

APPENDIX L

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) MONDAY, THE 24TH
JUSTICE D. BROWN) DAY OF MARCH, 2014

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

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

APPROVAL AND VESTING ORDER
(Feed-in-Tariff Contracts)

THIS MOTION, made by A. Farber & Partners Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Dondeb Inc. ("**Dondeb**") and the other debtors referred to at Schedule A attached hereto (collectively, the "**Debtors**"), for an order, *inter alia*, approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale between the Receiver and Chippewas of Rama First Nation (the "**Purchaser**"), dated March 4, 2014, as amended (collectively, the "**Sale Agreement**"), and appended to the eleventh report to Court of the Receiver dated March 17, 2014 (the "**Eleventh Report**"), and vesting in the Purchaser all of the right, title and interest of Dondeb, if any, in and to the Assumed Contracts (as defined in the Sale Agreement), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Eleventh Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Monique Sassi sworn March 17 and 18, 2014, filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of each of the Sale Agreement, the Development Agreement between the Purchaser and the Receiver dated March 4, 2014, a copy of which is appended to the Eleventh Report (the "**Development Agreement**") and the Consent Agreement between the Receiver and Ontario Power Authority made as of March 24, 2014 and appended to the Eleventh Report (the "**Consent 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, including without limitation as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Assumed Contracts to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule B hereto (the "**Receiver's Certificate**"), all of Dondeb's right, title and interest in and to the Assumed Contracts, if any, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Campbell dated October 17, 2012; and (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; (all of which are collectively referred to as the "**Encumbrances**", and, for greater certainty, this Court

orders that all of the Encumbrances affecting or relating to the Assumed Contracts are hereby expunged and discharged as against the Assumed Contracts.

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

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

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

6. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of Dondeb and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of Dondeb;

the vesting of the Assumed Contracts in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Dondeb and shall not be void or voidable by creditors of Dondeb, 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.

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

8. 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.

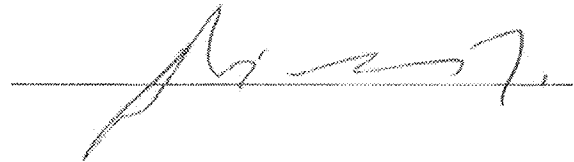
9. THIS COURT ORDERS AND DIRECTS that Confidential Appendix "2" and "3" of the Eleventh Report be sealed until the filing of the Receiver's Certificate with the Court or until further order of this Court.

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

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

MAR 24 2016

MS

A handwritten signature in black ink, appearing to be 'M. S. J.', written over a horizontal line.

Schedule A – Debtors

1281515 Ontario Inc.

2338067 Ontario Inc.

2198392 Ontario Ltd.

King City Holdings Ltd.

Guelph Financial Corporation

Briarbrook Apartments Inc.

2009031 Ontario Inc.

1267818 Ontario Ltd.

1711060 Ontario Ltd.

1182689 Ontario Inc.

Ace Self Storage and Business Centre Inc.

Schedule B – Form of Receiver’s Certificate

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

**RECEIVER’S CERTIFICATE
(Feed-in-Tariff Contracts)**

RECITALS

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

B. Pursuant to an Order of the Court dated March 24, 2014, the Court approved an agreement of purchase and sale between the Receiver and Chippewas of Rama First Nation (the “**Purchaser**”), dated March 4, 2014, as amended (collectively, the “**Sale Agreement**”), and provided for the vesting in the Purchaser of Dondeb’s right, title and interest, if any, in and to the Assumed Contracts (as defined in the Sale Agreement), which vesting is to be effective with respect to the Assumed Contracts upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Assumed Contracts; (ii) that the conditions to

Closing of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; (ii) Ontario Power Authority has consented in writing to the transfer of the Assumed Contracts; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Assumed Contracts payable on the Closing Date pursuant to the Sale Agreement;
2. Ontario Power Authority has consented in writing to the transfer of the Assumed Contracts;
3. The conditions to Closing set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
4. The Transaction has been completed to the satisfaction of the Receiver.

This Certificate was delivered by the Receiver at [TIME] on _____ [DATE].

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

Per: _____

Name:

Title:

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

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

PROCEEDING COMMENCED AT TORONTO

**APPROVAL AND VESTING ORDER
(FEED-IN-TARIFF CONTRACTS)**

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

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

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

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

LAWYERS FOR the Receiver

APPENDIX M

STATEMENT OF ADJUSTMENTS

VENDOR: A. Farber & Partners Inc., in its capacity as court appointed receiver of Dondeb Inc.

PURCHASER: MarQueen Davidson Corp.

PROPERTY: A. Farber & Partners Inc., in its capacity as court-appointed receiver of Dondeb Inc. (the "Vendor") sale to L. Harry Goldman Inc., in trust (the "Original Purchaser") of Part of Park Lots 17, 18, 19 and 20, on Plan 19 as described in Instrument No. R0327403, in the City of Barrie, and those Parts of the East Half of Lot 21, Concession 4, Vespra, designated as Parts 1 and 2 on Reference Plan 51R-1600, Barrie, Municipally Known as 92 Davidson Street, Barrie (the "Property"), pursuant to an Agreement of Purchase and Sale between the Vendor and the Purchaser dated as of January 6, 2014 as amended and assigned to MarQueen Davidson Corp. (the "Purchaser") (collectively, the "Purchase Agreement")

AS AT: April 11, 2014

SALE PRICE: \$3,275,000.00

HST

Purchaser to remit HST Directly

FIRST DEPOSIT \$100,000.00

SECOND DEPOSIT 150,000.00

THIRD DEPOSIT 50,000.00

ESTIMATED 2014 REALTY TAXES:

Roll No. 4342 021 022 08700:
Estimated 2014 realty taxes based on
2013 realty taxes of \$46,123.62 plus
3% = \$47,507.33

Realty taxes paid by Tenant -
NO ADJUSTMENT

Roll No. 4342 021 022 07150:
Estimated 2014 realty taxes based on
2013 realty taxes of \$3,058.83 plus 3%
= \$3,150.60 (unpaid)
Vendor's portion 100 days
@ \$8.64/day = \$864.00

Vendor is paying
February Installment \$765.42

ALLOW PURCHASER 98.58

CASH DEPOSITS

Held by the City of Barrie for the Site
Plan Development
As Provided for in Section 3.2 (2) of the
Purchase Agreement

ALLOW VENDOR 271,082.49

HYDRO

On Meter - No Adjustment

BALANCE DUE ON CLOSING:

payable by wire, certified cheque or
bank draft \$3,245,983.91 _____

\$3,546,082.49 \$3,546,082.49

E. & O. E.

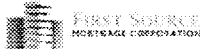
STATEMENT OF FUNDS

A. Farber & Partners Inc., in its capacity as court-appointed receiver of Dondeb Inc. (the "**Vendor**") sale to MarQueue Davidson Corp. (the "**Purchaser**") of Part of Park Lots 17, 18, 19 and 20, on Plan 19 as described in Instrument No. R0327403, in the City of Barrie; and those Parts of the East Half of Lot 21, Concession 4, Vespra, designated as Parts 1 and 2 on Reference Plan 51R-1600, Barrie, Municipally Known as 92 Davidson Street, Barrie (the "**Property**")

First Deposit received on January 7, 2014	\$ 100,000.00
Second Deposit received on February 20, 2014	150,000.00
Third Deposit received on April 18, 2014	50,000.00
Balance received on closing, in accordance with the Statement of Adjustments	3,245,983.91
Less: City of Barrie (pay outstanding realty taxes and penalties)	<u>19,222.82</u>
TOTAL AMOUT OF FUNDS WIRED TO VENDOR	\$3,526,761.09

E. & O.E.

APPENDIX N



DISCHARGE STATEMENT - FIRST MORTGAGE

STATEMENT DATE: May 1, 2014
MORTGAGOR: Dondeb Inc.
PROPERTY: 92 Davidson St., Barrie, On.
INTEREST RATE: 9.50%
MATURITY: September 1, 2013

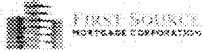
Date	Particulars	Amount	
May 1/14	Principal Balance Outstanding as of May 1/14 (int. accruing at 9.5%)	2,627,050.70	**
	Interest Owing To Date:		
	Interest Payments Outstanding - Sept. 1st, 2012 - May 1, 2013 (9 months)	274312.50	**
	Accrual of Late Interest Payments (Sept. 1/12-May 1/13)	8775.22	**
	Interest Payments Outstanding - June 1/13 + July 1/13 (after partial princ. Pymt made May 13/13 - \$800,000)	51253.36	**
	Accrual of Late Interest (May 1 - July 1, 2013)	4788.33	**
	Interest Payments Outstanding- Aug.1st - May 1st/14 - 10 Months (after partial princ. Pymt made July 1/13 - \$422,949.30)	207974.85	
	Accrual of Late Interest (July 1- May 1, 2014)	35321.85	
	Total Principal plus Interest	3209476.81	
	Sched. A 2(j): Meeting required due to issues (x4)	1582.00	
	Sched. A 2(k): Each three phone attendances/e-mails due to issues (x15)	5932.50	including HST
	Sched. A (12): Admin. Fee	7922.50	including HST
	Sched. A (12): Management Fee	213000.00	including HST
	Sched. A (12): Management Fee : Admin. Fee - \$300+ HST per hour dealing with default	33900.00	**
	Costs as per Order	14381.86	**
	3% Simple Interest on Above Three Fees from July 17/12- May 1/14	14133.29	includes HST
	Legal Fees (Pakare Roland)	50630.00	includes HST
	Additional Legal Fees - Pakare Roland	15000.00	includes HST
	Net Legal Fees (Cosman & Associates): Outstanding as at May 1/14	3119.71	includes HST
	Legal Fees and Disbursements (Cosman & Associates): Fees \$28,815.00 + Disbursements \$79.10 LESS \$4500 + HST received	23809.10	includes HST
	TOTAL AMOUNT DUE - payable to: First Source Mortgage Corporation and Mark Cosman in Trust.	3592887.71	

** Approved as per July 17, 2012 Order of Mullins J.
Per Diem on Total 683.75

Funds may be tendered any time up to May 1, 2014 based on the existing statement.
 If funds tendered after 1:00 PM, May 1, 2014- please add additional per diem to NEXT business day.
 This statement is only valid until May 7, 2014 with appropriate per diem added.

Total D.I.P. Financing paid by Lender/Mortgagee as of May 1/14 (\$50,000, \$60,000, \$75,347.02, as per Order)	195,347.02
Interest on Amount Paid on D.I.P (12%)	
\$50k (Dec. 17- Jan 1/13) (15 days)	\$246.58
\$50k (Jan. 1/13- May 1/14) (16 Months)	\$8,000.00
\$60k (March 14/13- Apr. 1/13) (18 days)	\$355.07
\$60k (Apr. 1/13- May 1/14) (13 months)	\$7,800.00
\$75,347.02 (June 14/13- July 1/13) (17 days)	
	\$421.12
\$75,347.02 (July 1/13- May 1/14) (11 months)	\$8,268.17
\$10,000 (Feb. 21-March 1/14) (8 days)	\$26.30
\$10,000 (March 1 - May 1/14) (2 months)	\$200.00
TOTAL INTEREST on D.I.P (as of May 1/14)	25337.23
TOTAL FUNDS PAID PLUS INTEREST ON D.I.P. (as of May 1/14)	220684.25

Per Diem on DIP 72.55



E. & O. E.

Lionel C. Larry, B.A. LL.B.

*First Source Mortgage Corporation
Principal Broker (License # 10434)
Mortgage Administrator (License # 11432)
www.firstsourcemortgage.ca*

April 21/14

APPENDIX O



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

MAIN 416 863 4511
FAX 416 863 4592

March 18, 2013

Delivered

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

Attention: Hylton Levy

Dear Mr. Levy:

Re: Dondeb Inc. ("Dondeb") re: 92 Davidson Street, Barrie, Ontario

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

- (a) First Source Mortgage Corporation and Mark Cosman, as Trustee for Gucciardi Holdings Inc., as to an undivided 14% interest, Eleanor Cosman, as to an undivided 1.5% interest and Michael Buffa, as to an undivided 1.5% interest (collectively, "First Source"); and
- (b) 1160145 Ontario Inc. (also known as O'Neill Contracting) ("1160145").¹

SCOPE OF REVIEW

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

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

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

ASSUMPTIONS AND QUALIFICATIONS

¹ We have specifically requested but have not been provided with a commitment letter or loan agreement from 1160145. For this reason we have not provided an opinion with respect to the validity of the security provided by 1160145.

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

SEARCH RESULTS

Corporate History

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

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

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

Personal Property Searches

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

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

The results of our searches are summarized in Schedule "D" attached hereto. The Province of Ontario does not have a system for registering title to personal property and, accordingly, we cannot confirm whether Dondeb holds title to any of the personal property referred to herein. We have not conducted any searches against Melvyn Dancy (the "Guarantor"), who guaranteed indebtedness owing to both First Source and 11660145.

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

Real Property Searches

On October 23, 2012, at approximately 10:57 a.m. and 10:59 a.m., we conducted subsearches of title (the "Subsearch") to the real property located in Orillia and described in Schedule "E" attached hereto (the "Real Property"). The results of the Subsearch are summarized below. The following is a summary of the results of the Subsearch and is not a full investigation of title to the Real Property. Given the limited nature of a Subsearch we do not express any opinion as to title to the Real Property or the priority of any encumbrances affecting the Real Property.

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

PIN 58810-0156 (LT) and PIN 58810-0158 (LT):

- (a) Charge/Mortgage granted by Dondeb in favour of First Source, in the original principal sum of \$7,100,000.00, registered on September 1, 2011 as Instrument No. SC928251 (the "**First Source Mortgage**"). The First Source Mortgage appears to be a first mortgage;
- (b) Notice of Assignment of Rents granted by Dondeb in favour of First Source, registered on September 1, 2011 as Instrument No. SC928286 in connection with the First Source Mortgage (the "**First Source Assignment of Rents**"); and
- (c) Charge/Mortgage granted by Dondeb in favour of 1160145, in the original principal sum of \$53,773.00, registered on July 12, 2012 as Instrument No. SC995688 (the "**1160145 Mortgage**"). The 1160145 Mortgage appears to be a second mortgage.

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

Certificate of Status

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

SECURITY REVIEW

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

A. First Source Loan

Credit Facilities were extended by First Source, as lender, to Dondeb and to Barrie Business Centre, collectively, as borrower (the "**Borrower**"), pursuant to the First Source Commitment Letter (as such term is defined in Schedule "A" attached hereto). To secure the \$7,100,000.00 mortgage loan, the terms of the First Source Commitment Letter required the Borrower to (i) grant the Lender the First Source Mortgage over the Real Property; (ii) grant the lender a mortgage/charge over the Ottaway Property (as defined below), and (iii) grant the Lender a \$25,000.00 collateral mortgage (the "**Forest Plain Mortgage**") on the property municipally known as 61 Forest Plain Road, Oro-Medonte (the "**Forest Plain Property**") to secure First Source's fees with respect to the First Source Mortgage.

The definition of "Property" as used in the First Source Commitment Letter implies that the Real Property is "also known as Ottaway Avenue, Block C, registered Plan 1329, Barrie" (the "**Ottaway Property**"), and that they are one and the same property. Pursuant to the First Source Commitment Letter, a mortgage over the "Property" was to be given by the Borrower to First Source. However, the Real Property is comprised of two separate parcels of land, each owned by Dondeb and each identified in the Ontario Land Registry by a unique parcel identification number. The Ottaway Property is also

identified by the Ontario Land Registrar by a unique parcel identification number, and the parcel register states that it is owned by Melvyn Dancy, in trust. Melvyn Dancy, in his capacity as the sole Director and President, provided in the Dancy Declaration (as defined in Schedule "A" attached hereto) that, among other things, Dondeb is the absolute owner in fee simple of the Real Property and that Melvyn Dancy is the absolute owner of the Ottaway Property, notwithstanding that he is registered on title as the trustee. As A. Farber & Partners Inc. has not been appointed by the Court as Receiver of the Ottaway Property, our opinion does not extend to such property.

Pursuant to the terms of the First Amendment (as defined in Schedule "A" attached hereto), Dondeb granted additional security in favour of First Source, which included, among other forms of security, (i) a collateral mortgage against the property municipally known as 256 Hughes Road, 270 Hughes Road and 4575 Huronia Road, Orillia, Ontario (the "**Hughes Property**"); and (ii) a collateral mortgage (the "**Memorial Mortgage**") against the property municipally known as 555 Memorial Avenue, Orillia, Ontario (the "**Memorial Property**").

Pursuant to the terms of the Third Amendment (as defined in Schedule "A" attached hereto), the parties thereto confirmed that the charge over the Ottaway Property would be subject to a first collateral mortgage in the amount of \$450,000 in favour of Ontario Wealth Management Corporation.

Pursuant to the terms of the Fourth Amendment (as defined in Schedule "A" attached hereto), Dondeb, in consideration for First Source agreeing to Dondeb's request to postpone the Memorial Mortgage to Regional Financial Services Limited in respect of a new loan (the "**Regional Loan**"), was to: (i) upon closing of the proposed Regional Loan, pay First Source a sum of \$200,000.00, \$50,000.00 of which was to constitute approximate interest accrued under the First Source Commitment Letter up to and including July 1, 2012 and \$150,000.00 of which was to be held in the trust account of First Source's solicitor, to be distributed on a cost to complete basis to Dondeb's trades in respect of the completion of Building "B" on the Real Property, (ii) on or prior to the closing of the Regional Loan, grant additional security in the form of a collateral mortgage on the property municipally known as 205 Vodden Street East, Brampton Ontario (the "**Vodden Property**") and (iii) on or prior to the closing of the Regional Loan, enter into a forbearance agreement with First Source which, among other things, would confirm the continuing default of Dondeb under the First Source Loan and confirm that First Source could immediately issue a power of sale on the Vodden Property.

The Postponement Agreement (as defined in Schedule "A" attached hereto) provides, among other things, that in consideration for Dondeb complying with the terms of the Postponement Agreement, First Source agreed to (i) postpone the Memorial Mortgage; and (ii) forebear from exercising any remedies available pursuant to the Memorial Mortgage and the First Source Commitment Letter.

All of the indebtedness, liabilities and obligations of Dondeb to First Source pursuant to the First Source Commitment Letter were guaranteed by the Guarantor in favour of First Source as of August 27, 2011 (the "**First Source Guarantee**").

1. *Promissory Note.* The Promissory Note lists Dondeb and the Guarantor collectively as the "Promissor" and the Guarantor as the guarantor. Pursuant to the terms of the Promissory Note, Dondeb and the Guarantor agree to pay to First Source \$7,100,000.00 plus interest.

The Promissory Note provides that when not in default under the Promissory Note and/or the First Source Commitment Letter, after March 1, 2012, Dondeb and the Guarantor shall have the privilege on

any payment date and with fifteen days prior written notice of prepaying the principal amount secured by the Promissory Note plus one month's interest.

The Promissory Note also provides that if there is a conflict between the terms of the Promissory Note and the terms of the First Source Commitment Letter, the holder of the Promissory Note has the option of determining which terms shall govern.

2. *Mortgage.* The First Source Mortgage grants, by its terms, a valid fixed charge in favour of First Source in the Real Property. The First Source Mortgage is the first charge/mortgage registered against title to the Real Property. The term of the First Source Mortgage will expire on September 1, 2013.

Pursuant to the terms of the First Source Mortgage, the First Source Mortgage is given as collateral to the Promissory Note (as defined in Schedule "A" attached hereto), which was given by Dondeb and the Guarantor, as promisors, and the Guarantor, as guarantor, in favour of First Source.

The First Source Mortgage was closed from September 1, 2011 until March 1, 2012 and is now open on any payment date with fifteen days prior notice, plus one month's interest.

A payment under the First Source Mortgage shall constitute payment under the Promissory Note and a payment under the Promissory Note shall constitute payment under the First Source Mortgage.

The First Source Mortgage provides that Dondeb will not create, assume or permit to exist any further mortgage, charge or other encumbrance with respect to the Real Property or any personal property associated with the Real Property without the prior written consent of First Source. In the event that a subsequent encumbrance is placed on the Real Property, First Source has the right to declare all amounts due and payable to First Source. We have not been provided with evidence that First Source consented to the 1160145 Mortgage.

A default under the terms of the First Source Commitment Letter constitutes a default under the First Source Mortgage, and vice versa. Similarly, a default under the First Source Mortgage constitutes a default under the Promissory Note and a default under the Promissory Note constitutes a default under the First Source Mortgage.

3. *Assignment of Rents.* The First Source Assignment of Rents grants to First Source an assignment of all rents pursuant to leases of the Real Property entered into from time to time by Dondeb with various tenants. It states that it enures to the benefit of and is binding on each of the parties and their successors and assigns. It is the only Assignment of Rents registered against title to the Real Property.

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

5. *PPSA Registrations.* A financing statement and a financing change statement in respect of the security interest granted by Dondeb in favour of First Source were registered under the PPSA on July 8, 2011 and August 18, 2011, respectively (collectively, the "First Source Registrations"). The details of the First Source Registrations are set out in Schedule "D" attached hereto. The First Source Registrations were registered under the PPSA in respect of "Inventory, Equipment, Accounts and Other" and include the following general collateral description "General security agreement in respect of the obligations of

Dondeb Inc. relating to 92 Davidson Street, Barrie, Ontario and 256 Hughes Road and 555 Memorial Avenue, Orillia, Ontario."

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

The Guarantor

1. *Promissory Note.* The Promissory Note lists Dondeb and the Guarantor collectively as the "Promissor" and the Guarantor as the guarantor. Pursuant to the terms of the Promissory Note, Dondeb and the Guarantor agree to pay to First Source \$7,100,000.00 plus interest.

The Promissory Note provides that when not in default under the Promissory Note and/or the First Source Commitment Letter, after March 1, 2012, Dondeb and the Guarantor shall have the privilege on any payment date and with fifteen days prior written notice of prepaying the principal amount secured by the Promissory Note plus one month's interest.

The Promissory Note also provides that if there is a conflict between then terms of the Promissory Note and the terms of the First Source Commitment Letter, the holder of the Promissory Note has the option of determining which terms shall govern.

2. *Mortgage.* The Guarantor granted a collateral charge over the Ottawa Property in favour of First Source, in the original principal sum of \$7,100,000.00. The collateral charge/mortgage was registered on September 1, 2011 as Instrument No. SC928253 (the "**Ottawa Mortgage**"). The term of the Ottawa Mortgage expires on September 1, 2013.

Pursuant to the terms of the Ottawa Mortgage, the Ottawa Mortgage is given as collateral to the Promissory Note.

The Ottawa Mortgage was closed from September 1, 2011 until March 1, 2012 and is now open on any payment date with fifteen days prior notice, plus one month's interest.

A payment under the Ottawa Mortgage shall constitute payment under the Promissory Note and a payment under the Promissory Note shall constitute payment under the Ottawa Mortgage.

The Ottawa Mortgage provides that Dondeb will not create, assume or permit to exist any further mortgage, charge or other encumbrance with respect to the Ottawa Property or any personal property associated with the Real Property without the prior written consent of First Source. In the event that a subsequent encumbrance is placed on the Real Property, First Source has the right to declare all amounts due and payable to First Source.

A default under the terms of the First Source Commitment Letter constitutes a default under the Ottawa Mortgage, and vice versa. Similarly, a default under the Ottawa Mortgage constitutes a default under the Promissory Note and a default under the Promissory Note constitutes a default under the Ottawa Mortgage.

3. *Guarantee and Postponement of Claims.* The First Source Guarantee, by its terms, guarantees the obligations of Dondeb under the First Source Mortgage.

4. *Security Agreement.* We have not been provided with a general security agreement by the Guarantor in favour of First Source.
5. *General Assignment of Rents.* We have not been provided with an assignment of rents by the Guarantor in favour of First Source, nor has an assignment of rents granted by the Guarantor in favour of First Source been registered against title to the Ottaway Property.
6. *PPSA Registrations.* A financing statement in respect of the security interest granted by the Guarantor in favour of First Source was registered under the PPSA on August 18, 2011. A financing change statement was filed pursuant to the PPSA against the Guarantor on October 6, 2011, which postponed the above-noted registration by the Guarantor in favour of First Source to a registration in favour of First Source and Mark Cosman, Trustee. The details of such registrations are listed in Schedule "D" attached hereto.

B. 1160145 Loan

We obtained a copy of the 1160145 Mortgage from title. We have requested but have not yet been provided with a commitment letter or a loan agreement from 1160145 detailing the specifics of the loan from 1160145 to Dondeb (the "**1160145 Loan**").

We understand that all of the indebtedness, liabilities and obligations of Dondeb to 1160145 were guaranteed by the Guarantor (the "**1160145 Guarantee**"). An unsigned, undated copy of the 1160145 Guarantee was attached to and registered on title with the 1160145 Mortgage by Dondeb in favour of 1160145.

1. *Mortgage.* The 1160145 Mortgage grants, by its terms, a valid fixed charge in favour of 1160145 in the Real Property. The term of the 1160145 Mortgage expired on October 11, 2012.

Notwithstanding the requirement in the First Source Mortgage that consent be granted to Dondeb by First Source prior to the registration of any encumbrance on title to the Real Property, we have not been provided with evidence that such consent was obtained by Dondeb prior to the registration of the 1160145 Mortgage.

2. *Security Agreement.* We have not been provided with a general security agreement by Dondeb in favour of 1160145.
3. *PPSA Registrations.* We have not been provided with a PPSA verification statement listing Dondeb as debtor and 1160145 as secured party, and there is no PPSA registration in favour of 1160145 against Dondeb in the search summary listed on Schedule "D" attached hereto.
4. *Real Property Registrations.* The fixed charge constituted by the 1160145 Mortgage against the Real Property was registered against title to the Real Property as noted above.

The Guarantor

1. *Guarantee.* We have not been provided with an executed copy of the 1160145 Guarantee.

2. *Security Agreement.* We have not been provided with a general security agreement by the Guarantor in favour of 1160145.

3. *PPSA Registrations.* We have not been provided with a PPSA verification statement listing the Guarantor, as debtor, and 1160145, as secured party, and we have not conducted any searches against the Guarantor.

OPINIONS WITH RESPECT TO VALIDITY AND PRIORITY OF SECURITY

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

1. the First Source Mortgage is a valid charge of the Real Property and the First Source Mortgage has priority over the 1160145 Mortgage registered against title to the Real Property;
2. the First Source Assignment of Rents is a valid assignment of the rents referred to therein; and
3. the First Source Security Agreement grants, by its terms, a valid security interest in favour of First Source, in the personal property of Dondob referred to therein to which the PPSA applies.



We have specifically requested but have not been provided with a commitment letter or loan agreement from 1160145. For this reason we have not provided an opinion with respect to the validity of the 1160145 Mortgage.

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

Yours very truly,

FRASER MILNER CASGRAIN LLP

By:

SCHEDULE "A"

DOCUMENTS REVIEWED

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

First Source Loan and Security Documents:

1. Mortgage Commitment Letter dated June 23, 2011, issued by First Source addressed to Dondeb, with respect to the first mortgage loan to Dondeb secured by the First Source Mortgage (and the Ottaway Mortgage) and the Forest Plain Mortgage (the "**Original Commitment Letter**" and collectively with the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment (each as defined below), the "**First Source Commitment Letter**").
2. Amending Agreement dated August 18, 2011 to the Original Commitment letter dated June 23, 2011, between First Source Mortgage Corporation and Mark Cosman, as lenders and Dondeb Inc., as borrower, and the Guarantor, as guarantor, with respect to the Real Property and the Ottaway Property (the "**First Amendment**").
3. Letter Amending Agreement dated August 22, 2011 to the First Source Commitment Letter from First Source to Dondeb (the "**Second Amendment**").
4. Letter Amending Agreement dated August 31, 2011 to the First Source Commitment Letter (the "**Third Amendment**").
5. Amending Agreement dated June 1, 2012 to the First Source Commitment letter from First Source to Dondeb (the "**Fourth Amendment**").
6. Postponement Agreement dated August 22, 2012 among First Source, Mark Cosman, Dondeb, the Guarantor, 2339506 Ontario Inc. and 2338067 Ontario Inc. (the "**Postponement Agreement**").
7. Trust Declaration dated September 1, 2011 between Mark Cosman, Trustee, Gucciardi Holdings Inc., as to an undivided 14% interest, Eleanor Cosman, as to an undivided 1.5% interest and Michael Buffa, as to an undivided 1.5% interest in connection with a first mortgage loan to Dondeb Inc., with respect to the Real Property; a second mortgage loan to the Guarantor, with respect to the Ottaway Property; a collateral fifth mortgage in favour of First Source and Mark Cosman, as Trustee, with respect to the Hughes Property and a collateral third mortgage in favour of First Source and Mark Cosman, as Trustee, with respect to the Memorial Property (the "**First Source Trust Declaration**").
8. Copy of Promissory Note dated August 27, 2011 in the principal sum of \$7,100,000.00 given by Dondeb Inc. and Melvyn Dancy, as Promissors and the Guarantor, as guarantor in favour of First Source and Mark Cosman, Trustee due and payable on September 1, 2013 (the "**Promissory Note**").

9. Charge/Mortgage granted by Dondeb in favour of First Source, in the original principal sum of \$7,100,000.00, registered on September 1, 2011 as Instrument No. SC928251 against title to the Real Property.
10. Notice of Assignment of Rents granted by Dondeb in favour of First Source, registered on September 1, 2011 as Instrument No. SC928286 in connection with the First Source Mortgage.
11. Notice of Assignment of Rents-General granted by Dondeb in favour of First Source, registered on September 1, 2011 as Instrument No. SC928286 against title to the Real Property.
12. Acknowledgment of Standard Charge Terms No. 200033 by Dondeb Inc. and Melvyn Dancy, with respect to the Real Property and the Hughes Property and the Memorial Property.
13. General Assignment of Rents dated August 27, 2011, between Dondeb and First Source and Mark Cosman with respect to the Real Property.
14. General Security Agreement dated August 27, 2011 between First Source and Mark Cosman and Dondeb.
15. Financing Statement filed pursuant to the PPSA against Dondeb in favour of First Source and Mark Cosman, as Trustee relating to a General Security Agreement in connection with the Real Property the Hughes Property and the Memorial Property as registration no. 20110818 1639 1862 6535 (reference file number 672302241) on August 18, 2011, and as amended on October 6, 2011 by registration no. 20111006 1600 1862 1282 (reference file number 672302241) and acknowledgement of receipt of same by Dondeb.
16. Guarantee and Postponement of Claims dated August 27, 2011 between First Source and Melvyn Dancy with respect to the first mortgage granted by First Source to Dondeb against the Real Property and the property municipally known as 12 Ottaway Avenue, Barrie, Ontario.
17. Financing Statement filed pursuant to the PPSA against Melvyn Dancy in favour of First Source with the collateral description of "Accounts" and "Other" as registration no. 20110818 1640 1862 6536 (reference file number 672302268) on August 18, 2011, and Acknowledgement of receipt of same by Melvyn Dancy.
18. Financing Change Statement filed pursuant to the PPSA against Melvyn Dancy in favour of First Source as registration no. 20111006 1622 1862 1288 (Reference File No. 650324385) postponing registration no. 20081203 1311 1862 4877, file no. 650324385, filed by Melvyn A. Dancy to PPSA Registration No. 20110818 1639 1862 6535, file no. 672302241, filed by First Source and Cosman & and Acknowledgment of receipt of same by Melvyn A. Dancy.
19. Deficiency Agreement dated August 27, 2011 granted by Dondeb and Melvyn Dancy in favour of First Source with respect to the Real Property and the Ottaway Property.
20. Statutory Declaration dated August 30, 2011 sworn by Melvyn Dancy, as to the ownership of the Ottaway Property and that the Lease with Newman's Valve Limited located at the Real Property is in good standing (the "Dancy Declaration").

1160145 Loan and Security Documents:

1. Charge/Mortgage granted by Dondeb in favour of 1160145, in the original principal sum of \$53,773, registered on July 12, 2012 as Instrument No. SC995688.
2. Guarantee by Melvyn Dancy in favour of 1160145, an unsigned, undated copy of which was appended to the 1160145 Mortgage and registered on title.

Documents Provided but Not Reviewed:

1. Copy of Master Business Licence dated August 26, 2011 issued by the Province of Ontario for "Barrie Business Centre" under the corporate name "Dondeb Inc."
2. Clear execution search certificate dated September 1, 2011 issued by the Sheriff of the County of Simcoe (Barrie) against Dondeb and Melvyn Dancy.
3. Lease Acknowledgement to First Source by Newman's Valve Limited together with a copy of the Lease, dated September 1, 2011 with respect to the leased premises located at the Real Property.
4. Undertaking & Acknowledgement dated August 30, 2011 given by Melvyn Dancy to First Source to provide First Source with a Tenant's Acknowledgement executed by Newman's Valve Limited; evidence of payment of all realty taxes on the Hughes Property, the Memorial Property and the Real Property.
5. Corporate documents each dated August 27, 2011 as follows:
 - (a) Certified Resolution of the Sole Director of Dondeb authorizing Dondeb to enter into a Commitment Letter, give a Promissory Note, a First Charge, a Collateral Charge, an Assignment of Rents, a General Security Agreement and Guarantee to First Source in the amount of \$7,100,000.00 against the Real Property and the Ottaway Property, respectively, and to give collateral mortgages on the Hughes Property and the Memorial Property, respectively;
 - (b) Certificate of Non-Restriction of Dondeb certifying that there are no restrictions in the articles of incorporation or by-laws of Dondeb which would restrict Dondeb from executing any of the documents referred to in (a) above;
 - (c) Certificate of Incumbency of the sole director of Dondeb; and
 - (d) Officer's Certificate of Dondeb as to the corporate status of the corporation.
6. Authorization to Transfer Interest in Insurance dated August 27, 2011 given by Dondeb naming First Source as loss payee over the Real Property and the Ottaway Property.
7. Binder of Insurance dated August 31, 2011 with respect to Policy number 591156753 issued by Nacora International Insurance Brokers with respect to insurance on the Real Property, together with Certificates of Insurance with respect to the Ottaway Property and the Hughes Property.

8. Title Insurance Policy No. 110826002821 dated August 31, 2011 issued by First American Title Insurance Company in connection with the insurance coverage for the Real Property, the Ottawa Property, the Hughes Property, and the Memorial Property.
9. Acknowledgement and Directions re title insurance each dated September 1, 2011 and executed by each of First Source, Gucciardi Holdings Inc., Michael Buffa and Eleanor Cosman in connection with the insurance coverage for the Real Property, the Ottawa Property, the Hughes Property, and the Memorial Property.
10. Borrower's Declarations dated August 27, 2011 sworn by Melvyn Dancy as sole Director and President of Dondeb, regarding Declaration of Possession and Hazardous Substances with respect to the Real Property.
11. Environmental Indemnity dated August 27, 2011 given by Dondeb to First Source with respect to the First Source Mortgage and the Ottawa Mortgage, and in connection with the Hughes Mortgage and the Memorial Mortgage.
12. Form 9D - Investment Authority, each dated September 1, 2011 and addressed to Cosman & Associates with respect to the investment of funds on behalf of and executed by each of First Source, Gucciardi Holdings Inc., Michael Buffa and Eleanor Cosman in connection with the Real Property; the mortgage on the Ottawa Property; the collateral mortgage on the Hughes Property and the collateral mortgage on Memorial Property.
13. Form 9E — Report on the Investment, each dated September 1, 2011 provided by Cosman & Associates and addressed to each of First Source, Gucciardi Holdings Inc., Michael Buffa and Eleanor Cosman with respect to the funds invested on behalf of each of First Source, Gucciardi Holdings Inc., Michael Buffa and Eleanor Cosman, in connection with the First Source Mortgage; the Ottawa Mortgage; the Hughes Mortgage and the Memorial Mortgage.
14. Authorization dated August 27, 2011 given by Dondeb regarding the completion of particulars in any of the security documents in connection with the mortgage on the Real Property and the Ottawa Property, and in connection with the collateral mortgages on the Hughes Property and the Memorial Property.
15. Direction Re: Funds and Re-Direction re funds dated August 2, 2011 given by Dondeb to First Source and Cosman & Associates, their solicitors with respect to the mortgage on the Real Property and the Ottawa Property, and in connection with the collateral mortgages on the Hughes Property and the Memorial Property.
16. Corporate Opinion of Deane Ewart, solicitor of Dondeb dated August 29, 2011 addressed to First Source and Cosman & Associates, their solicitors, with respect to the First Source Commitment Letter and the Mortgage and Security Documents given in connection with the mortgage transaction for 62 Davidson Street (sic) and the Ottawa Property.
17. Reporting Letter dated October 11, 2011, from Cosman & Associates addressed to First Source and Mark Cosman, Trustee, with respect to a mortgage loan to Dondeb with respect to the Real Property; mortgage loan to Melvyn Dancy, with respect to the Ottawa Property; a collateral mortgage in favour of First Source and Mark Cosman, as Trustee, with respect to the Hughes

Property and a collateral mortgage in favour of First Source and Mark Cosman, Trustee, with respect to the Memorial Property.

DOCUMENTS NOT PROVIDED FOR REVIEW

The following documents have not been provided for our review:

1. All loan and security documents in respect of the 1160145 Loan.

SCHEDULE "B"

ASSUMPTIONS

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

1. that the signatures on the Documents are genuine and that the Documents submitted to us as photocopies or facsimile copies conform to authentic original Documents, and that all Documents were fully completed prior to execution and delivery;
2. that Dondeb and the Guarantor had at all relevant times the necessary corporate status, power and capacity to grant to the applicable creditor the Documents to which it is party and to perform its obligations under each of those Documents;
3. that the Documents were duly authorized, executed and delivered to and in favour of the applicable creditor;
4. that the Documents were provided, as the case may be, to the applicable creditor by the Debtors and the Guarantor on the basis of informed consent and advice and for value;
5. that each of First Source and 1160145 hold proper evidence of the amount of indebtedness owed to it, respectively, by Dondeb and the dates on which such indebtedness was incurred;
6. that none of the Documents has been assigned, amended, superseded, released, discharged or otherwise impaired, either in whole or in part;
7. that each of Dondeb and the Guarantor holds legal and beneficial title to the property charged by such party in any of the Documents and that all such property was, at the time of the granting of the relevant security interest, and is presently, in Ontario;
8. the accuracy and completeness of the descriptions of all property of Dondeb and the Guarantor referred to in any Document;
9. that there are no agreements to which Dondeb or the Guarantor is a party or was a party at the time of the execution of the Documents which might impair its ability to execute and deliver or grant any of the Documents to which it is a party or to perform any of its obligations thereunder;
10. that none of the Documents, originals or copies of which we examined, has been amended (except as set out in this letter), and there are no other agreements or understandings between the parties that would amend, supplement or qualify any provisions of the Documents;
11. to the extent that a security interest in investment property (as defined in the PPSA) has been granted by Dondeb or the Guarantor to a creditor, such creditor has control of such investment property;
12. that value has been given sufficient for purposes of attachment under the PPSA, that no secured party has agreed to postpone the time for attachment of any security interest created by any of the Documents, and that there are no priority or other agreements (other than those referred

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

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

SCHEDULE "C"

QUALIFICATIONS

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

10. An Ontario Court may decline to enforce those provisions of the Documents which purport to allow a determination, calculation or certificate of a party thereto as to any manner provided for therein to be final, conclusive and binding upon any other party thereto if such determination is found to be inaccurate on its face or to have reached or made on an arbitrary or fraudulent basis.
11. A perfected security interest may become unperfected prior to its stated expiry date in certain circumstances.
12. Wherever any matter or thing is to be determined or done in the discretion of any secured party, such discretion may be required to be exercised in a commercially reasonable manner and in good faith.
13. With respect to the charge of, or transfer or pledge or assignment of, or the granting of a security interest in, any account or like personal property pursuant to the Documents, notice may have to be given to the obligor thereunder and the secured creditors may be subject to the equities between the obligor and the grantor of the security interest in the event that it wishes to enforce any such account or like personal property as against the obligor under such account or like personal property.
14. Powers of attorney contained in any of the Documents, although expressed to be irrevocable, may in some circumstances be revoked, including without limitation, pursuant to the *Substitute Decisions Act* (Ontario).
15. Pursuant to section 8 of the *Interest Act* (Canada), no fine, penalty or rate of interest may be exacted on any arrears of principal or interest secured by a mortgage on real property that has the effect of increasing the charge on the arrears beyond the rate of interest payable on principal money not in arrears.

SCHEDULE "D"
SEARCH SUMMARY

SUMMARY OF SECURITY SEARCHES AGAINST

DONDEB INC.

CORPORATE HISTORY

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

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

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

Personal Property Security Act (Ontario)
(File Currency: January 20, 2013)

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

- Amended by:** 20100812 1702 1462 8704 to add additional debtors and to add to the collateral description
- Amended by:** 20101110 1406 1462 8301 to delete a debtor and to add a debtor
2. **Secured Party:** **Computershare Trust Company of Canada**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: All rights, title and interest of the debtor in all personal property located at, relating to or used in connection with the real property known as Lot 2 and Part Lots 1 & 10, Plan STR-1, 200 Queen Street South, Mississauga, Ontario, and all proceeds thereof
- Registration No.:** 20050527 1510 1862 9742
File No. 615505968
Registration Date: May 27, 2005
Registration Period: 12 Years
Expiry Date: May 27, 2017
3. **Secured Party:** **The Empire Life Insurance Company**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: General assignment of rents, general security agreement and chattels of the debtor including all elevators, stoves and fridges in connection with 205 Vodden Street East, Brampton
- Registration No.:** 20050824 1428 1793 7832
File No. 618233553
Registration Date: August 24, 2005
Registration Period: 11 Years
Expiry Date: August 24, 2016
4. **Secured Party:** **Computershare Trust Company of Canada**
Debtor: CFN Richmond Hill Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: All present and future undertaking, security and property, both real and personal of the debtor, comprising and relating to 653 Major Mackenzie Drive and 181 Colborne Avenue, Richmond Hill, Ontario, including, without limitation, all rents, income, equipment, material agreements, deposits, permits, receivables, books and records, and intangibles relating thereto and all proceeds thereof
- Registration No.:** 20051012 1453 1530 4746
File No. 619624935
Registration Date: October 12, 2005
Registration Period: 11 Years
Expiry Date: October 12, 2016

- Amended by:** 20051102 1452 1530 1996 to amend the general collateral description
- Amended by:** 20081001 1451 1530 0024 being an assignment by secured party The Canada Trust Company to Computershare Trust Company of Canada
- Amended by:** 20101001 1518 1862 2702 being a transfer by debtor, Dondeb Inc. to CFN Richmond Hill Inc.
5. **Secured Party:** **The Empire Life Insurance Company**
Debtor: 2338067 Ontario Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: General security agreement and general assignment of rents and chattels including all elevators, stoves and fridges in connection with 90 Gurnett Street, Aurora, Ontario
- Registration No.:** 20060222 1704 1462 3248
File No. 622902645
Registration Date: February 22, 2006
Registration Period: 11 Years
Expiry Date: February 22, 2017
Amended by: 20121101 1703 1462 9357 – transfer from Dondeb Inc. to 2338067 Ontario Inc.
6. **Secured Party:** **The Empire Life Insurance Company**
Debtor: 1182689 Ontario Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: General security agreement and general assignment of rents in connection with 301 Byron Street South, Whitby, Ontario
- Registration No.:** 20060302 1449 1793 2277
File No. 623082051
Registration Date: March 2, 2006
Registration Period: 11 Years
Expiry Date: March 2, 2017
Amended by: 20121101 1703 1462 9358 - transfer from Dondeb Inc. to 1182689 Ontario Inc.
7. **Secured Party:** **The Empire Life Insurance Company**
Debtor: Briarbrook Apartments Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: General security agreement and general assignment of rents in connection with 555 Memorial Avenue, Orillia, Ontario
- Registration No.:** 20060302 1449 1793 2276
File No. 623082042
Registration Date: March 2, 2006
Registration Period: 11 Years
Expiry Date: March 2, 2017

- Amended by:** 20121101 1703 1462 9356 – transfer from Dondeb Inc. to Briarbrook Apartments Inc.
8. **Secured Party:** Pace Savings & Credit Union Limited
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: None
Registration No.: 20061116 1440 1530 2919
File No.: 630650268
Registration Date: November 16, 2006
Registration Period: 1 Year
Expiry Date: November 16, 2013
Renewed by: 20071015 1951 1531 1745 for an additional 5 years
Renewed by: 20120921 1456 1530 4082 for an additional 1 year
9. **Secured Party:** Ontario Wealth Management Corporation
Debtor: Dondeb Inc.
Collateral Classification: Equipment, Other
General Collateral Description: Roll former by Industrial Equipment Designs Inc. model no. S10-2-1/2-33 serial no. 90-052 year 1990, light gauge steel components (LGS) panelization line more particularly described in the penalization line process specification prepared by Spanright Steel Systems Inc. including without limitation the following carousel de-coiler, flattener, loop control, roll former, and all other items of personal property located on or used in connection with the operation of the steel panelization on the premises municipally known as 61 Forest Plain Road, Orillia, Ontario
Registration No.: 20070115 1727 1515 1116
File No.: 632145672
Registration Date: January 15, 2007
Registration Period: 3 Years
Expiry Date: January 15, 2018
Renewed by: 20091210 1500 1862 1694 for an additional 3 years
Renewed by: 20130110 1704 1862 6243 for an additional 5 years
10. **Secured Party:** Addenda Capital Inc.
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: Property used in connection with, situate at, or arising from the ownership, development, use or disposition of, the property known as 20 Simcoe Street, Orillia, Ontario (SIP/MK 4067682)
Registration No.: 20081022 1500 1862 1795
File No.: 649417365
Registration Date: October 22, 2008
Registration Period: 25 Years
Expiry Date: October 22, 2033

11. **Secured Party:** **Melvyn A. Dancy**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: None
Registration No.: 20081203 1311 1862 4877
File No. 650324385
Registration Date: December 3, 2008
Registration Period: 10 Years
Expiry Date: December 3, 2018
Subordinated by: 20081224 1055 1515 1756 "Pursuant to postponement of claims dated December 22, 2008, the Secured Party postpones its interest herein to the interest held by Ontario Wealth Management Corporation as registered by File# 650645442.
Subordinated by: 20111006 1622 1862 1288 "Postponement of PPSA registration no. 20081203 1311 1862 4877, file no. 650324385 filed by Melvyn A. Dancy to PPSA registration no. 20110818 1639 1862 6535, file no. 672302241 filed by First Source Mortgage Corporation and Mark Cosman, Trustee as amended by PPSA registration no. 20111006 1600 1862 1282, file no. 672302241.
12. **Secured Party:** **Ontario Wealth Management Corporation**
Debtor: 1182689 Ontario Inc.
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: None
Registration No.: 20081219 1215 1515 1752
File No. 650645442
Registration Date: December 19, 2008
Registration Period: 4 Years
Expiry Date: December 19, 2017
Amended by: 20081222 1047 1515 1753 to add a debtor
Renewed by: 20121109 1333 1862 1876 for an additional 5 years
13. **Secured Party:** **Cameron Stephens Financial Corporation**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: Property used in connection with, situate at or arising from the ownership, development, use or disposition of the property municipally known as 20 Simcoe Street, Orillia, Ontario
Registration No.: 20090304 0918 1590 2841
File No. 651833181
Registration Date: March 4, 2009
Registration Period: 5 Years
Expiry Date: March 4, 2014

14. **Secured Party:** **MCAP Leasing Inc.**
Secured Party: **MCAP Leasing Limited Partnership**
Debtor: Dondeb Inc
Collateral Classification: Equipment, Accounts, Other
General Collateral Description: Telecommunications equipment as described on leases, from time to time leased by the secured party to the debtor and any proceeds thereof, together with all replacement parts, accessories and attachments
- Registration No.:** 20101130 1042 8077 8638
File No. 666234657
Registration Date: November 30, 2010
Registration Period: 3 Years
Expiry Date: November 30, 2013
15. **Secured Party:** **Vector Financial Services Limited**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: All rights, title and interest of the debtor in all personal property, and all proceeds of such personal property, located at, relating to or used in connection with the real property comprising (I) Part Lots 42 & 43, Plan 432, PIN 58678-0088 LT, 24 Simcoe Street, Orillia, Ontario (II) Part Lots 11 & 12, Concession 3 South Orillia, PIN 58569-0016 LT, 555 Memorial Avenue, Orillia, Ontario
- Registration No.:** 20101210 1136 1862 7920
File No. 666495765
Registration Date: December 10, 2010
Registration Period: 3 Years
Expiry Date: December 10, 2013
16. **Secured Party:** **Vector Financial Services Limited**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: Assignment of term deposits, GICs, credit balances, commercial paper, treasury bills, bankers acceptances, accounts, instruments, monies, securities and other similar personal property, and all proceeds of such personal property, owned by the debtor and on deposit with or otherwise held by the secured party
- Registration No.:** 20101210 1135 1862 7919
File No. 666495747
Registration Date: December 10, 2010
Registration Period: 3 Years
Expiry Date: December 10, 2013
17. **Secured Party:** **First Source Mortgage Corporation**
Debtor: Dondeb Inc.

Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: Security relating to 61 Forest Plain Road, City of Orillia
 Registration No.: 20110708 0844 1862 3423
 File No. 671296392
 Registration Date: July 8, 2011
 Registration Period: 3 Years
 Expiry Date: July 8, 2014

18. **Secured Party:** **First Source Mortgage Corporation**
Secured Party: **Mark Cosman, Trustee**
 Debtor: Dondeb Inc.
 Debtor: Barrie Business Centre
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: General security agreement in respect of the obligations of Dondeb Inc. relating to 92 Davidson Street, Barrie, Ontario and 256 Hughes Road and 555 Memorial Avenue, Orillia, Ontario
 Registration No.: 20110818 1639 1862 6535
 File No.: 672302241
 Registration Date: August 18, 2011
 Registration Period: 4 Years
 Expiry Date: August 18, 2015
Amended by: 20111006 1600 1862 1282 to add a general collateral description

Bank Act (Ontario)

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

CLEAR

Official Receiver (Bankruptcy)

Date of Search: **October 30, 2012**
 File Currency: **October 26, 2012**

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

Bankruptcy (Petitions)

Date of Search: **October 31, 2012**
 File currency: **October 30, 2012**

1. **Case No.** CV04CL0055790000
Case Type: CVCBCA – Civil-CL-Canadian Business Corp Act

- Case Opened:** October 15, 2004
Status: Active
Action: Toronto-Dominion Bank et al v. Preston Springs Gardens Inc. et al
Parties Involved: BDO Dunwoody LLP
 Benchmark Equity Corporation
 Benchmark Equity Corporation
 Dondeb Inc.
 Melvyn A. Dancy
 Peter B. Moffat
 Peter B. Moffat
 Preston Springs Gardens Inc.
 Guelph Financial Corp.
 Toronto-Dominion Bank
 bcIMC Construction Fund Corp.
2. **Case No.** CV04CL005579A000
Case Type: CLCBC CL—Canada Business Corporations Act NN
Case Opened: June 24, 2005
Status: Active
Action: The Toronto Dominion Bank vs Preston Springs Gardens Inc. et al
Parties Involved: Benchmark Equity Corporation
 Benchmark Equity Corporation
 Dondeb Inc.
 King City Holdings Ltd.
 Melvyn A. Dancy
 Peter B. Moffat
 Peter B. Moffat
 Preston Springs Gardens
 The Toronto Dominion Bank
3. **Case No.** CV120000979200CL
Case Type: CLBKA CL—Bankruptcy and Insolvency Act NN
Case Opened: July 20, 2012
Status: Active
Action: Ontario Wealth Management Corporation v. Dondeb Inc. et al
Parties Involved: 1182689 Ontario Inc.
 Dondeb Inc.
 King City Holdings Ltd
 Ontario Wealth Management Corporation
4. **Case No.** CV120000979400CL
Case Type: BR Bankruptcy or Insolvency Law
Case Opened: July 26, 2012
Status: Inactive
Action: The Toronto-Dominion Bank et al v. Dondeb Inc. et al

- Parties Involved:**
 Dondeb Inc.
 Farber & Partners Inc.
 First Source Mortgage Corporation
 Ontario Wealth Management Corporation
 The Canada Trust Company
 The Toronto-Dominion Bank
5. **Case No.** CV120000986500CL
Case Type: CLCCA CL—Companies' Creditors Arrangement Act NN
Case Opened: October 10, 2012
Status: Active
Action: Dondeb Inc. v. Virgin Venture Capital Corp et al
6. **Case No.** BK12016643440031
Case Type: OA – Ordinary Administration
Case Opened: October 11, 2012
Status: Active
Action: Dondeb Inc. et al
Parties Involved: Dondeb Inc.
 The Empire Life Insurance Company
7. **Case No.** BK12016647750031
Case Type: OA—Ordinary Administration
Case Opened: October 11, 2012
Status: Active
Action: 1711060 Ontario Ltd. et al
Parties Involved: 1711060 Ontario Ltd.
 Lisa S. Corne
 David Preger

Executions (Toronto and York)
 Date of Search: **October 30, 2012**
 File Currency: **October 30, 2012**

CLEAR

Executions (Hastings, Simcoe and Dufferin)
 Date of Search: **November 13, 2012**
 File Currency: **November 13, 2012**

CLEAR

SCHEDULE "E"

LEGAL DESCRIPTION OF REAL PROPERTY

Municipal Address: 92 Davidson Street, Barrie

PIN No. 58810-0158(LT): Part of the East half of Lot 21, Concession 4, Vespra, designated as Parts 1 and 2, Reference Plan 51R-1600, Vespra

PIN No. 58810-0156(LT): Part of Park Lot 17, Plan 19, Barrie, Part of Park Lot 18, Plan 19, Barrie, Part of Park Lot 19, Plan 19, Barrie, Part of Park Lot 20, Plan 19, Barrie, as in RO327403 (Firstly), Barrie

APPENDIX P

Dondeb Group of Companies
 Barrie Business & Storage Centre Inc.
 92 Davidson Avenue, Barrie
 Receipts and Disbursements for the Receivership period October 17, 2012 to April 25, 2014

Cash flow from Operations -

Receipts:

Advances from secured creditors	195,347.02
Advances from Dondeb general funds	14,222.69
Interest	433.17
Miscellaneous refunds	1,770.00
	<u>211,772.88</u>

Operating disbursements:

Maintenance and administration	53,529.75
Insurance	16,985.16
Consultants reports	108,846.06
HST	20,043.93
Utilities	12,208.46
	<u>211,613.36</u>

Net cash flow from Operations \$ 159.52

Proceeds from Sale of Property -

Sales Proceeds	3,275,000.00
Add (deduct):	
Closing adjustment - deposit with City of Barrie	271,082.49
Closing adjustment (Note 1)	(98.58)
Priority distributions (Note 2)	(19,222.82)
Repayment of funds advanced from Dondeb	(14,222.69)
Commission	<u>(148,030.00)</u>
Net sales proceeds	3,364,508.40
Repayment of advances from secured creditors, including interest	(219,509.53)
Receivership Professional Fees and Costs	
Receiver	(137,591.45)
Legal counsel	<u>(198,547.74)</u>
Total Receivership Professional Fees and Costs	<u>(336,139.19)</u>

Net sales proceeds after professional costs 2,808,859.68

Payment of pre receivership fees and expenses (\$11,000 + HST) (note 3) (12,430.00)

Cash balance, April 25, 2014 \$ 2,796,589.20

Notes:

1. Closing adjustment relates to realty taxes.
2. Priority payments for realty taxes and interest.
3. Pursuant to the Receivership Order, the Receiver was paid \$11,000.00 plus HST per property as part of the interim distribution.

APPENDIX Q

STATEMENT OF ADJUSTMENTS

VENDOR: A. Farber & Partners Inc., in its capacity as court appointed receiver of Dondeb Inc.
PURCHASER: SGH Investments Inc.
PROPERTY: Lot 40 and part of Lot 41, Plan 432 designated as Parts 1, 2, 3, 4, 5 and 6 on Reference Plan 51R-35247 being the whole of PIN 58678-0086(LT) municipally known as 480 West St. S., Orillia, Ontario
AS AT: April 10, 2014

SALE PRICE: \$360,000.00

HST
Purchaser to remit HST Directly

DEPOSIT \$36,000.00

ESTIMATED 2014 REALTY TAXES:
Roll No. 4352 010109 13300:
Estimated 2014 realty taxes based
on 2013 realty taxes of \$21,826.71
plus 3% = \$22,481.51
Vendor's portion 100 days =
\$6,159.31
Vendor paid - \$5,430.97

ALLOW PURCHASER \$728.34

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

\$323,271.66

\$360,000.00

\$360,000.00

E. & O. E.

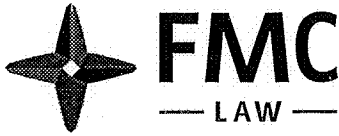
STATEMENT OF FUNDS

A. Farber & Partners Inc., in its capacity as court-appointed receiver
of Dondeb Inc. (the "Vendor") sale to SGH Investments Inc.
of Lot 40 and part of Lot 41, Plan 432 designated as Parts 1, 2, 3, 4, 5
and 6 on Reference Plan 51R-35247 being the whole of PIN 58678-0086(LT)
municipally known as 480 West St. S., Orillia, Ontario

Balance received on closing, in accordance with the Statement of Adjustments		\$323,271.66
Less:		
City of Orillia (pay outstanding realty taxes and penalties)	<u>\$23,615.79</u>	<u>\$23,615.79</u>
TOTAL AMOUNT OF FUNDS WIRED TO VENDOR		\$299,655.87

E. & O.E.

APPENDIX R



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

MAIN 416 863 4511
FAX 416 863 4592

December 14, 2012

Delivered

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

Attention: Hylton Levy

Dear Mr. Levy:

Re: Dondeb Inc. ("Dondeb") and 1182689 Ontario Inc. ("1182689") (Dondeb and 1182689 are, collectively, the "Debtors") re: 480 West Street South, Orillia, Ontario

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

SCOPE OF REVIEW

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

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

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

ASSUMPTIONS AND QUALIFICATIONS

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

SEARCH RESULTS

Corporate History

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

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

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

1182689 Ontario Inc. was incorporated on August 27, 1996 pursuant to the laws of the Province of Ontario. 1182689's head office is located in King City, Ontario. 1182689 has the following current business style names:

Orillia Prep School	--	July 4, 2012
Hatch House Montessori School	--	July 4, 2012

Personal Property Searches

We conducted searches against the Debtors as noted in Schedule "D" under the following statutes:

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

The results of our searches are summarized in Schedule "D" attached hereto. The Province of Ontario does not have a system for registering title to personal property and, accordingly, we cannot confirm whether the Debtors hold title to any of the personal property referred to herein. We have not conducted any searches against Melvyn Dancy, who guaranteed indebtedness owing to OWMC.

Her Majesty the Queen represented by the Minister of National Revenue registered a PPSA financing statement against 1182689 on October 24, 2011. The details of this registration are summarized in Schedule "D" attached hereto.

There are two secured parties with registrations against Dondeb that were registered prior in time to the OWMC Registration (as defined below) and that do not limit the general collateral descriptions: Pace Savings & Credit Union Limited and The Toronto-Dominion Bank. The details of these registrations are summarized in Schedule "D" attached hereto.

Real Property Searches

On October 23, 2012, at approximately 10:49 a.m., we conducted a subsearch of title (the "Subsearch") to the real property located in Orillia and described in Schedule "E" attached hereto (the "Real Property"). The results of the Subsearch are summarized below. The following is a summary of the results of the Subsearch and is not a full investigation of title to the Real Property. Given the limited nature of a Subsearch we do not express any opinion as to title to the Real Property or the priority of any encumbrances affecting the Real Property.

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

PIN 58678-0086 (LT):

- (a) Charge/Mortgage granted by the Debtors in favour of OWMC, in the original principal sum of \$1,000,000.00, registered on December 23, 2008 as Instrument No. SC709026 (the "**OWMC Mortgage**"). The OWMC Mortgage appears to be a first mortgage;
- (b) Notice of Assignment of Rents granted by the Debtors in favour of OWMC, registered on December 23, 2008 as Instrument No. SC709027 in connection with the OWMC Mortgage (the "**OWMC Assignment of Rents**"); and
- (c) Notice of Change of Address Instrument registered by OWMC on title December 2, 2010 as Instrument No. SC870248, in connection with the OWMC Mortgage.

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

An execution search was conducted against 1182689 in the Regional Municipality of Toronto on October 30, 2012, the results of which were clear. An execution search conducted against 1182689 in the Regional Municipality of Whitby on November 2, 2012 revealed one writ of execution listing 1182689 as defendant and the Federal Court Canada Revenue Agency Income Tax Act Taxpayer Services and Debt Management Branch, as creditor. An execution search conducted against 1182689 in the Regional Municipality of Simcoe on November 13, 2012 revealed two writs of execution, both of which list 1182689 as defendant and Canada Revenue Agency, Toronto North Tax Services Office, as defendant. Further details with respect to the writs of execution are summarized on Schedule "A" attached hereto.

Certificate of Status

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

SECURITY REVIEW

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

A. OWMC Loan

Credit Facilities were extended to the Debtors and Melvyn Dancy pursuant to a commitment letter dated December 18, 2008 (the "**Original Commitment Letter**") for a two year term. The Original Commitment Letter was subsequently renewed for two 1 year terms. We were not provided with and so have not reviewed the first mortgage renewal offer. The second mortgage renewal offer was issued by OWMC to the Debtors, as borrowers, and Melvyn Dancy (the "**Guarantor**"), as guarantor, dated February 8, 2012 (the "**Amendment**", and collectively with the Original Commitment Letter, the "**OWMC Loan Agreement**").

The Original Commitment Letter is unsigned and lists Melvyn Dancy as a borrower and not as a guarantor. The Amendment identifies the Guarantor as guarantor of the OWMC Loan Agreement.

We understand that all of the indebtedness, liabilities and obligations of the Debtors to OWMC pursuant to the OWMC Loan Agreement were guaranteed by the Guarantor in favour of OWMC (the "**OWMC Guarantee**"). We have not received or reviewed a copy of the OWMC Guarantee.

1. *Mortgage.* The OWMC Mortgage grants, by its terms, a valid fixed charge in favour of OWMC in the Real Property. The OWMC Mortgage charges three properties: (i) the Real Property, (ii) 525 Memorial Avenue, Orillia ("**525 Memorial**"); and (iii) 547 Laclie Street, Orillia ("**Orillia Prep**"). The OWMC Mortgage is the only charge/mortgage registered against title to the Real Property.

The terms of the OWMC Mortgage provide that the occurrence of an event of default under a) the provisions of the OWMC Mortgage; b) under any security document given pursuant to the OWMC Loan Agreement; or c) pursuant to any other charge or security document between OWMC and the Debtors, including any document pursuant to which the Debtors are a guarantor, shall be deemed to be an event of default under all such security documents.

The OWMC Mortgage provides that as long as the Debtors are not in default under the OWMC Mortgage, the Debtors are entitled to a partial discharge of the charge/mortgage against the Real Property upon repayment of \$500,000.00 together with (i) a prorated prepayment bonus calculated pursuant to the prepayment provision of the OWMC Mortgage (as discussed below); and (ii) all discharge fees.

The OWMC Mortgage prepayment provision provides that the Debtors have the privilege of prepaying the amounts owing under the OWMC Loan Agreement: (i) during the first year of the term, upon payment to OWMC of a bonus of two months interest plus one sixth of the administration fee; and (ii) during the second year of the term, upon payment to OWMC of a bonus of two months interest plus one twelfth of the administration fee. There is no definition of "administration fee" in the OWMC Mortgage. The Original Commitment Letter provides for the same prepayment privilege except for reference to the "administration fee". The Debtors may repay the amounts owing under the OWMC Loan Agreement: (i) during the first year of the term, upon payment to OWMC of two months interest plus one sixth of the Administration GST; and (ii) during the second year of the term upon payment to OWMC of two months interest plus one twelfth of the Administration GST. The Administration GST is defined as three quarters of a percent of the amount of the principal per annum, which cost is subject to GST. The Amendment is silent as to the Debtors' prepayment privileges.

2. *Assignment of Rents.* The OWMC Assignment of Rents grants to OWMC an assignment of all rents pursuant to leases of the Real Property entered into from time to time by the Debtors with various

tenants. It states that it enures to the benefit of and is binding on each of the parties and their successors and assigns. It is the only Assignment of Rents that was registered against title to the Real Property.

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

4. *Assignment of Material Contracts.* The OWMC Assignment of Material Contracts (as defined in Schedule "A" attached hereto) grants, assigns, and transfers, by its terms, the rights of each of the Debtors to the contracts referenced therein.

5. *PPSA Registrations.* A financing statement and a financing change statement in respect of the security interest granted by the Debtors in favour of OWMC were registered under the PPSA on December 19, 2008 and December 22, 2008, respectively (collectively, the "**OWMC Registration**"). The details of the OWMC Registration are set out in Schedule "D" attached hereto. The OWMC Registration was registered under the PPSA in respect of "Inventory, Equipment, Accounts and Other" and did not include a general collateral description.

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

The Guarantor

1. *Guarantee and Postponement of Claim.* We have not been provided with a copy of the OWMC Guarantee, guaranteeing the obligations of the Debtors under the OWMC Loan.

2. *Security Agreement.* We have not been provided with a general security agreement by the Guarantor in favour of OWMC.

3. *PPSA Registration.* We understand that a financing statement in respect of the security interest granted by the Guarantor in favour of OWMC was registered under the PPSA. However, we have not been provided with registration particulars, nor have we conducted searches against the Guarantor.

OPINIONS WITH RESPECT TO VALIDITY AND PRIORITY OF SECURITY

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

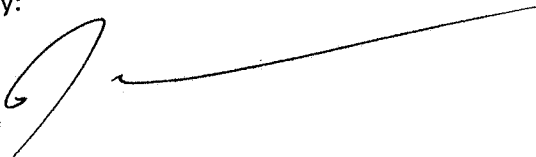
1. the OWMC Mortgage is a valid charge of the Real Property;
2. the OWMC Assignment of Rents is a valid assignment of the rents referred to therein;
3. the OWMC Security Agreement grants, by its terms, a valid security interest in favour of OWMC in the personal property of the Debtors referred to therein to which the PPSA applies; however, two PPSA registrations have been filed against Dondeb prior in time to the OWMC Registration; and
4. the OWMC Assignment of Material Contracts grants, by its terms, a valid assignment of the rights to the contracts of the Debtors referred to therein.

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

Yours very truly,

FRASER MILNER CASGRAIN LLP

By:

A handwritten signature in black ink, consisting of a large, stylized initial 'G' followed by a long, horizontal stroke that tapers to the right.

SCHEDULE "A"

DOCUMENTS REVIEWED

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

OWMC Loan and Security Documents:

1. Commitment letter issued by OWMC to the Debtors and Melvyn Dancy dated December 18, 2008, as amended by an amended mortgage renewal offer issued by OWMC to the Debtors, as borrowers, and Melvyn Dancy, as guarantor, dated February 8, 2012.
2. Charge/Mortgage granted by the Debtors in favour of OWMC, in the original principal sum of \$1,000,000.00, registered on December 23, 2008 as Instrument No. SC709026.
3. Notice of Assignment of Rents granted by the Debtors in favour of OWMC, registered on December 23, 2008 as Instrument No. SC709027 in connection with the OWMC Mortgage.
4. General Security Agreement given by the Debtors in favour of OWMC dated December 22, 2008 (the "**OWMC Security Agreement**").
5. Assignment of Material Contracts given by the Debtors in favour of OWMC dated December 22, 2008 (the "**OWMC Assignment of Material Contracts**").
6. Financing Statement filed pursuant to the PPSA against 1182689 in favour of OWMC as registration no. 20081219 1215 1515 1752 (reference file number 650645442) on December 19, 2008.
7. Financing Change Statement filed pursuant to the PPSA against Dondeb in favour of OWMC as registration no. 20081222 1047 1515 1753 (reference file number 650645442) on December 22, 2008, adding Dondeb to the above-noted financing statement.
8. Acknowledgement of Receipt of PPSA financing statement from the Debtors and the Guarantor to OWMC dated December 22, 2008.

DOCUMENTS NOT PROVIDED FOR REVIEW

The following documents have not been provided for our review:

1. Acknowledgment and Direction from the Debtors to registering counsel dated on or about the date of the OWMC Mortgage and the OWMC Assignment of Rents authorizing the registration of the OWMC Mortgage and the OWMC Assignment of Rents.
2. Acknowledgement of Receipt of Standard Charge Terms from the Debtors to OWMC in respect of the OWMC Mortgage.

3. Acknowledgement given by the Debtors to OWMC acknowledging receipt of a mortgage advance.
4. Guarantee granted by Melvyn Dancy, as guarantor in favour of OWMC in respect of the obligations owing by the Debtors to OWMC.
5. All loan and security documentation in respect of the Guarantor.

SCHEDULE "B"

ASSUMPTIONS

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

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

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

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

SCHEDULE "C"

QUALIFICATIONS

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

10. An Ontario Court may decline to enforce those provisions of the Documents which purport to allow a determination, calculation or certificate of a party thereto as to any manner provided for therein to be final, conclusive and binding upon any other party thereto if such determination is found to be inaccurate on its face or to have reached or made on an arbitrary or fraudulent basis.
11. A perfected security interest may become unperfected prior to its stated expiry date in certain circumstances.
12. Wherever any matter or thing is to be determined or done in the discretion of any secured party, such discretion may be required to be exercised in a commercially reasonable manner and in good faith.
13. With respect to the charge of, or transfer or pledge or assignment of, or the granting of a security interest in, any account or like personal property pursuant to the Documents, notice may have to be given to the obligor thereunder and the secured creditors may be subject to the equities between the obligor and the grantor of the security interest in the event that it wishes to enforce any such account or like personal property as against the obligor under such account or like personal property.
14. Powers of attorney contained in any of the Documents, although expressed to be irrevocable, may in some circumstances be revoked, including without limitation, pursuant to the *Substitute Decisions Act* (Ontario).
15. Pursuant to section 8 of the *Interest Act* (Canada), no fine, penalty or rate of interest may be exacted on any arrears of principal or interest secured by a mortgage on real property that has the effect of increasing the charge on the arrears beyond the rate of interest payable on principal money not in arrears.

SCHEDULE "D"

SEARCH SUMMARY

SUMMARY OF SECURITY SEARCHES AGAINST

DONDEB INC.

CORPORATE HISTORY

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

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

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

Personal Property Security Act (Ontario)
(File Currency: November 8, 2012)

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

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

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

8. **Secured Party:** **The Empire Life Insurance Company**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: General security agreement and general assignment of rents in connection with 555 Memorial Avenue, Orillia, Ontario
Registration No.: 20060302 1449 1793 2276
File No. 623082042
Registration Date: March 2, 2006
Registration Period: 11 Years
Expiry Date: March 2, 2017
9. **Secured Party:** **Pace Savings & Credit Union Limited**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: None
Registration No.: 20061116 1440 1530 2919
File No.: 630650268
Registration Date: November 16, 2006
Registration Period: 1 Year
Expiry Date: November 16, 2013
Renewed by: 20071015 1951 1531 1745 for an additional 5 years
Renewed by: 20120921 1456 1530 4082 for an additional 1 year
10. **Secured Party:** **Ontario Wealth Management Corporation**
Debtor: Dondeb Inc.
Collateral Classification: Equipment, Other
General Collateral Description: Roll former by Industrial Equipment Designs Inc. model no. S10-2-1/2-33 serial no. 90-052 year 1990, light gauge steel components (LGS) panelization line more particularly described in the penalization line process specification prepared by Spanright Steel Systems Inc. including without limitation the following carousel de-coiler, flattener, loop control, roll former, and all other items of personal property located on or used in connection with the operation of the steel panelization on the premises municipally known as 61 Forest Plain Road, Orillia, Ontario
Registration No.: 20070115 1727 1515 1116
File No. 632145672
Registration Date: January 15, 2007
Registration Period: 3 Years
Expiry Date: January 15, 2013
Renewed by: 20091210 1500 1862 1694 for an additional 3 years
11. **Secured Party:** **Addenda Capital Inc.**
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other

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

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

General Collateral Description: Assignment of term deposits, GICs, credit balances, commercial paper, treasury bills, bankers acceptances, accounts, instruments, monies, securities and other similar personal property, and all proceeds of such personal property, owned by the debtor and on deposit with or otherwise held by the secured party

Registration No.: 20101210 1135 1862 7919
 File No. 666495747
 Registration Date: December 10, 2010
 Registration Period: 3 Years
 Expiry Date: December 10, 2013

18. **Secured Party:** **First Source Mortgage Corporation**
 Debtor: Dondeb Inc.
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: Security relating to 61 Forest Plain Road, City of Orillia
 Registration No.: 20110708 0844 1862 3423
 File No. 671296392
 Registration Date: July 8, 2011
 Registration Period: 3 Years
 Expiry Date: July 8, 2014

19. **Secured Party:** **First Source Mortgage Corporation**
Secured Party: **Mark Cosman, Trustee**
 Debtor: Dondeb Inc.
 Debtor: Barrie Business Centre
 Collateral Classification: Inventory, Equipment, Accounts, Other
 General Collateral Description: General security agreement in respect of the obligations of Dondeb Inc. relating to 92 Davidson Street, Barrie, Ontario and 256 Hughes Road and 555 Memorial Avenue, Orillia, Ontario

Registration No.: 20110818 1639 1862 6535
 File No.: 672302241
 Registration Date: August 18, 2011
 Registration Period: 4 Years
 Expiry Date: August 18, 2015
 Amended by: 20111006 1600 1862 1282 to add a general collateral description

Bank Act (Ontario)

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

File Currency: **October 30, 2012**

CLEAR

Official Receiver (Bankruptcy)

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

File Currency: **October 26, 2012**

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

Bankruptcy (Petitions)

Date of Search: October 31, 2012

File currency: October 30, 2012

1.

Case No. CV04CL0055790000
Case Type: CVCBCA – Civil-CL-Canadian Business Corp Act
Case Opened: October 15, 2004
Status: Active
Action: Toronto-Dominion Bank et al v. Preston Springs Gardens Inc. et al
Parties Involved: BDO Dunwoody LLP
 Benchmark Equity Corporation
 Benchmark Equity Corporation
 Dondeb Inc.
 Melvyn A. Dancy
 Peter B. Moffat
 Peter B. Moffat
 Preston Springs Gardens Inc.
 Guelph Financial Corp.
 Toronto-Dominion Bank
 bclMC Construction Fund Corp.

2.

Case No. CV04CL005579A000
Case Type: CLCBC CL—Canada Business Corporations Act NN
Case Opened: June 24, 2005
Status: Active
Action: The Toronto Dominion Bank vs Preston Springs Gardens Inc. et al
Parties Involved: Benchmark Equity Corporation
 Benchmark Equity Corporation
 Dondeb Inc.
 King City Holdings Ltd.
 Melvyn A. Dancy
 Peter B. Moffat
 Peter B. Moffat
 Preston Springs Gardens
 The Toronto Dominion Bank

3.

Case No. CV120000979200CL
Case Type: CLBKA CL—Bankruptcy and Insolvency Act NN

- Case Opened:** July 20, 2012
Status: Active
Action: Ontario Wealth Management Corporation v. Dondeb Inc. et al
Parties Involved: 1182689 Ontario Inc.
 Dondeb Inc.
 King City Holdings Ltd
 Ontario Wealth Management Corporation
4. **Case No.** CV120000979400CL
Case Type: BR Bankruptcy or Insolvency Law
Case Opened: July 26, 2012
Status: Inactive
Action: The Toronto-Dominion Bank et al v. Dondeb Inc. et al
Parties Involved: Dondeb Inc.
 Farber & Partners Inc.
 First Source Mortgage Corporation
 Ontario Wealth Management Corporation
 The Canada Trust Company
 The Toronto-Dominion Bank
5. **Case No.** CV120000986500CL
Case Type: CLCCA CL—Companies' Creditors Arrangement Act NN
Case Opened: October 10, 2012
Status: Active
Action: Dondeb Inc. v. Virgin Venture Capital Corp et al
Parties Involved: 1538456 Ontario Ltd.
 Cameron Stephens Financial Corporation
 Dondeb Inc.
 Faithlife Financial
 First Source Mortgage Corporation
 Mortgagees of Briarbrook Apartments Inc.
 Mark Cosman
 Ontario Wealth Management Corporation
 Pace Savings & Credit Union Ltd
 Quincy Investments Ltd
 RMG Mortgages division of MCAP Financial Corporation
 Service Employees International Union Local 1 Canada
 The Empire Life Insurance Company
 Virgin Venture Capital Corp
6. **Case No.** BK12016643440031
Case Type: OA – Ordinary Administration
Case Opened: October 11, 2012
Status: Active
Action: Dondeb Inc. et al
Parties Involved: Dondeb Inc.
 The Empire Life Insurance Company

7. **Case No.** BK12016647750031
Case Type: OA—Ordinary Administration
Case Opened: October 11, 2012
Status: Active
Action: 1711060 Ontario Ltd. et al
Parties Involved: 1711060 Ontario Ltd.
Lisa S. Corne
David Preger

Executions (Toronto)

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

File Currency: **October 30, 2012**

CLEAR

Executions (Orillia)

Date of Search: **November <>, 2012**

File Currency: **November <>, 2012**

CLEAR

Executions (Hastings)

Date of Search: **November 13, 2012**

File Currency: **November 13, 2012**

CLEAR

Executions (Simcoe)

Date of Search: **November 13, 2012**

File Currency: **November 13, 2012**

CLEAR

Executions (Dufferin)

Date of Search: **November 13, 2012**

File Currency: **November 13, 2012**

CLEAR

SUMMARY OF SECURITY SEARCHES AGAINST**1182689 ONTARIO INC.****CORPORATE HISTORY**

1182689 Ontario Inc. was incorporated on August 27, 1996. 1182689's head office is located in King City, Ontario. 1182689 has the following current business style names:

Orillia Prep School	--	July 4, 2012
Hatch House Montessori School	--	July 4, 2012

Personal Property Security Act (Ontario)

(File Currency: November 8, 2012)

- Secured Party:** **The Empire Life Insurance Company**
Debtor: 1182689 Ontario Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: General security agreement and general assignment of rents in connection with 301 Byron Street South, Whitby, Ontario

Registration No.: 20060302 1449 1793 2277
File No. 623082051
Registration Date: March 2, 2006
Registration Period: 11 Years
Expiry Date: March 2, 2017
Amended by: 201211011703 1462 9358 – transfer from Dondeb Inc. to 1182689 Ontario Inc.
- Secured Party:** **Ontario Wealth Management Corporation**
Debtor: 1182689 Ontario Inc.
Debtor: Dondeb Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other
General Collateral Description: None

Registration No.: 20081219 1215 1515 1752
File No. 650645442
Registration Date: December 19, 2008
Registration Period: 4 Years
Expiry Date: December 19, 2012
Amended by: 20081222 1047 1515 1753 to add debtor
- Secured Party:** **H.M.Q. as Represented by the M.N.R.**
Debtor: 1182689 Ontario Inc.
Collateral Classification: Inventory, Equipment, Accounts, Other (Amount: \$518,235)
General Collateral Description: All the debtors present and after acquired personal property including but not restricted to machinery, inventory, equipment, receivables and furniture.

Registration No.: 20111024 1341 4020 2489
 File No.: 673838595
 Registration Date: October 24, 2011
 Registration Period: 3 Years
 Expiry Date: October 24, 2014

Bank Act (Ontario)

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

CLEAR

Official Receiver (Bankruptcy)

Date of Search: **October 30, 2012**
 File Currency: **October 16, 2012**

BIA Estate No: 31-1671611
 BIA Estate Name: 1182689 Ontario Inc.
 Province: Ontario
 Estate Type: Notice of Intention
 Date of Proceeding: October 1, 2012
 Total Liabilities: \$2,128,049

Bankruptcy (Petitions)

Date of Search: **October 31, 2012**
 File currency: **October 30, 2012**

Case No. CV120000979200CL
 Case Type: CLBKA CL—Bankruptcy and Insolvency Act NN
 Case Opened: July 20, 2012
 Status: Active
 Action: Ontario Wealth Management Corporation v. Dondeb Inc.
 et al
 Parties Involved: 1182689 Ontario Inc.
 Dondeb Inc.
 King City Holdings Ltd
 Ontario Wealth Management Corporation

Executions (Toronto)

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

CLEAR

Executions (Whitby)

Date of Search: November 2, 2012
 File Currency: November 2, 2012

Defendant 1182689 Ontario Inc. (sometimes carrying on business as
Creditor: Orillia Prep School and Hatch House Montessori School
 Federal Court Canada Revenue Agency Income Tax Act
 Taxpayer Services and Debt Management Branch
 5001 Yonge St
 Toronto, Ontario
 M2N 6R9 Canada
Comments: 2012-08-21 - \$227,958.81 and also interest, compounded
 daily, at the rate prescribed under the Income Tax Act
 applicable from time to time on the sum of \$227, 958.81
 from the 14th day of June, 2012 to the day of payment

Executions (Simcoe)

Date of Search: November 13, 2012

File Currency: November 13, 2012

Defendant 1182689 Ontario Inc., Orillia Prep School and Hatch House
 Montessori School
Creditor: Income Tax Act
 c/o Canada Revenue Agency, Toronto North Tax Services
 Office
 5001 Yonge St
 Toronto, Ontario
 M2N 6R9 Canada
Comments: 2012-08-21 - \$227,958.81 and interest, compounded daily
 at the rate prescribed under the Income Tax Act
 applicable from time to time from June 14, 2012

Defendant 1182689 Ontario Inc.
Creditor: Income Tax Act
 c/o Canada Revenue Agency, Toronto North Tax Services
 Office
 5001 Yonge St
 Toronto, Ontario
 M2N 6R9 Canada
Comments: 2012-08-21 - \$518,235.29 and interest, compounded daily
 at the rate prescribed under the Income Tax Act
 applicable from time to time from May 23, 2011

SCHEDULE "E"

LEGAL DESCRIPTION OF REAL PROPERTY

Municipal Address: 480 West Street South, Orillia

PIN No. 58678-0086(LT): Lot 40 and Part of Lot 41, Plan 432, designated as Parts 1, 2, 3, 4, 5 and 6, Reference Plan 51R-35247, S/T right-of-way over part of Lots 40 and 41, Plan 432, designated as Parts 2 and 5, Reference Plan 51R-35247 in favour of Parts of Lots 41 and 42, Plan 432, designated as Parts 7 to 12, 15 and 16, Reference Plan 51R-35247 and Part of Lot 42 and Lot 43, Plan 432, designated as Parts 13, 14 and 17, Reference Plan 51R-35247 as in Instrument No. SC560185, T/W a right-of-way over Part of Lots 41 and 42, Plan 432, designated as Parts 8, 11, 13, 14 and 15, Reference Plan 51R-35247 as in SC560185, Orillia.