may be designated by notice given by either party to the other. Any demand, notice or other communication shall be conclusively deemed to have been given, if given by personal delivery, on the day of actual delivery thereof if delivered during normal business hours of the recipient on a Business Day and, if given by electronic communication, on the day following the transmittal thereof if

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transmitted during normal business hours of the recipient on a Business Day and on the second Business Day following the delivery or transmittal thereof if not so delivered or transmitted.

7.2 Time of Essence.

Time shall be of the essence for every provision hereof.

7.3 Expenses.

Except as otherwise expressly provided herein, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and auditors) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

7.4 Third Party Beneficiaries.

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto and their successors and permitted assigns, and no person, other than the parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

7.5 Commission.

Other than as payable to the listing broker, the Purchaser acknowledges that there are no agent's or broker's fees or other commissions payable by the Vendor on the Purchase Price and Purchaser agrees to indemnify and save the Vendor harmless with respect to any claims for compensation or commission by any third party or agent retained by the Purchaser.

7.6 Further Assurances.

During the thirty (30) day period after the Closing Date, each party shall from time to time execute and deliver, or cause to be executed and delivered, all such documents and instruments and do, or cause to be done, all such acts and things as the other party may, either before or after the Closing, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

7.7 Entire Agreement.

This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, provisions, covenants, agreements, understandings and representations on that subject, all of which have become merged and finally integrated into this Agreement.

Handwritten initials and a circular stamp.

7.8 Amendments.

This Agreement may only be amended, modified or supplemented by a written agreement signed by the parties.

7.9 Waiver.

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the party to be bound thereby.

7.10 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

7.11 Benefit of Agreement.

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

7.12 Severability.

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision's validity or enforceability in any other jurisdiction.

7.13 Counterparts.

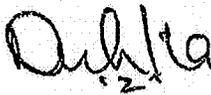
This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

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7.14 Assignment and Enurement

No party may assign its rights or obligations under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, the Purchaser shall have the right, prior to the granting of the Approval and Vesting Order to assign, in whole or in part, its rights to acquire the Property hereunder to any affiliate of the Purchaser provided that such assignment shall not release the Purchaser from its obligations under this Agreement.

Dated at Barrie, Ontario as of the 18th day of July, 2014.

Per : 
Name: NITIN MENDIRATTA
Title:

The Vendor accepts the foregoing offer to sell the Property in accordance with its terms.

Dated at Toronto, Ontario as of the 21st day of July, 2014.

A. Farber & Partners Inc. solely in its capacity as court-appointed receiver of 2198392 Ontario Ltd. and not in its corporate or personal capacity.

Per : 
Name: PAUL BENTUN
Title: VICE PRESIDENT

Schedule "A"
REAL PROPERTY DESCRIPTION

Municipal Address: 20 Simcoe Street, Orillia, Ontario

PIN No. 58678-0087(LT): 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.

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Schedule "B"
PERMITTED ENCUMBRANCES

1. Instrument No. 51R35247 registered on March 7, 2007 as PLAN REFERENCE.
2. Instrument No. SC559950 registered on July 6, 2007 as a TRANSFER EASEMENT from Dondeb Inc. In favour of Orillia Power Distribution Corporation for \$2.
3. Instrument No. SC872243 registered on December 13, 2010 as a TRANSFER EASEMENT from 2198392 Ontario Ltd. In favour of Dondeb Inc. for \$2.

KS 

Waugh, Stephanie

From: Paul J. Denton [pdenton@farberfinancial.com]
Sent: Wednesday, August 13, 2014 2:08 PM
To: stephanie@squarefoot.ca
Cc: Hylton Levy; John Jensen (John@Jensenrealtyinc.com); Sean Jensen; david.lieberman@avisonyoung.com; Robert Gallop; Dietrich, Jane
Subject: Re: Orillia Independent Living - 20 Simcoe Street, Orillia

Stephanie,

Further to our recent discussions, with respect to the current Agreement of Purchase and Sale with your client Nitin Mendiratta in Trust dated July 18, 2014 (the "APS"), this e-mail confirms the Receiver's acknowledgement and consent to: (i) extension of the due diligence period from August 22 to August 27, 2014 as set out in paragraph 5.1 (a) of the APS; and (ii) the Court approval date moving from September 10 to September 12, 2014 as set out in paragraph 5.3 (1)(a) of the APS.

Please confirm receipt of same

Paul J. Denton

B Comm, CA(NZ), CIRP

Vice President | Insolvency & Restructuring

Direct: 416.496.3773 | Mobile: 416.846-0069

pdenton@farberfinancial.com

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BUYER, NITIN MENDIRATTA In Trust for a Company Yet to be Formed

SELLER, A. FARBER & PARTNERS INC. in its capacity as court appointed receiver of 2198392 Ontario Ltd.

REAL PROPERTY: 20 Simcoe St, Orillia, ON L3V 1G4

In accordance with the terms and conditions of the Agreement of Purchase and Sale dated the 18th day of July, 2014, regarding the above property, I/We hereby confirm that I/We have fulfilled the condition(s) which read(s) as follows:

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:
By 5:00pm on August 27th, 2014, the Purchaser delivering a notice in writing to the Vendor confirming that the Vendor has satisfied itself in its sole and unfettered discretion of with its due diligence in respect of the Property. Such due diligence will include the Purchaser arranging necessary financing, the inspection of all structural and utility components, zoning verification, building permits, verification or required licensing, and engineering consultations. If written notice is not provided by the purchaser to the Vendor as set out by the date noted above, this agreement shall be null and void and the deposit shall be returned to the Purchaser in full and without deduction;

All other terms and conditions in the aforementioned Agreement of Purchase and Sale to remain unchanged.

For the purposes of this Notice of Fulfillment of Condition, "Buyer" includes purchaser, tenant, and lessee, and "Seller" includes vendor, landlord, and lessor, and "Agreement of Purchase and Sale" includes an Agreement to Lease.

DATED at Barrie, Ontario, at 3:00 p.m. this 27 day of August, 2014

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

[Signature]
(Witness)

[Signature]
(Buyer/Seller)

● DATE Aug. 27th, 2014.
(Seal)

(Witness)

(Buyer/Seller)

● DATE
(Seal)

Receipt acknowledged at..... this..... day of..... 20..... by:

Print Name:..... Signature:.....

**CONFIDENTIAL
APPENDIX 1**

**TO BE FILED
SEPARATELY**

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

**FOURTEENTH REPORT OF THE RECEIVER
(September 3, 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@casselsbrock.com
Telephone/Facsimile: 416 860-5223 / 416 640-3144

LAWYERS FOR the Receiver

TAB 3

transaction (the "Transaction") contemplated by an agreement of purchase and sale (~~the "Sale Agreement"~~) between the Receiver and ~~[NAME OF PURCHASER]~~ Retirement Suites (Simcoe) Ltd. (the "Purchaser") dated ~~[DATE]~~ "Purchaser") as assignee of Nitin Mendhiratta in trust for a company to be incorporated made as of July 21, 2014, as amended (~~the "Sale Agreement"~~), and appended to the ~~Report~~ fourteenth report to Court of the Receiver dated ~~[DATE]~~ September 3rd, 2014 (the "Fourteenth Report"), and vesting in the Purchaser all of the Debtor's right, title and interest of 2198392 Ontario Ltd. ("219"), if any, in and to the ~~assets described~~ Property (as defined in the Sale Agreement (~~the "Purchased Assets"~~), 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, ~~[NAMES OF OTHER PARTIES APPEARING]~~, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~ service of ~~●~~ sworn ~~[DATE]~~ September ●, 2014 filed¹:

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. ~~1.~~ THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and the execution of the Sale Agreement by the Receiver³ is hereby authorized

¹ ~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

² ~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

³ ~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

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 ~~Purchased Assets~~Property to the Purchaser.

4. ~~2.~~ THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule AB hereto (the "Receiver's Certificate"), all of ~~the Debtor's~~219's right, title and interest in and to the ~~Purchased Assets described in the Sale Agreement [and listed on Schedule B hereto]~~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"⁵) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice ~~[NAME]~~Campbell dated ~~[DATE]~~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 CD 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 DE) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the ~~Purchased Assets~~Property are hereby expunged and discharged as against the ~~Purchased Assets~~Property.

⁴ ~~To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

⁵ ~~The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

5. ~~3.~~ THIS COURT ORDERS that upon the registration in the Land Registry Office for the ~~[Registry Division of {LOCATION} of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver]~~ Land Titles Division of ~~{LOCATION}~~ Simcoe of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule BC 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 CD hereto.

6. ~~4.~~ THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the ~~Purchased Assets~~ Property shall stand in the place and stead of the ~~Purchased Assets~~ 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 ~~Purchased Assets~~ Property with the same priority as they had with respect to the ~~Purchased Assets~~ Property immediately prior to the sale⁸, as if the ~~Purchased Assets~~ 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. ~~5.~~ THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

8. ~~6.~~ 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 ~~the Company'~~ 219's records ~~pertaining~~ related to the ~~Debtor's~~ Property which

⁶ ~~Elect the language appropriate to the land registry system (Registry vs. Land Titles).~~

⁷ ~~The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".~~

⁸ ~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

pertain to the past and current employees, ~~including personal information of those employees listed on Schedule "●" to the Sale Agreement.~~ 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 ~~the Debtor.~~219.

9. ~~7.~~

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 ~~Debtor~~Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the ~~Debtor~~Debtors;

the vesting of the ~~Purchased-Assets~~Property in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~Debtors and shall not be void or voidable by creditors of the ~~Debtor~~Debtors, nor shall it constitute nor be deemed to be a ~~settlement~~, 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. ~~8.~~ THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

11. ~~9.~~ 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.

Schedule B – Form of Receiver’s Certificate

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

~~BETWEEN:~~

~~PLAINTIFF~~

Plaintiff

~~—and—~~

~~DEFENDANT~~

Defendant

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 ~~[DATE OF JUDGE]~~ Justice Campbell of the Ontario Superior Court of Justice (the “Court”) dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~ October 17, 2012, A. Farber & Partners Inc. was appointed as the receiver (the “Receiver”) of the undertaking, property and assets of ~~[DEBTOR]~~ (the “Debtor”) Dondeb Inc. and the other debtors referred to at Schedule A of the order.

B. Pursuant to an Order of the Court dated ~~[DATE]~~, September 12, 2014, the Court approved ~~the~~an agreement of purchase and sale ~~made as of [DATE OF AGREEMENT]~~ ~~(the "Sale Agreement")~~ between the Receiver ~~[Debtor]~~ and ~~[NAME OF PURCHASER]~~ ~~(the "Purchaser")~~ 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 ~~the Debtor~~ 2198392 Ontario Ltd.'s right, title and interest, if any, in and to the ~~Purchased Assets~~ Property (as defined in the Sale Agreement), which vesting is to be effective with respect to the ~~Purchased Assets~~ 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 ~~Purchased Assets~~ Property; (ii) that the conditions to Closing ~~as set out in section • 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 ~~Purchased Assets~~ Property payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing ~~as set out in section • of 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].

~~[NAME OF RECEIVER]~~ A. Farber & Partners Inc., in its capacity as Receiver of the undertaking, property and assets of ~~[DEBTOR]~~ 2198392 Ontario Ltd., and not in its personal capacity

Per: _____
Name:
Title:

Schedule ~~C~~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. SC872243 registered on December 13, 2010, being a Transfer of Easement.
6. 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.
7. 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.
8. 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 ~~D~~—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.

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)

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Document comparison by Workshare Compare on Wednesday, September 03, 2014 2:11:02 PM

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Description	#12224417v3<Legal> - Approval and Vesting Order - Orillia Independent Living
Rendering set	Standard

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Deletion	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Moved from	0
Moved to	0
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Format changed	0
Total changes	359

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
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DEBTORS LISTED AT SCHEDULE "A" HERETO

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

MOTION RECORD
(Motion Returnable September 12, 2014)

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