

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

B E T W E E N:

ROMAS KARTAVICIUS

Applicant

- and -

OAK BAY DEVELOPMENTS INC. and OAK BAY GOLF CLUB INC.

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C 1985, c.B-3, AS AMENDED, AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C43, AS AMENDED**

**MOTION RECORD
(Returnable June 12, 2015)
(Volume 1 of 2)**

June 5, 2015

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in its capacity as court appointed receiver
of Oak Bay Developments Inc.

TO: Receivership Service List (see Schedule "B")

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TAB 1

Court File No. CV-14-10703-00CL

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(COMMERCIAL LIST)**

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SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C43, AS AMENDED**

NOTICE OF MOTION

DELOITTE RESTRUCTURING INC. (“**Deloitte**”), in its capacity as court appointed receiver (the “**Receiver**”) of Oak Bay Developments Inc. (the “**Debtor**”) will make a motion to a judge presiding over the Commercial List at 10:00 a.m. on June 12, 2015, at 330 University Avenue, Toronto, Ontario.

THE PROPOSED METHOD OF HEARING: The motion will be heard orally.

THE MOTION IS FOR an Order substantially in the form of the draft attached as Schedule "A" hereto:

1. if necessary, abridging the time for service of the Notice of Motion and Motion Record herein, validating service of the Notice of Motion and Motion Record, and dispensing with further service thereof;
2. approving the Second Report to the Court of the Receiver dated June 2, 2015 (the "**Second Report**") and the Receiver's actions and activities as set out in the Second Report;
3. approving and accepting the Receiver's Interim Statement of Receipt and Disbursements for the period from November 12, 2014 to May 28, 2015, as set out in Appendix "F" to the Second Report;
4. authorizing and directing the Receiver to make a partial distribution of the proceeds of sale of 22 Units (as defined in the Appointment Order, defined below), being \$3,450,034.90 to Industrial and Commercial Bank of China (Canada) ("**ICBK**") plus per diem interest of \$496.70 up to the date of distribution, with the balance of the Distributable Funds (as defined below) to be paid to 2460112 Ontario Inc. ("**2460112**") or as 2460112 otherwise directs the Receiver;
5. authorizing and directing Harris Sheaffer LLP ("**Harris Sheaffer**"), the Debtor's real estate counsel, to release to the Receiver the \$20,000 deposit from the terminated sale of Unit 15 (the "**Unit 15 Deposit**");

6. approving a further distribution to 2460112, or as 2460112 otherwise directs the Receiver, consisting of the proceeds from the closing of Unit 21 once received (expected to be approximately \$174,000.00), the Unit 15 Deposit (\$20,000.00), and any funds received by the Receiver as a result of the release of all or a portion of the Unit Deposits (currently \$440,000.00, but expected to be \$460,000.00 upon the closing of Unit 21), subject to any changes in the Receiver's future obligations;
7. approving the fees and disbursements of the Receiver for the period up to May 8, 2015; and,
8. such further and other relief as counsel may request and this Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. pursuant to an Order (the "**Appointment Order**") of Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated November 12, 2014 (the "**Receivership Date**"), following an application made on behalf of Romas Kartavicius (the "**Applicant**"), Deloitte was appointed as Receiver of all of the current and future assets, undertakings and properties of the Debtor acquired for, or used in relation to 26 residential units (the "**Units**", and individually, "**Unit**") of The Residences of Oak Bay Golf and Country Club (collectively, the "**Property**") for the limited purpose of administering the completion of the construction of the Units currently subject to agreements of purchase and sale with third parties (the "**APSs**") in order to allow the Debtor to close the sale of the Units;

2. as set out in the Appointment Order, the appointment of the Receiver was for “the limited purpose of administering the completion of the construction of the Units currently subject the APSs in order to allow the Debtor, under the management and direction of the Applicant but at all times subject to the consent and approval of the Receiver, to complete and close the sale of the Units and remit the proceeds of sale of the Units to the Receiver for distribution as directed by this Court (the “**Mandate**”);

Completion of Construction of the Units

3. the Units form part of a 32-unit complex consisting of 4 blocks (identified as 1 through 4) containing 8 units each (the “**Condo Villas**”). The six units that are not included in the Mandate are spread throughout the complex;
4. since its appointment, the Receiver has worked with the Debtor to engage sub-contractors and suppliers in order to complete construction of the Units and register the condominium plan and declaration in respect of the Condo Villas;
5. the APSs for Units 15, 25 and 29 (now known as Unit 30), were terminated or voided for various reasons. In addition, a small fire occurred in Unit 21 resulting in the delay of construction of the Unit until the debris was removed, an insurance claim was filed and processed and the District provided the permits so that repairs could be made and construction could resume. Construction of Unit 21 resumed in mid-May and is expected to be completed in early June. Accordingly, the construction of 22 Units has been completed according to the terms of the APSs;

Removing the Lien Claims and Appointment Order From Title to the Units

6. in order to complete the closings of the APSs, various liens, charges and encumbrances were required to be removed from title in order for purchasers to be given clear title to their Units;
7. specifically, five liens, registered by Noble Corporation, E-M Air Systems Inc. (two liens), C.C. Tatham & Associates Ltd. and Basecrete Inc. were either settled, or security was posted into court, and the claims for lien and certificates of action were vacated from title to the Condo Villas;
8. the Appointment Order was registered on title by EOH Realty Services Inc. (“EOH”) as a result of the security granted to EOH under the Appointment Order for the credit facility it provided to the Debtor at the commencement of the receivership. On May 8, 2015, Justice Nordheimer issued an order vacating the Appointment Order from title to the 23 Units (the “**May 8 Order**”);

Closing the 22 Agreements of Purchase and Sale

9. in consultation with the Receiver, Harris Sheaffer notified the purchasers of the 22 Units whose APSs were still in effect that the closing date for APSs would be May 13, 2015;
10. upon the removal of the liens and the Appointment Order from title to the Condo Villas, and upon the delivery of mortgage discharges from the secured creditors, 21 of the APSs closed on May 13, 2015. The APS for Unit 4 was unable to close on May 13 as the purchasers had not yet secured their financing. As a result, the closing of the APS for Unit 4 was delayed two days and closed on May 15, 2015. The closing date for the APS for Unit 21 will be set once construction of the Unit is completed in early June;

Proceeds of Sale

11. the Receiver has received proceeds of \$4,254,573.62 from Harris Sheaffer for the 22 Units that have closed to date, which includes \$343,141.11 of Harmonized Sales Tax (HST) amounts collected from the purchasers. The HST collected will be remitted to Canada Revenue Agency in conjunction with the Debtor's HST filings;
12. Harris Sheaffer holds deposits of \$20,000 per unit for the 22 Units that have closed, for a total of \$440,000.00, which amount will increase to \$460,000.00 after the closing of Unit 21 (the "**Unit Deposits**"). The Unit Deposits are subject to a Deposit Trust Agreement with Tarion Warranty Corporation ("**Tarion**"), and Tarion must approve the release of any of the Unit Deposits. The Debtor and Harris Sheaffer are in discussions with Tarion with a view to agreeing on the release of a portion of the Unit Deposits to the Receiver or otherwise providing Tarion with a bond or some other security in place of Unit Deposits;
13. Harris Sheaffer is also holding the Unit 15 Deposit (\$20,000.00), which amount was retained as liquidated damages as a result of the purchaser's failure to close. Harris Sheaffer requires an order of the Court permitting it to release the \$20,000.00 to the Receiver;

Proposed Distribution to Secured CreditorsAmount Available for Distribution

14. the Receiver has \$4,219,635.66 of cash on hand;

15. the Receiver expects to receive proceeds of approximately \$174,000 from the closing of the sale of Unit 21, and the Unit 15 Deposit of \$20,000 should the Court grant an Order authorizing and directing Harris Sheaffer to release those funds to the Receiver. The Receiver expects to incur estimated future disbursements of \$700,000.00;
16. accordingly, the Receiver is currently in a position to distribute \$3,519,635.66 (the **“Distributable Funds”**);

The Secured Parties and Their Respective Rankings

17. as of May 1, 2015, the following mortgages were registered against the Units:
- i) a first mortgage provided by ICBK in the principal amount of \$6,400,000.00 registered on title on August 16, 2012 as Instrument Number MT116053 (the **“ICBK Mortgage”**);
 - ii) a second mortgage in the principal amount of \$8,500,000.00 held by 2460112 registered on title on August 16, 2012 in favour of First Source Mortgage Corporation as Instrument Number MT116099 (the **“First Source Mortgage”**) (and which was transferred to 2464713 Ontario Inc. on May 29, 2015, and then transferred to 2460112 on May 29, 2015);
 - iii) a third mortgage in the principal amount of \$700,000.00 held by 2460112 registered on title on March 13, 2012 in favour of the Business Development Bank of Canada as Instrument Number MT109807 (the **“BDC Mortgage”**), (and which was subordinated to the ICBK Mortgage and First Source Mortgage, and then transferred to 2453350 Ontario Inc. on February 18, 2015 and transferred to 2460112 on May 29, 2015);
 - iv) a fourth mortgage in the principal amount of \$5,000,000.00 held by Romas Kartavicius and Earl Storie registered on title on March 13, 2012 as Instrument Number MT109808 (the **“Kartavicius/Storie Mortgage”**); and,

- v) a fifth mortgage in the principal amount of \$3,000,000.00 held by 2460112 registered on title on March 13, 2012 in favour of Bernard Torchia as Instrument Number MT109809 (the “**Torchia Mortgage**”) (and which was transferred to 2455150 Ontario Inc. on March 2, 2015 and transferred to 2460112 on May 29, 2015);
18. in addition to the mortgages listed above, EOH was granted a charge under the Appointment Order (the “**EOH Charge**”) in respect of its advances to the Debtor in the amount of \$1,200,000.00, which was increased to \$1,550,000.00 pursuant to the order of Justice Pattillo dated March 27, 2015 (the “**March 27 Order**”). The Appointment Order and the March 27 Order provide that the EOH Charge ranks behind: i) the Receiver’s Charge and the Receiver’s Borrowing Charge over the Property; ii) the ICBK Mortgage and the First Source Mortgage; iii) any charges, mortgages, security interests, trusts, liens, construction liens, trust claims (whether or not perfected or preserved), and encumbrances (including but not limited to condominium corporation arrears), claims of secured creditors, statutory or otherwise against title to any of the Property that rank ahead of security of ICBK or 2460112 over the Property (including the Real Property); and iv) the BDC Mortgage, but only to the extent that there are any net proceeds from the sale of the Units payable to 2460112, and then only to the extent of the partial discharge payments provided for in the BDC Mortgage;
19. pursuant to a payout statement dated May 21, 2015, the balance owing under the ICBK Mortgage was \$3,450,034.90, including legal costs of \$82,127.30, and with *per diem* interest of \$496.70 (the “**ICBK Payout Statement**”). As of May 29, 2015, the balance owing under the First Source Mortgage was \$9,002,241.24;

20. Kronis Rotsztain Margles Cappel LLP has provided the Receiver with opinions which state that under the laws of Ontario, the security held by ICBK, EOH and 2460112 (collectively, the “**Secured Parties**”), including the ICBK Mortgage, the First Source Mortgage, the EOH Charge and the BDC Mortgage, constitute legal, valid and binding obligations of the Debtor in respect of the Units, enforceable against the Debtor by the Secured Parties in accordance with their terms, and create in favour of the Secured Parties valid security interests, mortgages and charges in and over the property, assets and undertaking in which the Debtor has rights, securing payment and performance of the obligations secured thereby;

Proposed Distribution to ICBK and 2460112

21. the balance available for distribution is insufficient to fully pay out both ICBK Mortgage (the first-ranking mortgage) and the First Source Mortgage (the second-ranking mortgage);
22. the Receiver proposes to make a distribution to ICBK of \$3,450,034.90, plus *per diem* interest of \$496.70 up to the date of payment (pursuant to the ICBK Payout Statement), with the balance of the Distributable Funds to be paid to 2460112, or as 2460112 otherwise directs the Receiver;
23. the Receiver further proposes to distribute to 2460112, or as 2460112 otherwise directs the Receiver, the proceeds from the closing of Unit 21 once received, the Unit 15 Deposit once received, as well as any funds received by the Receiver as a result of the release of all or a portion of the Unit Deposits, which amount will be determined by the Receiver based on the actual proceeds received and any changes in the Receiver’s future obligations;

R&D and Receiver's Fees

24. the interim statement of receipts and disbursements of the Receiver attached as Appendix "F" to the Second Report is a fair and accurate representation of the funds received and disbursed directly by the Receiver since the appointment of the Receiver up to May 28, 2015;
25. the fees and disbursements of the Receiver are fair and reasonable in the circumstances;
26. the *BIA*;
27. the *CJA*;
28. Rule 3.02 of the Rules of Civil Procedure; and,
29. such further and other grounds as counsel may advise and this Honourable Court permit.

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

1. the Second Report to the Court of the Receiver dated June 2, 2015;
2. the Affidavit of Hartley Bricks sworn May 28, 2015; and
3. such further and other evidence as counsel may advise and this Court permit.

June 5, 2015

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SCHEDULE A

SCHEDULE "A"

Court File No. CV-14-10703-00CL

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

| | | |
|----------------|---|----------------------------------|
| THE HONOURABLE |) | FRIDAY, THE 12 th DAY |
| |) | |
| JUSTICE |) | OF JUNE, 2015 |

B E T W E E N:

ROMAS KARTAVICIUS

Applicant

- and -

OAK BAY DEVELOPMENTS INC. and OAK BAY GOLF CLUB INC.

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C 1985, C.B-3, AS AMENDED, AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C.C43, AS AMENDED**

DISTRIBUTION ORDER

THIS MOTION made by Deloitte Restructuring Inc., in its capacity as Receiver of all of the current and future assets, undertakings and properties of Oak Bay Developments Inc. (the "**Debtor**") acquired for, or used in relation to 26 residential units (the "**Units**") of The Residences of Oak Bay Golf and Country Club (collectively, the "**Property**") for the limited purpose of administering the completion of the construction of the Units currently subject to

agreements of purchase and sale with third parties (the “**APSs**”) in order to allow the Debtor to close the sale of the Units (in that capacity, the “**Receiver**”), for an Order (i) abridging the time for service of the notice of motion and motion record herein, (ii) approving the Second Report of the Receiver dated June 2, 2015 (the “**Second Report**”) and the activities described therein, (iii) approving and accepting the Receiver’s Interim Statements of Receipts and Disbursements for the period from November 12, 2014 to May 28, 2015, (iv) approving a partial distribution of \$3,519,635.66 from the proceeds of sale of the Units (the “**Distributable Funds**”), being a payment of \$3,450,034.90 to Industrial and Commercial Bank of China (Canada) (“**ICBK**”), plus *per diem* interest of \$496.70 up to the date of payment, and the balance to be paid to 2460112 Ontario Inc. (“**2460112**”) or as 2460112 otherwise directs the Receiver, (v) authorizing and directing Harris Sheaffer LLP (“**Harris Sheaffer**”) to release to the Receiver the \$20,000.00 deposit from the terminated sale of Unit 15 (the “**Unit 15 Deposit**”) (vi) approving a future distribution to 2460112, or as 2460112 otherwise directs the Receiver, consisting of the proceeds from the closing of Unit 21 once received, the Unit 15 Deposit, and any funds received by the Receiver as a result of the release of all or a portion of the deposits for the 22 Units that have closed (the “**Unit Deposits**”), subject to any changes in the Receiver’s future obligations, and (vii) approving the fees and disbursements for services rendered by the Receiver for the period from February 16, 2015 to May 8, 2015, was heard this day at Toronto.

ON READING the Receiver’s Motion Record dated June 2, 2015, the Second Report, and the affidavit of Hartley Bricks sworn May 28, 2015, and upon hearing the submissions of counsel for the Receiver and counsel for the Applicant, no one else appearing,

1. **THIS COURT ORDERS** that the time for service of the Receiver's Notice of Motion returnable June 12, 2015 (the "**NOM**"), and related motion material filed in support of that NOM (the "**Motion Material**") be and is hereby abridged, that service of the NOM and Motion Material is hereby validated, and that further service thereof is hereby dispensed with.
2. **THIS COURT ORDERS** that the Second Report dated June 2, 2015, and the actions of the Receiver and its counsel described therein be and are hereby approved.
3. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements for the period from November 12, 2014 to May 28, 2015 as set out at Appendix "F" of the Receiver's Second Report, be and is hereby accepted and approved.
4. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to pay to ICBK from the Distributable Funds the sum of \$3,450,043.90, plus *per diem* interest of \$496.70 up to the date of payment (the "**ICBK Funds**");
5. **THIS COURT ORDERS** that upon payment of the ICBK Funds to ICBK, the Receiver is hereby authorized and directed to pay the balance of the Distributable Funds to 2460112, or as 2460112 otherwise directs the Receiver;
6. **THIS COURT ORDERS** that Harris Sheaffer shall forthwith release to the Receiver the Unit 15 Deposit;

7. **THIS COURT ORDERS** that, upon receipt by the Receiver, and subject to any changes in the Receiver's future obligations, the Receiver is hereby authorized and directed to pay to 2460112, or as 2460112 otherwise directs the Receiver:

- (a) the proceeds of sale from the closing of Unit 21, less the Harmonized Sales Tax (HST) amount collected from the purchaser (net of any applicable federal and provincial HST New Housing Rebates credited to the purchaser);
- (b) the Unit 15 Deposit; and,
- (c) the Unit Deposits;

8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period from February 16, 2015 to May 8, 2015, be and are hereby approved.

ROMAS KARTAVICIUS

and

Court File No. CV-14-10703-00CL
OAK BAY DEVELOPMENTS INC. AND OAK BAY GOLF CLUB INC.

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceeding Commenced at **TORONTO**

DISTRIBUTION ORDER

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SCHEDULE B

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SCHEDULE "B"**

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S1V Unit 31

TAB 2

Court File No.: 14-10703-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

BETWEEN:

IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1)
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C 1985, c.B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c.C43, AS AMENDED

ROMAS KARTAVICIUS

Applicant

- and -

OAK BAY DEVELOPMENTS INC. and OAK BAY GOLF CLUB INC.

Respondents

**SECOND REPORT OF
DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS RECEIVER**

Dated as of June 2, 2015

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INTRODUCTION

1. On November 12, 2014 (the “**Receivership Date**”), Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an order (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. as Receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Oak Bay Developments Inc. (“**Oak Bay**” or the “**Debtor**”) acquired for, or used in relation to 26 residential units (the “**Units**”, and individually, a “**Unit**”) of The Residences of Oak Bay Golf and Country Club (collectively, the “**Property**”) for the limited purpose of administering the completion of the construction of the Units currently subject to agreements of purchase and sale with third parties (the “**APSs**”, and individually, an “**APS**”) in order to allow the Debtor to close the sale of the Units (the “**Mandate**”). A copy of the Receivership Order is attached hereto as **Appendix “A”**.
2. In its First Report to the Court dated March 11, 2015 (the “**First Report**”), the Receiver provided the Court with an update on the status of its activities and the completion of the Units and sought approval, among other things: i) to vacate certain construction lien claims upon payment into Court security for those lien claims; ii) for a \$350,000 increase in maximum amount that Oak Bay was permitted to borrow from from EOH Realty Services Inc. (“**EOH**”) for the purpose of funding the Mandate; and iii) of the Receiver’s fees and disbursements up to February 23, 2015. On March 27, 2015, Justice Patillo issued the order sought (the “**March 27 Order**”). A copy of the First Report (without appendices) is attached hereto as **Appendix “B”**. A copy of the March 27 Order is attached hereto as **Appendix “C”**.
3. The purpose of this Second Report to the Court of the Receiver (the “**Second Report**”) is to:
 - a) update the Court on the activities of the Receiver in accordance with the provisions of the Receivership Order and the statutory obligations under the BIA, and to seek the Court’s approval of those activities;
 - b) update the Court on the status of the completion of the construction of the Units and the closing of the APSs for the Units;

- c) seek the Court's approval to distribute a portion of the proceeds received from the closing of the APSs as set out further below;
- d) seek the Court's approval to make further distributions from proceeds not yet received by the Receiver as set out further below;
- e) seek the Court's approval to have released to the Receiver a deposit that was forfeited as a result of a terminated APS; and
- f) seek approval of the Receiver's fees and disbursements for the period February 17, 2015 to May 8, 2015.

TERMS OF REFERENCE

- 4. Capitalized terms not otherwise defined herein are as defined in the First Report, the Receivership Order or the Application Record dated September 22, 2014 (the "**Application Record**"), including the Affidavit of Romas Kartavicius sworn September 20, 2014 (the "**Romas Affidavit**").
- 5. The information contained in this Second Report is based on unaudited financial information as well as discussions with representatives of the Debtor and its advisors. The Receiver has reviewed the information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* ("**CPA Canada Handbook**") and accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the information.
- 6. Future oriented financial information referred to in this Second Report was prepared based on discussions with representatives of the Debtor ("**Management**"). Readers are cautioned that since forecasts are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the forecasts, even if the assumptions materialize, and the variations could be significant.

7. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

THE RECEIVER'S MANDATE AND THE STATUS OF THE PROJECT

8. As set out in the Receivership Order and discussed in the First Report, the Receiver's Mandate is for "the limited purpose of administering the completion of the construction of the Units currently subject to the APSs in order to allow the Debtor, under the management and direction of the Applicant but at all times subject to the consent and approval of the Receiver, to complete and close the sale of the Units and remit the proceeds of sale of the Units to the Receiver for distribution as directed by this Court".
9. The Units form part of a 32-unit complex consisting of 4 blocks (identified as 1 through 4) containing 8 units each (the "**Condo Villas**"). The six units that are not included in the Mandate are spread throughout the complex. The Condo Villas comprise a portion of Phase 1 of the Residences of Oak Bay Golf & Country Club (the "**Project**"). The master concept plan for the Project provides for 4 phases comprising 108 single units (detached homes), 182 townhouses and 204 condo villas. To date 32 singles and 22 townhouses have been sold and closed. The key amenities to be included in the development are a golf course (constructed and opened in 2010) and clubhouse with swimming pool (currently under construction, and with the golf course, subject to separate receivership proceedings ("**Oak Bay Golf**")), and a marina complete with boathouse, swimming pool, tennis court, and boardwalk (minimal construction work has taken place on the marina).
10. Since its appointment, the Receiver has worked with Oak Bay to engage sub-contractors and suppliers in order to complete construction of the Units and obtain registration of the Condo Villas.
11. On February 13, 2015, a small fire occurred in Unit 21. As a result of the fire, construction of the Unit was delayed until the debris was removed, an insurance claim was filed and processed and The District Municipality of Muskoka (the "**District**") provided a permit so that repairs could be made and construction could resume. Construction recommenced in mid-May and is expected to be completed in early June.

12. As set out in paragraphs 22 to 28 of the First Report, the APSs for three Units, 15, 25 and 29 (now known as Unit #30, as discussed further below), were terminated or voided for various reasons (see paragraphs 40 to 43 below for the Receiver's proposed strategy for dealing with these three Units). Accordingly, the construction of 22 Units has been completed according to the terms of APSs, with one further Unit to be completed in early June (Unit 21).
13. On or about March 10, 2015, after the requisite inspections were completed by the District, the condominium plans for the Condo Villas were submitted to the Land Registry Office (the "**LRO**") for examination and approval. On April 7, 2015, the LRO registered Condominium Plan MCP79 and Declaration MT150900 in respect of the Condo Villas.
14. In consultation with the Receiver, Harris Sheaffer LLP ("**Harris Sheaffer**"), Oak Bay's real estate counsel, notified the purchasers of the 22 APSs that were still in effect that the closing date for APSs would be May 13, 2015. The closing date for Unit 21 will be established once repairs are complete.

CLOSING OF 22 AGREEMENTS OF PURCHASE AND SALE

15. In order to complete the closings of the APSs, various liens, charges and encumbrances were required to be removed from title in order for purchasers to be given clear title to their Units.

Construction liens

16. As detailed in paragraphs 32, 40, 41 and 42 of the First Report, Noble Corporation had registered a claim for lien (the "**Noble Lien**") against Oak Bay in the amount of \$25,836.94 and E-M Air Systems Inc. had registered two liens (the "**E-M Air Liens**") against Oak Bay totalling \$65,118.00. While Management had disputed the appropriateness of the Noble Lien and the E-M Liens, there was not sufficient time to adjudicate and discharge the liens in advance of the closings of the APSs. Accordingly, on March 27, 2015, the Receiver posted into Court security of \$32,296.18 in respect of

the Noble Lien and \$81,397.50 in respect of the E-M Liens, and on that date Justice Patillo made the March 27 Order vacating those liens from title.

17. As detailed in paragraphs 32 through 40 of the First Report, C.C. Tatham & Associates Ltd. ("**Tatham**") had registered a lien against Oak Bay in the amount of \$245,049.62 (the "**Tatham Lien**") and Basecrete Inc. ("**Basecrete**") had registered a lien against Oak Bay and Oak Bay Golf in the amount of \$90,799.02 (the "**Basecrete Lien**"). The Receiver had sought the advice of Blaney McMurtry LLP concerning the validity of the Tatham Lien and the Basecrete Lien and was advised that both were properly registered and perfected and would need to be cleared off title in order to close the APSs.
18. With respect to the Basecrete Lien, Oak Bay, Oak Bay Golf and Basecrete had entered into Minutes of Settlement dated May 27, 2014 requiring a final payment of \$45,749.80 still to be paid upon registration and closing of the Condo Villas (the "**Basecrete Final Payment**"). Upon execution of a Full and Final Release, the Receiver made the Basecrete Final Payment and the Basecrete Lien was removed from title on April 17, 2015.
19. With respect to the Tatham Lien, Oak Bay and Tatham had entered into Minutes of Settlement dated April 30, 2014 requiring a final payment of \$127,448.62 plus interest at 5% per annum from March 31, 2014 until the final payment was made, plus nominal costs of \$2,500.00 (the "**Tatham Final Payment**") still to be paid in order for Tatham to agree to remove the Tatham Lien. However, subsequent to the date of the Minutes of Settlement, Tatham completed additional work on the lands comprising the Condo Villas at the direction of Oak Bay in the amount of \$10,091.91 and advised that they would not agree to remove their lien unless they received payment for that work in addition to receipt of the Tatham Final Payment. The Receiver concurred, and upon execution of a Full and Final Release, the additional payment and the Tatham Final Payment were made by the Receiver, and on May 1, 2015, the Tatham Lien was removed from title.

Receivership Order

20. The Receivership Order was registered on title by EOH as a result of the security granted to it under the Receivership Order for the credit facility it provided to Oak Bay at the commencement of the receivership. The balance of funds advance by EOH as of the date

of this Second Report is \$1,517,196.00, of which \$1,350,000.00 was advanced to the Receiver in order to carry out the Mandate. The balance of \$167,196.76 was advanced by EOH directly to Industrial Commercial Bank of China (Canada) (“**ICBK**”) (\$35,080.73) and First Source Investment Corporation (“**First Source**”)/Romspen Investment Corporation (“**First Source/Romspen**”) (\$132,116.03) in respect of loan arrears up to including November 1, 2014 (as provided for in the Receivership Order). In order to partially remove the Receivership Order from title to the Units covered by the 23 APSs, the LRO required that an order of the Court be provided. Accordingly, on May 8, 2015, Justice Nordheimer issued an order vacating the Receivership Order from title to the Units subject to the 23 APSs (the “**May 8 Order**”). A copy of the May 8 Order is attached hereto as **Appendix “D”**.

21. On May 11, 2015, Harris Sheaffer advised that, as a result of its work in preparing for the closing of the Units subject to the 23 APSs, it had discovered that the numbers for six Units had changed between the filing of the initial Condominium Site Plan for the Condo Villas, which numbering was reflected in the individual APSs, and the filing and acceptance of the Final Site Plan by the District. The affected Units were as follows:

Unit 11 should be Unit 12
Unit 12 should be Unit 11
Unit 13 should be Unit 14
Unit 27 should be Unit 28
Unit 28 should be Unit 27
Unit 30 should be Unit 29

As a consequence of the change in numbering, it was necessary to amend the May 8 Order to adjust the Schedule A to that Order for the new numbering since it did not provide for removal of the Receivership Order from title to Units 14 and 29. Accordingly, on May 13, 2015, Justice McEwen issued an order (the “**May 13 Order**”) amending *nunc pro tunc* the May 8 Order by substituting an amended Schedule A that included Units 14 and 29 but excluded units 13 and 30. A copy of the May 13 Order is attached hereto as **Appendix “E”**.

22. In addition, each of the secured creditors who had registered security against the Condo Villas provided releases against the Units subject to the 23 APSs, save and except for Unit 21, which has yet to close.
23. Given that clear title had been achieved, 21 of the APSs closed on May 13, 2015. The APS for Unit 4 was unable to close on May 13 as the purchasers had not yet secured their financing. As a result, the closing of the APS for Unit 4 was delayed two days and closed on May 15, 2015. As mentioned above, the closing date for the APS for Unit 21 will be set once construction of the Unit is completed in early June.

PROCEEDS FROM THE SALE OF THE UNITS

24. The Receiver has received from Harris Sheaffer proceeds totalling \$4,254,573.62 (after Harris Sheaffer deducted its legal fees of \$51,071.82 from the closing proceeds it received) for the 22 Units that have closed to date.
25. Harris Sheaffer continues to hold deposits of \$20,000 per unit for the 22 Units that have closed, for a total of \$440,000, which amount will increase to \$460,000 after the closing of Unit 21 in mid to late June (the “**Unit Deposits**”). Harris Sheaffer advises that the Unit Deposits are subject to a Deposit Trust Agreement with Tarion Warranty Corporation (“**Tarion**”) and that Tarion must approve the release of any of the Unit Deposits. Oak Bay and Harris Sheaffer are in discussions with Tarion with a view to agreeing on the release of a portion of the Unit Deposits to the Receiver or otherwise providing Tarion with a bond or some other security in place of Unit Deposits. As of the date of this Second Report, there has been no determination as to the portion of Unit Deposits to be released.
26. As discussed in paragraphs 24 to 26 of the First Report, the APS for Unit 15 was terminated by Oak Bay due to the failure of the purchaser to close the APS. Harris Sheaffer is holding the \$20,000 deposit from the terminated sale of Unit 15 (the “**Unit 15 Deposit**”), which amount was retained as liquidated damages as a result of the purchaser’s failure to close. Harris Sheaffer has advised that it will require an order of the Court in order to release the \$20,000 to the Receiver. Accordingly, the Receiver is seeking an order releasing the Unit 15 Deposit to the Receiver.

27. Included with the proceeds received by the Receiver are \$343,141.11 of Harmonized Sales Tax (HST) amounts collected from the purchasers (not including the HST to be collected from the impending closing of Unit 21). This total is net of any applicable federal and provincial HST New Housing Rebates credited to purchasers. The HST collected will be remitted to Canada Revenue Agency in conjunction with Oak Bay's HST filings.

FUNDS AVAILABLE FOR DISTRIBUTION

28. Pursuant paragraph 4 of the Receivership Order, "following the closings of the Units, or such earlier date as determined by the Receiver, the Receiver shall make a motion to the Court for the purposes of advice and directions regarding the distribution of the proceeds of sale of the Units to that point". Given that APSs for 22 of the 26 Units have closed, the Receiver is of the view that it is the appropriate time to seek advice and direction of the Court concerning the distribution of the proceeds of sale to date. The Secured Parties, as defined below, have advised the Receiver that they support the Receiver making a motion for a distribution of proceeds of sale received to date.
29. Attached hereto as **Appendix "F"** is the Receiver's Interim Statement of Receipts and Disbursements for the period November 12, 2014 to May 28, 2015 (the "**R&D**"). The R&D indicates that the Receiver has \$4,219,635.66 of cash on hand. The Receiver is seeking the Court's approval of the R&D.
30. Attached hereto as **Appendix "G"** is the Receiver's projected future receipts and disbursements to complete the Mandate. Projected future receipts consist of the estimated proceeds of \$174,000 from the closing of the sale of Unit 21 which is expected to occur in mid to late June 2015 and the release of the Unit 15 Deposit of \$20,000 should the Court grant an Order authorizing and directing Harris Sheaffer to release those funds to the Receiver. Projected receipts do not include any allowance for receipt of any portion of the Unit Deposits.
31. Projected future disbursements consist of current and future obligations and are summarized as follows:

| <u>Projected Disbursement</u> | <u>Estimated Amount</u> |
|---|-------------------------|
| HST remittances | \$ 366,000 |
| Current and future site construction costs | 112,000 |
| Reserve for suite repairs deficiencies (\$2,000 per unit) | 46,000 |
| Site payroll (April & May 2015) | 66,000 |
| Receiver fees | 50,000 |
| Legal fees | 45,000 |
| Miscellaneous reserve | <u>15,000</u> |
| | \$ 700,000 |

32. Accordingly, the Receiver is in a position to distribute \$3,519,635.66 (the “**Distributable Funds**”). In addition, the Receiver will be in position to distribute an estimated \$194,000 upon receipt of the closing proceeds from Unit 21 (\$174,000) and to the extent it receives the Unit 15 Deposit. Further, any amounts authorized for release by Tarion in respect of the Unit Deposits would be available for distribution.

CHARGES AND THEIR PRIORITY AGAINST THE UNITS

33. Attached as **Appendix “H”** is the Land Registry Office Parcel Registers for the Units with a currency date of May 1, 2015. Attached as **Appendix “I”** is a schedule prepared by the Receiver identifying the mortgages against the Units, and the respective ranking of priority at different points in time. As set out in Appendix “I”, the mortgage provided by ICBK in the principle amount of \$6,400,000.00 has been the first ranking mortgage since it was registered on title on August 16, 2012 as Instrument Number MT116053 (the “**ICBK Mortgage**”). The ICBK Mortgage currently ranks ahead of the following charges:

- i) A second mortgage in the principle amount of \$8,500,000 held by 2460112 Ontario Inc. (“**2460112**”) registered on title on August 16, 2012 as Instrument Number MT116099 (the “**First Source Mortgage**”) (and which was originally a second mortgage held by First Source which was transferred to 2464713 Ontario Inc. (“**2464713**”) on May 29, 2015 and then subsequently transferred to 2460112 on the same day);

- ii) A third mortgage in the principle amount of \$700,000 held by 2460112 registered on title on March 13, 2012 as Instrument Number MT109807 (the “**BDC Mortgage**”) (and which was originally a first mortgage held by Business Development Bank of Canada, then subordinated to the ICBK Mortgage and the First Source Mortgage, and eventually transferred to 2453340 Ontario Inc. (“**2453340**”) on February 18, 2015 and transferred to 2460112 on May 29, 2015);
 - iii) A fourth mortgage in the principle amount of \$5,000,000 held by Romas Kartavicius and Earl Storie registered on title on March 13, 2012 as Instrument Number MT109808; and
 - iv) A fifth mortgage in the principle amount of \$3,000,000 held by 2460112 registered on title on March 13, 2012 as Instrument Number MT109809 (and which was originally a third mortgage held by Bernard Torchia (the “**Torchia Mortgage**”) that was transferred to 2455150 Ontario Inc. (“**2455150**”) on March 2, 2015 and transferred to 2460112 on May 29, 2015).
34. Attached hereto as **Appendix “J”** is a copy of the Parcel Register for Unit 15, one of the unsold Units, bearing Parcel Identification Number 48879-0015 (the “**Sample Property**”), over which all five of the above-noted mortgages are registered. The abstract for the Sample Property shows the transfer of the First Source Mortgage to 2464713 on May 29, 2015 and then to 2460112 later that day. It further shows the transfer of the BDC Mortgage to 2453340 on February 18, 2015 and to 2460112 on May 29, 2015. Finally, the abstract shows the transfer of the Torchia Mortgage to 2455150 on March 2, 2015 and to 2460112 on May 29, 2015.
35. In addition to the mortgages listed above, EOH was granted a charge under the Receivership Order (the “**EOH Charge**”) in respect of its advances to Oak Bay in the amount of \$1,550,000.00. The Receivership Order provides that the EOH Charge ranks behind: i) the Receiver’s Charge and the Receiver’s Borrowing Charge over the Property; ii) the ICBK Mortgage and the First Source Mortgage; iii) any charges, mortgages, security interests, trusts, liens, construction liens, trust claims (whether or not perfected or preserved), and encumbrances (including but not limited to condominium corporation

arrears), claims of secured creditors, statutory or otherwise against title to any of the Property that rank ahead of security of ICBK or 2460112 over the Property (including the Real Property (as defined in the Receivership Order)); and iv) the BDC Mortgage, but only to the extent that there are any net proceeds from the sale of the Units payable to 2460112 and then only to the extent of the partial discharge payments provided for in the BDC Mortgage.

36. ICBK has provided a mortgage payout statement attached hereto as **Appendix "K"** which is effective as of May 21, 2015. According to Appendix "K", the current amount outstanding under the ICBK mortgage is \$3,450,034.90, which amount includes legal fees of \$82,127.30.
37. First Source has provided an Assignment/Discharge Statement attached hereto as **Appendix "L"** which is effective as of May 28, 2015. According to Appendix "L", the current amount outstanding under the First Source Mortgage is \$9,002,241.25.
38. The Receiver has received opinions from Kronis, Rotsztain, Margles, Cappel LLP dated May 26, 2015 (the "**Opinions**") which state that the charges/mortgages held by ICBK, EOH and 2460112 (collectively, the "**Secured Parties**"), including the ICBK Mortgage, the First Source Mortgage, the EOH Charge and the BDC Mortgage, for each case "were duly registered under the *Land Titles Act* and are valid and enforceable against the Debtor to the extent of the monies advanced thereunder by the Lender, subject to the qualifications noted below and subject to those interests, instruments and registrations listed in Schedule "B" attached hereto (which, for greater certainty, exclude the various charges, mortgages and related instruments registered against the Property), and creates valid and binding obligations of the Debtor in accordance with the terms of the Charge/Mortgage". The Opinions have been attached hereto as **Appendix "M"**.
39. Given the security opinions received, the Receiver proposes to make a distribution to ICBK of \$3,450,034.90 plus per diem interest of \$496.70 up to the date of distribution with the balance of the Distributable Funds distributed to 2460112 or as 2460112 otherwise directs the Receiver. In addition, the Receiver is seeking the Court's approval to distribute to 2460112, or as 2460112 otherwise directs the Receiver, the proceeds from

the closing of Unit 21, the Unit 15 Deposit once received, as well as any funds received by the Receiver as a result of the release of all or a portion of the Unit Deposits, which amount will ultimately be determined by the Receiver based on the actual proceeds received and any changes in the Receiver's future obligations.

UNSOLD UNITS

40. As detailed in paragraphs 22 to 28 of the First Report, subsequent to the Receiver's appointment, the APSs for three units were voided and/or terminated.
41. Of the three terminated APSs, only Unit 15 is completely finished since the APS for this Unit was terminated on March 2, 2015 after construction of the Unit had been completed. Units 25 and 30 are only in a sanded drywall state since those APSs were terminated prior to the installation of customer-selected flooring, ceramics, kitchen cabinets, appliances and painting.
42. On May 21, 2015, Oak Bay entered into an APS for the sale of Unit 25 for a purchase price of \$270,990. The scheduled closing date for the transaction is August 20, 2015. The cost-to-complete Unit 25 has been estimated by Management to be \$40,000 (including HST). The Receiver is of the view that the proposed sale price for Unit 25 is commercially reasonable. The Receiver has included in its projected future costs a reserve for the construction costs to complete Unit 25.
43. With respect to Units 15 and 30, the Receiver's course of action is have Oak Bay to continue to market the properties for sale. To the extent an APS is entered into for Unit 30, the Receiver will seek additional funding from EOH or by way of Receiver's Certificates to obtain sufficient funds to complete construction of that Unit. No significant funding would be required to complete any APS entered into for Unit 15 as that Unit is in a completed state.

STATEMENTS OF ACCOUNT OF THE RECEIVER

44. The Receiver's fees for services rendered for the period February 16, 2015 to May 8, 2015 in respect of its activities as Receiver are particularized in the Affidavit of Hartley

Bricks sworn May 28, 2015 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$59,694.51, inclusive of HST (“Receiver Fees”).

45. The Receiver is seeking this Honourable Court’s approval of its activities to the date of this Second Report and the Receiver Fees.

RECEIVER’S REQUEST TO THE COURT

46. The Receiver is respectively seeking an order:

- i) approving this Second Report and the actions and activities of the Receiver from March 12, 2015 to the date of this Second Report;
- ii) approving the R&D;
- iii) authorizing and directing Harris Sheaffer to release to the Receiver the Unit 15 Deposit in the amount of \$20,000;
- iv) approving the distribution to ICBK of \$3,450,034.90 plus per diem interest of \$496.70 to the date of distribution with the balance of the Distributable Funds distributed to 2460112 or as 2460112 otherwise directs the Receiver;
- v) approving a further future distribution to 2460112, or as 2460112 otherwise directs the Receiver, consisting of the proceeds from the closing of Unit 21 once received, the proceeds from the proposed release of the Unit 15 Deposit and any funds received by the Receiver as a result of the release of all or a portion of the Unit Deposits, subject to any changes in the Receiver’s future obligations; and
- vi) approving the Receiver Fees.

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All of which is respectfully submitted to this Honourable Court.

DATED this 2nd day of June, 2015.

Deloitte Restructuring Inc.

in its capacity as Receiver of certain assets
of Oak Bay Developments Inc.
and not in its personal capacity



Paul M Casey, CPA, CA, CIRP
Senior Vice-President



Hartley Bricks, MBA, CPA, CA, CIRP
Vice President

APPENDIX A

Court File No. 14-10703-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1)
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C 1985, c.B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C43, AS
AMENDED

THE HONOURABLE MR.)

WEDNESDAY, THE 12TH

JUSTICE WILTON-SIEGEL)

DAY OF NOVEMBER, 2014

**ROMAS KARTAVICIUS**

Applicant

- and -

OAK BAY DEVELOPMENTS INC. and OAK BAY GOLF CLUB INC.

Respondents

**RECEIVERSHIP ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing a receiver without security, of all of the assets, undertakings and properties of Oak Bay Developments Inc. and Oak Bay Golf Club Inc. acquired for, or used in relation to a business carried on by the Respondents, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of the Applicant sworn September 20, 2014, and the Exhibits thereto, and on hearing the submissions of counsel for the Applicant, Industrial Commercial Bank of China (Canada) ("ICBK"), First Source Mortgage Corporation ("First

Source). Romspen Investment Corporation ("**Romspen**", and together with First Source, "**First Source/Romspen**"), Business Development Bank of Canada ("**BDC**"), Bernard Torchia, no one else appearing, although duly served as appears from the applicable affidavits of service, and on reading the consent of Deloitte Restructuring Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Deloitte Restructuring Inc. is hereby appointed Receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of Oak Bay Developments Inc. (the "**Debtor**") acquired for, or used in relation to 26 residential units as set out in Schedule "A" attached hereto (the "**Units**") of The Residences of Oak Bay Golf and Country Club (collectively, the "**Property**" which term also includes the Units and the Real Property as defined below), for the limited purpose of administering the completion of the construction of the Units currently subject to agreements of purchase and sale with third parties (the "**APSs**") in order to allow the Debtor, under the management and direction of the Applicant but at all times subject to the consent and approval of the Receiver, to complete and close the sale of the Units and remit the proceeds of sale of the Units to the Receiver for distribution as directed by this Court (the "**Mandate**").

RECEIVER'S POWERS

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

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- (a) to preserve and protect the Units, including, but not limited to, the engaging of independent security personnel and the placement of such insurance coverage as may be necessary or desirable;
- (b) to engage consultants to assess and advise on the extent of work required to complete construction of the Units;
- (c) to engage contractors, consultants, appraisers, agents, experts, contractors, tradespersons, quantity surveyors, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties relating to the completion of the Units and the carrying out of the Mandate;
- (d) to assist the Debtor in the completion of the APSs and the closing of the sale of the Units by the Debtor, which closings are to be completed by the firm of Harris, Shaeffer LLP or such other law firm as agreed to between the Receiver and the Applicant;
- (e) to receive the proceeds of the EOH Credit Facility (as defined below) and allocate the funds as it deems necessary in order to carry out the Mandate;
- (f) to receive the proceeds from the sale of the Units and distribute the proceeds in accordance with the terms of this Order and any subsequent Orders;
- (g) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets relating to the completion of the Units;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to the Mandate and this Order;

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- (i) to negotiate and settle any and all security interests, trusts, liens construction liens, trust claims (whether or not perfected or preserved) charges and encumbrances (including but not limited to condominium corporation arrears), claims of secured creditors, statutory or otherwise against title to any or all of the Units (collectively the “**Encumbrances**”) for the purposes of allowing the sale of the Units to close;
- (j) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Mandate and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (k) to register a copy of this Order and any other Orders in respect of the Units against title to any of the Units;
- (l) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof relating to the sale of the Units, for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor; and
- (m) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DISTRIBUTION OF PROCEEDS OF SALE OF THE 26 UNITS

4. THIS COURT ORDERS that following the closings of the Units, or such earlier date as determined by the Receiver, the Receiver shall make a motion to the Court for the purposes of advice and directions regarding the distribution of the proceeds of sale of the Units to that point.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any assets, undertakings and properties of the Debtor acquired for, or used in relation to the Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request for the purpose of allowing the Receiver to carry out the Mandate, including but not limited to any all documentation relating to the listing, marketing and sale of the Units and deposits thereto.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor relating to, or required for the Receiver to carry out the Mandate, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto for the purpose of allowing the Receiver to carry out the Mandate, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

(iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor in connection with the Property are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Units and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided

for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross

negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Debtor is hereby authorized and empowered to obtain and borrow under a loan from EOH Realty Services Inc. ("**EOH**") for the sole purpose of funding the Mandate, provided that borrowings under such credit facility shall not exceed CDN \$1,200,000.00 unless permitted by further Order of this Court (the "**EOH Credit Facility**").

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21. THIS COURT ORDERS that the EOH Credit Facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Debtor and EOH dated November 12, 2014 (the "**Commitment Letter**") annexed as Schedule "C" hereto, filed, which Commitment Letter the Applicant is hereby authorized and empowered to enter into on behalf of the Debtor.

22. THIS COURT ORDERS that the Debtor is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to EOH under and pursuant to the Commitment Letter as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

23. THIS COURT ORDERS that ^{AS SECURITY FOR THE EOH CREDIT FACILITY} EOH shall be entitled to the benefit of and is hereby granted a fixed and specific charge (the "**EOH Charge**") over that portion of the Property that consists of the real property set out in Schedule "D" hereto (the "**Real Property**"), but such charge shall not attach to any other property of the Debtor save and except for the Real Property, and shall not secure an obligation that exists before this Order is made. Other than as expressly provided for in this Order, the EOH Charge shall be in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person in respect of the Real Property.

24. THIS COURT ORDERS that the EOH Charge over the Real Property shall rank behind and be subordinate to only: (i) the Receiver's Charge and the Receiver's Borrowing Charge over the Property; (ii) the security held by ICBK and First Source/Romspen over any of the Property including the existing mortgages and charges of ICBK and First Source/Romspen over any Property owned by the Debtor (including the Real Property) which secures the indebtedness of the Debtor to ICBK and First Source/Romspen, (iii) any charges, mortgages, security interests, trusts, liens construction liens, trust claims (whether or not perfected or preserved), and encumbrances (including but not limited to condominium corporation arrears), claims of secured creditors, statutory or otherwise against title to any of the Property (collectively the "**Encumbrances**") that rank ahead of the ICBK and/or First Source/Romspen security over the Property (including the Real Property); and (iv) Instrument Number MT75404, being a collateral mortgage in favour of BDC over the Units and certain of the Real Property (the "**BDC**

Mortgage”), but only to the extent that there are any net proceeds from the sale of the units payable to BDC, and then only to the extent of the partial discharge payments provided for in the BDC Mortgage.

25. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) EOH may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the EOH Charge;
- (b) the proceeds of the EOH Credit Facility shall be advanced in their entirety by EOH to the Receiver forthwith upon issuance of this Order, and in any event no later than November 14, 2014 at 12:00 pm (the “**Funding Date**”), save and except for that portion of the EOH Credit Facility that EOH will advance to ICBK and First Source/Romspen for the payment of loan arrears outstanding under the indebtedness of the Debtor to ICBK and First Source/Romspen up to and including November 1, 2014, which sum will not exceed \$200,000.00 (the “**Arrears Payment**”).

26. THIS COURT ORDERS that if the proceeds of the EOH Credit Facility are not advanced in their entirety to the Receiver by the Funding Date (save and except for they Arrears Payment), First Source/Romspen and ICBK shall be entitled to move before this Court on 2 days’ notice to the Applicant for the purposes of varying this Order and amending the Receiver’s appointment herein.

27. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$125,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver's Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon,

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in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

SERVICE AND NOTICE

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

32. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile

transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

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

34. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

35. 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.

36. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

37. THIS COURT ORDERS that the Applicant shall not have its costs of this application, but that ICBK and First Source/Romspen shall have their costs relating to this Application up to and including entry and service of this Order as provided for by the terms of their security or, if not so provided by their security, then on a substantial indemnity basis with such priority and at such time as this Court may determine.

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

W. Alan - L. J.



NOV 14 2014

SCHEDULE "A"

26 Residential Units of The Residences of Oak Bay Golf and Country Club

Clubhouse Collection:

S1V Unit 1
S1V Unit 4
S1V Unit 5
S1V Unit 6
S1V Unit 7
S1V Unit 8
S1V Unit 9
S1V Unit 10
S1V Unit 11
S1V Unit 12
S1V Unit 13
S1V Unit 15
S1V Unit 16
S1V Unit 17
S1V Unit 19
S1V Unit 21
S1V Unit 22
S1V Unit 23
S1V Unit 24
S1V Unit 25
S1V Unit 26
S1V Unit 27
S1V Unit 28
S1V Unit 29
S1V Unit 31
S1V Unit 31

DOCSTOR: 17717428

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number ___-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the ____ day of _____, 20__.

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

Per: _____

Name:

Title:

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the ____ day of _____, 20__.

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

Per: _____

Name:

Title:

SCHEDULE "C"

COMMITMENT LETTER

RE: DIP Financing for Receivership of Oak Bay Developments Inc.

TO: Oak Bay Developments Inc. (the "Borrower")

THE UNDERSIGNED LENDER HEREBY AGREES TO PROVIDE YOU WITH DIP FINANCING FOR RECEIVERSHIP OF OAK BAY DEVELOPMENTS INC. ON THE FOLLOWING TERMS AND CONDITIONS:

| | |
|----------------------------|--|
| <u>PRINCIPAL AMOUNT:</u> | \$1,200,000.00 |
| <u>PURPOSE:</u> | Funding of the Receivership in order to complete the Mandate (as that term will be defined in the applicable court order in Court File No. CV-14-10703-00CL – the "Court Order"). |
| <u>INTEREST RATE:</u> | 9.75% per annum, calculated monthly and payable on or before the Maturity Date (as defined below); for greater certainty, interest shall accrue until paid. |
| <u>TERM:</u> | The earlier of eighteen (18) months from the date of advance and the arrangement of construction financing for the townhouse units to be constructed on Blocks 1 and 2 as part of this development (the "Maturity Date") |
| <u>PREPAYMENT:</u> | Fully open for prepayment |
| <u>NATURE OF SECURITY:</u> | The indebtedness to the Lender will be secured by a DIP Charge to be defined and provided for in the Court Order; Guarantee and Postponement of Claim by Romas Kartavicius; Such other security as the Lender may reasonably require from the Borrower with respect to the DIP Charge. (the aforementioned security referred to herein as the "Security Documents") |

Borrower: _____ / _____

Page 1

Lender: _____ / _____

DATE OF ADVANCE:

November 14, 2014

GUARANTOR:

Romas Kartavicius

LEGAL FEES:

The Borrower shall pay the Lender's legal fees in the amount of \$5,000.00, plus HST, to be deducted from the funds advanced hereunder. Any additional legal fees, plus HST, plus disbursements, plus the cost of the title insurance policy shall be payable by the Borrower and deducted from the funds advanced hereunder.

EXPENSES:

All reasonable expenses with respect to this Commitment Letter and the preparation, negotiation, execution and registration of all documents and any costs in connection therewith shall be for the Borrower's account. All documents including security documents, related agreements and certificates shall be prepared by the Lender's counsel in form and content determined by such counsel acting reasonably. The Lender's counsel shall be Parente Borean LLP.

DISBURSEMENT OF FUNDS:

The Conditions Precedent to the loan advance – The obligation of the Lender hereunder to make the advance of this Loan is conditional upon the satisfaction of the following conditions precedent:

- (a) Receipt by the Lender of this Commitment Letter duly executed in the manner and within the time stipulated below;
- (b) The funds will be advanced in accordance with the terms of the Court Order;
- (c) The Lender's lawyer agreeing to the form and content of the Court Order;
- (d) The registration of all Security Documents.

Borrower: _____ / _____

Page 2

Lender: _____ / _____

GUARANTOR:

In consideration of the Lender committing to make the loan herein available to the Borrower (the receipt and sufficiency of which is hereby acknowledged by the Guarantor), the Guarantor named in and executing this commitment does hereby covenant, as principal debtor and not as surety, that, he will pay or cause to be paid to the Lender all amounts due by the Borrower under the loan herein and will observe, keep and perform all of the terms and conditions set forth herein or required hereby to be observed, kept and performed by the Borrower pursuant to this commitment and the Security Documents to be provided hereunder and that after the advance of the loan, all present and future indebtedness of the Borrower to the Guarantor shall be assigned to the Lender and postponed to the present and future indebtedness of the Borrower to the Lender; and the Guarantor agrees that he shall execute the Security Documents provided for herein or any of them, in such form as may be required by the Lender and its solicitors, in order to fully document and effectuate the intent and meaning of this paragraph.

DISCHARGE OF
CHARGE/MORTGAGE

After payment in full of the principal sum and all other amounts secured, the Lender shall prepare and execute discharges of the security and shall have a reasonable time to do so, interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Lender, and all reasonable legal and other expenses for the preparation and execution of such discharges of such security shall be borne by the Borrower

COMMITMENT NON-ASSIGNABLE:

This commitment is not transferable and the benefit hereof may not be assigned.

ENTIRE AGREEMENT:

The Borrower and the Guarantor agree that this Commitment Letter constitutes the entire agreement between the Borrower and the

Borrower: _____ / _____

Page 3

Lender: _____ / _____

Lender and except as herein stated and in instruments and documents to be executed and delivered hereto, contain all the representations, undertakings and agreements of the respective parties. There are no verbal representations, undertakings or agreements between the Borrower and the Lender of any kind except those contained herein.

SURVIVAL:

The Borrower further agrees that this Commitment Letter and the covenants and agreements in this commitment shall survive registration of the security and the advance of funds thereby secured and will not merge on that account and will remain valid and subsisting obligations.

AMENDMENTS AND WAIVERS:

No amendments or waivers of any provision of this Commitment Letter will be effective unless it is in writing signed by the Borrower and the Lender. No failure or delay, on the part of the Lender, in exercising any right or power hereunder or under any Security Documents shall operate as a waiver thereof.

SEVERABILITY:

If any provision of this Commitment Letter is or becomes prohibited or enforceable, such prohibition or unenforceability shall not invalidate or render unenforceable nor invalidate, affect or impair any of the remaining provisions of this Commitment Letter.

INTERPRETATION OF CONTRACT:

This Commitment Letter shall be interpreted in accordance with the Laws of the Province of Ontario.

TIME OF THE ESSENCE:

It is understood that with reference of all terms of this Commitment Letter, time shall be of the essence in this contract.

ACCEPTANCE:

This Commitment Letter is open for acceptance until November 12, 2014, after which date it will be null and void unless extended in writing by the Lender.

Borrower: _____ / _____

Page 4

Lender: _____ / _____

Please confirm your acceptance of this agreement by signing the attached copy of this Offer to Finance in the space provided below and returning it to the undersigned.

EOH REALTY SERVICES INC.

Per: _____

Name: Ingrid Kartavicius

Title: President

I have authority to bind the corporation

Witness: _____

Romas Kartavicius (Guarantor)

The undersigned hereby accepts the terms and conditions of this Commitment Letter as of this day of November, 2014.

OAK BAY DEVELOPMENTS INC.

Per: _____

Name: Romas Kartavicius

As duly authorized by the Court Order

SCHEDULE "D"

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|-------------------|--|--|--|
| Properties | | | |
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|--------------------|--|------------------------|------------|
| <i>PIN</i> | 48864 - 0002 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | UNIT 2, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0003 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | UNIT 3, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0010 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | UNIT 10, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0017 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | UNIT 17, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0018 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | UNIT 18, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0021 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | UNIT 21, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0027 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | UNIT 27, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0028 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | UNIT 28, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0032 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | UNIT 32, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |

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| Properties |
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| PIN | 48864 - 0035 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 35, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67926; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0042 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 42, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0043 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 43, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0044 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 44, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0049 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 49, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0051 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 51, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0053 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 53, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0055 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 55, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | SEVERN BRIDGE | | |
| PIN | 48864 - 0056 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 56, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T&W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |

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| Properties |
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| PIN | 48864 - 0057 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 57, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0059 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 59, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0060 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 60, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0061 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 61, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0062 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 62, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0063 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 63, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0064 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 64, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0065 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 65, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |
| PIN | 48864 - 0066 LT | <i>Interest/Estate</i> | Fee Simple |
| Description | UNIT 66, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| Address | PORT SEVERN | | |

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| <i>PIN</i> | 48864 - 0068 | LT | <i>Interest/Estate</i> Fee Simple |
| <i>Description</i> | UNIT 68, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0069 | LT | <i>Interest/Estate</i> Fee Simple |
| <i>Description</i> | UNIT 69, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534; S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48864 - 0070 | LT | <i>Interest/Estate</i> Fee Simple |
| <i>Description</i> | UNIT 70, LEVEL 1, MUSKOKA VACANT LAND CONDOMINIUM PLAN NO. 64 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : BLK 1 PL 35M722 GEORGIAN BAY EXCEPT PT 9 & 10 35R22534. S/T & T/W EASEMENTS AS SET OUT IN SCHEDULE "A" OF DECLARATION NO. MT67928. GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0627 | LT | <i>Interest/Estate</i> Fee Simple |
| <i>Description</i> | PT BLK 1 PL 35M722 GEORGIAN BAY PT 9 35R22534; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; T/W PT 1 35R6872 AS IN LT100983; S/T EASEMENT IN GROSS AS IN MT61402; S/T EASEMENT IN GROSS AS IN MT61521; S/T EASEMENT IN GROSS AS IN MT65416; T/W EASEMENT OVER PT BLK 1 PL 35M722 PT 1, 2, 3, 6, 7 & 8 35R22534 AS IN MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0628 | LT | <i>Interest/Estate</i> Fee Simple |
| <i>Description</i> | PT BLK 1 PL 35M722 GEORGIAN BAY PT 10 35R22534; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; T/W PT 1 35R6872 AS IN LT100983; S/T EASEMENT IN GROSS AS IN MT61402; S/T EASEMENT IN GROSS AS IN MT61521; S/T EASEMENT IN GROSS AS IN MT65416; T/W EASEMENT OVER PT BLK 1 PL 35M722 PT 1, 2, 3, 6, 7 & 8 35R22534 AS IN MT67928; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0593 | LT | <i>Interest/Estate</i> Fee Simple |
| <i>Description</i> | FIRSTLY: PT RDAL IN FR LT 33 CON 2 BAXTER CLOSED BY MT45244 PT 10 & 12 35R21738; SECONDLY: PT RDAL IN FR LT 32 CON 2 BAXTER CLOSED BY SAID BY-LAW PT 13 & 18 35R21738 EXCEPT PT 4, 37, 38, 41 & 43 35R22052; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 31, 28 & 29 PL 35R22052 AS IN IN MT46055; T/W EASEMENT OVER PT 27 & 39 35R22329 AS IN MT59586 (ADDED 2009/01/06, M. CHASSIE, ADLR); T/W EASEMENT OVER PT BLK 1 PL 35M722 P L 35M722 PT 1,2,3,6,7 & 8 35R22534 AS IN MT67928 ; GEORGIAN BAY ; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0819 | LT | <i>Interest/Estate</i> Fee Simple |
| <i>Description</i> | BLOCK 2, PLAN 35M722, GEORGIAN BAY, T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; T/W PT 1 35R6872 AS IN LT100983; S/T EASEMENT IN GROSS AS IN MT61402; S/T EASEMENT IN GROSS AS IN MT61521; T/W EASEMENT OVER PT BLK 1 PL 35M722 PT 1,2,3,6,7 & 8 35R22534 AS IN MT67928 ; GEORGIAN BAY THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0605 | LT | <i>Interest/Estate</i> Fee Simple |
| <i>Description</i> | PT LT 31 CON 2 BAXTER PT 34 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |

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| <i>PIN</i> | 48018 - 0607 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT LT 31 CON 2 BAXTER PT 26 35R22329; T/W EASEMENT OVER PT 27 & 39 35R22329 AS IN MT59586; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0608 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT LT 32 CON 2 BAXTER PT 21, 22 & 42 35R22329; PT LT 31 & 32 CON 2 BAXTER PT 20 35R22329; PT LT 31 CON 2 BAXTER PT 43 35R22329; T/W EASEMENT OVER PT 27 & 39 35R22329 AS IN MT59586; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; S/T EASEMENT OVER 22 & 42 35R22329 IN FAVOUR OF PT 19 35R22329 AS IN MT59586; S/T EASEMENT OVER PT 22 & 43 35R22329 IN FAVOUR OF PT 23, 39 & 40 35R22329 AS IN MT59586; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0609 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT LT 31 & 32 CON 2 BAXTER PT 24 35R22329; PT LT 31 CON 2 BAXTER PT 44 35R22329; T/W EASEMENT OVER PT 27 & 39 35R22329 AS IN MT59586; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; S/T EASEMENT OVER PT 44 35R22329 IN FAVOUR OF PT 25 & 27 35R22329 AS IN MT59586; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0610 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT LT 33 CON 2 BAXTER PT 37 & 38 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0611 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT LT 33 CON 2 BAXTER PT 36 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0612 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT LT 33 CON 2 BAXTER PT 41 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0613 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT LT 30 CON 2 BAXTER PT 29 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; T/W EASEMENT OVER PTS 27 & 39 35R22329 AS IN MT59586; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0614 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT LT 33 CON 2 BAXTER PT 30 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; T/W EASEMENT OVER PTS 27 & 39 35R22329 AS IN MT59586 GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0615 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT LT 30 CON 2 BAXTER PT 2, 35R3106 EXCEPT PT 7 35R14786; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |
| <i>PIN</i> | 48018 - 0616 LT | <i>Interest/Estate</i> | Fee Simple |
| <i>Description</i> | PT BROKEN LT 29 CON 2 BAXTER AS IN LT27808 EXCEPT PT 20 35R14786; PT BROKEN LT 30 CON 2 BAXTER AS IN LT27808; S/T LT27808; PT BROKEN LT 30 CON 2 BAXTER AS IN LT23056 T/W & S/T LT23056; T/W EASEMENT OVER PTS 28, 29 & 31 35R22052 AS IN MT46055; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | |
| <i>Address</i> | PORT SEVERN | | |

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| Properties |
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| PIN | 48018 - 0606 LT | <i>Interest/Estate</i> | Fee Simple | |
| Description | PT LT 31 CON 2 BAXTER PT 10 35R22329; PT LT 30 CON 2 BAXTER, PT RDAL BTN LT 30 & 31 CON 2 BAXTER CLOSED BY MT22435 PT 12 35R22329; PT PT RDAL BTN LT 30 & 31 CON 2 BAXTER CLOSED BY MT22435 PT 15 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT 46055; T/W EASEMENT OVER PTS 27 & 39 35R22329 AS IN MT59586; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | | |
| Address | PORT SEVERN | | | |
| PIN | 48018 - 0652 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| Description | PT LT 31 CON 2 BAXTER PT 45 ON 35R22329 EXCEPT PT 17 ON 35R23499; S/T PT 45 ON 35R22329 EXCEPT PT 17 ON 35R23499 IN FAVOUR OF PT 9, 11, 13, 14 & 16 ON 35R22329 AS IN MT59586; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586;; TOWNSHIP OF GEORGIAN BAY | | | |
| Address | PORT SEVERN | | | |
| PIN | 48018 - 0674 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| Description | PT OF BLOCK 1, PLAN 35M725 PARTS 7 & 8 PLAN 35R23866; ; TOGETHER WITH AN EASEMENT OVER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; TOGETHER WITH AN EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 7 ON 35R23866 AS IN MT113202; S/T EASEMENT OVER PT 7 ON 35R23866 AS IN MT113238; SUBJECT TO AN EASEMENT IN GROSS OVER PT 7 ON 35R23866 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 7 ON 35R23866 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY.; TOGETHER WITH AN EASEMENT OVER PT LT 1 PL 35M725 PT 3 & 4 ON 35R23866 AS IN MT114285 | | | |
| Address | PORT SEVERN | | | |
| PIN | 48018 - 0653 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| Description | BLOCK 6, PLAN 35M725 S/T EASEMENT OVER PT 49 ON 35R23857 AS IN MT113238; TOGETHER WITH AN EASEMENT OVER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; TOGETHER WITH AN EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586; SUBJECT TO AN EASEMENT OVER PT 49 ON 35R23857 IN FAVOUR OF MT113202 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 49 ON 35R23857 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 49 ON 35R23857 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY | | | |
| Address | PORT SEVERN | | | |
| PIN | 48018 - 0664 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| Description | BLOCK 7, PLAN 35M725 S/T EASEMENT OVER PT 45, 46 & 48 ON 35R23857 AS IN MT113238; TOGETHER WITH AN EASEMENT OVER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; TOGETHER WITH AN EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 45, 46 & 48 ON 35R23857 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 45, 46 & 48 ON 35R23857 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 45, 46 & 48 ON 35R23857 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY | | | |
| Address | PORT SEVERN | | | |
| PIN | 48018 - 0665 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| Description | BLOCK 8, PLAN 35M725 S/T EASEMENT OVER PT 8, 9, 11 & 12 ON 35R23857 AS IN MT113238; TOGETHER WITH AN EASEMENT OVER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; TOGETHER WITH AN EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 8 - 13, ON 35R23857 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 8, 9, 11 & 12 ON 35R23857 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 8, 9, 11 & 12 ON 35R23857 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY | | | |
| Address | PORT SEVERN | | | |
| PIN | 48018 - 0668 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| Description | PART LOT 31 CONCESSION 2 BAXTER; PART 13, 14 & 15 PLAN 35R23916 T/W EASEMENT OVER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586; S/T EASEMENT OVER PT 14 ON 35R23916 AS IN LT192381; TOWNSHIP OF GEORGIAN BAY, THE DISTRICT MUNICIPALITY OF MUSKOKA | | | |
| Address | SEVERN BRIDGE | | | |

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| <i>PIN</i> | 48018 - 0669 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| <i>Description</i> | PART LOT 31 CONCESSION 2 BAXTER; PART 16, 17, 18 & 19, PLAN 35R23916; S/T EASEMENT OVER PART 15 & 16, PLAN 35R23857 AS IN MT113238; T/W EASEMENT OVER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59588; S/T EASEMENT IN GROSS OVER PART 14 TO 16 PLAN 35R23857 AS IN MT113202; S/T EASEMENT IN GROSS OVER PART 15 & 16 PLAN 35R23857 AS IN MT113265; S/T EASEMENT IN GROSS OVER PART 15 & 16 PLAN 35R23857 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY, THE DISTRICT MUNICIPALITY OF MUSKOKA | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0670 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| <i>Description</i> | PART LOT 31 CONCESSION 2 BAXTER; PART 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 & 12 PLAN 35R23916; S/T EASEMENT OVER PART 44, 50, 51, 53, 63 & 64 PLAN 35R23857 AS IN MT113238 T/W EASEMENT OVER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59588; S/T EASEMENT OVER PT 6, 8 & 11 ON 35R23916 AS IN LT192391; S/T EASEMENT IN GROSS OVER PART 44, 50, 51, 53, 63 & 64 PLAN 35R23857 AS IN MT113202; S/T EASEMENT IN GROSS OVER PART 50, 51, 53, 63 & 64 PLAN 35R23857 AS IN MT113265; S/T EASEMENT IN GROSS OVER PART 44, 50, 51, 53, 63 & 64 PLAN 35R23857 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY, THE DISTRICT MUNICIPALITY OF MUSKOKA | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0590 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PART OF LOTS 32 AND 33, CONCESSION 2 BAXTER PT 17, PLAN 35R22329; T/W PT 1 35R6872 AS IN LT100983; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 32 35R22329 AS IN MT59588; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; GEORGIAN BAY, THE DISTRICT MUNICIPALITY OF MUSKOKA | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0597 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PART OF LOT 32, CONCESSION 2 BAXTER PART 19, PLAN 35R22329; T/W EASEMENT OVER PT 2 35R8414 & PT 1 35R6872 AS IN LT100983; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; T/W EASEMENT OVER PARTS 22, 32 & 42, PLAN 35R22329 AS IN MT59588; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0598 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LOT 31 AND 32, CON 2 BAXTER PT 23 35R22329; PT LT 32 CON 2 BAXTER PARTS 39 & 40, PLAN 35R22329; T/W EASEMENT OVER PT 2 35R8414 & PT 1 35R6872 AS IN LT100983; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 22 & 43 35R22329 AS IN MT59588; S/T EASEMENT IN GROSS OVER PT 39 35R22329 AS IN MT54175; S/T EASEMENT OVER 39, PLAN 35R22329 IN FAVOUR OF LANDS AND FOR PURPOSES SET OUT IN MT59588; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0599 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31, CON 2, AND PT RDAL IN FR LT 31, CON 2 BAXTER (CLOSED BY INSTRUMENT LT119724) PT 25, PLAN 35R22329; PT LOT 31, CON 2 BAXTER PART 27, PLAN 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 44 35R22329 AS IN MT59588; S/T EASEMENT OVER PT 27 35R22329 IN FAVOUR OF LANDS AND FOR PURPOSES SET OUT IN MT59588; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0602 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31, CON 2 BAXTER; PT RDAL BTN LOTS 30 & 31, CON 2, PT RDAL IN FROAL BTN LOTS 30 AND 31, CON 2 BAXTER (CLOSED BY BY-LAW 65-28, REG AS MT22435), PT RDAL IN FR LT 31, CON 2 BAXTER (CLOSED BY BY-LAW 83-22 INST LT119724) PT 28, PLAN 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; TOWNSHIP OF GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA | | | |
| <i>Address</i> | PORT SEVERN | | | |

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| <i>PIN</i> | 48018 - 0645 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31 CON 2 BAXTER PT 1 & 2 ON 35R23499; S/T PT 2 ON 35R23499 AS IN LT192381; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586; S/T EASEMENT OVER PART 35, 36, 38 & 39 ON 35R23857 AS IN MT113239;; SUBJECT TO AN EASEMENT IN GROSS OVER 35-39 ON 35R23857 AS IN MT113203; SUBJECT TO AN EASEMENT IN GROSS OVER PT 39 & 40 ON 35R23857 AS IN MT113266; SUBJECT TO AN EASEMENT IN GROSS OVER PT 35, 36, 38 & 39 ON 35R23857 AS IN MT113271; TOWNSHIP OF GEORGIAN BAY | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0646 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31 CON 2 BAXTER PT 9, 10 & 11 ON 35R23499; S/T PT 10 ON 35R23499 AS IN LT192381; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586; S/T EASEMENT OVER PART 22, 24, 25, 27, 29, 30, 60 & 61 ON 35R23857 AS IN MT113239;; SUBJECT TO AN EASEMENT IN GROSS OVER PT 22, 24, 25, 27, 29, 30, 60, 61 & 65 ON 35R23857 AS IN MT113203; SUBJECT TO AN EASEMENT IN GROSS OVER PT 22, 24, 25, 26, 30, 60 & 65 ON 35R23857 AS IN MT113266; SUBJECT TO AN EASEMENT IN GROSS OVER PT 22, 24, 25, 27, 29, 30, 60, 61 ON 35R23857 AS IN MT113271; TOWNSHIP OF GEORGIAN BAY | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0647 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31 CON 2 BAXTER PT 12 ON 35R23499; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586;; TOWNSHIP OF GEORGIAN BAY | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0648 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31 CON 2 BAXTER PT 13 ON 35R23499; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586; S/T EASEMENT OVER PART 17 ON 35R23857 AS IN MT113239;; SUBJECT TO AN EASEMENT IN GROSS OVER PT 17 ON 35R23857 AS IN MT113203; SUBJECT TO AN EASEMENT IN GROSS OVER PT 17 ON 35R23857 AS IN MT113266; SUBJECT TO AN EASEMENT IN GROSS OVER PT 17 ON 35R23857 AS IN MT113271; TOWNSHIP OF GEORGIAN BAY | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0649 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31 CXON 2 BAXTER PT 16 & 17 ON 35R23499; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586;; TOWNSHIP OF GEORGIAN BAY | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0650 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31 CON 2 BAXTER PT 18 ON 35R23499; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; T/W EASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586;; TOWNSHIP OF GEORGIAN BAY | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0656 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31 CON 2 BAXTER PT 8 ON 35R23499; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 ON 35R22052 AS IN MT46055; S/T EASEMENT OVER PART 28 ON 35R23857 AS IN MT113239;; SUBJECT TO AN EASEMENT IN GROSS OVER PT 28 ON 35R23857 AS IN MT113203; SUBJECT TO AN EASEMENT IN GROSS OVER PT 17 ON 35R23857 AS IN MT113271; TOWNSHIP OF GEORGIAN BAY | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0657 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| <i>Description</i> | PT OF LOT 31, CON 2 BAXTER PT 2 & 6, PL 35R22329 ; PT LT 31 AND 32, CON 2 BAXTER PTS 1, 4 AND 8 PLAN 35R22329; EXCEPT PT 5, 6, 8, 14 & 15 ON 35R23499; S/T EASEMENT OVER PT 6 & 8 35R22329 EXCEPT PT 5 35R23499 AS IN LT192381; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA S/T EASEMENT OVER PART 42, 43, 56, 57 & 59 ON 35R23857 AS IN MT113239;; SUBJECT TO AN EASEMENT IN GROSS OVER PT 42, 43, 56, 57, 59 & 62 ON 35R23857 AS IN MT113203; SUBJECT TO AN EASEMENT IN GROSS OVER PT 41, 42, 56, 57 & 59 ON 35R23857 AS IN MT113266; SUBJECT TO AN EASEMENT IN GROSS OVER PT 42, 43, 56, 57 & 59 ON 35R23857 AS IN MT113271 | | | |
| <i>Address</i> | PORT SEVERN | | | |

| Properties | | | |
|------------|--|--|--|
|------------|--|--|--|

| | | | | |
|--------------------|--|------------------------|------------|---|
| <i>PIN</i> | 48018 - 0600 LT | <i>Interest/Estate</i> | Fee Simple | |
| <i>Description</i> | PT LT 31, CON 2 BAXTER PT 9 & 13 PLAN 35R22329; PT RDAL BTN LTS 30 AND 31, CON 2 BAXTER (CLOSED BY BY-LAW 95-28 INSTRUMENT MT22435) PTS 14 AND 16 PL 35R22329; PT OF LOT 30 CON 2 BAXTER, PT RDAL BTN LOTS 30 AND 31, CON 2 BAXTER (CLOSED BY BY-LAW 95-28 INSTRUMENT MT22435) AND PT RDAL IN FR LT 30, CON 2 BAXTER (CLOSED BY BY-LAW 2002-258 NO. MT22436) PT 11, PLAN 35R22329; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 35R22052 AS IN MT46055; T/W EASEMENT OVER 45, PLAN 35R22329 AS IN MT59586; GEORGIAN BAY; THE DISTRICT MUNICIPALITY OF MUSKOKA S/T EASEMENT OVER PART 18, 19, 21, 31, 32 & 34 ON 35R23857 AS IN MT113239; SUBJECT TO AN EASEMENT IN GROSS OVER PT 18 - 21, 31 - 34 ON 35R23857 AS IN MT113203; SUBJECT TO AN EASEMENT IN GROSS OVER PT 18, 19 & 21 ON 35R23857 AS IN MT113286; SUBJECT TO AN EASEMENT IN GROSS OVER PT 18, 19, 21, 31, 32 & 34 AS IN MT113271 | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0687 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| <i>Description</i> | PART OF BLOCK 5, PLAN 35M725 PARTS 79, 80, 81 & 82 PLAN 35R23866; S/T EASEMENT OVER PT 82, PLAN 35R23866 AS IN MT113238; TOGETHER WITH AN EASEMENT OVER PT 28, 29 & 31 PLAN 35R 22052 AS IN MT46055; TOGETHER WITH AN EASEMENT OVER PT 27 & 29 PLAN 35R22329 AS IN MT59586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 82, PLAN 35R23866 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 82 PLAN 35R23866 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 82, PLAN 35R23866 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY.; SUBJECT TO AN EASEMENT OVER PT 80 ON 35R23866 IN FAVOUR OF PT BLK 5 PL 35M725 PT 77 & 78 ON 35R23866 AS IN MT115157 | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0688 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| <i>Description</i> | PART OF BLOCK 5, PLAN 35M725 PARTS 83, 84, 85, 86, 87 & 88 ON 35R23866; S/T EASEMENT OVER PT 83, 87 & 88, PLAN 35R23866 AS IN MT113238; TOGETHER WITH AN EASEMENT OVER PT 28, 29 & 31 PLAN 35R22052 AS IN MT46055; TOGETHER WITH AN EASEMENT OVER PT 27 & 29 PLAN 35R22329 AS IN MT59586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 83, 87 & 88 PLAN 35R23866 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 83, 87 & 88 PLAN 35R23866 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 83, 87 & 88 PLAN 35R23866 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY.; SUBJECT TO AN EASEMENT OVER PT 85 & 87 ON 35R23866 IN FAVOUR OF PT BLK 5 PL 35M725 PT 77 & 78 ON 35R23866 AS IN MT115157 | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0690 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| <i>Description</i> | PART OF BLOCK 4, PLAN 35M725 PT 59 & 60 PLAN 35R23866; S/T EASEMENT OVER PT 60 ON 35R23866 AS IN MT113238; TOGETHER WITH AN EASEMENT OVER PT 28, 29 & 31 PLAN 35R22052 AS IN MT46055; TOGETHER WITH AN EASEMENT OVER PT 27 & 29 PLAN 35R22329 AS IN MT59586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 60 ON 35R23866 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 60 ON 35R23866 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 60 ON 35R23866 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY.; TOGETHER WITH AN EASEMENT OVER PT BLK 4 PL 35M725 PT 54 & 57 ON 35R23866 AS IN MT115481 | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0691 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| <i>Description</i> | PART OF BLOCK 4, PLAN 36M725 PT 61 & 62 PLAN 35R23866; S/T EASEMENT OVER PT 61 ON 35R23866 AS IN MT113238; TOGETHER WITH AN EASEMENT OVER PT 28, 29 & 31 PLAN 35R22052 AS IN MT46055; TOGETHER WITH AN EASEMENT OVER PT 27 & 29 PLAN 35R22329 AS IN MT59586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 61 ON 35R23866 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 61 ON 35R23866 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 61 ON 35R23866 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY. | | | |
| <i>Address</i> | PORT SEVERN | | | |
| <i>PIN</i> | 48018 - 0692 LT | <i>Interest/Estate</i> | Fee Simple | <input checked="" type="checkbox"/> Redescription |
| <i>Description</i> | PART OF BLOCK 4, PLAN 35M725 PARTS 63, 64, 65, 66, 67 & 68 PLAN 35R23866; S/T EASEMENT OVER PT 66, 67 & 68 ON 35R23866 AS IN MT113238; TOGETHER WITH AN EASEMENT OVER PT 28, 29 & 31 PLAN 35R22052 AS IN MT46055; TOGETHER WITH AN EASEMENT OVER PT 27 & 29 PLAN 35R22329 AS IN MT59586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 66, 67 & 68 ON 35R23866 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 66, 67 & 68 ON 35R23866 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 66, 67 & 68 ON 35R23866 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY. | | | |
| <i>Address</i> | PORT SEVERN | | | |

ROMAS KARTAVICIUS

Applicant

and

Court File No. CV-14-10703-00CL
**OAK BAY DEVELOPMENTS INC. AND OAK BAY GOLF
CLUB INC.**

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceeding Commenced at **TORONTO**

**RECEIVERSHIP ORDER
(APPOINTING RECEIVER)**

**CHANG ADVOCACY PROFESSIONAL
CORPORATION**

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Lawyers for the Applicant,
Romas Kartavicius

APPENDIX B

Court File No.: 14-10703-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

BETWEEN:

IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1)
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C 1985, c.B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c.C43, AS AMENDED

ROMAS KARTAVICIUS

Applicant

- and -

OAK BAY DEVELOPMENTS INC. and OAK BAY GOLF CLUB INC.

Respondents

**FIRST REPORT OF DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS RECEIVER**

Dated as of March 11, 2015

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APPENDICES

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| APPENDIX "F": | E-mail correspondence dated February 25 and 26, 2015 as between Kerry Heintzman, the Receiver and Adriana Mendanha of Oak Bay concerning |

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the status of the Project and the default on the Agreement of Purchase and Sale

- APPENDIX "G": Letter from Harris, Sheaffer LLP to Gardiner, Miller, Arnold LLP dated February 20, 2015 advising of the termination of the Agreement of Purchase and Sale for Unit 15
- APPENDIX "H": Statement of Claim by C.C. Tatham Limited as Plaintiff and Oak Bay Developments Inc. and the Corporation of the Township of Georgian Bay as Defendants dated December 23, 2013 and Certificate of Action registered January 23, 2014
- APPENDIX "I": Statement of Claim by Basecrete Inc. as Plaintiff and Oak Bay Developments Inc. and Oak Bay Golf Club Inc. as Defendants dated February 27, 2014
- APPENDIX "J": Statement of Claim by Noble Corporation as Plaintiff and Pineview Plumbing Inc. et al as Defendants dated October 30, 2014 and Certificate of Action registered October 31, 2014
- APPENDIX "K": Minutes of Settlement entered into between C.C. Tatham Limited as Plaintiff and Oak Bay Developments Inc. and the Corporation of the Township of Georgian Bay as Defendants dated April 30, 2014
- APPENDIX "L": Minutes of Settlement entered into between Basecrete Inc. as Plaintiff and Oak Bay Developments Inc. and Oak Bay Golf Inc. as Defendants dated May 27, 2014
- APPENDIX "M": Claims for Lien registered November 27, 2014, Statements of Claim by E-M Air Systems as Plaintiff dated December 23, 2014 and Certificates for Action registered by E-M Air Systems Inc. dated December 23, 2014
- APPENDIX "N": Receiver's Interim Statement of Receipts and Disbursements for the period November 12, 2014 to February 13, 2015
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INTRODUCTION

1. On November 12, 2014 (the “**Receivership Date**”), Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) issued an order (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. as Receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Oak Bay Developments Inc. (“**Oak Bay**” or the “**Debtor**”) acquired for, or used in relation to 26 residential units (the “**Units**”) of The Residences of Oak Bay Golf and Country Club (collectively, the “**Property**” which term is defined below) for the limited purpose of administering the completion of the construction of the Units currently subject to agreements of purchase and sale with third parties (the “**APSs**”) in order to allow the Debtor to close the sale of the Units. A copy of the Receivership Order is attached hereto as **Appendix “A”**.
2. The purpose of this first report to the Court of the Receiver (the “**First Report**”) is to:
 - a) update the Court on the activities of the Receiver in accordance with the provisions of the Receivership Order and the statutory obligations under the BIA and to seek the Court’s approval of those activities;
 - b) update the Court on the status of the completion of the construction of the Units and the anticipated timing for closing of the APSs for the Units;
 - c) seek a \$350,000 increase in the maximum amount that Oak Bay is permitted to borrow from EOH Realty Services Inc. (“**EOH**”) for the purpose of funding the Mandate; and
 - d) seek approval of the Receiver’s fees and disbursements for the period up to February 23, 2015.

TERMS OF REFERENCE

3. Capitalized terms not otherwise defined herein are as defined in the Receivership Order or the Application Record date September 22, 2014 (the “**Application Record**”), including the Affidavit of Romas Kartavicius sworn September 20, 2014 (the “**Romas Affidavit**”).

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4. The information contained in this First Report is based on unaudited financial information as well as discussions with representatives of the Debtor and its advisors. The Receiver has reviewed the information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Canadian Auditing Standards (“CAS”) pursuant to the *Chartered Professional Accountants Canada Handbook* (“CPA Canada Handbook”) and accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the information.
5. Future oriented financial information referred to in this First Report was prepared based on discussions with representatives of the Debtor (“**Management**”). Readers are cautioned that since forecasts are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the forecasts, even if the assumptions materialize, and the variations could be significant.
6. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

THE RECEIVER’S MANDATE AND THE STATUS OF THE PROJECT

7. As set out in the Receivership Order, the appointment of the Receiver is for “the limited purpose of administering the completion of the construction of the Units currently subject the APSs in order to allow the Debtor, under the management and direction of the Applicant but at all times subject to the consent and approval of the Receiver, to complete and close the sale of the Units and remit the proceeds of sale of the Units to the Receiver for distribution as directed by this Court (the “**Mandate**”).”
8. Accordingly, upon its appointment, the Receiver met with Management to discuss the Mandate and establish a protocol for carrying out the Mandate.
9. At that meeting, the Receiver was advised of the following:

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- the Units form part of a 32-unit complex consisting of 4 blocks (identified as 1 through 4) containing 8 units each (the “**Condo Villas**”). The six units that are not included in the Mandate are spread throughout the complex;
- the Condo Villas comprise a portion of Phase 1 of the Residences of Oak Bay Golf & Country Club (the “**Project**”). The master concept plan for the Project provides for 4 phases comprising 108 single units (detached homes), 182 townhouses and 204 condo villas. To date 32 singles and 22 townhouses have been sold and closed;
- The key amenities to be included in the development are a golf course (constructed and opened in 2010) and clubhouse with swimming pool (currently under construction, and with the golf course, subject to separate receivership proceedings), and a marina complete with boathouse, swimming pool, tennis court, and boardwalk (minimal construction work has taken place on the marina).
- construction of 10 of the 26 Units had been completed and the purchasers were occupying those units pursuant to interim occupancy agreements as provided for in their APS;
- minimal construction work had been undertaken at the site in the two months prior to the Receivership Date;
- in order to apply to The District Municipality of Muskoka (the “**District**”) for registration of the Condo Villas as condominiums, between \$12,000 to \$15,000 of construction work, mainly fire and safety-related, needed to be completed in Block 4.

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- Management estimated that once trade suppliers were engaged, it would take approximately 2 weeks to complete the required work to enable the site architect to sign the Certificate of Architect or Engineer (Schedule G to Declaration for a Standard or Leasehold Condominium Corporation) (the “**Schedule G Certificate**”) certifying that the buildings have been constructed in accordance with the *Condominium Act, 1998*;
 - the balance of the construction would take four to six weeks to complete once suppliers were engaged; and,
 - six of the 32 units of in the complex were not subject to APSs and were not included in the Mandate. However, certain work would need to be completed in those units to enable the architect to complete the Schedule G Certificate.
10. Based on those initial discussions, the following protocol was established:
- the Debtor would provide the Receiver with a schedule of costs to complete the construction of Units on a unit-by-unit basis;
 - the Debtor would review its supplier records, including a review of site documents, to determine which suppliers were still in a position to register a lien over the Units;
 - the Debtor would provide a schedule of those suppliers it wished to continue to use at the site, after considering lien rights;
 - all contracts with new suppliers would be approved by the Receiver; and
 - all requests for payment would be forwarded to the Receiver along with supporting documentation.

11. After the initial meeting, Management provided the Receiver with a schedule on a unit-by-unit basis that indicated that the estimated costs to complete the construction of the Units was \$352,326. This estimate included approximately \$12,000 of costs for work to be performed on the 6 units not included in the Mandate but which work was necessary in order to register the Units as condominiums.
12. Oak Bay also provided the Receiver with a list of suppliers that it wished to engage to complete the construction. With the Receiver's approval, Oak Bay entered into new contracts for the work to be completed. Due to the time required to source new suppliers and enter into new contracts, significant work did not recommence at the site until December 1, 2014.
13. Oak Bay's list of suppliers included four suppliers who had previously worked on the site and, based on Oak Bay's records, still maintained construction lien rights on the project as of the Receivership Date. Further, Oak Bay advised that each of the suppliers had advised Oak Bay that they intended to place construction liens on the Property prior to the expiration of their lien rights. The cumulative amount owing to those four suppliers was \$353,740.40.
14. Accordingly, given the potential liens that these four suppliers intended to place on the Property which would need to be cleared or bonded off (at a cost of 125% of the amount of the lien) in order to close the APSs, Oak Bay proposed that it would be more efficient to pay those four suppliers their pre-receivership amounts and continue using these four suppliers to complete their contracts. Oak Bay further argued that this strategy would have the added benefit of reducing the time to complete construction as a result of not having to source new suppliers for that work. The Receiver approved this course of action.
15. On or about March 10, 2015, Oak Bay submitted the condominium plans to the land registry office for examination and approval. Once the condominium plans are approved by the land registry office, mylars and documents will be submitted to the District for its review and signature after which the condominium plans will be submitted to the land

registry office for registration. The Receiver has been advised that the entire process should take between two to four weeks.

EOH CREDIT FACILITY

16. Pursuant to the Receivership Order, Oak Bay was permitted to borrow from EOH Realty Services Inc. ("EOH") up to \$1,200,000 for the purpose of funding the Mandate (the "EOH Credit Facility"). EOH is a company controlled by the spouse of the Applicant.
17. On November 13, 2014, EOH advanced \$1,000,000.00 to the Receiver. The Receiver further understands that pursuant to the Receivership Order, EOH advanced approximately \$35,080.73 directly to Industrial Commercial Bank of China (Canada) ("ICBK") and approximately \$132,116.03 to First Source Investment Corporation/Romspen Investment Corporation ("First Source/Romspen") in respect of loan arrears up to including November 1, 2014.
18. Pursuant to the Receivership Order, the EOH Credit Facility has a fixed charge over the Real Property which ranks behind i) the Receiver's Charge and the Receiver's Borrowing Charge (all terms as defined in the Receivership Order), ii) the security held by ICBK and First Source/Romspen, iii) any charges, mortgages, security interests, trusts, liens, construction liens, trust claims, and encumbrances that rank ahead of ICBK and/or First Source/Romspen, and iv) to the limited extent provided for in the Receivership Order, a collateral mortgage in favour of BDC (which charge was assigned to 2453340 Ontario Inc.) over the Units and certain of the Real Property.
19. The EOH Credit Facility is for a term that is the earlier of 18 months from the date of advance and the arrangement of construction financing for the townhouse units to be constructed on Blocks 1 and 2 on the Property. The facility accrues interest at 9.75% per annum, calculated monthly. No interim payments are due on the EOH Credit Facility.

UNIT PURCHASERS

20. By 26 separate letters dated November 20, 2014, the Receiver advised those parties who had entered into APSs with Oak Bay of the appointment of the Receiver and the

receivership Mandate. A sample copy of the letter to purchasers is attached hereto as **Appendix "B"**.

21. The Receiver has had numerous discussions with Unit purchasers concerning the Mandate, the progress of construction, the timing for closing of the APSs and the prospects for the balance of the development. Where applicable it has responded directly to those purchasers concerns or otherwise directed them to parties who were in a better position to answer their questions and address their concerns.
22. Subsequent to receipt of the Receiver's letter, the party that entered into the APS for unit #25 contacted the Receiver concerning his APS with Oak Bay. The purchaser advised the Receiver that the APS for unit #25 ("**Unit 25 APS**") was the result of a purported arrangement made in 2010 ("**2010 Arrangement**") with the former president of Oak Bay to satisfy unpaid amounts for work performed by the purchaser's company in connection with Oak Bay Golf Club Inc. ("**Oak Bay Golf**"), the corporation which constructed the golf course at the Property. Oak Bay Golf is subject to separate receivership proceedings commenced on the Receivership Date for which Ernst & Young Inc. was appointed by the Court as receiver. Management advised the Receiver that it was not aware of the 2010 Arrangement, nor were they aware that should the Unit 25 APS proceed to close, as a result of the 2010 Arrangement, there would be no cash proceeds paid to Oak Bay. By letter dated December 8, 2014, attached hereto as **Appendix "C"**, counsel for the Applicant wrote to counsel for the party that was the purported purchaser in the Unit 25 APS advising that the Unit 25 APS was voided and of no further force or effect.
23. By letter dated December 8, 2014, counsel for the party that entered into the APS for unit #29 ("**Unit 29 APS**") wrote to Oak Bay advising that his client was terminating the Unit 29 APS due to the failure by Oak Bay to complete the transaction by the "Outside Occupancy Date" of November 20, 2014 as provided for in the Unit 29 APS. The parties subsequently entered into a Mutual Release (with a carve-out for any claim by the purchaser for delayed occupancy compensation), attached hereto as **Appendix "D"**, and the purchaser's deposit that was being held by Oak Bay's real estate counsel was returned.

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24. By letter dated February 20, 2015, a copy of which is attached hereto as **Appendix "E"**, Harris, Sheaffer LLP ("**Harris Sheaffer**"), Oak Bay's real estate counsel, wrote to solicitors for the party that entered into the APS for unit #15 ("**Unit 15 APS**") advising that the purchaser was in default under the provisions of the Unit 15 APS due to its failure to close on the scheduled interim occupancy date of January 23, 2015. In accordance with the terms of the Unit 15 APS, the purchaser was given five days to remedy the default and complete the transaction.
25. On February 25, 2015, the purchaser sent an e-mail to the Receiver inquiring about the status of the Project and expressing his concerns about its future. On February 26, 2015, the Receiver responded to the purchaser and directed him to Oak Bay for a response to his concerns. Also on that date a representative of Eden Oak, the contractor for the Project, responded to the purchaser's concerns while also advising of the default letter of February 20, 2015. A copy of the e-mail correspondence between the purchaser, the Receiver and Eden Oak is attached hereto as **Appendix "F"**.
26. By letter dated March 2, 2015, attached hereto as **Appendix "G"**, Harris Sheaffer wrote to the purchaser's counsel advising that since the default in the Unit 15 APS had not been cured, Oak Bay was terminating the Unit 15 APS and retaining the purchaser's \$20,000 deposit as liquidated damages.
27. The Receiver intends to discuss with Management the strategy for realizing on Units 15, 25 and 29 and will advise the Court of that strategy in its next report.
28. As of the date of this First Report, 20 of the 23 Units that remain subject to APSs have closed on an interim occupancy basis. The remaining three units are scheduled to close on an interim basis on dates through March 2015.

PROCEEDS FROM THE SALE OF THE UNITS

29. The anticipated proceeds from the closing of the 23 Units that remain subject to APSs is \$4,497,725, inclusive of HST. In addition, a further \$61,600, inclusive of HST, is expected to be received from purchasers as a result of purchased upgrades.

30. As provided for in paragraph 4 the Receivership Order, following the closings of the APSs, the Receiver will make a motion to the Court for the purposes of advice and directions regarding the distribution of the proceeds of sale.

OTHER ACTIVITIES OF THE RECEIVER

31. In addition to the activities discussed above, the Receiver has undertaken the following:
- a) prepared and sent the Notice and Report of Receiver pursuant to Section 245 and 246(1) of the *Bankruptcy and Insolvency Act*;
 - b) responded to telephone inquiries and written correspondence from purchasers concerning, among other matters, the status of the receivership, the status of construction and timing for closing of the APSs;
 - c) contacted the insurance broker to have the Receiver added as named insured and loss payee to the insurance policy, and arranged for renewal of coverage;
 - d) held various discussions with representatives of Ernst & Young Inc., the receiver of Oak Bay Golf, concerning the status of the respective receiverships and coordination of certain matters;
 - e) responded to correspondence from various suppliers concerning the stay of proceedings and the Mandate;
 - f) reviewed and approved contracts for new suppliers entered into by Oak Bay;
 - g) held discussions and exchanged various correspondence with Harris Sheaffer in connection with the occupancy closings of various units and the registration of the Condo Villas as condominiums;
 - h) executed certain documents on behalf of Oak Bay in furtherance of the registration of the Condo Villas as condominiums;

- 12 -

- i) reviewed various documents concerning security interests, trusts, and construction liens (“**Encumbrances**”) associated with the Mandate and discussed those Encumbrances with counsel;
- j) responded to various information requests from representatives of ICBK and First Source/Romspen; and
- k) reviewed, approved and made disbursements in accordance with the Mandate.

LIENS REGISTERED AGAINST THE UNITS

Liens Registered Prior to the Receivership Date

32. Blaney McMurtry LLP (“**Blaneys**”), counsel for First Source/Romspen, advised the Receiver that their reviews of title and lien documents identified three liens registered prior to the Receivership Date on title to lands comprising the Units. Those three liens are as follows:

- i) C.C. Tatham & Associates Ltd. (“**Tatham**”)

Tatham was the engineer for the project and registered a lien in the amount of \$245,049.62 on December 20, 2013, as instrument number MT134558, and perfected the lien by commencing an action, issuing a certificate of action, and registering the certificate on January 31, 2014, as instrument number MT135666 (the “**Tatham Lien**”). A copy of the Tatham Lien is attached hereto as **Appendix “H”**.

- ii) Basecrete Inc. (“**Basecrete**”)

Basecrete supplied concrete and drain work for project. On December 16, 2013, Basecrete registered a claim for lien in the amount of \$90,799.56 as instrument MT134292, and perfected the lien by registering a certificate of action February 26, 2014 as instrument number MT136386 (the “**Basecrete Lien**”). A copy of the Basecrete Lien is attached hereto as **Appendix “I”**.

- 13 -

iii) Noble Corporation (“**Noble**”)

Noble supplied plumbing equipment and related materials for the project. On September 22, 2014, it registered a claim for lien in the amount of \$25,836.94 as instrument MT143911 and perfected the lien by registering a certificate of action on October 31, 2014 as instrument number MT145601 (the “**Noble Lien**”). A copy of the Noble Lien is attached hereto as **Appendix “J”**.

33. With respect to the Tatham Lien, Oak Bay provided the Receiver with Minutes of Settlement entered into between Tatham as Plaintiff and Oak Bay and the Corporation of the Township of Georgian Bay as Defendants dated April 30, 2014 (the “**Tatham Lien Settlement**”) wherein the parties agreed that Tatham had been paid \$50,109.92 by Oak Bay and Oak Bay acknowledged that it is further indebted to Tatham for \$202,448.62. The Tatham Lien Settlement, attached hereto as **Appendix “K”**, further provided as follows:

- i) payment of \$75,000.00 to Tatham upon the execution of the Tatham Lien Settlement (the “**Initial Payment**”);
- ii) upon registration and closing of any or all of the Condo Villas, payment of the balance of \$127,448.62 plus interest at 5% per annum from March 31, 2014 until payment plus nominal costs of \$2,500.00 (the “**Tatham Final Payment**”); and
- iii) the Tatham Final Payment will be made no later than July 15, 2014.

34. The Receiver has been advised by Management that the Initial Payment was made to Tatham as contemplated in the Tatham Lien Settlement. While the Tatham Final Payment was not made prior to July 15, 2014, Management advises that no further steps have been taken by Tatham and that they intend to discharge their lien upon receipt of the Tatham Final Payment.

35. The estimated amount of the Tatham Final Payment is \$135,790.02 which includes interest to February 28, 2015.

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36. With respect to the Basecrete Lien, Oak Bay provided the Receiver with Minutes of Settlement entered into between Basecrete as Plaintiff and Oak Bay and Oak Bay Golf as Defendants dated May 27, 2014 (the "**Basecrete Lien Settlement**") wherein the parties acknowledged that the Defendants were indebted to Basecrete for \$90,799.56. The Basecrete Lien Settlement, attached hereto as **Appendix "L"**, provided for the payment of \$45,049.56 upon execution of the Basecrete Lien Settlement with the balance of \$45,749.80 payable upon registration and closing of the Condo Villas (the "**Basecrete Final Payment**"), which was contemplated to occur during the month of June 2014. In addition, Basecrete would take no further steps with respect to the Basecrete Lien until July 15, 2014.
37. The Receiver has been advised by Management that substantially all of the work performed by Basecrete relates to the Condo Villas. Management further advises that while the initial payment of \$45,049.56 was made to Basecrete upon execution of the Basecrete Lien Settlement, notwithstanding that the registration and closings of the Condo Villas did not occur by the time frames contemplated in the Basecrete Lien Settlement, Basecrete has not taken any further action with respect to the Basecrete Lien and intends to discharge its lien upon receipt of the Basecrete Final Payment.
38. The Receiver has sought the advice of Blaneys concerning the validity of the Tatham Lien, the Basecrete Lien and the Noble Lien.
39. In the case of the Tatham Lien and the Basecrete Lien, Blaneys advises that both liens were properly registered and perfected but neither sought priority over the mortgages registered on title. However, in order for clear title to be conveyed on closing, these two liens must be cleared. Accordingly, the Receiver intends to pay the Tatham Final Payment (approximately \$135,790.02) and Basecrete Final Payment (\$45,749.80) prior to the closings.
40. In case of the Noble Lien, Blaneys advises that the appropriateness of the lien is unclear; however, there is not sufficient time to adjudicate the Noble Lien in advance of the closings of the APSs and vacate the lien and certificate. Accordingly, prior to the closings of the APSs, the Receiver intends to post security into court representing 125% of the

Noble Lien, or \$32,296.18 in order for clear title to be conveyed to the purchasers of the Units.

Liens Registered After the Receivership Date

41. On November 27, 2014, E-M Air Systems Inc., a supplier of HVAC services and materials, registered two Claims for Lien against Oak Bay totaling \$65,118.00 as instrument numbers MT146631 and MT146632 (collectively, the “**E-M Lien Claims**”). On December 23, 2014, actions were commenced in relation to the E-M Lien Claims and the Certificates of Action were registered on January 6, 2015. Copies of the E-M Lien Claims are attached hereto as **Appendix “M”**.
42. Management has advised the Receiver that while they dispute the appropriateness of the E-M Lien Claims, there is not sufficient time in advance of the impending final closings of the APSs to bring a motion to discharge the liens and vacate the E-M Lien Claims and certificates. Accordingly, the Receiver proposes at the appropriate time in advance of the closings of the APSs to post security into court in the amount of \$81,397.50, being the full amount of the E-M Lien Claims (\$65,118.00) plus 25% for costs (\$16,279.50).

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

43. Attached hereto as **Appendix “N”** is the Receiver’s Interim Statement of Receipts and Disbursements for the period November 12, 2014 to February 27, 2015 (the “**R&D**”). The R&D indicates that the Receiver has \$303,363.59 of cash on hand.
44. The Receiver is seeking the Court’s approval of the R&D.

PROJECTED USE OF THE FUNDS IN THE RECEIVER’S ACCOUNT

45. Attached hereto as **Appendix “O”** is the Receiver’s projected future disbursements as of February 13, 2015 (the “**Projected Disbursements**”) which estimates remaining disbursement of approximately \$651,174 to March 15, 2015. The Projected Disbursements assume that the Condo Villas will be registered by the District by March 15, 2015 and the APSs will close shortly thereafter.

- 16 -

46. Given that the Receiver has cash on hand as of February 27, 2015 of \$316,316, the Receiver is projecting a cash shortfall of approximately \$348,000.
47. In order to fund the projected cash shortfall, EOH has advised the Receiver that it is prepared to increase the amount available under the EOH Credit Facility to \$1,550,000.00, subject to the Court approving the increase on the same terms and conditions and priority as provided for in the Receivership Order. Accordingly, the Receiver is seeking an Order authorizing and empowering Oak Bay to borrow up to the \$1,550,000 from EOH in order that it can properly carry out the Mandate.

STATEMENTS OF ACCOUNT OF THE RECEIVER

48. The Receiver's fees for services rendered for the period November 12, 2014 to February 13, 2015 in respect of its activities as Receiver are particularized in the Affidavit of Hartley Bricks sworn February 23, 2015 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$84,876.57, inclusive of HST ("**Receiver Fees**").
49. The Receiver is seeking this Honourable Court's approval of its activities to the date of this Report and the Receiver Fees.

RECEIVER'S REQUEST TO THE COURT

50. The Receiver is respectively seeking an order:
 - i) approving this First Report and the actions and activities of the Receiver from November 12, 2014 to the date of this Report;
 - ii) approving the R&D;
 - iii) increasing the limit that Oak Bay is permitted to borrow from EOH under the EOH Credit Facility to \$1,550,000; and
 - iv) approving the Receiver Fees.

- 17 -

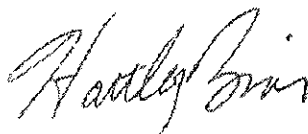
All of which is respectfully submitted to this Honourable Court.

DATED this 11th day of March, 2015.

Deloitte Restructuring Inc.
in its capacity as Receiver of certain assets
of Oak Bay Developments Inc.
and not in its personal capacity



Paul M Casey, CPA, CA, CIRP
Senior Vice-President



Hartley Bricks, MBA, CPA, CA, CIRP
Vice President

APPENDIX C



Court File No. CV-14-10703-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

THE HONOURABLE
JUSTICE *R. H. H. H.*

)
)
)

FRIDAY, THE 27th DAY
OF MARCH, 2015

BETWEEN:

ROMAS KARTAVICIUS

Applicant

- and -

OAK BAY DEVELOPMENTS INC. and OAK BAY GOLF CLUB INC.

Respondents

ORDER

THIS MOTION made by Deloitte Restructuring Inc., in its capacity as Receiver of all of the current and future assets, undertakings and properties of Oak Bay Developments Inc. (the “**Debtor**”) acquired for, or used in relation to 26 residential units (the “**Units**”) of The Residences of Oak Bay Golf and Country Club (collectively, the “**Property**”) for the limited purpose of administering the completion of the construction of the Units currently subject to agreements of purchase and sale with third parties (the “**APSS**”) in order to allow the Debtor to close the sale of the Units (in that capacity, the “**Receiver**”), for an Order (i) abridging the time

- 2 -

for service of the notice of motion and motion record herein, (ii) approving the First Report of the Receiver dated March 11, 2015 (the "**First Report**") and the activities described therein. (iii) vacating the claim for lien and the related certificate of action of Noble Corporation (the "**Noble Lien**") and the two claims for lien and the related certificates of action of E-M Air Systems Inc. (collectively, the "**E-M Air Liens**"), (iv) granting leave to bring the within motion to vacate the claims for lien and certificates of action in Toronto, (v) approving and accepting the Receiver's Interim Statements of Receipts and Disbursements for the period from November 12, 2014 to February 27, 2015, (vi) amending the Order of Justice Wilton-Siegel made November 12, 2014, appointing the Receiver (the "**Appointment Order**") so as to increase to \$1,550,000.00 the amount the Debtor is authorized to borrow under the EOH Credit Facility (as defined in the Notice of Motion) (vii) in the alternative, amending the Appointment Order to increase the Receiver's borrowing limit under the Appointment Order from \$125,000.00, to \$475,000.00, and (viii) approving the fees and disbursements for services rendered by the Receiver for the period up to February 23, 2015, was heard this day at Toronto.

ON READING the Receiver's Motion Record dated March 16, 2015, the First Report, the affidavit of Hartley Bricks sworn February 23, 2015, it appearing that a ^{bank draft} ~~certified cheque~~ in the amount of \$32,296.18 has been deposited with the Accountant of this Honourable Court as account No. 535 651 as security for the Noble Lien registered as instrument numbers MT143911 (claim for lien) and MT145601 (certificate of action), it appearing that a ^{bank} ~~certified~~ ^{draft} ~~cheque~~ in the amount of \$27,132.50 has been deposited with the Accountant of this Honourable Court as account No. 535 649 as security for the E-M Air Lien registered as instrument numbers MT146631 (claim for lien) and MT147955 (certificate of action), it appearing that a

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* bank draft *
certified cheque in the amount of \$54,265.00 has been deposited with the Accountant of this Honourable Court as account No. 535 650 * as security for the E-M Air Lien registered as instrument numbers MT146632 (claim for lien) and MT147954 (certificate of action), and upon hearing the submissions of counsel for the Receiver * First Service and Rompney * and counsel for the Applicant, no one else appearing,

1. **THIS COURT ORDERS** that the time for service of the Receiver's Notice of Motion returnable March 27, 2015 (the "NOM"), and related motion material filed in support of that NOM (the "Motion Material") be and is hereby abridged, that service of the NOM and Motion Material is hereby validated, and that further service thereof is hereby dispensed with.

2. **THIS COURT ORDERS** that the First Report dated March 11, 2014, and the actions of the Receiver and its counsel described therein be and are hereby approved.

3. **THIS COURT ORDERS** that leave be and same is hereby granted to the Receiver to bring in Toronto that part of the within motion to vacate the Noble Lien and the E-M Air Liens.

4. **THIS COURT ORDERS** that the registration of the Claim for Lien of Noble Corporation registered on September 22, 2014 in the Land Registry Office for the Land Titles Division of Muskoka (No. 35) as instrument No. MT143911 against title to the lands and premises more particularly described in Schedule "A" attached hereto, be vacated.

5. **THIS COURT ORDERS** that the registration of the Certificate of Action of Noble Corporation, registered on October 31, 2014 in the Land Registry Office for the Land Titles Division of Muskoka (No. 35) as instrument No. MT145601 against title to the lands and premises more particularly described in Schedule "A" attached hereto, be vacated.

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6. **THIS COURT ORDERS** that the registration of the Claim for Lien of E-M Air Systems Inc. registered on November 7, 2014 in the Land Registry Office for the Land Titles Division of Muskoka (No. 35) as instrument No. MT146631 against title to the lands and premises more particularly described in Schedule "B" attached hereto, be vacated.

7. **THIS COURT ORDERS** that the registration of the Certificate of Action of E-M Air Systems Inc. registered on January 6, 2015 in the Land Registry Office for the Land Titles Division of Muskoka (No. 35) as instrument No. MT147955. against title to the lands and premises more particularly described in Schedule "B" attached hereto, be vacated.

8. **THIS COURT ORDERS** that the registration of the Claim for Lien of E-M Air Systems Inc. registered on November 7, 2014 in the Land Registry Office for the Land Titles Division of Muskoka (No. 35) as instrument No. MT146632 against title to the lands and premises more particularly described in Schedule "C" attached hereto, be vacated.

9. **THIS COURT ORDERS** that the registration of the Certificate of Action of E-M Air Systems Inc. registered on January 6, 2015 in the Land Registry Office for the Land Titles Division of Muskoka (No. 35) as instrument No. MT147954. against title to the lands and premises more particularly described in Schedule "C" attached hereto, be vacated.

10. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements for the period from November 12, 2014 to February 27, 2015 as set out at Appendix "N" of the Receiver's First Report, be and is hereby accepted and approved.

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11. **THIS COURT ORDERS** that paragraph 20 of the Appointment Order and the Commitment Letter (as defined in the Appointment Order and attached as Schedule "C" thereto) be and are hereby amended so as to increase from \$1,200,000.00 to \$1,550,000.00 the amount the Debtor is authorized to obtain and borrow under the EOH Credit Facility (as defined in the Appointment Order) for the sole purpose of funding the Mandate (as defined in the Appointment Order), and so as to actually increase the EOH Credit Facility by \$350,000.00, with the increased EOH Credit Facility being on the exact same terms and conditions set out in the Commitment Letter (as amended herein) for that Facility and with the security and priority of the increase in the EOH Credit Facility being as provided for in paragraphs 23 and 24 in the Appointment Order.

12. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period up to February 13, 2015, be and are hereby approved.

13. **THIS COURT ORDERS** that the Land Registrar accept the registration of this Order as an Application to Amend and not record it as a discharge of lien against the abstract of title of the lands and premises described herein.

14. **THIS COURT ORDERS** that a copy of this order shall be served on Noble Corporation and on E-M Air Systems Inc. forthwith after entry.



ENTERED AT / INSCRIT A TORONTO
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MAR 27 2015

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- 6 -

Schedule "A"

PIN 48018-0648 (LT), LRO #35

PT LT 31 CON 2 BAXTER PT 13 ON 35R23499; T/W EASEMENT OVER PT LT 32 CON 2 BAXTER PT 28, 29 & 31 ON 35R22502 AS IN MT46055; T/W WASEMENT OVER PT 27 & 39 ON 35R22329 AS IN MT59586; S/T EASEMENT OVER PAT 17 ON 35R23857 AS IN MT113239;; SUBJECT TO AN EASEMENT IN GROSS OVER PT 17 ON 35R23857 AS IN MT113203; SUBJECT TO AN EASEMENT IN GROSS OVER PT 17 ON 35R23857 AS IN MT113266; SUBJECT TO AN EASEMENT IN GROSS OVER PT 17 ON 35R23857 AS IN MT113271; TOWNSHIP OF GEORGIAN BAY

PIN 48018-0700 (LT), LRO #35

BLOCK 1, PLAN 35M728; SUBJECT OT AN EASEMENT AS IN MT113202; SUBJECT TO AN EASEMENT AS IN MT113238; SUBJECT TO AN EASEMENT AS IN MT113265; SUBJECT TO AN EASEMENT AS IN MT113270; TOGETHER WITH AN EASEMENT AS IN MT46055; TOGETHER WITH AN EASEMENT AS IN MT59588; TOWNSHIP OF GEORGIAN BAY

PIN 48018-0665 (LT), LRO #35

BLOCK 8, PLAN 35M725 S/T EASEMENT OVER PT 8, 9, 11 & 12 ON 35R23857 AS IN MT113238; TOGETHER WITH AN EASEMENT AS IN MT46055; TOGETHER WITH AN EASEMENT AS IN MT595586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 8 – 13, ON 35R23857 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 8, 9, 11& 12 ON 35R23857 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 8, 9, 11& 12 ON 35R23857 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY

PIN 48018-0701 (LT), LRO #35

BLOCK 2, PLAN 35M728; SUBJECT TO AN EASEMENT AS IN MT113202; SUBJECT TO AN EASEMENT AS IN MT113238; SUBJECT TO AN EASEMENT AS IN MT113265; SUBJECT TO AN EASEMENT AS IN MT113270; SUBJECT TO AN EASEMENT AS IN MT119980; SUBJECT TO AN EASEMENT AS IN MT120638; TOGETHER WITH AN EASEMENT AS IN MT46055; TOGETHER WITH AN EASEMENT AS IN MT59586; TOWNSHIP OF GEORGIAN BAY

- 7 -

Schedule "B"

PIN 48018-0665 (LT), LRO #35

BLOCK 8, PLAN 35M725 S/T EASEMENT OVER PT 8, 9, 11 & 12 ON 35R23857 AS IN MT113238; TOGETHER WITH AN EASEMENT AS IN MT46055; TOGETHER WITH AN EASEMENT AS IN MT595586; SUBJECT TO AN EASEMENT IN GROSS OVER PT 8 – 13, ON 35R23857 AS IN MT113202; SUBJECT TO AN EASEMENT IN GROSS OVER PT 8, 9, 11& 12 ON 35R23857 AS IN MT113265; SUBJECT TO AN EASEMENT IN GROSS OVER PT 8, 9, 11& 12 ON 35R23857 AS IN MT113270; TOWNSHIP OF GEORGIAN BAY

- 8 -

Schedule "C"

PIN 48018-0700 (LT), LRO #35

BLOCK 1, PLAN 35M728; SUBJECT OT AN EASEMENT AS IN MT113202; SUBJECT TO AN EASEMENT AS IN MT113238; SUBJECT TO AN EASEMENT AS IN MT113265; SUBJECT TO AN EASEMENT AS IN MT113270; TOGETHER WITH AN EASEMENT AS IN MT46055; TOGETHER WITH AN EASEMENT AS IN MT59588; TOWNSHIP OF GEORGIAN BAY

ROMAS KARTAVICIUS

and

Court File No. CV-14-10703-00CL
OAK BAY DEVELOPMENTS INC. AND OAK BAY GOLF CLUB INC.

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceeding Commenced at **TORONTO**

ORDER

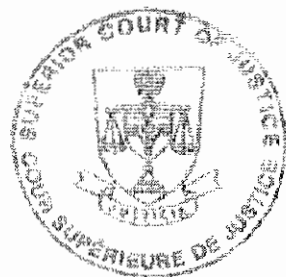
BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto, Ontario, M5C 3G5

Eric Golden (LSUC # 38239M)
Chad Kopach (LSUC # 48084G)

(416) 593-1221 (Tel)
(416) 593-5437 (Fax)

Lawyers for Deloitte Restructuring Inc., in its capacity as court appointed receiver of Oak Bay Developments Inc., and for Romspen Investment Corporation.

APPENDIX D



Court File No. CV-14-10703-00CL

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

IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1)
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C 1985, c.B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C43, AS
AMENDED

THE HONOURABLE)
JUSTICE **NOAD HEIMER**)

FRIDAY THE 8TH
DAY OF MAY, 2015

ROMAS KARTAVICIUS

Applicant

- and -

OAK BAY DEVELOPMENTS INC. and OAK BAY GOLF CLUB INC.

Respondents

ORDER

THIS MOTION made by the applicant for an order vacating the registration on title to certain lands of a previous court order made in this proceeding, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the consent of the court-appointed receiver, Deloitte Restructuring Inc., and of EOH Realty Services Inc. and on hearing the submissions of counsel for the applicant,

1. **THIS COURT ORDERS** that the registration of the order of the Honourable Justice Wilton-Siegel dated November 12, 2014 registered on November 24, 2014 in the Land Registry Office for the Land Titles Division of Muskoka District (#35) as Instrument No.

- 2 -

MT146456 against the lands and premises described in schedule A hereto be, and the same is hereby, vacated and the Land Registrar is hereby ordered to delete Instrument No. MT146456 from the lands and premises described in schedule A hereto.



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

MAY - 8 2015

NB

Schedule A

| Properties | |
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|--------------------|---|
| <i>PIN</i> | 48879 - 0001 LT |
| <i>Description</i> | UNIT 1, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0004 LT |
| <i>Description</i> | UNIT 4, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0005 LT |
| <i>Description</i> | UNIT 5, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0006 LT |
| <i>Description</i> | UNIT 6, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0007 LT |
| <i>Description</i> | UNIT 7, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0008 LT |
| <i>Description</i> | UNIT 8, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0009 LT |
| <i>Description</i> | UNIT 9, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0010 LT |
| <i>Description</i> | UNIT 10, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0011 LT |
| <i>Description</i> | UNIT 11, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0012 LT |
| <i>Description</i> | UNIT 12, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0013 LT |
| <i>Description</i> | UNIT 13, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |

| Properties | |
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| <i>PIN</i> | 48879 - 0016 LT |
| <i>Description</i> | UNIT 16, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0017 LT |
| <i>Description</i> | UNIT 17, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0019 LT |
| <i>Description</i> | UNIT 19, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0021 LT |
| <i>Description</i> | UNIT 21, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0022 LT |
| <i>Description</i> | UNIT 22, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0023 LT |
| <i>Description</i> | UNIT 23, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0024 LT |
| <i>Description</i> | UNIT 24, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0026 LT |
| <i>Description</i> | UNIT 26, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0027 LT |
| <i>Description</i> | UNIT 27, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0028 LT |
| <i>Description</i> | UNIT 28, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0030 LT |
| <i>Description</i> | UNIT 30, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0031 LT |
| <i>Description</i> | UNIT 31, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |

ROMAS KARTAVICIUS
Applicant

-and-

OAK BAY DEVELOPMENTS INC. ET AL.
Respondents

Court File No. CV-14-10703-00CL

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

IN THE MATTER OF AN APPLICATION UNDER
SUBSECTION 243 (1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C 1985, c.B-3, AS AMENDED, AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990, c.C43, AS AMENDED

PROCEEDING COMMENCED AT TORONTO

ORDER

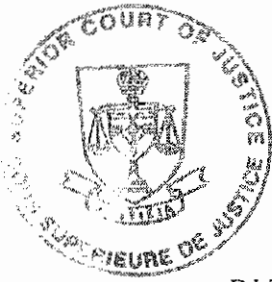
**CHANG ADVOCACY
PROFESSIONAL CORPORATION**

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Lawyers for the Applicant

APPENDIX E



Court File No. CV-14-10703-00CL

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

IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1)
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C 1985, c.B-3, AS AMENDED,
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C43, AS
AMENDED

THE HONOURABLE *ME*)
JUSTICE *T. McEwen*)

WEDNESDAY THE 13TH
DAY OF MAY, 2015

ROMAS KARTAVICIUS

Applicant

- and -

OAK BAY DEVELOPMENTS INC. and OAK BAY GOLF CLUB INC.

Respondents

ORDER

THIS MOTION made by the applicant for an order amending the order of the Honourable Justice Nordheimer dated May 8, 2015 made in this proceeding, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the consent of the court-appointed receiver, Deloitte Restructuring Inc., and of EOH Realty Services Inc. and on hearing the submissions of counsel for the applicant,

1. **THIS COURT ORDERS** that the order of the Honourable Justice Nordheimer dated May 8, 2015 made in this proceeding be, and the same is hereby, amended *nunc pro tunc* by substituting schedule A to the said order with schedule A hereto.

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

MAY 13 2015

NB

[Signature]

Schedule A

| Properties | |
|--------------------|---|
| <i>PIN</i> | 48879 - 0001 LT |
| <i>Description</i> | UNIT 1, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0004 LT |
| <i>Description</i> | UNIT 4, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0005 LT |
| <i>Description</i> | UNIT 5, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0006 LT |
| <i>Description</i> | UNIT 6, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0007 LT |
| <i>Description</i> | UNIT 7, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0008 LT |
| <i>Description</i> | UNIT 8, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0009 LT |
| <i>Description</i> | UNIT 9, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0010 LT |
| <i>Description</i> | UNIT 10, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0011 LT |
| <i>Description</i> | UNIT 11, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0012 LT |
| <i>Description</i> | UNIT 12, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0014 LT |
| <i>Description</i> | UNIT 14, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |

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|-------------------|
| Properties |
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| | |
|--------------------|---|
| <i>PIN</i> | 48879 - 0016 LT |
| <i>Description</i> | UNIT 16, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST, SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0017 LT |
| <i>Description</i> | UNIT 17, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0019 LT |
| <i>Description</i> | UNIT 19, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0021 LT |
| <i>Description</i> | UNIT 21, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0022 LT |
| <i>Description</i> | UNIT 22, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0023 LT |
| <i>Description</i> | UNIT 23, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0024 LT |
| <i>Description</i> | UNIT 24, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0026 LT |
| <i>Description</i> | UNIT 26, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0027 LT |
| <i>Description</i> | UNIT 27, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0028 LT |
| <i>Description</i> | UNIT 28, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |
| <i>PIN</i> | 48879 - 0029 LT |
| <i>Description</i> | UNIT 29, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY |
| <i>Address</i> | PORT SEVERN |

Properties

PIN 48879 - 0031 LT
Description UNIT 31, LEVEL 1, MUSKOKA STANDARD CONDOMINIUM PLAN NO. 79 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN MT150900; TOWNSHIP OF GEORGIAN BAY
Address PORT SEVERN

ROMAS KARTAVICIUS
Applicant

-and-

OAK BAY DEVELOPMENTS INC. ET AL.
Respondents

Court File No. CV-14-10703-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER
SUBSECTION 243 (1) OF THE *BANKRUPTCY AND*
INSOLVENCY ACT, R.S.C 1985, c.B-3, AS AMENDED, AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990, c.C43, AS AMENDED

PROCEEDING COMMENCED AT TORONTO

ORDER

**CHANG ADVOCACY
PROFESSIONAL CORPORATION**

Barristers
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Charles C. Chang (LSUC #45355D)
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Email: cchang@changadvocacy.com

Lawyers for the Applicant

APPENDIX F

Oak Bay Developments Inc.
Receiver's Interim Statement of Receipts and Disbursement
for the Period November 12, 2014 to May 28, 2015

| | <u>As at May 28</u> | |
|--|-------------------------------|-----------|
| <u>Receipts</u> | | |
| Proceeds from Closing of Unit Sales | \$ 4,305,645.44 | Notes (1) |
| Funding from EOH Realty Services | 1,350,000.00 | |
| Condo fees re Interim Occupancy Agreements | 85,062.51 | (2) |
| Proceeds from insurance claim | 15,849.05 | (3) |
| Miscellaneous refunds | 1,575.39 | |
| | <u>\$ 5,758,132.39</u> | |
| <u>Disbursements</u> | | |
| Trade suppliers - lien claims | \$ 353,740.40 | (4) |
| Trade suppliers - new work | 434,285.89 | (5) |
| Lien settlement payments | 182,290.46 | (6) |
| Bonded off lien claims | 113,693.68 | (7) |
| Receiver fees | 144,571.08 | (8) |
| Payroll | 150,954.96 | (9) |
| Delayed Occupancy Compensation Payments | 37,500.00 | (10) |
| Surveyor fees | 18,490.15 | |
| Insurance | 16,627.68 | |
| Utilities | 22,342.40 | |
| Real estate legal fees | 53,380.64 | |
| Purchaser refund/reimbursements | 8,434.34 | |
| Property taxes | 2,025.05 | |
| Filing fees | 70.00 | |
| Bank charges | 90.00 | |
| | <u>\$ 1,538,496.73</u> | |
| Cash Balance | <u>\$ 4,219,635.66</u> | |

Notes:

- (1) Includes proceeds received from Harris Sheaffer LLP from the closing of 22 units. Amount has been grossed up for Harris Sheaffer fees that were deducted from net proceeds remitted.
- (2) Includes Occupancy Fees from September 2014 through April 2015 for purchasers in occupancy of their units prior to final closings in May.
- (3) Reflects proceeds received from Northbridge Insurance as a result of an insurance claim for damages from a fire in Unit 21. Proceeds are net of a \$10,000 deductible.
- (4) Includes amounts paid to four suppliers (Gavina Trim Carpentry Ltd. - \$79,869.56; Madera Building & Renovations Inc. - \$5,686.73; Masova Painting Corp. - \$48,100.28; Nelmar Drywall Company Limited - \$220,083.83) who were within their rights and threatened to lien the project as of the date of the receivership if their pre-receivership amounts were not paid. Should the amounts had not been paid, the Receiver had been advised that to remove the liens in order to provide clear title on closing, an amount equal to the amount of each lien plus 25% up to \$50,000 plus an amount for legal costs would have had to be posted as security to vacate the liens.
- (5) Reflects amounts paid to C.C. Tatham (\$136,540.66) and Basecrete (\$45,749.80) in settlement of their construction lien claims. The claims have been removed from title to the condo villas.
- (6) Reflects amounts paid to new suppliers for work performed since the commencement of the receivership.
- (7) Reflects amounts paid into court to bond off the lien claims of E-M Air (2 liens totalling \$81,397.50, which includes the 25% provision for costs) and Noble Corporation (\$25,836.94 plus 25% for costs).
- (8) Reflects payment of the Receivers Invoices 1 through 5 for the period up to May 8, 2015.
- (9) Represents payroll for five Oak Bay staff for work since the date of the Receivership Order. The staff are actually employed by Romal Management Inc. who pays the employees and the Receiver reimburses Romal. Subsequent to the first disbursement, one staff has been laid off and another has had her hours reduced resulting in bi-weekly payrolls of approximately \$12,900 including WSIB. Reimbursements have thus far been made up to March 31, 2015.
- (10) Includes five Delayed Occupancy Payments of \$7,500 each made to purchasers who submitted claims prior to the receivership. The payments were made to avoid chargeable conciliations applied to the Oak Bay's record, avoid the fees involved in resolving chargeable conciliations and as a gesture to those purchasers to facilitate completion of the sale of the unit.

APPENDIX G

Oak Bay Developments Inc.
Projected Future Receipts/Disbursements to Complete Mandate

| <u>Receipts</u> | | <u>Notes</u> |
|--|-------------------------------|--------------|
| Estimated proceeds from closing of Unit 21 | \$ 174,000.00 | (1) |
| Release of deposit from termination of APS for Unit 15 | 20,000.00 | (2) |
| Receipt of excess deposits not required for Tarion warranty purposes | TBD | (3) |
| | <u>\$ 194,000.00</u> | |
| | | |
| <u>Disbursements</u> | | |
| HST Collected on Closings to be Remitted | \$ (365,742.82) | (4) |
| Construction costs to complete units (including fire damage) | (40,000.00) | (5) |
| Costs to complete Unit 25 | (38,000.00) | (6) |
| Costs for completing landscaping of site | (34,000.00) | (7) |
| Warranty reserve | (46,000.00) | (8) |
| Site payroll (April & May 2015) | (66,000.00) | (9) |
| Receiver fees | (50,000.00) | (10) |
| Legal fees | (45,000.00) | (11) |
| Miscellaneous reserve | (15,000.00) | |
| | <u>\$ (699,742.82)</u> | |
| | | |
| Net of Estimated Future Receipts less Disbursements | <u>\$ (505,742.82)</u> | |

Notes:

- (1) Unit 21 experienced a fire in February 2015 causing damage to the unit. The insurer confirmed coverage and the cost of repairs was estimated at \$25,849. The Receiver received an payment of \$15,849 from the insurer, which is the claim amount net of the \$10,000 deductible. Repairs are scheduled to be completed by the end of May or early June after which the APS will be in a position to close.
- (2) Harris Sheaffer is also holding the \$20,000 deposit from the terminated sale of Unit 15 (the "Unit 15 Deposit"), which amount was retained as liquidated damages as a result of the purchaser's failure to close. Harris Sheaffer has advised that it will require an order of the Court in order to release the \$20,000 to the Receiver. Accordingly, in its motion schedule for June 12, the Receiver will be seeking an order releasing the Unit 15 Deposit to the Receiver.
- (3) With respect to the 23 units, Harris Sheaffer is holding deposits totalling \$460,000. As per Harris Sheaffer, these deposits are subject to a Deposit Trust Agreement with Tarion to support any warranty claims made against Tarion. Oak Bay is in discussions with Tarion to obtain a release of a substantial portion of these deposits. The current timing for release or the amount that Tarion will be permitted to be released is not known at this time.
- (4) Upon the closings of the APS for the 23 units, the Receiver has (or will in the case of Unit 21) collected HST totalling \$365,742 net of rebates. This amount will be remitted to CRA with Oak Bay's regular HST filings. This remittance does not reflect any offset of ITC's to be claimed.
- (5) Represents an estimate of work completed for which an invoice has yet to be received and costs yet to be incurred to complete the repairs of Unit 21.
- (6) Estimated costs to complete the construction of Unit 25 which is now subject to an APS scheduled to close in August 2015.
- (7) Represents an estimate (as per the Condominium Site Plan Agreement) of landscaping work to be completed relating to the condo villa lands.
- (8) Represents an estimate of deficiency claims (\$2,000 per unit) to be incurred after closing that are the responsibility of the builder to correct. This reserve is separate from the funds being held by Tarion as security in the event warrantable repairs are not completed by Oak Bay.
- (9) Represents estimated site payroll for April and May 2015. No reserve has been included for site payroll beyond the end of May 2015.
- (10) Amount reflects an estimate to complete the receivership mandate.
- (11) Represents the estimated real estate legal fees to close unit 21, legal fees in connection with an independent legal opinion on the validity of security, and legal fees to be incurred by the Receiver in connection with its distribution motion.

ROMAS KARTAVICIUS

and

Court File No. CV-14-10703-00CL
**OAK BAY DEVELOPMENTS INC. AND OAK BAY GOLF
CLUB INC.**

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceeding Commenced at **TORONTO**

**MOTION RECORD
(Returnable on June 12, 2015)
(Volume 1 of 2)**

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Lawyers for Deloitte Restructuring Inc., in its capacity
as court appointed receiver of Oak Bay Developments
Inc.