

APPENDIX “I”

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**

AFFIDAVIT OF PAUL J. DENTON

I, Paul J. Denton, of the City of Aurora, in the Province of Ontario, MAKE OATH AND STATE AS FOLLOWS:

1. I am a Trustee and Vice President at A. Farber & Partners Inc. and, as such, have knowledge of the matters to which I hereinafter depose.
2. A. Farber & Partners Inc. ("**Farber**") was appointed receiver ("**Receiver**") over all of the assets, undertakings and properties of Dondeb Inc. ("**Dondeb**") and the other debtors listed in Schedule "A" hereto (together with Dondeb, the "**Debtors**" or the "**Dondeb Group**") pursuant to an Order of the Honourable Mr. Justice C. Campbell dated October 17, 2012 (the "**Receivership Order**").
3. Pursuant to paragraph 3 of the Receivership Order, the Receiver was required to create Segregated Accounts (as defined therein) for each of the 24 Properties as set out on Schedule "C" to the Receivership Order. A further Property was discovered following the granting of the Receivership Order, which is referred to as the Scotia Road Property in the sixteenth report of the Receiver to the Court dated April 14, 2015 (the "**Sixteenth Report**").
4. In accordance with the Receivership Order, the Receiver recorded its fees and expenses (as did its legal counsel) on a Property by Property basis.
5. During the course of the Receivership Proceedings, the Receiver also separately recorded fees and disbursements with respect to work done in respect of two other significant assets of Dondeb, being certain feed-in-tariff contracts (the "**FIT Contracts**") and a panelization machine

located on the Prospan/Rockin Boats Property that had been transferred out of the ordinary course of business prior to the Receivership Order (the “**Panelization Machine**”).

6. Pursuant to Paragraph 19 of the Receivership Order, the Receiver and its counsel were to keep separate records for General Restructuring Administrative Expenses (“**GARE**”) that were not specifically allocable to any one Property. Further, pursuant to paragraph 18(b) of the Receivership Order, the Receiver was to allocate the fees and disbursements with respect to work done on each of the Properties.

7. Farber previously sought and obtained Court approval on July 28, 2014 for its fees and disbursements for the period from October 17, 2012 to May 31, 2014 for the following 13 Properties: Ace Self Storage and Business Centre Inc., 240 Yeoman, Brechin, Coldwater, Devonshire, Dorset Place, Georgian Manor, King City Holdings, Ontario Street, Orillia Independent Living, Preston Springs, Sussex Place and Tudhope Manor (the “**Previously Approved Properties**”). Other than Orillia Independent Living, all of the Previously Approved Properties had been sold by the Receiver prior to the July 28, 2014 motion. The Receiver is now seeking approval of the Receiver’s fees and costs for subsequent fees and expenses related to the Previously Approved Properties, specifically for the period from June 1, 2014 to December 31, 2014.

8. There are 11 additional Properties as well as the FIT Contracts and Panelization Machine for which fee approval has not previously been sought being: Barrie Business Centre, Hatch House, Lafontaine Terrace, Leons, Orillia Prep School, Orillia Retirement Residence, Remos Ristoranti, Prospan Rockin Boats, Tim Hortons/Wendys, Scotia Road, Whispering Pines, the FIT Contracts and the Panelization Machine (the “**Additional Properties**”). Approval of the fees and disbursements with respect to the Additional Properties was not previously sought as (i) a number of the properties had not yet been realized upon; and (ii) the properties were subject to complicated cross collateralization which made independent fee approval complex. Given the status of realization of the Additional Properties at this time, and the proposed allocation of GARE, the Receiver is now seeking approval of its fees and disbursements for the period from October 17, 2012 to December 31, 2014 for the Additional Properties as well as for GARE.

9. Following the granting of the Receivership Order, the Receiver has on a periodic basis distributed the relevant invoices of the Receiver and its legal counsel to the relevant mortgagees on specific properties for their review.

10. Since its appointment on October 17, 2012, the Receiver has submitted fifteen prior reports to Court as well as four supplemental reports. The reports were submitted in support of the prior 37 Orders granted in this Receivership proceeding. A description of the various orders obtained and significant steps in the Receivership proceeding is contained in the Sixteenth Report. In summary, the Receivership proceedings have been extremely complex and difficult given the number and condition of the Debtors and Properties. Below is a summary of certain background information to provide context on the complexity and challenges faced during the Receivership proceedings.

11. The Debtors held and operated a diverse range of properties and businesses with a myriad of stakeholders. Properties ranged from a golf course to schools to retirement homes to apartment buildings to commercial properties for lease, each with some form of ongoing operation, and also various properties held for development. There are 12 Debtors with 25 Properties, as well as the FIT Contracts and Panelization Machine with 19 secured lenders, many with various cross-collateralized loans and multiple other stakeholders with complicated issues of marshalling and apportionment.

12. In the period preceding the granting of the Receivership Order, the combination of severe liquidity challenges as well as management and infrastructure shortcomings, negatively impacted the state and condition of the individual properties and underlying operations in a significant way. Among other things, cash management was not conducted on a Property (or Debtor) specific basis, financial statements were not up to date, almost \$3 million in arrears of source deductions and municipal taxes were outstanding, the physical state of the real properties was in disrepair with numerous by-law infractions and compliance concerns existed with respect to retirement home and school license requirements. As well, numerous additional mortgages and transfers of property out of the ordinary course of business had taken place in a short time prior to the Receivership Order.

13. In summary, the Receiver and its independent legal counsel inherited a highly dysfunctional group of entities and properties, which required extensive effort to first stabilize operations and then put in place the infrastructure to help manage individual properties and legal entities going forward in order to market the assets in a way to maximize value.

Previously Approved Properties

14. With respect to background on the Previously Approved Properties, a summary of each Previously Approved Property was provided in the Affidavit of Paul Denton sworn July 21, 2014 (the “**July Denton Affidavit**”). A copy of the body of that affidavit, without exhibits, is attached hereto as **Exhibit “1”**.

15. A summary of the Receiver’s fees and expenses for the Previously Approved Properties for the period from June 1, 2014 to December 31, 2014 is set out below.

Dondeb Group - Summary of Receiver's Fees and Costs

Previously Approval Properties

June 1, 2014 to December 31, 2014

| Property | Fees | Costs | HST | Total |
|----------------------------|-------------------|-----------------|------------------|-------------------|
| 240 Yeomen | 1,279.25 | 26.10 | 166.30 | 1,471.65 |
| Ace Self Storage | 6,823.75 | 93.30 | 887.09 | 7,804.14 |
| Brechin | 1,077.50 | 21.00 | 140.08 | 1,238.58 |
| Coldwater | 979.50 | 16.80 | 127.34 | 1,123.64 |
| Devonshire Place | 1,917.50 | 28.80 | 249.28 | 2,195.58 |
| Dorset | 3,169.75 | 47.70 | 412.07 | 3,629.52 |
| Georgian Bay | 1,374.25 | 23.70 | 178.66 | 1,576.61 |
| King City Holdings | 1,321.00 | 24.60 | 171.73 | 1,517.33 |
| Ontario Street | 922.00 | 16.20 | 119.87 | 1,058.07 |
| Orillia Independent Living | 83,890.50 | 1,259.10 | 10,905.77 | 96,055.37 |
| Preston Springs | 1,247.50 | 23.40 | 162.18 | 1,433.08 |
| Sussex Place | 2,094.75 | 33.90 | 272.32 | 2,400.97 |
| Tudhope Manor | 1,437.25 | 26.70 | 186.85 | 1,650.80 |
| Totals: | 107,534.50 | 1,641.30 | 13,979.54 | 123,155.34 |

Copies of the invoices rendered on the Previously Approved Properties for which approval is now being sought as summarized above, are attached as **Exhibits “2” to “14”** hereto respectively.

Additional Properties

16. A summary of the Receiver's fees and expenses for the Additional Properties for the period from October 17, 2012 to December 31, 2014 is set out below.

Dondeb Group - Summary of Receiver's Fees and Costs

Additional Properties

October 17, 2012 to December 31, 2014

| Property | Fees | Costs | HST | Total |
|------------------------------|---------------------|------------------|-------------------|---------------------|
| Barrie Business Centre | 141,462.50 | 1,967.28 | 18,390.20 | 161,819.98 |
| Hatch House | 151,052.50 | 2,488.26 | 19,636.89 | 173,177.65 |
| Lafontaine | 104,489.50 | 1,786.80 | 13,583.68 | 119,859.98 |
| Leon's | 61,543.25 | 1,198.98 | 8,000.67 | 70,742.90 |
| Orillia Prep School | 139,474.50 | 2,586.90 | 18,131.73 | 160,193.13 |
| Orillia Retirement Residence | 82,751.00 | 1,335.90 | 10,757.66 | 94,844.56 |
| Remo's Ristorante | 50,082.25 | 848.88 | 6,510.74 | 57,441.87 |
| Prospan/Rockin' Boats | 77,237.75 | 1,313.28 | 10,040.97 | 88,592.00 |
| Panelization Machine | 13,381.50 | 240.60 | 1,739.66 | 15,361.76 |
| FIT Contracts | 77,117.50 | 938.70 | 10,025.34 | 88,081.54 |
| Tim Horton's/Wendy's | 59,007.75 | 884.40 | 7,671.04 | 67,563.19 |
| Scotia Rd Emsdale | 5,311.50 | 100.20 | 690.52 | 6,102.22 |
| Whispering Pines | 56,402.00 | 928.80 | 7,332.31 | 64,663.11 |
| Totals: | 1,019,313.50 | 16,618.98 | 132,511.41 | 1,168,443.89 |

17. Additional detail on each of the Additional Properties and corresponding fees and expenses is provided below.

Barrie Business Centre

18. The Barrie Business Centre property ("BBC") was an industrial space owned by Dondeb located on approximately 9 acres in the City of Barrie, with an original building of approximately 34,500 square feet and approximately 28,500 square feet of new/additional space that was under construction at the time the Receivership Order was granted. Dondeb had entered into a lease for the new building to be constructed whereby if the new building was not completed as of a certain date (prior to the Receivership Order) the tenant was entitled to occupy

the existing building on a rent free basis. Accordingly, on the date of the Receivership Order, the tenant was occupying the existing building rent free.

19. The new construction had been partially completed. The existing tenant was eager to move in to the new premises and made it known to the Receiver that in the event the new premises were not completed in a timely fashion it would likely terminate its lease and vacate the existing building. Accordingly, the Receiver undertook substantial investigations to determine the costs of completion as well as to determine if the existing partially completed building was deficient and/or complied with approved plans and code. Ultimately, in consultation with the mortgagee the Receiver ran an extensive sales process soliciting offers both on an 'as is' and an 'as completed' basis. In addition, a considerable amount of time was spent addressing issues raised by the existing tenant as well as ensuring the support and cooperation of the tenant in respect of both construction completion plans and the sales process.

20. Additional key activities included: control, stabilization and ongoing monitoring of the property; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow including attending to Receiver's Borrowings; liaison with the mortgagees; negotiations with potential stalking horse bidder; retain real estate agent to undertake initial listing and marketing of the property for sale; compilation of information to facilitate interested party due diligence; negotiate a new second listing and retain a new real estate agent to market and sell the property; review of offers in conjunction with the listing agent and the mortgagees; negotiate agreement of purchase and sale; reporting to court; attend to court approval of the sale agreement on March 24, 2014 and closing of the transaction on April 14, 2014; review of security; review of mortgagees' indebtedness; and attending to approval of distribution of proceeds to the mortgagees.

21. The Receiver has rendered 23 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$161,819.98. A summary of time is attached herewith as Exhibit 15. The total of the Receiver's fees as outlined in Exhibit 15 is \$141,462.50 together with disbursements of \$1,967.28 and HST of \$18,390.20. Copies of the 23 invoices rendered to date are attached as Exhibit 15.

Hatch House Montessori School

22. The Hatch House Montessori School was an operating Montessori school owned by 1182689 Ontario Inc. (“118”) located at 301 Byron Street in Whitby, Ontario. At the time of the Receivership Order, there were 104 students ranging from pre-school to grade 8. Families paid tuition on a monthly basis. Following the Receivership Order it became clear that immediate funding was needed to satisfy payroll obligations and fund critical repairs (including fire monitoring service, heating issues and delivery of school lunches). An order was obtained on October 26, 2012 to provide for the necessary Receiver’s Borrowings on a contested basis.

23. As well, during the marketing of the Hatch House Montessori School property it was discovered that 118 did not hold the license to operate the school, rather it belonged to Rosland Montessori School Inc., an entity owned by 118. Significant time was spent negotiating with the Ministry of Education, parents and the ultimate purchaser of the school (who was the acting principal of the school) to ensure operations could continue unaffected.

24. Further, following the Receivership Order, the Receiver learned of an outstanding order from the Technical Standards and Safety Authority with respect to prior existing soil contamination at the site. The Receiver was required to engage environmental experts to conduct testing and resolve the issue with the proper authorities.

25. Additional key activities included: attendance to undertake site inspection, stabilize school operations; coordinate meetings and planning with the teachers to ensure no interruption to operation of the school; coordinate and implement a communications program with parents regarding the Receiver’s mandate; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow; liaison with the mortgagee; liaison with legal counsel; liaison with Canada Revenue Agency regarding outstanding source deductions; canvass market and retain specialist real estate agent to list and market the property for sale; compilation of information to facilitate interested party due diligence; review of offers in conjunction with the listing agent and mortgagee; negotiate a sale agreement for both sale of the school business and underlying property; reporting to court; attend to court approval of the sale agreement on

May 10, 2013 and closing of same on May 21, 2013; review of security and attending to contested approval of distribution of proceeds to the mortgagee.

26. The Receiver has rendered 20 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$173,177.65. A summary of time is attached herewith as Exhibit 16. The total of the Receiver's fees as outlined in Exhibit 16 is \$151,052.50 together with disbursements of \$2,488.26 and HST of \$19,636.89. Copies of the 20 invoices rendered to date are attached as Exhibit 16.

Orillia Prep School

27. The Orillia Prep School was an operating private school with approximately 65 students ranging in age from pre-school to middle school. It was located at 547 Laclie Street in Orillia Ontario. The Orillia Prep School was owned by 118 (who also owned the Hatch House Montessori School).

28. Along with substantial time spent dealing with licensing issues, communications with parents, and stabilizing school operations, the common ownership with 118 (especially in regard to outstanding source deductions) complicated the administration.

29. Additional key activities on this property included: attendance to undertake site inspection, coordinate and implement a communications program with parents regarding the Receiver's mandate; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow; liaison with the mortgagee; liaison with legal counsel; canvass market and retain specialist real estate agent to list and market the property for sale; compilation of information to facilitate interested party due diligence; review of offers in conjunction with the listing agent and mortgagee; liaison with the Simcoe County regarding the ongoing Receiver mandate and compliance requirements, including collection of levy periodically funded by Simcoe County; negotiate a sale agreement; reporting to court; attend to court approval of the sale agreement on December 2, 2013 and closing of same on January 7, 2014; review of security; and attending to approval of distribution of proceeds to the mortgagee.

30. The Receiver has rendered 22 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$160,193.13. A summary of time is attached herewith as Exhibit 17. The total of the Receiver's fees as outlined in Exhibit 17 is \$139,474.50 together with disbursements of \$2,586.90 and HST of \$18,131.73. Copies of the 22 invoices rendered to date are attached as Exhibit 17.

Leon's

31. As described in the Sixteenth Report, the Leon's Property is piece of real property located at 555 Memorial Avenue, Orillia on which is a 41,612 square foot retail store. The building is leased to a franchisee who operates a Leon's furniture store from the premises. The lease is currently set to expire in February of 2017 and despite attempts by the Receiver, the tenant has not committed to extend the lease. Given the uncertainty as to the future lease and therefore cash flow from the property, the marketing of the property for sale was complicated. Despite multiple listings, the Leon's Property was the final Property brought forward to the Court for approval of a sale agreement.

32. Key activities on this property included: site inspection; maintenance of a lock-box arrangement with the mortgagees in place prior to the Receivership; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow; liaison with the mortgagees; liaison with legal counsel; over the period November 2012 to March 2014, three different listings were undertaken with real estate agents to market the property for sale; compilation of information to facilitate interested party due diligence; review of multiple offers in conjunction with the listing agent and mortgagees; commence negotiations in late 2014 to negotiate an a sale agreement with parties related to the second mortgagee; reporting to court; and; review of security.

33. The Receiver has rendered 23 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$70,742.90. A summary of time is attached herewith as Exhibit 18. The total of the Receiver's fees as outlined in Exhibit 18 is \$61,543.25 together with disbursements of \$1,198.98 and HST of \$8,000.67. Copies of the 23 invoices rendered to date are attached as Exhibit 18.

Lafontaine Terrace

34. The Lafontaine Terrace Property was a 38 unit retirement home located in Kitchener, Ontario. Upon its appointment, the Receiver became aware that certain licensing requirements had not been met for the retirement home and spent considerable time liaising with the regulatory authorities. Required maintenance of the facility had also been neglected and was required to be undertaken by the Receiver following its appointment. The residence agreements were also in disarray and significant time was spent ensuring residence agreements were properly in place. [The employees at the Lafontaine Terrace Property were unionized and negotiations with the union were also required].

35. Additional key activities included: control, stabilization and ongoing monitoring of operations including the need to attend to resumption of essential services; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow, including attending to Receiver's Borrowings; liaison with the mortgagees; obtain appraisals; liaison with legal counsel; retain real estate listing agent to list and market the property for sale; compilation of information to facilitate interested party due diligence; review of offers in conjunction with the listing agent and the mortgagees; negotiate a sale agreement; reporting to court; attend to court approval of the sale agreement on May 29, 2013 and closing of same on June 4, 2013; review of security and attending to approval of distribution of proceeds to the mortgagee.

36. The Receiver has rendered 19 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$119,859.98. A summary of time is attached herewith as Exhibit 19. The total of the Receiver's fees as outlined in Exhibit 19 is \$104,489.50 together with disbursements of \$1,786.80 and HST of \$13,583.68. Copies of the 19 invoices rendered to date are attached as Exhibit 19.

Orillia Retirement Residence

37. The Orillia Retirement Residence was a 31 unit retirement home located in Orillia, Ontario and owned by Dondeb. At the time the Receiver was appointed, only 2 tenants were in

residence at the home. Following its appointment, in order to reduce costs, the Receiver made arrangements to transfer the tenants to the Orillia Independent Living facility, located adjacent to the Orillia Retirement Residence.

38. The Orillia Retirement Residence, Orillia Independent Living and Remos Ristoranti Properties were all located adjacent to one another. Certain easements had been granted by each of the properties over the others which complicated marketing of the properties. Because of their location and the reciprocal easements, even though the three properties had different secured creditors, the Receiver needed to coordinate the marketing of the properties to determine if value could be maximized on a combined basis.

39. Additional key activities on this property included: control, stabilization and ongoing monitoring of operations including the need to attend to resumption of essential services; given very low occupancy, need to make arrangements to transfer remaining tenants to other facilities, in order to ensure fully vacated facility to reduce holding costs as much as possible; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow, including attending to Receiver's Borrowings to fund critical costs; liaison with the mortgagee; liaison with legal counsel; retain real estate listing agent to list and market the property for sale; compilation of information to facilitate interested party due diligence; review of a series of offers with the listing agent and the mortgagees; extensive liaison and negotiation with the mortgagees on the adjacent properties, Orillia Independent Living Residence and Remos Ristoranti regarding en bloc offers made for the three properties; ultimately, negotiated and entered into a sale agreement with the first mortgagee; reporting to the court; attending to court approval of the sale agreement on December 2, 2013 and closing of same on December 13, 2013; reporting to court; review of security of the mortgagees.

40. The Receiver has rendered 21 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$94,844.56. A summary of time is attached herewith as Exhibit 20. The total of the Receiver's fees as outlined in Exhibit 20 is \$82,751.00 together with disbursements of \$1,335.90 and HST of \$10,757.66. Copies of the 21 invoices rendered to date are attached as Exhibit 20.

Remos Ristoranti

41. The Remos Ristoranti property was a vacant restaurant of approximately 4,100 square feet located on approximately 0.8 acres of land in Orillia, Ontario. It was located adjacent to the Orillia Retirement Home and Orillia Independent Living Properties. Because of their location and the reciprocal easements, even though the three properties had different secured creditors, the Receiver needed to coordinate the marketing of the properties to determine if value could be maximized on a combined basis.

42. Key activities on this property included: review and inspection of the premises and control of same; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow including attending to Receiver's Borrowings; liaison with the mortgagee; liaison with legal counsel; retain real estate listing agent to list and market the property for sale; compilation of information to facilitate interested party due diligence; review of offers in conjunction with the listing agent and mortgagee; negotiate a sale agreement, reporting to court; court approval of the sale agreement on March 24, 2014 and closing of same on April 24, 2014; review of security; and attending to approval of distribution of proceeds to the mortgagee.

43. The Receiver has rendered 23 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$57,441.87. A summary of time is attached herewith as Exhibit 21. The total of the Receiver's fees as outlined in Exhibit 21 is \$50,082.25 together with disbursements of \$848.88 and HST of \$6,510.74. Copies of the 23 invoices rendered to date are attached as Exhibit 21.

Prospan Rockin Boats

44. The Pro Span Rockin Boats Property was a piece of real property located at 61 Forest Plain Road in the Township of Oro-Medonte, just south of Orillia, Ontario. The property housed an industrial building which had been tenanted. Substantial time was spent in negotiations with the tenant as real estate agents advised that most purchasers were requesting vacant possession of the property.

45. Key activities for this property included: site inspection; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow; liaison with the mortgagee; extensive consultation and management of tenants regarding ongoing lease terms and compliance with same; liaison with legal counsel; coordinate and have environmental review completed; retain real estate listing agent to list and market the property for sale; compilation of information to facilitate interested party due diligence; review of offers in conjunction with the listing agent and mortgagee; negotiation of offers and provide extensions to same; negotiate a final sale agreement; reporting to court; court approval of the sale agreement on March 24, 2014 and closing of same on March 24, 2014; review of security and attending to approval of distribution of proceeds to the mortgagee.

46. The Receiver has rendered 23 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$88,592.00. A summary of time is attached herewith as Exhibit 22. The total of the Receiver's fees as outlined in Exhibit 22 is \$77,237.75 together with disbursements of \$1,313.28 and HST of \$10,040.97. Copies of the 23 invoices rendered to date are attached as Exhibit 22.

Tim Hortons/Wendys

47. The Tim Hortons / Wendys Property was located in Orillia, Ontario, owned by Dondeb and housed two buildings which were leased to franchise operations of Tim Hortons and Wendys restaurants.

48. Key activities on this commercial property leased to the Tim Hortons/ Wendys franchise, located in Orillia, Ontario included: control, stabilization and ongoing monitoring of operations including the need to attend to resumption of essential services and deferred maintenance; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow; liaison with the mortgagees; liaison with legal counsel; retain real estate listing agent to list and market the property for sale; compilation of information to facilitate interested party due diligence; review of a series of offers with the listing agent and the mortgagees; reporting to court; negotiation of a sale agreement, attending to court approval of the sale agreement on January 15, 2013 and closing of same on January 17, 2013; review of security of the mortgagees.

49. The Receiver has rendered 21 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$67,563.19. A summary of time is attached herewith as Exhibit 23. The total of the Receiver's fees as outlined in Exhibit 23 is \$59,007.75 together with disbursements of \$844.40 and HST of \$7,671.04. Copies of the 21 invoices rendered to date are attached as Exhibit 23.

Whispering Pines Golf Course

50. Whispering Pines was a 9 hole golf course located in Huntsville, Ontario. The golf course had been closed in October of 2012 shortly before the Receiver's appointment and had not resumed operations during the receivership proceeding. The Whispering Pines Property was owned by 1281515 Ontario Inc. ("128"). The property was approximately 50 acres and contained a main residence, historically used as a club house, and certain outbuildings which contained various golf course equipment and storage.

51. Mr. Kevin Ince who had acted as manager of the golf course [and had a partial ownership interest in 128] resided on the Whispering Pines property. Significant time was spent by the Receiver addressing matters raised by Ince including (i) matters with respect to maintenance of the property; (ii) ownership claims over certain equipment located on the property; and (iii) conditional offers to purchase the property by Ince.

52. Ultimately, a sale of the Whispering Pines property to the mortgagee was approved by the Court which required that an order for vacant possession also be obtained in respect of the property (i.e. that Ince vacate the premises).

53. Additional key activities included: site inspection; implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow; liaison with the mortgagee; liaison with legal counsel; extensive dealings with tenant occupant regarding rights of access; retain real estate listing agent to list and market the property for sale; compilation of information to facilitate interested party due diligence; review of offers in conjunction with the listing agent and mortgagee; ultimately negotiate a sale agreement credit bid transaction with the

mortgagee; reporting to court; attending to court approval of the sale agreement on December 2, 2013 and closing of same on December 13, 2013 and; review of security.

54. The Receiver has rendered 21 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$64,663.11. A summary of time is attached herewith as Exhibit 24. The total of the Receiver's fees as outlined in Exhibit 24 is \$56,402.00 together with disbursements of \$928.80 and HST of \$7,332.31. Copies of the 21 invoices rendered to date are attached as Exhibit 24.

Scotia Road

55. Scotia Road was a vacant piece of real property, discovered following the Receiver's appointment and located on Highway 11, at Emsdale, Ontario. The Scotia Road property was owned by 1281515 Ontario Inc.

56. Key activities included: implement and maintain ring fenced accounting, segregated banking and ongoing monitoring of cash flow; although no mortgage on the property, liaison with the mortgagee of Whispering Pines, also owned by 1281515 Ontario Inc., to confirm status; liaison with legal counsel; retain real estate listing agent to list and market the property for sale; compilation of information to facilitate interested party due diligence; review of offers in conjunction with the listing agent; negotiate a sale agreement; reporting to court; attending to court approval of the sale agreement on March 24, 2014; and closing of same on March 26, 2014.

57. The Receiver has rendered 9 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$6,102.22. A summary of time is attached herewith as Exhibit 25. The total of the Receiver's fees as outlined in Exhibit 25 is \$5,311.50 together with disbursements of \$100.20 and HST of \$690.52. Copies of the 9 invoices rendered to date are attached as Exhibit 25.

Feed-In-Tariff Contracts (“FIT Contracts”)

58. Dondeb held four FIT Contracts with the Ontario Power Authority (“**OPA**”). Each of the FIT Contracts provided that if Dondeb produced electricity from a specific property that OPA agreed to purchase such electricity for a certain rate for a certain period of time. The four FIT Contracts related to the Ace Self Storage & Business Centre, Barrie Business Centre, Leon’s and Prospan Rockin Boats properties.

59. The FIT Contracts are unique assets, and the monetization of such contracts required negotiations with OPA as well as the assistance of experts in such contracts. The Ace Self Storage & Business Centre related FIT Contract was sold to the purchaser of that property; no buyers could be found for the Leon’s FIT Contract despite extensive marketing; and, sale transactions for the remaining two FIT Contracts (associated with the Prospan Rockin Boats and Barrie Business Centre properties) were ultimately approved by the Court and closed.

60. In monetizing the FIT Contracts, the Receiver spent significant time engaging with specialists in the field to assess building structures to accommodate the necessary project build out and fully assessing and understand the significant limits in the market for assigning FIT Contracts to a new party, as well as the regulatory steps necessary to seek and obtain OPA consent. Other activities include: implement and maintain ring fenced accounting, liaison with the mortgagees; liaison with legal counsel; extensive liaison with the OPA and its legal counsel; coordination and implementation of a sales process to seek buyers of the FIT contracts; compilation of information to facilitate interested party due diligence; review of offers for the FIT contracts in conjunction with the FIT advisors retained; negotiation of two agreements for sale of two FIT Contracts, along with development and consent agreements for each; reporting to court; attending to court approval of the sale agreement, development agreement and consent agreement related to the Rockin Boats FIT contract on March 24, 2014; attending to court approval of the sale agreement, development agreement and consent agreement related to the Barrie Business FIT contract on July 28, 2014; follow up of each court approved transaction with the OPA to obtain Commercial Operation Declarations (“**COD**”) for each FIT Contract, as a basis for ultimate OPA consent to assignment.

61. The Receiver has rendered 26 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$88,081.54. A summary of time is attached herewith as Exhibit 26. The total of the Receiver's fees as outlined in Exhibit 26 is \$77,117.50 together with disbursements of \$938.70 and HST of \$10,025.34. Copies of the 26 invoices rendered to date are attached as Exhibit 26.

Panelization Machine

62. The Panelization Machine was a large piece of equipment located on the Prospan Rockin Boats Property. Prior to the Receivership Order being granted, in August of 2012, Dondob purported to transfer its interest in the Panelization Machine to Imperial Tool & Die Limited ("**Imperial**") in satisfaction of certain amounts owing to Imperial. The Receiver was made aware of the transfer following its appointment and obtained an order from the Court on May 10, 2013 expanding the definition of Property in the Receivership Order to include the Panelization Machine and approving an auction agreement in respect of the Panelization Machine.

63. Key activities in respect of the Panelization Machine included: investigation into transfer and secured creditor's rights, implement and maintain ring fenced accounting and segregated banking; liaison with legal counsel throughout; liaison with mortgagee of the Rockin Boats property and Imperial regarding the plan of action to realize on equipment; coordinate marketing and sales process including seeking liquidation proposals; review offers and proposal received; negotiate an auction and liquidation proposal with the preferred liquidation firm; reporting to court; court approval of the auction and liquidation proposal on May 10, 2013; monitoring of liquidation process and auction which was conducted on June 12, 2013; review of receipt of funds and accounting post auction; and review of security.

64. The Receiver has rendered 19 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$15,361.76. A summary of time is attached herewith as Exhibit 27. The total of the Receiver's fees as outlined in Exhibit 27 is \$13,381.50 together with disbursements of \$240.60 and HST of \$1,739.66. Copies of the 19 invoices rendered to date are attached as Exhibit 27.

GARE

65. As noted above, pursuant to the Receivership Order, GARE is to be tracked separately.

66. The Receiver and its independent legal counsel have kept separate records of its GARE fees and costs, with those fees and costs for the period October 17, 2012 to December 31, 2014.

67. Because of the nature and extent of the Dondeb Group operations that preceded the Receivership Proceedings, and how it was centrally managed and controlled, there were extensive activities that could not be assigned to the individual properties and segregated accounts, but were in essence in the domain of the Head Office. Notwithstanding the inability to assign these activities to individual properties, the overall portfolio required these services to allow the receivership to proceed in an orderly basis and to monetize the assets of the Dondeb Group.

68. Activities captured as GARE include: set up and maintenance of the segregated banking and accounting; attending to group insurance program; attending to physical security, possession and control of properties and assets; coordination of CRA review and audits; managing ongoing banking relationships and transition to the global receivership and segregated banking structure, which included ensuring no interruption to pre-authorized deposits from tenant of the various properties; dealing with multiple proposals/ offers from Mel Dancy for the refinancing of the group and related court proceedings; drafting and finalization of the agreement of purchase and sale template; management of ongoing general supplier and overhead queries and correspondence including head office expenses; maintenance of the corporate records; maintenance of the Receiver web site; court attendance and reporting; fee and cost accounting; review of marshalling and apportionment issues across the Dondeb Group given the extensive cross collateralization; and review and analysis of GARE and the appropriate basis of allocation.

69. A major activity not profiled above, but captured in a number of the properties invoicing, was the Receiver and its legal counsel's requirement to deal with multiple motions, oppositions and ad hoc requests of the Dondeb principal Mr. Mel Dancy (on behalf of the Debtors) in concert with various advisors in an attempt at a recapitalization of the Dondeb Group and termination of

the Receivership Proceedings. On numerous occasions, the relief requested by the Receiver was opposed or adjournments of such relief were sought by Mr. Dancy, with relief being requested by the Receiver being subsequently approved by the Court after delay and additional costs were incurred. These motions/ad hoc requests occurred principally in: (i) January and February 2013; (ii) March through May 2013; and (iii) October and November 2013. Although no recapitalization plan was successful, nonetheless, extensive time and effort was required on the part of the Receiver and its legal counsel, in order to deal with these matters on a fair and equitable basis.

70. In respect of GARE, the Receiver has rendered 23 invoices in this matter, for the period beginning October 17, 2012 to December 31, 2014 in the total amount of \$559,997.81. A summary of time is attached herewith as Exhibit 28. The total of the Receiver's fees as outlined in Exhibit 28 is \$488,095.50 together with disbursements of \$8,449.82 and HST of \$63,452.49. Copies of the 23 invoices rendered to date are attached as Exhibit 28.

71. This Affidavit is made in support of a motion to, *inter alia*, seek approval of the foregoing fees and disbursements as fair and reasonable.

SWORN BEFORE ME at the
City of Toronto, in the
Province of Ontario,
this 14th day of April, 2015



Commissioner for Taking Affidavits



PAUL J. DENTON

Annette Chopowick, a Commissioner, etc.,
Province of Ontario, for A. Farber & Partners Inc.
Trustee in Bankruptcy.
Expires: April 15, 2016.