

APPENDIX "B"

Court File No. CV-11-9456-00CL

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

BETWEEN:

FIRM CAPITAL MORTGAGE FUND INC.

Applicant

- and -

2012241 ONTARIO LIMITED

Respondent

**FIRST REPORT OF THE RECEIVER
DATED JUNE 18, 2012**

INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (the "Court") dated May 10, 2012, as well as an amended and restated receivership Order also dated May 10, 2012 (collectively, the "Appointment Orders"), Deloitte & Touche Inc. ("Deloitte") was appointed as the receiver (the "Receiver") of all of the assets, undertakings and properties of 2012241 Ontario Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including but not limited to the municipal property known as 50 Sunny Meadow Boulevard in Brampton, Ontario (the "Property", or the "Project"). Copies of the Appointment Orders are attached hereto as Appendix "A".
2. As set out in the Appointment Orders, Deloitte was appointed as substituted Receiver, replacing Ira Smith Trustee & Receiver Inc. (the "Former Receiver").
3. The Appointment Orders authorized the Receiver to, among other things, take possession of, and exercise control over the Property and any and all proceeds, receipts and disbursements, arising out of or from the Property. In addition, the Receiver was authorized to sell, convey, transfer, lease or assign the Property or any part thereof out of the ordinary course:

- (a) without the approval of the Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$150,000; and
 - (b) with the approval of the Court in respect of any transaction in which the purchase price exceeds \$50,000 or exceeds \$150,000 in the aggregate.
4. The Receiver issued a Notice and Statement of the Receiver pursuant to subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (Canada).
5. The Appointment Orders, together with related Court documents and additional Orders, and the Notice and Statement of the Receiver have been posted on the Receiver's website at www.deloitte.com/ca/SunnyMeadow.
6. The purpose of this first report of the Receiver (the "First Report") is to:
- (a) provide this Court with a description of the Property; and
 - (b) provide the Court with the evidentiary basis to make an Order:
 - (i) approving the activities of the Receiver as described in the First Report;
 - (ii) terminating the agreements of purchase and sale, leases and occupation with respect to the Property which were entered into prior to the date of the Appointment Orders;
 - (iii) lifting the existing sealed restriction with respect to the Lebow Appraisal Report as defined later in the First Report to allow review of same by the Applicant; and
 - (iv) approving the marketing plan proposed by the Receiver for the sale of the Property.

TERMS OF REFERENCE

7. In preparing the First Report and making the comments contained herein, Deloitte has been provided with and has relied upon unaudited financial information, the Debtor's books and records obtained by the Former Receiver, and certain other information prepared by the Former Receiver. Deloitte has not audited, reviewed, or otherwise attempted to verify the accuracy or

completeness of the information and, accordingly, Deloitte expresses no opinion or other form of assurance on the information contained in the First Report.

8. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.
9. Capitalized terms not otherwise defined in this First Report are as defined in the Appointment Orders.

BACKGROUND

10. As set out later in the First Report, the Project consists of sixty-four (64) units and has not yet been registered as a condominium corporation. The building is comprised of approximately 54,700 square feet on two acres of land located near the Brampton Civic Hospital, and was marketed by the Debtor as a medical and professional office building.
11. Consistent with the Fourth Report of the Former Receiver, a significant amount of information and records of the Company and its financial affairs are missing or incomplete.
12. According to the Former Receiver, the Debtor did not have any employees. However, in correspondence with representatives of the Canada Revenue Agency ("CRA"), the Receiver was informed that the Debtor has a registered payroll tax account number. The Receiver has not received any communications from parties purporting to be former employees of the Debtor.

TAKING POSSESSION, SAFEGUARDING ASSETS, AND CERTAIN OTHER MATTERS

13. The Receiver has undertaken the following activities in accordance with the terms of the Appointment Orders:
 - (a) met with representatives of the Former Receiver to obtain its books and records with respect to this receivership administration, and discussed the lack of information made available to the Former Receiver by the Debtor;
 - (b) provided notice of the Receiver's appointment to Nacora Insurance Brokers Ltd. ("Nacora"), who arranged for the insurance coverage of the Former Receiver based on an annual premium of \$111,950 before applicable taxes, and arranged to have the Receiver be added as loss payee and additional named insured on the existing policy;

- (c) made arrangements with Condor Security Inc. ("**Condor**"), the security company previously engaged by the Former Receiver, to continue providing services at the Property until it was terminated by the Receiver as described later in the First Report;
- (d) attended at the Property with the Former Receiver to review the Property;
- (e) obtained the sets of keys to the Property from the Former Receiver and the former property manager;
- (f) entered into a property management services agreement with Firm Capital Properties Inc. (the "**Property Manager**"), a copy of which is attached hereto as Appendix "**B**";
- (g) prepared a letter to tenants and occupants notifying them of the Receiver's appointment and providing contact information of the Property Manager;
- (h) made arrangements to be added to the Property Manager's insurance policy which has an annual premium of \$12,000 plus applicable sales taxes, resulting in significant cost savings;
- (i) requested the termination of the insurance coverage with Nacora and requested that Nacora return to the Receiver any available retained premium in connection with the policy it originated with the Former Receiver;
- (j) made arrangements with the Property Manager to install a functioning electronic building access system and subsequently terminated Condor;
- (k) requested that the Former Receiver provide the cash on hand in its receivership trust account which totalled \$95,426.71 as at May 2, 2012, of which \$20,000 has been remitted to the Receiver as at the date of this Report;
- (l) issued payment of the property tax arrears which were outstanding prior to the date of the Appointment Orders;
- (m) reviewed the appraisal report of the Property prepared by Lebow, Hicks Appraisal Inc. (the "**Lebow Appraisal Report**") for the Former Receiver;
- (n) reviewed the interim report prepared by Pelican Woodcliff Inc. on behalf of the Former Receiver with respect to matters relating to the construction of the Property and condominium registration requirements;
- (o) obtained and reviewed marketing proposals from three brokerage firms; and

- (p) in conjunction with the Deloitte & Touche Real Estate Group ("Deloitte Real Estate") and the Receiver's legal counsel, prepared a marketing plan for the sale of the Property, which is described in greater detail below.
14. The Receiver reviewed quotes obtained by the Former Receiver with respect to parts and construction related repairs to the non-functional air conditioning system which was damaged prior to the date of the Appointment Orders. The Property Manager investigated this damage and obtained an alternate and more cost effective quote. The Receiver has approved the Property Manager's funding request to remedy this matter.
15. The Receiver has contacted CRA which opened a new account with respect to harmonized sales tax ("HST") effective the date of the Appointment Orders. The Receiver has requested that the Former Receiver prepare the outstanding HST returns with respect to the period prior to the date of the Appointment Orders, which includes the entire period of its part of the receivership administration and the outstanding returns of the Debtor prior to the appointment of the Former Receiver.

INDEPENDENT LEGAL OPINION ON THE VALIDITY AND ENFORCABILITY OF THE MORTGAGE HELD BY FIRM CAPITAL

16. This proceeding was commenced in November, 2011 by The Toronto-Dominion Bank ("TD Bank") which was then the Debtor's first priority secured lender with loans outstanding in excess of \$12 million. As security for those loans, TD Bank held, among other things, a mortgage or charge on the Property registered in the applicable Land Titles Office as Instrument No. PR1554408 (the "Mortgage"). A copy of the Mortgage and the title abstract for the Property dated May 12, 2012 are attached as Appendices "C" and "D" respectively.
17. In April, 2012 TD Bank assigned its debt and all security it held therefor, including the Mortgage, to Firm Capital Mortgage Fund Inc. ("Firm Capital"). On May 10, 2012 Justice Campbell granted an order to proceed pursuant to which Firm Capital became the applicant in this proceeding.
18. The Receiver has obtained an independent opinion from its legal counsel Borden Ladner Gervais LLP that the Mortgage now held by Firm Capital is a valid and enforceable first charge on the Property.

STATUS OF LEASES AND PURCHASE AGREEMENTS

Overview

19. The Project consists of 64 commercial and retail units which the Debtor intended to have registered as a condominium pursuant to the Ontario *Condominium Act* 1998. As at the date of the receivership, construction of the project was substantially completed but the Project had not been, and is still not, registered. The Receiver's review of the Debtor's records indicates that there are still numerous steps that need to be taken before registration of the project as a condominium will be possible.
20. Of the 64 units, a number have been leased by the Debtor to tenants and a number are subject to agreements of purchase and sale which have not closed, and cannot be closed, unless and until the project is registered as a condominium. The Debtor's records are incomplete and, in many respects unclear, but it appears that 5 units have been leased and 29 units are subject to agreements of purchase and sale. The balance of 30 units remain unsold and have not been leased. Two of the unsold and unleased units (104 and 105) appear to be the subject of a "Reservation Contract." None of the agreements or leases have been registered against title to the Property.
21. Of the 29 units subject to agreements of purchase and sale, 4 are currently occupied by the purchasers pursuant to interim occupancy provisions contained in their agreements which call for monthly occupancy payments. The rest are vacant. Most of the purchasers apparently paid deposits to the Debtor which were to be held in trust by the Debtor's solicitors in accordance with the requirements of the *Condominium Act*, 1998. Existing trust deposits have been transferred to the Applicant's solicitors, Meyer, Wassenaar & Banach LLP pursuant to the order herein of the Justice Campbell dated May 10, 2012. The Receiver notes, however, that there are some unresolved discrepancies in the trust records of the Debtor's solicitors, who initially held the deposits in trust, as certain trust funds were released to the Debtor without a clear record as to the basis of such releases. Those discrepancies are still not resolved and the insurer of the Debtor's solicitors has been put on notice of potential claims as a result. Accordingly, there may be certain purchasers whose deposits are no longer held in trust but who may have recourse against the Debtor's solicitors or their insurer.
22. All 5 of the leased units are occupied.

23. Copies of the leases and agreements of purchase and sale are attached to this report as Appendix "E" and bound separately in three volumes. Those copies have been redacted to remove the names of the lessees, purchasers and the purchase price in order to protect any privacy concerns the lessees and purchasers may wish to assert. The Receiver proposes to file sealed copies of the unredacted agreements with the Court.
24. Certain of the units also appear to have been subject to "Reservation Contracts". The Debtor's records indicate that several such agreements were entered into from time to time but that all but one of those agreements have apparently been terminated and any deposits refunded. A copy of what appears to be the remaining Reservation Contract for two units (with the "purchaser's" name redacted) is attached as Tab 3 in Appendix "E".
25. The agreements of purchase and sale take one of two standard forms that are substantially the same. All of the agreements contain express subordination clauses subordinating and postponing the purchaser's interest under the agreement to any mortgages granted by the Debtor. The following is an example of the subordination clause:

"26. Subordination of Agreement

The Purchaser agrees that this Agreement shall be subordinate to and postponed to any mortgages arranged by the Vendor and any advances thereunder from time to time, and to any easement, service agreement and other similar agreements made by the Vendor concerning the property or lands and also to the registration of all condominium documents. The Purchaser agrees to do all acts necessary and execute and deliver all necessary documents as may be reasonably required by the Vendor from time to time to give effect to this undertaking and in this regard the Purchaser hereby irrevocably nominates, constitutes and appoints the Vendor or any of its authorized signing officers to be and act as his lawful attorney in the Purchaser's name, place and stead for the purpose of signing all documents and doing all things necessary to implement this provision."

26. The leases do not contain express subordination clauses. However, all of the leases are for 5 year terms, are not registered on title and were entered into after the registration of the mortgage security now held by Firm Capital.
27. The Receiver has been advised by its legal counsel that based on the foregoing facts the mortgage security of Firm Capital has priority over the interests of both the lessees and the unit purchasers.

Summary of Status of Units

28. The following is a summary of the status of each of the units.

- (a) **Units 100, 101, 102 and 103** – These four units are subject to one agreement of purchase and sale dated October, 2011, and are all vacant. It appears from the Debtor's records that the deposits called for in the agreement were not paid. The status of the agreement is therefore unclear. Unit 100 appears to be subject to an earlier lease dated November 17, 2009 with St. Abu-Nofr Drugs Ltd as lessee. Unit 102 appears to be subject to a Reservation Contract in favour of a certain individual in trust, as set out in Tab 3 in Appendix "E". The "seller" in the Reservation Contract is "D.S.C. Developments". The Receiver does not know the relationship, if any, between that entity and the Debtor. There is reference to deposits having been paid by the purchaser but none of the trust deposits are attributed to this particular unit.
- (b) **Units 104 and 105** – These units are occupied. The Receiver believes that the occupant may be related to the purchaser of Unit 102 but the records are not clear. The Debtor's records do not contain any agreements or leases relating to Units 104 and 105. It is not clear whether deposits were ever received. There are no funds in trust attributable to these units.
- (c) **Unit 106** – This unit is vacant and unsold.
- (d) **Unit 107** – This unit is vacant and unsold.
- (e) **Unit 108** – This unit is occupied, apparently pursuant to a lease in favour of 229060 Ontario Inc. c.o.b. as Kandi Apple Nails dated September 8, 2011. The lease agreement in the Debtor's records is not executed by the Debtor. The unit was also the subject of an earlier agreement of purchase and sale dated July 29, 2009. The Receiver assumes that that agreement was terminated.
- (f) **Unit 109** – This unit is subject to an agreement of purchase and sale but is vacant. Deposits apparently remain in trust.
- (g) **Unit 110** – This unit is subject to an agreement of purchase and sale and is occupied by an entity described as "Commercial School - Learning Center." Deposits apparently remain in trust.
- (h) **Unit 111** – This unit is vacant and unsold.

- (i) **Unit 112** – This unit is subject to an agreement of purchase and sale and is occupied as a general dentistry office. Deposits apparently remain in trust.
- (j) **Unit 113** – This unit is vacant and unsold.
- (k) **Unit 200** – This unit is subject to an agreement of purchase and sale but is not occupied. Deposits apparently remain in trust.
- (l) **Unit 201** – This unit is subject to an agreement of purchase and sale but is not occupied. Deposits apparently remain in trust.
- (m) **Unit 202** – This unit is subject to an agreement of purchase and sale but is not occupied. Deposits apparently remain in trust.
- (n) **Unit 203** – This unit is vacant and unsold.
- (o) **Unit 204** – This unit is vacant and unsold.
- (p) **Unit 205** – This unit is subject to an agreement of purchase and sale but is vacant. The Debtor's records are unclear, but it appears that the initial deposits remain in trust, but the purchaser apparently paid the balance of the purchase price (approx. \$202,000) which was released from trust by the Debtor, with the purchaser's consent, and paid to the second mortgagee on the property.
- (q) **Units 206 and 207** – These two units are subject to one agreement of purchase and sale. The units are vacant. The deposits apparently remain in trust.
- (r) **Units 208 and 209** – These two units are subject to one agreement of purchase and sale. The units are vacant. The deposits apparently remain in trust.
- (s) **Unit 210** – This unit is vacant and unsold.
- (t) **Unit 211** – This unit is subject to an agreement of purchase and sale but the unit is vacant. Deposits apparently remain in trust. However, it appears from the Debtor's records that the purchaser may have paid the balance due on closing (approx. \$195,000) to the Debtor, which funds were released from trust
- (u) **Unit 212** – This unit is vacant and unsold.
- (v) **Unit 213** – This unit is subject to an agreement of purchase and sale but the unit is vacant. Deposits apparently remain in trust.

- (w) **Unit 214** – This unit is subject to an agreement of purchase and sale. This unit is vacant. Initial deposits apparently remain in trust. However, it appears that the purchaser paid additional funds that were released from trust to the Debtor.
- (x) **Unit 215** – This unit is vacant and apparently not sold. This unit was apparently the subject of a Reservation Contract that may not have been completed. It is not clear whether any deposits were paid or, if so, whether they were returned to the purchaser. There are no funds in trust attributed to this unit.
- (y) **Units 216 and 217** – Both units are subject to one agreement of purchase and sale. This unit is vacant. Deposits apparently remain in trust.
- (z) **Units 218 and 219** – Both units are subject to one agreement of purchase and sale. This unit is vacant. Deposits apparently remain in trust.
- (aa) **Units 220 and 221** – These units are subject to one agreement of purchase and sale. These units are occupied by a medical office. Deposits apparently remain in trust. However, it appears that the purchaser paid the balance due on closing (approx. \$309,000) which was released with the purchaser's consent to the Debtor.
- (bb) **Unit 222** – This unit is vacant and unsold.
- (cc) **Unit 223** – This unit is vacant. This unit is subject to a lease agreement. However, the Former Receiver has reported that the lease may have been terminated or abandoned.
- (dd) **Unit 224** – This unit is vacant. Subject to a lease agreement. However, the Former Receiver has reported that the lease may have been terminated or abandoned.
- (ee) **Units 300 and 301** – These units are vacant and unsold.
- (ff) **Units 302 and 303** – These units are vacant. These units are subject to two separate agreements of purchase and sale with different purchasers. However, the Debtor's lawyer's trust records show one amount in trust for both units.
- (gg) **Units 304 and 305** – These units are vacant and unsold.
- (hh) **Units 306 and 307** – Occupied by an accounting firm under some sort of 5 year lease arrangement. The only document in the records is an "Addendum" to a lease agreement that the Receiver has not located.

- (ii) **Unit 308** – This unit is subject to an agreement of purchase and sale. This unit is vacant. Unclear whether deposits remain in trust.
- (jj) **Unit 309** – This unit was subject to an agreement of purchase and sale that included Unit 308 as well. Records indicate that the agreement may have been amended to delete Unit 309. Vacant. It is unclear whether deposits remain in trust.
- (kk) **Units 310 and 311** – These units are vacant and unsold.
- (ll) **Unit 312** – This unit is vacant and unsold. The Former Receiver reported that the unit may be subject to an “oral lease” for one year of free rent. However, the Receiver has been unable to locate any record of such an arrangement.
- (mm) **Units 313** – This unit is subject to an undated 5 year lease commencing August, 2011. The unit is occupied by a Professional Therapy office.
- (nn) **Unit 314** – This unit is subject to an agreement of purchase and sale. Vacant. Deposits apparently remain in trust.
- (oo) **Unit 315** – This unit is subject to a 5 year lease commencing June, 2011. This unit is occupied by an entity named Centum One Financial Group which the Receiver understands is a mortgage brokerage company.
- (pp) **Units 316 and 317** – These units are vacant and unsold.
- (qq) **Units 318 and 319** – These units are subject to one agreement of purchase and sale. These units are vacant. Deposits apparently remain in trust.
- (rr) **Units 320 and 321** – These units are subject to one agreement of purchase and sale, and are vacant. Deposits apparently remain in trust.
- (ss) **Unit 322** – This unit is vacant and unsold.
- (tt) **Units 323 and 324** – These units are subject to one agreement of purchase and sale, and are vacant. Deposits apparently remain in trust.

Receiver's Recommendation re: Agreements of Purchase and Sale and Leases

- 29. The Receiver has been advised by counsel that due to the subordination provisions in the agreements of purchase and sale those agreements are subordinate to the first mortgage registered against the property and now held by Firm Capital. The Receiver has also been advised that the

Firm Capital mortgage takes priority over the leases pursuant to the provisions of the Ontario *Land Titles Act*. The Receiver therefore proposes that in order to maximize the sale value of the Property, the agreements and leases be terminated so that the Receiver can offer vacant possession of the Property to all prospective buyers.

30. The Receiver is not in a position to complete the registration of the Property as a condominium. Among other things, registration requires the consent of all mortgagees registered against title and Firm Capital has informed the Receiver that it does not consent. Without registration, none of the agreements of purchase and sale can be completed.
31. In any event, in the Receiver's view, vacant possession will provide more flexibility and options in the marketing of the Property and will attract a broader spectrum of potential purchasers as a result. Some potential purchasers may wish to complete the project as a condominium, in which case they would be free to enter into new agreements with the existing purchasers. However, other potential purchasers, including institutional investors such as pension funds, may wish to convert the project into either an investment property to be leased out to various users or acquire the Property as a user / owner occupant. The continuation of the existing agreements and leases would virtually exclude such potential purchasers, and the Receiver does not want to limit the building's use.
32. The Receiver therefore seeks the court's authorization and approval to terminate the agreements of purchase and sale and the leases prior to marketing the Property so that it can assure purchasers that vacant possession will be provided on the closing of any accepted and approved offer.

REQUEST FOR APPROVAL TO ALLOW ACCESS BY THE APPLICANT TO THE LEBOW APPRAISAL REPORT

33. The Former Receiver obtained an appraisal with respect to the Property which has been kept confidential pursuant to the endorsement of Justice Wilton-Siegel dated April 5, 2012 (the "**April 5th Endorsement**"), a copy of which is attached hereto as Appendix "F". An unofficial transcript of the April 5th Endorsement is also included in Appendix "F".
34. Firm Capital has requested access to the Lebow Appraisal Report in order to assess any offers the Receiver may receive pursuant to its proposed marketing plan. The Receiver sees no reason to deny such access. At the time of the April 5th Endorsement, the Debtor was seeking disclosure

of the Lebow Appraisal Report in order to provide a copy to a potential financier of a redemption by the Debtor. Justice Wilton-Siegel noted that such disclosure ran the risk of excluding an interested party from any future sales process that might be conducted and the Former Receiver apparently acknowledged similar concerns. Since circumstances have now changed, the Receiver is not concerned that disclosure of the Lebow Appraisal Report to Firm Capital, the largest stakeholder in this receivership, will jeopardize its proposed marketing process or result in the exclusion of any interested party from that process.

THE RECEIVER'S PROPOSED MARKETING PROCESS

35. The Receiver proposes to directly market the Property through a focused target marketing process through Deloitte Real Estate. The Receiver has determined that it will be able to fully expose the Property to the market through Deloitte Real Estate's contacts and list of potential purchasers. This will also result in a significant cost savings to the estate since Deloitte Real Estate's consulting services will be billed on an hourly basis as opposed to a full commission basis if the Property was listed with an agent.
36. In addition to the Lebow Appraisal Report and marketing proposals provided by brokers as set out earlier in the First Report, the Receiver is obtaining an analysis of recent sales of comparable sales transactions to permit the Receiver to properly evaluate all offers to purchase the Property received as part of the Receiver's Marketing Process.
37. The Receiver proposes to retain the option to negotiate with a sales broker or buying agent of a potential purchaser, and to provide a partial sales commission if deemed appropriate, subject to future Court Approval of any sales transaction.
38. The Receiver believes that a documentation preparation and marketing period of up to approximately 6 to 10 weeks will be sufficient to expose the Property and permit qualified parties to conduct due diligence and to determine if they will make an offer, while at the same time minimizing the uncertainty and costs of a prolonged receivership period. In view of the summer holiday season, this period may need to be adjusted.
39. The Receiver proposes to sell the Property utilizing the following process (the "**Marketing Process**"):
 - (a) retain Deloitte Real Estate to assist the Receiver in conducting the Marketing Process;

- (b) upon Court approval of the Marketing Process, the Receiver will send an information overview document ("Flyer") outlining the Property to potential purchasers along with a confidentiality agreement to be executed in order to receive further information in respect of the Property. The list of potential purchasers will be developed from a database maintained by Deloitte Real Estate, expressions of interest received by the Receiver from interested parties and the Receiver's experience and contacts. Copies of the draft Flyer and Confidentiality Agreement are attached hereto as Appendices "G" and "H";
- (c) place an advertisement in the Toronto edition of The Globe and Mail newspaper's real estate section, and in local newspapers if deemed appropriate, for two weeks following Court approval of the Marketing Process;
- (d) prepare and place in a password protected electronic data room copies of all documentation relating to the Property and provide access to potential purchasers who sign a confidentiality agreement;
- (e) prepare a confidential information memorandum ("CIM") providing detailed information in respect of the Property, to be sent to all potential purchasers who have executed the confidentiality agreement. The CIM will also include the terms and conditions of any sale by the Receiver and a form of offer. A copy of the form of offer and the Conditions of Sale are attached hereto as Appendix "I";
- (f) follow up with interested prospective purchasers as considered appropriate to identify the opportunity and/or provide access to the data room, the Property and additional information as required; and
- (g) set 12 o'clock noon on September 7, 2012 or such other date as the Receiver considers reasonable in the circumstances as the deadline for the submission of binding offers (the "Offer Date"). Following the Receiver's review of all submitted offers, the Receiver may, at its option, seek clarification from any of the offerors regarding the terms of a submitted offer, reject any of the offers submitted or request any of the offerors to submit revised and/or improved offers to purchase any of the Property or to otherwise address any issues or concerns raised by the Receiver. There shall be no obligation on the part of the Receiver to provide any offeror with the opportunity to amend or otherwise improve the terms of its offer following the Offer Date.

40. Each offeror shall, with its offer, deliver to the Receiver the following:
- (a) an amount equal to 10% of the purchase price specified in the offer. If the offer is accepted said cheque or bank draft will be deemed to be a cash deposit (the "**Deposit**") against the aggregate offered purchase price (the "**Purchase Price**") and the successful offeror (hereinafter called the "**Purchaser**") will pay the balance of the Purchase Price to the Receiver, in cash or by certified cheque on the Closing Date of the subject transaction without interest;
 - (b) an executed copy of the template agreement of purchase and sale ("**Template Agreement**"), amended to reflect that part of the Property subject to the offer (the Template Agreement as amended, the "**Offeror Sale Agreement**") and any other matters specific to the offer, which shall be binding and irrevocable for seven (7) business days following the Offer Date;
 - (c) a comparison of the Template Agreement to the executed Offeror Sale Agreement;
 - (d) a representation of the offeror and written evidence of available cash and/or a commitment for financing to evidence the offeror's ability to close the proposed transaction as the Receiver may reasonably request;
 - (e) a copy of a board resolution or similar document demonstrating authority to make an irrevocable offer and to execute the transaction contemplated by the Offeror Sale Agreement; and
 - (f) a disclosure of the identity of each entity (including its ultimate shareholders) that have submitted the offer.
41. The Receiver shall not be bound to sell any of the Property until it has entered into a binding agreement of purchase and sale and received approval to complete such transaction from the Court. The Receiver reserves the right to enter into one or more agreements to sell any or all of the Property at any time and to withdraw any or all of the Property from the sale.

PROCEDURES FOR SALE

42. All sales will be on an "as is, where is" basis. Each offeror will be solely responsible for inspecting the Property and satisfying itself as to title to any of the Property it is offering to purchase. The Receiver will not provide any representations or warranties with regard to title,

merchantability, condition, description, fitness for purpose, quality, quantity or any other matter or thing regarding the Property.

43. The Receiver's legal counsel will draft the closing book documentation with respect to any sale transaction.

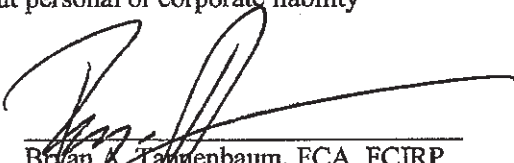
RECEIVER'S RECOMMENDATIONS

44. For the reasons set out above, the Receiver recommends that the Court make an Order:
- (a) approving the activities of the Receiver as described in the First Report;
 - (b) terminating the agreements of purchase and sale, leases and occupation with respect to the Property which were entered into prior to the date of the Appointment Orders;
 - (c) lifting the existing sealed restriction with respect to the Lebow Appraisal Report to allow review of same by the Applicant;
 - (d) approving the Marketing Process; and
 - (e) authorizing the Receiver to carry out the sale of the Property pursuant to the Marketing Process, including, without limitation, the Conditions of Sale attached as Appendix "I".

All of which is respectfully submitted at Toronto, Ontario this 18TH day of June, 2012.

DELOITTE & TOUCHE INC.
solely in its capacity as the
Court-appointed receiver of
2012241 Ontario Limited and
without personal or corporate liability

Per:


Bryan A. Tannenbaum, FCA, FCIRP
Senior Vice-President

APPENDIX "C"

Court File No. CV-11-9456-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FIRM CAPITAL MORTGAGE FUND INC.

Applicant

- and -

2012241 ONTARIO LIMITED

Respondent

**SUPPLEMENT TO FIRST REPORT OF THE RECEIVER
DATED JUNE 18, 2012**

1. The purpose of this supplement to the First Report of the Receiver dated June 18, 2012 (the "First Report") is to correct and clarify certain statements contained in the First Report relating to the leases and agreements of purchase and sale relating to certain units in the Debtor's property at 50 Sunny Meadow Blvd. (the "Property").

Subordination clauses in leases

2. In paragraph 26 of the First Report it is stated that the leases do not contain express subordination clauses, subordinating the leases to the interests of any mortgages registered against title to the Property. Upon further examination by the Receiver of the Debtor's records, the following appears to be the case:

- (a) There are 3 leases which apparently relate to units 223, 313 and 315 respectively (see Appendix "E" to the First Report) that contain an express subordination clause, subordinating the leases to all mortgages registered against title. The clause reads as follows:

"13.03 Subordination – Subject to Section 13.04, this Lease, at the option of any mortgagee, trustee or charge, is and shall be subject and subordinate in all respects to any and all mortgages (including deeds of trust and mortgage) now or hereinafter registered against title to the Building or Land and all advances thereunder, past, present or future and to all renewals, modifications, consolidations, replacements and extensions thereof. The Tenant agrees to execute promptly and in any event within 10 days after request therefor by the Landlord or the mortgagee or trustee under any such mortgage or deed of trust and mortgage an instrument of subordination as may be requested." [Emphasis added.]

- (b) There are 2 leases which apparently relate to units 108 and 224 respectively which contain an express subordination clause subordinating the leases to subsequent mortgages registered against title. The clause reads as follows:

"Section 7.1 Subordination

- (a) The Tenant covenants that this Lease and everything herein contained shall be subordinate to any charge or charges from time to time hereinafter created by the Landlord in respect of the Commercial Development or any part thereof, by way of mortgage, including deeds of trust and instruments supplemental thereto, and that the Tenant will at any time and from time to time, as required by the Landlord during the Term, give such further assurances as may be reasonably required to evidence and effectuate this subordination of its rights and privileges hereunder to the holder or holders of any such charge or charges. If the Tenant fails to execute any certificate, agreement, instrument or document as required by the for going [sic] provision within 10 days after request by the Landlord, then the Landlord shall have the right, without limiting any other right of the Landlord hereunder or a [sic] law, to execute any such certificate, agreement, instrument or document on behalf [sic] the Tenant and in the Tenant's name, for which purpose the Tenant hereby appoints the Landlord as the Tenants [sic] attorney pursuant to the Powers of the [sic] Attorney Act (Ontario). [Emphasis added]

A copy of the lease respecting Unit 108 is not included in Appendix "E" to the First Report as the copy contained in the Debtor's records was not executed by the Debtor. A copy is attached hereto as Appendix "A". As noted in paragraph 28 (dd) the Former Receiver has reported that this lease may have been terminated.

- (c) As noted in paragraph 28 (hh) of the First Report, Units 306 and 307 appear to be subject to a lease, but the only document in the Debtor's records in that regard consists of an "Addendum" to a lease with no subordination clause whatsoever (see Appendix "E" to First Report).

Release of trust funds

3. In paragraph 28 (l) of the First Report, referring to the status of Unit 201, the Receiver stated that that unit is subject to an agreement of purchase and sale and that the deposits apparently remain in trust. On further review of the records of the Debtor's lawyers, it appears that there may have been deposits (or closing funds) paid by the purchaser, but released from trust. The Former Receiver received correspondence from Mr. Lakhwinder Gill, a lawyer who represents Mr. Balwant Singh Brar who apparently entered into an agreement with the Debtor to purchase Unit 201. The correspondence indicates that Mr. Brar may have paid the sum of \$228,385.50 to the Debtor's lawyers, Sikder Professional Corporation, with respect to the purchase of Unit 201.
4. Sikder Professional Corporation provided copies of its trust records to the Former Receiver. Those records included client ledger sheets identified by units in the Debtor's Property at 50 Sunny Meadow Blvd. There was no ledger sheet identified as relating to Unit 201. However, there was a ledger sheet identified as relating to Unit 210. A copy of that ledger sheet is attached hereto as Appendix "B". That ledger sheet shows that the sum of \$228,385.50 was received from a Mr. Balwant Brar, was deposited in trust and then disbursed from trust in early November, 2010.

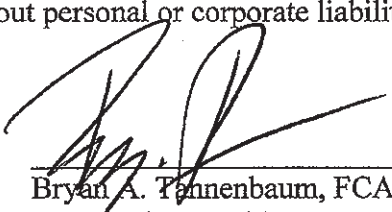
5. The Receiver believes that it may be that the ledger sheet identified as relating to Unit 210 may contain a typographical error and may in fact relate to Unit 201, given the coincidence of the deposit amounts and given the fact that the Debtor's records do not contain copies of any agreement of purchase and sale relating to Unit 210. However, the records of the Debtor and its former lawyers are such that the Receiver cannot be certain in this regard.

Respectfully submitted at Toronto, Ontario this ^{18TH}10 day of June, 2012.

DELOITTE & TOUCHE INC.

in its capacity as the court-appointed
receiver of 2012241 Ontario Limited
without personal or corporate liability

Per:


Bryan A. Tannenbaum, FCA, FCIRP
Senior Vice-President

APPENDIX "D"

Court File No. CV-11-9456-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FIRM CAPITAL MORTGAGE FUND INC.

Applicant

- and -

2012241 ONTARIO LIMITED

Respondent

**SECOND SUPPLEMENT TO FIRST REPORT OF THE
RECEIVER DATED JUNE 18, 2012**

INTRODUCTION

1. The purpose of this Second Supplement to the First Report of the Receiver is to address certain issues raised in the material delivered by Clark Farb Fiksel on behalf of a number of individuals or corporations (the "Opposing Purchasers") who purchased proposed condominium units in the 50 Sunny Meadow Boulevard project in Brampton, Ontario (the "Property" or "Project") and who object to the Receiver's recommended sales process set forth in the First Report.

TERMS OF REFERENCE

2. In preparing this report and making the comments contained herein, the Receiver has been provided with and has relied upon unaudited financial information, the Debtor's books and records obtained by the Former Receiver, certain other information prepared by the Former Receiver and the Property Manager. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this report.
3. Certain of the information referred to in this report consists of forecasts and/or projections. An examination or review of financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future oriented financial information referred to in this report was prepared partially based on the Property Manager's estimates and assumptions. Readers are cautioned that since forecasts are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the forecasts and, even if the assumptions materialize, the variations could be significant.
4. Capitalized terms not otherwise defined in this report are as defined in the First Report and the Appointment Orders.

COMPLETION AND REGISTRATION OF THE PROJECT AS A CONDOMINIUM

5. The Opposing Purchasers take the position that the Receiver should recognize their purchase agreements and proceed to complete the condominium project and bring it to registration at which point the existing purchase agreements could be closed and the balance of the units sold. They suggest that that was the intention of the Former Receiver. Upon its appointment in place of the Former Receiver, the Receiver did consider the possibility of completing the Project as suggested by the Opposing Purchasers. However, for numerous reasons, which are set forth below, the Receiver determined that it would be impracticable to proceed in that manner.

(i) **Cost/Financing Factors**

6. Following its appointment on November 15, 2011 the Former Receiver commissioned an appraisal as well as a construction consultant's report from Pelican Woodcliff Inc. to assist in determining the cost of completing the Project for condominium registration and in order to allow the Former Receiver to advise the court of its recommendations on how to proceed in realizing on the Project (para. 59 of the Former Receiver's Second Report). Pelican Woodcliff provided an interim report dated February 15, 2012 (the "**Pelican Woodcliff Interim Report**") setting forth a preliminary view of the costs involved in completing the Project that were known to date (including outstanding accounts that had not been paid by the Debtor for work already performed). The Pelican Woodcliff Interim Report also outlined work yet to be done, the cost of which was not known at the time. A copy of the Pelican Woodcliff Interim Report (without the detailed drawings attached thereto) is attached hereto as Appendix "A."
7. Following its appointment the Receiver reviewed both the Pelican Woodcliff Interim Report and the appraisal obtained by the Former Receiver and considered whether it should recommend that the Receiver complete the Project, have it registered as a condominium, close the existing unit purchase agreements and proceed to market and sell the remaining unsold units. Based on the appraisal and the Pelican Woodcliff Interim Report, as well as other information available to the Receiver, which is referred to below, it was clear to the Receiver that it could not recommend proceeding to complete the Project. Accordingly, any further reports from Pelican Woodcliff were considered unnecessary.
8. Completion of the Project to the point of registration and proceeding to sell the remaining units would entail significant costs. The construction and consulting costs referred to in the Pelican Woodcliff Interim Report were only one small component of the overall costs involved. There are ongoing operational expenses involved in maintaining the Property including utilities, general maintenance, property management fees, realty taxes, etc. Less than half of the proposed condominium units have been sold. Only 8 of the units are occupied by purchasers and 2 by lessees. The income generated by the Property is

therefore not sufficient to cover the ongoing expenses related to the Property, let alone fund the costs of completing the construction and registering the Project. Based on recent information provided by the Property Manager in connection with collections in July, 2012 and current projected monthly operational expenses (excluding payment of the recent costly repair to the HVAC system), there is a preliminary monthly shortfall in the range of \$7,000 to \$10,000. This shortfall could increase to the extent that costs may increase for seasonal effects in the fall and winter, and possibly for unforeseen capital repairs. This shortfall reflects the fact that revenues have fallen due to the uncertainties inherent in receivership proceedings. In addition, the Municipal Property Assessment Corporation issued a property assessment change notice in June, 2012 which set out a significant increase in the assessed value for the Property. Accordingly, realty taxes may escalate in the near future, although the Receiver does not yet know the magnitude and timing of the actual tax increase until it receives further information from the municipality.

9. Moreover, the first mortgage, with a balance of over \$12,000,000 in principal, and interest arrearages in excess of \$585,000, remains in default and interest continues to accrue at approximately \$53,000 per month.
10. The Receiver is therefore not in a position to complete the Project without borrowing substantial funds. According to the appraisal obtained by the Former Receiver, it would take between one and two years to sell the balance of the units. The cost of borrowing would therefore be significant. The first mortgagee, Firm Capital, has advised that it is not prepared to advance such funds to the Receiver over that period to cover the cost of completing the Project and operating it in the meantime while its loan remains in default and arrearages continue to accumulate. Accordingly, in order to raise funds from another lender the Receiver would have to secure loans with Receiver's Certificates creating security over the Property in priority to the Firm Capital first mortgage. Firm Capital has indicated that it would not consent to subordinating its mortgage security for that purpose.

(ii) Inability to Close Existing Purchase Agreements

11. There are a number of irregularities respecting certain of the existing purchase agreements that would make it impossible for the Receiver to close those transactions as contemplated by the agreements.
12. First, as noted in the Receiver's First Report, five purchasers (units 201, 205, 211, 214, and 220-221) paid to the Debtor the balance due on closing under their agreements. The Receiver has been informed that those payments, totalling more than \$1,200,000, were paid into trust to the Debtor's law firm but subsequently released from trust, with the respective purchaser's consent, and paid to the second mortgagee on the Property notwithstanding the fact that the Project had not been registered and title to the units could therefore not be conveyed. The Receiver therefore cannot close those agreements and convey clear title as the first mortgagee has advised the Receiver that it would not, and would not be obliged to, provide a partial discharge without payment of the closing funds.
13. In addition, there are a number of purchasers who claim to have purchased units and to have paid deposits into trust. However, based on the records provided by the Debtor's former lawyers, there are no deposits held in trust with respect to those units. An example of this situation is the purchaser of Units 104 and 105 identified as "Philip Vettese in Trust" on Exhibit "A" to the affidavit of Gurbinder Gill filed on behalf of the Opposing Purchasers.
14. Another example is HSG Properties Inc. ("HSG"), which purports to have purchased proposed Units 107 and 108 with a deposit in trust of \$50,000. The records of the Debtor's former lawyers do not show any deposit held in trust for HSG.
15. Again, if the Receiver was to try to close those agreements, the first mortgagee has advised that it would not be in a position to provide partial discharges of its mortgage unless and until the deposits are replaced.

CONSIDERATION OF THE VARIOUS PARTIES' INTERESTS

16. As set forth in the First Report, it is the Receiver's recommendation that in order to maximize the realizable value of the Project, the Receiver should be in a position to expose the Project to the widest possible market. That market would include potential purchasers who may wish to complete the Project as a condominium as well as investors/purchasers who may wish to retain the Project as a leased property. In order to reach the latter market, the Receiver wishes to be in a position to be able to represent that, upon approval of an acceptable offer, the purchaser will obtain vacant possession of the Project, which would require the termination of the purchase agreements and leases.
17. It should be emphasized that the Receiver is not seeking immediate termination of the unit purchase agreements and leases, but rather the option to terminate the agreements (by way of vesting out) in the event that the most attractive offer it receives for the Property is on a leased, as opposed to condominium, basis. If the most attractive offer is received from an entity wishing to complete the condominium project all of the unit purchase agreements and leases may not have to be terminated if the buyer wishes to accept the leases and close the existing agreements.
18. In arriving at its recommendation with respect to the proposed sale process the Receiver considered the interests of all interested parties, including those set forth below.
19. As noted in the First Report, it is the Receiver's understanding that the first mortgage of Firm Capital takes legal priority over the leases and unit purchase agreements both on the basis of the express subordination clauses contained in the leases and agreements and on the basis of the Ontario *Land Titles Act*.
20. With respect to the leases, the Receiver is not aware of any lessee who opposes the order sought by the Receiver. In fact since the commencement of this proceeding two of the five lessees have apparently abandoned the premises. Moreover, the Receiver is not aware of any "equity" in the position of the remaining lessees that would justify overriding the first mortgagee's legal priority.

21. The interests of the purchasers of proposed units fall into four categories: (i) those who paid deposits that are still held in trust; (ii) those who purport to have purchased units and paid deposits but which are apparently not held in trust; (iii) those who paid the balance due on closing under their agreements and authorized release of those funds to the second mortgagee; and (iv) those who claim to have incurred expenses in renovating or improving their units.

(i) Deposits Held in Trust

22. In the event that the purchase agreements of these purchasers are vested out they will be entitled to the return of their deposits that remain in trust. While they will be inconvenienced if their agreements are vested out, they will not incur significant financial losses.

(ii) Deposits Not Held in Trust

23. Purchasers who paid deposits to the Debtor which are apparently not held in trust presumably have a right of action against the Debtor, and perhaps its officers or lawyers, for breach of trust. However, the Receiver sees no basis for preferring the interests of these purchasers over those of the mortgagees.

(iii) Closing Proceeds Paid and Released to the Second Mortgagee

24. According to the records of the Debtor's former lawyers, these purchasers paid to the Debtor the balance of their purchase prices and expressly authorized the release of those funds from trust to be paid to the second mortgagee. That was done notwithstanding the subordination clauses in their purchase agreements and notwithstanding the fact that they were not entitled to take title to their unit at the time. Accordingly, if their agreements are vested out these purchasers run the risk of losing those payments that were released from trust, unless they have legal recourse against the Debtor's lawyers.
25. In all five instances the purchasers were represented by lawyers. The Receiver therefore assumes that the purchasers were fully advised on the risks they were assuming by making the payments and authorizing the release from trust. The Receiver is not aware

of any evidence that the first mortgagee consented to such payments. In the absence of such evidence the Receiver sees no basis upon which the interests of the first mortgagee should be subordinated to the interests of these purchasers.

26. In any event, upon the issuance of an order vesting out the interests of these purchasers, any claim they may have to the Property would be transferred to the proceeds of sale. Normally the claim of the second mortgagee would take priority over the interests of these purchasers. However, as a result of the direction of their closing payments to the second mortgagee the claim of the second mortgagee to the proceeds of sale would be reduced by the amount of such payments thereby benefiting these purchasers to the extent of such payments. Accordingly, so long as the proceeds of sale exceed the amount owing on the first mortgage (as well as the balance owing to the second mortgagee which now amounts to approximately \$95,000) these purchasers would not be prejudiced.

(iv) Renovations/Improvements

27. According to Exhibit "A" to the responding affidavit of Gurbinder Gill filed on behalf of the Opposing Purchasers, four of the Opposing Purchasers have expended significant amounts with respect to renovations and improvements to their proposed units as well as with respect to the purchase of equipment. The Receiver has no information in this regard other than what is disclosed in the affidavit of Mr. Gurbinder Gill. As with the purchasers who paid the closing balances due under their purchase agreements, the purchasers who expended money on renovations, improvements or equipment, did so at their own risk. The Receiver is not aware of any evidence that the first mortgagee consented to any of these expenditures or agreed to subordinate its mortgage interest in favour of such purchasers. In particular, the Receiver has not been made aware of any non-disturbance agreements or subordination or postponement agreements from the first mortgagee in that regard. In the absence of such evidence, the Receiver is not aware of any basis upon which the prior legal interests of the first mortgagee pursuant to the subordination clauses in the purchase agreements or the Land Titles Act should be subordinated to the interests of these purchasers.

CONCLUSION

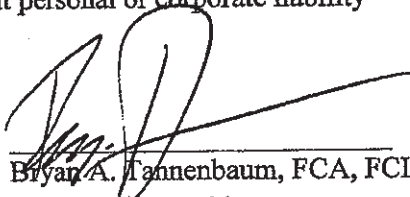
28. In summary, the Receiver has considered the positions of all parties with an interest, or potential interest, in the Property and it remains of the view that it is in the interests of all stakeholders that the Property be marketed for sale as recommended in the First Report.

Respectfully submitted at Toronto, Ontario this 17th day of July, 2012.

DELOITTE & TOUCHE INC.

In its capacity as Court-appointed
receiver of 2012241 Ontario Limited
without personal or corporate liability

Per:



Bryan A. Tannenbaum, FCA, FCIRP
Senior Vice-President

TOR01: 4965385: v1

APPENDIX "E"

Court File No.: CV-11-9456-00CL



ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.)

THURSDAY, THE 30th

JUSTICE MORAWETZ)

DAY OF AUGUST, 2012

BETWEEN:

FIRM CAPITAL MORTGAGE FUND INC.

Applicant

- and -

2012241 ONTARIO LIMITED

Respondent

**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. C.43 as amended**

ORDER

THIS MOTION, made by Deloitte & Touche Inc., in its capacity as the receiver (the "Receiver") of the assets, undertakings and properties of the respondent (the "Debtor"), including the property known municipally as 50 Sunny Meadow Blvd., Brampton (the "Property"), for the relief set forth below, was heard on July 23 and 26, 2012 at 330 University Avenue, Toronto, Ontario.

ON READING the motion record dated June 18, 2012 filed on behalf of the Receiver, including the First Report of the Receiver dated June 15, 2012 (the "**First Report**"), the Supplement to the First Report dated June 28, 2012 (the "**First Supplement**"), the Second Supplement to the First Report dated July 17, 2012 (the "**Second Supplement**"), the responding motion record filed by Clark Farb Fiksel on behalf of certain unit-holders identified therein (the "**Unit Holders**"), the responding motion record filed on behalf of the applicant, and on reading the confidential appraisal, marketing proposals and confidential Deloitte Real Estate review memorandum which were provided by the Receiver but not filed, and on hearing submissions of counsel for the Receiver, counsel for the applicant, counsel for the Unit Holders, and counsel for Lawyers' Professional Indemnity Company as insurer for Paltu Kumar Sikder, no other person appearing although served with notice of this motion according to the affidavits of service filed herein,

1. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this order shall have the meanings ascribed thereto in the First Report, the First Supplement and the Second Supplement.
2. **THIS COURT ORDERS** that the First Report, the First Supplement and Second Supplement and the activities and conduct of the Receiver described therein are hereby ratified and approved.
3. **THIS COURT ORDERS** that the Receiver's marketing plan for the Property as described in the First Report, together with any amendments thereto deemed necessary and appropriate by the Receiver (hereinafter the "**Marketing Process**"), be and it is hereby approved and the Receiver is hereby authorized and directed to carry out the Marketing Process.
4. **THIS COURT ORDERS** that the form of offer and conditions of sale contained in the First Report (the "**Form of Offer**" and "**Conditions of Sale**" respectively) be and the same are hereby approved, together with any amendments thereto deemed necessary and appropriate by the Receiver.
5. **THIS COURT ORDERS** that the Receiver be and it is hereby authorized to:

- (a) proceed to market and offer for sale the Receiver's right, title and interest in the Property in the manner more particularly described in the First Report and in accordance with and on the terms of the Marketing Process and the Form of Offer and Conditions of Sale contained in the First Report;
- (b) enter into discussions with any and all offerors in respect of the Property;
- (c) if considered by the Receiver to be necessary or appropriate, to disclose to and review with any secured creditor of the Debtor, any of their advisors and Deloitte Real Estate any and all offers received by the Receiver to purchase the Property;
- (d) accept an offer to purchase the Property, the terms of which, in the Receiver's sole opinion, are in the best interests of the estate herein, subject to approval of this Court if required in accordance with the Appointment Order; and
- (e) enter into agreements of purchase and sale in respect of the Property on the terms of the Template Agreement (as defined in the Conditions of Sale), together with any amendments or additions thereto deemed necessary by the Receiver in its sole opinion, subject to approval of this Court if required in accordance with the Appointment Order.

6. **THIS COURT ORDERS** that, in accordance with the Conditions of Sale, the Receiver is not obligated to accept any offer or offers to purchase the Property.

7. **THIS COURT ORDERS** that the Receiver shall have no personal or corporate liability in connection with offering the Receiver's right, title and interest in the Property for sale, including, without limitation:

- (a) by advertising the Property and/or the Marketing Process;
- (b) by exposing the Property to any and all parties, including, but not limited to, those who have made their interest known to the Receiver;
- (c) by carrying out the Marketing Process;
- (d) by responding to any and all requests or inquiries in regards to due diligence conducted in respect of the Property;

- (e) through the disclosure of any and all information presented by the Receiver and its solicitors or agents (including, without limitation, Deloitte Real Estate), arising from, incidental to, or in connection with the Marketing Process;
- (f) pursuant to any and all offers received by the Receiver in accordance with the Marketing Process; and
- (g) pursuant to any agreement of purchase and sale entered into by the Receiver in respect of the sale of any of the Property.

8. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to market the Property directly through Deloitte Real Estate as set out in the First Report.

9. **THIS COURT ORDERS AND DECLARES** that upon receipt by the Receiver of an offer to purchase the Property that the Receiver is prepared to accept and recommend for approval by the court the Receiver is authorized to terminate, upon 30 days prior written notice, all leases, agreements to lease and agreements of purchase and sale (collectively "Agreements") respecting all units of the Property, including but not limited to, the Agreements referred to in Appendix "E" to the First Report and listed in Schedule "A" attached to this order.

10. **THIS COURT ORDERS** that any lessee or purchaser who receives a notice of termination issued by the Receiver pursuant to paragraph 9 above shall, on or before the expiry of the 30 day notice period, deliver up vacant possession of the units of the Property referred to in their respective Agreements.

11. **THIS COURT ORDERS** that this order shall be without prejudice to: (i) the right of any lessee or purchaser whose Agreement has been terminated in accordance with this order to assert any claim or claims that they may have against the Debtor or its officers, directors or solicitors, including but not limited to, the return of any deposit funds paid to the Debtor or its solicitors in connection with their Agreements; (ii) the right of any lessee or purchaser to terminate their Agreements; and (iii) the right of any lessee or purchaser to assert a claim to any proceeds of sale from the sale of the Property remaining after payment in full of any amounts outstanding and owing to the applicant pursuant to its first mortgage registered against title to the Property and any amounts outstanding pursuant to any charges created by the Appointment Order.

12. **THIS COURT ORDERS** that the costs of the Receiver in preparation of this motion and of these proceedings, up to and including the hearing of this motion and the entry of this order (including applicable Harmonized Sales Tax) be paid to the Receiver from the estate herein.



G. Argyropoulos, Registrar
Superior Court of Justice

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

SEP 18 2012

NB

RECEIVED

APPENDIX "F"



LAND REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #43

14223-0956 (LT)

PAGE 1 OF 6

PREPARED FOR KINGHESL
ON 2012/12/11 AT 08:16:25

SUBJECT TO RESERVATIONS IN CROWN GRANT

PROPERTY DESCRIPTION:

PT OF LT 11, CON 5 EAST OF HURONTARIO ST, DES AS PTS 6 AND 7, EL 43R21902. S/T A EASEMENT IN FAVOUR OF BRAMPTON HYDRO ELECTRIC COMMISSION AND THE CORPORATION OF THE CITY OF BRAMPTON OVER PT OF LT 11, CON 5 EHS, DES AS PT 7, PL 43R21902 AS IN LT1615145.; SUBJECT TO AN EASEMENT IN GROSS OVER PTS 3 & 4, 43R33711 AS IN PR2106932; CITY OF BRAMPTON

PROPERTY REMARKS:

CONSENT OF THE LAND DIVISION COMMITTEE OF THE REGIONAL MUNICIPALITY OF PEEL IS ENDORSED IN LT1699650. THE FOLLOWING REMARK HAS BEEN ADDED ON 2002/10/21 AT 09:41 BY ISOBEL STEWART : CONSENT OF THE LAND DIVISION COMMITTEE IS ATTACHED TO LT1699650.

ESTATE/QUALIFIER:

RECENTLY:
DIVISION FROM 14223-0041

**FEE SIMPLE
ABSOLUTE**

OWNERS' NAME
2012241 ONTARIO LIMITED

CARAGLIX SHARE
PC

PIN CREATION DATE
1997/03/05

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
EFFECTIVE	2000/07/29	THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1996/05/07 ON THIS PIN				
HAS REPLACED WITH THE		"PIN CREATION DATE" OF 1997/03/05				
** PRINTOUT		INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 1997/03/05 **				
43R18419	1991/03/07	PLAN REFERENCE				C
LT1302850	1992/03/12	NOTICE		*** DELETED AGAINST THIS PROPERTY ***		
		REMARKS: RULED OFF PIN 14223-4133 ON AUGUST 26/03 BY PWARCH RE: LT1887369; DELETED FROM PINS 14223-2700, 2701, 2704-3708, 2710-2727, 3002-3005, 4130, 4132 BY C. COOPER 2012/11/05				
43R21191	1995/09/11	PLAN REFERENCE			BRAMPTON HYDRO ELECTRIC COMMISSION THE CORPORATION OF THE CITY OF BRAMPTON	C
LT1615145	1996/02/01	TRANSFER EASEMENT				C
43R21902	1996/11/14	PLAN REFERENCE				C
LT1699650	1997/02/10	TRANSFER		*** COMPLETELY DELETED *** WELLINGDALE COMMUNITY (BRAMPTON) INC.	CHURCH EXTENSION COUNCIL OF DUFFERIN AND PEEL PRESBYTERY OF THE UNITED CHURCH OF CANADA	C
		REMARKS: CONSENT OF THE LAND DIVISION COMMITTEE ATTACHED HERETO.				
LF2057426	2006/03/27	NOTICE		HER MAJESTY THE QUEEN IN RIGHT OF THE DEPARTMENT OF TRANSPORT CANADA		C
		REMARKS: PEARSON AIRPORT ZONING REGULATION				
PR192321	2002/01/21	CHARGE		*** COMPLETELY DELETED *** CHURCH EXTENSION COUNCIL OF DUFFERIN AND PEEL PRESBYTERY OF THE UNITED CHURCH OF CANADA	THE TORONTO UNITED CHURCH COUNCIL	

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

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
 REGISTRY
 OFFICE #43

Ontario ServiceOntario

14223-0956 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CHGT/ CHRD
PR192329	2002/01/21	CHARGE		*** DELETED AGAINST THIS PROPERTY *** CHURCH EXTENSION COUNCIL OF DUFFERIN AND PEEL PRESBYTERY OF THE UNITED CHURCH OF CANADA	THE TORONTO UNITED CHURCH COUNCIL	
PR325702	2002/10/02	TRANSFER	\$850,000	CHURCH EXTENSION COUNCIL OF DUFFERIN AND PEEL PRESBYTERY OF THE UNITED CHURCH OF CANADA	2012241 ONTARIO LIMITED	C
PR325711	2002/10/02	CHARGE		*** COMPLETELY DELETED *** 2012241 ONTARIO LIMITED		
PR326750	2002/10/04	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE TORONTO UNITED CHURCH COUNCIL	DUCA FINANCIAL SERVICES CREDIT UNION LTD.	
		REMARKS: RE: PR192329				
PR326751	2002/10/04	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE TORONTO UNITED CHURCH COUNCIL		
		REMARKS: RE: PR192321				
PR1138739	2006/09/19	NOTICE	\$2	THE CORPORATION OF THE CITY OF BRAMPTON		
PR1139444	2006/09/20	CHARGE		*** COMPLETELY DELETED *** 2012241 ONTARIO LIMITED	TISHLER, BRIAN 606696 ONTARIO LIMITED WALDERMAN, FRANCINE	
PR1139491	2006/09/20	NO ASSEN RENT GRN		*** COMPLETELY DELETED *** 2012241 ONTARIO LIMITED	TISHLER, BRIAN 606696 ONTARIO LIMITED WALDERMAN, FRANCINE	
		REMARKS: PR1139444				
PR1146634	2006/10/02	DISCH OF CHARGE		*** COMPLETELY DELETED *** DUCA FINANCIAL SERVICES CREDIT UNION LTD.		
		REMARKS: RE: PR325711				
PR1312800	2007/08/10	NOTICE		*** COMPLETELY DELETED *** 2012241 ONTARIO LIMITED	TISHLER, BRIAN 606696 ONTARIO LIMITED WALDERMAN, FRANCINE	
		REMARKS: PR1139444				

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OFFICE #43

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 3 OF 6

PREPARED FOR KRUGHAS1
ON 2012/12/11 AT 08:16:25

14223-0956 (IT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CHRG/ CEND
PRI403840	2008/01/18	NOTICE		*** COMPLETELY DELETED *** 2012241 ONTARIO LIMITED	TISHLER, BRIAN 606696 ONTARIO LIMITED WALDERMAN, FRANCINE	C
		REMARKS: PRI139444				
PRI418741	2008/02/21	CHARGE	\$400,000	2012241 ONTARIO LIMITED	1448037 ONTARIO LIMITED	C
PRI418749	2008/02/21	NO ASSGN RENT GEN		2012241 ONTARIO LIMITED	1448037 ONTARIO LIMITED	C
		REMARKS: PRI418741				
PRI539562	2008/09/25	DISCH OF CHARGE		*** COMPLETELY DELETED *** TISHLER, BRIAN 606696 ONTARIO LIMITED WALDERMAN, FRANCINE	1448037 ONTARIO LIMITED	C
		REMARKS: RE: PRI139444				
PRI539845	2008/09/25	CHARGE	\$864,070	2012241 ONTARIO LIMITED	1448037 ONTARIO LIMITED	C
PRI539924	2008/09/26	NO ASSGN RENT GEN		2012241 ONTARIO LIMITED	1448037 ONTARIO LIMITED	C
		REMARKS: PRI539845				
PRI554408	2008/10/20	CHARGE	\$12,500,000	2012241 ONTARIO LIMITED	THE TORONTO-DOMINION BANK	C
PRI569920	2008/11/18	POSTPONEMENT		1448037 ONTARIO LIMITED	THE TORONTO-DOMINION BANK	C
		REMARKS: PRI418741 TO PRI554408				
PRI569921	2008/11/18	POSTPONEMENT		1448037 ONTARIO LIMITED	THE TORONTO-DOMINION BANK	C
		REMARKS: PRI418749 TO PRI554408				
PRI569922	2008/11/18	POSTPONEMENT		1448037 ONTARIO LIMITED	THE TORONTO-DOMINION BANK	C
		REMARKS: PRI539845 TO PRI554409				
PRI569923	2008/11/18	POSTPONEMENT		1448037 ONTARIO LIMITED	THE TORONTO-DOMINION BANK	C
		REMARKS: PRI539924 TO PRI554408				
PRI582644	2008/12/12	APL (GENERAL)		*** COMPLETELY DELETED *** PEEL DISTRICT SCHOOL BOARD		
		REMARKS: DELETES LTI302850				
PRI591143	2009/01/08	NOTICE	\$2	THE CORPORATION OF THE CITY OF BRAMPTON		C

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 4 OF 6
PREPARED FOR KHUGHESL
ON 2012/12/11 AT 09:16:25

14221-0956 (LT)
SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHRD
PRI681378 REMARKS: PRI554408, PRI418741, PRI539845	2009/08/05	NOTICE	\$2	THE TORONTO-DOMINION BANK		C
PRI720150 REMARKS: PRI554408, PRI418741 AND PRI539845.	2009/10/15	NOTICE	\$2	THE TORONTO-DOMINION BANK		C
PRI720151 REMARKS: PRI418741.	2009/10/15	TRANSFER OF CHARGE		1448037 ONTARIO LIMITED	THE TORONTO-DOMINION BANK	C
PRI720152 REMARKS: PRI539845.	2009/10/15	TRANSFER OF CHARGE		1448037 ONTARIO LIMITED	THE TORONTO-DOMINION BANK	C
PRI740689	2009/11/25	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** STUBBE'S PRECAST COMMERCIAL INC.		
PRI759521 REMARKS: PRI740689.	2010/01/05	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** STUBBE'S PRECAST COMMERCIAL INC.		
PRI764737 REMARKS: CERTIFICATE OF PENDING LITIGATION	2010/01/15	APL (GENERAL)		*** COMPLETELY DELETED *** H S G PROPERTIES INCORPORATED		
PRI774495	2010/02/05	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** RAFAT GENERAL CONTRACTORS INC.		
PRI778915 REMARKS: PRI774495.	2010/02/18	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** RAFAT GENERAL CONTRACTORS INC.		
PRI784339 REMARKS: DELETES PRI764737	2010/03/01	APL AMEND ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	2012241 ONTARIO LIMITED CHERVAL, RAVINDER SINGH	C
PRI785468 REMARKS: PENDING LITIGATION	2010/03/03	APL (GENERAL)		H S G PROPERTIES INCORPORATED		C
PRI803331 REMARKS: FROM PRI785468 TO PRI554408	2010/04/12	POSTPONEMENT		H S G PROPERTIES INCORPORATED	THE TORONTO-DOMINION BANK	C

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 5 OF 6

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ON 2012/12/11 AT 08:16:25

14223-0956 (LF)
SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CHRG/ CRED
PR1877343	2010/08/18	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** SCHINDLER ELEVATOR CORPORATION		
PR1885715	2010/09/01	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** SCHINDLER ELEVATOR CORPORATION		
		REMARKS: PR1877343.				
PR1930393	2010/12/02	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** ROYAL WINDSOR MECHANICAL INC.		
43R33711	2010/12/23	PLAN REFERENCE	\$70			C
PR1946955	2011/01/11	CERTIFICATE		*** COMPLETELY DELETED *** ROYAL WINDSOR MECHANICAL INC.	VERSA CONSTRUCTION LIMITED 2012241 ONTARIO LIMITED THE TORONTO-DOMINION BANK	
		REMARKS: PR1930393				
PR1947540	2011/01/12	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** FLOORCRAFT DESIGN INC.		
PR1948049	2011/01/13	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** ROYAL WINDSOR MECHANICAL INC.		
		REMARKS: PR1930393, DELETES PR1930393, PR1946955				
PR1950063	2011/01/18	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** FLOORCRAFT DESIGN INC.		
		REMARKS: PR1947540.				
PR1920884	2011/03/30	CONSTRUCTION LIEN	\$383,399	VERSA CONSTRUCTION LIMITED		C
PR2003837	2011/05/16	CERTIFICATE		VERSA CONSTRUCTION LIMITED		C
		REMARKS: PR1920884				
PR2106952	2011/11/14	TRANSFER EASEMENT	\$2	2012241 ONTARIO LIMITED	HYDRO ONE BRAMPTON NETWORKS INC.	C
PR2110730	2011/11/21	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)	IRA SMITH TRUSTEE & RECEIVER INC.	C
PR2176035	2012/04/10	TRANSFER OF CHARGE		THE TORONTO-DOMINION BANK	FIRM CAPITAL MORTGAGE FUND INC.	C
		REMARKS: PR1554408.				

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PAGE 6 OF 6
PREPARED FOR KHUGHES1
ON 2012/12/11 AT 08:16:25

14223-0956 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

REG. NOM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
PR2176036	2012/04/10 REMARKS: PR1418741	TRANSFER OF CHARGE		THE TORONTO-DOMINION BANK	FIRM CAPITAL MORTGAGE FUND INC.	C
PR2176037	2012/04/10 REMARKS: PR1539645	TRANSFER OF CHARGE		THE TORONTO-DOMINION BANK	FIRM CAPITAL MORTGAGE FUND INC.	C
PR2269555	2012/09/21	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST	DELOITTE & TOUCHE INC.	C

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APPENDIX "G"



Audited	
CAS	CCG
<input type="checkbox"/>	<input checked="" type="checkbox"/>

General Security Agreement

To: The Toronto-Dominion Bank

(hereinafter called the "Bank")

GRANTED BY: 2012241 ONTARIO LIMITED

(hereinafter called the "Undersigned")

1. Security Interest

As general and continuing security for the payment of all obligations, indebtedness and liabilities, direct or indirect, of the Undersigned to the Bank wheresoever and howsoever incurred and whether incurred before, at the time of or after the execution hereof, including extensions or renewals thereof, including without restricting the generality of the foregoing obligations to the Bank for advances by the Bank to the Undersigned under fixed or revolving credits established from time to time, liability to the Bank for letters of credit or guarantees, whether or not drawn upon, issued or given by the Bank for the Undersigned and the obligation and liability of the Undersigned under any contract of guarantee now or hereafter in existence whereby the Undersigned guarantees payment of the debts, liabilities and obligations of a third party to the Bank (the obligations, indebtedness and liabilities of the Undersigned referred to above hereinafter collectively called "Obligations"), and, IN CONSIDERATION OF THE OBLIGATIONS, the Undersigned hereby grants, bargains, assigns and transfers to the Bank a first, fixed and specific mortgage and charge, as and by way of a continuing security interest (hereinafter together with any other security interest hereby created called the "Security Interest") in the following property described in sub-paragraphs (a), (b), (c), and (d) of this paragraph now or hereafter owned or acquired by or on behalf of the Undersigned:

Delete "and (d)" if inapplicable.

- (a) **Intangibles** - all intangible property and not included in paragraph 10 below including, without limitation, all contractual rights and insurance claims, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Undersigned (all of which property is hereinafter collectively called "Intangibles");
- (b) **Proceeds** - all of the Undersigned's property in any form derived directly or indirectly from any use or dealing with the Collateral (defined in the last sentence of this paragraph) or that indemnifies or compensates for Collateral destroyed or damaged (all of which property is hereinafter collectively called "Proceeds");
- (c) **Books & Records** - all of the Undersigned's deeds, documents, writings, papers, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

Delete if inapplicable. If a Fixed and Specific Charge is Required, Complete Schedule.

- (d) **Equipment** - all tools, machinery, equipment, furniture, plants, fixtures, and other tangible personal property, vehicles and fixed goods and chattels including all tools, machinery, equipment, furniture, plants, fixtures, vehicles, fixed goods and chattels other than inventory (as defined below), and any other property or assets of the kind, nature or description of the property or assets particularly described in the Schedule hereto (all of which property is hereinafter collectively called "Equipment");

and for the same consideration the Undersigned hereby grants, bargains, assigns and transfers to the Bank a first floating charge, as and by way of a continuing security interest, over:

- (e) **Inventory** - all goods and chattels now or hereafter forming the inventory of the Undersigned, of whatever kind and wherever located, including, without limitation, all goods, merchandise, raw material, work in process, finished goods and chattels held for sale, lease or resale, or furnished or to be furnished under contracts for service or used or consumed in the business of the Undersigned, goods used in or procured for packing or packaging, timber cut or to be cut, oil, gas and minerals extracted or to be extracted, all livestock and the young thereof after conception and all crops which become such within one year after the date of execution of this Agreement (all of which goods and chattels are hereinafter collectively called "Inventory");
- (f) **Real Estate** - all real and immovable property, both freehold and leasehold, now or hereafter owned or acquired by the Undersigned, together with all buildings, erections, improvements and fixtures situate thereupon or used in connection therewith, including any lease, verbal or written or any agreement therefor, (all of which property is hereinafter collectively called "Real Estate") provided, however, the last day of any term of any such lease, verbal or written, or any agreement therefor now held or hereafter held by the Undersigned, is excepted out of the Real Estate charged by this Agreement, but should such charge become enforceable the Undersigned shall thereafter stand possessed of any such reversion upon trust to assign and dispose thereof as the Bank may direct; and
- (g) **Other Property** - the undertaking and all other property and assets of the Undersigned for the time being of whatsoever nature and kind both present and future including without limiting the generality of the foregoing, uncalled capital, moneys, rights, franchises, negotiable and non-negotiable instruments, judgments and securities (all of which are hereinafter collectively called "Other Property"), other than that which is at any and all times validly subject to the first, fixed and specific mortgage and charge hereby created or subject to the assignment set forth in paragraph 10.

All of the above mentioned property together with the Assignment in paragraph 10 is hereinafter called the "Collateral".

2. Location of Property

The Undersigned confirms and warrants that the Collateral will be kept at the address immediately preceding the Schedule hereto or, if left blank at the address shown below the Undersigned's signature to this Agreement, and, subject to the provisions of paragraph 4, the Undersigned will not remove any of the Collateral from said location without the prior written consent of the Bank.

3. Representations, Warranties & Covenants

The Undersigned hereby represents, warrants or covenants to or with the Bank, as the case may be, that:

- (a) the Undersigned will reimburse the Bank for all costs and expenses (including legal fees on a solicitor and his own client basis) incurred by it in the preparation, execution and filing of this Agreement and the taking, recovering or possessing the Collateral and in any other proceedings taken for the purpose of protecting or enforcing the remedies provided herein, or otherwise in relation to the Collateral or by reason of non-payment of the Obligations and all such costs and expenses shall bear interest at the highest rate borne by any of the Obligations and shall be payable on demand;
- (b) except for the Security Interest the Undersigned is, or respecting the Collateral acquired after the date hereof will be, the owner of the Collateral free from any mortgage, lien, charge, security interest or encumbrance and the Undersigned will keep the Collateral free and clear of all taxes, assessments, liens and encumbrances;
- (c) the Undersigned will deliver to the Bank within three (3) months next after the end of each of the Undersigned's fiscal years, audited financial statements of the Undersigned, and, if the Undersigned is a corporation, will furnish annually to the Bank the information which is required to be furnished to the shareholders of a corporation under applicable law;
- (d) the Undersigned will care for, protect and preserve the Collateral and not permit its value to be impaired and, subject to paragraph 4, will not sell, transfer, assign, mortgage, charge, pledge, hypothecate or deliver or otherwise dispose of any such property or any interest therein without the prior written consent of the Bank;
- (e) the Undersigned will keep the Collateral insured under policies with such provisions, for such amounts and by such insurers satisfactory to the Bank from time to time, and will maintain such insurance with loss, if any, payable to the Bank and will lodge such policies with the Bank;
- (f) the Bank shall be entitled from time to time and at any time to inspect the Collateral wherever located and to make enquiries and tests concerning the Collateral, and the Undersigned will defray all expenses in connection therewith; and
- (g) this Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Undersigned in accordance with its terms.

4. Use of Specifically Charged Property

Dealing with Inventory, Real Estate or Other Property

Until the occurrence of an event of default, as hereinafter provided, the Undersigned may use the Collateral specifically charged in any lawful manner not inconsistent with this Agreement, and deal with the Inventory, Real Estate or Other Property or any part thereof in the ordinary course of business. Proceeds shall be received by the Undersigned in trust for the Bank and shall be forthwith paid over to the Bank.

5. Events of Default

Obligations not payable on demand shall become immediately payable upon the occurrence of one or more of the following events of default:

- (a) the Undersigned fails to pay when due any of the Obligations, or to perform or rectify a breach of any of the representations or warranties or covenants of this Agreement;
- (b) the Undersigned ceases or threatens to cease to carry on business, becomes insolvent or the subject of bankruptcy or insolvency proceedings;
- (c) any warranty or representation made to induce the Bank to extend credit to the Undersigned, under this Agreement or otherwise, is false in any material respect when made;
- (d) an encumbrancer takes possession of any of the Collateral or any process of execution is levied or enforced upon or against any of the Collateral;
- (e) indebtedness or liability of the Undersigned other than to the Bank becomes due and payable, or capable of being declared due and payable, before the stated maturity thereof or any such indebtedness or liability shall not be paid at the maturity thereof or upon the expiration of any stated applicable grace period thereof or any guarantee given by the Undersigned is not honoured when due and called upon;
- (f) a declaration of incompetency of the Undersigned by a court;
- (g) if the Undersigned is a partnership, the death of a partner; or
- (h) if the Undersigned is an individual, the death of the Undersigned;
- (i) any other event which causes the Bank, in good faith, to deem itself insecure;

and the Bank shall have all rights and remedies under applicable law as well as any other rights and remedies provided by this Agreement.

6. Additional Powers Upon Default

In addition to the rights and powers provided in paragraphs 5 and 8 and under the Personal Property Security Act, the Bank and the Receiver, as defined in paragraph 8, shall have the following rights and powers if the security hereby constituted becomes enforceable:

- (a) to dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation thereof for disposition;
- (b) if any part of the Collateral is perishable or will decline speedily in value, to sell or otherwise dispose of same without giving any notice whatever; and
- (c) to demand, sue for and receive any Book Debts with or without notice to the Undersigned, give effectual receipts and discharges therefor, compromise any Book Debts which may seem bad or doubtful to the Bank and give time for payment thereof with or without security,

and the Undersigned shall from time to time forthwith on the Bank's request execute, do and make all such agreements, statements, further assignments, acts, matters and things which may from time to time in the opinion of the Bank be necessary or expedient for the purpose of carrying into effect any of the provisions hereof and of perfecting the title of the Bank in the Collateral, and the Bank and any of its managers or acting managers are by the Undersigned hereby irrevocably constituted and appointed the true and lawful attorney of the Undersigned with full power of substitution for the Bank at its option whenever and wherever it may deem necessary or expedient to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Undersigned.

7. Waiver by the Bank

Any breach by the Undersigned of any of the provisions contained in this Agreement or any default by the Undersigned in the observance or performance of any covenant or condition required to be observed or performed by the Undersigned hereunder may only be waived by the Bank in writing, provided that no such waiver by the Bank shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

8. Appointment of Receiver and Manager

The Bank may appoint in writing any person, whether an employee or employees of the Bank or not, to be a receiver or a receiver and manager ("Receiver") of the Collateral or any part or parts thereof. A Receiver so appointed shall have power:

- (a) to take possession of, collect and get in the Collateral, or any part thereof and for that purpose to take any proceedings in the name of the Undersigned or otherwise;
- (b) to carry on or concur in carrying on the business of the Undersigned and for that purpose to raise money on the Collateral in priority to this Agreement or otherwise;
- (c) to sell or concur in selling any of the Collateral; and
- (d) to make any arrangement or compromise which the Receiver shall think expedient in the interest of the Bank.

Any Receiver so appointed shall be deemed to be the agent of the Undersigned, and the Undersigned shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and expenses, and the Bank shall not be in any way responsible for any misconduct or negligence on the part of the Receiver. All moneys received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be applied in or towards satisfaction of the Security Interest. The rights and powers conferred by this paragraph are in supplement of and not in substitution for any rights the Bank may have from time to time.

9. Perishable Collateral

Except to the extent that the Bank believes on reasonable grounds that any part of the Collateral is perishable or will decline speedily in value, the Undersigned shall be entitled to not less than fifteen days' notice in writing of the date, time and place of any intended disposition of the Collateral, such notice to be sent by registered mail to the last known post office address of the Undersigned.

10. General Assignment of Book Debts

And the Undersigned for good and valuable consideration assigns, transfers, and sets over unto the Bank all debts, accounts, choses in action, claims, demands, and moneys now due or owing or accruing due or which may hereafter become due or owing to the Undersigned, including (without limiting the foregoing) claims against the Crown in the right of Canada or of any province, moneys which may become payable under any policy of insurance in respect of any loss by fire or other cause which has been or may be incurred by the Undersigned (collectively called "Book Debts"), together with all contracts, securities, bills, notes, lien notes, judgments, chattel mortgages, mortgages and all other rights, benefits and documents now or hereafter taken, vested in or held by the Undersigned in respect of or as security for the Book Debts hereby assigned or intended so to be or any part thereof and the full benefit and advantage thereof, and all rights of action, claim, or demand which the Undersigned now has or may at any time hereafter have against any person or persons, firm or corporation in respect thereof. The Undersigned further hereby covenants, promises, and agrees to and with the Bank to well and truly execute or cause to be executed all or any such further or other document or documents as shall or may be required by the Bank to more completely or fully vest in the Bank the Book Debts hereby assigned or intended so to be and the right to receive the said moneys or to enable the Bank to recover same and will from time to time prepare and deliver to the Bank all deeds, books, vouchers, promissory notes, bills of exchange, accounts, letters, invoices, papers, and all other documents in any way relating to the Book Debts. Provided that this assignment is and shall be a continuing collateral security to the Bank for the Obligations. All money or any other form of payment received by the Undersigned in payment of any Book Debts shall be received and held by the Undersigned in trust for the Bank.

11. Appropriation

The Bank shall have the right at any time to appropriate any payment made to any portion of the Obligations and to revoke or alter any such appropriation.

12. Dealing with Security Interest

The Bank may grant extensions of time and other indulgences, take and give up any of the Security Interest, or modify or abstain from perfecting or taking advantage of any of the Security Interest, accept compositions, grant releases and discharges thereof and otherwise deal with the Undersigned, debtors of the Undersigned, sureties and others and with any of the Security Interest as the Bank may see fit without prejudice to the liability of the Undersigned or the Bank's right to hold and realize any of the Security Interest. The Bank shall not be accountable to the Undersigned for the value of any of the Security Interest released except for any moneys actually received by the Bank.

13. Execution

If more than one person executes this Agreement, the term "Undersigned" shall include each as well as all of them, any and all of their obligations hereunder shall be joint and several and these presents and such obligations shall continue in full force and effect and apply notwithstanding any change for any cause or in any manner whatsoever in the composition of or membership of any firm or company which is a party hereto.

14. Term

This Agreement shall be a continuing agreement in every respect for the payment of the Obligations and it shall remain in full force and effect until all of the Obligations shall be paid in full. In the event any provisions of this Agreement shall be deemed invalid or void by any court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect.

15 Non-Substitution

The Security Interest is in addition to and not in substitution for any other security now or hereafter held by the Bank.

16. Acknowledgement

The Undersigned acknowledges receipt of a copy of this Agreement.

IN WITNESS WHEREOF the Undersigned has executed this Agreement this 10 day of September, 2008

Witness: [Signature]
[Signature]

2012241 ONTARIO LIMITED
Per: [Signature] (Seal)
Jagdev Dhaliwal, President
Per: [Signature] (Seal)
Ravinder Singh Chahal, Secretary

Branch must Insert Date and Initial as

Date Received	_____
Recorded	_____
Approved	_____

We have authority to bind the Corporation.
470 CHRYSLER DRIVE, UNIT 20, BRAMPTON, ONTARIO, L6S 0C1
(Address)

Collateral is now and will hereafter be located at the following address(es):

- 1) 470 Chrysler Drive, Unit 20, Brampton, Ontario, L6S 0C1
- 2) 50 Sunny Meadow Boulevard, Toronto, Ontario

Quantity	Description	Serial number
If space is insufficient attach additional list headed: PAGE 2 OF SCHEDULE		

Resolution authorizing execution of general security agreement

"RESOLVED THAT THE President and the Secretary are hereby authorized for and on behalf of the Corporation to execute and deliver to The Toronto-Dominion Bank a General Security Agreement substantially in the form of the General Security Agreement (attached hereto and initialed by the Secretary for identification) presented to the directors, with such alterations, amendments, deletions or additions as may be approved by the persons executing the same and that execution accordingly shall be conclusive evidence of such approval and that the General Security Agreement so executed is the General Security Agreement authorized by this Resolution."

"Any officer or director be and is hereby authorized to execute and deliver on behalf of the Corporation all such other documents and writings and to do such other acts and things as may be necessary or desirable for fulfilling the Corporation's obligations under the General Security Agreement."

Certificate

I hereby certify that the foregoing is a true and correct copy of a Resolution duly passed by the Directors of 2012241 ONTARIO LIMITED

on the 10 day of August September, 2008 and that the said Resolution is now in full force and effect.

[Signature]
Secretary - Ravinder Singh Chahal CS

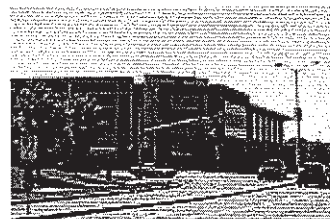
APPENDIX "H"



Canada
Financial Advisory

Office / Medical Building Investment Opportunity - Sunny Meadow Centre

September 2012



Exceptional opportunity to acquire a newly built office / medical building located opposite Brampton Civic Hospital, the Tall Pines Long-Term Care Facility and Chinguacousy Wellness Centre in northeast Brampton.

Highlights

- Newly completed, 3 storey modern office building with 64 suites and total floor area of approximately 54,100 sf
- Approved Draft Plan of Condominium with Condominium Plan registration in advanced stages
- Corner site exposure across from the recently expanded 1.3 million sf Brampton Civic Hospital complex
- Zoning permits medical and other office, retail (including pharmacy) & personal service establishments
- 261 parking spaces including surface parking (136 spaces) and underground parking garage with key code entry (125 spaces) – Condo Plan provides fee simple title for parking units
- Optional vacant possession provides flexibility to purchasers
- Option to hold as an investment property
- Financing available to qualified purchasers

Transaction and competitive bids process

Deloitte & Touche Inc., in its capacity as Court-appointed Receiver of certain assets, undertakings and properties of 2012241 Ontario Limited ("2012241"), and not in its personal capacity, (the "Receiver") offers for sale, through Deloitte & Touche Real Estate Group, certain property of 2012241 including the Sunny Meadow Centre property known municipally as 50 Sunny Meadow Boulevard, located north of Bovaird Drive between Bramalea Road and Torbram Road, in Brampton, Ontario.

The Receiver will be conducting a Request for Offers, with the deadline for submissions set for Wednesday, October 17th, 2012 at 12:00 p.m. Toronto time. Offers must be submitted using the pre-approved form of offer available with the Confidential Information Memorandum ("CIM"). The Receiver reserves the right to extend the above deadline or accept offers before the stated deadline at its sole discretion.

To receive additional information, including the CIM and access to the data room, prospects must execute the enclosed Confidentiality Agreement and return a copy via e-mail to SunnyMeadow@deloitte.ca or via facsimile (416-601-6690) to the Receiver to the attention of Mr. Stefano Damiani, CA, CIRP.



Confidentiality Agreement

[View online](#)

[Download](#)



Property Information Sheet

[View online ▶](#)

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Deloitte.

50 Sunny Meadow Blvd.

Newly constructed office/medical building
opposite Brampton Civic Hospital



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Investment opportunity

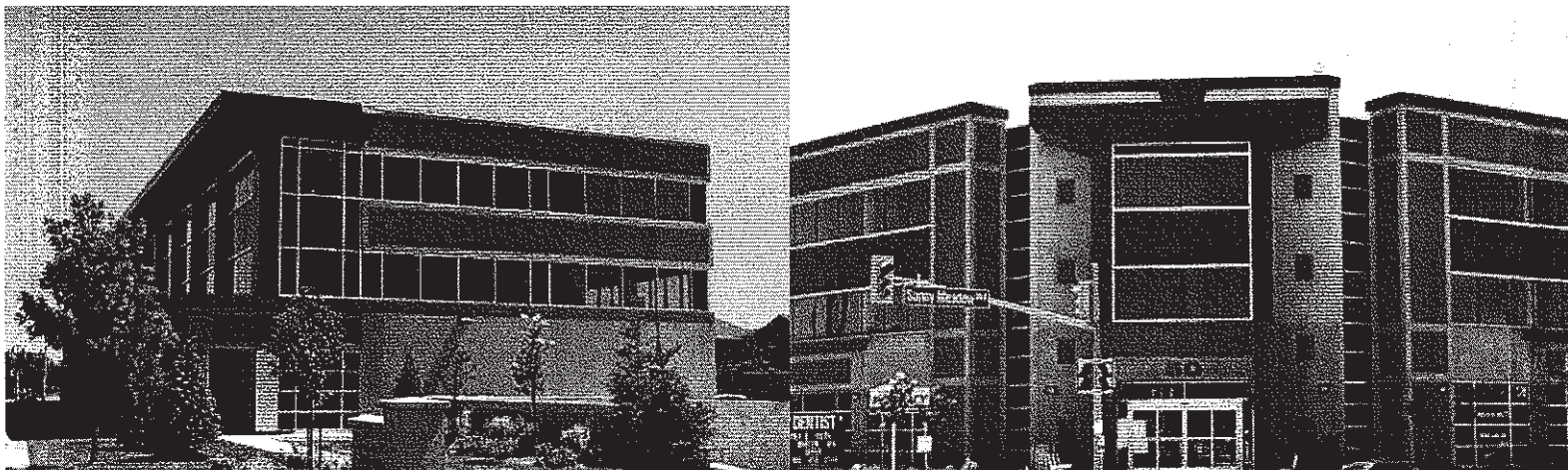
Sunny Meadow Centre

A unique opportunity to purchase a recently completed medical and professional office building opposite a state-of-the-art community hospital. A Draft Plan of Condominium has been approved and the property is now in the advanced stages of the Condominium Plan registration process. Option of vacant possession will provide the purchaser with flexibility to either market as leasehold or proceed with condo plan registration and market/sell as condo units or own/market as a leasehold property.

Investment highlights

100 projects with the most value for the community

- | | |
|---|--|
| <p>1 A newly completed office building with 100,000 sq ft of space located in the heart of downtown Dallas, Texas. The building is part of a larger development that includes a parking garage and a transit station.</p> <p>2 A new 100,000-sq-ft office building located in the heart of downtown Dallas, Texas. The building is part of a larger development that includes a parking garage and a transit station.</p> <p>3 A new 100,000-sq-ft office building located in the heart of downtown Dallas, Texas. The building is part of a larger development that includes a parking garage and a transit station.</p> <p>4 A new 100,000-sq-ft office building located in the heart of downtown Dallas, Texas. The building is part of a larger development that includes a parking garage and a transit station.</p> | <p>5 A new 100,000-sq-ft office building located in the heart of downtown Dallas, Texas. The building is part of a larger development that includes a parking garage and a transit station.</p> <p>6 A new 100,000-sq-ft office building located in the heart of downtown Dallas, Texas. The building is part of a larger development that includes a parking garage and a transit station.</p> <p>7 A new 100,000-sq-ft office building located in the heart of downtown Dallas, Texas. The building is part of a larger development that includes a parking garage and a transit station.</p> <p>8 A new 100,000-sq-ft office building located in the heart of downtown Dallas, Texas. The building is part of a larger development that includes a parking garage and a transit station.</p> <p>9 A new 100,000-sq-ft office building located in the heart of downtown Dallas, Texas. The building is part of a larger development that includes a parking garage and a transit station.</p> |
|---|--|



An illustrative investment pro forma prepared by the Secured Lender values the property "as is" at \$18 million. The following table includes estimates of potential sales revenues reflecting the potential opportunity to generate additional revenue from the sale of parking units (registered with separate title). It also reflects the Lender's assessment of costs to register the Condominium Plan, as well as sales commissions and carrying costs during the marketing process.

Unit/Revenue	Revenue / (Cost)	\$ / sf	Notes
First floor retail / Services	\$6,734,000	\$400.00 / sf	Based on 16,835 sf
Second floor office	\$6,968,250	\$375.00 / sf	Based on 18,582 sf
Third floor office	\$6,540,800	\$350.00 / sf	Based on 18,688 sf
Total revenue	\$20,243,050	\$374.15 / sf	Based on 54,105 sf
Less: commissions @ 4%	(\$810,000)	\$14.95 / sf	Based on 4%
Less: Closing costs	(\$128,000)	\$2.35 / sf	125 u/g spaces @ \$15,000 / unit
Net sales proceeds (Suites)	\$19,305,050	\$356.80 / sf	
Plus: Additional revenue			
Underground parking	\$1,875,000	\$34.65 / sf	125 u/g spaces @ \$15,000 / unit
Surface parking	\$1,360,000	\$25.14 / sf	136 surface parking spaces @ \$10,000 / unit
Total additional revenue	\$3,235,000	\$59.80 / sf	
Total combined revenue	\$22,540,050	\$415.00 / sf	
Less: Carrying costs & registration			
Consultants	(\$30,000)	\$0.55 / sf	Estimate for all consulting fees to complete condo
Estimate for work required	(\$150,000)	\$2.75 / sf	Incl. any remedial work required for building / site deficiencies
Legal cost for condo registration	(\$50,000)	\$0.90 / sf	Estimate for new lawyer to register condo
Carrying costs (interest)	(\$1,000,000)	\$18.50 / sf	Assumes 12 months
Building operation	(\$500,000)	\$9.25 / sf	
Developer profit	(\$2,500,000)	\$46.20 / sf	
Current value estimate	\$18,310,050	\$338.40 / sf	

Note: The receiver has not conducted its own analysis in this regard and does not express an opinion thereon.

Property overview

Address

50 Sunny Meadow Blvd.

Year built

Completed in 2011

Number of floors

3 + u/g parking

Floor area

54,100 sf

Units

64 suites (600-1,400 sf in size)

Parking spaces

Surface – 136 spaces

Underground – 125 spaces

Total – 261 spaces

Site area

2.01 ac.

Site dimensions

421 ft x 139 ft

PIN no.

142230956

Roll no.

10-07-0-025-07800-0000

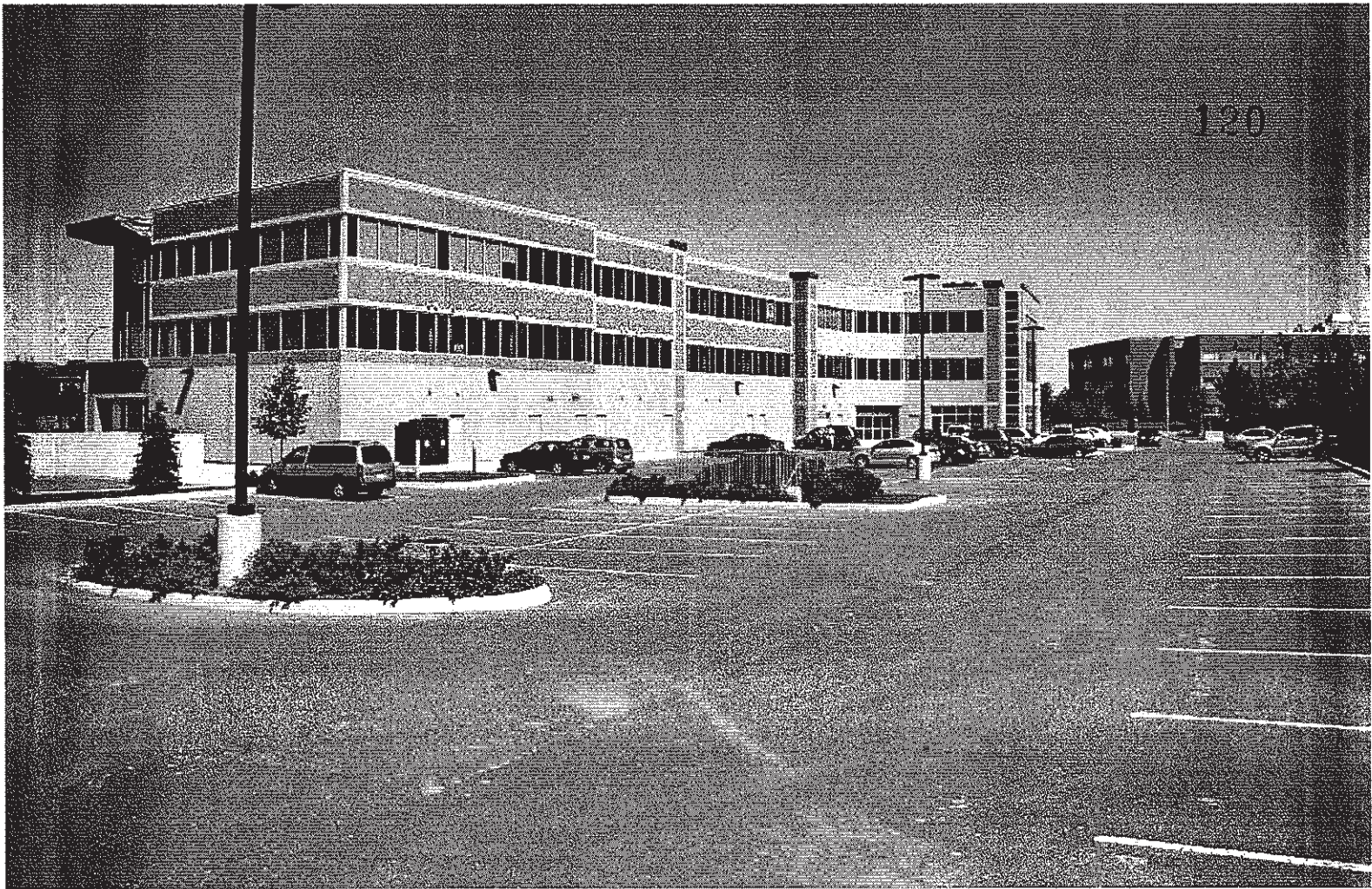
Zoning

Service commercial (SC-1365)

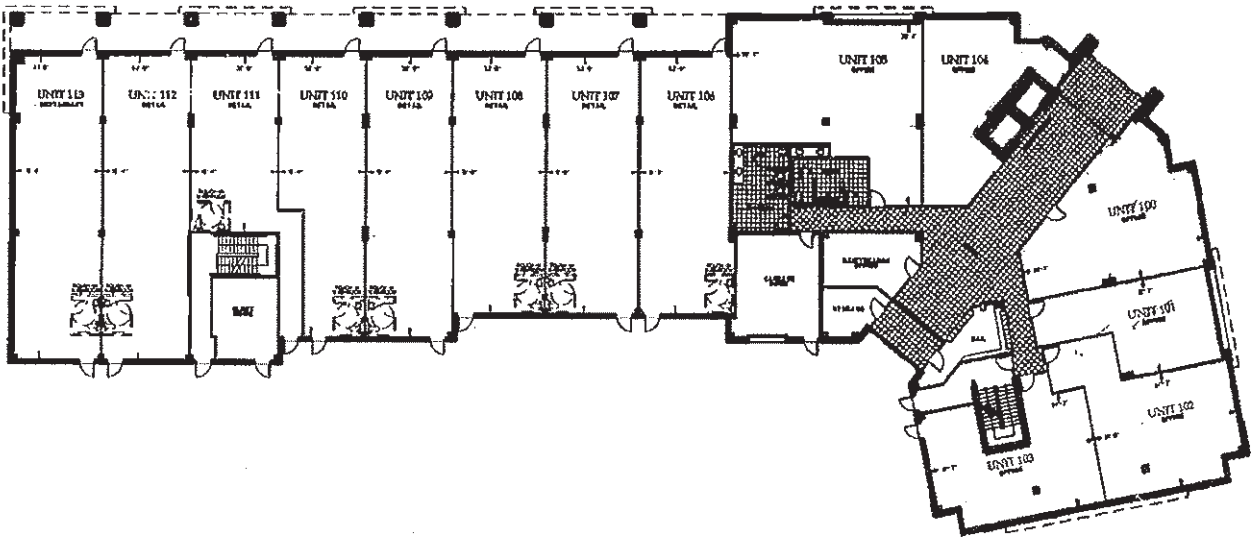
Taxes

\$3.30 / sf*

**Assessed value for the 2012 tax year of \$7,456,000*



Ground floor layout



Second/Third floor layout



The building

The 3 storey building totals approximately 54,100 sf. The building includes a total of 50 medical / professional office suites on the upper floors suitable for medical offices, labs and other professional offices, and 14 units on the ground level which are well suited to accommodate medical or professional offices, a pharmacy and other retail and personal service uses.

Completed in 2011, the building was constructed to meet the minimum requirements of the Condominium Act. A Draft Plan of Condominium was approved by the City. The plan is in the advanced process of registration and minimal work will be required to satisfy conditions set out in the Draft Plan.

Zoning for a wide range of office uses

The property is located within a Residential designation in the General Land Use Designations (Schedule A) of the City of Brampton's Official Plan. The property is subject to the policies of the Sadringham-Wellington Secondary Plan Area (SPA 28) which designates the property as Service Commercial (Office).

The property is zoned Service Commercial (SC-1365), which includes the following as permitted uses:

- **Office**, including offices of a physician, dentist and drugless practitioner;
- **Retail establishment** having no outside storage or display of goods and materials;
- **Dry cleaning** and laundry distribution station;
- Personal service shop;
- **Take-out restaurant** excluding a drive-through facility; and,
- Purpose accessory to the other permitted purposes.

Legal description

Part of Lot 11, Concession 5 East of Hurontario Street, described as Parts 6 and 7, Plan 43R21902, Subject to an easement in favor of Brampton Hydro Electric Commission and the Corporation of the City of Brampton over Part of Lot 11, Concession 5, described as Part 7, Plan 43R21902 as in LT1615145. Subject to an easement in Gross over Parts 3 & 4, 43R33711 as in PR2106932 City of Brampton.

* The City of Brampton's comprehensive zoning by-law (270-2004) defines an accessory use as follows: "Accessory use shall mean a use which is incidental, subordinate and exclusively devoted to the principal use of the lot and buildings thereon, located on the same lot."

Location overview

Location

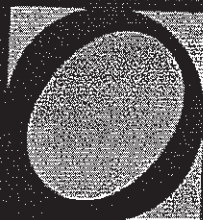
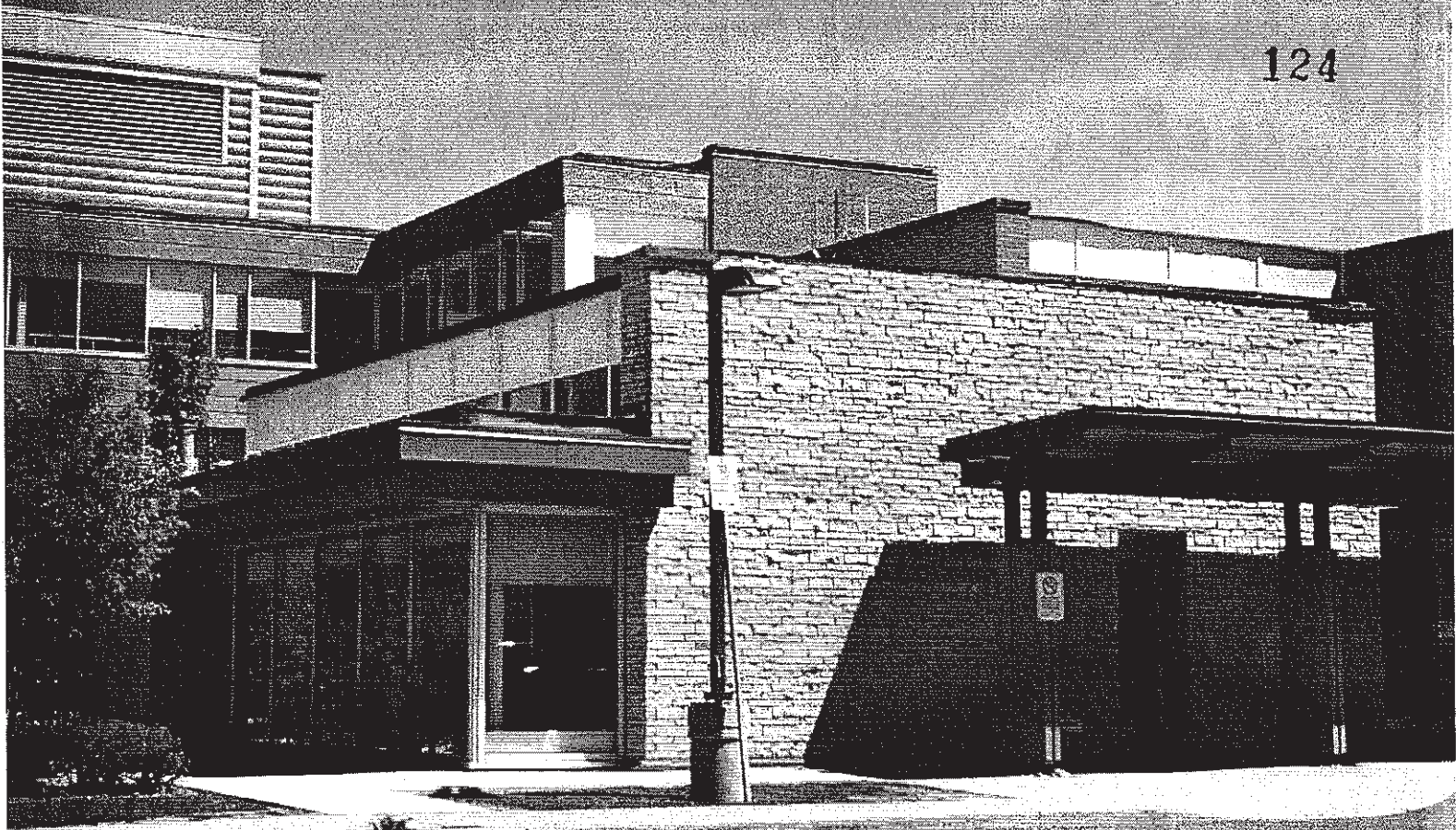
The Sunny Meadow Centre is located in the northeast part of the City of Brampton. With a population of over 500,000 residents, Brampton is one of the fastest growing municipalities in Canada.

The property is generally located north of Bovaird Drive between Bramalea Road and Torbram Road, an area characterized by recently developed and developing residential subdivisions.

Situated on the northwest corner of Sunny Meadow Boulevard and Peter Robinson Boulevard, the Sunny Meadow Centre is opposite the 1.3 million sq ft Brampton Civic Hospital complex.

Site

The site offers high exposure and visibility. Located at the signalized intersection of Sunny Meadow Boulevard and Peter Robinson Boulevard, the 2.01 acre site is rectangular with frontage of 421 ft and a depth of 129 ft. The property features ample on-site parking, including 136 parking stalls and 125 stalls in an underground parking area with key code entry. The Draft Plan of Condominium shows each parking space as separate units with fee simple title.



WILLIAM
OSLER
HEALTH
CENTRE

BRAMPTON
CIVIC HOSPITAL

.....
williamoslerhc.on.ca

50 Sunny Meadow Boulevard

5. Bus service

6. Griffin Family Park

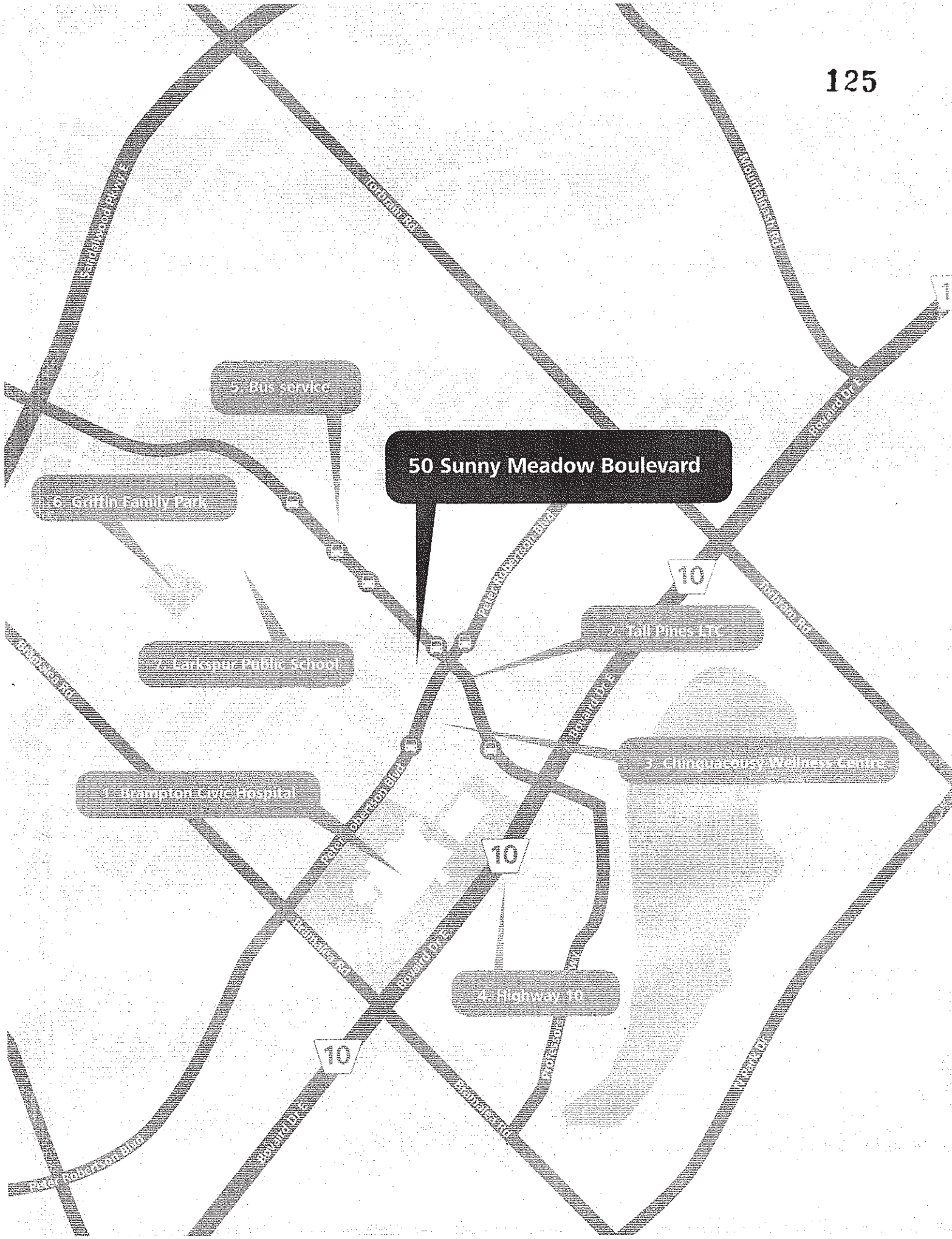
7. Earkspur Public School

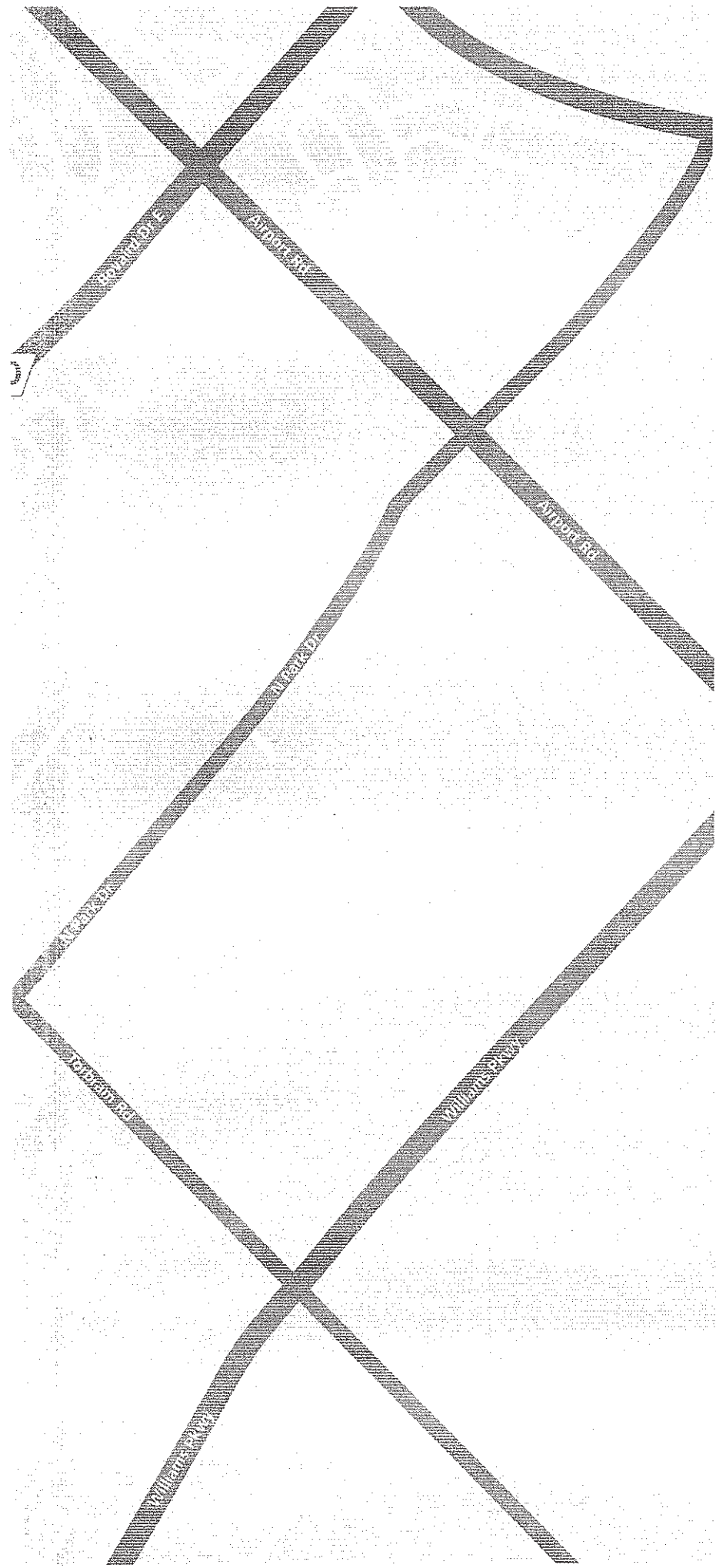
1. Brampton Civic Hospital

2. Tall Pines LTC

3. Chinguacousy Wellness Centre

4. Highway 10





1. Brampton Civic Hospital
2. Tall Pines LTC
3. Chinguacousy Wellness Centre
4. Highway 10
5. Bus service
6. Griffin Family Park
7. Larkspur Public School

MARKET OVERVIEW

Brampton is one of Canada's 20 fastest growing communities. With a current population of over 50,000 residents, it placed 10th behind Toronto in terms of population growth, with an increase of 30,000 residents over the 2006 and 2011 Census periods.

The Brampton office market

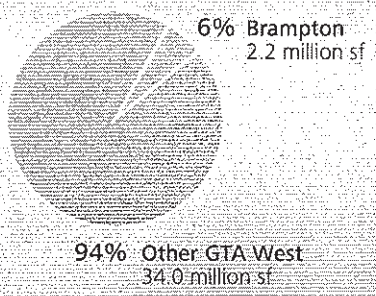
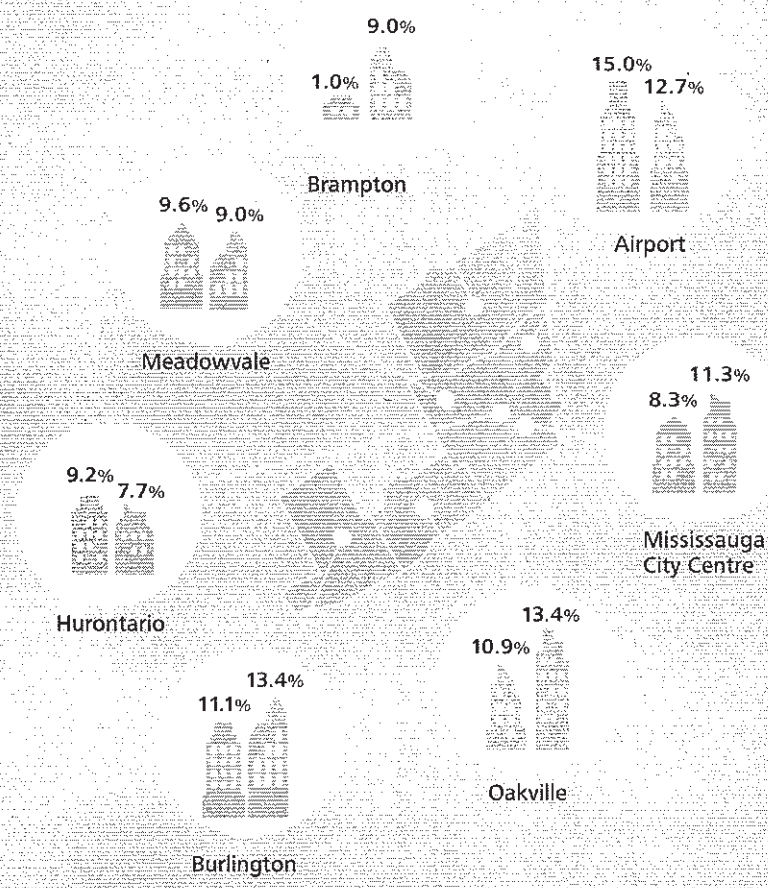
Brampton benefits from a diverse economic base that is strongly influenced by its proximity to the Lester B. Pearson International airport and excellent highway accessibility.

Brampton's office market is generally stable, but impacted by the concentration of office space located proximate to Lester B. Pearson International airport which is more sensitive to changes in the U.S. and world economies.

Brampton's office market is stable despite an uptick in vacancy due to two new building completions:

- Brampton accounts for 6% of the GTA West office inventory with approximately 2.2 million sf of office space.
- Class A and B vacancy in Brampton is lower than the overall vacancy rate of 9.0%. Brampton's average vacancy is negatively affected by high vacancy in Class C space (15%). Vacancy in Class A and B space in Q4 2011 was 7.7% and 5.0%, respectively.
- The uptick in y/y vacancy in Q4 2011 reflects completion of two new Class A buildings having in total over 100,000 sf.

*Source: Cushman & Wakefield



GTA West
 Vacancy – Current quarter: 10.3%
 Vacancy – One year ago: 10.4%

*Source: Cushman & Wakefield

Brampton market indicators
Vacancy still below GTA West

Brampton

Class	Market buildings	Current inventory	Occupied space	Current availability	Availability	
					1 year ago	Current quarter
Class A	7	1,398,980	1,298,241	100,739	0.7%	7.2%
Class B	9	338,364	307,729	30,635	4.4%	9.1%
Class C	9	481,667	414,294	67,373	0.4%	14.0%
Total	25	2,219,011	2,020,264	198,747	1.2%	9.0%

GTA West

Class	Market buildings	Current inventory	Occupied space	Current availability	Availability	
					1 year ago	Current quarter
Class A	172	22,256,191	20,169,650	2,086,541	10.3%	9.4%
Class B	174	10,909,120	9,607,566	1,301,554	12.0%	11.9%
Class C	59	3,097,599	2,838,883	258,716	7.5%	8.4%
Total	405	36,262,910	32,616,099	3,646,811	10.6%	10.1%

GTA total

Class	Market buildings	Current inventory	Occupied space	Current availability	Availability	
					1 year ago	Current quarter
Class A	493	100,956,049	94,151,887	6,804,162	7.2%	6.7%
Class B	600	53,309,023	49,596,330	3,712,693	7.4%	7.0%
Class C	252	14,198,468	13,423,637	774,831	8.8%	5.5%
Total	1,345	168,463,540	157,171,854	11,291,686	7.4%	6.7%

*Source: Cushman & Wakefield

Transaction and competitive bids process

Deloitte & Touche Inc., in its capacity as Court-appointed Receiver of certain assets, undertakings and properties of 2012241 Ontario Limited ("2012241"), and not in its personal capacity (the "Receiver") offers for sale, through Deloitte Real Estate Group certain property of 2012241, including the property known municipally as 50 Sunny Meadow Boulevard in the City of Brampton.

The Receiver will be conducting a Request for Offers, with the deadline for submissions set for Wednesday, October 17th, 2012, at 12:00 p.m. Offers must be submitted using the pre-approved form of offer available with the CIM. The Receiver reserves the right to extend the above deadline or accept offers before the stated deadline at its sole discretion.

To receive additional information, including the CIM and access to the data room, prospects must execute the enclosed Confidentiality Agreement and return a copy via e-mail to SunnyMeadow@deloitte.ca or facsimile to the Receiver, attention Mr. Stefano Damiani.

Stefano Damiani, CA, CIRP

Manager

Financial Advisory - Restructuring Services

t: 416-874-4404

f: 416-601-6690



Contact

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All information contained herein was gathered from sources deemed to be reliable, however, Deloitte & Touche Inc. does not warrant or guarantee the accuracy of the information. The Buyer, or its agent shall verify and satisfy themselves as to the accuracy of all information contained herein or any additional information provided.

The information set out herein (the "Information") is intended for informational purposes only. The Receiver has not verified the information and does not represent, warrant or guarantee the accuracy, correctness and completeness of the information. The Receiver does not accept or assume any responsibility or liability of any kind in connection with the Information and the recipient's reliance upon the information. The recipient of the Information should take such steps as the recipient may deem necessary to verify the Information prior to placing any reliance upon the Information. The Information may change and any property described in the information may be withdrawn from the market at any time without notice or obligation to the recipient from the Receiver.

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CONFIDENTIALITY AGREEMENT

2012241 ONTARIO LIMITED

BETWEEN:

Deloitte & Touche Inc.

Solely in its capacity as the Court-Appointed Receiver of all the assets, properties and undertakings of 2012241 Ontario Limited (the "**Debtor**") and without personal or corporate liability

(hereinafter, the "**Receiver**")

- and -

[Print name]

(hereinafter, the "**Recipient**")

WHEREAS:

- A. Pursuant to an Order of the Ontario Superior Court of Justice (the "**Court**") dated May 10, 2012, (the "**Appointment Order**") Deloitte & Touche Inc. was appointed as the Receiver of all of the assets, undertakings and properties of 2012241 Ontario Limited known municipally as 50 Sunny Meadow Blvd., Brampton, Ontario (the "**Property**").
- B. By Order of the Court dated August 30, 2012 (the "**Marketing Order**"), the Receiver's motion was granted with respect to its proposed process to market and sell the Receiver's right, title and interest in and to the Property.
- D. The Property is being offered for sale by the Receiver pursuant to the Request for Offers (the "**RFO**") approved by the Court pursuant to the Marketing Order.
- E. The Recipient has expressed an interest in acquiring (the "**Potential Transaction**") the Property.
- F. The Receiver intends to provide certain confidential information pertaining to the Debtor and the Property to the Recipient for its review and consideration in connection with the Potential Transaction.

FOR GOOD AND VALUABLE consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. The Receiver shall furnish to the Recipient certain information pertaining to the Debtor and the Property that is either non-public, confidential or proprietary in nature, including, but not limited to, property, financial and operating information and an information memorandum. All such information furnished to the Recipient, its directors, officers, employees, agents or representatives, including, without limitation, its lawyers, accountants, consultants or financial advisers (collectively "**Representatives**") by the Receiver, and all analyses, compilations, data, studies, derivative works or other documents prepared by the Recipient or its Representatives containing or based upon, in whole or in part, any such furnished information is herein referred to as the "**Information**". Information includes, but is not limited to, information about identifiable individuals ("**Personal Information**").
2. The Information will be kept confidential by the Recipient and its Representatives and will not, without the prior written consent of the Receiver, be disclosed by the Recipient or its Representatives, in any manner whatsoever, in whole or in part, and will not be used by the Recipient or its Representatives, directly or indirectly, for any purpose other than in connection with the Potential Transaction.
3. The Recipient acknowledges that the Information is being furnished to the Recipient in accordance with the RFO and the Marketing Order and no provision of this Confidentiality Agreement shall limit or otherwise affect any of the terms of the Marketing Order including, without limitation, the limitations on the Receiver's liability contained therein with respect to marketing and sale of the Property as well as the confidentiality obligations imposed upon the Recipient pursuant thereto. The Recipient acknowledges that the Receiver does not make any express or implied representation or warranty as to the accuracy or completeness of the Information and agrees that the Receiver shall not have any liability, direct or indirect, to the Recipient or its Representatives relating to or resulting from the Information or the use by the Recipient thereof, errors therein, or omissions therefrom, except in accordance with any specific representation or warranty made in any definitive agreement entered into in respect of the Potential Transaction.
4. The Recipient agrees to furnish the Information only to those Representatives who need to know the Information for the purpose of evaluating the Potential Transaction and who are informed by the Recipient of the confidential nature of the Information and who agree in writing to be bound by the terms of this Agreement. The Recipient further agrees to be responsible for any breach of this Agreement by any of its Representatives. The Recipient will make all reasonable, necessary and appropriate efforts to safeguard the Information from disclosure to anyone other than as permitted hereby.
5. Without the prior written consent of the Receiver, the Recipient will not, and will direct its Representatives not to, disclose to any other person that the Information has been

made available, that this Agreement has been entered into, that discussions or negotiations are taking place concerning the Potential Transaction, or any of the terms, conditions or other facts with respect to the Potential Transaction, unless and only to the extent that in the opinion of its counsel disclosure is required to be made under applicable laws or regulations or as required by any competent governmental, judicial or other authority, provided that the Recipient will advise the Receiver so the Receiver may seek a protective order or other appropriate remedy and, where reasonably practical, consult with the Receiver prior to such disclosure concerning the Information the Recipient proposes to disclose. The Recipient shall co-operate with the Receiver on a reasonable basis to obtain such protective order or other appropriate remedy.

6. The Recipient shall keep a record of each location of the Information and its Representatives to whom the Information is provided. If the parties determine not to enter into an offer to purchase the Property, or if an offer to purchase the Property is not concluded, the Recipient shall promptly deliver to the Receiver all documents furnished or made available by the Receiver to the Recipient or its Representatives constituting the Information, without retaining copies thereof. Without limiting the generality of the foregoing, the Recipient shall not retain for any longer than necessary, and shall destroy or make anonymous, any records pertaining to Personal Information in accordance with applicable law.
7. The Recipient shall store the Personal Information properly and securely and ensure that appropriate technical and organizational means are in place to protect the Personal Information against unauthorized or unlawful processing and against accidental loss, destruction or damage, including taking reasonable steps to ensure the reliability of any person permitted by the Recipient to have access to the Personal Information.
8. Save and except with respect to Personal Information, this Agreement shall be inoperative as to such portions of the Information which: (a) are or become generally available to the public other than as a result of the disclosure by the Recipient or its Representatives; (b) become available to the Recipient from a source other than the Receiver or its Representatives, provided that such source, so far as the Recipient is aware, is not bound by a confidentiality agreement with the Receiver or its Representatives or otherwise prohibited from transmitting the Information to the Recipient by a contractual or legal obligation; or (c) were known to the Recipient prior to their disclosure to the Recipient by the Receiver.
9. The Recipient's right to receive information hereunder may be terminated by the Receiver at any time upon written notice to the Recipient whereupon the Recipient shall remit and surrender to the Receiver or destroy, without any cost to the Receiver, the Information and all notes and writings in respect thereof, which the Recipient or its Representatives may have in their possession at that time.
10. The Recipient hereby agrees to indemnify the Receiver against any damages, liability or expense (including legal fees and disbursements) caused to the Receiver, or its agents and

arising from any breach by the Recipient of its obligations under the terms of this Agreement.

11. The Recipient acknowledges that it has not been introduced to the Property through any registered real estate agent or intermediary and agrees to work directly through the Receiver with respect to any purchase of the Property.
12. No failure or delay by either party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise preclude any other or further exercise of any right, power or privilege under this Agreement.
13. The Recipient acknowledges that disclosure of the Information or other breach of this Agreement would cause serious and irreparable damage and harm to the Receiver and that remedies at law would be inadequate to protect against breach of this Agreement, and each agrees in advance to the granting of injunctive relief in favour of the Receiver for any breach of the provisions of this Agreement and to the specific enforcement of the terms of this Agreement, without proof of actual damages, in addition to any other remedy to which the Receiver would be entitled.
14. No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by either party, shall be binding unless executed in writing by the party to be bound thereby.
15. The confidentiality and non-use obligations described in this Agreement shall terminate two (2) years from the date of this Agreement.
16. This Agreement shall not be assigned without the prior consent of both the Receiver and the Recipient.
17. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable to agreements made to be performed within such province.

DATED at _____ this _____ day of _____, 2012.

Deloitte & Touche Inc. solely in its capacity as
the Court-appointed receiver of the Property
(as defined herein) 2012241 Ontario Limited
and without personal or corporate liability

Per: _____

Name:

Title:

DATED at _____ this _____ day of _____, 2012.

[Name of Recipient]

Per: _____

Name:

Title:

I have authority to bind the corporation

APPENDIX "I"

(Confidential/Sealed)