

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

Commercial List File No. 14-CV-10798-00CL

IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

MOTION RECORD OF THE RECEIVER
(Motion Returnable March 31, 2015 for Approval of Agreement of Purchase and Sale and Vesting Order)

Dated: March 25, 2015

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the Court appointed Receiver of Crate Marine Sales
Limited, F.S. Crate & Sons Limited, 1330732 Ontario
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Limited, 1382415 Ontario Ltd., and 1382416 Ontario
Ltd.

TO: THE SERVICE LIST

SERVICE LIST

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TAB 1

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

IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

NOTICE OF MOTION

A. Farber & Partners Inc. (“**Farber**”), in its capacity as the Court-appointed Receiver (the “**Receiver**”) of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively the “**Companies**”) will make a Motion to a Judge of the Commercial List, on Tuesday the 31st day of March, 2015 at 10:00 a.m. or soon after that time as the motion can be heard, at 330 University Avenue, 8th Floor, Toronto, Ontario.

THE PROPOSED METHOD OF HEARING: The motion is to be heard:

___ in writing under subrule 37.12.1(1) because it is made without notice;

___ in writing as an opposed motion under subrule 37.12.1(4); or

 X orally.

THE MOTION IS FOR:

1. An Order in the form attached as **Schedule “A”** (the “**Approval and Vesting Order**”), amongst other things,
 - a) abridging the time for service of the Receiver’s notice of motion and motion record and validating the service of such motion materials;
 - b) approving the Receiver’s Fourth Report dated March 6, 2015, the Receiver’s Fifth Report dated March 10, 2015, including the Supplement thereto dated March 19,

2015, and the Receiver's Sixth Report dated March 25, 2015 (respectively, the "**Fourth, Fifth, and Sixth Reports**"), and the activities, decisions, and conduct of the Receiver and its counsel as set out in the Fourth, Fifth and Sixth Reports;

- c) approving the agreement of purchase and sale dated February 8, 2015 (the "**Sale Agreement**") entered into between the Receiver and 2450902 Ontario Limited (the "**Purchaser**");
 - d) vesting in the Purchaser and its permitted designee Krates Keswick Inc. all the respective right, title and interest of the Companies in and to the Purchased Assets as defined in the Receiver's Sixth Report, on the terms set out in the draft Approval and Vesting Order in the Receiver's Motion Record; and
 - e) continuing the of sealing Confidential Appendices "A" and "B" to the Third Report until further Order of this Court;
- 2. An Order in the form attached as **Schedule "B"** sealing Confidential Appendix "A" to the Third Report of Farber, in its capacity as Trustee in Bankruptcy of the estates of the Companies, dated February 12, 2015, until further Order of this Court; and
 - 3. Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Approval of the Fourth, Fifth, and Sixth Reports

- 1. the Receiver has reported on, and received court approval of, its activities up to and including its Third Report;
- 2. the Receiver seeks the approval of this Court of its activities since its Third Report;

Approval and Vesting Order

- 3. on February 18, 2015, the Court made an Order approving the Sale Agreement for the purpose of conducting a stalking horse sales process (the "**Sales Process Order**");

4. pursuant to the court-approved Sales Process, any other interested party must have submitted a Superior Bid—as that term is defined in the Sales Process Terms approved in the Sales Process Order and in the Sale Agreement—by March 18, 2015;
5. there were, and continue to be, no Superior Bids,
6. the Receiver therefore recommends that the Sale Agreement be approved for the following reasons:
 - a. the proposed sale is beneficial to, and in the best interests of, all stakeholders of the Companies;
 - b. there were no other bidders than the Purchaser, as reported in the Receiver's Sixth Report, and the proposed sale represents the best recovery in these circumstances to the stakeholders on these assets;
 - c. the issuance of the Approval and Vesting Order is a condition to the Sale Agreement;
7. Rules 3 and 37 of the *Rules of Civil Procedure*; and
8. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Fourth, Fifth (including Supplement) and Sixth Reports of A. Farber & Partners Inc. as Receiver; and

2. such further and other documentary evidence as counsel may advise and this Court may accept.

DATE: March 25, 2015

GOLDMAN SLOAN NASH & HABER LLP

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Lawyers for A. Farber & Partners Inc. in its capacities as the Court appointed Interim Receiver, Receiver and Trustee in Bankruptcy of the estates of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1323559 Ontario Limited and 1282648 Ontario Limited

TO: THE SERVICE LIST

**IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO
LTD.**

Commercial List File No.: CV-14-10798-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at
Toronto**

NOTICE OF MOTION

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Lawyers for A. Farber & Partners Inc. in its
capacity as the Court appointed Receiver of Crate
Marine Sales Limited, F.S. Crate & Sons Limited,
1330732 Ontario Limited, 1328559 Ontario
Limited 1282648 Ontario Limited, 1382415
Ontario Ltd., and 1382416 Ontario Ltd.

SCHEDULE “A”

Commercial List File No.: CV-14-10798-00CL

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

THE HONOURABLE) DAY, THE
JUSTICE)
) DAY OF , 2015

IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

APPROVAL AND VESTING ORDER

THIS MOTION, made by A. Farber & Partners Inc. (“**Farber**”) in its capacity as the Court-appointed Receiver (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and properties (collectively, the “**Property**”) of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively, the “**Debtors**”) for an order, substantially in the form included in the Receiver’s Motion Record, amongst other things, approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver and 2450902 Ontario Limited (the “**Purchaser**”) dated February 8, 2015 and attached as Appendix “C” to the Sixth Report of the Receiver dated March 25, 2015 (the “**Sixth Report**”), and vesting in the Purchaser and its permitted designate Krates Keswick Inc. (“**KKI**”) the right, title and interest of the respective

Debtors in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Sixth Report, and the appendices thereto, and on hearing the submissions of counsel for the Receiver, the Purchaser, KKI, [**Cesaroni Management Limited, Romith Investments Inc. Uplands Charitable Foundation and 2124915 Ontario Inc.**], no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of ■ sworn March ■, 2015, filed.

1. **THIS COURT ORDERS** that the time for service and filing of the Receiver's Notice of Motion and the Motion Record is hereby abridged and the service thereof is hereby validated so that this motion is properly returnable today and further service thereof is hereby dispensed with.

2. **THIS COURT ORDERS** that all capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Sale Agreement.

3. **THIS COURT ORDERS** that the Receiver's Fourth Report dated March 6, 2015, the Receiver's Fifth Report dated March 10, 2015, including the Supplement thereto dated March 19, 2015, and the Sixth Report be and are hereby approved and that the activities, decisions and conduct of the Receiver and its counsel as described therein, be and are hereby approved.

4. **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 Purchased Assets to the Purchaser and KKI.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser and KKI substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"), all of the right, title and interest of the respective Debtors in and to:

- (a) the Purchased Assets consisting of the Lands more particularly described on Schedule "B" hereto shall vest absolutely in the Purchaser; and

(b) the balance of the Purchased Assets shall vest absolutely in KKI,

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 Mr. Justice Penny dated November 21, 2014 in the Notice of Intention to Make a Proposal proceedings of certain of the Debtors (Court File No. 31-1932502 et al.) or by the Amended Order of the Honourable Mr. Justice Newbould dated December 8, 2014 in these proceedings; (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 (the "**PPSA**"); and (iii) those Claims listed on Schedule "C" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include (a) the Permitted Encumbrances affecting title to the Lands listed on Schedule "D", and (b) any valid, and enforceable security interests including "purchase-money security interests" as those terms are defined in the PPSA or any valid and enforceable true leases in and to the Equipment and Inventory, in each case having priority to the Crawmet GSA, other than any of the foregoing which have been barred pursuant to the Property Claims Procedure Order of this Court dated December 23, 2014; and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

6. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of the Regional Municipality of York 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 Lands identified in Schedule B 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 "C" hereto.

7. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net cash proceeds from the sale of the Purchased Assets, if any, shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's

Certificate all Claims and Encumbrances shall attach to the net cash proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

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

9. **THIS COURT ORDERS** that Confidential Appendix "A" and Confidential Appendix "B" to the Third Report shall continue to be sealed until further Order of this Court.

10. **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 and KKI all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees. The Purchaser and KKI 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 Debtors.

11. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings; and
- (b) the pendency of the bankruptcy proceedings pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors,

the vesting of the Purchased Assets in the Purchaser and KKI pursuant to this Order shall be binding on the trustee in bankruptcy 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.

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

13. **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.

Schedule A – Form of Receiver’s Certificate

Commercial List File No.: CV-14-10798-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to the Amended Order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (the "Court") dated December 8, 2014, A. Farber & Partners Inc. was appointed as the receiver (in such capacity, the "**Receiver**"), without security, of all the assets, undertakings and properties of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively, the "**Debtors**").

B. Pursuant to an Order of the Court dated March ■, 2015 (the "**Approval and Vesting Order**"), the Court approved the agreement of purchase and sale made as of February 8, 2015 (the "**Sale Agreement**") between the Receiver and 2450902 Ontario Limited (the "**Purchaser**") and provided for the vesting in the Purchaser and Krates Keswick Inc. ("**KKI**") of all of the right, title and interest of the respective Debtors in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser and KKI of a certificate confirming (i) the payment by the Purchaser and KKI of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 6 of the Sale Agreement have been satisfied or waived by the Receiver, the Purchaser and KKI;

and (iii) the Transaction, as defined in the Approval and Vesting Order, 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 and KKI have paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 6 of the Sale Agreement have been satisfied or waived by the Receiver, the Purchaser and KKI; 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 Court Appointed Receiver of Crate Marine Sales Limited, F. S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd., and not in its personal capacity.

Per: _____
Name:
Title: Senior Vice President

**SCHEDULE “B”
LEGAL DESCRIPTION OF THE LANDS**

OWNER: F. S. CRATE & SONS LIMITED

PIN 03475-0147 (LT)

Block C, Plan 224 North Gwillimbury; Part of Block D, Plan 224 North Gwillimbury, designated as Part 6 on Plan 65R-19902, Georgina. Amended 2003/04/28 By Deb Wallen, ADLR.

PIN 03475-0140 (LT)

Lot 44, Plan 224, North Gwillimbury; Lot 45, Plan 224, North Gwillimbury; Lot 46, Plan 224, North Gwillimbury; Lot 47, Plan 224, North Gwillimbury; Lot 48, Plan 224, North Gwillimbury; Part Block D, Plan 224, North Gwillimbury; Part of Block E, Plan 224, North Gwillimbury; Part of Block F, Plan 224, North Gwillimbury; Part of Lot 9, Concession 3, North Gwillimbury, as in Instrument Numbers A38709A and A64512A.

Together with a right if any as in Instrument Numbers A61914A, A7428A, B86062B, A61914A, except easements therein, Part 1 on Plan 65R-13692, Georgina.

Together with a right as in Instrument Number A7428A. Subject to Spousal Interest as in Instrument Number R407105, Georgina.

Subject to Instrument Numbers A64512A, A38709A and A61914A; Georgina.

OWNER: 1328559 ONTARIO LIMITED

PIN 03475-0923 (LT)

Part Lot 40, Plan 224, North Gwillimbury, designated as Part 3 on Plan 65R-19902; Georgina.

Subject to Instrument Numbers R735544, R717319 and R717320, Georgina.

PIN 03475-0901 (LT)

Part of Lots 8 and 9, Concession 3 (GN) and Part of the Bed of Lake Simcoe lying in Front of Lots 8 and 9 and Part of Lots 35, 36, 37, 38 and 39, Plan 224, designated as Parts 8, 9, 10, 11, 12, 13, 14, 22, 23 and 24 on Plan 65R-19902, Georgina.

Together with a right of way over Wynhurst Road, Plan 198 and Plan 224 and over Block A, Plan 198 and Lot 33, Plan 224, Georgina

Together with a right of way over Block C and Part of Block D, Plan 224, lying between the production north westerly of the north easterly and south westerly limits of Block C to the Maskinonge River with the right to dredge that Part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Subject to a right of way in favour of Part of Lot 8, Concession 3, designated as Part 1 on Plan 66R-2527 over Parts 23 and 24 on Plan 65R-19902 as in Instrument Number LT23068, Georgina.

Subject to an easement in favour of The Hydro-Electric Power Commission of Ontario over Parts 11, 12 and 23 on Plan 65R-19902 as in Instrument Number NG9316, Georgina.

Subject to a right of way in favour of Part of Lot 8 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and all of Lots 42, 43 and Part of Lots 35, 36, 37, 38, 39, 41 and Part of Block D, Plan 224, designated as Parts 15, 16, 17, 18, 20 and 21 on Plan 65R-19902 over said Parts 9, 10, 11, 12, 14, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to an easement in favour of said Parts 15, 16, 17, 18, 20 and 21 on Plan 65R-19902 over said Part 13, Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to an easement in favour of said Parts 15, 16, 17, 18, 20 and 21 on Plan 65R-19902 over said Parts 13, 22 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with a right of way over said Parts 16, 17, 18 and 20 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to an easement in favour of Part of Lot 8, Concession 3 and Part of the Bed of Lake Simcoe being Part 1 on Plan 66R-2527 over said Parts 10, 11, 12, 14, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251520. (Amended 2001/07/24 by Deb Wallen, ADLR).

PIN 03475-0902 (LT)

Part of Lot 41, Plan 224, designated as Part 19 on Plan 65R-19902, Georgina.

Together with a right of way over Wynhurst Road, Plan 198 and Plan 224 and over Block A, Plan 198 and Lot 33, Plan 224, Georgina.

Together with a right of way over Block C and Part of Block D, Plan 224, lying between the production north westerly of the north easterly and south westerly limits of said Block C to the Maskinonge River with the right to dredge that part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Subject to a right of way in favour of Part of Lot 8 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and all of Lots 42, 43 and Part of Lots 35, 36, 37, 38, 39, 41 and Part of Block D, Plan 224 being Parts 15, 16, 17, 18, 20 and 21 over said Part 19 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with a right of way over said Parts 16, 17, 18 and 20 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to an easement in favour of Part of Lot 8, Concession 3 and Part of the Bed of Lake Simcoe being Part 1 on Plan 66R-2527 over said Part 19 on Plan 65R-19902 as in Instrument Number LT1251520, Georgina.

PIN 03475-1967 (LT)

Part of Lot 8, Concession 3, designated as Part 4 on Plan 65R-22164, except Part 2 on Plan 65R-27407 (NG), Georgina.

Together with a right as in Instrument Number R649951, Georgina.

PIN 03475-1972 (LT)

Part of Lot 8, Concession 3 (NG), designated as Parts 1 and 2 on Plan 65R-27407, Georgina.

Together with a right as in Instrument No. R649951, Georgina.

OWNER: 1282648 ONTARIO LIMITED

PIN 03475-0924 (LT)

Part of Lot 40, Plan 224, North Gwillimbury, designated as Part 2 on Plan 65R-19902, Georgina.

Together with a right as in Instrument Number R717318, Georgina

PIN 03475-0925 (LT)

Part of Lot 40, Plan 224, North Gwillimbury, designated as Parts 4 and 5 on Plan 65R-19902, Georgina.

Together with a right of way as in Instrument Number R717318, Georgina

PIN 03475-0146 (LT)

Part of Block D, Plan 224, North Gwillimbury, designated as Part 7 on Plan 65R-19902, Georgina.

Subject to Instrument Number R717318, Georgina.

PIN 03475-0898 (LT)

Part of Lots 37, 38 and 39, Plan 224, designated as Parts 15 and 16 on Plan 65R-19902, Georgina.

Together with a right of way over Wynhurst Road Plan 198 and Plan 224 and over Block A on Plan 198 and Lot 33 on Plan 224, Georgina.

Together with a right of way over Block C and Part of Block D on Plan 224 lying between the production north westerly of the north easterly and south westerly limits of said Block C to the Maskinonge River with the right to dredge that part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Together with a right of way over Part of Lot 8, Concession 3, Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 9, 10, 11, 12, 14, 19, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with an easement over Part of Lot 8, Concession 3, Part of Lots 35 and 36 on Plan 224, designated as Parts 13, 22 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to a right of way in favour of Part of Lots 8, 9 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 8, 9, 10, 11, 12, 13, 14, 19, 22, 23 and 24 on Plan 65R-19902 over said Part 16 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

PIN 03475-0900 (LT)

Part of Lot 8 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and all of Lots 42 and 43 and Part of Lots 35, 36, 37, 38, 39, 41 and Part of Block D on Plan 224, designated as Parts 20 and 21 on Plan 65R-19902, Georgina.

Together with a right of way over Wynhurst Road, Plan 198 and Plan 224 and over Block A on Plan 198 and Lot 13 on Plan 224, Georgina;

Together with a right of way over Block C and Part of Block D on Plan 224 lying between the production north westerly of the north easterly and south westerly limits of the said Block C to the Maskinonge River with the right to dredge that part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Together with a right of way over Part Lot 8, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 9, 10, 11, 12, 14, 19, 22, 23 and 24 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with an easement over Part of Lot 8, Concession 3 and Part of Lots 35 & 36 on Plan 224, designated as Part 13 on Plan 65R-19902 to maintain the building erected on said Part 21 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with an easement over Part of Lot 8, Concession 3 and Part of Lots 35 and 36 on Plan 224, designated as Parts 13, 22 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to a right of way in favour of Part of Lots 8 and 9 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 8, 9, 10, 11, 12, 13, 14, 19, 22, 23 and 24 on Plan 65R-19902 over Part 20 on Plan 65R-19902 as in Instrument Number 1251518, Georgina.

PIN 03475-0899 (LT)

Part of Lot 41, Plan 224, designated as Parts 17 and 18 on Plan 65R-19902, Georgina;

Together with a right of way over Wynhurst Road, Plan 198 and Plan 224 and over Block A on Plan 198 and Lot 33 on Plan 224, Georgina.

Together with a right of way over Block C and Part of Block D on Plan 224 lying between the production north easterly and south westerly limits of Block C to the Maskinonge River with the right to dredge that part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Together with a right of way over Part of Lot 8, Concession 3 and Part Lots 35, 36, 37, 38, 39 and 41 on Plan 224, being Parts 9, 10, 11, 12, 14, 19, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with an easement over Part of Lot 8, Concession 3 and Part Lots 35 and 36 on Plan 224, designated as Parts 13, 22 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to a right of way in favour of Part Lots 8 and 9 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 8, 9, 10, 11, 12, 13, 14, 19, 22, 23 and 24 on Plan 65R-19902 over said Parts 17 and 18 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

OWNER: 1330732 ONTARIO LIMITED

PIN 03475-0150 (LT)

Parcel 8-1, Section C224 being Part of Lot 8, Concession 3 (GN) and Part of the Bed of Lake Simcoe, designated as Part 1 on Plan 65R-2527, Georgina.

Together with a right over Part 2 on Plan 65R-2527 as in Instrument Number LT23068, Georgina.

Together with a right of way for all those now and hereafter entitled, over, along and upon Lot 33 on Plan 224, Georgina.

Together with an easement over Part of Lot 8, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224 being Parts 10, 11, 12, 14, 19, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251520, Georgina.

OWNER: CRATE MARINE SALES LIMITED

PIN 03475-0135 (LT)

Part of Lot 1, East Side of Matilda Street, Plan 245 (NG); Part of Lot 2, East Side of Matilda Street, Plan 245 (NG); Part of Lot 3, East Side of Matilda Street, Plan 245 (NG); Part of Lot 1, West Side of Queen Street, Plan 245 (NG); Part of Block F, Plan 224 (NG); Part of Lot 9, Concession 3 (NG), designated as Parts 1, 2 & 3 on Plan 65R-3745, Georgina.

Subject to a right as in Instrument Number R351383, Georgina.

SCHEDULE “C”
CLAIMS TO BE DELETED AND EXPUNGED FROM TITLE TO THE LANDS

PIN: 03475 – 0135

Instrument Number YR1267358 being a Charge in favour of Uplands Charitable Foundation registered on December 15, 2008 in the principal amount of \$1,000,000.00

Instrument Number YR1267393 being a Postponement of Instrument Number YR1011208 to Instrument YR1267358 registered on December 15, 2008

PIN: 03475 – 1972 and 03475 – 1967

Instrument Number YR1315819 being a Charge in favour of Cesaroni Management Limited registered on May 12, 2009 in the principal amount of \$1,000,000.00 and related Notices registered as Instrument Numbers YR1455537 on March 23, 2010, Instrument Number YR1613456 on February 23, 2011, Instrument Number YR1793762 on March 12, 2012, Instrument Number 1965077 on April 12, 2013 and Instrument Number YR2106283 on March 18, 2014

Instrument Number YR1670154 being a Charge in favour of Romith Investments Limited registered on June 28, 2011 in the principal amount of \$1,000,000.00

PIN: 03475 – 0147

Instrument Number R616567 being a Notice of Lease registered on April 16, 1994 in favour of Crate Marine Sales Limited. The Notice of Lease was for a term of 3 years, expiring on December 31, 1995, with an option to renew for two further periods of 3 years each.

Instrument Number R616569 registered on April 16, 1993 is an Assignment General in favour of Roynat Inc. and the related Charge has been discharged from title.

Instrument Number YR308636 registered on June 2, 2003 is a Postponement of Interest, postponing the charge registered as Instrument Number R682102 to the charge registered as Instrument Number YR34429. Both Instrument Number R682102 and Instrument Number YR34429 have been discharged from title.

PIN: 03475 – 0140

Instrument Number R536464, registered on March 5, 1990, is an Agreement between June Olive Whiting, being the owner of Lands described as Part 2 on Plan 65R-13692 (the “Whiting Lands”) and F.S. Crate & Sons Limited, relating to a right of first refusal to purchase the Whiting Lands, which option may be exercised as long as June Olive Whiting owns the Whiting Lands. **Note:** The Whiting Lands were conveyed to Steven Crate on November 22, 2004 - See PIN 03475-0165 (LT).

Instrument Number R616567 being a Notice of Lease registered on April 16, 1994 in favour of Crate Marine Sales Limited. The Notice of Lease was for a term of 3 years, expiring on December 31, 1995, with an option to renew for two further periods of 3 years each.

Instrument Number R616569 registered on April 16, 1993 is an Assignment General in favour of Roynat Inc. and the related Charge has been discharges from title.

SCHEDULE “D”
PERMITTED ENCUMBRANCES RELATING TO THE LANDS

- (i) Any reservations, restrictions, rights of way, easements or covenants that run with the Lands;
- (ii) Registered agreements with any municipal, provincial or federal governments or authorities and any public utilities or private suppliers of services, including, without limitation, subdivision agreements, development agreements, site plan agreements, cost sharing agreements, engineering, grading or landscaping agreements and similar agreements;
- (iii) Easements and servitudes, including those registered on title, which do not materially and adversely impair the use of the Lands for the purpose for which they are presently held or used;
- (iv) Registered easements for the supply of utilities or telephone services to the Lands and for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services and all licences, easements, rights-of-way, rights in the nature of easements and agreements with respect thereto not registered on title to the Lands, including without limitation, agreements, easements, licences, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, utilities, gas, steam and water mains or electric light and power, or telephone telegraphic conduits, poles, wires and cables;
- (v) Easements or rights of way in favour of any governmental body, any private or public utility, any railway company or any adjoining owner;
- (vi) Defects or irregularities or encroachments, rights of way or other discrepancies in title or possession disclosed by any errors or omissions in existing surveys of the Lands or of neighbouring properties and any title defect, encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Lands;
- (vii) Minor encroachments by the Lands over neighbouring lands which do not materially and adversely impair the use of the Lands;
- (viii) With respect to instruments registered via Teraview Electronic Registration System (“TERS System”), any error or omission in the receipt, transmission or recording of such instrument, or of any of the particulars contained in such instruments, subsequent to creation and electronic delivery of same to Teranet Real Property Information Services Inc. *via* the TERS System;
- (ix) Zoning, land use and building restrictions, bylaws, regulations and ordinances of federal, provincial, municipal or other governmental bodies or regulatory authorities, including, without limitation, municipal by-laws and regulations and airport zoning regulations;
- (x) Laws, by-laws and regulations affecting the Lands;
- (xi) Outstanding work orders, stop work orders, deficiency notices, notices of violation, infractions, open permits and compliance requests affecting the Lands;
- (xii) The reservations, limitations, provisos and conditions, if any, expressed in any original grant from the Crown, unpatented mining claims and native land claims;
- (xiii) The standard exceptions and qualifications contained in the *Land Titles Act* (Ontario), the *Registry Act* (Ontario) and the *Condominium Act, 1998* (Ontario), as applicable;
- (xiv) Any right of expropriation, access or user vested in any governmental or public body or authority;

The Crawmet Charges

- (xv) Instrument Number YR1763076 being a Charge in favour of Crawmet Corp. registered on December 22, 2011 in the principal amount of \$2,000,000.00
- (xvi) Instrument Number YR2077245 being a Charge in favour of Crawmet Corp. registered on December 20, 2013 in the principal amount of \$7,000,000.00
- (xvii) Instrument Number YR2077260 being a Postponement of Instrument Number YR2077239 to Instrument Number YR2077245 registered on December 20, 2013
- (xviii) Instrument Number YR2077263 being a Postponement of Instrument Number YR1763076 to Instrument Number YR2077245 registered on December 20, 2013
- (xix) Instrument Number YR1763856 being a Postponement of Instrument Number YR1011208 to Instrument Number YR1763076 registered on December 23, 2011
- (xx) Instrument Number YR2077247 being a Postponement of Instrument Number YR10112108 to Instrument Number YR2077245 registered on December 20, 2013

The Powell Charges.

- (xxi) Instrument Number YR1011208 being a Charge in favour of Dwight Powell Investments Inc. registered on July 3, 2007 in the principal amount of \$7,500,000.00
- (xxii) Instrument Number YR2077239 being a Charge in favour of Dwight Powell Investments Inc. registered on December 20, 2013 in the principal amount of \$7,500,000.00
- (xxiii) Instrument Number YR1347517 being a Charge in favour of Dwight Powell registered on July 23, 2009 in the principal amount of \$550,000.00

PIN 03475-0140 (LT)

Together with any rights, interests and easements if any as set out in Instrument Numbers A61914A, A7428A, B86062B, A61914A, except easement therein, Part 1 on Plan 65R-13692 and as more particularly set out in the Property Description in the aforementioned PIN;

Subject to any rights, interest and easements set out in Instrument Nos. A64512A, A38709A and A61914A as more particularly set out in the Property Description in the aforementioned PIN;

Instrument No. R427546, registered on March 26, 1987 is a Notice of Site Plan Agreement in favour of The Town of Georgina;

PINs 03475-0923 (LT), 03475-0901 (LT), 03475-0902 (LT), 03475-1967 (LT) and 03475-1972 (LT)

Together with any rights, interests and easements more particularly set out in Instrument No. LT1251518, Instrument No. R649951 and any other rights, interests and easements set out in the Property Descriptions in the aforementioned PINs;

Subject to any rights, interest and easements set out in Instrument Nos. LT23068, NG9316, LT1251518, LT1251520, R735544, R717319, R717320 and the Right of Way in LT23068 as more particularly set out in the Property Descriptions in the aforementioned PINs;

Instrument No. NG9316, registered on October 15, 1924, is a Transfer of Easement in favour of The Hydro-Electric Power Commission of Ontario.

Instrument No. IF338, registered on June 29, 1950 is a By-Law re Subdivision Control;

Instrument No. LT1251519, registered on February 26, 1988, is a Transfer of Easement from Dawson's Marina Limited to Dawson's Marina Limited for purpose of ingress, egress, and laying down of services and maintenance, over the lands described as Part 3 on Plan 65R-19902 and Parts 10, 11,12, 14, 19, 22, 23 and 24 on plan 65R-19902.

Instrument No. LT1251520, registered on February 26, 1988, is a Transfer of Easement from Dawson's Marina Limited to Dawson's Marina Limited for purpose of ingress, egress, and laying down of municipal and utility services and maintenance, over the lands described as Part 3 on Plan 65R-19902 and Parts 10, 11,12, 14, 19, 22, 23 and 24 on plan 65R-19902.

PINs 03475-0924 (LT), 03475-0925 (LT), 03475-0146 (LT), 03475-0898 (LT), 03475-0900 (LT) and 03475-0899 (LT)

Together with any rights, interests and easements more particularly set out in Instrument Nos. R717318 and LT1251518 and any other rights, interests and easements set out in the Property Descriptions in the aforementioned PINs;

Subject to any rights, interest and easements set out in Instrument Nos. R717318 and LT1251518 as more particularly set out in the Property Descriptions in the aforementioned PINs;

Instrument No. IF338, registered on June 29, 1950, is a By-Law re Subdivision Control;

PIN 03475-0150 (LT)

Together with any rights, interests and easements more particularly set out in Instrument Nos. LT23068, LT1251520 and any other rights, interest and easements set out in the Property Description in the aforementioned PIN;

Instrument No. LT1251520, registered on February 26, 1988, is a Transfer of Easement from Dawson's Marina Limited to Dawson's Marina Limited for purpose of ingress, egress, and laying down of municipal and utility services and maintenance, over the lands described as Part 3 on Plan 65R-19902 and Parts 10, 11,12, 14, 19, 22, 23 and 24 on plan 65R-19902;

PIN 03745 – 0135 (LT)

Instrument No. R351383, registered on August 23, 1984, is a Transfer of Easement in favour of "H. M. The Queen – Ontario"; and Instrument No. R692439, registered on January 29, 1997, is a Transfer of Easement in favour of The Corporation of the Town of Georgina.

IN THE MATTER OF THE RECEIVERSHIP OF CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

Commercial List File No. CV-14-10798-0CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at
Toronto**

APPROVAL AND VESTING ORDER

GOLDMAN SLOAN NASH & HABER LLP

480 University Avenue, Suite 1600
TORONTO, ON M5G 1V2
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Michael B. Rotsztain (LSUC #: 17086M)
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Email: bissell@gsnh.com

Lawyers for A. Farber & Partners Inc. in its capacity as the Court appointed Receiver of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd.

SCHEDULE “B”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST- IN BANKRUPTCY)**

THE HONOURABLE) DAY, THE
JUSTICE)
) DAY OF , 2015

Court File No. 31-1932502

**IN THE MATTER OF THE BANKRUPTCY OF
CRATE MARINE SALES LIMITED**

Court File No. 31-1932534
Court File No. 31-1932548
Court File No. 31-1932557
Court File No. 31-1932540
Court File No. 31-1932555
Court File No. 31-1932553

**IN THE MATTER OF THE BANKRUPTCIES OF
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED,
1328559 ONTARIO LIMITED 1282648 ONTARIO LIMITED,
1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.**

ORDER

(Sealing Confidential Appendix “A” to Third Report of Trustee)

THIS MOTION, made on behalf of Farber & Partners Inc. (“**Farber**”), in its capacity as the Trustee in bankruptcy (in such capacity, the “**Trustee**”) of the estates of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively, the “**Companies**”), for an order substantially in the form included in the Approval and Vesting Order Motion Record of Farber, in its capacity as the Court-appointed Receiver of the

Companies (the “**Receiver**”), continuing the sealing of Confidential Appendix “A” to the Third Report of the Trustee dated February 12, 2015 (the “**Third Report**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report and appendix thereto and the Sixth Report of the Receiver dated March 25, 2015 and the appendices thereto, and on hearing the submissions of counsel for the Trustee, the Receiver and 2450902 Ontario Limited, and the other parties as indicated on the counsel slip, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of ■ sworn ■, 2015, filed.

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and the service thereof is hereby validated so that this motion is properly returnable today and further service thereof is hereby dispensed with.
 2. **THIS COURT ORDERS** that Confidential Appendix “A” to the Third Report be and is hereby sealed until further Order of this Court.
-

IN THE MATTER OF THE BANKRUPTCY OF CRATE MARINE SALES LIMITED	Court File No. 31-1932502
IN THE MATTER OF THE RECEIVERSHIP OF CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.	Court File No.: 31-193502 Court File No.: 31-193534 Court File No.: 31-193548 Court File No.: 31-193557 Court File No.: 31-193540 Court File No.: 31-193555 Court File No.: 31-193553
	<div data-bbox="1255 402 1894 508" data-label="Section-Header"> <p align="center">ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST – IN BANKRUPTCY)</p> </div> <div data-bbox="1329 548 1820 581" data-label="Text"> <p align="center">Proceedings commenced at Toronto</p> </div> <hr/> <div data-bbox="1194 621 1953 727" data-label="Section-Header"> <p align="center">ORDER (Sealing Confidential Appendix “A” to Third Report of Trustee)</p> </div> <hr/> <div data-bbox="1268 784 1879 930" data-label="Text"> <p align="center">GOLDMAN SLOAN NASH & HABER LLP 480 University Avenue, Suite 1600 TORONTO, ON M5G 1V2 Fax: 416-597-3370</p> </div> <div data-bbox="1297 971 1843 1076" data-label="Text"> <p align="center">Michael B. Rotsztain (LSUC #: 17086M) Tel: 416-597-7870 Email: rotsztain@gsnh.com</p> </div> <div data-bbox="1318 1117 1827 1222" data-label="Text"> <p align="center">R. Brendan Bissell (LSUC #: 40354V) Tel: 416-597-6489 Email: bissell@gsnh.com</p> </div> <div data-bbox="1180 1263 1936 1442" data-label="Text"> <p>Lawyers for A. Farber & Partners Inc. in its capacity as the trustee in bankruptcy of the estates of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd.</p> </div>

TAB 2

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

IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

SIXTH REPORT OF THE RECEIVER

MARCH 25, 2015

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

IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

SIXTH REPORT OF THE RECEIVER

March 25, 2015

A. FARBER & PARTNERS INC. (“**Farber**”) in its capacity as the Court-appointed Receiver (the “**Receiver**”) of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively the “**Companies**”) hereby reports to the Court as follows:

INTRODUCTION

1. On November 14, 2014, the Companies each filed a Notice of Intention to Make a Proposal (the “**NOI’s**”) pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”).
2. On November 20, 2014, the largest secured creditor, Crawmet Corp. (“**Crawmet**”) filed motion material for a November 21, 2014 hearing seeking to (i) have the NOI’s immediately terminated; (ii) appoint Farber as a receiver over the properties, assets and undertakings of the Companies and (iii) to substitute Farber as bankruptcy trustee of the Companies. At the November 21, 2014 hearing, this motion was adjourned to December 1, 2014.

3. On November 21, 2014, Farber was appointed Interim Receiver of certain of the Companies pursuant to section 47.1 of the BIA to preserve and protect the assets, undertakings and properties of those Companies acquired for, or used in relation to the business carried on by the Companies, including all proceeds thereof (the “**Property**”) pursuant to the November 21, 2014 Order of the Honourable Mr. Justice Penny.

4. Following two intervening hearings, on December 8, 2014, the Honourable Mr. Justice Newbould terminated the NOI proceedings of the Companies and appointed Farber as Receiver and also as trustee in bankruptcy (the “**Trustee**”) of all of the Companies.

5. Since December 8, 2014, the Receiver has taken the following steps and brought the following motions, all of which have been more fully set out in the First, Second, Third, Fourth and Fifth reports of the Receiver and the Supplementary Report to the Fifth Report of the Receiver:

(a) On December 12, 2014, the Receiver and Trustee brought a motion to correct a typographical error in the Order dated December 8, 2014 regarding a misdescription of 1282648 Ontario Limited, and for procedural consolidation of certain of the bankruptcy estates of the Companies and other administrative relief. Mr. Justice Newbould issued an Amended Order dated December 8, 2014, a copy of which is attached as **Appendix “A”**. Mr. Justice Newbould also issued an order dated December 12, 2014 in respect of the consolidation and administrative relief;

(b) On December 23, 2014, the Receiver and Trustee brought a motion to (i) approve the Second and Third Report of the Interim Receiver and the activities of the Interim Receiver set out therein; (ii) approve the fees of the Interim Receiver and its counsel; (iii) discharge Farber as Interim Receiver; (iv) increase the borrowing power of the Receiver; and (v) establish a property claims process pertaining to the proprietary and secured claims against tangible personal property of the Companies. Mr. Justice Penny issued Orders granting that relief;

(c) On January 14, 2015, the Receiver and Trustee commenced an application against Steven Crate, Gregory Crate, Lynn Marko, Ryan Crate, and Robin Crate (a.k.a. Robin Silver) and sought and obtained a certificate of pending litigation without notice regarding properties held in their name in the vicinity of the lands owned by the Companies in Keswick but for which the Companies appear to have provided all funds for the acquisition and maintenance of those properties;

(d) On January 30, 2015 the Receiver and Trustee commenced a further application against Ryan Crate and sought and obtained a certificate of pending litigation with notice regarding further a property held in his name at 14 Highland Ave. in

Belleville, but for which the Companies appear to have provided all funds for the acquisition and maintenance of that property;

(e) As discussed in more detail below, on February 13, 2015, the Receiver brought a motion for approval of a stalking horse sales process, which is fully described in the Receiver's Third Report dated February 8, 2015 (the "**Third Report**");

(f) On February 19, 2015 the Receiver commenced applications for bankruptcy orders against Steven Crate, Gregory Crate, Lynn Marko and the estate of Lloyd Crate in connection with amounts owing by them to the Companies. These applications are disputed and will be proceeding for hearing on April 27 and April 28, 2015;

(g) On March 13, 2015, the Receiver brought a motion to approve its and its counsel's fees and disbursements to February 8, 2015 and to increase the Receiver's Borrowing Charge, as defined in the Appointment Order, to \$2,000,000.00. The Honourable Madam Justice Conway granted the relief sought;

(h) On March 20, 2015, after obtaining without notice a preservation Order from Mr. Justice Newbould respecting the subject matter of the motion, the Receiver brought a motion on notice seeking, *inter alia*, declarations that certain life insurance policies issued by Transamerica Life Canada and held by 1382415 Ontario Ltd. ("**415**") and 1382476 Ontario Ltd. ("**416**") on the lives of Steven Crate, Gregory Crate and Lynn Marko and the proceeds thereof are property of 415 and 416, and finding Steven Crate, Gregory Crate and Lynn Marko in contempt of the Order and Amended Order of Mr. Justice Newbould dated December 8, 2014. On March 20, 2015, Madam Justice Conway made an order which, among other things, adjourned the motion to April 29, 2015, continued the preservation Order and required the disclosure of records pertaining to transactions in respect of those proceeds.

PURPOSE OF THIS REPORT

6. This is the sixth report of the Receiver (the "**Sixth Report**"). Its purpose is to seek an order:

- a) approving the Sixth Report of the Receiver, as well as the Receiver's Fourth and Fifth Reports (including the Supplement thereto), and the activities of the Receiver described therein; and
- b) approving the agreement of purchase and sale dated February 8, 2015 (the "**Sale Agreement**") entered into between the Receiver and 2450902 Ontario Limited (the "**Purchaser**") and vesting in the Purchaser and its permitted designate all the respective right, title and interest of the Debtors in and to the Purchased Assets as defined therein, on the terms set out in the draft

Approval and Vesting Order in the Receiver's Motion Record (the
"Approval and Vesting Order").

7. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Sale Agreement.

8. The Sixth Report and associated motion is being returned before the Court on March 31, 2015 at the same time as the Seventh Report of the Receiver and associated motion, which pertain to the property claims process that was authorized by the December 23, 2014 Property Claims Procedure Order and the activities and conclusions of the Receiver in that regard to date.

LIMITATION OF REVIEW

9. Farber in its capacity as Receiver has relied upon the financial records and information provided by the Companies, as well as other information supplied by management, appraisers, accountants, auditors and advisors, and has not, except as specifically noted in this Sixth Report, audited, reviewed or otherwise attempted to verify the accuracy or completeness of the above information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook. It has prepared this Sixth Report for the sole use of the Court and of the other stakeholders in these proceedings.

A) THE SALES PROCESS AND RESULTS OF THE PROCESS

Background to the Sale Agreement

10. The Sale Agreement and its terms are described in detail in the Third Report, which contains the basis for the Receiver's recommendations that the Court approve the Sale Agreement for the purpose of conducting a stalking horse Sales Process and the terms of the Sales Process. Copies of the Third Report, without appendices, and the executed Sale Agreement are attached as **Appendices "B" and "C"**, respectively.

11. By way of brief summary, the principals of the Purchaser are Benn-jay Spiegel and Dwight Powell, who are respectively principals of Crawmet and Dwight Powell Investments

Inc. (“**DPII**”), who are the largest secured creditors of the Companies. The Sale Agreement is in large part comprised of a credit bid through the Assumed Secured Debt, as defined therein. It covers substantially all of the assets of the Companies (the “**Purchased Assets**”), there being three main exclusions: cash on hand at closing, boats and other tangible personal property such as trailers and snowmobiles in the possession of the Companies for which there are, or were, boat slip leases or other bailment arrangements (which are part of the subject matter of the Receiver’s separate motion regarding the property claims procedure brought jointly with its motion for the Approval and Vesting Order) and anything that the Purchaser may choose to exclude from the assets that would otherwise be subject to the Sale Agreement (but if so there are no adjustments to the purchase price).

12. The Purchase Price under the Sale Agreement is set out in section 2.2 thereof, but is essentially comprised of:

- (a) the amounts owing under the mortgages granted to Crawmet, DPII and Dwight Powell, and all but \$1,000,000.00 of the amounts secured under the general security agreement and owing in favour of Crawmet (the “**Crawmet GSA**”), as more fully set out in Schedule “E” to the Sale Agreement (the “**Assumed Secured Debt**”), which the Purchaser will assume;
- (b) cash for any and all amounts secured by the Receiver’s Charge and the Receiver’s Borrowings Charge at Closing;
- (c) cash in an amount that the Receiver will estimate for the aggregate of the fees, expenses, and disbursements of the Receiver and the Trustee, and of their counsel for the period after Closing until their discharge, but if the amount of such fees, expenses and disbursements are less than the estimated amount then the Purchaser shall be paid the surplus;
- (d) cash payments in the amounts of:
 - (I) Five Hundred and Fifty Thousand (\$550,000) Dollars in respect of the portion of the Lands, as defined in the Stalking Horse Offer, municipally known as 7 and 8 Mac Ave., Keswick and legally described in PIN 03475-0135 (LT) (in addition to the assumption by the Purchaser of the Assumed Secured Debt registered against title thereto), and
 - (II) Seven Hundred and Ten Thousand (\$710,000) Dollars in respect of the portion of the Lands, as defined in the Stalking Horse

Offer, municipally known as 210 Wynhurst Ave., Keswick and legally described in PINs 03475-1967 (LT) and 03475-1972 (LT);

(e) any and all other amounts and claims on account of realty tax arrears, utility arrears and source deductions, if any, which rank in priority to the mortgages in favour of Crawmet, DPII and Dwight Powell, or the Crawmet GSA or against the assets being purchased; and

(f) there are to be no adjustments to the Purchase Price for any matter whatsoever.

13. The Receiver has received from the Purchaser the \$250,000.00 deposit required by the terms of the Sale Agreement.

14. In the Third Report, the Receiver estimated that the Purchase Price as at March 31, 2015, assuming that is the Closing Date, would be approximately \$25,951,784.00, made up as follows:

Description	Price
Assumed Secured Debt	\$22,973,033.00 ¹
Cash for the Receiver's Borrowings Charge at Closing, inclusive of 12% interest	\$1,029,752.00
Cash for Receiver's Charge at Closing	\$1,000,000.00
Estimated fees, disbursements and expenses of the Receiver and Trustee and their counsel from Closing to discharge	\$300,000.00
Payment for 7/8 Mac Ave.	\$550,000.00
Payment for 210 Wynhurst Ave.	\$710,000.00
amounts and claims on account of realty tax arrears, utility arrears and source deductions ranking in priority to the Assumed Secured Debt	\$389,000.00
Total	\$25,951,784.00

¹ This number is in error, and should have been shown as \$21,973,033.00. The total shown is correct nonetheless and this number was correctly shown by the Receiver in Confidential Appendix "B" to the Third Report.

15. During the period until the anticipated Closing Date of March 31, 2015, the Receiver and the Purchaser will settle the actual Purchase Price in accordance with the provisions of Section 2.2 of the Sale Agreement.

The Sales Process Order Hearing

16. The Receiver's motion for approval of the Sale Agreement for the purpose of conducting the stalking horse Sales Process and approval of the terms of the Sales Process was heard by the Honourable Mr. Justice Pattillo on February 13, 2015. The only substantive opposition was from Cesaroni Management Limited ("**Cesaroni**"), Romith Investments Limited and Uplands Charitable Foundation (collectively, the "**Objecting Creditors**") respecting the amounts of the Purchase Price allocated to the properties municipally known as 7/8 Mac Ave. and 210 Wynthurst Ave. in Keswick (the "**Designated Parcels**"), as set out above. This opposition arose from the fact that such allocation is likely to provide for less value than the charges registered against the Designated Parcels by the Objecting Creditors.

17. At the hearing on February 13, 2015, counsel for the Purchaser, Harvey Chaiton, informed the Court that in the event that, upon the completion of the Sales Process, the Sale Agreement is approved by the Court except as it relates to one or more of the Designated Parcels, the Purchaser will still be bound by and complete the Sale Agreement for the other Purchased Assets in accordance with the terms of the Sale Agreement, with the purchase price to be reduced by the amount allocated to the non-approved Designated Parcels set out in section 2.2(d).

18. In addition, the Receiver advised the Court of its willingness to add to the Order it was seeking a without prejudice provision stating that nothing in such Order would constitute approval of the purchase price allocated to the non-approved Designated Parcels set out in section 2.2(d)

19. At the conclusion of argument on February 13, 2015, Mr Justice Patillo reserved judgment. His Honour released his Endorsement on February 18, 2015 approving the Sale Agreement for the purpose of conducting the stalking horse Sales Process and the terms of the Sales Process, and deciding that the issue of the fairness to the Objecting Creditors of

including the Designated Parcels in the Sale Agreement for the consideration provided cannot and should not be decided in advance of approval of the relief sought by the Receiver on the motion. Copies of Mr. Justice Pattillo's Endorsement of February 18, 2015 and his Order of that day approving, among other things, the Sale Agreement for the purpose of conducting the stalking horse Sales Process and the terms of the Sales Process, (the "**Sales Process Order**") are attached as **Appendices "D"** and "**E**", respectively. The Sales Process Order contains in paragraph 12 the without prejudice provision suggested by the Receiver.

20. Mr Justice Patillo granted another Order on February 18, 2015 on a motion brought by the Trustee (the "**Trustee Order**"). That Order, among other things, authorized and directed the Trustee to enter into the Sale Agreement for the limited purpose of being bound by Sections 1.1(s) and 2.7 thereof. Attached as **Appendix "F"** is a copy of the Trustee Order.

21. The Receiver has been advised by the Purchaser and its counsel that they have recently had communications with one or more of the Objecting Creditors or their counsel, and that the issues among them respecting the amounts of the Purchase Price allocated to the Designated Parcels remain unresolved. On March 25, 2015, counsel to the Receiver sent a letter to counsel for Cesaroni requesting certain information and documentation relating to the charge granted to Cesaroni by one of the Companies on certain of the Designated Parcels and a charge granted to Cesaroni by Lynn Marko on a parcel registered in her name, which charges appear to be cross-collateralized. Attached as **Appendix "G"** is a copy of such letter dated March 25, 2015.

Steps Taken Pursuant to the Sales Process Order

22. Pursuant to the Sales Process Order and the Sales Process Terms attached thereto and approved thereby, the Receiver:

- (a) compiled a list of approximately 990 real estate companies and 197 marina/boating companies in Canada and the US. The Receiver reviewed and edited the list to screen for potentially interested parties. Ultimately, the Receiver reached out to 38 real estate developers and 12 marina/boating companies;
- (b) placed an ad in the national edition of the Globe & Mail on February 23, 2015, a copy of which is attached as **Appendix "H"** hereto;

- (c) placed ads in each of the Georgina Advocate, the Barrie Advance, the Innisfil Journal and Orillia Today on February 26, 2015 (ahead of the planned March 2, 2015 date contemplated in the Sales Process Order), in the form attached as **Appendix “T”** hereto;
- (d) advised the corporate finance, mergers, acquisitions and divestitures arm of Farber Financial Group of the opportunity;
- (e) had an article published in the online Boating Industry CA magazine advertising the sales process, a copy of which is attached as **Appendix “J”** hereto ;
- (f) had a classified ad published in the online Marina.org webpage of the Marina Recreation Association, a website advertising marinas for sale in Canada and the US, a copy of which is attached as **Appendix “K”** hereto; and
- (g) sent teaser letters to those parties that had expressed interest to the Receiver prior to the Sales Process Order and to those additional interested parties identified pursuant to the Receiver’s efforts noted above. A copy of the form of teaser letter is attached as **Appendix “L”** hereto.

23. As a result of the Sales Process, a total of 53 parties expressed interest in some or all of the Property available for sale. The Receiver also notified these parties of the Stalking Horse Bid Represented by the Sale Agreement and that, to be eligible to buy or bid on the Property, interested parties would have to submit a Superior Bid, as defined in the Sale Agreement and Sales Process Terms, of at least \$26,451,784.

24. Ultimately, only one party expressed ongoing interest (the “**Interested Party**”) and was able to establish the financial capacity to submit a potential Superior Bid. The Interested Party signed a confidentiality agreement and was given access to the Receiver’s online data room. The Receiver dealt with the Interested Party and its requests for additional information.

25. On the day of the bid submission deadline, March 18, 2015, the Interested Party advised that, while very interested in the opportunity, it would not be submitting an offer. No other offers were received prior to the bid submission deadline of 5:00 p.m. on March 18, 2015. Accordingly, as directed in paragraph 9(d) of the Sales Process Order, the Receiver is bringing its motion for the Approval and Vesting Order in respect of the Sale Agreement. No offers have been received since the bid submission deadline.

26. In view of the results of the Sales Process, the terms of paragraph 9(d) of the Sales Process Order and the Receiver’s conclusion (contained in paragraph 81 of the Third Report)

that the value being offered in the Sale Agreement is appropriate value for the Purchased Assets, taking into account the factors listed in such paragraph 81, the Receiver recommends that the Court grant the Approval and Vesting Order.

27. The Receiver and the Purchaser, and their respective counsel, have been preparing for the closing of the Sale Agreement since the bid submission deadline. If the Approval and Vesting Order is granted, the Receiver expects that the parties will be in a position to complete the Sale Agreement shortly thereafter.

28. The Purchaser recently informed the Receiver of its election pursuant to Section 9.11 of the Sale Agreement to direct title to the Lands to the Purchaser and title to the balance of the Purchased Assets to Krates Keswick Inc., an Affiliate of the Purchaser. This has been reflected in the draft Approval and Vesting Order in the Receiver's motion record.

B) SEALING ORDER

29. The Third Report has two confidential appendices, which at the Receiver's request were sealed until further Order of this Court by the terms of the Sales Process Order. Confidential Appendix "A" to the Third Report is an appraisal of the Lands included in the Purchased Assets done before the NOI litigation and for the stated purpose of financing, which were sealed in the NOI litigation. Confidential Appendix "B" to the Third Report is a detailed analysis prepared by the Receiver of the estimated ranges of the value of the Purchased Assets as compared to the value of the estimated Purchase Price. On the basis of such analysis, the Receiver concluded in paragraph 82 of the Third Report that the Purchase Price is superior to the estimated ranges of recoverable value of the assets in a disposition through an alternative forced liquidation sales process.

30. The reasons for the Receiver's requesting the sealing until further Order of this Court of Confidential Appendices "A" and "B" to the Third Report are set out in paragraph 91 thereof. Mr. Justice Patillo granted the Receiver's request in paragraph 5 of the Sales Process Order.

31. The Third Report of the Trustee dated February 12, 2015 filed in support of its motion for the Trustee Order (the "**Trustee Report**") has one confidential appendix, Confidential

Appendix “A”, which sets out the detailed considerations of the Trustee on the consideration offered to the Trustee in Section 2.7 of the Sale Agreement for its participation or assistance in conveying or transferring Purchased Assets. As indicated in paragraph 18 of the Trustee Report, the Trustee has considered:

- (a) the value of the Claims in the Sale Agreement, including the portion thereof that would otherwise accrue to the benefit of the Trustee, and
- (b) the value of the Trustee’s participation or assistance in conveying or transferring the Purchased Assets,

and concluded that the consideration offered is appropriate value.

32. The reasons for the Trustee’s requesting the sealing until further Order of this Court of Confidential Appendix “A” to the Trustee Report are set out in paragraph 24 thereof.

33. Although, as discussed above, in the Sales Process Order Mr. Justice Pattillo ordered the sealing of Confidential Appendices “A” and “B” to the Third Report until further Order of this Court, in the Trustee Order His Honour ordered the sealing of Confidential Appendix “A” to the Trustee Order until “final completion of the sales process [such phrase having been added by Mr. Justice Pattillo on his signing of the Order] or further Order of this Court”.

34. For the reasons set out in the Trustee’s Report, it was and continues to be the view of Farber in its capacity as Trustee that Confidential Appendix “A” to the Trustee Report continue to be sealed pending further Order of the Court and not just to the final completion of the Sales Process, and the view of Farber in its capacities as Receiver and Trustee that in respect of the continuing sealing of the confidential appendices to the Third Report and the Trustee Report, there be consistency between the two reports.

35. Accordingly, the Receiver requests that the Approval and Vesting Order continue the sealing of Confidential Appendices “A” and “B” to the Third Report until further Order of this Court, as is the case in the Sales Process Order, and Farber in its capacity as Trustee requests that an order be made in the bankrupt estates of the Companies sealing Confidential Appendix “A” to the Trustee Report until further Order of this Court, which would result in

such Confidential Appendix “A” remaining sealed on final completion of the Sales Process until unsealed by a subsequent Order.

C) THE RECEIVER’S OTHER ACTIVITIES SINCE FEBRUARY 8, 2015

36. In the Sales Process Order, Mr. Justice Pattillo approved the Receiver’s First Report, Second Report and Third Report, and the activities, decisions and conduct of the Receiver and its counsel as described therein, covering the period December 8, 2014 to February 8, 2015. As indicated above, on March 13, 2015 Madam Justice Conway made an order approving the Receiver’s and its counsel’s fees and disbursements for the same time period.

37. This section of the Sixth Report describes the Receiver’s activities for the period February 9, 2015 to the date of this Report, other than to those in respect of the Sales Process and the Sale Agreement, described above, and other than those relating to the Property Claims Procedure Order, which are described in the Seventh Report of the Receiver, to be filed.

Communications

38. The Receiver responded to numerous telephone and email inquiries from third parties regarding the anticipated 2015 operations of the Keswick marina, and how the ongoing sales process may or may not affect the 2015 operations of the marina.

39. The Receiver also continues to respond to third party inquiries about the status of customer accounts and the status of 2015 slip rental fees collected by the Companies prior to the NOI filings, and about advice the third parties received from their credit card processor.

40. For customers, the Receiver facilitated onsite review of banking records to trace the use of purported trust funds.

41. The Receiver has attended at the Companies’ premises to address and respond to the numerous requests for accounting information and records with regard to the investigations of various parties into the pre-filing transactions and books and records of the Companies.

Employees

42. The Receiver has prepared Wage Earner Protection Program packages and issued them to the former employees of the Company and to Services Canada. The Receiver has received and responded to various queries from Services Canada and the employees about these packages.

43. The Receiver prepared records of employment and 2014 T4 – Statement of Remuneration Paid – slips for all employees of the Companies.

Assets of the Companies

44. The Receiver has co-ordinated the centralization of the assets of the Companies at the Keswick marina from its other locations across Ontario and Quebec, and continues to do so. The exception in that regard pertains to the chattels at the Brechin, or Lagoon City, location, which are the subject of a disputed property claim by the relevant landlord. This is one of the matters that are addressed in the Receiver's Seventh Report.

45. The Receiver continues to expand its efforts to collect outstanding accounts receivable from current (usually outstanding invoices for boats and maintenance) and future (usually 2015 boat slip rental fees) customers. The Receiver continues to review credit card charge backs to customers to determine the impact of the Receiver's efforts to recover the customer accounts receivable due to the Companies.

46. The Receiver continues to negotiate the sale of a vehicle left in Florida by the Companies prior to the insolvency proceedings.

47. The Receiver continues to attend at the Companies' premises and provide supervision of former staff who are providing on-site services for the Receiver. The Receiver has also attended to the security and cataloguing of customer boats and to provide ongoing security and maintenance of the sites and Property.

48. The Receiver has received correspondence from the alleged owner of a travelift which is located at the Belleville marina for which the Companies provided funding. The Receiver's counsel continues to engage in correspondence with counsel for the alleged owner about the

legal ownership of the travelift, and has reviewed the equipment lease pertaining to the travelift. This is one of the matters that are addressed in the Receiver's Seventh Report.

49. The Receiver continues to investigate the the affairs of the Companies, including various boat transactions entered into by the Companies. The Receiver has also contacted various accountants, consultants and lawyers that previously provided services to the Companies.

50. The Receiver is engaging in discussions with 2192422 Ontario Inc., the owner of the Willow Beach property and a boat, to confirm 1382416's 50% equity interest therein and to investigate an alleged pledge of the 1382416 owned-shares to the other shareholder and/or Mr. Dwight Powell personally as security for amounts allegedly loaned to the Companies prior the NOI.

51. The Receiver has made ongoing demands for documents and property of the Companies, including the demand for the return of the minute book of 1382416 Ontario Ltd. The Receiver has taken steps to issue these demands to the legal counsel and accountants previously employed by the Companies, as well as sending representatives personally to investigate and safeguard the property of the Companies.

52. The Receiver has made demand on Crate Belleville Inc. ("CBI") for payment of \$710,408.57, which according to the records of Crate Marine Sales Limited ("CMS") is owed by CBI to CMS. This amount consists of expenditures made by CMS on CBI's behalf for the acquisition, refurbishment and installation of docks in Belleville and for various other CBI transactions. CBI has made no payments to the Receiver in response to this demand. The Receiver has been considering initiating legal proceedings in respect of this matter.

The Ongoing Receivership Administration

53. The Receiver prepared and filed its Fourth Report dated March 6, 2015 relating to approval of its and its counsel's fees and disbursements up to February 8, 2015 and to secure an increase in the Receiver's borrowings charge, both of which were granted by Madam Justice Conway in her Order dated March 13, 2015. Attached as **Appendix "M"** is a copy of the Receiver's Fourth Report, without appendices.

54. The Receiver facilitated the execution of Receiver's Certificate No. 3, which has provided an additional \$1,000,000 for funding the expenses and costs of the receivership administration, including the Receiver's, and its counsel's, fees and disbursements.

55. The Receiver has engaged in ongoing correspondence with its counsel regarding the administration of the Companies.

Litigation Matters

The Companies' Interest in a Boston Pizza Franchise

56. The Receiver's review of the books and records indicates that CMS has records of an outstanding receivable of approximately \$1,060,000 from 1800239 Ontario Limited ("**1800**"). 1800 is a corporation controlled by the former management of the Companies: Steven Crate, Greg Crate and Lynn Marko. 1800 in turn is one of the registered shareholders of two separate corporations, 2186015 Ontario Inc. ("**Landco**"), and 2186018 Ontario Inc. ("**Opco**"). Landco is the registered owner of the land municipally known as 253 The Queensway South (the "**Boston Pizza Lands**"), which is across the street from the Keswick marina facilities. Opco has leased the Boston Pizza Lands from Landco, and uses it to operate a Boston Pizza franchise.

57. The Receiver's review indicates that CMS has financed most, if not all, of 1800's interest with regard to Landco and Opco, including directly paying cash calls by 6015 and 6018. The Receiver has been considering initiating legal proceedings in respect of this matter.

Possible Amounts Owed by Former Management

58. The Receiver continues to review the books and records of the Companies regarding the amounts owing by Steven Crate, Greg Crate and/or Lynn Marko as former management and directors of the Companies.

59. The Receiver is also reviewing allegations of cash or other payments made by third parties to individuals including Steven Crate, Greg Crate and Lynn Marko for services or materials acquired from CMS. The Receiver has engaged in correspondence with third

parties and their lawyers regarding these allegations and has demanded information in their regard.

Adjacent Properties

60. As reported in the Receiver's Third Report, the Receiver's review of the books and records indicated that CMS had financed most, if not all, of the purchase and maintenance of the lands registered in the names of members of the Crate family in the vicinity of the Keswick marina location (the "**Adjacent Properties**"), which funds were recorded on the books of CMS as either expenses against income or notional advances to shareholders. However, the properties were held in the name of the principals of the Companies and related parties.

61. On January 13, 2015, the Receiver filed a Notice of Application seeking various relief including certificates of pending litigation against the Adjacent Properties and an order vesting title to the Adjacent Properties in the Receiver. On January 14, 2015, the Receiver brought a motion to obtain a certificate of pending litigation against the Adjacent Properties, which was granted by the Honourable Mr. Justice Newbould that day. The Receiver had the certificate of pending litigation registered on title to the Adjacent Properties.

62. The Receiver and its counsel continue to investigate, document, review, and report on the relevant transactions and on the certificates of pending litigation registered on the Adjacent Properties. The Receiver and its counsel have received a motion record by counsel for the former management of the Companies to vacate the certificates of pending litigation and have engaged in correspondence with opposing counsel about same.

Belleville Property Registered in the Name of Ryan Gregory Crate

63. Upon a further review of the Companies' books and records, the Receiver discovered a property at 14 Highland Ave. in Belleville, Ontario registered in the name of Ryan Gregory Crate, the son of one of the directors of the Companies, which also appears to have been financed by CMS. The property was listed for sale.

64. On January 30, 2015, the Receiver issued an application seeking various relief including a certificate of pending litigation against this property and an order vesting title to it in the Receiver. That day, the Receiver brought a motion for a certificate of pending litigation against the Belleville property, which was granted by the Honourable Mr. Justice Newbould. The Receiver has filed a certificate of pending litigation against the Belleville property.

Bankruptcy Petitions

65. The Receiver has investigated, documented, reviewed, and reported on various unpaid loans advanced by the Companies to the estate of Lloyd Crate (deceased), Steven Crate, Greg Crate and Lynn Marko. After issuing demands that were not satisfied, the Receiver issued bankruptcy applications against these parties. The Receiver and its counsel have received notices of dispute from the estate of Lloyd Crate (deceased), Steven Crate, Greg Crate and Lynn Marko and the return of the bankruptcy applications has been scheduled for April 27 and 28, 2015.

Insurance Policies Proceeds Litigation

66. As described in the Receiver's Fifth Report dated March 10, 2015, and its Supplement thereto dated March 19, 2015, in February, 2015, the Receiver learned that during the NOI period and after the receivership and bankruptcy of the Companies, Steven Crate, Gregory Crate and Lynn Marko, took steps to withdraw \$354,647.02 of proceeds from certain Transamerica Life Canada life insurance policies owned by two of the Companies, 415 and 416, and to distribute the proceeds beyond the control of those Companies and the Receiver. Most of the funds were transferred to a bank account of Jessica Leanne Crate, the daughter of Gregory Crate, both before and after the appointment of the Receiver and Trustee on December 8, 2014, and then by a series of transactions on and after the appointment of the Receiver and Trustee, disbursed from such bank account to various parties including James Crate, a lawyer at Fahey Crate Law Professional Corporation.

67. The Receiver took steps to carefully investigate the withdrawal of the insurance policies proceeds and the disposition of the proceeds, including by corresponding with the insurer, Transamerica Life Canada, and with The Toronto-Dominion Bank, to obtain the

relevant information and documentation and determine when and how the funds were withdrawn. These steps are described in detail in the Receiver's Fifth Report and Supplement thereto, copies of which are attached as **Appendix "N"** and **"O"**, respectively.

68. The Receiver brought a motion without notice for a preservation order in respect of the policies proceeds. This motion was heard by the Honourable Mr. Justice Newbould on March 10, 2015 at which time His Honour granted the preservation order sought; namely, that pending further Order of this Court, Steven Crate, Gregory Crate, Lynn Marko, Jessica Leanne Crate and James Crate and Fahey Crate Law Professional Corporation, and any other person having knowledge of the Order, preserve, and not deal with, the policies proceeds in any manner without the express written consent of the Receiver and Trustee.

69. After the preservation order was granted, the Receiver continued with its investigation. On March 20, 2015, the Receiver brought a motion on notice for, among other things, the return of the policies proceeds and finding Steven Crate, Gregory Crate and Lynn Marko in contempt of the Order and Amended Order of Mr. Justice Newbould dated December 8, 2014, in response to which Steven Crate, Gregory Crate and Lynn Marko have filed an affidavit of Lynn Marko. The Receiver's motion has been adjourned to April 29, 2015. However, Madam Justice Conway empowered the Receiver with further investigatory powers to determine when and how the insurance policy proceeds have been disbursed, and to whom. As a result, the Receiver and its counsel have been engaging these further powers to demand books and records from payees of the policies proceeds in order to attempt to trace the funds.

D) CONCLUSION

70. Farber in its capacity as Receiver accordingly seeks an Order in the form included in its Motion Record.

All of which is respectfully submitted this 25th day of March, 2015.

**A. FARBER & PARTNERS INC.
COURT-APPOINTED RECEIVER OF CRATE MARINE SALES LIMITED, F.S.
CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO
LIMITED, 1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416
ONTARIO LTD.**

A handwritten signature in black ink, reading "Stuart Mitchell". The signature is written in a cursive, flowing style with a horizontal line underlining the name.

Per: Stuart Mitchell
Senior Vice President

TAB A



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

THE HONOURABLE MR.

JUSTICE NEWBOULD

)
)
)

MONDAY, THE 8TH DAY

OF DECEMBER, 2014

BETWEEN:

Court File No. 31-1932502

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE
MARINE SALES LIMITED**

BETWEEN:

Court File No. 31-1932534

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF F.S.
CRATE & SONS LIMITED**

BETWEEN:

Court File No. 31-1932548

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1330732
ONTARIO LIMITED**

BETWEEN:

Court File No. 31-1932557

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1328559
ONTARIO LIMITED**

BETWEEN:

Court File No. 31-1932540

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1282648
ONTARIO LTD.**

AMENDED ORDER

(Terminating the Proposal Debtors' Proposal Proceedings and Appointing a Receiver)

THIS MOTION made by Crawmet Corp. ("**Crawmet**") for an Order:

1. validating the service and filing of the consolidated reply motion record, factum and brief of authorities of Crawmet be filed solely in court file number 31-1932502;
2. pursuant to section 50.4(11) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c.B-3 (the "**BIA**"), declaring that the period for filing a proposal by Crate Marine

Sales Limited, F.S. Crate & Sons Limited, 1282648 Ontario Ltd., 1328559 Ontario Limited and 1330732 Ontario Limited (collectively, the "**Debtors**") be terminated;

3. pursuant to section 243(1) of 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. ("**Farber**") as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario; and
4. substituting Farber as bankruptcy trustee (the "**Trustee**") of the Debtors and 1382415 Ontario Ltd. and 1382416 Ontario Ltd. (together with the Debtors, the "**Proposal Debtors**").

ON READING the affidavit of Benn-Jay Spiegel sworn November 20, 2014, the supplementary affidavit of Benn-Jay Spiegel sworn November 30, 2014, the Report of Dodick Landau Inc., in its capacity as Proposal Trustee of the Debtors (the "**Proposal Trustee**"), the Affidavits of Steven Crate each sworn November 28, 2014, the First Report of Farber in its capacity as Interim Receiver of the Debtors (the "**Interim Receiver**"), the Second Report of the Interim Receiver, the Supplementary Report to the Second Report of the Interim Receiver, the Second Report of the Proposal Trustee, the Affidavit of Steven Crate sworn December 5, 2014, the Affidavit of Benn-Jay Spiegel sworn December 7, 2014 and the Third Report of the Interim Receiver, on hearing the submissions of counsel for Crawmet, counsel for the Debtors, counsel for the Proposal Trustee, counsel for the Interim Receiver and such other counsel as are present, and on reading the consents of Farber to act as the Receiver and the Trustee,

FILING

1. **THIS COURT ORDERS** that the service and filing by Crawmet, the Proposal Trustee, the Interim Receiver and the Debtors of consolidated materials be hereby validated and directs that these materials be filed solely in Court File No. 31-1932502.

TERMINATION OF THE PROPOSAL PROCEEDINGS

2. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 50.4(11) of the BIA, the period for filing a proposal by each of the Proposal Debtors in their respective proceedings be and hereby is terminated and that A. Farber & Partners Inc. be and hereby is substituted as the bankruptcy trustee of the Proposal Debtors.

APPOINTMENT

3. **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 of the Proposal Debtors acquired for, or used in relation to a business carried on by the Proposal Debtors, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

4. **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 Proposal 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 Proposal Debtors;
- (d) 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;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Proposal Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Proposal Debtors and to exercise all remedies of the Proposal Debtors in collecting such monies, including, without limitation, to enforce any security held by the Proposal Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Proposal Debtors;
- (h) 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 Proposal Debtors, for any purpose pursuant to this Order;
- (i) 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 Proposal 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;
- (j) 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;

- (k) 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 provided that the aggregate consideration for all such transactions does not exceed \$500,000; 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.

- (l) 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;
- (m) 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;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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 Proposal Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Proposal Debtors, including, without limiting the generality of the

foregoing, the ability to enter into occupation agreements for any property owned or leased by the Proposal Debtors;

- (q) to exercise any shareholder, partnership, joint venture or other rights which the Proposal Debtors may have; and
- (r) 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 Proposal Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. **THIS COURT ORDERS** that (i) the Proposal Debtors, (ii) all of their 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 Proposal 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 5 or in paragraph 6 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 PROPOSAL DEBTORS OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Proposal 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 Proposal 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 Proposal 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 Proposal Debtors to carry on any business which the Proposal Debtors is not lawfully entitled to carry on, (ii) exempt the Receiver or the Proposal 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 Proposal 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 Proposal 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 Proposal 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 Proposal 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 Proposal 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 into one or more new accounts 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 Proposal Debtors shall remain the employees of the Proposal Debtors until such time as the Receiver, on the Proposal 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 Proposal 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, 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. **THIS COURT 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 unless otherwise ordered by the Court on the passing of accounts, 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, both before and 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.

19. **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.

20. **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 standard 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

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered 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 (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. The whole of the Property 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.

22. **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.

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

24. **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.

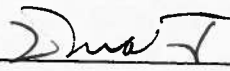
SERVICE AND NOTICE

25. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<http://www.farberfinancial.com/insolvency-engagements/crate-marine-sales-limited-et-al>>'.

26. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Proposal Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Proposal Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. **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.
28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
29. **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.
30. **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.
31. **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.



SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number ____-CL-_____, 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 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 _____, 20__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name: _____

Title: _____

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CRATE MARINE SALES LIMITED, ET. AL.

Court File No. 31-1932502

<p>ONTARIO SUPERIOR COURT OF ONTARIO IN BANKRUPTCY</p> <p>Proceedings commenced at TORONTO</p>	<p>ORDER</p>	<p>CHAITONS LLP Barristers and Solicitors 5000 Yonge Street, 10th Floor Toronto, ON M2N 7E9</p> <p>Harvey Chaiton (LSUC #21592F) Tel: (416) 218-1129 Fax: (416) 218-1849</p> <p>Maya Poliak (LSUC #54100A) Tel: (416) 218-1161 Fax: (416) 218-1844</p> <p>Lawyers for Crawmet Corp.</p>
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TAB B

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

IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

THIRD REPORT OF THE RECEIVER

FEBRUARY 8, 2015

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- “W” Opinion letter of Receiver’s counsel regarding the validity and enforceability of the charges registered against the Adjacent Properties
- “X” Opinion letter of Receiver’s counsel regarding the validity of the security agreement granted by CMS in favour of Crawmet Corp.
- “Y” Opinion letter of Receiver’s counsel regarding the validity of the security agreement granted by CMS in favour of Marquis Yachts
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Confidential Appendix “A” Appraisals done by the Companies before the NOI litigation

Confidential Appendix “B” Receiver’s analysis of the value of the assets being sold under the Stalking Horse Offer as compared to the value of the purchase price under that offer

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

IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

THIRD REPORT OF THE RECEIVER

February 8, 2015

A. FARBER & PARTNERS INC. in its capacity as the Court-appointed Receiver (the **“Receiver”**) of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively the **“Companies”**) hereby reports to the Court as follows:

INTRODUCTION

1. On November 14, 2014, Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively the **“Companies”**) each filed a Notice of Intention to Make a Proposal (the **“NOI’s”**) pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the **“BIA”**).
2. On November 20, 2014, the currently-known largest secured creditor, Crawmet Corp. (**“Crawmet”**) filed motion material for a November 21, 2014 hearing seeking to (i) have the NOI’s immediately terminated; (ii) appoint A. Farber & Partners Inc., as a receiver over the properties, assets and undertakings of the Companies and (iii) to substitute A. Farber &

Partners Inc. as bankruptcy trustee of the Companies. At the November 21, 2014 hearing, this motion was adjourned to December 1, 2014.

3. On November 21, 2014, A. Farber & Partners Inc. was appointed Interim Receiver of certain of the Companies pursuant to section 47.1 of the BIA to preserve and protect the assets, undertakings and properties of those Companies acquired for, or used in relation to the business carried on by the Companies, including all proceeds thereof (the “**Property**”) pursuant to the November 21, 2014 Order of the Honourable Mr. Justice Penny (the “**Interim Order**”). A copy of the Interim Order is attached at **Appendix “A”**. A copy of the endorsement dated November 21, 2014 is attached at **Appendix “B”**.

4. On December 8, 2014, The Honourable Mr. Justice Newbould terminated the NOI proceedings of the Companies and appointed A. Farber & Partners Inc. as Receiver and also as trustee in bankruptcy (the “**Trustee**”) of the Companies. A copy of the Order of that date is attached as **Appendix “C”**, and a copy of the handwritten Endorsement of that date is attached as **Appendix “D”**.

5. On December 12, 2014, the Receiver and Trustee brought a motion to correct a typographical error in the Order dated December 8, 2014 and for procedural consolidation of certain of the bankruptcy estates of the Companies and other administrative relief. The First Report of the Receiver and Trustee in that regard is attached (without appendices) as **Appendix “E”**. The Honourable Justice Newbould issued an Amended Order dated December 8, 2014 (the “**Appointment Order**”) and also issued an order dated December 12, 2014 in respect of the consolidation and administrative relief, copies of which are attached as **Appendix “F”** and **Appendix “G”**, respectively.

6. On December 23, 2014, the Receiver and Trustee brought a motion to (i) approve the Second and Third Report of the Interim Receiver and the activities of the Interim Receiver set out therein; (ii) approve the fees of the Interim Receiver and its counsel; (iii) discharge A. Farber & Partners Inc. as Interim Receiver; (iv) increase the borrowing power of the Receiver; and (v) establish a property claims process pertaining to the proprietary and secured claims against tangible personal property of the Companies. The Second Report of the Receiver and Trustee in that regard is attached (without appendices) as **Appendix “H”**. On December 23,

2014, the Honourable Justice Penny issued Orders discharging the Interim Receiver, increasing the Receiver's borrowing power and approving a property claims procedure process. These orders are attached as **Appendix "I", "J" and "K"**, respectively. A copy of the endorsement dated December 23, 2014 is attached as **Appendix "L"**.

PURPOSE OF THIS REPORT

7. This is the third report of the Receiver (the **"Third Report"**). Its purpose is to seek an order:

- a) approving the First, Second and Third Reports of the Receiver and the activities of the Receiver described therein;
- b) approving the agreement of purchase and sale dated February 8, 2015 entered into between the Receiver and 2450902 Ontario Limited (the **"Stalking Horse Offer"**) for the purpose of conducting the sales process described herein; and
- c) approving the Sales Process described in this Report, the Sales Process Terms (as defined below) and in the draft Order sought.

LIMITATION OF REVIEW

8. A. Farber & Partners Inc. in its capacity as Receiver has relied upon the financial records and information provided by the Companies, as well as other information supplied by management, appraisers, accountants, auditors and advisors, and has not, except as specifically noted in this Third Report, audited, reviewed or otherwise attempted to verify the accuracy or completeness of the above information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook. It has prepared this Third Report for the sole use of the Court and of the other stakeholders in these proceedings.

A) OVERVIEW OF THE ASSETS AND BUSINESS OF THE COMPANIES

9. In order to better convey the activities of the Receiver and the considerations in favour of the Stalking Horse Offer, an explanation of the assets and business of the Companies is

required.

Marina business

10. The principal business of the Companies had been the operation of marinas at multiple locations, at which boats were stored (both in slips in the water and on land in the winter), maintained and serviced, and also bought and sold. To the knowledge of the Receiver, the sole operating entity among the Companies was Crate Marine Sales Limited (“**CMS**”). Some of the boat sales operations were done by CMS as purchaser or vendor (and in many cases in both capacities due to trade-ins of boats being accepted from purchasers), and in other cases CMS acted like a broker in selling or purchasing boats on behalf of third parties.

11. The corporate relationships among the Companies are set out in the organizational chart prepared by the Companies prior to these proceedings, a copy of which is attached as **Appendix “M”**. The Companies other than CMS either owned land used in the marina operations (primarily at Keswick), or owned other of the Companies as set out in the organization chart attached as Appendix “M”.

Marina locations

12. The locations of the marina operations of the Companies prior to these proceedings were the following:

- a) Keswick, Ontario, on Lake Simcoe;
- b) Willow Beach, Ontario, on Lake Simcoe;
- c) Lagoon City, Ontario, on Lake Simcoe;
- d) Port McNicholl, Ontario, on Georgian Bay;
- e) Port Credit, Ontario, on Lake Ontario; and
- f) Saint.-Paul-de-L’Ile-aux-Noix, Quebec, on the Richelieu River north of Lake Champlain.

13. The marina locations other than at Keswick are leased.

14. The Port McNicholl location appears to have been abandoned prior to the appointment of the Receiver. There is no active business there, and the only significant asset of note is a

travellift, which appears to be leased. A property proof of claim in the amount of \$324,000 has been filed by the equipment lessor. The Receiver believes that there is no equity in the equipment lease. The state of the lease with the landlord is not known.

15. The Willow Beach location is leased from 2192422 Ontario Inc. (“**219**”), which is a company that is owned 50% by 1382416 Ontario Ltd. (one of the Companies) and 50% by Dwight Powell Investments Inc. (“**DPII**”), who along with Dwight Powell is a creditor of the Companies. That lease appears to be in good standing as of the appointment of the Receiver.

16. The Lagoon City location is leased from 2124915 Ontario Inc., which is an arm’s length landlord under the management of Talisker Corporation. It appears that there were long-standing arrears of rent at this location prior to the appointment of the Receiver. The lease expires by its terms on April 30, 2015, and the landlord has advised that it has leased the premises to a third party (Pride Marine Group) commencing May 1.

17. The premises used for the Keswick marina operations are owned by a combination of the Companies and individuals related to the Companies. Attached as **Appendix “N”** is a chart listing the lands by municipal address, Land Titles PIN, and registered owner. Attached as **Appendix “O”** is a map that graphically depicts the information set out in the chart, with the colours corresponding to the colours also listed in the chart.

Non-marina business

18. In addition to the marina business and landholdings as noted above, the Receiver has identified that the Companies had interests in other businesses or ventures, as follows:

- a) CMS appears to have provided all funds necessary to acquire and service the lands registered in the names of members of the Crate family in the vicinity of the Keswick marina location, as depicted in Appendices “N” and “O” (the “**Adjacent Properties**”), which funds were recorded on the books of CMS as either expenses against income or notional advances to shareholders;
- b) CMS appears to have similarly provided all funds necessary to acquire and service the property at 14 Highland Ave. in Belleville, apparently as a residence for Ryan Crate who was managing the marina at Belleville that was owned by Crate Belleville Inc., and in whose name that property is registered;

- c) CMS appears to have loaned funds to Crate Belleville Inc. to start up and operate a marina at Belleville, Ontario; and
- d) CMS appears to have provided funds in respect of loans or equity contributed by 1800239 Ontario Limited, which appears to be owned by Steven Crate, Greg Crate and Lynn Marko, for the franchise, land and construction of the Boston Pizza restaurant on the Queensway in Keswick, the full particulars of which are not yet known.

B) THE RECEIVER'S ACTIVITIES SINCE APPOINTMENT

Taking Possession

19. After the issuance of the Appointment Order, the Receiver took possession of the various Crate properties in Ontario (Keswick, Lagoon City, Willow Beach and Port Credit) and Quebec (Saint- Paul de- L'Ile-aux-Noix) and secured ongoing utility, insurance and other services in the Receiver's name. The Receiver retained certain staff to assist in the ongoing security of the Keswick Facility.

20. The Receiver contacted the insurer to arrange ongoing coverage, review the adequacy of the pre-existing coverage, and have the Receiver added as a named insured.

21. The Receiver contacted the Quebec landlord for the off-site storage facility where a number of the Quebec boats are stored. The Receiver also contacted Balsdon's Trucking in Pickering, Ontario, which is storing the 50' Marquis boat which is subject to litigation in the receivership. The Receiver has asked Balsdon's Trucking to retain this boat, which the Receiver intends to continue doing pending either agreement by the competing secured creditors or adjudication by the court as to entitlement to the boat or its proceeds.

22. The Receiver entered into discussions with the landlords of the Willow Beach and Lagoon City properties regarding issues and possible arrangements or agreements that may be reached to enhance administration of the estates of the Companies. As noted above, the Lagoon City landlord has leased that location to a new tenant when the current lease ends on April 30, 2015. The attempted negotiations with this landlord were ultimately unsuccessful as the landlord proceeded to enter into that new lease before continuing suggested discussions with the Receiver. Discussions with this landlord are ongoing regarding the resolution of outstanding issues as between the landlord and the Receiver on behalf of the Companies.

Third Party Property

23. The Companies were storing approximately 700 customer-owned boats and about 40 boats owned by CMS. The Receiver retained certain staff to prepare listings of the boats. The process has been difficult as the Companies' records did not include a comprehensive list of boats in storage. Further, the boats had been shrink-wrapped for winter storage so tracing a boat in the yard to an entry on the boat listings has been difficult. These boats are discussed in more detail below.

Employees

24. Subject to claims under s. 81.4 of the BIA, the Receiver paid the employees' arrears and arranged for final T4's and records of employment for all the employees

25. The Receiver prepared and submitted the employee data to Service Canada and the employees to facilitate the employee claims under the *Wage Earners' Protection Program Act*.

26. The Receiver retained certain staff to assist with, among other matters: (i) the statutory reporting duties of the Receiver, (ii) updating accounting records to provide updated accounts needed for the realization of the accounts receivable, (iii) dealing with customer calls on ongoing receivership issues and collection efforts for accounts receivable, (iv) winterization of the final boats not yet winterized as at December 8, 2014, (v) preparing listings of the Companies' boats and customers' boats, and (vi) invoices customers for unbilled items as of the date of the Appointment Order as well as for matters arising after the Appointment Order.

Communications

27. The Receiver issued its Notice of Receivership and Receiver's Statement pursuant to s. 245(1) and s. 246(1) of the BIA.

28. The Receiver posted notice of its appointment on the doors of the premises occupied by the Companies. As well notices of the appointment and copies of the various materials filed with the Court and the Court orders were posted on the Receiver's website. The Receiver also posted its information circular addressing common questions from the various

stakeholders and boat owners. The Receiver continues to maintain the website and update it with ongoing documents and information updates on the receivership and bankruptcy proceedings.

29. The Receiver has spent considerable time speaking, corresponding and emailing with the boat owners on numerous topics including the status of the receivership, the bankruptcy, the status and winterization of their boats in storage, the impact on owners who pre-paid 2015 slip rentals, insurance, the Proof of Property Claim Process (as defined below), and the likelihood of operations next season.

Company Assets

Cash on Hand

30. CMS had seven bank accounts with three different banks. The Receiver contacted the various banks to close the accounts and arrange for the funds on hand to be transferred to the Receiver's account. The accounts, except for CMS' main chequing account at Bank of Montreal with a nominal value, have been closed. The Receiver received \$45,832.00 net of the refunded \$2,000.00 deposit which was received after the appointment of the Proposal Trustee and was still on hand as at the date of the receivership and bankruptcy.

31. The Receiver considered leaving the accounts open so customers could pay accounts receivable by credit card; however, the Receiver was concerned about potential chargebacks by Moneris Inc., the credit card processor, if customers filed claims for refunds of prepaid 2015 slip rentals and other potential payments. As of January 23, 2015 Moneris Inc. advised that they have over \$350,000.00 of chargebacks and will be amending their unsecured proof of claim accordingly.

Accounts Receivable

32. The Interim Receiver's Supplementary Report to its Second Report reported on the difficulties in reconciling and assessing the accounts receivable. The Interim Receiver's estimated re-stated accounts receivable were approximately \$889,000.00 of which \$586,648.00 were estimated as collectible. The Receiver has sent letters to all the customers and retained former CMS staff to follow up on the outstanding balances. To February 4,

2015, only \$40,263.00 has been collected, which means that all other funding required to administer the Companies and the receiverships and estates in bankruptcy has come from Receiver's borrowing.

33. Many customers are claiming offsets for the amounts they prepaid for 2015 slip rentals and other reasons. In addition, many customers are having pre-filing amounts paid by credit card reversed. Some of the reversals relate to post-filing services such as 2015 slip rentals; however, other reversals are for services provided by CMS (i.e. service and winterization) and/or provided by the Receiver (i.e. winter storage). The Receiver is adjusting accounts receivable balances accordingly for chargeback amounts reported by Moneris Inc. The Receiver anticipates that, to the extent that the amounts in the accounts received are legitimate, payment may be enhanced when the 2015 boating season starts, which will be the time when customers require further services from the marinas or seek to retrieve their boats or other property.

Boat Inventory owned by CMS

34. In the Supplementary Report to the Second Report of the Interim Receiver dated December 4, 2014, the Interim Receiver reported at that time that it was unable to ascertain with certainty where each boat owned by CMS was located. While the shrink wrapping around the boats still poses challenges in identifying boats since serial numbers are in most instances covered, the Receiver has obtained maps of each of the marina properties in Keswick, Willow Beach and Lagoon City from staff of CMS along with the customer name, brand and location of each boat on the respective properties. . Boats owned by CMS are included on these maps and the Receiver has now had CMS staff verify where each specific inventory boat is located.

Parts Inventory

35. The Receiver has engaged former employees to update the accounting for the actual parts on-hand. The Receiver is advised that the parts and retail store inventory were physically counted on October 31, 2014 in anticipation of finalizing the year-end financial statements. The Receiver was advised that the inventory count sheets for certain of the parts

inventory went missing, reportedly just prior to the Receiver's appointment. The Receiver has arranged for its staff to recount the affected areas.

Equipment

36. The Receiver has compiled a list of the machinery, equipment and vehicles used in the various locations.

37. The Receiver is also tracking the location of equipment that was not on the premises, including a truck and trailer that were in Florida at the time of the receivership. The truck and trailer had been sent to Florida to pick up new boats in October 2014, but the supplier would not release the boats until they had been paid for. Ultimately, the boats were not paid for and the truck and trailer remain secured in the suppliers' yard in Florida pending further instructions from the Receiver.

38. The Receiver has also obtained an appraisal of the equipment, parts and boat inventories noted above from Hilco Asset Sales Canada ("**Hilco**") and Services FL ("**SFL**").

Books and Records

39. The Receiver has gone through the relevant portions of the information available in the Companies' books and records in order to fulfil its duties and obligations under the Appointment Order. The books and records were poorly maintained, and were stored on old computer hardware using old software making it difficult to manage and retrieve data. There were undisclosed (and hence unprocessed) transactions and it appears that certain books and records were removed just prior to the appointment of the Receiver.

40. Examples of undisclosed transactions include:

- i) the redirection of a \$42,000.00 commission due to CMS on the sale of a brokered boat to Mr. Steven Crate personally as described in the Third Report of the Interim Receiver;
- ii) the receipt of \$5,500.00 cash by Mr. Greg Crate from a customer for 2015 slip rental which was not recorded in the books and records; and
- iii) an offset granted to a customer with a large accounts receivable balance due to the Companies. The offset being claimed by the customer was

allegedly in exchange for a pool installed on a property held in the name of Mr. Greg Crate.

41. In addition, there appear to have been significant payments from the Companies' accounts for the benefit of related parties, the bases of which do not appear fully documented.

42. The Receiver is also reviewing the 2014 boat sales (sales from inventory and brokered boat sales) given the boat and payment issues identified in the various Interim Receiver's reports.

43. The Receiver and the Trustee continue their investigations into the affairs of the Companies, including contacting various accountants, consultants and lawyers that previously provided services to the Companies.

Adjacent Properties

44. The Receiver's review of the books and records indicated that CMS had financed most, if not all, of the purchase and maintenance of the Adjacent Properties. However, the properties were held in the name of the principals of the Companies and related parties. The Receiver also became aware that certain of these Adjacent Properties had been put up for sale by the registered owners.

45. On January 13, 2015, the Receiver filed a Notice of Application seeking various relief including certificates of pending litigation against the Adjacent Properties and an order vesting title to the Adjacent Properties in the Receiver. On January 14, 2015, the Receiver brought a motion to obtain a certificate of pending litigation against the Adjacent Properties, which was granted by the Honourable Mr. Justice Newbould that day. The Receiver had the certificate of pending litigation registered on title to the Adjacent Properties.

46. A copy of the Receiver's Notice of Application for the Adjacent Properties is attached as **Appendix "P"**. A copy of the Order of January 14, 2015 is attached as **Appendix "Q"**. A copy of the registered certificate of pending litigation is attached as **Appendix "R"**.

Belleville Property Registered in the Name of Ryan Gregory Crate

47. Upon a further review of the Companies' books and records, the Receiver discovered

a property at 14 Highland Ave. in Belleville, Ontario registered in the name of Ryan Gregory Crate, the son of one of the directors of the Companies, which also appears to have been financed by CMS. The property is listed for sale.

48. On January 30, 2015, the Receiver issued an application seeking various relief including a certificate of pending litigation against this property and an order vesting title to it in the Receiver. That day, the Receiver brought a motion for a certificate of pending litigation against the Belleville property, which was granted by the Honourable Mr. Justice Newbould. The Receiver has filed a certificate of pending litigation against the Belleville property.

49. A copy of the Receiver's Notice of Application in respect of this property is attached as **Appendix "S"**. A copy of the Order of January 30, 2015 is attached as **Appendix "T"**. A copy of the registered certificate of pending litigation is attached as **Appendix "U"**.

Possible amounts owing by former management

50. The Receiver continues to review the books and records of the Companies to determine whether there are amounts that may be owing by Steven Crate, Greg Crate and/or Lynn Marko as former management and directors of the Companies.

51. The Receiver has identified that loans of approximately \$1.8 million in total are outstanding to the estate of Lloyd Crate (deceased), Steven Crate, Greg Crate and Lynn Marko on the books of 1382415 Ontario Ltd., which appears to have been for certain amounts paid by CMS for the benefit of those individuals.

52. The Receiver is also reviewing allegations of cash or other payments made by third parties to individuals including Steven Crate, Greg Crate and Lynn Marko for services or materials acquired from CMS.

Third Party Assets

53. The Receiver reviewed the available books and records and, as set out in the Interim Receiver Reports and the Receiver's Second Report, the potential ownership claims of certain boats and other tangible personal property were uncertain. As a result, the Receiver and Trustee sought relief for a proposed property claims process as described in the Second Report

(the “**Proof of Property Process**”). The Proof of Property Process was approved by the order of the Honourable Mr. Justice Penny dated December 23, 2014 (the “**Property Claims Procedure Order**”). As noted above, a copy of the Property Claims Procedure Order is attached as Appendix “K”.

54. The Receiver complied with paragraph 8 (a) of the Property Claims Procedure Order by posting a proof of property claim document package on its website and sending a copy to each of the Known Claimants (as defined in the Property Claims Procedure Order) for which it had addresses.

55. Paragraph 8(b) of the Property Claims Procedure Order directed the Receiver to cause to be published, on two separate days on or before January 9, 2015, a notice of the claims process in each of a local Keswick newspaper and a Canadian national newspaper. The Receiver had the required notices published in the Globe & Mail on January 7 and January 9, 2015. The local papers were only published weekly, so the Receiver had the required notices published in the Georgina Advocate (Keswick), the Innisfil Journal, the Barrie Advance and Orillia Today on January 8 and 15, 2015.

56. The Receiver sent numerous proof of property packages to additional parties as the Receiver became aware of them or as additional addresses were located prior to January 30, 2015. Some further proof of property packages are still being requested and supplied. The majority of the Receiver’s communications with property claimants at this point are for updates on the process.

57. As of January 30, 2015, the Receiver has received approximately 700 claims. The deadline to submit a claim for the Proof of Property Process was January 30, 2015. The Receiver is conducting a detailed review of claims received prior to the deadline to assess which boats and other property may or may not have competing claims. The Receiver will provide in a subsequent report additional information on the status of the Proof of Property Process.

Sales Options

58. The Receiver reviewed the composition of the assets that were available for sale and

determined that the best realizations were likely from a sale of the business as an operating marina.

59. Furthermore, the value of the customer base to a potential operator would be more likely to be maintained if a sales process demonstrated that a new operator would soon be in place. This would give customers some comfort that an operator would run the marina business next season, and accordingly, the customers would be more likely to keep their business at the Companies' former premises. The value would be more likely maintained as well if the marina operations were sold early enough in 2015 so a new operator could contact customers before the boats started being taken out of winter storage in anticipation of the 2015 boating season. It is not clear that it would be financially or operationally prudent for the Receiver to attempt to operate the marina business itself in the 2015 boating season.

60. It is also possible that the Companies' real estate in the Keswick area (along with the interest, if any, of the Companies in the Adjacent Properties) will be of interest to real estate developers and the Receiver therefore intends as part of the Sales Process to make the purchase opportunity known to certain real estate developers.

61. The Receiver spent considerable time negotiating the Stalking Horse Offer (as described more fully below). This was a complicated process due to a number of factors including (i) there are multiple Companies with different real estate holdings and multiple cross-collateralized mortgages (ii) the uncertainty of potential claims on the CMS-owned boats (iii) the state of the books and records and (iv) the issues identified by the Receiver related to properties adjacent to the Keswick facility and other business activities of the Companies, as outlined above.

62. The Receiver was ultimately successful in obtaining the Stalking Horse Offer and has now finalized its proposed sales and marketing process to seek potential higher offers for the purchased assets in that agreement. The Sales Process and Stalking Horse Offer are discussed in more detail below.

Security review

63. Counsel for the Receiver has provided several security opinions to the Receiver, as

follows:

- a) a restated opinion subject to the normal assumptions and qualifications regarding the validity and enforceability of the charges registered against the lands owned by the Companies, including those granted to Crawmet, DPII and Dwight Powell and which would be assumed by the Purchaser under the Stalking Horse Offer discussed below, a copy of which is attached as **Appendix “V”**;
- b) a restated opinion subject to the normal assumptions and qualifications regarding the validity and enforceability of the charges registered against the Adjacent Properties, a copy of which is attached as **Appendix “W”**. Counsel has advised that in respect of 292 Wynhurst (one of the Adjacent Properties), which is registered in the name of Lynn Marko, the charge registered as instrument no. YR1670154 in the face amount of \$1,000,000.00 in favour of Romith Investments Limited does not create or convey any interest in such property as a result of a *Planning Act* contravention, and the same consideration may mean that this charge might not create convey any interest in respect of 200 Wynhurst;
- c) a restated opinion subject to the normal assumptions and qualifications and certain variances referred to regarding the validity, enforceability and perfection of the general security agreement granted by CMS in favour of Crawmet, a copy of which is attached as **Appendix “X”**; and
- d) an opinion subject to the normal assumptions and qualifications regarding the validity, enforceability and perfection of the security agreement granted by CMS in favour of Marquis Yachts, LLC a copy of which is attached as **Appendix “Y”**.

64. Insofar as there is a motion by Marquis Yachts, LLC and Northpoint Commercial Finance, LLC, as the assignee of its interest, regarding the 50’ yacht presently being held by Balsdon’s Trucking, and given that the Receiver has determined that both the personal property security granted in favour of Marquis Yachts and also in favour of Crawmet are valid and enforceable as against the Receiver (subject to the normal assumptions and qualifications), the Receiver takes no position on that motion. The Receiver notes, however, that Crawmet has recently filed materials suggesting that the boat may have been sold outright to CMS rather than financed, which, if established, could affect the Receiver’s position. As the priority issue between Marquis/Northpoint and Crawmet has already been brought before the Court, the Receiver has not reviewed that matter and expresses no opinion in that regard.

65. As noted in the opinion regarding the general security agreement granted by CMS in

favour of Crawmet, based on advice from Quebec counsel it would appear that since Crawmet has not effected a moveable security registration in Quebec, this general security agreement would not be effective against the Receiver and Trustee as far as the assets located in Quebec are concerned. Such assets in Quebec are, however, of modest value relative to the Purchase Price in the Stalking Horse Offer discussed below. In considering the Stalking Horse Offer, the Receiver has made an allowance for such non-effectiveness regarding the Quebec assets.

Other

Funding

66. The Receiver has issued two Receiver's Certificates to Crawmet for a total of \$1,000,000.00, as permitted by the December 23, 2014 Borrowing Order. The funds obtained were used for the ongoing costs of the receivership and the fees and expenses of the Interim Receiver and its counsel as approved in the December 23, 2014 Interim Receiver Discharge Order. Funds were also used for certain fees and disbursements of the Receiver and its counsel between the Appointment Order and December 31, 2014.

Bankruptcy

67. The Trustee has been administering the bankruptcy estates, including chairing the first meetings of creditors and first meetings of inspectors on January 20, 2015. The activities of the Trustee will be reported on separately as provided for in the BIA.

C) STALKING HORSE OFFER

68. The Stalking Horse Offer that has been negotiated and signed by the Receiver, subject to approval by this Court, is attached at **Appendix "Z"**.

69. The purchaser under the Stalking Horse Offer is 2450902 Ontario Limited (the "**Purchaser**"). The principals of the Purchaser are Benn-jay Spiegel and Dwight Powell, who are respectively principals of Crawmet and DPII, who are secured creditors of the Companies as described in the opinions of the Receiver's counsel referred to above and attached to this Third Report.

What is to be sold

70. The Stalking Horse Offer is for substantially all of the assets of the Companies. There are three main exclusions from the assets of the Companies that would be conveyed under the Stalking Horse Offer:

- a) cash on hand at closing;
- b) boats in the possession of the Companies for which there are, or were, boat slip leases or other bailment arrangements (the Receiver will bring a separate motion to the Court to deal with such boats after the Proof of Property Process has gone further); and
- c) anything that the Purchaser may choose to exclude from the assets that would otherwise be subject to the Stalking Horse Offer (but if so there are no adjustments to the purchase price) .

71. In addition to the assets of the Companies relating to the business they operated, the assets that will be sold under the Stalking Horse Offer include claims that the Companies, the Receiver or the Trustee may have, including the applications that the Receiver and Trustee have commenced regarding the Adjacent Properties and the property at 14 Highland Ave. in Belleville. Also included will be any claims that CMS or other of the Companies have in respect of the funds paid by CMS for the interest of 1800239 Ontario Limited in the Boston Pizza business, the amounts owing by Crate Belleville Inc. as well as any amounts that may be owing by individuals including the estate of Lloyd Crate, Steven Crate, Greg Crate and Lynn Marko, for reasons including the shareholder loans listed as outstanding to 1382415 Ontario Ltd..

72. The Trustee will bring its own motion for approval to sign the Stalking Horse Offer and will file a separate report in that regard.

The Purchase Price

73. The Purchase Price under the Stalking Horse Offer is set out in section 2.2 of the Stalking Horse Offer, but is essentially comprised of:

- a) the amounts owing under the mortgages granted to Crawmet, DPII and Dwight Powell, and all but \$1,000,000.00 of the amounts secured under the general security agreement and owing in favour of Crawmet, as more fully

set out in Schedule “E” to the Stalking Horse Offer (the “**Assumed Secured Debt**”), which the Purchaser will assume;

- b) cash for any and all amounts secured by the Receiver’s Charge and the Receiver’s Borrowings Charge at Closing;
- c) cash in an amount that the Receiver will estimate for the aggregate of the fees, expenses, and disbursements of the Receiver and the Trustee, and of their counsel for the period after Closing until their discharge, but if the amount of such fees, expenses and disbursements are less than the estimated amount then the Purchaser shall be paid the surplus;
- d) cash payments in the amounts of:
 - (i) Five Hundred and Fifty Thousand (\$550,000) Dollars in respect of the portion of the Lands, as defined in the Stalking Horse Offer, municipally known as 7 and 8 Mac Ave., Keswick and legally described in PIN 03475-0135 (LT) (in addition to the assumption by the Purchaser of the Assumed Secured Debt registered against title thereto), and
 - (ii) Seven Hundred and Ten Thousand (\$710,000) Dollars in respect of the portion of the Lands, as defined in the Stalking Horse Offer, municipally known as 210 Wynhurst Ave., Keswick and legally described in PINs 03475-1967 (LT) and 03475-1972 (LT);
- e) any and all other amounts and claims on account of realty tax arrears, utility arrears and source deductions, if any, which rank in priority to the mortgages in favour of Crawmet, DPII and Dwight Powell, or the Crawmet GSA or against the assets being purchased; and
- f) There are to be no adjustments to the Purchase Price in respect of any matter whatsoever.

74. The Receiver estimates that the Purchase Price as at March 31, 2015, assuming that is the Closing Date, will be approximately \$25,951,784.00, made up as follows:

Description	Price
Assumed Secured Debt	\$22,973,033.00
Cash for the Receiver’s Borrowings Charge at Closing, inclusive of 12% interest	\$1,0029,752.00
Cash for Receiver’s Charge at Closing	\$1,000,000.00

Estimated fees, disbursements and expenses of the Receiver and Trustee and their counsel from Closing to discharge	\$300,000.00
Payment for 7/8 Mac Ave.	\$550,000.00
Payment for 210 Wynhurst Ave.	\$710,000.00
amounts and claims on account of realty tax arrears, utility arrears and source deductions ranking in priority to the Assumed Secured Debt	\$389,000.00
Total	\$25,951.784

75. The Receiver has been advised the Purchaser will provide the \$250,000.00 deposit within one business day of the acceptance by the Receiver of the Stalking Horse Offer as required by its terms. If that does not take place, the Receiver will provide a further report to the Court and the Service List prior to the return of the Receiver's motion.

Review of the credit bid portions of the purchase price

76. Since the Stalking Horse Offer is in large part comprised of a credit bid through the Assumed Secured Debt, the details of which are set out in Schedule "E" to the Stalking Horse Offer, the Receiver with the assistance of its counsel has conducted various due diligence to attempt to verify the amount of the Assumed Secured Debt in order to consider whether the credit at issue qualifies to make up part of the consideration of the Stalking Horse Offer and whether that offer is reasonable in comparison with the value of the assets to be sold.

77. As noted above, counsel for the Receiver has provided opinions subject to the normal assumptions and qualifications that the charges registered in favour of Crawmet, DPII and Dwight Powell are valid and enforceable as against the Receiver, as is the general security agreement in favour of Crawmet (except respecting assets in Quebec). The priority of the charges is addressed in the opinions, and the Receiver is not aware of any other secured creditor with a general security agreement.

78. The Receiver has reviewed the amount of the Assumed Secured Debt claimed by DPPII, Dwight Powell and Crawmet. Based upon a review of information and documentation provided by DPPII, Dwight Powell and Crawmet, the affidavits filed in the NOI proceedings, and also through a review of the books and records of the Companies, the Receiver has verified that, in the circumstances and subject to a number of discrepancies that the Receiver does not believe are material, those amounts are reasonably supportable.

79. In respect of facility “D” of Crawmet (see Schedule “E” to the Stalking Horse Offer), as was noted in the affidavit of Benn-Jay Spiegel sworn November 20, 2014, the advances under this facility were initially personally extended by Mr. Spiegel to CMS. The loans for the amounts so advanced were assigned by Mr. Spiegel to Crawmet by an assignment dated November 3, 2014. The Receiver believes that these amounts are supportable as part of the Assumed Secured Debt in reliance on the following:

- a) The definition of “obligations” in the general security agreement in favour of Crawmet includes all obligations, debts and liabilities of CMS to Crawmet, wheresoever and howsoever incurred and, among other things, “whether arising from dealings between [Crawmet] and [CMS] or from other dealings or proceedings by which [Crawmet] may be or become in any manner whatever a creditor, obligee or promisee of [CMS]”; and
- b) It appears that it was the contemporaneous intention of CMS and Crawmet that Crawmet loan these amounts. The general counsel of Crawmet, Allan Lyons, has provided the Receiver with an affidavit in which he stated that, among other things, CMS requested these loans from Crawmet on a basis that was stated to be urgent, and Crawmet agreed to provide them, but Mr. Spiegel temporarily issued personal cheques to CMS since the other signing officers of Crawmet were not available to sign cheques at the time that the advances were made.

Evaluation of the prudence of proceeding with the Stalking Horse Offer

80. The Receiver considers that value of the assets of the Companies is enhanced because the Stalking Horse Agreement (i) allows a mechanism to attempt to obtain *en bloc* offers and encourage further bids (without a break fee or payment of expenses of the Purchaser), and also (ii) provides assurances to customers of the Companies that there will likely be an operator in place for the marina locations in time for the 2015 boating season.

81. Since it is not known whether any Superior Bids, as defined in the Stalking Horse

Offer, will be made, the Receiver has considered the value being offered in the Stalking Horse Offer and concludes that it is appropriate value for the assets being purchased taking into account:

- a) the value of the properties owned by the Companies as set out in the appraisals conducted by the Companies before the NOI litigation and for the stated purpose of financing, which was sealed in the NOI litigation and is attached as **Confidential Appendix “A”**;
- b) the value of the properties referred to in (a) were likely optimistic and also reflect (by their terms) an orderly sales process rather than a distressed or forced sales process of the sort that the Receiver would implement but for the Stalking Horse Offer;
- c) there would be sale costs consisting of real estate commissions estimated to be in the range of 5% commission and lawyers’ fees and other closing costs for the properties referred to in (a);
- d) the value of inventory (boats), parts, vehicles and equipment on the books and records of CMS is overstated as compared to liquidation estimates provided by Hilco and SFL;
- e) there is likely modest value for goodwill at best, given the adverse publicity and repeated instances of funds not being kept in trust and customers of the Companies having lost funds due to the actions of prior management;
- f) there is likely some value to the claims in respect of the Adjacent Properties and 14 Highland Ave. in Belleville, and the valuation of the Adjacent Properties was also included in Confidential Appendix “A” by the Companies when they commissioned it, but discounts are likely warranted for some litigation risk, expense of litigation and also the factors noted in items (b) and (c) above regarding adjustments as against appraised value (note that the valuation at Confidential Appendix “A” does not include 262 Queensway, which is one of the Adjacent Properties, but that was purchased on September 29, 2014 so the Receiver has considered its purchase price as an indication of value subject to adjustment);
- g) there is a wide range of potential value in respect of possible claims that CMS may have in respect of the funds it paid for 1800239 Ontario Limited’s interests in the Boston Pizza business, but this is subject to greater litigation risk given that the Receiver’s investigation is not yet complete, subject to adjustment for the cost of any proceeding, and subject to adjustment because the recovery of any debt owing or equity held is also not guaranteed;
- h) there is a wide range of potential value in respect of possible claims that the Companies may have against individuals, including the estate of Lloyd

Crate, Steven Crate, Greg Crate and Lynn Marko, for matters including the approximate \$1.8 million listed as owing to 1382415 Ontario Ltd., but this is again subject to greater litigation risk given that the Receiver's investigation is not yet complete, subject to adjustment for the cost of any proceeding, and subject to adjustment because the recovery of any debt owing or equity held is also not guaranteed (particularly in light of the stated intent of several creditors, including the registrations on title by Canada Revenue Agency to pursue the assets of Messrs. Crate and Ms. Marko); and

- i) there would be greater ongoing costs of the receivership if the Receiver were to sell the assets under an alternative forced sales process.

82. The Receiver has prepared a detailed analysis of the estimated ranges of the value of the assets being sold under the Stalking Horse Offer as compared to the value of the estimated Purchase Price under that offer, and has concluded that the Purchase Price in the Stalking Horse Offer is superior to the estimated ranges of recoverable value of the assets in a disposition through an alternative forced liquidation sales process. A copy of this analysis is attached as **Confidential Appendix "B"**.

Commentary on allocation of purchase price

83. The Receiver is cognizant that the allocation of the purchase price in the Stalking Horse Offer to the properties municipally known as 7/8 Mac Ave. and 210 Wynhurst Ave. in Keswick is likely to provide for less value than the charges registered against those properties by Cesaroni Management Limited ("**Cesaroni**"), Romith Investments Limited ("**Romith**") and Uplands Charitable Foundation ("**Uplands**").

84. The Receiver has been advised by the Purchaser that its investigations into the market value for those properties is considerably less than the value of the amounts owing under the charges in favour of Cesaroni, Romith and Uplands, and that the amounts allocated are what the Purchaser is prepared to pay in order to acquire those properties. The amounts offered are different than the appraisal information available to the Receiver as set out in Confidential Appendix "A".

85. The Receiver has reviewed the consideration being offered in the Stalking Horse Offer and the benefit of a mechanism to coherently market the assets being conveyed in it in a bidding process, and has concluded that the interests of the creditors and stakeholders of the

Companies on the whole is best served by accepting the Stalking Horse Offer.

86. Part of the Receiver's considerations in that regard are that it is the Receiver's understanding that the amounts owing by the Companies to Cesaroni and Romith are also secured against some or all of the lands municipally known as 200 and 292 Wynhurst and registered in the name of Lynn Marko, such that the likelihood of repayment of those amounts is reasonable having regard to the values given to those lands in Confidential Appendix "A".

87. The position of Cesaroni, Romith and Uplands on the Stalking Horse Offer and the Receiver's motion is not yet known, but will be developed in discussions among counsel prior to the return of the motion.

88. The Receiver is also cognizant that the allocation of the Purchase Price in the Stalking Horse Offer will yield no recovery allocable to the Quebec assets of the Companies, yet the Assumed Secured Debt appears to have no enforceable security against those assets. The Receiver believes that the Stalking Horse Offer nonetheless is supportable and commercially reasonable having regard to:

- a) the relative value of the Quebec assets (as set out in Confidential Appendix "B"), both in terms of cost value on the books and records of the Companies, and also in terms of fair market and forced sale values as reported by Hilco and SFL, as compared to the overall consideration offered in the Stalking Horse Offer; and
- b) the realizable value of the Quebec assets is likely minimal (or even negative) having regard to the priority amounts payable such as the portion of the Receiver's Charge and Receiver's Borrowing Charge allocable to those assets.

D) PROPOSED SALES PROCESS

89. The sales process timeline that the Receiver has proposed has been designed to attempt to ensure that the process will be complete and a buyer of the assets in place for as soon as possible following the end of March. The Receiver has done so because the value in the assets would be more likely maintained if the marina operations were sold early enough in 2015 so that a new operator can contact customers before the boats start being taken out of

winter storage in anticipation of the 2015 boating season. It is not clear that it would be financially or operationally prudent for the Receiver to attempt to operate the marina business itself in the 2105 boating season

90. The proposed sales process is set out more fully in the draft Order attached as Schedule “A” to the Receiver’s Notice of Motion, including the sales process terms attached as Schedule “A” to that Order (collectively the “**Sales Process**”), but the following is a summary the Sales Process:

Description	Date
Order re: Stalking Horse and Sales Process	February 13, 2015
Receiver sends teaser letter to parties in the same industry as the Companies and to other potential purchasers identified by the Receiver	As soon as possible after February 13, 2015
Ads in the Globe & Mail (national edition)	February 23, 2015
Ads in in the Georgina Advocate, Barrie Advance, Innisfil Journal and Orillia Today	March 2, 2015
Superior Bids must be submitted to the Receiver	March 18, 2015 at 5:00pm (Toronto time)
If no Superior Bids	
motion for an Approval and Vesting Order for the Stalking Horse Offer	By March 27, 2015
Closing of the Stalking Horse Offer	By March 31, 2015
If one or more Superior Bids	
Receiver to send invitations to the Auction to all persons submitting Superior Bids and to the Stalking Horse Bidder	By March 20, 2015 at 3:00pm (Toronto time)
Auction at the offices of the Receiver	March 23, 2015 at 10:00 am (Toronto time)
motion for an Approval and Vesting Order for the Winning Bid	By April 1, 2015
Closing of the Winning Bid	By April 8, 2015

If the Winning Bid fails to close: Motion for Approval and Vesting Order for the Back-up Winning Bid and Closing of the Back-up Winning Bid	By April 20, 2015
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E) SEALING ORDER

91. The release of the information at Confidential Appendices “A” and “B” would be detrimental to the interests of the stakeholders of the Companies prior to the closing of a transaction under the Sales Process Terms. The release of that that information would also be prejudicial to the prosecution of the claims that the Companies may have as described in the Third Report, either by the Receiver or by a purchaser. The Receiver accordingly requests that these documents be sealed until further Order of the Court.

F) CONCLUSION

92. A. Farber & Partners Inc. in its capacities as Receiver and Trustee accordingly seeks the Order attached as Schedule “A” to its Notice of Motion.

All of which is respectfully submitted this 8th day of February, 2015.

**A. FARBER & PARTNERS INC.
COURT-APPOINTED RECEIVER OF CRATE MARINE SALES LIMITED, F.S.
CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO
LIMITED, 1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416
ONTARIO LTD.**



Per: Stuart Mitchell
Senior Vice President

TAB C

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is made as of the 8th day of February, 2015.

BETWEEN:

A. FARBER & PARTNERS INC.
in its capacity as Court-Appointed Receiver of
Crate Marine Sales Limited,
F. S. Crate & Sons Limited,
1330732 Ontario Limited,
1328559 Ontario Limited,
1282648 Ontario Limited,
1382415 Ontario Ltd., and
1382416 Ontario Ltd.,
and not in its personal capacity
(the "**Vendor**")

- and -

2450902 ONTARIO LIMITED
(the "**Purchaser**")

WHEREAS:

- A. Until December 8, 2014, Crate Marine Sales Limited ("**Crate Marine**") operated the Business at the Locations (as such terms are hereinafter defined);
- B. On November 14, 2014, Crate Marine, F. S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively, the "**Debtors**") filed Notices of Intention to Make a Proposal pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c.B-3;
- C. On December 8, 2014, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made an order (such order, as amended, the "**Appointment Order**"), *inter alia*: (i) appointing A. Farber & Partners Inc. ("**Farber**") receiver (the "**Receiver**") over the assets, undertakings and properties of the Debtors, acquired for, or used in relation to the Business, including all proceeds thereof; and (ii) appointing Farber as trustee in bankruptcy of the Debtors (the "**Trustee**");
- D. The Vendor will bring a motion for the Sales Process Order (as hereinafter defined) to authorize the Vendor to enter into this Agreement and conduct a sales process with respect to the Purchased Assets (as hereinafter defined); and
- E. The Purchaser has agreed to purchase from the Vendor, and the Vendor has agreed to sell to the Purchaser, the respective right, title and interest of the Debtors in and to the Purchased Assets on the terms and conditions set out herein.

NOW THEREFORE in consideration of the mutual covenants and agreements set forth in this Agreement and the sum of Two (\$2.00) Dollars now paid by each of the Vendor and Purchaser to the other and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties hereto covenant and agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 Definitions. The following terms will have the following meanings:

- (a) "**138**" means 1382416 Ontario Ltd.;
- (b) "**219**" means 2192422 Ontario Ltd.;
- (c) "**Acceptance Date**" means the date that this Agreement is executed by each of the parties hereto;

- (d) **"Additional Excluded Assets"** has the meaning ascribed thereto in Section 2.6 hereof;
- (e) **"Affiliate"** means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate;
- (f) **"Agreement"** means this agreement, as it may be supplemented, amended, restated or replaced from time to time by written agreement between the parties;
- (g) **"Assumed Contracts"** has the meaning ascribed thereto in Section 2.9 hereof;
- (h) **"Assumed Leases"** has the meaning ascribed thereto in Section 2.9 hereof;
- (i) **"Assumed Locations"** means those Locations described in Sections 1.1(II)(i)-(iii), inclusive, subject to the provisions of Sections 2.6 and/or 2.9 hereof;
- (j) **"Assumed Secured Debt"** has the meaning ascribed thereto in Section 2.2(a) hereof;
- (k) **"Auction"** has the meaning ascribed thereto in Section 6.1(b) hereof;
- (l) **"Authority"** means any governmental authority, body, agency, commission, board, bureau, or department, whether federal, provincial or municipal, having or claiming jurisdiction over the Lands, and **"Authorities"** means all such authorities, bodies, agencies, commissions, bureaus, departments and boards;
- (m) **"Bid Deadline"** has the meaning set out in Schedule "A" to the Sales Process Order;
- (n) **"Boat Slips"** means the boat slips forming part of the Locations;
- (o) **"Boat Slip Leases"** means the right, title and interest of the respective Debtors to all rental agreements, leases, agreements to lease, subleases, license agreements and occupancy or other agreements relating to the use of the Boat Slips;
- (p) **"Books and Records"** means all books, records, files and papers Related to the Business in the Vendor's possession or control;
- (q) **"Business"** means the operation collectively by the Debtors of a used and new boat and yacht dealership and the marinas from the Locations, including, without limitation, (i) lease of the Boat Slips, and (ii) provision of various services and facilities relating to the storage, servicing and maintenance of boats and yachts;
- (r) **"Business Day"** means any day that is not a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (s) **"Claims"** means the right, title and interest of the (i) respective Debtors to and in all past, present and future claims, suits, proceedings, liabilities, obligations, losses, damages, penalties, judgments, costs, expenses, fines, disbursements, legal fees on such basis as may be ordered by a court and other professional fees and disbursements, interest, demands, causes of action and actions of any nature or any kind whatsoever; (ii) respective Debtors, the Vendor and the Trustee to and in the proceeding commenced by the Vendor under Court File No. CV-15-10830-00CL; and (iii) respective Debtors, the Vendor and the Trustee to and in the proceeding commenced by the Vendor under Court File NO. CV-15-10849-00CL; and
- (t) **"Contracts"** means the right, title and interest of the respective Debtors to and in all pending and/or executory contracts, agreements, leases and arrangements Related to the Business to or by which any of the Debtors or any of the Purchased Assets or Business is bound or affected, other than the Leases;

- (u) **"Closing Date"** or **"Closing"** means the date which is three (3) Business Days immediately following the date upon which the Vesting Order is granted or such other date as the Vendor and the Purchaser shall mutually agree upon, but in no event later than March 31, 2015;
- (v) **"Crawmet Charges"** means collectively, the charges/mortgages of land as further described in Schedule "D" attached hereto;
- (w) **"Crawmet GSA"** means the general security agreement made by Crate Marine in favour of Crawmet Corp. dated as of the 22nd day of December, 2011;
- (x) **"Customer Boats"** means all boats in the possession of the Debtors or the Receiver that are or were subject to Boat Slip Leases or other bailment arrangements;
- (y) **"Deposit"** shall have the meaning ascribed thereto in Section 2.3(a) hereof;
- (z) **"DPII"** means Dwight Powell Investments Inc.;
- (aa) **"Ereg"** shall have the meaning ascribed thereto in Section 8.5 hereof;
- (bb) **"ETA"** means the *Excise Tax Act* (Canada);
- (cc) **"Equipment"** means the right, title and interest of the respective Debtors to all furniture, furnishings, equipment, chattels, vehicles and other tangible personal property of every nature and kind, which are owned by any Debtor and incorporated in, situate upon and/or used in connection with the Lands and/or the operation of the Business, including, without limitation, those items more particularly described on Schedule "B" attached hereto;
- (dd) **"Excluded Assets"** means collectively, the following:
 - (i) all cash on hand, certificates of deposit or similar instruments, including those in banks or other depositories in an account of the Vendor; and
 - (ii) any Additional Excluded Assets;
- (ee) **"HST"** means any harmonized sales tax or value added tax exigible or applicable in Ontario pursuant to the ETA as it may relate to the subject transaction;
- (ff) **"Intellectual Property"** means the right, title and interest of the respective Debtors in the following items Related to the Business:
 - (i) the business and trade names;
 - (ii) all copyrights and trade-marks (whether used with wares or services and including the goodwill attaching to such trade-marks), registrations and applications for trade-marks and copyrights; and
 - (iii) all rights and interests in and to all telephone numbers, websites, e-mail addresses and business styles;
- (gg) **"Inventory"** means the right, title and interest of the respective Debtors to all goods and supplies that are held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, Related to the Business, as of midnight on the night immediately prior to the Closing Date including without limitation those boats more particularly described in Schedule "F" attached hereto but, for greater certainty, shall not include Customer Boats;
- (hh) **"ITA"** means the *Income Tax Act* (Canada);

- (ii) **"Lands"** means the right, title and interest of the respective Debtors in those lands and premises more particularly described on Schedule "A" attached hereto;
- (jj) **"Leases"** means collectively, the Personal Property Leases, Boat Slip Leases and Real Property Leases;
- (kk) **"Licenses"** means the respective right, title and interest of the Debtors to all licenses, permits, filings, authorizations, approvals or indicia of authority Related to the Business or necessary for the conduct of the Business;
- (ll) **"Locations"** means collectively, the marinas and dealerships, to the extent applicable, operated by the Debtors at the following locations:
 - (i) 290 The Queensway South, Keswick, Ontario L4P 2B3;
 - (ii) 150 Laguna Parkway, Brechin, Ontario L0K 1B0;
 - (iii) 1354 Metro Road North, Willow Beach, Ontario L0E 1F0;
 - (iv) 1 Port St. East, Mississauga, Ontario L5G 4N1; and
 - (v) 951A Rue Principale, St.-Paul-Ile-Aux-Noix, Quebec J0J 1G0;
- (mm) **"Permitted Encumbrances"** means the encumbrances and other documents affecting title to the Lands, as described in Schedule "C" attached hereto, together with any valid and enforceable "purchase-money security interests" (as such term is defined in the *Personal Property Security Act* (Ontario)) and true leases in and to the Equipment and the Inventory having priority to the Crawmet GSA, other than any of the foregoing which have been barred pursuant to the Property Claims Procedure Order;
- (nn) **"Person"** is to be broadly interpreted and includes any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Authority or other entity however designated or constituted;
- (oo) **"Personal Property Leases"** means the right, title and interest of the respective Debtors to all chattel leases, equipment leases, rental agreements, conditional sales contracts and other similar agreements Related to the Business;
- (pp) **"Powell Charges"** means collectively, the charges/mortgages of land as further described in Schedule "D" attached hereto;
- (qq) **"Property Claims Procedure Order"** means the Order made by the Court on December 23, 2014 establishing a claims procedure for proprietary and secured claims in a boat or other tangible personal property in the possession of the Debtors or any other Person on behalf of the Debtors on or after the date of the Appointment Order;
- (rr) **"Purchase Price"** means the consideration payable by the Purchaser for the transfer of the respective right, title and interest of the Debtors to the Purchased Assets in accordance with Section 2.2 hereof;
- (ss) **"Purchased Assets"** means collectively, all assets, undertakings and properties of the Debtors, acquired for, or used in relation to the Business, including, without limitation, the following:
 - (i) the Lands;
 - (ii) the Equipment;
 - (iii) the Assumed Contracts, to the extent transferrable;

- (iv) the Assumed Leases, to the extent transferrable;
 - (v) the Licenses, to the extent transferrable;
 - (vi) the Inventory;
 - (vii) the Books and Records;
 - (viii) the Receivables;
 - (ix) the Intellectual Property, to the extent transferrable;
 - (x) the goodwill attaching to the Business, to the extent transferrable;
 - (xi) all warranties and guarantees Related to the Business, to the extent transferrable;
 - (xii) all riparian rights as may be required to permit access to and use of the Boat Slips and any gas docks forming part of the Assumed Locations;
 - (xiii) the Securities; and
 - (xiv) the Claims;
- but excluding the Excluded Assets;
- (tt) **"Purchaser's Solicitors"** means the firm of Chaitons LLP, Barristers and Solicitors, 5000 Yonge Street, 10th Floor, Toronto, Ontario M2N 7E9 (Attention: Harvey Chaiton) Telephone No. (416) 218-1129, Telecopier No. (416) 218-1849;
 - (uu) **"Real Property Leases"** means the right, title and interest of the respective Debtors to all leases, agreements, contracts and other similar agreements directly or indirectly, used in, arising from, or relating in any manner to the occupation by any of the Debtors of the Assumed Locations;
 - (vv) **"Receivables"** means the right, title and interest of the respective Debtors to all accounts receivable, bills receivable, trade accounts, book debts, insurance claims, loans made by any of the Debtors to any of their respective shareholders and/or any other Person(s), and choses-in-action, now or hereafter due or owing to any of the Debtors, Related to the Business together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits, attributable to the period prior to Closing;
 - (ww) **"Receiver's Certificate"** has the meaning ascribed thereto in Section 8.2 hereof;
 - (xx) **"Receiver's Charge"** has the meaning set out in the Appointment Order;
 - (yy) **"Receiver's Borrowings Charge"** has the meaning set out in the Appointment Order;
 - (zz) **"Related to the Business"** means, directly or indirectly, used in, arising from, or relating in any manner to the Business and/or the Purchased Assets;
 - (aaa) **"Requisition Period"** has the meaning ascribed thereto in Section 3.5 hereof;
 - (bbb) **"Rights"** has the meaning ascribed thereto in Section 9.12 hereof;
 - (ccc) **"Sales Process Order"** means an order to be sought from the Court upon terms acceptable to the parties hereto, each acting reasonably, that alone or in combination, among other things authorizes the Vendor to enter into this Agreement and to conduct a sales process for the right, title and interest of the respective Debtors to the Purchased Assets and Excluded Assets;

- (ddd) **"Secured Debt"** means any and all amounts secured by the Crawmet Charges, the Crawmet GSA and the Powell Charges, including any and all principal, interest, fees and other amounts as set out in Schedule "E" herein;
- (eee) **"Securities"** means all shares and securities held by any of the Debtors in the capital of any other corporations, including, without limitation, the shares owned by 138 in 219, as further described in Section 5.4(k) hereof and specifically excluding the shares held by any of the Debtors in the capital of any other of the Debtors;
- (fff) **"Stalking Horse Bid"** has the meaning ascribed thereto in Section 6.1(a) hereof;
- (ggg) **"Superior Bid(s)"** shall mean an all cash offer or offers by any Person(s) other than the Purchaser or its Affiliates to purchase all or any of the right, title and interest of the respective Debtors to the Purchased Assets, which has or in the aggregate have cash consideration at least Five Hundred Thousand (\$500,000) Dollars higher than the Purchase Price in this Stalking Horse Bid as determined pursuant to the Sales Process Order, provided that no offer(s) shall qualify as a Superior Bid unless it meets, among other things, the following minimum criteria:
 - (i) the offer(s) must be accompanied by a cash deposit which is at least equal to five (5%) percent of the purchase price or aggregate purchase prices offered therein;
 - (ii) the offer(s) must provide for the payout in full in cash of the Assumed Secured Debt on Closing;
 - (iii) the offer(s) must be irrevocable until April 10, 2015 and specify that the Closing shall take place prior to April 20, 2015;
 - (iv) the offer(s) must be on terms in the aggregate no less favourable and no more burdensome or conditional than the Stalking Horse Bid;
 - (v) except as provided in sub-clause (ii) above, the offer(s) must be substantially in the form of the Stalking Horse Bid, with any changes to the offer(s) black-lined against the Stalking Horse Bid;
 - (vi) the offer(s) must be supported by evidence in writing of (a) liquidity, or (b) committed financing from a lender and on terms and conditions (if any) satisfactory to the Vendor, in its sole discretion, in each case sufficient, in the sole discretion of the Vendor, to close a transaction within the timelines detailed in the Sales Process Order.
- (hhh) **"Taxes"** means all taxes, charges, fees, levies, imposts and other assessments, including all income, goods and services, value added, capital, capital gains, withholding, excise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax and any interest, fines and penalties, imposed by any Authority and whether disputed or not;
- (iii) **"Vendor's Deliveries"** shall have the meaning ascribed thereto in Section 2.8 hereof;
- (jjj) **"Vendor's Knowledge"** means to the best of the knowledge, information and belief of the Vendor, its officers, directors, employees, agents and representatives, in all instances, without independent verification;
- (kkk) **"Vendor's Solicitors"** means the firm of Goldman Sloan Nash & Haber LLP, Barristers and Solicitors, 480 University Avenue, Suite 1600, Toronto, Ontario M5G 1V2 (Attention: Michael B. Rotszain) Telephone No. (416) 597-7870, Telecopier No. (416) 597-3370;
- (lll) **"Vesting Order"** means an order to be sought from the Court vesting the Trustee's and the Debtors' respective right, title and interest in the Purchased Assets in the Purchaser or its permitted assignee; and
- (mmm) **"Winning Bidder"** has the meaning ascribed thereto in Section 6.1(b) hereof.

1.2 Schedules. The following are the Schedules attached to this Agreement:

Schedule "A":	Description of the Lands
Schedule "B":	Equipment
Schedule "C":	Permitted Encumbrances
Schedule "D":	Description of the Crawmet Charges and the Powell Charges
Schedule "E":	Secured Debt
Schedule "F":	Inventory of Boats

1.3 Interpretation. In and for the purpose of this Agreement, except as otherwise expressly provided:

- (a) "this Agreement" means this agreement as may from time to time be supplemented or amended, and includes the Schedules;
- (b) all references in this Agreement to designated Articles, Sections, subsections, paragraphs, clauses or Schedules are to the designated Articles, Sections, subsections, paragraphs, clauses or Schedules of or attached to this Agreement;
- (c) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, subsection, paragraph or clause;
- (d) the headings are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (e) the singular of any term includes the plural, and vice versa, the use of any term is generally applicable to any gender and where applicable, a body corporate, the word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto); and
- (f) all dollar amounts referred to in this Agreement are stated in Canadian Dollars and any payment contemplated by this Agreement shall be made by cash, certified cheque, wire transfer or any other method that provides immediately available funds.

1.4 Governing Law. This Agreement will be governed by and interpreted, and the rights and remedies of the parties hereto determined, in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereto hereby agree and attorn to the jurisdiction of the Court.

ARTICLE 2 – TRANSFER, PURCHASE PRICE AND PAYMENT

2.1 Agreement. The Purchaser hereby agrees to purchase the Purchased Assets from the Vendor and the Vendor hereby agrees to sell the Purchased Assets to the Purchaser, subject to the terms and conditions set forth herein.

2.2 Purchase Price. The purchase price payable by the Purchaser to the Vendor (or as it may otherwise direct) for the Purchased Assets shall be equal to the aggregate of the following (the "**Purchase Price**"), which amounts shall be adjusted as of the Closing Date in accordance with the provisions hereof:

- (a) the Secured Debt less the sum of One Million (\$1,000,000) Dollars in respect of amounts secured by the Crawmet GSA (the "**Assumed Secured Debt**");
- (b) any and all amounts secured by the Receiver's Charge and the Receiver's Borrowings Charge at Closing;
- (c) the amount estimated by the Receiver to be the aggregate fees, disbursements and expenses of the Receiver and the Trustee, and of their Counsel, including without limitation the fees, disbursements and expenses for the matters described in Section 2.11(e), for the period from and after Closing to the discharges of the Receiver and the Trustee respectively. Should the aggregate of such fee and disbursements be less than the amount so paid, any surplus shall be refunded to the

Purchaser no later than thirty (30) days after the later of the date of discharge of the Receiver and the date of the discharge of the Trustee.

- (d) the additional sum of (i) Five Hundred and Fifty Thousand (\$550,000) Dollars in respect of the portion of the Lands legally described in PIN 03475-0135 (LT) (in addition to the assumption by the Purchaser of the Assumed Secured Debt registered against title thereto), and (ii) Seven Hundred and Ten Thousand (\$710,000) Dollars in respect of the portion of the Lands legally described in PINs 03475-1967 (LT) and 03475-1972 (LT); and
- (e) any and all other amounts and claims on account of realty tax arrears, utility arrears and source deductions, if any, which rank in priority to the Crawmet Charges, the Crawmet GSA and/or the Powell Charges on or against the Purchased Assets.

2.3 Payment of Purchase Price. The Purchaser shall satisfy the Purchase Price as follows:

- (a) by payment to the Vendor, in Trust, within one (1) Business Day following the Acceptance Date, a sum equal to Two Hundred and Fifty Thousand (\$250,000) Dollars in lawful money of Canada (the "**Deposit**") by way of a certified cheque drawn on a solicitor's trust account from a Canadian chartered bank (a "**Bank**") listed in Schedule 1 to the Bank Act (Canada) (a "**Certified Cheque**"), wire transfer using the Large Value Transfer System administered by the Canadian Payments Association (a "**Wire Transfer**"), or bank draft drawn on a Bank purchased by the Purchaser's solicitor (a "**Bank Draft**"), to be credited against the Purchase Price on Closing;
- (b) by the assumption of the Assumed Secured Debt on Closing, to be credited against the Purchase Price, accompanied by releases and discharges from Crawmet Corp., DPII, and Dwight Powell of the Debtors of and from the Assumed Secured Debt; and
- (c) the balance of the Purchase Price for the Purchased Assets by payment of such amount to the Vendor or as the Vendor may direct on the Closing Date by Certified Cheque, Wire Transfer or Bank Draft.

2.4 Allocation of Purchase Price. The Vendor and the Purchaser hereby acknowledge and agree that the Purchase Price shall be allocated amongst the Purchased Assets as the parties hereto may mutually agree prior to Closing, each acting reasonably, failing which, such determination shall be made by the Court or as otherwise may be directed by the Court, as submitted by either party hereto. The Purchaser and the Vendor shall follow such allocations in determining and reporting their liabilities for any Taxes and without limitation, shall file their respective income tax returns prepared in accordance with such allocations. Provided that nothing herein shall require the Vendor or the Trustee to file any income tax returns that it is not otherwise required to file.

2.5 Deposit. The Deposit shall be held by the Vendor without interest and shall be:

- (a) credited to the Purchaser against the Purchase Price on the Closing Date if the purchase and sale of the Purchased Assets is completed pursuant to this Agreement; or
- (b) refunded to the Purchaser without deduction if the purchase and sale of the Purchased Assets is not completed pursuant to this Agreement, provided that the Purchaser is not in default under this Agreement, which refund shall be accepted by the Purchaser in full satisfaction of all damages, losses, costs and expenses incurred by the Purchaser as a result of such non-completion; or
- (c) retained by the Vendor as liquidated damages, if the purchase and sale of the Purchased Assets is otherwise not completed pursuant to this Agreement, as a result of the Purchaser's breach hereunder, without prejudice to any other rights and remedies it may have under this Agreement or at law or in equity as a result of such non-completion.

2.6 Additional Excluded Assets. Save and except as otherwise expressly set out herein, the Purchaser may, at its option, exclude any of the Purchased Assets (the "**Additional Excluded Assets**") from the transaction contemplated hereby at any time prior to Closing upon delivery of prior written notice to the Vendor, whereupon such Additional Excluded Assets shall be deemed to form part of the Excluded Assets, provided, however, that there shall be no reduction in the Purchase Price as a result of such exclusion.

2.7 Capacity of Vendor. The Vendor is entering into this Agreement solely in its capacity as receiver of the assets, undertakings and properties of Debtors and not in its personal or any other capacity and the Vendor and its agents, officers, directors and employees will have no personal or corporate liability under or as a result of this Agreement, or otherwise in connection herewith. Any claim against the Vendor shall be limited to and only enforceable against the property and assets then held by or available to it in its said capacity as receiver of the assets, undertakings and properties of the Debtors and shall not apply to its personal property and assets held by it in any other capacity. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Purchased Assets. Provided that notwithstanding the foregoing and/or anything contained herein to the contrary, the Vendor hereby acknowledges and agrees that in the event that the Trustee's participation and/or assistance is required in order to fulfil the obligations of the Vendor hereunder and/or otherwise transfer any of the Purchased Assets to the Purchaser in accordance with the terms and conditions hereof, the Trustee shall provide such participation and/or assistance to the extent required, subject to obtaining such inspector and/or Court approval as may be required, and provided that the Purchaser shall first fund all costs and expenses and all payments to third parties and other amounts required to be paid or expended in connection with such participation and/or assistance.

2.8 Deliveries. The Vendor hereby covenants and agrees, commencing five (5) Business Days following the Acceptance Date, to provide access to the Purchaser during regular business hours on Business Days, to such of the following materials (collectively, the "**Vendor's Deliveries**") as may be in its possession, for the purposes of review by the Purchaser and, if desired, making photocopies or scanned copies at the Purchaser's expense:

- (a) **Survey:** copy of any plans of survey of the Lands, whether or not showing the location of all buildings situate thereon and easements;
- (b) **Contracts:** copies of the Contracts;
- (c) **Leases:** copies of the Leases;
- (d) **Licenses:** copies of the Licenses;
- (e) **Authorizations:** signed authorizations for off-title investigations, provided that such authorizations expressly prohibit any inspections to be conducted by any Authority in respect of the Purchased Assets;
- (f) **Other:** any other documentation and/or information in the possession of the Vendor pertaining to the Purchased Assets and/or the Business which the Purchaser may reasonably request.

The Purchaser acknowledges that the Vendor makes no representation and/or warranty as to the accuracy, completeness, correctness, fitness for purpose or comprehensiveness of the Vendor's Deliveries, and any information contained therein, or as to the Purchaser's entitlement to use or rely on same, and that the Purchaser shall be required to make its own investigations to satisfy itself in this regard.

2.9 Assumed Contracts and Assumed Leases. Save and except as hereinafter set out, the Purchaser shall give notice to the Vendor in writing, at least five (5) Business Days prior to the Closing Date, of those Contracts and Leases that it elects to assume on Closing (which Contracts and Leases shall be referred to as the "**Assumed Contracts**" and the "**Assumed Leases**", respectively). This Agreement and any document delivered under this Agreement will not constitute an assignment or an attempted assignment of any Contract and/or Lease contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Contract and/or Lease, in which event, the provisions of Section 9.12 hereof shall govern.

2.10 Assumed Obligations. On Closing, the Purchaser shall assume and become liable for, and shall pay, satisfy, assume, discharge, observe, perform and fulfill, as applicable, the Assumed Secured Debt, together with all obligations under the Assumed Contracts, the Assumed Leases and the Licenses to the extent attributable to the period from and after Closing. Save and except as hereinbefore set out in this Section 2.10 and as provided in Sections 2.2 (b) and (c), the Purchaser shall not assume or be obligated or responsible to pay, perform, satisfy or otherwise discharge any liabilities of the Vendor, or the Business, whether incurred prior to or subsequent to the Closing Date.

2.11 Property Claims Procedure Order Matters. The following provisions shall apply to the Customer Boats, Equipment and Inventory, which are subject to the Property Claims Procedure Order:

- (a) capitalized terms not otherwise defined in this Section shall have the meanings ascribed thereto in the Property Claims Procedure Order;
- (b) the Purchaser acknowledges that the Vendor has continuing duties, responsibilities, actions and roles under the Property Claims Procedure Order and that on Closing there may be (i) Customer Boats remaining at the Assumed Locations as a result of, among other things, Property Claims not having been asserted against such Customer Boats or final entitlement thereto not having been determined pursuant to the provisions of the Property Claims Procedure Order (collectively, the "Remaining Customer Boats"), (ii) Equipment and Inventory with respect to which Property Claims have not been barred pursuant to the provisions of the Property Claims Procedure Order (collectively the "Disputed Equipment and Inventory");
- (c) on Closing, the Vendor shall provide the Purchaser with listings of the Remaining Customer Boats and of the Disputed Equipment and Inventory, respectively;
- (d) there shall be no reduction of the Purchase Price in respect of any Disputed Equipment and Inventory;
- (e) after Closing, and for as long as is necessary for the Vendor to (i) complete the duties, responsibilities, actions and roles required of it by the Property Claims Procedure Order and by any other applicable order of the Court, and (ii) release or remove or arrange for the release or removal from the Assumed Locations of Remaining Customer Boats, the Purchaser shall at its expense cooperate with the Vendor in respect of, and facilitate, the foregoing. Without limiting the generality of the foregoing, for so long as is necessary as provided above, the Purchaser shall, at no charge to or consideration from the Vendor, but at the Vendor's risk, (aa) permit the Remaining Customer Boats to continue to remain at the Assumed Locations, (bb) permit the Vendor and its duly authorized agents to have access to the Assumed Locations to comply with the Property Claims Procedure Order and any other applicable order of the Court and to take all necessary actions to preserve, protect and insure the Remaining Customer Boats as would a prudent owner thereof, and (cc) permit the Remaining Customer Boats to be removed from the Assumed Locations by the Vendor and its duly authorized agents or by Persons who pursuant to the Property Claims Procedure Order and or any other applicable order of the Court are finally determined to be entitled thereto (collectively, the "Entitled Persons"), at times mutually acceptable to the Purchaser and to the Vendor or the Entitled Persons, as the case may be.

ARTICLE 3- COMPLETION, POSSESSION AND ADJUSTMENTS

3.1 Completion. The completion of the transaction contemplated by this Agreement will occur on the Closing Date, or such other date as may be agreed to in writing by the Vendor and the Purchaser, and the place of Closing will be the offices of the Vendor's Solicitors, or such other location as the parties may mutually agree upon.

3.2 Possession. The Purchaser may enter upon the Lands and take possession of the Purchased Assets immediately following Closing.

3.3 No Adjustments. There shall be no adjustments to the Purchase Price in respect of any matter whatsoever.

3.4 Risk. The Purchased Assets will be at the Vendor's risk until the Vendor's certificate (as contemplated by the Vesting Order) is delivered to the Purchaser's Solicitors on the Closing Date and thereafter at the Purchaser's risk. Pending completion, the Vendor will hold all insurance policies and any proceeds derived therefrom in trust for the parties as their respective interests may appear and in the event of loss or damage to the Purchased Assets occurring before such time by reason of fire, tempest, lightning, earthquake, flood or other act of God, explosion, riot, civil commotion, insurrection, war or otherwise howsoever, the amount of such insurance proceeds paid or payable to the Vendor with respect thereto will be applied in reduction of the Purchase Price and the transfer of the Purchased Assets to the Purchaser will proceed in the manner described herein and without any reduction or adjustment to the Purchase Price or any other change in the terms of this Agreement.

3.5 Requisition Period and Title Matters. Purchaser shall be allowed until 6:00 p.m. on the 27th day of February, 2015 (the "**Requisition Period**") to examine the title to the Lands at the Purchaser's own expense. Provided that the title to the Lands is good and free from all registered restrictions, charges, liens, and encumbrances except those to be removed from the Lands by the Vesting Order and except for the Permitted Encumbrances. If, on or before the expiration of the Requisition Period any valid objection to title is made in writing to the Vendor and which the Vendor is unable or unwilling to remove, remedy or satisfy and which the Purchaser will not waive, this Agreement not withstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and the Vendor shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, the Purchaser shall be conclusively deemed to have accepted Vendor's title to the Lands.

ARTICLE 4 – VENDOR'S REPRESENTATIONS AND WARRANTIES

4.1 Vendor's Representations and Warranties. The Vendor represents and warrants to the Purchaser as follows:

- (a) the Vendor is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation, and subject to the Vendor obtaining Sales Process Order and the Vesting Order, it has full power, authority and capacity to enter into this Agreement and to carry out the transactions contemplated herein; and
- (b) the Vendor is not a "non-resident" for the purposes of the ITA.

4.2 Survival of Representations and Warranties. The representations and warranties contained in Section 4.1 hereof or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing and, notwithstanding the Closing, shall continue in full force and effect for the benefit of the Purchaser, until the earlier of (i) the date of the Vendor's discharge as Receiver; and (ii) the expiry of a period of twelve (12) months from the Closing Date, after which time the Vendor shall be released from all obligations in respect of such representations and warranties except with respect to any claims asserted by the Purchaser in writing (setting out in reasonable detail the nature of the claim and the appropriate amount thereof) before the expiration of such period.

ARTICLE 5 – PURCHASER'S COVENANTS, REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

5.1 Purchaser's Covenants. The Purchaser covenants and agrees that it will effective on and after the Closing Date, assume and be fully responsible for:

- (i) all obligations which are to be observed or performed from and after completion of this transaction under the Permitted Encumbrances; and
- (ii) any other obligations and liabilities assumed by the Purchaser as provided for by this Agreement.

5.2 Purchaser's Representations and Warranties. The Purchaser hereby represents and warrants to the Vendor as follows, as applicable:

- (i) the Purchaser is and will be as of Closing, a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is duly qualified to purchase and own the

Purchased Assets and the Purchaser has full power, authority and capacity to enter into this Agreement and carry out the transaction contemplated herein;

- (ii) all necessary action on the part of the Purchaser has been taken to authorize and approve the execution and delivery of this Agreement and the completion of the transaction contemplated herein;
- (iii) no consent or approval of or registration, declaration or filing with any Authority is required for the execution or delivery of this Agreement by the Purchaser, the validity or enforceability of this Agreement against the Purchaser, or the performance by the Purchaser of any of its obligations hereunder;
- (iv) the Purchaser will be a "registrant" under Part IX of the ETA as of the Closing Date and will notify the Vendor of its registration number prior to such time, and the Purchaser shall indemnify the Vendor with respect to the amount of any HST exigible in respect of the transaction contemplated by this Agreement should the Purchaser not pay such amount on Closing; and
- (v) the Purchaser is not a non-Canadian for the purposes of the *Investment Canada Act* (Canada).

5.3 Survival of Representations and Warranties. The representations and warranties contained in Section 5.2 hereof or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing, and notwithstanding the Closing, shall continue in full force and effect for the benefit of the Vendor, for a period of twelve (12) months from the Closing Date, after which time the Purchaser shall be released from all obligations in respect of such representations and warranties except with respect to any claims asserted by the Vendor in writing (setting out in reasonable detail the nature of the claim and the appropriate amount thereof) before the expiration of such period.

5.4 Purchaser's Acknowledgements. Save as otherwise provided herein, the Purchaser hereby acknowledges and agrees as follows:

- (a) it is relying entirely upon its own investigations and inspections in entering into this Agreement and has satisfied itself with respect to such investigations and inspections;
- (b) there is no representation, warranty or condition, express or implied, statutory or otherwise, of any kind as to the Purchased Assets or any of the Debtors including, without limitation, that the present use or future intended use by the Purchaser of the Purchased Assets is or will be lawful or permitted, and/or relating in any way to the condition or state of repair of the Lands, the Equipment, and/or the Inventory or to title, outstanding liens or charges, description, fitness for purpose, merchantability, quantity, condition, defect (patent or latent), value, and/or quality thereof;
- (c) it is purchasing the Purchased Assets on an "as is, where is" basis including without limitation, outstanding work orders, stop work orders, deficiency notices, infractions, open permits, compliance requests, development fees, education levies imposts, lot levies, local improvements, sewer charges, zoning and building code violations and any outstanding requirements which have been or may be issued by any Authority, the structural integrity of the Lands, together with any other improvements on the Lands;
- (d) the Vendor shall have no liability or obligation with respect to the value, state, condition or extent of the Purchased Assets, whether or not the matter is within the Vendor's Knowledge and that pursuant to Property Claims Procedure Order dated December 23, 2014, Persons may assert proprietary or security interests in certain of the Purchased Assets which, if accepted by the Vendor and, with respect to Purchased Assets in which Crawmet Corp. is asserting a propriety or security interest, not disputed by Crawmet Corp., or otherwise determined to be valid, would result in the Persons being entitled to the relevant Purchased Assets;
- (e) the Vendor has made no representations or warranties with respect to or in any way related to the Lands, including without limitation, the following:

- (i) the conformity of the Lands to past, current or future applicable zoning or building code requirements;
- (ii) the existence of soil instability, past soil repairs, soil additions or conditions of soil fill;
- (iii) the sufficiency of any drainage;
- (iv) whether the Lands is located wholly or partially in a flood plain or a flood hazard boundary or similar area;
- (v) the existence or non-existence of underground storage tanks;
- (vi) the presence or absence of toxic wastes, hazardous materials or contaminants in, on or about the Lands or any other environmental issue or condition;
- (vii) any other matter affecting the stability or integrity of the Lands;
- (viii) the availability of public utilities and services for the Lands; and/or
- (ix) the existence of zoning or building entitlements affecting the Lands;
- (f) any information provided by the Vendor describing the Purchased Assets has been prepared solely for the convenience of prospective purchasers and is not warranted to be complete or accurate or correct and none of such information forms a part of this Agreement;
- (g) no adjustment shall be allowed to the Purchaser for changes to the Purchased Assets from the Acceptance Date to the Closing Date;
- (h) the Vendor shall not be required to furnish or produce any document, record, survey or evidence of title with respect to the Purchased Assets, except those in its possession;
- (i) the description of the Lands is believed by the Vendor to be correct, but if any misstatement, error or omission is found in the particulars thereof, this Agreement shall not be rendered null and void and the Purchaser shall not be entitled to an abatement in the Purchase Price;
- (j) it is understood that the tenants named in the Real Property Lease for the Marina in Brechin, Ontario, the term of which expires on April 30, 2015, are "Steve Crate and Greg Crate, in trust, for a company to be incorporated under the name 'Crates Lagoon City Marine Inc' or a similar name", the landlord under such Real Property Lease is seeking an order from the Court, among other things, excluding the leased premises from the receivership of the Debtors and precluding the removal of any assets or equipment from the premises in the absence of proof of ownership of that asset by one of the Debtors and the landlord has advised the Vendor that it has entered into a lease relationship with Pride Marine Group which is to commence after the expiry of the present Real Property Lease term; and
- (k) it is understood that the lands on which the Willow Beach Marina is located are owned by 219, whose shareholders appear to be 138, as to 50%, and DP11, as to 50%, and the shares of 219 owned by 138 may be encumbered by a share pledge or other security in favour of DP11 and/or Dwight Powell. 219 may be the owner of the equipment, inventory and other personal property on the Willow Beach Marina premises. The tenant named in a lease letter of intent (which may apply to the Willow Beach Marina) from DP11 (unsigned by it) addressed to Powell Contracting Limited, is "Crates Willow Beach", apparently an unincorporated operating division of 138, which appears to have signed the lease letter of intent;
- (l) the Vendor has no knowledge as to whether physical share certificates for any of the Securities may be available and/or in the possession of the Debtors;
- (m) the Vendor has no knowledge other than as set out above in this Section 5.4(k) as to whether or not the Securities have been pledged or encumbered in favour of a third party, or whether the same may be the subject of any control agreement.

The Purchaser further acknowledges that the Vendor is selling the Purchased Assets on an "as is, where is" basis as they exist on the Closing Date and that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted or will have conducted prior to Closing such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply to this transaction of purchase and sale and have been waived by the Purchaser.

ARTICLE 6 – SALE PROCESS AND CONDITIONS OF CLOSING

6.1 Sale Process.

- (a) The Vendor shall bring a motion for the Sales Process Order on or before February 13, 2015. The Sales Process Order shall recognize the Purchase Price as a baseline or "stalking horse bid" (the "**Stalking Horse Bid**"), and shall also provide for a marketing process of the Purchased Assets by the Vendor with the potential for competitive bidding, to be administered by the Vendor. The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a Superior Bid can be obtained for the Purchased Assets.
- (b) In the event that one or more Persons submit a Superior Bid on or before the Bid Deadline, an auction of the Purchased Assets shall be held within three (3) Business Days of the Bid Deadline (the "**Auction**"). The Auction will be conducted in accordance with the process set forth in the Sales Process Order. Upon the completion of the Auction, there shall be a binding agreement of purchase and sale between the winner of the Auction (the "**Winning Bidder**") and the Vendor. The Vendor shall make a motion to the Court, within seven (7) Business Days following the Auction, for an order approving the agreement reached with the Winning Bidder and to vest the Purchased Assets in the Winning Bidder and, if granted, shall proceed with closing the transaction forthwith.
- (c) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Winning Bidder, then upon the making of the order by the Court contemplated in subsection 6.1(b) above, the Deposit shall immediately be released from trust and paid to the Purchaser. If no Superior Bid(s) is received by the Bid Deadline, the Vendor shall bring a motion to the Court to obtain the Vesting Order and, if granted, shall proceed with completing the transaction contemplated hereby forthwith.

6.2 Purchaser's Conditions. The Purchaser shall not be obliged to complete the transaction contemplated hereunder unless, on or before the Closing Date, the Purchaser becomes the Winning Bidder and all of the terms, covenants and agreements set forth in this Agreement to be complied with or performed by the Vendor on or before the Closing Date shall have been complied with or performed by the Vendor, and all representations and warranties of the Vendor are true and correct as of the Closing Date as though made on and as of that date.

6.3 Vendor's Conditions. The Vendor shall not be obliged to complete the transaction contemplated hereunder unless, on or before the Closing Date, the following conditions shall have been satisfied:

- (a) all of the terms, covenants and agreements set forth in this Agreement to be complied with or performed by the Purchaser on or before the Closing Date shall have been complied with or performed by the Purchaser, and all representations and warranties of the Purchaser are true and correct as of the Closing Date as though made on and as of that date;
- (b) the Purchaser becomes the Winning Bidder;
- (c) the making of the Vesting Order by the Court approving the sale by the Vendor to the Purchaser of the Purchased Assets in accordance with this Agreement and vesting the Trustee's and the Debtors' respective right, title and interest therein in the Purchaser, free and clear of any claims, save and except for the Permitted Encumbrances;
- (d) the Vesting Order shall not have been stayed, set aside or varied in any material respect; and

- (e) no stay shall be effective in respect of the Closing nor any order restraining or prohibiting Closing shall have been made by the Court.

6.4 Court Approval. The Purchaser hereby further acknowledges and agrees that this Agreement and the contemplated sale of the Purchased Assets are subject to the condition (not capable of waiver) that prior to Closing the Vendor shall have obtained the Vesting Order from the Court. The Vendor shall diligently pursue such application or applications and shall promptly notify the Purchaser of the disposition thereof. The Purchaser, at its own expense, shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably require to obtain the Vesting Order. If the Court shall not have granted the Vesting Order on or before March 27, 2015 or any extension thereof as may have been mutually agreed to between the parties hereto, this Agreement shall be automatically terminated and neither party shall have any further obligation to the other respecting this Agreement.

6.5 Non-Fulfillment. If any of the conditions contained in this Article 6 shall not have been fulfilled or performed on or before the date provided for satisfaction of such condition(s) and the party or parties entitled to waive the same, if capable of waiver, shall not have done so, this Agreement shall be deemed to be terminated without further act by the Vendor or the Purchaser and the further obligations of the Vendor and the Purchaser under this Agreement shall terminate, and the Deposit shall be returned to the Purchaser without deduction or interest and neither party shall have any further obligations or liabilities hereunder.

6.6 Planning Act. This Agreement is subject to the express condition that it will be effective only if the parties have complied with the provisions of Section 50 of the *Planning Act* (Ontario), as of the Closing Date.

ARTICLE 7 – PREPARATION OF CLOSING DOCUMENTS

7.1 Delivery of Closing Documents by Vendor. On or before the Closing Date, the Vendor will cause the Vendor's Solicitors to deliver to the Purchaser's Solicitors the following items, duly executed by the Vendor (if applicable) and in registrable form wherever appropriate, to be dealt with pursuant to Article 8 of this Agreement:

- (a) a copy of the Vesting Order and the Receiver's Certificate;
- (b) the listings of the Remaining Customer Boats and of the Disputed Equipment and Inventory in accordance with Section 2.11(c) hereof;
- (c) a statement showing the amounts secured under the Receiver's Charge and the Receiver's Borrowings Charge as of the Closing Date;
- (d) a bill of sale relating to the Equipment and the Inventory;
- (e) an assignment by the Vendor and assumption by the Purchaser, effective as of Closing Date, of the Assumed Contracts;
- (f) an assignment by the Vendor and assumption by the Purchaser, effective as of Closing Date, of the Assumed Leases;
- (g) an assignment by the Vendor and assumption by the Purchaser, effective as of Closing Date, of the Licenses;
- (h) an assignment by the Vendor and assumption by the Purchaser, effective as of Closing Date, of all warranties and guarantees relating to the Purchased Assets, to the extent transferrable;
- (i) the certificate(s) representing the Securities, duly endorsed by the Vendor in blank if in the Vendor's possession or control;
- (j) all keys for the Lands which are in the possession or control of the Vendor, or a direction to release such keys in lieu thereof;
- (k) a certificate of a senior officer of the Vendor declaring that the Vendor is not a "non-resident" for the purposes of Section 116 of the ITA;

- (l) a certificate of a senior officer of the Vendor certifying that each of the warranties and representations of the Vendor set out herein are true and accurate on the Closing Date except as disclosed therein and that the Vendor has complied with and performed all the terms, covenants and agreements set out herein to be complied with or performed by the Vendor on or before the Closing Date; and
- (m) to the extent applicable, the joint elections contemplated by Sections 9.5 and 9.6 hereof.

7.2 Delivery of Closing Documents by Purchaser. On or before the Closing Date, the Purchaser will cause the Purchaser's Solicitors to deliver to the Vendor's Solicitors the following items, duly executed by the Purchaser (if applicable), to be dealt with in accordance with Article 8:

- (a) the balance of the Purchase Price for the Purchased Assets in accordance with the provisions of Section 2.3(c) hereof;
- (b) the assumption of the Assumed Secured Debt together with the releases and discharges from Crawmet Corp., DPII, and Dwight Powell required pursuant to s.2.3(b);
- (c) a certificate of a senior officer of the Purchaser certifying that each of the warranties and representations of the Purchaser set out herein are true and accurate on the Closing Date except as disclosed therein;
- (d) an assignment by the Vendor and assumption by the Purchaser, effective as of Closing Date, of the Assumed Contracts;
- (e) an assignment by the Vendor and assumption by the Purchaser, effective as of Closing Date, of the Assumed Leases;
- (f) an assignment by the Vendor and assumption by the Purchaser, effective as of Closing Date, the Licenses;
- (g) an assignment by the Vendor and assumption by the Purchaser, effective as of Closing Date, of all warranties and guarantees Related to the Business, to the extent transferrable;
- (h) to the extent applicable, the joint elections contemplated by Sections 9.5 and 9.6 hereof, and otherwise the amount of any HST required to be paid on Closing in connection with the Purchaser's purchase of the Purchased Assets, other than those for which it may self-assess and indemnify the Vendor, and, to the extent the responsibility of the Purchaser, all other Taxes in connection with the Purchaser's purchase of the Purchased Assets;
- (i) the HST statutory declaration and indemnity contemplated by Section 9.5 of this Agreement;
- (j) a certificate of a senior officer of the Purchaser certifying that each of the warranties and representations of the Purchaser set out herein are true and accurate on the Closing Date except as disclosed therein and that the Purchaser has complied with and performed all the terms, covenants and agreements set out herein to be complied with or performed by the Purchaser on or before the Closing Date; and
- (k) any other documents relative to the completion of this Agreement as may reasonably be required by the Vendor or the Vendor's Solicitors.

ARTICLE 8 – CLOSING PROCEDURE

8.1 Purchaser Deliveries. By 12:00 p.m. on the Closing Date, the Purchaser will deliver in escrow to the Vendor's Solicitors, a Certified Cheque, Wire Transfer or Bank Draft payable to the Vendor or as the Vendor may direct in the amount due to the Vendor pursuant to Section 2.3(c) hereof, as adjusted pursuant to Section 3.3 hereof, and the documents referred to in Section 7.2 hereof, such Certified Cheque, Wire Transfer or Bank Draft and documents to be released in accordance with Section 8.3 hereof.

8.2 Vendor Deliveries. On the Closing Date, the Vendor will deliver in escrow to the Purchaser's Solicitors, the documents and items referred to in Section 7.1 and 8.1 hereof, such documents and items to be released in accordance with Section 8.3 hereof. Upon receipt of such Purchaser Deliveries, the Vendor shall cause the Vendor's solicitors to file a Receiver's certificate (the "**Receiver's Certificate**") with the Court, substantially in the form of the certificate scheduled to the Court's model approval and vesting order, confirming in part that the transaction contemplated by this Agreement has been completed and payment of the Purchase Price has been received, which Receiver's Certificate shall be attached to the applications to register the Vesting Order against the Lands.

8.3 Closing. Immediately following delivery of the items referred to in Sections 8.1 and 8.2 hereof and the filing with the Court of the Receiver's Certificate, the Purchaser shall cause the Purchaser's Solicitors to register the applications to register the Vesting Order together with the Receiver's Certificate against the Lands and, upon registration, the balance due on Closing, documents and items delivered in escrow pursuant to this Article and listed in Sections 7.1, 7.2, 8.1 and 8.2 hereof shall be released from escrow

8.4 Concurrent Requirements. It is a condition of this Agreement that all requirements of this Article 8 are concurrent requirements and it is specifically agreed that nothing will be completed on the Closing Date until everything required to be paid, executed, delivered and registered on the Closing Date has been so paid, executed, delivered and registered.

8.5 Electronic Registration. In the event that a system for electronic registration ("**Ereg**") is operative and mandatory in the applicable land registry office, the Purchaser agrees to cause all necessary procedures to be taken, as may be required by the Vendor or the Vendor's Solicitors, to complete this transaction using Ereg in accordance with the Law Society of Upper Canada's guidelines. If Ereg is operative on the Closing Date, (i) the Purchaser agrees to use a lawyer authorized to use Ereg and who is in good standing with the Law Society of Upper Canada, (ii) the Purchaser's Solicitors will enter into the Vendor's Solicitors' standard form of escrow closing agreement or document registration agreement, which will establish the procedures for closing this transaction provided same are in accordance with Law Society guidelines, and (iii) if the Purchaser's Solicitors are unwilling or unable to complete this transaction using Ereg, then the Purchaser's Solicitors must attend at the Vendor's Solicitors' office or at another location designated by the Vendor's Solicitors at such time on Closing as directed by the Vendor's Solicitors to complete the transaction using Ereg utilizing the Vendor's Solicitors' computer facilities, in which event, the Purchaser shall pay to the Vendor's Solicitors a reasonable fee therefor.

ARTICLE 9 – GENERAL

9.1 Time. Time is of the essence and will remain of the essence notwithstanding the extension of any of the dates hereunder.

9.2 No Waiver. No failure or delay on the part of either party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as may be limited herein, either party may, in its sole discretion, exercise any and all rights, powers, remedies and recourses available to it under this Agreement or any other remedy available to it and such rights, powers, remedies and recourses may be exercised concurrently or individually without the necessity of making any election.

9.3 Tender. It is agreed that any tender of documents or money may be made upon the respective solicitors for the parties and that it will be sufficient to tender a solicitor's certified trust cheque rather than cash.

9.4 Fees and Expenses. Each party will pay its own legal fees incurred in connection with the transaction contemplated hereunder. The Purchaser will be responsible for all registration fees and land transfer tax payable in connection with such transaction.

9.5 HST Election. The Vendor and the Purchaser shall jointly elect under section 167(1) of the ETA to have subsection 167(1.1) apply to the sale of the Purchased Assets to the Purchaser such that no HST shall be payable in respect of such sale. The Vendor and the Purchaser shall take all necessary actions in order to complete and file such valid joint election on or before the date on which the Purchaser must submit its HST return for the reporting period in which the Closing occurs. Provided that notwithstanding the foregoing, the Parties hereto hereby acknowledge and agree that any HST applicable to the sale of the Purchased Assets shall be in addition to the Purchase Price. On or before the Closing Date, the Purchaser or its permitted assignee or designee as the beneficial owner(s) of the Purchased Assets shall deliver to the Vendor a statutory declaration of a senior officer of the Purchaser or such beneficial owner(s), attaching thereto evidence of said party's HST registration number from the relevant Authority,

and whereby such officer certifies that such party's HST registration number remains in full force and effect and that such party will be the legal and/or beneficial owner of the Purchased Assets. The Purchaser and any beneficial owner(s) of the Purchased Assets shall further indemnify and save harmless the Vendor from any and all HST, penalties, costs, interest or other amounts which may be payable by or assessed against the Vendor under the ETA as a result of or in connection with such parties' failure to remit any HST applicable in this transaction to the applicable Authorities.

9.6 Section 22 Election. The Purchaser and the Vendor shall execute jointly an election in prescribed form under Section 22 of the ITA in respect of the Receivables and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date. The Vendor shall not be liable for any income tax that may be payable as a result of this election. Provided that nothing herein shall require the Vendor or the Trustee to file any income tax returns that it is not otherwise required to file.

9.7 Entire Agreement. This Agreement and the agreements, instruments and other documents entered into pursuant to this Agreement set forth the entire agreement and understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings among the parties with respect to the matters herein and there are no oral or written agreements, promises, warranties, terms, conditions, representations or collateral agreements whatsoever, express or implied, other than those contained in this Agreement.

9.8 Amendment. This Agreement may be altered or amended only by an agreement in writing signed by the parties hereto.

9.9 Further Assurances. Each of the parties hereto will at all times and from time to time and upon reasonable request do, execute and deliver all further assurances, acts and documents for the purpose of evidencing and giving full force and effect to the covenants, agreements and provisions in this Agreement.

9.10 Notices. Any demand or notice which may be given pursuant to this Agreement will be in writing and delivered or telecopied to the parties addressed as follows:

to the Purchaser:

2450902 Ontario Limited
132 Sheppard Avenue West, Suite 100
Toronto, Ontario M2N 1M5

Attention: Allan Lyons
Telecopier: (416) 222-1940
E-mail: allan.lyons@4162225355.com

with a copy to:

Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Attention: Harvey Chaiton
Telecopier: (416) 218-1849
E-mail: harvey@chaitons.com

to the Vendor:

Farber Financial Group
150 York Street
Suite 1600
Toronto, Ontario M5H 3S5

Attention: Stuart Mitchell
Telecopier: (416) 496-3839
E-mail: smitchell@farberfinancial.com

with a copy to:

Goldman Sloan Nash & Haber LLP
480 University Avenue, Suite 1600
Toronto, Ontario M5G 1V2

Attention: Michael B. Rotsztain
Telecopier: (416) 597-3370
E-mail: rotsztain@gsnh.com

or at such other address as either party may specify in writing to the other. The time of giving and receiving any such notice will be deemed to be on the day of delivery or transmittal or if such day is not a Business Day, the first Business Day thereafter.

9.11 Assignment. The Purchaser may not assign its interest in this Agreement or direct title to any other person without the prior written consent of the Vendor, which consent may not be unreasonably withheld or delayed. Whether or not this Agreement is assigned as aforesaid, the Vendor acknowledges and agrees that the Purchaser shall be entitled, prior to the Vendor serving the Notice of Motion for the Vesting Order, to direct title to any of the Purchased Assets to an Affiliate of the Purchaser, any of its shareholders and/or any Affiliates of such shareholders, as the Purchaser may direct in writing, and in such event, the Vendor shall seek the Vesting Order in accordance with the Purchaser's direction. In this regard, the Vendor agrees to endeavour to provide the Purchaser with a minimum of five (5) Business Days notice of its intention to serve the Notice of Motion for the Vesting Order. In no event shall any assignment or direction for title to the Purchased Assets relieve the Purchaser of any of its obligations under this Agreement to and including Closing and the Purchaser shall remain jointly and severally liable with any such assignee or Affiliate for the performance of all of the terms and conditions on the part of the Purchaser to be performed pursuant to the terms and conditions of this Agreement including the execution of all closing documents.

9.12 Non-Transferable and Non-Assignable Purchased Assets. To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the "Rights") is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any applicable law unless the approval, consent or waiver of such third Person is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until (i) such approval, consent or waiver has been obtained, or (ii) an order from the Court has been obtained by the Vendor transferring all such Rights to the Purchaser, provided that the Purchaser shall first fund all costs and expenses and all payments to third parties and other amounts required to be paid or expended in connection with seeking such order. After the Closing and until all such Rights are transferred to the Purchaser, the Vendor shall until it is discharged by the Court as Receiver:

- (a) hold the Rights in trust for the Purchaser;
- (b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser's cost and for the Purchaser's benefit;
- (c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (d) enforce, at the request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Vendor arising from such Rights against any third Person, including the right to elect to terminate any such Rights in accordance with the terms of such Rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall until it is discharged by the Court as Receiver, at the request and expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the opinion of the Purchaser, necessary or proper in order that the obligations of the Vendor under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in

and under the Rights are received by the Purchaser. The Vendor shall until it is discharged by the Court as Receiver promptly pay to the Purchaser all moneys collected by or paid to the Vendor in respect of every such Right. The Purchaser shall indemnify and hold the Vendor harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Vendor taken pursuant to this Section.

9.13 Counterparts. This Agreement may be executed in any number of original counterparts, with the same effect as if all the parties had signed the same document, and will become effective when one or more counterparts have been signed by all of the parties and delivered to each of the other parties. All counterparts will be construed together and evidence only one agreement, which, notwithstanding the dates of execution of any counterparts, will be deemed to be dated the reference date set out above and accepted on the date of the last signature, and only one of which need be produced for any purpose.

9.14 Binding Effect. This Agreement will enure to the benefit of and be binding upon the successors and permitted assigns of the parties, as applicable.

9.15 Execution by Facsimile or PDF. This Agreement may be executed by the parties and transmitted by facsimile (via telecopier) or PDF (via email) and, if so executed and transmitted, this Agreement will be for all purposes as effective as if the parties had delivered an executed original Agreement.

9.16 Non-Registration. The Purchaser hereby covenants and agrees not to register this Agreement or notice of this Agreement or a caution, certificate of pending litigation, or any other document providing evidence of this Agreement against title to the Lands. Should the Purchaser be in default of its obligations under this Section, the Vendor may (as agent and attorney of the Purchaser) cause the removal of such notice of this Agreement, caution, certificate of pending litigation or other document providing evidence of this Agreement or any assignment of this Agreement from the title to the Lands and the Purchaser shall be deemed to be in default of its obligations hereunder. The Purchaser irrevocably nominates, constitutes and appoints the Vendor as its agent and attorney in fact and in law to cause the removal of such notice of this Agreement, any caution, certificate of pending litigation or any other document or instrument whatsoever from title to the Lands.

9.17 Severability. Any provision of this Agreement which is determined to be void, prohibited or unenforceable shall be severable to the extent of such avoidance, prohibition or unenforceability without invalidating or otherwise limiting or impairing the other provisions of this Agreement.

9.18 Confidentiality. The Purchaser agrees that all non-public information and documents supplied by the Vendor or anyone on its behalf to the Purchaser or anyone on the Purchaser's behalf shall, unless and until Closing occurs, be received and kept by the Purchaser and anyone acting on the Purchaser's behalf on a confidential basis and shall not without the Vendor's prior written consent be disclosed to any third party. If for any reason Closing does not occur, all such documents shall forthwith be returned intact to the Vendor and no copies or details thereof shall be retained by the Purchaser or anyone acting on its behalf. The Purchaser further agrees that unless and until the terms of this Agreement become public knowledge in connection with the Sales Process Order and/or the Vesting Order, the Purchaser shall keep such terms confidential and shall not disclose the same to anyone except the Purchaser's Solicitors, agents or lenders acting in connection herewith and then only on the basis that such persons also keep such terms confidential as aforesaid.

9.19 Solicitors as Agents and Tender. Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated in this Agreement may be given or delivered and accepted or received by the Purchaser's Solicitors on behalf of the Purchaser and by the Vendor's Solicitors on behalf of the Vendor and any tender of closing documents and the balance of the Purchase Price may be made upon the Vendor's Solicitors and the Purchaser's Solicitors, as the case may be.

9.29 Media Releases. Save and except as hereinafter set out, neither party to this Agreement may discuss with the media, issue any press release or other public announcement or release information with respect to this Agreement to the public unless same has been pre-approved in writing by the other party, provided the foregoing shall not apply to Court filings including reports by the Receiver. Notwithstanding the foregoing, the parties hereto hereby agree that upon the issuance by the Court of the Sales Process Order, either party hereto may issue an announcement or another form of notice to the customers of the Business, in such a form as may be acceptable to the other party, acting reasonably, advising that a sales process has been commenced for the sale of the Purchased Assets and upon the successful completion of same, the Purchaser, if it is the Winning Bidder, intends to continue the operation of the Business.

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IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

A. FARBER & PARTNERS INC. in its capacity as Court-Appointed Receiver of Crate Marine Sales Limited, F. S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd., and not in its personal capacity



Per: _____
Name: Stuart Mitchell
Title: Senior Vice President

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Corporation.

2450902 ONTARIO LIMITED

Per: _____
Name: Benn-Jay Spiegel
Title: Authorized Signing Officer

Per: _____
Name: Dwight Powell
Title: Authorized Signing Officer

We have the authority to bind the Corporation.

The undersigned hereby acknowledges and agrees to be bound by the terms of Sections 1.1(s) and 2.7 hereof, provided that it has no further obligations, liabilities and/or benefits hereunder.

A. FARBER & PARTNERS INC. in its capacity as Trustee in Bankruptcy of Crate Marine Sales Limited, F. S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd., and not in its personal capacity

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Corporation.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

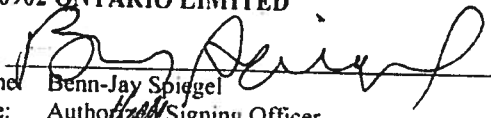
A. FARBER & PARTNERS INC. in its capacity as Court-Appointed Receiver of Crate Marine Sales Limited, F. S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd., and not in its personal capacity

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Corporation.

2450902 ONTARIO LIMITED

Per: 
Name: Benn-Jay Spiegel
Title: Authorized Signing Officer

Per: _____
Name: Dwight Powell
Title: Authorized Signing Officer

We have the authority to bind the Corporation.

The undersigned hereby acknowledges and agrees to be bound by the terms of Sections 1.1(s) and 2.7 hereof, provided that it has no further obligations, liabilities and/or benefits hereunder.

A. FARBER & PARTNERS INC. in its capacity as Trustee in Bankruptcy of Crate Marine Sales Limited, F. S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd., and not in its personal capacity

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Corporation.

SCHEDULE "A"
LEGAL DESCRIPTION OF THE LANDS

OWNER: F. S. CRATE & SONS LIMITED

PIN 03475-0147 (LT)

Block C, Plan 224 North Gwillimbury; Part of Block D, Plan 224 North Gwillimbury, designated as Part 6 on Plan 65R-19902, Georgina. Amended 2003/04/28 By Deb Wallen, ADLR.

PIN 03475-0140 (LT)

Lot 44, Plan 224, North Gwillimbury; Lot 45, Plan 224, North Gwillimbury; Lot 46, Plan 224, North Gwillimbury; Lot 47, Plan 224, North Gwillimbury; Lot 48, Plan 224, North Gwillimbury; Part Block D, Plan 224, North Gwillimbury; Part of Block E, Plan 224, North Gwillimbury; Part of Block F, Plan 224, North Gwillimbury; Part of Lot 9, Concession 3, North Gwillimbury, as in Instrument Numbers A38709A and A64512A.

Together with a right if any as in Instrument Numbers A61914A, A7428A, B86062B, A61914A, except easements therein, Part 1 on Plan 65R-13692, Georgina.

Together with a right as in Instrument Number A7428A. Subject to Spousal Interest as in Instrument Number R407105, Georgina.

Subject to Instrument Numbers A64512A, A38709A and A61914A; Georgina.

OWNER: 1328559 ONTARIO LIMITED

PIN 03475-0923 (LT)

Part Lot 40, Plan 224, North Gwillimbury, designated as Part 3 on Plan 65R-19902; Georgina.

Subject to Instrument Numbers R735544, R717319 and R717320, Georgina.

PIN 03475-0901 (LT)

Part of Lots 8 and 9, Concession 3 (GN) and Part of the Bed of Lake Simcoe lying in Front of Lots 8 and 9 and Part of Lots 35, 36, 37, 38 and 39, Plan 224, designated as Parts 8, 9, 10, 11, 12, 13, 14, 22, 23 and 24 on Plan 65R-19902, Georgina.

Together with a right of way over Wynhurst Road, Plan 198 and Plan 224 and over Block A, Plan 198 and Lot 33, Plan 224, Georgina

Together with a right of way over Block C and Part of Block D, Plan 224, lying between the production north westerly of the north easterly and south westerly limits of Block C to the Maskinonge River with the right to dredge that Part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Subject to a right of way in favour of Part of Lot 8, Concession 3, designated as Part 1 on Plan 66R-2527 over Parts 23 and 24 on Plan 65R-19902 as in Instrument Number LT23068, Georgina.

Subject to an easement in favour of The Hydro-Electric Power Commission of Ontario over Parts 11, 12 and 23 on Plan 65R-19902 as in Instrument Number NG9316, Georgina.

Subject to a right of way in favour of Part of Lot 8 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and all of Lots 42, 43 and Part of Lots 35, 36, 37, 38, 39, 41 and Part of Block D, Plan 224, designated as Parts 15, 16, 17, 18, 20 and 21 on Plan 65R-19902 over said Parts 9, 10, 11, 12, 14, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to an easement in favour of said Parts 15, 16, 17, 18, 20 and 21 on Plan 65R-19902 over said Part 13, Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to an easement in favour of said Parts 15, 16, 17, 18, 20 and 21 on Plan 65R-19902 over said Parts 13, 22 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with a right of way over said Parts 16, 17, 18 and 20 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to an easement in favour of Part of Lot 8, Concession 3 and Part of the Bed of Lake Simcoe being Part 1 on Plan 66R-2527 over said Parts 10, 11, 12, 14, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251520. (Amended 2001/07/24 by Deb Wallen, ADLR).

PIN 03475-0902 (LT)

Part of Lot 41, Plan 224, designated as Part 19 on Plan 65R-19902, Georgina.

Together with a right of way over Wynhurst Road, Plan 198 and Plan 224 and over Block A, Plan 198 and Lot 33, Plan 224, Georgina.

Together with a right of way over Block C and Part of Block D, Plan 224, lying between the production north westerly of the north easterly and south westerly limits of said Block C to the Maskinonge River with the right to dredge that part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Subject to a right of way in favour of Part of Lot 8 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and all of Lots 42, 43 and Part of Lots 35, 36, 37, 38, 39, 41 and Part of Block D, Plan 224 being Parts 15, 16, 17, 18, 20 and 21 over said Part 19 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with a right of way over said Parts 16, 17, 18 and 20 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to an easement in favour of Part of Lot 8, Concession 3 and Part of the Bed of Lake Simcoe being Part 1 on Plan 66R-2527 over said Part 19 on Plan 65R-19902 as in Instrument Number LT1251520, Georgina.

PIN 03475-1967 (LT)

Part of Lot 8, Concession 3, designated as Part 4 on Plan 65R-22164, except Part 2 on Plan 65R-27407 (NG), Georgina.

Together with a right as in Instrument Number R649951, Georgina.

PIN 03475-1972 (LT)

Part of Lot 8, Concession 3 (NG), designated as Parts 1 and 2 on Plan 65R-27407, Georgina.

Together with a right as in Instrument No. R649951, Georgina.

OWNER: 1282648 ONTARIO LIMITED

PIN 03475-0924 (LT)

Part of Lot 40, Plan 224, North Gwillimbury, designated as Part 2 on Plan 65R-19902, Georgina.

Together with a right as in Instrument Number R717318, Georgina

PIN 03475-0925 (LT)

Part of Lot 40, Plan 224, North Gwillimbury, designated as Parts 4 and 5 on Plan 65R-19902, Georgina.

Together with a right of way as in Instrument Number R717318, Georgina

PIN 03475-0146 (LT)

Part of Block D, Plan 224, North Gwillimbury, designated as Part 7 on Plan 65R-19902, Georgina.

Subject to Instrument Number R717318, Georgina.

PIN 03475-0898 (LT)

Part of Lots 37, 38 and 39, Plan 224, designated as Parts 15 and 16 on Plan 65R-19902, Georgina.

Together with a right of way over Wynhurst Road Plan 198 and Plan 224 and over Block A on Plan 198 and Lot 33 on Plan 224, Georgina.

Together with a right of way over Block C and Part of Block D on Plan 224 lying between the production north westerly of the north easterly and south westerly limits of said Block C to the Maskinonge River with the right to dredge that part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Together with a right of way over Part of Lot 8, Concession 3, Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 9, 10, 11, 12, 14, 19, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with an easement over Part of Lot 8, Concession 3, Part of Lots 35 and 36 on Plan 224, designated as Parts 13, 22 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to a right of way in favour of Part of Lots 8, 9 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 8, 9, 10, 11, 12, 13, 14, 19, 22, 23 and 24 on Plan 65R-19902 over said Part 16 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

PIN 03475-0900 (LT)

Part of Lot 8 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and all of Lots 42 and 43 and Part of Lots 35, 36, 37, 38, 39, 41 and Part of Block D on Plan 224, designated as Parts 20 and 21 on Plan 65R-19902, Georgina.

Together with a right of way over Wynhurst Road, Plan 198 and Plan 224 and over Block A on Plan 198 and Lot 13 on Plan 224, Georgina;

Together with a right of way over Block C and Part of Block D on Plan 224 lying between the production north westerly of the north easterly and south westerly limits of the said Block C to the Maskinonge River with the right to dredge that part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Together with a right of way over Part Lot 8, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 9, 10, 11, 12, 14, 19, 22, 23 and 24 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with an easement over Part of Lot 8, Concession 3 and Part of Lots 35 & 36 on Plan 224, designated as Part 13 on Plan 65R-19902 to maintain the building erected on said Part 21 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with an easement over Part of Lot 8, Concession 3 and Part of Lots 35 and 36 on Plan 224, designated as Parts 13, 22 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to a right of way in favour of Part of Lots 8 and 9 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 8, 9, 10, 11, 12, 13, 14, 19, 22, 23 and 24 on Plan 65R-19902 over Part 20 on Plan 65R-19902 as in Instrument Number 1251518, Georgina.

PIN 03475-0899 (LT)

Part of Lot 41, Plan 224, designated as Parts 17 and 18 on Plan 65R-19902, Georgina;

Together with a right of way over Wynhurst Road, Plan 198 and Plan 224 and over Block A on Plan 198 and Lot 33 on Plan 224, Georgina.

Together with a right of way over Block C and Part of Block D on Plan 224 lying between the production north easterly and south westerly limits of Block C to the Maskinonge River with the right to dredge that part of the right of way over Block D a distance south easterly from the Maskinonge River sufficient to permit and allow the owner of these lands to have an entrance from the Maskinonge River to these lands, Georgina.

Together with a right of way over Part of Lot 8, Concession 3 and Part Lots 35, 36, 37, 38, 39 and 41 on Plan 224, being Parts 9, 10, 11, 12, 14, 19, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Together with an easement over Part of Lot 8, Concession 3 and Part Lots 35 and 36 on Plan 224, designated as Parts 13, 22 and 24 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

Subject to a right of way in favour of Part Lots 8 and 9 and Part of the Bed of Lake Simcoe lying in front of Lots 8 and 9, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224, designated as Parts 8, 9, 10, 11, 12, 13, 14, 19, 22, 23 and 24 on Plan 65R-19902 over said Parts 17 and 18 on Plan 65R-19902 as in Instrument Number LT1251518, Georgina.

OWNER: 1330732 ONTARIO LIMITED

PIN 03475-0150 (LT)

Parcel 8-1, Section C224 being Part of Lot 8, Concession 3 (GN) and Part of the Bed of Lake Simcoe, designated as Part 1 on Plan 65R-2527, Georgina.

Together with a right over Part 2 on Plan 65R-2527 as in Instrument Number LT23068, Georgina.

Together with a right of way for all those now and hereafter entitled, over, along and upon Lot 33 on Plan 224, Georgina.

Together with an easement over Part of Lot 8, Concession 3 and Part of Lots 35, 36, 37, 38, 39 and 41 on Plan 224 being Parts 10, 11, 12, 14, 19, 22, 23 and 24 on Plan 65R-19902 as in Instrument Number LT1251520, Georgina.

OWNER: CRATE MARINE SALES LIMITED

PIN 03475-0135 (LT)

Part of Lot 1, East Side of Matilda Street, Plan 245 (NG); Part of Lot 2, East Side of Matilda Street, Plan 245 (NG); Part of Lot 3, East Side of Matilda Street, Plan 245 (NG); Part of Lot 1, West Side of Queen Street, Plan 245 (NG); Part of Block F, Plan 224 (NG); Part of Lot 9, Concession 3 (NG), designated as Parts 1, 2 & 3 on Plan 65R-3745, Georgina.

Subject to a right as in Instrument Number R351383, Georgina.

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SCHEDULE "B"
LIST OF EQUIPMENT

SCHEDULE B

Crates Marine Sales Limited - Listing of Machinery, Equipment and Office Equipment

Item No.	Description	Other Information	Model
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The Purchased Assets listed in this Schedule may be subject to Permitted Encumbrances and claims pursuant to the Property Claims Procedure Order.

Keswick Equipment

Main Shop Equipment

1	Rotor/sander table	Rigid	EB44241
2	Thickness planer	Craftex	B350
3	Band saw	General International	90-20071
4	Standup Sander	Rockwell Delta	31-710
6	Joiner	Polras	
6	120" Metal Swivel Cutting Band Saw		
7	Cut-off saw with stand	DeWalt	DW718
8	table saw	Rockwell	
9	Dust collector	Craftex	B405
10	Paint shaker		
11	Portable dust collector	Craftex	B1140
12	Portable generator	Honda	EB3600X
13	Moisture extractor	Inject-dry	HP Plus
14	Portable compressor w/Honda motor		EO2184
16	Ladders (5)	various heights	
16	Caged ladders (4)	Canway Equipment	
17	Line backers (2)		
18	Portable shop vac		
19	Booster packs (2)	Truck Pros	ES6000

Showroom / Mechanics

20	Boat cradles (11)	Marine Cradles	various
21	Heavy duty cradles (2)	Ardel Marine	various
22	Portable Jack Stands (2)		
23	5 ton Jack		
24	20 ton Jack		
25	Portable dolly	Eagle 66	
26	5 ton chain falls (2)	Jet	L80
27	Strut remover		
28	Oxygen/acetylene tanks with torches		
29	Hydraulic shop press 20 ton	Jet Hydraulic	HSP20
30	Drill press	Long Chang Machine	LCN-14
31	Variable speed grinder	Steel City	16420
32	Parts washer/degreaser	Zep	6100
33	Compressor - 5.5HP	Weg	PPM1750
34	Icemaker	Scotsman	B948S
35	Riding lawnmower	Big Dog	830347
36	Air compressor 100 PSI	King Canada	8439
37	Gear oil pump (2)		
38	Oil extractor		

Service Building

Service/Parts/Shipping

39	7 PC's with monitors and k/b	various	
40	2 3-drawer filing cabinets		
41	Parts shelving		
42	Fasteners shelving/bins		

Inventory List

2/6/2015

Item No.	Description	Other information	Model
43	5 L-shaped desks		
44	Microwave		
45	Bar fridge		
46	Lexmark x842e printer	Lexmark	
Customer Reception			
47	5 PC's with monitors and k/b	various	
48	4 tall office chairs		
49	4 office chairs		
50	2 4-drawer filing cabinets		
51	2 2-drawer filing cabinets		
52	2 reception chairs and wooden mariner table lamp		
Upstairs Office			
53	Boardroom table and 6 chairs		
54	4 desks, various sizes		
55	6 office chairs		
56	Bar fridge		
57	3 wall shelving units match desk (red oak veneer)		
58	Matching desk, 3-shelf cabinet, 2 small tables		
59	2 shelving units (light wood)		
60	2 black lounge chairs		
61	Royal paper shredder		
62	Xerox Workcentre 4250 s/n 8749	Xerox	
63	3 PC's with monitors and k/b		
64	HP Laserjet P2055dn	HP	
65	Samsung. Sox-4826FN multifunction printer	Samsung	
66	1 4-drawer lateral filing cabinet		
67	7 4-drawer filing cabinets		
68	3 dark brown wall shelving units		
69	1 2-drawer lateral filing cabinet		
70	Swingline paper shredder		
71	Large safe	Harry Stone	
72	2 servers (IBM and Dell) with monitor, k/b, APS, network switch, Cisco router		
73	Panasonic phone system KX-tde200c	Panasonic	
74	Panasonic TVP120 phone system	Panasonic	
Showroom Building			
Upstairs			
75	Desk with 4 hightop chairs		
76	Beige leather couch		
77	Steel cabinet		
78	3 drawer filing cabinet		
79	PC with monitor and k/b		
80	2 office desks with matching small credenza		
81	2 office chairs		
82	3 4-drawer filing cabinets		
83	Lexmark MX 310dn multipurpose fax machine	Lexmark	
84	4 misc chairs		
85	Boardroom table with 7 chairs		
86	6 limited edition Original Six NHL prints on canvas by D McLaren (25/25)		
Sales Reception Office			
87	Laminator		
88	Sharp MX-M450N copier	Sharp	
89	Upright steel cabinets		
90	2 2-drawer filing cabinets		
91	Built in desk		
92	3 PC's		

Item No.	Description	Other information	Model
93	Brother MFC 9340cdw	Brother	
Salesmen offices (5)			
94	3 desks with matching small credenza		
95	2 high corner desks with 6 hightop chairs		
96	3 offic chairs		
97	6 mlec chairs		
98	6 PCs with monitors and k/b	various	
99	HP deskjet840c	HP	
100	3 drawer filing cabinet		
101	Windtunnel upright vacuum cleaner	Hoover	
102	12 golf carts- various sizes		
103	Various adjustable boat stands and boat cradles (in use)		
South Clubhouse			
104	Dual door cooler – Habco – SE40s		
105	Dishwasher – Kitchenaid		
106	Mini dual door cooler – True – TBB-24GAL-48G		
107	2 – Sony Bravia flat screens – KDL46EX400		
108	Surround sound speakers		
109	Various glassware		
110	Microwave – Sanyo – EM-S8600S		
111	Express toaster – APW WYOTT		
112	Coffee maker – Cuisinart		
113	Commercial toaster – Fusion		
114	Kettle		
115	Griddle – Cuisinart		
116	4 – 4' high round bar tables		
117	10 bar chairs		
118	2 – leather couches		
119	4 - leather foot rests		
120	Glass coffee table – 1 large, 1 small		
121			
122	6 - outdoor tables		
123	23 outdoor chairs with cushions		
124	3 – umbrellas with stands		
125	Various cleaning supplies		
126			
128	2 – portable a/c units, 8000BTU – Mobil Comfort – KY-80, Maytag – NMPEB08FRA*6		
127	Fitness Centre & Washroom Area – South Clubhouse		
128	Machine's have the name Maxam on them, Hamilton 905-387-4447		
129	Squat machine		
130	4 station exercise machine with accessories		
131	Bench press		
132	Punching bag		
133	2 – Tread machines – Vision Fitness – T9700		
134	Elliptical – Vision Fitness		
135	2 – Dumbell stands		
136	2 – Free weight stands		
137	Dumbells – from 5 lbs to 75lbs		
138	Free weights – from 2.5lbs to 45lbs		
139	Panasonic tube tv		
140	Pioneer receiver – VSK-D307		
141	4 speakers		
142	2 – Commercial dryers (coin operated) – Speed Queen		
143	2 – commercial washing machines (coin operated) – Speed Queen		
144	Soap dispenser		

Gas Dock

Inventory List

2/6/2016

Item No.	Description	Other Information	Model
145	2 - Stand up coolers		
146	Computer, keyboard		
147	Shelving		
148	Freezer for bagged ice - Leer Limited - 1002UC50MS	and Propane tank cage with 13 - 20 lbs tanks (possible 3rd party property)	
149	4 20-ton block and tackles with 4 boat slings		

Willow Beach Equipment

150	Stand up cart/dolly
151	Small pressure washer - Simoniz SPH-190
152	Grass trimmers - 2 Twist nEdge - TE476, Ryobi - 2800R, Featherite - XT260 L3
153	Motor stand
154	Stand up lighting with lamps
155	Golf cart
156	Riding lawn mower
157	2 - push mowers
158	Various tools (many are older tools for old motors) and shop manuals

Lagoon City Equipment		LOCATION	QUANTITY
159	Metal display racks	Front shop	2
160	Wooden boat-shaped shelf	Front shop	1
161	4' Horizontal file cabinets	Front shop	2
162	4' x 2' Metal file cabinets	Front shop	3
163	Office desks	Front office	3
164	Wood filing cabinets	Front office	4
165	Office chairs	Front office	4
166	Small wood bookshelf	Front office	1
167	Old computers, monitors and peripheral devices	Front office	3
168	Old wooden office desks	Back office	3
169	Old office chairs	Back office	3
170	Old boat/engine parts (scrap)	Shop	Lot
171	Old stern drive	Shop	1
172	7' x 4' metal racking	Parts room	6
173	6' x 3' metal racking	Parts room	1
174	Stern drive oil pumps	Shop	2
175	Blue 60 gallon plastic barrels - empty	Shop	20
176	Blue 60 gallon plastic barrels - filled with antifreeze	Shop	3.5
177	2HP Magna compressor, model M104CO200-20A	SN: L1420019 (120 PSI)	1
178	Robin EX17 6.0 gas powered fire pump	SN D10 2776197	1
179	480 Battery charger	Shop	1
180	Black & Decker portable battery charger w/ cables	Shop	1
181	X-Stream power washer	SN RX708C10003374	1
182	Canbuilt 10-ton hydraulic press	SN HP021594	1
183	Balcrank workbench	Shop	1
184	Parts washer	Shop	1
185	10' aluminum ladder	Shop	1
186	Old 1/2 HP drill press	Shop	1
187	Movable 8' red metal staircase (on wheels)	Shop	1
188	Old parts (scrap)	Shop	Lot
189	Cans of paint - Various	Shop	Lot
190	Assorted shop tools - Cutoff saw, vice, grinder	Shop	Lot
191	Old outboard motor parts	Upstairs	Lot
192	Stern drives	Upstairs	3
193	Old Mercury 18 outboard motor (for parts)	Upstairs	1
194	Old Johnson outboard motor (for parts)	Upstairs	1
195	Old Seahorse outboard motor (for parts)	Upstairs	1
196	Assorted scrap and garbage	Upstairs	Lot
197	6' x 3' metal racking	Upstairs	5

Item No.	Description	Other Information	Model
188	6' x 9' aluminum sheaving	Upstairs	4
189	Round kitchen table (wood)	Kitchen	1
200	Old microwaves	Kitchen	3
201	Toaster oven	Kitchen	1
202	Old chairs	Kitchen	4
203	Small refrigerator	Kitchen	1
204	Bubblers	Downtown storage	4
205	GE commercial washers (coin operated), Model WCCB1030J1WC	ST116562G	3
206	Inqis commercial driers (coin operated), Model TO-81001	9CM38616	3
207	Taylor forklift (old)	No SN or model; flat tire	1
208	Boat slings	Yard storage house	8
209	Trailer - old	No VIN; near forklift	1
210	3-Ton chain fall/hoist	Slip 234	4
211	6-Ton chain fall/hoist	slip 216	4
212	Assorted picnic benches	By boat-slips	Lot
213	Mobile waste removal trailer & pump		1
214	Conolift hydraulic boat trailer	Compound in yard across street	1
215	32 x 180 Shrink Wrap	Full boxes of leftover shrink wrap	5
216	40 x 150 Shrink Wrap	Full boxes of leftover shrink wrap	3
217	40 x 149 Shrink Wrap	Full boxes of leftover shrink wrap	6
218	28 x 94 Shrink Wrap	Full boxes of leftover shrink wrap	6
219	32 x 186 Shrink Wrap	Full boxes of leftover shrink wrap	6
220	Mobile staircase (on wheels)	Compound in yard across street	1
221	Blue CRATES golf cart	street	1
222	5' Electric boat lift (in water)	Back of yard across street	1
223	Blue 50-gallon barrels - empty	Back yard across street - garbage	Lot
224	1988 Ford F350 4x4 yard truck	plated)	1
225	International Boom Truck (very old) w/ boom attachment	plated); no SN available for aerial	1
226	Richelleu trailer	Vin L110216086004	1
227	Sailboat mast crane (motorized)	34JC43-0071G1	1
228	Marine Travelift 35 BFM (movable boat lift)	2753 hours	1
Port McNicholl			
229	Marine Travelift 75 tonne	SN 3480-0910; 70,000 lbs.	1
Belleville			
230	Marine Travelift 60 BFM (movable boat lift)	SN 3495-0713	1

**CRATE MARINE SALES LIMITED
COMPANY VEHICLE LISTING**

The Purchased Assets listed in this Schedule may be subject to Permitted Encumbrances and claims pursuant to the Property Claims Procedure Order

EQUIPMENT #	DESCRIPTION	YR/MI	SERIAL #	MODEL #
1	2003 FORD		1FTWWS37X0E25028	350
2	2010 MACK	400,000 approx	1M1AW07Y7AN008782	600
3	2007 FORD	155,597	1F0AF80P47E235083	550
4	2010 FORD		1FTFW1E7XAF230034	F-150
5	2009 FORD	310,242	1FTFX14V03FB08228	F-150
7	2009 FORD	395,730	1FTFX14V08KA71730	F-150
9	1999 FORD		2F0KF28F48LA84121	F-350
10	2005 FORD		1FTTB34P75HA17416	E 350 VAN
13	2000 HONDA	254,780	2H0ZL8014YH030001	CIVIC
15	2004 FORD	276,989	1FTFX14804FA07210	F-150
16	2004 GMC		1GTHKCMUM2307209	SIERRA
19	2012 FORD		1FT8W3B78CEA30703	F-350
20	1999 INTERNATIONAL		1H9GLAET7X0Q211630	TRANSPORT
21	2010 FORD	168,310	1FTFW1E72AFB00040	F-450
22	2007 FORD		1F0AF80P47E235087	F-350 TAN
23	2013 FORD	31,802	1FTFW1E7B0H078072	F-150
24	2013 FORD	74,611	1FTFW1E7B0H078072	F-150
27	2004 FLEETWOOD	77,030	0B4MP07004300000	PAGE ARROW
28	2011 FORD		1N0DL87N00T004103	TRANSIT CONNECT
741	2010 FORD	240,788	1FTFW1E7B0H078072	F-150
CB1	1999 DODGE		1B7HP16Y000000000	DODGE
Y1	1999 GMC		1GTEC19N000000000	1500
Y2	2000 FORD		2FTRP18WYCA41403	F-150
Y3	2004 FORD		1PTRM12N04NC00174	F-150
Y4	MACK			AEROMAX L-900

TRAILERS AND LIFTS

A	TRAILER	SMALL - YARD ONLY		CONCLIFT
B	TRAILER	LARGE - YARD ONLY		CONCLIFT
T1	2009 TRAILER	BLACK 5TH WHEEL	2C9B081200P00010	CONCLIFT YH-015
T2	2009 TRAILER	WHITE XL 5TH WHEEL	2C9B081200P00020	CONCLIFT YH-1620
T3	1986 TRAILER	CARGO - P3379	8R1B0V0E771002076	ROUSSY FRP
T4	1986 TRAILER	SEMI-REM	2M0T21010V0002272	8423302
G	TAYLOR FORKLIFT	YARD	0-24-18882	T8E-120-01
H	YALE FORKLIFT	SMALL - YELLOW	E107V18814X	GL000000000000
J	TRACTOR	BUCKET TRACTOR		CASE
L	TRAVELLIFT	refurbished 2010	3100-0303	000PM 0
M	1999 TRAILER	not road worthy	00004	CONCLIFT
N	2005 SHORELANDER	E10 49H	1MDAVP1200A000200	TRAILER 80T
T5	2013 CONCLIFT	BLACK 5TH WHEEL	2C9B081200P00030	CONCLIFT YH-015
800	2000 WALTRON	RED YH5	2A00040100R000000	WALTRON
T6	1992 FLATBED	Y99 660	2FEP040000000000	Mobile 1122
PN LN	Marine Traveler		3400-0010	70 tonne traveler

BOAT INVENTORY

Name of file: CRATE MARINE SALES LIMITED

Address: 951A, Principale Street, St-Paul-De-L'Isle-Aux-Noix, Qc., J0J 1G0

Location of goods: Same

Customer: H.H. Davis & Assoc. Inc.

PICTURE NO.	DESCRIPTION	QTY
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LOT # 1 EQUIPEMENTS

PRINCIPAL OFFICE AND SALES

130	KENMOORE air conditionning	1
131	2 drawers lateral brown wooden filling cabinet	1
132	Black secretary chair on wheels	1
133-140-		
141	3 drawers, 60" x 28" black wooden working tables	2
134	NORTEL multilines phone, model T7208E	1
136-138	Brown leather swivel visitor chairs with chrome feet	4
137	3 drawers, 39" x 28" x 30" black wooden furniture	1
135-139	Metal chrome desk lamps with mirror abajour	2
142	Gray fabric armchair on wheels	1
144	SHARP tape calculator, model EL-2192GII	1
144	MERIDIAN multilines phone, model NT8B20	1

BOAT INVENTORY

Name of files: CRATE MARINE SALES LIMITED

Address: 951A, Principale Street, St-Paul-De-L'Isle-Aux-Neix, Qc., J0J 1G0

Location of goods: Same

Customer: H.H. Davis & Assoc. Inc.

PICTURE NO.	DESCRIPTION	QTY
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143 2 drawers, 20" x 20" x 27" brown wooden furniture 1

143 BROTHER multifunction printer, model MFC-J4410DW,
serial U63337C3F455655 1

GARAGE

180 13' Aluminium ladder 1

181 30" X 60" Top melamine table with metal chrome feet 1

182 SONY cassette radio 1

183 KOSS DVD reader, model KS5121-2 1

184 102" x 24" x 42" wooden serving counter with stainless
steel top 1

185 Metal and wooden gray stool 1

186 Aluminium ladder, 8 steps 1

189-190 46" x 44" chromed metal frame partitions with plexiglass
center 15

191 MERIDIAN multilines phone, model NT8B20 1

192 CANON photocopier, model NP2120, non-functional 1

BOAT INVENTORY

Name of file: **CRATE MARINE SALES LIMITED**

Address: **951A, Principale Street, St-Paul-De-L'Isle-Aux-Noix, Qc., J0J 1G0**

Location of goods: **Same**

Customer: **H.H. Davis & Assoc. Inc.**

ITEM NO.	DESCRIPTION	QTY
230-231	Assorted hydraulic jacks floor	2
232-233	Black metal staircase, 4 stairs carpeted	2
234	Black wooden staircase, 6 steps	1
235-242-		
243	Assorted wooden and metal workbenches	3
236	Commercial pedestal fan	1
238	4 shelves 60" chrome shelving on wheels	1
239	Alumium ladder, 6 steps	1
240	72" black metal shelf with 4 shelves and lockers	1
241	SHOP VAC Commercial vacuum cleaner	1
244	White plastic 2 stairs step	1
245	BOSH portable grinder	1
246	6" KING table grinder	1
247	Black plastic wheelbarrow	1
248	Lot of 2 Aluminium ladder, 8 and 5 steps	1

BOAT INVENTORY

Name of file: **CRATE MARINE SALES LIMITED**

Address: **951A, Principale Street, St-Paul-De-L'Isle-Aux-Noix, Qc., J0J 1G0**

Location of goods: **Same**

Customer: **H.H. Davis & Assoc. Inc.**

PICTURE NO.	DESCRIPTION	QTY
----------------	-------------	-----

249	MOTOMASTER portable booster pack, model Eliminator	1
-----	--	---

GARAGE'S OFFICE

193	Blue plastic visitor chairs with chromed base	2
-----	---	---

194	33" x 33" top brown melamine working table with brown metal base	1
-----	--	---

195-196	Computer system composed of: HP Core 2.4.0 GB, 3.0 GHZ table computer 19" LCD Compaq monitor, model LA1905WG Wireless keyboard and mouse	1
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195-197- 198	Computer system composed of: CLONE table computer, 4.0 GO, 3.10GZ 19" LCD ViewSonic monitor, model VA902B LEXMARK multifunction printer, model Platinum PRO905 Wireless keyboard and mouse	1
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200	22" x 19" x 43" black metal shelving unit with 5 brown wooden shelves	1
-----	---	---

201-202	6 drawers 72" x 36" brown melamine desk	1
---------	---	---

203	Gray office chair on wheels	1
-----	-----------------------------	---

BOAT INVENTORY

Name of file: CRATE MARINE SALES LIMITED

Address: 951A, Principale Street, St-Paul-De-L'Ile-Aux-Noix, Qc., J0J 1G0

Location of goods: Same

Customer: H.H. Davis & Assoc. Inc.

PICTURE NO.	DESCRIPTION	QTY
----------------	-------------	-----

204	4 drawers beige metal filing cabinets	2
-----	---------------------------------------	---

201	MERIDIAN multilines phone, model NT8B20	1
-----	---	---

MEZZANINE'S OFFICE

206	MERIDEAN phone system	1
-----	-----------------------	---

207	ARRIS external modem	1
-----	----------------------	---

208	LYNKSYS wireless router, 2.4 GHZ	1
-----	----------------------------------	---

209	4 drawers 72" x 30" gray melamine desk	1
-----	--	---

209	Gray office armchair on wheels	1
-----	--------------------------------	---

209	Blue plastic visitor chair with chromed base	1
-----	--	---

209	Wooden easel	2
-----	--------------	---

	177 to 179 Lot composed of: feet racks (support) for boat storage	1
--	---	---

TOTAL

BOAT INVENTORY

Name of file: CRATE MARINE SALES LIMITED

Address: 951A, Principale Street, St-Paul-De-L'Isle-Aux-Noix, Qc., J0J 1G0

Location of goods: Same

Customer: H.R. Davis & Assoc. Inc.

PICTURE NO.	DESCRIPTION	QTY
----------------	-------------	-----

LOT #2
ROLLING STOCK

OUTDOOR

52-53	2006 CON-O-LIFT Fifthwheel boat trailer	1
169-170	Size: 30' Axles: 2 Model: 915 Serial: 2C9BBSJ266P050015 Registered: L52-63Z (Ontario) With hydraulic system	
56-57	FORD 2006 Pick-up	1
171-172	Model: F-350 Lariat Serial: 1PTWW33PX6EB25036 Registered: 774-5RY (Ontario) KM: Not available (+/- 300 000 km, according to the debtor's declaration)	
173-174	FORD 2011 (vehicle service) Model: Transit Connect Serial: NM0LS7BN0BT054163 Registered: FJW5479 (Québec) KM: 73 301	1

BOAT INVENTORY

Name of file: CRATE MARINE SALES LIMITED

Address: 951A, Principale Street, St-Paul-De-L'Isle-Aux-Noix, Qc., J0J 1G0

Location of goods: Same

Customer: H.H. Davis & Assoc. Inc.

PICTURE NO.	DESCRIPTION	QTY
----------------	-------------	-----

61-62	FORD 2010 Pick-up	1
175-176	Model: F-150 XLT	
	Serial: 1FTFW1EVXAPA39034	
	Registered: 525-6YB (Ontario)	
	KM: 167 140	

TOTAL

SCHEDULE "C"
PERMITTED ENCUMBRANCES OF THE LANDS

- (i) Any reservations, restrictions, rights of way, easements or covenants that run with the Lands;
- (ii) Registered agreements with any municipal, provincial or federal governments or authorities and any public utilities or private suppliers of services, including, without limitation, subdivision agreements, development agreements, site plan agreements, cost sharing agreements, engineering, grading or landscaping agreements and similar agreements;
- (iii) Easements and servitudes, including those registered on title, which do not materially and adversely impair the use of the Lands for the purpose for which they are presently held or used;
- (iv) Registered easements for the supply of utilities or telephone services to the Lands and for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services and all licences, easements, rights-of-way, rights in the nature of easements and agreements with respect thereto not registered on title to the Lands, including without limitation, agreements, easements, licences, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, utilities, gas, steam and water mains or electric light and power, or telephone telegraphic conduits, poles, wires and cables;
- (v) Easements or rights of way in favour of any governmental body, any private or public utility, any railway company or any adjoining owner;
- (vi) Defects or irregularities or encroachments, rights of way or other discrepancies in title or possession disclosed by any errors or omissions in existing surveys of the Lands or of neighbouring properties and any title defect, encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Lands;
- (vii) Minor encroachments by the Lands over neighbouring lands which do not materially and adversely impair the use of the Lands;
- (viii) With respect to instruments registered via Teraview Electronic Registration System ("TERS System"), any error or omission in the receipt, transmission or recording of such instrument, or of any of the particulars contained in such instruments, subsequent to creation and electronic delivery of same to Teranet Real Property Information Services Inc. via the TERS System;
- (ix) Zoning, land use and building restrictions, bylaws, regulations and ordinances of federal, provincial, municipal or other governmental bodies or regulatory authorities, including, without limitation, municipal by-laws and regulations and airport zoning regulations;
- (x) Laws, by-laws and regulations affecting the Lands;
- (xi) Outstanding work orders, stop work orders, deficiency notices, notices of violation, infractions, open permits and compliance requests affecting the Lands;
- (xii) The reservations, limitations, provisos and conditions, if any, expressed in any original grant from the Crown, unpatented mining claims and native land claims;
- (xiii) The standard exceptions and qualifications contained in the *Land Titles Act* (Ontario), the *Registry Act* (Ontario) and the *Condominium Act, 1998* (Ontario), as applicable;
- (xiv) Any right of expropriation, access or user vested in any governmental or public body or authority;
- (xv) The Crawmet Charges; and,

- (xvi) The Powell Charges.

PIN 03475-0140 (LT)

- (xvii) Together with any rights, interests and easements if any as set out in Instrument Numbers A61914A, A7428A, B86062B, A61914A, except easement therein, Part 1 on Plan 65R-13692 and as more particularly set out in the Property Description in the aforementioned PIN;
- (xviii) Subject to any rights, interest and easements set out in Instrument Nos. A64512A, A38709A and A61914A as more particularly set out in the Property Description in the aforementioned PIN;
- (xix) Instrument No. R427546, registered on March 26, 1987 is a Notice of Site Plan Agreement in favour of The Town of Georgina;

PINs 03475-0923 (LT), 03475-0901 (LT), 03475-0902 (LT), 03475-1967 (LT) and 03475-1972 (LT)

- (xx) Together with any rights, interests and easements more particularly set out in Instrument No. LT1251518, Instrument No. R649951 and any other rights, interests and easements set out in the Property Descriptions in the aforementioned PINs;
- (xxi) Subject to any rights, interest and easements set out in Instrument Nos. LT23068, NG9316, LT1251518, LT1251520, R735544, R717319, R717320 and the Right of Way in LT23068 as more particularly set out in the Property Descriptions in the aforementioned PINs;
- (xxii) Instrument No. NG9316, registered on October 15, 1924, is a Transfer of Easement in favour of The Hydro-Electric Power Commission of Ontario.
- (xxiii) Instrument No. IF338, registered on June 29, 1950 is a By-Law re Subdivision Control;
- (xxiv) Instrument No. LT1251519, registered on February 26, 1988, is a Transfer of Easement from Dawson's Marina Limited to Dawson's Marina Limited for purpose of ingress, egress, and laying down of services and maintenance, over the lands described as Part 3 on Plan 65R-19902 and Parts 10, 11, 12, 14, 19, 22, 23 and 24 on plan 65R-19902.
- (xxv) Instrument No. LT1251520, registered on February 26, 1988, is a Transfer of Easement from Dawson's Marina Limited to Dawson's Marina Limited for purpose of ingress, egress, and laying down of municipal and utility services and maintenance, over the lands described as Part 3 on Plan 65R-19902 and Parts 10, 11, 12, 14, 19, 22, 23 and 24 on plan 65R-19902.

PINs 03475-0924 (LT), 03475-0925 (LT), 03475-0146 (LT), 03475-0898 (LT), 03475-0900 (LT) and 03475-0899 (LT)

- (xxvi) Together with any rights, interests and easements more particularly set out in Instrument Nos. R717318 and LT1251518 and any other rights, interests and easements set out in the Property Descriptions in the aforementioned PINs;
- (xxvii) Subject to any rights, interest and easements set out in Instrument Nos. R717318 and LT1251518 as more particularly set out in the Property Descriptions in the aforementioned PINs;
- (xxviii) Instrument No. IF338, registered on June 29, 1950, is a By-Law re Subdivision Control;

PIN 03475-0150 (LT)

- (xxix) Together with any rights, interests and easements more particularly set out in Instrument Nos. LT23068, LT1251520 and any other rights, interest and easements set out in the Property Description in the aforementioned PIN;
- (xxx) Instrument No. LT1251520, registered on February 26, 1988, is a Transfer of Easement from Dawson's Marina Limited to Dawson's Marina Limited for purpose of ingress, egress, and laying down of municipal and utility services and maintenance, over the lands described as Part 3 on Plan 65R-19902 and Parts 10, 11, 12, 14, 19, 22, 23 and 24 on plan 65R-19902;

PIN 03745 – 0135 (LT)

- (xxxi) Instrument No. R351383, registered on August 23, 1984, is a Transfer of Easement in favour of "H. M. The Queen – Ontario"; and Instrument No. R692439, registered on January 29, 1997, is a Transfer of Easement in favour of The Corporation of the Town of Georgina.

SCHEDULE "D"
CRAWMET AND POWELL CHARGES

Crawmet Charges

1. Instrument No. YR1763076, registered on December 22, 2011 is a charge/mortgage of land in favour of Crawmet Corp. in the original principal amount of \$2,000,000.
2. Instrument No. YR2077245, registered on December 20, 2013 is a charge/mortgage of land in favour of Crawmet Corp. in the original principal amount of \$7,000,000.

Powell Charges

1. Instrument No. YR1011208, registered on July 3, 2007 is a charge/mortgage of land in favour of Dwight Powell Investments Inc., in the original principal amount of \$7,500,000.
2. Instrument No. YR1347517, registered on July 23, 2009 is a charge/mortgage of land in favour of Dwight Powell, in the principal amount of \$550,000.
3. Instrument No. YR2077239, registered on December 20, 2013 is a charge/mortgage of land in favour of Dwight Powell Investments Inc., in the original principal amount of \$7,500,000.

SCHEDULE "E"
SECURED DEBT AS AT MARCH 31, 2015
 Unless otherwise specified all values below are in Canadian dollars

DWIGHT POWELL INVESTMENTS INC. ("DPII") and DWIGHT POWELL ("DP")

Facility No.	Original Principal Amount	Outstanding Principal Amount	Interest to and including March 31, 2015	Fees	Balance as at March 31, 2015
A (DPII)	\$7,500,000.00	\$7,536,685.88 ¹	\$238,464.75	\$5,050.00	\$7,780,200.63
B (DP)	\$550,000.00	\$550,000.00 ²	\$18,318.86	\$2,650.00	\$570,968.86
Estimated legal fees and disbursements					\$15,000.00
TOTAL POWELL SECURED LOANS					\$8,366,169.49

CRAWMET CORP.

Facility No.	Original Principal Amount	Outstanding Principal Amount	Interest to and including March 31, 2015 ³	Balance as at March 31, 2015
A	\$2,085,244.24	\$1,970,303.99	\$100,214.94	\$2,070,518.93
B	\$318,440.00	\$310,536.66	\$13,061.14	\$323,597.80
C	\$900,000.00	\$900,000.00	\$59,188.91	\$959,188.91
D	US\$1,940,270	US\$1,940,270.00	\$220,924.22	\$2,161,194.22
	\$44,163.58	\$44,163.57	\$3,133.80	\$47,297.37
E	\$525,000.00	\$317,610.42	\$19,504.37	\$337,114.79
F	\$246,862.00	\$246,862.00	\$16629.69	\$263,491.69
G	\$300,000.00	\$300,000	\$18,907.55	\$318,907.55
H	\$300,000.00	\$200,767.00	\$10,049.14	\$210,816.14
I	US\$66,075.01	\$43,376.31	\$3,969.23	\$47,345.54
J	\$7,000,000.00	\$6,935,412.52	\$301,078.39	\$7,236,490.91
Legal Fees and Disbursements to January 31, 2015				\$ 230,803.94
Estimated legal fees and disbursements to completion				\$75,000.00
TOTAL CRAWMET SECURED LOANS CAD				\$12,073,228.03
TOTAL CRAWMET SECURED LOANS USD				\$2,208,539.76

¹ Outstanding as at October 28, 2014, interest at 7.5% per annum.

² Outstanding as at October 23, 2014, interest at 7.5% per annum.

³ Interest at 10% per annum on all loan facilities with the exception of facility J. Facility J, interest at 9% per annum.

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SCHEDULE "F"
INVENTORY OF BOATS

See attached.

CRATE MARINE SALES LTD
Inventory Listing of Crate Owned Boats provided by Crate Marine
Crate Marine Sales Limited
Schedule of Boat Inventory

SCHEDULE F

The Purchased Assets listed in this Schedule may be subject to Permitted Encumbrances and claims pursuant to the Property Claims Procedure Order

STOCK NO	DESCRIPTION	TYPE	New or Used	SERIAL NO	DATE RCVD	
NEW BOATS						
4762	10 SEA-DOO	RXT	SD	N	YDV12689C010	31-Oct-10
5538	14 REGAL	2550	CC	N	RGMMP242D414	25-May-14
5725	14 PHOENIX	S22-50TB	BT	N	5VWBT222XFE006450	12-Jun-14
USED BOATS						
3956	87 CARVER	28 RIVEARA	AC	U	CDRJ01141687	18-Apr-07
4322	69 CHRIS-CRAFT	42COMAND	AC	U		01-Oct-08
4335	31 CHRIS-CRAFT	CLASSIC	R	U		14-Oct-08
4483	88 CARVER	3257 MONTEGO	EC	U	CDRN5133E888	10-Sep-09
4638	02 REGAL	2600 LSR	BR	U	RGMWH024J102	01-Jun-10
4696	89 CARVER	3607	AC	U	CDRG00538989	13-Aug-10
4745	07 ZODIAC	DINGHY	INF	U	XDCR222KK607	05-Oct-10
5128	95 TROJAN	350 EXPRESS	EC	U	TRJR1027K495	27-Apr-12
5195	63 CHRIS-CRAFT	30	CON	U		07-Aug-12
5312	97 CARVER	32 VOYAGER	SF	U	CDRM20041697	30-Jan-13
5341	06 DONZI 43		PB	U	DNAZC006K506	25-Feb-13
5779	12 BOAT TRAILER	MANNING	BT	U	IM9TB433OCC495563	31-Jul-14
5347	97 DONZI 22	& TRAILER	PB	U	DNAC2008D697	27-Feb-13
5363	89 CRUISERS	3060	EC	U	CRS8448BC989	28-Mar-13
5437	10 LARSON	288	BR	U	LAR89725E910	21-Jun-13
5496	90 WELLCRAFT	31 SCARAB EX	PB	U	WELP6159J990	04-Sep-13
5564	92 SEA-RAY	180	BR	U	SERV4423A292	21-Jan-14
5565	06 RINKER	27	CC	U	RNK73048803	21-Jan-14
5567	10 REGAL	2100	BR	U	RGMCB203D010	22-Jan-14
5600	08 MONTEREY	214 FSC & TRA	CC	U		14-Apr-14
5601	03 SEA-RAY	41	AC	U	SERFR9467203	14-Apr-14
5732	11 REGAL	2300 & PHOENIX T	BR	U	R6MDR327D11 Trailer S	22-May-14
5647	11 CRUISERS	330 EXPRESS	EC	U	CRSFDA70D011	05-Jun-14
5670	04 KEY WEST	CONQUEST	BR	U	KWEDD130I304	18-Jun-14
5671	97 LARSON	290 CABRIO	BR	U		19-Jun-14
5672	97 DORAL	1997 240 DORAL	AC	U	QJA06303A797	23-Jun-14
5679	00 WELLCRAFT	WILKER 18	R	U		26-Jun-14
5777	88 DORAL 26		AC	U	A152917888	24-Sep-14
5781	99 REGAL	32 COMMODORE	EC	U		25-Sep-14
5795	12 SEA-RAY	240 SUNDANCER	AC	U	US-SERT4011I112	02-Oct-14
5808	03 BAYLINER	245 & GALVANI	BR	U	259403963	17-Oct-14
5816	99 RINKER	232 CAPTIVA & T	BR	U	KNK61752C999	23-Oct-14
5820	96 THOMPSON	26 SANTA	AC	U	TMS37895K595	03-Nov-14
5662	88 CARVER	2807 RIVIERA	AC	U	CDRJ0023088	16-Jun-14
5704	87 PROWLER	9M AAFT CABIN	AC	U		14-Jul-14
4682	88 PROWLER	10M	AC	U		26-Jul-10
5400	78 SEA-RAY	30 SEDAN BRIDG	SF	U		13-May-13
5424	04 Bayliner 245		CC	U	QC3507805	31-May-13
5485	11 Four Winns V305		EC	U	PFWCJ003K011	05-Apr-14
5508	13 Regal 35SC		SC	U		26-Sep-14
5533	11 Coblatt 262WSS W Trailer		R	U	FGE65002G011 / QC3088553	04-Oct-14
5700	03 CARVER 57	PILOT HOUSE	MY	U	CDRNA123H203	09-Jul-14
Other						
4858	09 DYNAMAX	DYNA AIRE	DYN	N	1D9FE362391358008	24-Mar-11
4859	09 DYNAMAX	DYNA AIRE	DYN	N	1D9FE362591358009	14-Apr-11

TAB D

**SUPERIOR COURT OF JUSTICE**

Court House
361 University Avenue
TORONTO, ON M5G 1T3
Tel. (416) 327-5284
Fax (416) 327-5417

FACSIMILE

TO	FAX NO.	PHONE NO.
Michael B. Rotsztain and R. B. Bissell	(416) 597-3370	(416) 597-9922
H. Chaiton and M. Poliak	(416) 218-1849	(416) 218-1129
E. Bisceglia	(905) 695-5201	(905) 695-5200
C. Prophet and H. Murray	(416) 862-7661	(416) 862-3509
J. D. Marshall	(416) 361-2763	(416) 367-6024
J. McReynolds	(416) 947-0079	(416) 947-1093

Total No. of Pages Including Cover Sheet: Six

Date: February 18, 2015

RE: CRATE MARINE SALES LIMITED
COURT FILE NO.: CV-14-00010798-OOCL

Please contact Gladys Gabbidon at (416) 327-5052 if you do not receive all pages. Thank you.

CITATION: Crate Marine, 2015 ONSC 1062
COURT FILE NO.: CV-14-00010798-00CL
DATE: 20150218

SUPERIOR COURT OF JUSTICE – ONTARIO

(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF Crate Marine Sales Limited,
F. S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited,
128648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd.

RE: Crate Marine Sales Limited et al.

BEFORE: L. A. Pattillo J.

COUNSEL: *M. B. Rotsztain* and *R. B. Bissell*, for the Receiver and Trustee
H. Chaiton and *M. Poliak*, for Crawmet, and 2450902 Ontario Ltd.
E. Bisceglia, for Cesaroni Management Ltd.
C. Prophet and *H. Murray*, for Romith Investments Limited and
Uplands Charitable Foundation
J. D. Marshall, for Marquis Yachts
J. McReynolds, for 2124915 Ontario Inc.
HEARD: February 13, 2015

ENDORSEMENT

Introduction

[1] On December 8, 2014, A. Farber & Partners was appointed as Receiver (“Receiver”) and as Trustee in Bankruptcy (“Trustee”) of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively the “Companies”).

[2] The Receiver brings this motion for various orders including approval of an agreement of purchase and sale dated February 8, 2015 (the “Stalking Horse Offer”) and a sales process which includes an auction for all of the assets of the Companies save and except for certain excluded

assets. Subsidiary issues are approval of the Receiver's first three Reports and its conduct as set out in the Reports and a sealing order of Confidential Appendices "A" and "B".

Background

[3] The Companies are related companies that operate marinas at multiple locations including a large marina in Keswick, Ontario, on Lake Simcoe. Crate Marine Sales Limited ("Crate Marine") is the sole operating entity. The remainder of the Companies either own land used in the marina operations (primarily at Keswick) or own other of the Companies.

[4] In addition to land, the assets of the Companies consist primarily of cash, accounts receivable, boats, parts and equipment as well as interests in other businesses or ventures involving members of the Crate family. The Receiver has obtained and filed certificates of pending litigation against certain properties in the vicinity of the Keswick marina location (the "Adjacent Properties") and against a property in Belleville, Ontario.

[5] After review of the assets available for sale, the Receiver has determined that the best realizations are likely to be obtained from a sale of the business as an operating marina. Furthermore, the sooner a sale takes place, the more likely the value of the customer base to a new owner/operator will be maintained as the 2015 boating season is not far off. The Receiver also recognizes that the Companies' real estate in the Keswick area as well as the possible interest in the Adjacent Properties will also likely be of interest to real estate developers.

The Stalking Horse Offer

[6] The negotiations to obtain the Stalking Horse Offer involved considerable time and were complicated due to a number of factors including (i) the Companies have different real estate holdings and multiple cross-collateralized mortgages; (ii) the uncertainty of potential claims on the Crate Marine owned boats; (iii) the state of the books and records; and (iv) the issues identified by the Receiver related to the Adjacent Properties and other business activities of the Companies.

[7] The Stalking Horse Offer is in large part comprised of a credit bid through assumed debt. The purchaser under the Stalking Horse Offer is 2450902 Ontario Limited (the "Purchaser") whose principals, Benn-Jay Spiegel and Dwight Powell are the respective principals of Crawmet Corp ("Crawmet") and Dwight Powell Investments Inc. ("DPII") who in turn are secured creditors of the Companies.

[8] The Stalking Horse Offer is for substantially all of the assets of the Companies. The three main exclusions are cash on hand at closing; boats in possession of the Companies where there are or were boat slip leases or other bailment arrangements; and anything the Purchaser may choose to exclude from the purchased assets without any adjustment of the purchase price. The assets to be sold also include the claims of the Companies and the Receiver and Trustee in respect of the Adjacent Lands, the Bellville property and other claims.

[9] The Receiver estimates that the purchase price under the Stalking Horse Offer at the time of the anticipated closing date will be approximately \$25,951,784.00 made up of assumed secured debt of Crawmet, DPII and Dwight Powell in the amount of \$22,973,033.00; cash for all

amounts secured by the Receiver's Charge and the Receiver's Borrowing Charge at Closing (approximately \$2,000,000.00); cash for the estimated Receiver/Trustee fees and counsel fees from Closing to discharge (approximately \$300,000); cash for realty tax arrears, utility arrears and source deductions (\$389,000.00); and cash amounts for two properties in Keswick known municipally as 7 and 8 Mac Ave (\$550,000) and 210 Wynthurst Ave. (\$710,000) (collectively the "Properties").

[10] The Stalking Horse Offer contains no break fee or payment for the Purchaser's expenses.

[11] The Receiver considered the value being offered in the Stalking Horse Offer and concluded, for the reasons noted in the Third Report, that it is appropriate value for the assets being purchased. Having regard to the consideration being offered in the Stalking Horse Offer and the benefit of a mechanism to coherently market the assets being conveyed, the Receiver concluded that the interests of the creditors and stakeholders of the Companies were, on the whole, best served by accepting the Stalking Horse Offer.

The Proposed Sale Process

[12] The Receiver has proposed a sales process that involves notice to identified potential purchasers as well as more generally; a time period of approximately one month for submission of bids and if there are one or more superior bids to the Stalking Horse Offer, an auction at the Receiver's office involving the Purchaser and the superior bidders followed by a motion to the court for approval and a vesting order. The entire process is scheduled to take less than two months to complete.

Analysis

[13] A stalking horse offer combined with a court-approved bidding procedure is commonly used in insolvency situations to facilitate the sale of businesses and assets.

[14] In *Brainhunter Inc., Re.* (2009), 62 C.B.R. (5th) 41 (Ont. S. C. J.) at para. 13, Morawetz J. sets out four factors that the court should consider in exercising its discretion to determine whether to authorize a stalking horse process. The case involved a stalking horse sales process under the *Companies Creditors Arrangement Act* but in my view, the same considerations are applicable here. The factors are: is the sale transaction warranted at this time; will the sale benefit the "economic community"; do any of the creditors have a bona fide reason to object to the sale of the business; and is there a better viable alternative.

[15] The Receiver's Third Report makes it clear, in my view, that the sale is warranted at this time. I accept the Receiver's determination that the best realization of the assets will be achieved by the sale of the business as an operating marina. In order to accomplish that, the sale must take place as soon as possible to enable a purchaser to maintain the continuity of the business going forward into the 2015 boating season.

[16] Further, in my view, the proposed sale will benefit the "economic community". In addition to maximizing value, which is of benefit to all the creditors and stakeholders of the Companies, the continuation of the operation of the marina will also be of benefit to the greater Keswick community by way of preservation of jobs, contracts and business relationships.

[17] On the motion, the only creditors who objected to the Stalking Horse Offer were Cesaroni Management Limited ("Cesaroni"), Romith Investments Limited ("Romith") and Uplands Charitable Foundation ("Uplands") (collectively the "Objecting Creditors"). Cesaroni and Romith are mortgagees of 210 Wynthurst Ave. and Uplands is a mortgagee of 7 & 8 Mac Ave.

[18] The Objecting Creditors submit that the purchase price allocated in the Stalking Horse Offer for the Properties is not reflective of the fair market value for either of the Properties. Further, the allocated price will provide for less value than the respective charges registered against the Properties by the Objecting Creditors. In support of its position, Cesaroni has filed real estate appraisal indicating a value for 210 Wynthurst Ave. well in excess of the allocated purchase price. Uplands submits that it attempted to get an appraisal of 7&8 Mac Ave. but was unable to arrange it in the short notice given.

[19] The Objecting Creditors submit that 7&8 Mac Ave. and 210 Wynthurst Ave. should be removed from the Stalking Horse Offer and the proposed sales process. To support their position, they seek a brief adjournment in order to provide better evidence of value. In Cesaroni's case, it submits it will provide a bona fide offer for 210 Wynthurst Ave.

[20] The Objecting Creditors are not objecting to the sale of the business in general. They are objecting to the Properties that they have an interest in being included in the Stalking Horse Offer for the consideration proposed. But the Properties form part of or are adjacent to the properties that comprise the Companies marina operation in Keswick. For that reason, in my view, they should be included in the proposed sale and therefore remain part of the Stalking Horse Offer at this stage.

[21] In reaching its conclusion that the interests of the creditors and stakeholders of the Companies on the whole are best served by accepting the Stalking Horse Offer, the Receiver considered the fact that the allocated purchase price for the Properties would likely provide for less value than the charges registered against them by the Objecting Creditors. The Receiver also considered information from the Purchaser that its investigations indicated that the market value for the Properties is considerably less than the amounts owing under the charges held by the Objecting Creditors as well as its understanding that the amounts owing by the Companies to Cesaroni and Romith were secured against other lands held by a principal of the Companies.

[22] During the hearing, I was advised by counsel for the Receiver and the Purchaser that the Purchaser agreed that if its Stalking Horse Offer was the successful bid, it would still be bound by and complete the agreement of purchase and sale if one or either of the Properties were excluded from the sale subject to a price reduction based on the allocated amount.

[23] The real issue raised by the Objecting Creditors is the fairness to them of including the Properties in the Stalking Horse Offer for the consideration provided. In my view, that issue cannot and should not be decided in advance of approval of the relief sought by the Receiver on this motion. The interests of all of the creditors and stakeholders of the Companies in a sale of the business as an operating marina override the concerns of the Objecting Creditors at this stage.

[24] Accordingly, I am not prepared to adjourn the approval of the Stalking Horse Offer or the sale process at this stage or remove the Properties from the Stalking Horse Offer.

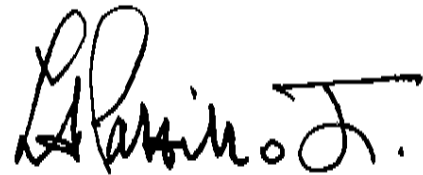
[25] In my view, the issue of whether the Properties should be included as part of the final sale or not should be determined at the time approval of a proposed sale is sought and having regard to the factors set out in *Royal Bank v. Soundair Corp.* (1991), 7 C.B.R. (3d) 1 (Ont. C.A.).

[26] Accordingly, for the above reasons, I approve the Stalking Horse Offer and authorize the Receiver to enter into the agreement of purchase and sale in that regard. I also approve the proposed sales process. In my view, the process is transparent and the proposed timeline is fair and reasonable given the circumstances.

[27] Confidential Appendices "A" and "B" contain appraisals obtained by the Companies prior to the litigation as well as the Receiver's analysis of the value of the assets being sold as compared to the purchase price under the Stalking Horse Offer and a detailed discussion of potential claims by the Companies. It is commercially sensitive information which would seriously interfere with the sales process, causing harm to the Companies and the stakeholders if made public. I conclude therefore that the test set out in *Sierra Club of Canada v. Canada (Minister of Finance)*, [2002] 2 S.C.R. 522 (S.C.C.) at para. 53 has been met. The Appendices will be sealed until final completion of the sales process or further order of the Court.

[28] Finally, I approve the First, Second and Third Reports of the Receiver and the activities as set out therein.

[29] To the extent that the time lines for the sales process as proposed by the Receiver at the hearing need to be altered given the delay in the release of these reasons, I may be spoken to.

A handwritten signature in black ink, appearing to read "L. A. Pattillo J.", written over a horizontal line.

L. A. Pattillo J.

T A B E

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

THE HONOURABLE
JUSTICE *Rattino*

) WEDNESDAY, THE 18TH
)
) DAY OF FEBRUARY, 2015



IN THE MATTER OF THE RECEIVERSHIP OF
CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED,
1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED,
1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

**ORDER
(Stalking Horse and Sales Process)**

THIS MOTION, made by A. Farber & Partners Inc. ("**Farber**") in its capacity as the Court-appointed Receiver (in such capacity, the **Receiver**"), without security, of all the assets, undertakings and properties (collectively, the **Property**) of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively, the "**Debtors**") for an order substantially in the form included in the Receiver's Motion Record, amongst other things, approving a stalking horse agreement of purchase and sale and a related sales and bidding process and approving the Third Report of the Receiver dated February 8, 2015 (the "**Third Report**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report and appendices thereto, and on hearing the submissions of counsel for the Receiver, and 2450902 Ontario Limited (the "**Stalking Horse Bidder**"), Cesaroni Management Limited, Romith Investments Inc. Uplands Charitable Foundation and 2124915 Ontario Inc., no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Brendan Bissell sworn February 9, 2015, filed.

1. **THIS COURT ORDERS** that the time for service and filing of the Receiver's Notice of Motion and the Motion Record is hereby abridged and the service thereof is hereby validated so that this motion is properly returnable today and further service thereof is hereby dispensed with.
2. **THIS COURT ORDERS** that all capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Stalking Horse Agreement of Purchase and Sale or the Sales Process Terms (as such terms are defined below), as the case may be.
3. **THIS COURT ORDERS** that the Receiver's First Report dated December 11, 2014, the Receiver's Second Report dated December 19, 2014 and the Third Report be and are hereby approved and that the activities, decisions and conduct of the Receiver and its counsel as described therein, be and are hereby approved.
4. **THIS COURT ORDERS AND DECLARES** that the terms of this Order are without prejudice to the position of Marquis Yachts LLC and Northpoint Commercial Finance LLC (collectively "**Marquis**") as to the propriety of the conduct of the Receiver with respect to the Marquis Yacht as defined in the Reports.
5. **THIS COURT ORDERS** that Confidential Appendix "A" and Confidential Appendix "B" to the Third Report be and are hereby sealed until further Order of this Court.
6. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed, *nunc pro tunc*, to enter into an agreement to sell all or substantially all of the assets, property and undertakings of the Debtors (collectively, the "**Purchased Assets**") to the Stalking Horse Bidder, substantially in the form of the agreement attached as Appendix "Z" to the Third Report (the "**Stalking Horse Bid**" or "**Stalking Horse Agreement of Purchase and Sale**"), and such agreement, subject to the terms of this Order, is hereby approved and accepted for the purpose of conducting the Stalking Horse Process (as such term is defined below) in accordance with this Order and the Sales Process Terms (as such term is defined below).
7. **THIS COURT ORDERS** that the sales and bidding procedures described in the Third Report and attached hereto as **Schedule "A"** (the "**Sales Process Terms**") and the sales process

and auction described therein (collectively, the “**Stalking Horse Process**”) be and are hereby approved and the Receiver is hereby authorized and directed to conduct the Stalking Horse Process.

8. **THIS COURT ORDERS** that to qualify as a Superior Bid, a bid must be received from a purchaser other than the Stalking Horse Bidder on or before 5:00 p.m. (Toronto time) on March 18, 2015 (the “**Bid Deadline**”) and must be considered by the Receiver, in its sole discretion, to be a Superior Bid, as defined in the Sales Process Terms.

9. **THIS COURT ORDERS** that in addition to the Sales Process Terms, the following sales and bidding process (the “**Sales Process**”) with respect to any and all of the Purchased Assets be and is hereby approved as follows:

- (a) the Receiver shall solicit potential purchasers to submit Competing Bids by:
 - (i) sending out a teaser letter to parties in the same industry as the Debtors and to other potential purchasers as identified by the Receiver, as soon as reasonably practicable after issuance of this Order;
 - (ii) placing an advertisement in the Globe & Mail (National Edition) within five (5) Business Days of the issuance of this Order and in the Georgina Advocate, Barrie Advance, Innisfil Journal and Orillia Today within ten (10) Business Days of the issuance of this Order; and
 - (iii) providing to any potential purchasers who execute a confidentiality agreement on terms satisfactory to the Receiver: (1) access to a data room containing information in the Receiver’s possession reasonably required by prospective purchasers of the Purchased Assets to consider submitting a Competing Bid and facilitate the conduct of due diligence by prospective purchasers; and (2) an electronic copy of the Stalking Horse Bid;
- (b) any interested purchaser shall submit a formal offer to purchase the Purchased Assets in the form of an asset purchase agreement (with a copy blacklined against

the Stalking Horse Bid), which includes the Sales Process Terms and an aggregate purchase price at least equal to the Stalking Horse Bid, plus an additional sum of \$500,000.00, and a deposit equal to at least 5% of the aggregate purchase price under the subject bid by way of Certified Cheque, Bank Draft or Wire Transfer payable to the Receiver in trust on or before the Bid Deadline;

- (c) the Receiver shall review any formal bids received by the Bid Deadline and determine if there are one or more Superior Bids;
- (d) if there is no Superior Bid, the Receiver shall bring a motion as soon as reasonably possible after the Bid Deadline for approval of the Stalking Horse Agreement of Purchase and Sale and an order to vest the right, title and interest of the respective Debtors in the Purchased Assets in the Stalking Horse Bidder and proceed with closing the transaction forthwith;
- (e) If there is one or more Superior Bids, the Receiver shall send out invitations on or before 3:00 p.m. (Toronto time) on March 20, 2015, or as reasonably practicable, to all Persons who have submitted Superior Bids and to the Stalking Horse Bidder, inviting them to attend an auction (the “**Auction**”) to be conducted by the Receiver at 10:00 a.m. (Toronto time) on March 23, 2015, at the offices of the Receiver, or otherwise as may be determined by the Receiver, in its sole discretion, together with a set of rules for the conduct of the Auction, and a copy of the most favourable Superior Bid (the “**Lead Bid**”) as determined in accordance with the Sales Process Terms; and
 - (i) the Receiver shall conduct the Auction by soliciting bids, starting at a minimum of \$100,000 increments above the amount of the Lead Bid, for which each bid thereafter must exceed the aggregate purchase price payable pursuant to the preceding bid by no less than \$100,000.00 and for which all consideration in excess of the amount set forth in the Lead Bid must be comprised only of cash consideration;

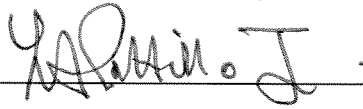
- (ii) the Receiver may establish such timelines and protocols for the Auction as it considers appropriate, in its discretion, which will not be inconsistent with the terms of this Order;
 - (iii) the “**Winning Bid**” shall be: (1) if there are no bids at the auction, the Person with the Lead Bid; or (2) the bidder with the highest bid received at the Auction as determined in accordance with the Sales Process Terms;
 - (iv) upon acceptance of the bid of the Winning Bidder, there shall be a binding agreement of purchase and sale between the Winning Bidder and the Receiver in accordance with the Sales Process Terms; and
 - (v) the Receiver shall make a motion to this Court, within 7 (seven) Business Days after the completion of the Auction, for an order to approve the agreement of purchase and sale with the Winning Bidder and to vest the right, title and interest of the respective Debtors in the Purchased Assets in the Winning Bidder, and proceed with closing the transaction forthwith.
- (f) If the Winning Bidder fails to comply with the terms and conditions of the Winning Bid Agreement, or any of them, all deposits shall be forfeited to the Receiver on account of liquidated damages, without prejudice to all other rights and remedies the Receiver may have under the Winning Bid Agreement or at law or in equity as a result of such failure to comply, and the Purchased Assets subject to the Winning Bid Agreement may be resold by the Receiver. In that event, the Receiver may in its sole discretion accept the next highest bid received at the Auction after the Winning Bid (the “**Back-up Winning Bid**”), and if necessary may in its sole discretion in such acceptance extend the Closing Date to a date no later than April 20, 2015. The Receiver shall make a motion to this Court, within 7 (seven) Business Days after its acceptance of the Back-up Winning Bid Agreement, for an order to approve the Back-up Winning Bid Agreement and to vest the right, title and interest of the respective Debtors in the Purchased Assets in the purchaser thereunder, and proceed with closing the transaction forthwith.

10. **THIS COURT ORDERS** that in connection with the Stalking Horse Process and pursuant to clause 7(3) (c) of the *Personal Information Protection and Documents Act* (Canada), the Receiver may disclose personal information of identifiable individuals to prospective bidders for the Purchased Assets and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete a sale of such assets. Each prospective bidder to whom any 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 said assets and related business, and if it does not complete a purchase thereof, shall return all such information to the Receiver or in the alternative shall destroy all such information and certify such destruction to the Receiver. The purchaser of any Purchased Assets shall be entitled to continue to use the personal information provided to it, and related to the Purchased Assets 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.


11. **THIS COURT ORDERS** that the Receiver and its counsel be and they hereby are authorized to serve or send, or cause to be served or sent, this Order (including any of the materials referred to in this Order and other materials relating to the Sales Process), any other materials and orders in these proceedings, and any notices or correspondence, by commercial electronic messages to electronic addresses, attaching true copies thereof, of the Debtors' creditors and other interested parties (including prospective purchasers or bidders to the extent necessary or desirable to provide information and material with respect to the Sales Process), and their advisors. For greater certainty, any such service or sending shall be deemed to be in satisfaction of a legal or judicial obligation, or the provision of notice of an existing or pending right, legal or juridical obligation or court order, within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DOS).

12. **THIS COURT ORDERS AND DECLARES** that nothing in this Order shall constitute approval of the purchase prices for the parcels of Lands set out in section 2.2(d) of the Stalking Horse Agreement of Purchase and Sale, and this Order is made without prejudice to the rights of Uplands Charitable Foundation, Cesaroni Management Limited and Romith Investments Limited

to object to such prices for the respective parcels on which they hold a charge or the inclusion of such parcels as part of the transaction to be approved in an Approval and Vesting Order.

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 MAR 17 2015

SCHEDULE "A"

CRATE MARINE SALES LIMITED et al SALES PROCESS TERMS (INCLUDING TERMS AND CONDITIONS OF SALE) (Collectively, the "Terms")

1. THE VENDOR

1.1. A. Farber & Partners Inc. solely in its capacity as the Court-appointed receiver (the "**Receiver**" and/or the "**Vendor**"), without security, of all the assets, undertakings and properties of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd. and 1382416 Ontario Ltd. (collectively, the "**Debtors**"), is offering for sale by bid and auction all of the **Purchased Assets**, as described in **Schedule "A"** attached hereto.

1.2. The Receiver has obtained an Order of the Ontario Superior Court of Justice (Commercial List) dated February 13, 2015 (collectively, the "**Sales Process Order**") which sets out, *inter alia*, the terms, conditions of sale and a timetable for bidding and an auction with respect to the purchase and sale of the Purchased Assets, as further outlined below (the "**Sales Process**") (a copy of the Sales Process Order can be viewed/downloaded on the Receiver's website at www.farberfinancial.com).

1.3. All capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the Stalking Horse Agreement of Purchase and Sale (as that term is defined below).

2. THE SALE PROCESS

2.1. The Sales Process Order recognizes the initial bid from 2450902 Ontario Limited (the "**Stalking Horse Bidder**"). The initial bid by the Stalking Horse Bidder is contained in an Agreement of Purchase and Sale dated as of February 8, 2015, executed by the Receiver and the Stalking Horse Bidder (the "**Stalking Horse Agreement of Purchase and Sale**") (a copy of the Stalking Horse Agreement of Purchase and Sale can be viewed/downloaded on the Receiver's website at www.farberfinancial.com) as a baseline or "stalking horse bid" (the "**Stalking Horse Bid**"), for a purchase price estimated to be \$25,951,784.00, as detailed in paragraph 74 of the Receiver's Third Report and further particularized in Section 2.2 of the Stalking Horse Agreement of Purchase and Sale, plus any and all taxes (including any HST) and all other transfer taxes, duties or other like charges payable upon or in connection with the subject transaction (collectively, the "**Taxes**").

2.2. The Sales Process Order provides for, *inter alia*, the marketing and sale of the Purchased Assets by the Receiver and a competitive bidding and auction procedure, to be administered by the Receiver, in order to determine if a materially higher price (compared to the Stalking Horse Bid) can be obtained for the sale of the Purchased Assets.

2.3. In addition, the Sales Process Order provides that in order for there to be an auction in respect of the Purchased Assets, the Receiver must receive one or more Superior Bids in compliance with the Sales Process.

2.4. **“Superior Bid(s)”** shall mean:

- (a) an all cash offer or offers by any Person(s) other than the Stalking Horse Bidder or its Affiliates to purchase all or any of the right, title and interest of the respective Debtors to the Purchased Assets, which has or in the aggregate have cash consideration at least Five Hundred Thousand (\$500,000) Dollars higher than the Purchase Price in the Stalking Horse Bid, provided that no offer(s) shall qualify as a Superior Bid unless it meets, among other things, the following minimum criteria:
 - (i) the offer(s) must be accompanied by a cash deposit which is at least equal to five (5%) percent of the purchase price or aggregate purchase prices offered therein;
 - (ii) the offer(s) must provide for the payout in full of the Assumed Secured Debts on Closing;
 - (iii) the offer(s) must be irrevocable until April 10, 2015 and specify that the Closing shall take place prior to April 20, 2015;
 - (iv) the offer(s) must be on terms in the aggregate no less favourable and no more burdensome or conditional than the Stalking Horse Bid;
 - (v) except as provided in sub-clause (ii) above, the offer(s) must be substantially in the form of the Stalking Horse Bid, with any changes to the offer(s) black-lined against the Stalking Horse Bid;
 - (vi) the offer(s) must be supported by evidence in writing of (a) liquidity, or (b) committed financing from a lender and on terms and conditions (if any) satisfactory to the Vendor, in its sole discretion, in each case sufficient, in the sole discretion of the Vendor, to close a transaction within the timelines detailed in the Sales Process Order.

3. COMPETING BID OFFERS

3.1. Sealed bids marked “DO NOT OPEN - BID – CRATE MARINE SALES LIMITED et al” shall be delivered or mailed postage prepared to A. Farber & Partners Inc., Receiver of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited, 1282648 Ontario Limited, 1382415 Ontario Ltd. and 1382416 Ontario Ltd., Attention: Stuart Mitchell, so as to be received by the Receiver on or before 5:00 p.m. (Toronto time) on March 18, 2015.

3.2. Every bid submitted to the Receiver (a “**Competing Bid**”) must be in writing and submitted in the form of an amended Agreement of Purchase and Sale, as provided herein. Any Competing Bids received by the Receiver that are not in the correct form may be rejected immediately by the Receiver, acting in its sole and unfettered discretion.

3.3. The opening of any Competing Bid(s) received by the Receiver will be conducted between March 19, 2015 and March 20, 2015, in private and in the presence of representatives of the Receiver and its solicitors.

3.4. In consideration of the Receiver receiving any Competing Bid and upon receipt by the Receiver of any such Competing Bid, the competing bidder shall not be entitled to retract, withdraw, revoke, vary or countermand its Competing Bid.

3.5. No Competing Bid may contain proposals to vary, amend or supplement these Terms.

3.6. Any documentation or other materials provided to prospective bidders relating to the Purchased Assets have been prepared solely for the convenience of prospective bidders and are not warranted to be complete or accurate, and do not form part of these Terms. Every bidder shall be deemed to have relied entirely on its own inspection and investigation of the Purchased Assets and title thereto.

3.7. By submitting an offer to purchase the Purchased Assets, the bidder acknowledges that it is bound by the Purchaser’s Acknowledgments contained in Section 5.4 of the Stalking Horse Agreement of Purchase and Sale. Without limiting the generality of the foregoing, the bidder acknowledges that it has inspected the Purchased Assets and that the Purchased Assets are being sold on an “*as is, where is*” basis at the time of closing and that there is no representation, warranty or condition, expressed or implied, statutory or otherwise, as to title, encumbrances, description, fitness for any purpose, merchantability, quality, quantity, state, condition (environmental or otherwise), defect, (patent or latent), existence, location, value, the validity or enforceability of any rights (including intellectual property rights), any requirement for licenses, permits, approvals, consents for ownership, occupation or use or compliance with any government laws, regulations, bylaws and orders or in respect of any other matter or thing whatsoever. The Purchased Assets are specifically offered, as they now exist with no adjustments to be allowed for changes in conditions, qualities or quantities of such Purchased Assets from the date hereof to the Closing Date (as the term is defined below) of the contemplated transaction. The bidder acknowledges that the Receiver is not required to inspect or count the Purchased Assets or any part thereof, or to provide to bidders the results of any inspection or counting of the Purchased Assets or any part thereof if conducted by or on behalf of the Receiver, and the bidder shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the bidder’s sole responsibility to obtain, at its own expense, any consents to such transfer of the Purchased Assets and any further documents or assurances which are necessary or desirable in the circumstances.

3.8. The Receiver, at its sole and unfettered discretion, may waive or vary strict compliance with any or all of the Terms hereof.

4. DEPOSIT

4.1. Competing bids shall be stated in Canadian currency and must be accompanied by a deposit in the form of Certified Cheque, Wire Transfer or Bank Draft payable to "A. Farber & Partners Inc., Receiver of Crate Marine Sales Limited et al., in trust. The deposit for any Competing Bid shall be five percent (5%) of the aggregate purchase price payable under the subject Competing Bid. If a Competing Bid is accepted to be the Winning Bid (as the term is defined below), the subject deposit shall be deemed to be a cash deposit and will be applied by the Vendor towards the purchase price for the Purchased Assets on the closing of the contemplated transaction in accordance with the manner described in the Stalking Horse Agreement of Purchase and Sale.

4.2. Deposits accompanying Competing Bids that are not accepted by the Receiver to be Superior Bids will be returned to the respective bidder(s) by prepaid registered mail or courier addressed to the respective competing bidders at the address set out in their offers no later than March 24, 2015.

5. THE AUCTION PROCESS AND THE WINNING BID

5.1. If there is one or more Superior Bids that meet the above conditions, the Receiver will distribute to the makers of these Superior Bids and to the Stalking Horse Bidder, on or before 3:00 p.m. (Toronto time) on March 20, 2015, or as reasonably practicable, the following:

- (a) an invitation to an auction of the Assets to be held at 10:00 a.m. (Toronto time) on March 23, 2015 at the offices of the Receiver, or otherwise as may be determined by the Receiver, in its sole discretion (the "**Auction**");
- (b) a copy of the bid that the Receiver, acting in its sole and unfettered discretion, having regard to all of the features of the bids and these Terms, believes to be most favourable bid as between the Stalking Horse Bid and all of the Superior Bids (the "**Lead Bid**"); and
- (c) A copy of a set of rules for the conduct of the Auction, established by the Receiver, acting in its sole and unfettered discretion, with a view of maximizing the price for the Purchased Assets (the "**Auction Rules**"), provided that the Auction Rules shall in all events provide that: (i) all bids made at the Auction shall be in accordance with the terms and conditions of the Lead Bid (provided that the bid of only the Stalking Horse Bidder shall be permitted to provide for its assumption of the Assumed Secured Debt), excluding the aggregate purchase price which will be subject to improvement through bidding in the Auction; (ii) each bid made in the course of the Auction shall exceed the aggregate purchase

price payable pursuant to the preceding bid (or, in the case of the first bid made at the Auction, the Lead Bid) by no less than \$100,000 increments, solely for the purpose of determining the successful bid at the Auction, and all amounts in excess of the amount of the Lead Bid shall be entirely comprised of cash consideration; and (iii) the highest bid received at the Auction shall be the winning bid (the “**Winning Bid**”).

5.2. Upon acceptance of the Winning Bid at the Auction, there shall be a binding agreement of purchase and sale between the Person submitting the Winning Bid (the “**Purchaser**”) and the Vendor in respect of the Purchased Assets (the “**Winning Bid Agreement**”), with respect to which the Winning Bid was accepted by the Vendor. The Winning Bid Agreement shall be constituted by:

- (a) the Winning Bid;
- (b) these Terms;
- (c) the terms of the Lead Bid, as they may be amended pursuant to the Auction (provided that the bid of only the Stalking Horse Bidder shall be permitted to provide for its assumption of the Assumed Secured Debt); and
- (d) the acceptance of the Winning Bid by the Vendor.

5.3. The Receiver will make a motion to the court, within seven (7) Business Days after the completion of the Auction, for an order approving the Winning Bid Agreement with the Purchaser and to vest the right, title and interest of the respective Debtors in the Purchased Assets in the Purchaser (the “**Approval and Vesting Order**”). Thereafter, the Receiver will advise the Purchaser of the outcome of the said motion and if the Approval and Vesting Order sought is granted, the Vendor and the Purchaser shall proceed with closing the transaction as provided in Section 6.1.

5.4. The right, title and interest of the respective Debtors in the Purchased Assets shall not pass to the Purchaser nor shall the Purchaser be entitled to possession of same until the purchase price and all other payments to be made by the Purchaser pursuant to the Winning Bid Agreement have been paid in full, and the Purchaser has complied with all of its covenants contained herein and in the Winning Bid Agreement including as to the Purchaser’s deliveries, which shall have been duly executed and delivered to the Vendor.

5.5. The Vendor shall not be required to pay any commissions with respect on closing to a sale made pursuant to these Terms.

6. CLOSING DATE

- 6.1. The closing of the contemplated transaction shall take place at the office of the Vendor's solicitors, Goldman Sloan Nash & Haber LLP, at the later of April 8, 2015 and the third (3rd) Business Day following the effective date of the Approval and Vesting Order (the "**Closing Date**").
- 6.2. The Vendor shall not be required to produce any abstract of title, title deed or documents or copies thereof or any evidence as to title pertaining to the Purchased Assets, other than those in its possession.

7. EVENT OF FORFEITURE

7.1. If the Purchaser fails to comply with the terms and conditions of the Winning Bid Agreement, or any of them, all deposits shall be forfeited to the Vendor on account of liquidated damages, without prejudice to all other rights and remedies the Vendor may have under the Winning Bid Agreement or at law or in equity as a result of such failure to comply, and the Purchased Assets subject to the Winning Bid Agreement may be resold by the Vendor. In that event, the Vendor may in its sole discretion accept the next highest bid received at the Auction after the Winning Bid (the "**Back-up Winning Bid**"), and if necessary may in its sole discretion in such acceptance extend the Closing Date to a date no later than April 20, 2015. The Back-up Winning Bid Agreement shall be constituted by:

- (a) the Back-up Winning Bid;
- (b) these Terms;
- (c) the terms of the Lead Bid, as they may be amended pursuant to the Auction (provided that the bid of only the Stalking Horse Bidder shall be permitted to provide for its assumption of the Assumed Secured Debt); and
- (d) the acceptance of the Back-up Winning Bid by the Vendor.

The Receiver shall make a motion to the Court, within seven (7) Business Days after its acceptance of the Back-up Winning Bid Agreement, for an order to approve the Back-up Winning Bid Agreement and to vest the right, title and interest of the respective Debtors in the Purchased Assets in the purchaser thereunder, and proceed with closing the transaction forthwith.

8. GENERAL

8.1. A. Farber & Partners Inc. is acting solely in its capacity as the Receiver, without security, of the assets, undertakings and properties of the Debtors and shall have no personal or corporate liability hereunder or from any agreement contemplated hereby or as a result of any contemplated sale.

8.2. The Terms shall not merge on the closing of the transaction contemplated herein but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

8.3. The Terms hereunder shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

8.4. The Terms herein shall ensure to the benefit of and be binding upon the parties thereto and their permitted heirs, executors, administrators, successors or assigns, as the case may be.

8.5. Unless otherwise provided herein, any tender of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be tendered by Certified Cheque, Wire Transfer or Bank Draft.

8.6. The obligations of the Vendor to complete any agreement contemplated herein or hereby shall be relieved if, on or before the closing of such sale, the Purchased Assets or any part thereof which are the subject of the sale have been removed from the control of the Vendor by any means or process, enjoined, or the Assets, or any part thereof, are redeemed, whereupon the only obligation of the Vendor shall be to return the applicable deposit, without interest, deduction costs or compensation.

8.7. The Purchaser shall not assign the Winning Bid Agreement without the Receiver's prior written approval, which approval may be granted or withheld in the Receiver's sole and unfettered discretion.

8.8. Time is of the essence of any agreement entered into pursuant to these Terms, any rule of law or equity to the contrary notwithstanding.

8.9. The Vendor reserves its rights, subject to the Court approval, to withdraw the Purchased Assets or any part thereof from the Sales Process on or before the Closing Date if there is any actual or threatened litigation with respect to any of the Purchased Assets or if any Purchased Asset has been redeemed or is subject to any lien or encumbrance which the Vendor cannot remove and the purchaser will not assume. The Vendor shall be under no obligation to compensate any third party in order to complete any applicable agreement and shall return the deposit to the Purchaser without interest, costs or compensation.

8.10. Unless the context otherwise requires, words importing the singular include the plural and vice versa.

8.11. The submission of a bid by a resident of the Province of Quebec will be deemed to constitute the declaration and acknowledgment by such resident that it has requested these Terms, the form of bid referred to herein and all other documentation relating to its bid and the acceptance thereof to be drawn up in the English language.

8.12. La présentation d'une soumission par une personne résident au Québec constituera la déclaration et la reconnaissance expresse par la soumissionnaire qu'il a consenti que ces Termes, la formule de soumission mentionnées en ceci et tous documents relatifs à la soumission et à son acceptation soient rédigés en langue anglaise.

Schedule "A" to the Terms

Purchased Assets

"Purchased Assets" means collectively, all assets, undertakings and properties of the Debtors, acquired for, or used in relation to the Business, including, without limitation, the following:

- (i) the Lands;
- (ii) the Equipment;
- (iii) the Assumed Contracts, to the extent transferrable;
- (iv) the Assumed Leases, to the extent transferrable;
- (v) the Licenses, to the extent transferrable;
- (vi) the Inventory;
- (vii) the Books and Records;
- (viii) the Receivables;
- (ix) the Intellectual Property, to the extent transferrable;
- (x) the goodwill attaching to the Business, to the extent transferrable;
- (xi) all warranties and guarantees Related to the Business, to the extent transferrable;
- (xii) all riparian rights as may be required to permit access to and use of the Boat Slips and any gas docks forming part of the Locations;
- (xiii) the Securities; and
- (xiv) the Claims;

but excluding the Excluded Assets;

<p>IN THE MATTER OF THE RECEIVERSHIP OF CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.</p>	<p>Commercial List File No. 14-CV-10798- 00CL</p>
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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at
Toronto

ORDER
(Stalking Horse and Sales Process)

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Lawyers for A. Farber & Partners Inc. in its capacity as the
Court appointed Receiver of Crate Marine Sales Limited, F.S.
Crate & Sons Limited, 1330732 Ontario Limited, 1328559
Ontario Limited 1282648 Ontario Limited, 1382415 Ontario
Ltd., and 1382416 Ontario Ltd.

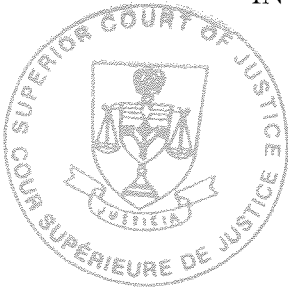
TAB F

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST- IN BANKRUPTCY)**

THE HONOURABLE MR.)	WEDNESDAY, THE 18TH
)	
JUSTICE PATILLO)	DAY OF FEBRUARY, 2015

Court File No. 31-1932502

IN THE MATTER OF THE BANKRUPTCY OF
CRATE MARINE SALES LIMITED



Court File No. 31-1932534
Court File No. 31-1932548
Court File No. 31-1932557
Court File No. 31-1932540
Court File No. 31-1932555
Court File No. 31-1932553

IN THE MATTER OF THE BANKRUPTCIES OF
F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED,
1328559 ONTARIO LIMITED 1282648 ONTARIO LIMITED,
1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.

ORDER
(Advice and Directions - Stalking Horse Agreement)

THIS MOTION, made by A. Farber & Partners Inc. ("**Farber**"), in its capacity as the Trustee in bankruptcy (in such capacity, the "**Trustee**") of the estates of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd. (collectively, the "**Companies**"), for an order substantially in the form included in the Trustee's Motion Record, amongst other things, providing this Honourable Court's advice and directions regarding the

Trustee's executing the agreement of purchase and sale dated February 8, 2015 entered into between A. Farber & Partners Inc., in its capacity as the Court-appointed Receiver of the Companies (the "**Receiver**") and 2450902 Ontario Limited (the "**Stalking Horse Offer**"), for the limited purpose of being bound by Sections 1.1(s) and 2.7 thereof, and sealing Confidential Appendix "A" to the Third Report of the Trustee dated February 12, 2015 (the "**Third Report**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report and appendix thereto and the Third Report of A. Farber & Partners Inc. as Receiver (the "**Receiver**") and the appendices thereto, and on hearing the submissions of counsel for the Trustee, and 2450902 Ontario Limited (the "**Stalking Horse Bidder**"), and the other parties as indicated on the counsel slip, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of R. Brendan Bissell sworn February 12, 2015, filed.

1. **THIS COURT ORDERS** that the time for service and filing of the Trustee's Notice of Motion and the Motion Record is hereby abridged and the service thereof is hereby validated so that this motion is properly returnable today and further service thereof is hereby dispensed with.

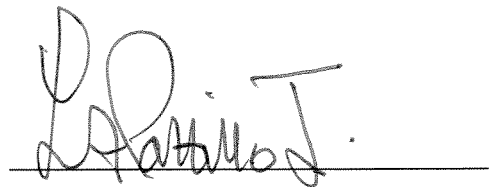
2. **THIS COURT ORDERS** that Confidential Appendix "A" to the Third Report be and is hereby sealed until further Order of this Court. *final completion of the sales process* SP.

3. **THIS COURT ORDERS** that the Trustee is hereby authorized and directed to enter into the Stalking Horse Offer, substantially in the form of the agreement attached as Appendix "Z" to the Third Report of the Receiver, for the limited purpose of being bound by Sections 1.1(s) and 2.7 thereof.

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



MAR 17 2015



<p>IN THE MATTER OF THE BANKRUPTCY OF CRATE MARINE SALES LIMITED</p>	<p>Court File No. 31-1932502</p> <p>IN THE MATTER OF THE RECEIVERSHIP OF CRATE MARINE SALES LIMITED, F.S. CRATE & SONS LIMITED, 1330732 ONTARIO LIMITED, 1328559 ONTARIO LIMITED, 1282648 ONTARIO LIMITED, 1382415 ONTARIO LTD., and 1382416 ONTARIO LTD.</p> <p>Court File No.: 31-193502 Court File No.: 31-193534 Court File No.: 31-193548 Court File No.: 31-193557 Court File No.: 31-193540 Court File No.: 31-193555 Court File No.: 31-193553</p>
	<p>ONTARIO</p> <p>SUPERIOR COURT OF JUSTICE</p> <p>(COMMERCIAL LIST – IN BANKRUPTCY)</p> <p>Proceedings commenced at Toronto</p>
	<p>ORDER</p> <p>(Advice and Directions - Stalking Horse Agreement)</p>
	<p>GOLDMAN SLOAN NASH & HABER LLP 480 University Avenue, Suite 1600 TORONTO, ON M5G 1V2 Fax: 416-597-3370</p> <p>Michael B. Rotsztain (LSUC #: 17086M) Tel: 416-597-7870 Email: rotsztain@gsnh.com</p> <p>R. Brendan Bissell (LSUC #: 40354V) Tel: 416-597-6489 Email: bissell@gsnh.com</p>
	<p>Lawyers for A. Farber & Partners Inc. in its capacity as the trustee in bankruptcy of the estates of Crate Marine Sales Limited, F.S. Crate & Sons Limited, 1330732 Ontario Limited, 1328559 Ontario Limited 1282648 Ontario Limited, 1382415 Ontario Ltd., and 1382416 Ontario Ltd.</p>