

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 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

B E T W E E N:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTA F SOORTY, ZORAN COCOV and CASINO R.V. RESORTS INC.**

Respondents

MOTION RECORD

(Receiver's Motion for Approval and Vesting Orders returnable on June 8, 2015)

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Tab 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

B E T W E E N:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY, ZORAN COCOV and CASINO R.V. RESORTS INC.**

Respondents

NOTICE OF MOTION

Rosen Goldberg Inc., in its capacity as the Court-appointed receiver and construction lien trustee (the “**Receiver**”) of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd. (collectively, the “**Corporate Debtors**”), Altaf Soorty and Zoran Cocov (collectively, the “**Individual Debtors**”) will make a motion to a Judge presiding over the Commercial List, on Monday, the 8th day of June 2015 at 10:00 a.m., or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. If necessary, an Order abridging the time for service of the Receiver's Motion Record, validating service of the Motion Record and dispensing with further service thereof;
2. Approval and Vesting Orders in the form annexed hereto as Schedules "A", "B" and "C";
3. A further Order approving the activities and proposed activities described in the Receiver's Report dated June 2, 2015 (the "**Second Report**") and authorizing the Receiver to release to Romspen Investment Corporation the sum of \$4,299,500;
4. Such further and other relief as counsel may advise and this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

1. By Order of Justice Brown dated May 5, 2014, SF Partners Inc. was appointed receiver and construction lien trustee of the assets, undertakings and properties of the Corporate Debtors and of a parcel of real estate in Rama, Ontario (and the proceeds arising therefrom) owned by the Individual Debtors;
2. The assets subject to the Receiver's administration (collectively, the "**Properties**") are comprised of:
 - (a) a partially-constructed 4-storey residential condominium building with approximately 53 units, on one (1) parcel of land, municipally known as 151 Marina Park Avenue in Midland, Ontario (the "**Marine Condo Land**");
 - (b) 16.3 acres of vacant land, on two (2) parcels, municipally known 586 Victoria Street and 650 Vindin Street, in Midland, Ontario (the "**Midland Land**");

- (c) 76.68 acres of land, on five (5) parcels, in Ramara, Ontario (the “**Ramara Lands**”); and
 - (d) 3.69 acres of land, on six (6) parcels, in Cambridge, Ontario;
3. On October 24, 2014, Justice Newbould approved the sales process proposed by the Receiver in its First Report dated July 11, 2014 (the “**Sales Process Order**”);
 4. The Receiver implemented the sales process in accordance with the Sales Process Order and exposed the Properties to the market for a lengthy period of time;
 5. The Receiver seeks approval of three (3) agreements of purchase and sale that it entered into in respect of the Marine Condo Land, the Midland Land and the Ramara Lands;
 6. The offers accepted by the Receiver represented the best offers available at the time they were accepted;
 7. No information has come to the Receiver’s attention which indicates that a better result could have been achieved;
 8. Section 249 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.3;
 9. Rules 2.03, 3.02, 37 and 41.05 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and
 10. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED ON THE HEARING OF THE MOTION:

1. The Second Report of the Receiver; and
2. Such further and other grounds as counsel may advise and this Honourable Court may permit.

June 3, 2015

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Lawyers for the Receiver,
Rosen Goldberg Inc.

SCHEDULE “A”

Schedule "A"

Court File No. CV-14-10470-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

THE HONOURABLE

)

MONDAY, THE 8TH

JUSTICE

)

DAY OF JUNE, 2015

)

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY, ZORAN COCOV and CASINO R.V. RESORTS INC.**

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by Rosen Goldberg Inc., in its capacity as the Court-appointed Receiver and construction lien trustee (the "Receiver") of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov (collectively, the

“Debtors”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver and RIC (Marine Condo) Inc. (the “**Purchaser**”) dated as of the 12th day of May, 2015 and appended to the Second Report of the Receiver dated June 3, 2015 (the “**Second Report**”), and vesting in the Purchaser the Debtors’ right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Christina Corrente sworn June 4, 2015, filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as Schedule A hereto (the “**Receiver's Certificate**”), all of the Debtors’ right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice D.M. Brown dated May 5, 2014; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted

encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. THIS COURT ORDERS that upon the registration in the Land Titles Division for the Land Registry Office of Simcoe (no. 51) of an Application for Vesting Order in the form prescribed by the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

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

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

6. THIS COURT ORDERS that, notwithstanding:

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or

voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

8. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-14-10470-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

B E T W E E N:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV and CASINO R.V. RESORTS INC.

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice D.M. Brown of the Ontario Superior Court of Justice (the “**Court**”) dated May 5, 2014, Rosen Goldberg Inc. was appointed as the receiver and construction lien trustee (the “**Receiver**”) of the undertaking, property and assets of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov (collectively, the “**Debtors**”).

B. Pursuant to an Order of the Court dated June 8, 2015, the Court approved the agreement of purchase and sale made as of the 12th day of May, 2015 (the “**Sale Agreement**”) between the Receiver and RIC (Marine Condo) Inc. (the “**Purchaser**”) and provided for the vesting in the

Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 17, 18 and 19 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 17, 18 and 19 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ on _____, 2015.

ROSEN GOLDBERG INC., in its capacity as Court-Appointed Receiver and Construction Lien Trustee of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov, and not in its personal or corporate capacity

Per: _____

Name: Brahm Rosen

Title: President

Schedule B – Purchased Assets

PIN 58452-0395 (LT)

PT OF THE WATER LOT INFRONT OF LOT 109 CON 1 TAY BEING PT 2 ON PL 51R33558, T/W RO246115, MIDLAND, SUBJECT TO AN EASEMENT AS IN SC1111455

Being all of PIN 58452-0395 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Schedule C – Claims to be deleted and expunged from title to Real Property

1. Instrument No. SC541705 registered 2007/05/08 – Notice
2. Instrument No. SC987183 registered 2012/06/08 – Transfer Power of Sale in favour of Hugel Lofts Limited
3. Instrument No. SC987184 registered 2012/06/08 – Charge in favour of Laurentian Bank of Canada
4. Instrument No. SC987185 registered 2012/06/08 – Notice of General Assignment of Rents in favour of Laurentian Bank of Canada
5. Instrument No. SC1016197 registered 2012/10/04 – Application to Change Name of Owner
6. Instrument No. SC1018260 registered 2012/10/16 – Charge in favour of Romspen Investment Corporation
7. Instrument No. SC1018261 registered 2012/10/16 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation
8. Instrument No. SC1018329 registered 2012/10/16 – Transfer of Charge from Laurentian Bank of Canada to Romspen Investment Corporation
9. Instrument No. SC1019044 registered 2012/10/19 – Transfer of Notice of General Assignment of Rents from Laurentian Bank of Canada to Romspen Investment Corporation
10. Instrument No. SC1105150 registered 2013/12/11 – Construction Lien in favour of Norton Electric Corporation (Canada)
11. Instrument No. SC1105187 registered 2013/12/11 – Construction Lien in favour of Fritrust Plumbing and Drain Services Ltd.
12. Instrument No. SC1106032 registered 2013/12/13 – Construction Lien in favour of 4536631 Canada Inc.
13. Instrument No. SC1107140 registered 2013/12/19 – Construction Lien in favour of Sierra Construction (Woodstock) Limited
14. Instrument No. SC1107376 registered 2013/12/19 – Construction Lien in favour of Roofco Ontario Inc.
15. Instrument No. SC1107802 registered 2013/12/20 – Construction Lien in favour of S. Charlebois Haulage and Excavating Ltd.
16. Instrument No. SC1112197 registered 2014/01/24 – Certificate of Action regarding Instrument No. SC1105150
17. Instrument No. SC1112787 registered 2014/01/29 – Certificate of Action regarding Instrument No. SC1105187

18. Instrument No. SC1112816 registered 2014/01/29 – Certificate of Action regarding Instrument No. SC1106032
19. Instrument No. SC1114002 registered 2014/02/04 – Certificate of Action regarding Instrument No. SC1107376
20. Instrument No. SC1114278 registered 2014/02/06 – Certificate of Action regarding Instrument No. SC1107802
21. Instrument No. SC1114337 registered 2014/02/06 – Certificate of Action

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. Instrument No. RO145523 registered 1962/02/07 – Bylaw
2. Instrument No. 51R33558 registered 2005/04/06 – Plan Reference
3. Instrument No. SC318366 registered 2005/04/06 – Application for Absolute Title
4. Instrument No. SC1111455 registered 2014/01/20 – Transfer Easement in favour of Rogers Communications Inc.

ROMSPEN INVESTMENT CORPORATION
Applicant

-and- **6711162 CANADA INC. et al**
Respondents

Court File No. CV-14-10470-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

APPROVAL AND VESTING ORDER

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Lawyers for the Receiver,
Rosen Goldberg Inc.

SCHEDULE "B"

Schedule "B"

Court File No. CV-14-10470-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

THE HONOURABLE
JUSTICE

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MONDAY, THE 8TH
DAY OF JUNE, 2015

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY, ZORAN COCOV and CASINO R.V. RESORTS INC.**

Respondents

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“Debtors”) for an order approving the sale transaction (the “Transaction”) contemplated by an agreement of purchase and sale (the “Sale Agreement”) between the Receiver and RIC (Midland Land) Inc. (the “Purchaser”) dated as of the 12th day of May, 2015 and appended to the Second Report of the Receiver dated June 2, 2015 (the “Second Report”), and vesting in the Purchaser the Debtors’ right, title and interest in and to the assets described in the Sale Agreement (the “Purchased Assets”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Christina Corrente sworn June 4, 2015, filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as Schedule A hereto (the “Receiver’s Certificate”), all of the Debtors’ right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “Claims”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice D.M. Brown dated May 5, 2014; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the “Encumbrances”, which term shall not include the permitted

encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. THIS COURT ORDERS that upon the registration in the Land Titles Division for the Land Registry Office of Simcoe (no. 51) of an Application for Vesting Order in the form prescribed by the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

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

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

6. THIS COURT ORDERS that, notwithstanding:

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or

voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

8. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-14-10470-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

B E T W E E N:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV and CASINO R.V. RESORTS INC.**

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice D.M. Brown of the Ontario Superior Court of Justice (the “**Court**”) dated May 5, 2014, Rosen Goldberg Inc. was appointed as the receiver and construction lien trustee (the “**Receiver**”) of the undertaking, property and assets of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov (collectively, the “**Debtors**”).

B. Pursuant to an Order of the Court dated June 8, 2015, the Court approved the agreement of purchase and sale made as of the 12th day of May, 2015 (the “**Sale Agreement**”) between the Receiver and RIC (Midland Land) Inc. (the “**Purchaser**”) and provided for the vesting in the

Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 17, 18 and 19 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 17, 18 and 19 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ on _____, 2015.

ROSEN GOLDBERG INC., in its capacity as Court-Appointed Receiver and Construction Lien Trustee of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov, and not in its personal or corporate capacity

Per: _____
Name: Brahm Rosen
Title: President

Schedule B – Purchased Assets

PIN 58452-0389 (LT)

PT LTS 108 & 109 CON 1 TAY PTS 6, 7 & 8 51R33558 SURFACE RIGHTS ONLY, S/T EASE OVER PT 7 51R33558 AS IN RO246115, T/W ROW AS IN RO246115, MIDLAND

Being all of PIN 58452-0389 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

PIN 58452-0394 (LT)

PT OF LOTS 108 & 109 CON 1 TAY AND PART OF THE WATER LOT INFRONT OF LOT 109 CON 1 TAY BEING PT 1 ON PL 51R33558, T/W RO246115, MIDLAND

Being all of PIN 58452-0394 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Schedule C – Claims to be deleted and expunged from title to Real Property

Registrations to be Deleted from PIN 58452-0389 (LT):

1. Instrument No. SC987183 registered 2012/06/08 – Transfer Power of Sale in favour of Hugel Lofts Limited
2. Instrument No. SC987184 registered 2012/06/08 – Charge in favour of Laurentian Bank of Canada
3. Instrument No. SC987185 registered 2012/06/08 – Notice of General Assignment of Rents in favour of Laurentian Bank of Canada
4. Instrument No. SC1016197 registered 2012/10/04 – Application to Change Name of Owner
5. Instrument No. SC1018260 registered 2012/10/16 – Charge in favour of Romspen Investment Corporation
6. Instrument No. SC1018261 registered 2012/10/16 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation
7. Instrument No. SC1018329 registered 2012/10/16 – Transfer of Charge from Laurentian Bank of Canada to Romspen Investment Corporation
8. Instrument No. SC1019044 registered 2012/10/19 – Transfer of Notice of General Assignment of Rents from Laurentian Bank of Canada to Romspen Investment Corporation
9. Instrument No. SC1106032 registered 2013/12/13 – Construction Lien in favour of 4536631 Canada Inc.
10. Instrument No. SC1107376 registered 2013/12/19 – Construction Lien in favour of Roofco Ontario Inc.
11. Instrument No. SC1107802 registered 2013/12/20 – Construction Lien in favour of S. Charlebois Haulage and Excavating Ltd.
12. Instrument No. SC1112816 registered 2014/01/29 – Certificate of Action regarding Instrument No. SC1106032
13. Instrument No. SC1114002 registered 2014/02/04 – Certificate of Action regarding Instrument No. SC1107376
14. Instrument No. SC1114278 registered 2014/02/06 – Certificate of Action regarding Instrument No. SC1107802

Registrations to be Deleted from PIN 58452-0394 (LT):

1. Instrument No. SC987183 registered 2012/06/08 – Transfer Power of Sale in favour of Hugel Lofts Limited
2. Instrument No. SC987184 registered 2012/06/08 – Charge in favour of Laurentian Bank of Canada
3. Instrument No. SC987185 registered 2012/06/08 – Notice of General Assignment of Rents in favour of Laurentian Bank of Canada
4. Instrument No. SC1016197 registered 2012/10/04 – Application to Change Name of Owner
5. Instrument No. SC1018260 registered 2012/10/16 – Charge in favour of Romspen Investment Corporation
6. Instrument No. SC1018261 registered 2012/10/16 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation
7. Instrument No. SC1018329 registered 2012/10/16 – Transfer of Charge from Laurentian Bank of Canada to Romspen Investment Corporation
8. Instrument No. SC1019044 registered 2012/10/19 – Transfer of Notice of General Assignment of Rents from Laurentian Bank of Canada to Romspen Investment Corporation
9. Instrument No. SC1106032 registered 2013/12/13 – Construction Lien in favour of 4536631 Canada Inc.
10. Instrument No. SC1107376 registered 2013/12/19 – Construction Lien in favour of Roofco Ontario Inc.
11. Instrument No. SC1107802 registered 2013/12/20 – Construction Lien in favour of S. Charlebois Haulage and Excavating Ltd.
12. Instrument No. SC1112816 registered 2014/01/29 – Certificate of Action regarding Instrument No. SC1106032
13. Instrument No. SC1114002 registered 2014/02/04 – Certificate of Action regarding Instrument No. SC1107376
14. Instrument No. SC1114278 registered 2014/02/06 – Certificate of Action regarding Instrument No. SC1107802

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

Registrations to be Permitted on PIN 58452-0389(LT):

1. Instrument No. RO145523 registered 1962/02/07 – Bylaw
2. Instrument No. RO213545 registered 1965/11/25 – Bylaw
3. Instrument No. 51R33558 registered 2005/04/06 – Plan Reference
4. Instrument No. SC318366 registered 2005/04/06 – Application for Absolute Title

Registrations to be Permitted on PIN 58452-0394 (LT):

1. Instrument No. RO145523 registered 1962/02/07 – Bylaw
2. Instrument No. 51R33558 registered 2005/04/06 – Plan Reference
3. Instrument No. SC318366 registered 2005/04/06 – Application for Absolute Title

ROMSPEN INVESTMENT CORPORATION
Applicant

-and-

6711162 CANADA INC. et al
Respondents

Court File No. CV-14-10470-00CL

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

APPROVAL AND VESTING ORDER

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Barristers & Solicitors
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Suite 2200, P.O. Box 447
Commerce Court Postal Station
Toronto, Ontario, M5L 1G4
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Tel: (416) 646-4608

Lawyers for the Receiver,
Rosen Goldberg Inc.

SCHEDULE “C”

Schedule "C"

Court File No. CV-14-10470-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

THE HONOURABLE
JUSTICE

)
)
)

MONDAY, THE 8TH
DAY OF JUNE, 2015

B E T W E E N:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY, ZORAN COCOV and CASINO R.V. RESORTS INC.**

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by Rosen Goldberg Inc., in its capacity as the Court-appointed Receiver and construction lien trustee (the "Receiver") of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov (collectively, the

“Debtors”) for an order approving the sale transaction (the “Transaction”) contemplated by an agreement of purchase and sale (the “Sale Agreement”) between the Receiver and 1932425 Ontario Inc. (the “Purchaser”) dated as of the 27th day of May, 2015 and appended to the Second Report of the Receiver dated June 2, 2015 (the “Second Report”), and vesting in the Purchaser the Debtors’ right, title and interest in and to the assets described in the Sale Agreement (the “Purchased Assets”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Christina Corrente sworn June 4, 2015, filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as Schedule A hereto (the “Receiver’s Certificate”), all of the Debtors’ right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “Claims”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice D.M. Brown dated May 5, 2014; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the “Encumbrances”, which term shall not include the permitted

encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. THIS COURT ORDERS that upon the registration in the Land Titles Division for the Land Registry Office of Simcoe (no. 51) of an Application for Vesting Order in the form prescribed by the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

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

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

6. THIS COURT ORDERS that, notwithstanding:

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or

voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

8. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-14-10470-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

B E T W E E N:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV and CASINO R.V. RESORTS INC.**

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice D.M. Brown of the Ontario Superior Court of Justice (the “**Court**”) dated May 5, 2014, Rosen Goldberg Inc. was appointed as the receiver and construction lien trustee (the “**Receiver**”) of the undertaking, property and assets of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov (collectively, the “**Debtors**”).

B. Pursuant to an Order of the Court dated June 8, 2015, the Court approved the agreement of purchase and sale made as of the 27th day of May, 2015 (the “**Sale Agreement**”) between the Receiver and 1932425 Ontario Inc. (the “**Purchaser**”) and provided for the vesting in the

Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 18, 19 and 20 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 18, 19 and 20 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ on _____, 2015.

ROSEN GOLDBERG INC., in its capacity as Court-Appointed Receiver and Construction Lien Trustee of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov, and not in its personal or corporate capacity

Per: _____

Name: Brahm Rosen

Title: President

Schedule B – Purchased Assets

PIN 74018-0017 (LT)

PT LT 2 CON BF RAMA; PT LT 3 CON BF RAMA; PT LT 4 CON BF RAMA AS IN RO1403266; S/T RO689231, RO708386 RAMARA

Being all of PIN 74018-0017 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 5781 Rama Road, Township of Ramara, Ontario

PIN 74018-0018 (LT)

PT LT 3 CON BF RAMA PT LT 1 51R5598; RAMARA

Being all of PIN 74018-0018 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 5819 Rama Road, Township of Ramara, Ontario

PIN 58696-0021 (LT)

PT LT 3 CON BF RAMA PT 6, 40R645, RAMARA

Being all of PIN 58696-0021 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 4243 Hopkins Bay Road, Township of Ramara, Ontario

PIN 58696-0207 (LT)

PT LT 3 CON BF RAMA, PTS 2 TO 7 INCL. PL 51R30563, S/T MINERAL RIGHTS AS IN RAM174592, T/W ROW OVER PT 2 PL 51R30736 AS IN LT519213, T/W ROW OVER PT 4 PL 51R30736 AS IN LT519214, S/T ROW OVER PTS 6 & 7 51R30563 AS IN SC286231, RAMARA

Being all of PIN 58696-0207 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 4285 Hopkins Bay Road, Township of Ramara, Ontario

PIN 58696-0219 (LT)

CONSOLIDATION OF VARIOUS PROPERTIES – PT LOT 3 CON BF RAMA PT 1, 51R25909, T/W RO130544 EXCEPT 2ND T/W, T/W R-O-W OVER PTS 6 & 7 51R30563 AND PT 4 51R30736 AS IN SC286231, PART LT 3 CON BF RAMA PT 5 40R645, T/W RAM141949, T/W RAM174031, RAMARA

Being all of PIN 58696-0219 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 4271-4275 Hopkins Road, Township of Ramara, Ontario

Schedule C – Claims to be deleted and expunged from title to Real Property

Registrations to be Deleted from PIN 74018-0017 (LT):

1. Instrument No. SC557989 registered 2007/06/29 – Transfer in favour of 6711162 Canada Inc.

Registrations to be Deleted from PIN 74018-0018 (LT):

1. Instrument No. SC557989 registered 2007/06/29 – Transfer in favour of 6711162 Canada Inc.

Registrations to be Deleted from PIN 58696-0021 (LT):

1. Instrument No. SC725469 registered 2009/03/30 – Transfer in favour of 1794247 Ontario Inc.

Registrations to be Deleted from PIN 58696-0207 (LT):

1. Instrument No. SC725471 registered 2009/03/30 – Transfer in favour of 1794247 Ontario Inc.

Registrations to be Deleted from PIN 58696-0219 (LT):

1. Instrument No. SC822341 registered 2010/05/25 – Transfer in favour of Altaf Soorty and Zoran Cocov

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

Registrations to be Permitted on PIN 74018-0017 (LT):

1. Instrument No. RAM154509 registered 1967/06/12 - Bylaw
2. Instrument No. 51R8746 registered 1979/06/21 – Plan Reference
3. Instrument No. RO689231 registered 1979/10/05 –Transfer Easement in favour of Bell Canada
4. Instrument No. 51R9252 registered 1980/01/23 – Plan Reference
5. Instrument No. RO708386 registered 1980/06/17 –Transfer Easement in favour of Bell Canada
6. Instrument No. 51R25924 registered 1995/12/18 – Plan Reference
7. Instrument No. SC924452 registered 2011/08/17 – Charge in favour of Romspen Investment Corporation
8. Instrument No. SC924453 registered 2011/08/17 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation

Registrations to be Permitted on PIN 74018-0018 (LT):

1. Instrument No. RAM154509 registered 1967/06/12 - Bylaw
2. Instrument No. 51R5598 registered 1976/04/06 – Plan Reference
3. Instrument No. SC924452 registered 2011/08/17 – Charge in favour of Romspen Investment Corporation
4. Instrument No. SC924453 registered 2011/08/17 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation

Registrations to be Permitted on PIN 58696-0021 (LT):

1. Instrument No. RAM154509 registered 1967/06/12 – Bylaw
2. Instrument No. 40R645 registered 1971/12/06 – Plan Reference
3. Instrument No. SC924454 registered 2011/08/17 – Charge in favour of Romspen Investment Corporation

4. Instrument No. SC924455 registered 2011/08/17 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation

Registrations to be Permitted on PIN 58696-0207 (LT):

1. Instrument No. RAM154509 registered 1967/06/12 – Bylaw
2. Instrument No. 51R30563 registered 2001/08/23 – Plan Reference
3. Instrument No. SC286231 registered 2004/11/29 – Application to Amend Order
4. Instrument No. SC924454 registered 2011/08/17 – Charge in favour of Romspen Investment Corporation
5. Instrument No. SC924455 registered 2011/08/17 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation

Registrations to be Permitted on PIN 58696-0219 (LT):

1. Instrument No. RAM154509 registered 1967/06/12 – Bylaw
2. Instrument No. 40R645 registered 1971/12/06 – Plan Reference
3. Instrument No. 51R25909 registered 1995/12/12 – Plan Reference
4. Instrument No. SC286231 registered 2004/11/29 – Application to Amend Order
5. Instrument No. SC588816 registered 2007/10/03 – Application to Consolidate
6. Instrument No. SC822342 registered 2010/05/25 – Charge in favour of The Toronto-Dominion Bank
7. Instrument No. SC924450 registered 2011/08/17 – Charge in favour of Romspen Investment Corporation
8. Instrument No. SC924451 registered 2011/08/17 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation

ROMSPEN INVESTMENT CORPORATION
Applicant

-and-

6711162 CANADA INC. et al
Respondents

Court File No. CV-14-10470-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

APPROVAL AND VESTING ORDER

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Rosen Goldberg Inc.

ROMSPEN INVESTMENT CORPORATION
Applicant

-and-

6711162 CANADA INC. et al
Respondents

Court File No. CV-14-10470-00CL

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SUPERIOR COURT OF JUSTICE
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NOTICE OF MOTION

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Rosen Goldberg Inc.

Tab 2

ONTARIO
SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

**IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*,
R.S.O. 1990, C. C.30, AS AMENDED**

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

Applicant

-and-

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY, ZORAN COCOV and CASINO R.V RESORTS INC.**

Respondents

SECOND REPORT OF ROSEN GOLDBERG INC.

June 2, 2015



I INTRODUCTION

1. By Order of the Honourable Mr. Justice D.M. Brown dated May 5, 2014, Rosen Goldberg Inc. (formerly SF Partners Inc.) was appointed receiver and construction lien trustee (in such capacities, the “**Receiver**”) of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc. and Hugel Lofts Ltd. (collectively, the “**Corporate Debtors**”), and of a parcel of real estate (and the proceeds arising therefrom) owned by Altaf Soorty and Zoran Cocov (collectively, the “**Individual Debtors**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, section 101 of the *Courts of Justice Act* and section 68 of the *Construction Lien Act* (the “**Receivership Order**”). A copy of the Receivership Order is attached as **Appendix “A”**.
2. Pursuant to Articles of Amendment filed with Industry Canada, effective January 1, 2015, the legal name of SF Partners Inc. was changed to Rosen Goldberg Inc.
3. The Corporate Debtors and the Individual Debtors are hereinafter referred to collectively as the “**Debtors**”.
4. This Second Report is filed with this Honourable Court for the following purposes:
 - a) to report on and seek approval of the Receiver’s actions to date and of its proposed actions as hereinafter described;
 - b) to recommend and seek approval of three (3) agreements of purchase and sale of property, which are the subject of the Receiver’s administration, and to obtain approval and vesting orders in connection therewith;
 - c) to authorize the Receiver to release the sum of \$4,299,500, which it is currently holding in trust, to Romspen Investment Corporation (“**Romspen**”); and



- d) to seek the Receiver's discharge over the Individual Debtors immediately upon the completion of one (1) of the agreements of purchase and sale.

II TERMS OF REFERENCE

5. In preparing this Second Report, the Receiver has relied upon information from third party sources (collectively, the "**Information**"). Certain information contained in this Second Report may refer to, or be based on, the Information. As the Information has been provided by other parties, or obtained from documents filed with the Court in this matter, the Receiver has relied on this Information, and to the extent possible reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy and completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.

III BACKGROUND

6. The assets subject to the Receiver's administration consist of:
- a) a partially-constructed 4-storey residential condominium building with approximately 53 units, on one (1) parcel of land, municipally known as 151 Marina Park Avenue in Midland, Ontario (the "**Marine Condo Land**");
 - b) 16.3 acres of vacant land, on two (2) parcels, municipally known 586 Victoria Street and 650 Vindin Street, in Midland, Ontario (the "**Midland Land**");
 - c) 76.68 acres of land, on five (5) parcels, in Ramara, Ontario (the "**Ramara Lands**"); and



- d) 3.69 acres of land, on six (6) parcels, in Cambridge, Ontario (the “**Cambridge Lands**”).
7. The Marine Condo Land, the Midland Land, the Ramara Lands and the Cambridge Lands are hereinafter referred to collectively as the “**Properties**”.
8. All of the Properties are blanketed by a mortgage in favour of Romspen in the face amount of \$16 million, and a general assignment of rents in favour of Romspen. With the exception of two (2) of the six (6) the parcels in Cambridge, one (1) of the five (5) parcels in Ramara and the Marine Condo Land, Romspen’s mortgage is first-ranking. Romspen also holds an assignment of a first mortgage in favour of Laurentian Bank of Canada in the face amount of \$3.1 million over the Marine Condo Land. Romspen’s blanket mortgage is second-ranking behind the Laurentian Bank first mortgage over the Marine Condo Land.

The Marine Condo Land and the Midland Land

9. The Marine Condo Land and the Midland Land are owned by Hugel Lofts Ltd. Both properties are located near downtown Midland, adjacent to a marina, with nearby access to Georgian Bay. The Marine Condo Land was previously marketed as “Marina Park”.
10. Romspen is the sole *PPSA* registrant over Hugel Lofts Ltd. in connection with a general security agreement.
11. Prior to the Receiver’s appointment, the condominium project on the Marine Condo Land was at a standstill due to the registration of the following construction liens:



Construction Liens					
	Lien Claimant	Amount Claimed	Date of Registration	Date of Registration of Certificate of Action	PIN(s)
1.	Norton Electric Corporation (Canada)	\$330,204	2013/12/11	2014/01/24	58452-0395 LT
2.	Fritrust Plumbing and Drain Services Ltd.	\$72,245	2013/12/11	2014/01/29	58452-0395 LT
3.	4536631 Canada Inc.	\$146,819	2013/12/13	2014/01/29	58452-0395 LT 58452-0389 LT 58452-0394 LT
4.	Sierra Construction (Woodstock) Limited	\$1,479,670	2013/12/19	2014/02/06	58452-0395 LT
5.	Roofco Ontario Inc.	\$44,837	2013/12/19	2014/02/04	58452-0395 LT 58452-0389 LT 58452-0394 LT
6.	S. Charlebois Haulage and Excavating Ltd.	\$177,092	2013/12/20	2014/02/06	58452-0395 LT 58452-0389 LT 58452-0394 LT

12. As of this date, none of the lien claimants have sought to lift, or asked the Receiver to consent to lift, the stay of proceedings imposed under the Receivership Order and prosecute their actions.

The Ramara Lands

13. Of the five (5) parcels which comprise the Ramara Lands, two (2) are owned by 6171162 Canada Inc., two (2) are owned by 179257 Ontario Inc. and one (1), which is a shoreline parcel, is owned by the Individual Debtors.



14. The shoreline parcel is subject to a first mortgage held by the Toronto Dominion Bank (“TD”) in the face amount of \$568,750. Romspen’s mortgage ranks immediately behind TD, but is otherwise first-ranking over the Ramara Lands.
15. Romspen is the sole *PPSA* registrant over 671162 Canada Inc. and 1794247 Ontario Inc. in connection with general security agreements. It holds subordinate-in-time *PPSA* registrations over the Individual Debtors in connection with general security agreements.

The Cambridge Lands

16. Of the six (6) parcels comprising the Cambridge Lands, two (2) are owned by 1387267 Ontario Inc., three (3) are owned by 1564168 Ontario Inc. and one (1) is owned by 2033387 Ontario Inc.
17. Romspen’s mortgage is first ranking against the parcels owned by 1387267 Ontario Inc. and second ranking against the parcels owned by 1564168 Ontario Inc. and 2033387 Ontario Inc., behind a first mortgage held by Pezzack Financial Services Inc. and The Canada Trust Company in the principal amount of \$300,000.
18. Romspen is the sole *PPSA* registrant over 1387267 Ontario Inc. and 154168 Ontario Inc. in connection with general security agreements. Its *PPSA* registration over 2033387 Ontario Inc. (also filed in connection with a general security security) is subordinate in time only to a registration in favour of Her Majesty in Right of Ontario represented by the Ministry of Finance.

IV RECEIVER’S ACTIVITIES

Sales Process



19. On October 24, 2014, Justice Newbould approved the sales process (the “**Sales Process**”) which the Receiver proposed in its First Report dated July 11, 2014 (the “**Sales Process Order**”). Copies of the First Report, and the Supplement thereto dated October 24, 2014, (without exhibits) are attached as **Appendix “B”**. A copy the Sales Process Order is attached as **Appendix “C”**.

Implementation of the Sales Process

20. In implementing the Sales Process, the Receiver did the following:
- Compiled a list of potentially interested parties;
 - Distributed a teaser to potentially interested parties;
 - Placed newspaper advertisements in the national editions of The Globe and Mail and National Post on October 30, 2014 and November 6, 2014;
 - Placed advertisements in the following local newspapers: Huronia Business Times, Orillia Packet and Times, Cambridge Times and Midland Mirror;
 - Had its counsel prepare forms of Offer to Purchase in respect of each of the Properties;
 - Established a virtual data room with relevant information regarding the Properties;
 - Received 73 responses to its advertisements;
 - Sent out 47 confidentiality agreements for signature and passwords to gain access to the data room;



- Communicated and met with numerous prospective purchasers; and
- Communicated with Sierra Construction (Woodstock) Limited, one of the lien claimants of the Marine Condo Land, to gauge its interest in purchasing the Properties in Midland.

21. A total of twenty one (21) tours were conducted of various Properties by prospective purchasers. Certain prospective purchasers undertook multiple visits to certain Properties.

Further Activities

22. Since its First Report the Receiver also undertook the following activities:

- Ongoing site visits;
- Dealt with insurance;
- Dealt with securing the Properties;
- Dealt with ongoing repairs and maintenance issues;
- Met with representatives of the Town of Midland regarding the status of the receivership and a letter of credit which the Town is holding in relation to the condominium project on the Marine Condo Land;
- Communicated with its counsel; and
- Ongoing communications and meetings with the Individual Debtors and with Romspen.

23. The Receiver's interim statement of receipts and disbursements is attached as **Appendix "D"**.

V OUTCOME OF SALES PROCESS

Marine Condo Land and Midland Land

24. After its appointment, the Receiver met with Ian Greenan, a representative of Sierra Construction (Woodstock) Limited ("**Sierra**"), a lien claimant over the Marine Condo Land, who had previously acted as the general contractor of the condominium project. Mr. Greenan indicated that he would consider making an offer to purchase the Marine Condo Land in order to protect Sierra's position.
25. In December of 2014, the Receiver re-established contact with Mr. Greenan to canvass his interest in submitting an offer. Mr. Greenan indicated that he had no interest.
26. On January 15, 2015, Mr. Greenan contacted the Receiver to seek an update on the status of the Sales Process. Further calls were received from Mr. Greenan on January 20 and 22, 2015, during which Mr. Greenan inquired whether an offer to purchase the Marine Condo Land had been received. The Receiver advised that it was continuing to assess the offers, and advised that Mr. Greenan could still submit an offer if he wished. No offer was forthcoming.
27. On January 9, 2015, the Receiver received an offer to purchase the Marine Condo Land from Shafiq Punjani, in trust, for a purchase price of \$3,750,000, with a ten (10) day conditional period. Concurrent with Mr. Punjani's offer, the Receiver received a separate offer to purchase the Midland Land for a purchase price of \$4,750,000 from Zoran Cocov, in trust. Mr. Cocov's offer was conditional for ten (10) days and was also conditional upon the Receiver accepting, and the Court approving, Mr. Punjani's offer.



28. On January 16, 2015, the Receiver signed back Mr. Punjani's offer with the following amendments:
- Mr. Punjani would be required to replace a \$500,000 letter of credit held by Town of Midland in connection with the condominium project; and
 - The completion of Mr. Punjani's offer would be conditional upon the Court approving and Mr. Cocov completing the purchase of Midland Land for a purchase price of \$4,750,000.
29. After further discussions with Mr. Punjani, his counsel and with Mr. Cocov, both offers were withdrawn on February 6, 2015.
30. On January 16, 2015, the Receiver received a separate offer to purchase the Marine Condo Land, the Midland Land and another property owned by Hugel Lofts Ltd., municipally known as 520 Hugel Avenue in Midland, Ontario from Lightray Corporation ("**Lightray**") for an aggregate purchase price of \$7,500,000. The Lightray offer contained a six (6) week conditional period, as well as a condition requiring the Receiver to execute a commission agreement. There was no deposit accompanying the Lightray offer. The Receiver had numerous communications with representatives of Lightray to request a deposit and canvass an allocation of the purchase price among the properties. No deposit was submitted, no allocation was proposed and the discussions ended.
31. Although other offers for the Marine Condo Land or the Midland Land were received, they were for significantly less money and, as such, were not acceptable to the Receiver.

Ramara Lands



32. The Receiver received several offers to purchase certain Ramara parcels, but no *en bloc* offers to purchase all of them. Mr. Cocov submitted an offer to purchase four (4) the Ramara parcels, which he subsequently withdrew.
33. Although other offers for certain Ramara parcels were received, they were for significantly less money and, as such, were not acceptable to the Receiver.

Cambridge Lands

34. The Receiver accepted an offer from Cora Developments to purchase the Cambridge Lands. The agreement of purchase and sale was conditional for fifteen (15) business days. Cora ultimately did not waive conditions.
35. The sale of the Cambridge Lands is complicated because of significant property tax arrears which have accrued. The Receiver is currently in discussions with a potential purchaser, who is reportedly communicating with the City of Cambridge to obtain a reduction of the taxes, as part of a comprehensive development plan. Should these discussions fail, the Receiver will consider listing the Cambridge Lands for sale.

Negotiations between the Individual Debtors, Romspen and the Receiver

36. The results of the Sales Process prompted some soul searching on the part of both the Individual Debtors and Romspen. The Individual Debtors were reportedly encountering problems in relation to their other real estate interests, associated with being in receivership personally, and were anxious to obtain the Receiver's discharge, as bankruptcy searches reveal the existence of the Appointment Order. On the other hand, absent a coordinated workout plan involving the Individual Debtors and the Receiver, the alternatives facing Romspen would be a potentially significant erosion in recovery, or considerable time and effort in taking over and developing the properties subject to its security.



37. As of February 27, 2015, the amount owing by the Debtors to Romspen under the loan in respect of which the above-noted mortgage and personal property security was granted, was approximately \$13,756,000 and the *per diem* interest accruing thereon (which is compounding monthly) was approximately \$4,300 (the “**Romspen Indebtedness**”). A copy of a statement from Romspen, dated February 27, 2015 is attached as **Appendix “E”**.
38. Negotiations began in earnest between the Individual Debtors and Romspen in February 2015. With the Receiver’s involvement, the negotiations culminated in an overall set of proposed transactions, subject to Court approval, as hereinafter described.

VI TRANSACTIONS IN RESPECT OF WHICH COURT APPROVAL IS SOUGHT

39. Summarized briefly, the proposed transactions contemplate:
- a paydown of the Romspen Indebtedness by the Individual Debtors of \$4,299,500 (the “**Paydown**”), which the Receiver is presently holding in trust;
 - a \$4,000,000 credit bid on the part of Romspen for the Marine Condo Land, allocated on the basis of \$3,500,000 for the land and \$500,000 for the letter of credit held by the Town of Midland;
 - a \$2,00,000 credit bid on the part of Romspen for the Midland Land;
 - a company owned and controlled by the Individual Debtors purchasing the Ramara Lands from the Receiver, for a purchase price equivalent to the cost of: (a) assuming all prior ranking claims, including the TD mortgage in the face amount of \$568,750 over

one of the Ramara parcels; and (b) assuming the Romspen Indebtedness following the release of the Paydown to Romspen;

- the Paydown being immediately released by the Receiver to Romspen upon an approval and vesting order being granted in respect of the Ramara Lands;
- the Receiver being discharged as receiver over the Individual Debtors contemporaneously with the closing of the purchase of the Ramara Lands;
- the Cambridge Lands remaining under the administration of the Receiver until it is sold or further directions are sought.

Marine Condo Land and Midland Land

40. On May 12, 2015, the Receiver accepted an offer to purchase the Marine Condo Land from RIC (Marine Condo) Inc., an affiliate of Romspen, for a purchase price of \$4,000,000, allocated on the basis \$3,500,000 for the land and \$500,000, for the letter of credit held by the Town of Midland (the “**Marine Condo APS**”). A copy of the Marine Condo APS is attached as **Appendix “F”**.
41. On May 12, 2015, the Receiver accepted an offer to purchase the Midland Land from RIC (Midland Land) Inc., an affiliate of Romspen, for a purchase price of \$2,000,000 (the “**Midland Land APS**”). A copy of the Midland Land APS is attached as **Appendix “G”**.
42. The Marine Condo APS and the Midland Land APS are in substance credit bids which, upon completion, will serve to partially reduce the Romspen Indebtedness. The purchase price payable under both agreements is payable in part in cash, to satisfy prior ranking claims, including statutory holdbacks under *Construction Lien Act*, and in part by written direction to the Receiver from Romspen, or any assignee(s) of the Romspen Indebtedness, as shall be



required to apply the balance of the purchase price, without physical circulation of funds, in partial reduction of the Romspen Indebtedness. Both agreements are also unconditional.

43. According to O’Keefe and Associates Limited who was the quantity surveyor in respect of the condominium project prior to the standstill arising from the registration of the constriction liens, the statutory holdback is \$114,569. A copy of a capital cost summary prepared by O’Keefe and Associates Limited as at October 8, 2013 is attached as **Appendix “H”**.
44. The Receiver intends retain the sum of \$114,569 following closing pending discussions with the lien claimants and directions from this Honourable Court with respect to the distribution thereof.

Ramara Lands

45. On May 27, 2015, the Receiver accepted an offer from 1932425 Ontario Inc. (“**193**”), a company controlled by the Individual Debtors, for a purchase price equivalent to the cost of: (a) assuming all prior ranking claims, including the TD mortgage in the face amount of \$568,750 over one of the Ramara parcels; (b) assuming the Romspen Indebtedness following the release of the Paydown to Romspen (the “**Ramara APS**”). A copy of the Ramara APS is attached as **Appendix “I”**.
46. The Ramara APS is unconditional. Under the terms thereof, the Paydown is required to be released upon the Court granting an approval and vesting order. Prior to closing, the purchase price is to be allocated as 193 and the Receiver may agree (acting reasonably), and failing agreement in such manner as the Court shall order. Also, prior to closing, 193 is required to deliver to Romspen security over the Ramara Lands, in a form and substance satisfactory to Romspen, together with such other agreements and instruments as may be required by Romspen to give effect to the assumption of the Romspen Indebtedness and Romspen’s security.



All Other Romspen Security to Remain in Place

47. The Receiver notes that following the completion of the above-noted agreements, all other security which Romspen holds for the Romspen Indebtedness, including its security over the Cambridge Lands, will continue to remain in place, until the Romspen Indebtedness is repaid in full.

VI SECURITY OPINION

48. As the Marine Condo APS and the Midland Land APS are credit bids and the lion's share of the consideration payable for the Ramara Lands will be satisfied through 193's assumption of the Romspen Indebtedness, the Receiver obtained an opinion from its counsel, Dickinson Wright LLP, on the validity and priority of Romspen's security. Subject to the customary qualifications, Dickinson Wright LLP has opined, *inter alia*, as follows: (a) Romspen's security is valid and enforceable; (b) Romspen has priority on the Ramara Lands subject only to the TD mortgage on the parcel owned by the Individual Debtors property; (c) Romspen has priority on the Marine Condo Land and Midland Land; and (d) Romspen has priority over the lien holders subject only to the extent of any deficiency of the holdback required to be retained pursuant to the *Construction Lien Act*. A copy of the security opinion is attached as Appendix "J".

VII APPRAISALS

49. As reported in the Receiver's Supplement to its First Report, the Receiver engaged Valco Consultants, an independent real estate appraisal and consulting firm, to provide it with appraisals in respect of the Properties. In paragraph 5 of the Sales Process Order, the appraisals were sealed. Unfortunately, given the results of the Sales Process and the purchase prices payable under the Marine Condo APS, the Midland Land APS and the Ramara APS, the appraised values of those Properties has proven to be overly optimistic.



VIII RECOMMENDATION

50. In the circumstances, the Receiver respectfully recommends that this Honourable Court approve and authorize the Receiver to proceed with the matters proposed in paragraph 4 above, for the following reasons:

- The Receiver undertook a comprehensive sale process in manner consistent with the Sales Process Order and exposed the Properties to the market for a lengthy period;
- The offers which the Receiver accepted represented the best offers available at the time they were accepted;
- No information has come subsequently come to the Receiver's attention which would indicate that a significantly (or any) better result might have been, or could today, be achieved;
- Romspen, the overwhelmingly largest senior secured creditor of the Debtors, supports the proposed transactions;
- The Individual Debtors, who are guarantors of the Rompsen Indebtedness, support the proposed transactions;
- The completion of the proposed transactions will significantly reduce the Rompsen Indebtedness, and the interest accruing thereon.

All of which is respectfully submitted,



Dated at Toronto, Ontario, this 2nd day of June, 2015.

**ROSEN GOLDBERG INC., SOLELY IN ITS CAPACITY AS
COURT-APPOINTED RECEIVER OF
6711162 CANADA INC., 1794247 ONTARIO INC.,
1387267 ONTARIO INC., 1564168 ONTARIO INC.,
2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAf SOORTY and ZORAN COCOV;
NOT IN A PERSONAL OR CORPORATE CAPACITY**

Rosen Goldberg Inc.

This is Appendix "A" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)
JUSTICE D.M. BROWN)
MONDAY, THE 5TH
DAY OF MAY, 2014

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

B E T W E E N:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV and CASINO R.V RESORTS INC.**

Respondents

ORDER

THIS APPLICATION made by Romspen Investment Corporation (the "Applicant") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") and section 68 of the *Construction Lien Act*, R.S.O. 1900, c. C.30, as amended (the "CLA"), appointing SF Partners Inc. as receiver and construction lien trustee (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties

of the Respondents acquired for, or used in relation to a business carried on by them, was heard on Friday, May 2, 2014 at 330 University Avenue, Toronto, Ontario.

ON READING:

- (a) the affidavit of Wesley Roitman sworn April 4, 2014, and the exhibits thereto;
- (b) the affidavit of Altaf Soorty sworn April 17, 2014, and the exhibits thereto;
- (c) the affidavit of Zoran Cocov sworn April 17, 2014, and the exhibit thereto;
- (d) the reply affidavit of Wesley Roitman sworn April 21, 2014 and the exhibits thereto;
- (e) the affidavit of Altaf Soorty sworn April 23, 2014, and the exhibits thereto;
- (f) the affidavit of Altaf Soorty, sworn April 28, 2014, and the exhibit thereto;
- (g) the affidavit of Altaf Soorty sworn April 28, 2014, and the exhibits thereto, filed in the proceedings in Court File No. CV-14-10529-00CL;
- (h) the responding affidavit of Wesley Roitman, sworn May 1, 2014, and the exhibits thereto, filed in the proceedings in Court File No. CV-14-10529-00CL; and
- (i) the reply affidavit of Altaf Soorty sworn May 2, 2014, and the exhibits thereto, filed in the proceedings in Court File No. CV-14-10529-00CL,

and on hearing the submissions of counsel for the Applicant, counsel for 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd. and Casino R.V Resorts Inc., counsel for Altaf Soorty and Zoran Cocov and counsel for Pezzack Financial Services Inc. and The Canada Trust Company, no one appearing for any other person although duly served as appears from the affidavits of service, and on reading the consent of SF Partners Inc. to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that, subject to paragraph 3 of this Order, pursuant to section 243(1) of the BIA, section 101 of the CJA and section 68 of the CLA, SF Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Respondents 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "Property").

3. THIS COURT ORDERS that, notwithstanding anything else contained in this Order, the Receiver's appointment over the Respondents Altaf Soorty and Zoran Cocov shall be limited only to the real property listed in Schedule "A" hereto and the proceeds arising therefrom.

RECEIVER'S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to

enter into occupation agreements for any property owned or leased by the Debtors;

- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due

to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in

respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this

Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

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

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first

charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA and, in the case of the Property of 1564168 Ontario Inc. and 2033387 Ontario Inc., the mortgage registered in favour of Pezzack Financial Services Inc. and The Canada Trust Company.

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

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

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA and, in the case of the Property of 1564168 Ontario Inc. and 2033387 Ontario Inc., the mortgage registered in favour of Pezzack Financial Services Inc. and The Canada Trust Company.

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

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

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

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: http://www.sfgroup.ca/company-files.php?company_id=14.

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

day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

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

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

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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

31. THIS COURT ORDERS that, if the parties cannot settle the costs of this application and the application in Court File No. CV-14-10529-00CL, the Applicant may serve and file written costs submissions together with a Bill of Costs, by May 16, 2014 and any party against whom costs are sought may serve and file responding written submissions by May 29, 2014. The costs submissions shall not exceed three pages in length, excluding the bill of costs.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party

likely to be affected by the order sought or upon such other notice, if any, as this Court may order

CASINO R.V RESORTS INC.

33. THIS COURT ORDERS that leave is granted to add Casino R.V Resorts Inc. as a Respondent to this application.

34. THIS COURT ORDERS that, notwithstanding paragraph 33 of this Order, this application is dismissed against Casino R.V Resorts Inc. and, for greater certainty, the term "Debtors" defined in paragraph 2 of this Order shall exclude Casino R.V Resorts Inc.

SEALING OF CONFIDENTIAL EXHIBITS

35. THIS COURT ORDERS that Confidential Exhibits 1, 2 and 3 to the Affidavit of Wesley Roitman sworn May 1, 2014 filed in the proceedings in Court File No. CV-14-10529-00CL be and are hereby sealed pending further Order of this Court.



**G. Argyropoulos, Registrar
Superior Court of Justice**

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

MAY 30 2014



SCHEDULE "A"

PIN	58696-0219 LT
Description	Consolidation of various properties – Pt Lot 3 Con BF Rama Pt 1, 51R25909; T/W RO 130544 except 2nd T/W; T/W R-O-W over Pts 6 & 7 51R30563 and Pt 4 51R30736 as in SC286231, Part Lt 3 Con BF Rama Pt 5 40R645, T/W RAM141949, T/W RAM174031; Ramara
Address	4271/4275 Hopkins Bay Road

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that SF Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 5th day of May, 2014 (the "Order") made in an application having Court file number CV-14-10470-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

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

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

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

DATED the _____ day of _____, 2014.

SF PARTNERS INC., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

ROMSPEN INVESTMENT CORPORATION
Applicant

-and- **6711162 CANADA INC. et al**
Respondents

Court File No. CV-10-10470-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER

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Lawyers for the Applicant

This is Appendix "B" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015

IN THE MATTER OF THE RECEIVERSHIP OF

**6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc.,
1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd.,
Altaf Soorty and Zoran Cocov**

First Report of SF Partners Inc.

Court File No. CV-14-10470-00CL

Hugel Lofts Ltd., et al.

First Report of SF Partners Inc.

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ONTARIO
SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

**IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*,
R.S.O. 1990, C. C.30, AS AMENDED**

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

Applicant

-and-

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY, ZORAN COCOV and CASINO R.V RESORTS INC.**

Respondents

FIRST REPORT OF SF PARTNERS INC.

July 11, 2014

I INTRODUCTION

1. By Order of the Honourable Mr. Justice D.M. Brown dated May 5, 2014, SF Partners Inc. was appointed as receiver and construction lien trustee (in such capacities, the “**Receiver**”) of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc. and 2033387 Ontario Inc., Hugel Lofts Ltd. (collectively, the “**Corporate Debtors**”) and of a parcel of real estate (and the proceeds arising therefrom) owned by Altaf Soorty and Zoran Cocov (collectively, the “**Individual Debtors**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, section 101 of the *Courts of Justice Act* and section 68 of the *Construction Lien Act* (the “**Receivership Order**”). A copy of the Receivership Order is attached as **Appendix “A”** to this First Report.
2. The Corporate Debtors and the Individual Debtors are hereinafter referred to collectively as the “**Debtors**”.
3. The purpose of this First Report is to:
 - a) seek this Honourable Court’s approval of the actions of the Receiver to date;
 - b) seek an Order of this Honourable Court compelling the Individual Debtors to forthwith deliver to the Receiver all of the books and records of the Corporate Debtors and all books and records of the parcel of real estate owned by the Individual Debtors which is subject to the Receivership Order;
 - c) advise this Honourable Court and to seek approval of the Receiver’s intended continuing course of action, including the Receiver’s proposed sale process as described herein, in respect of the property and assets under its administration; and
 - d) seek directions with respect to lifting the stay of proceedings against the Individual Debtors for the purpose hereinafter described.

II BACKGROUND

4. The assets subject to the Receivership Order are comprised of:

- (a) five (5) parcels of vacant land in Rama, Ontario, consisting in the aggregate of approximately 76.68 acres (the “**Rama Lands**”);
 - (b) six (6) parcels of vacant land in Cambridge, Ontario, consisting in the aggregate of approximately 3.69 acres (the “**Cambridge Lands**”); and
 - (c) three (3) parcels of land in Midland Ontario (the “**Midland Lands**”), upon which is situate a partially-constructed 4-storey residential condominium building with approximately 53 units (the “**Condominium Project**”). The Midland Lands also include 16.3 acres of vacant land.
5. The Rama Lands, the Cambridge Lands and the Midland Lands, including the Condominium Project, are hereinafter referred to collectively as the “**Properties**”.
 6. The Receivership Order was obtained by Romspen Investment Corporation (“**Romspen**”) in connection with a loan which matured on September 1, 2013. The loan was not repaid and was not being serviced. Romspen holds first and second mortgages over the Properties as security for the loan. It also holds *PPSA*-registered security over the Debtors’ personal property in connection with general security agreements. As of January 3, 2014, the amount owing under Romspen’s loan to the Debtors was approximately \$12 million.

The Midland Lands and the Condominium Project

7. The Midland Lands and the Condominium Project are owned by Hugel Lofts Ltd. and are located near downtown Midland, adjacent to a marina, with nearby access to the Georgian Bay. The Condominium Project was previously marketed as “Marina Park”.
8. Romspen holds an assignment of a first mortgage securing a face amount of \$3.1 million in favour of Laurentian Bank of Canada over the Midland Lands and the Condominium Project, as well as a second mortgage securing a face amount of \$16 million. Romspen is also the sole *PPSA* registrant over Hugel Lofts Ltd.

9. Prior to the Receiver's appointment, the Condominium Project was at a standstill. Numerous construction liens were registered in December of 2103. The lien claims total, in the aggregate, approximately \$2.25 million.
10. The Receiver understands that at present, the Condominium Project is approximately 40% complete. Although significant work has been performed on the exterior of the building, the interior requires considerable work, including, *inter alia*, electrical, plumbing, significant drywalling and installation of kitchens and washrooms.
11. There are various construction materials currently located on the Condominium Project site, including materials that may be owned by third parties. The Receiver was advised by Sierra Construction (Woodstock) Limited, the general contractor, that certain sub-contractors will soon be filing claims in respect of such materials.

The Rama Lands

12. Of the five (5) parcels comprising the Rama Lands, two (2), which together total 63.27 acres, are owned by 6711162 Canada Inc., two (2), which together total 12.41 acres, are owned by 179257 Ontario Inc. and one (1), which is a 1.01 acre parcel of shoreline land, is owned by the Individual Debtors.
13. The shoreline parcel, owned by the Individual Debtors, is subject to a first mortgage held by the Toronto-Dominion Bank in the face amount of \$568,750. Romspen's mortgage, in the face amount of \$16 million, ranks behind the Toronto-Dominion Bank but is otherwise first-ranking against the other parcels comprising the Rama Lands.
14. Romspen is the sole *PPSA* registrant over 6711162 Canada Inc. and 1794247 Ontario Inc. It holds subordinate-in-time *PPSA* registrations over the Individual Debtors.

The Cambridge Lands

15. Of the six (6) parcels comprising the Cambridge Lands, two (2), which together total less than an acre, are owned by 1387267 Ontario Inc., three (3), which together total 1.1 acres, are owned by 2033387 Ontario Inc. and one (1) 1.59 acre parcel is owned by 2033387 Ontario Inc.
16. Romspen's mortgage, in the face amount of \$16 million, is first ranking against the parcels owned by 1387267 Ontario Inc. and second ranking behind a first mortgage held by Financial Services Inc. and The Canada Trust Company, in the principal amount of \$300,000.
17. Romspen is also the sole *PPSA* registrant over 1387267 Ontario Inc. and 1564168 Ontario Inc.. Its *PPSA* registration over 2033387 Ontario Inc. is subordinate-in-time to a registration in favour of Her Majesty in Right of Ontario represented by the Minister of Finance.

III RECEIVER'S INITIAL ACTIONS

18. Since its appointment, the Receiver has undertaken the following activities:
 - It has taken possession of the Properties;
 - It has had ongoing correspondence and communication with stakeholders including meetings, telephone calls and written communication;
 - It has dealt with appraisers and with other consultants;
 - It has attended at the sites;
 - It has had discussions and meetings with potentially-interested parties;
 - It has established and maintained a Case Website (pursuant to the Receivership Order) and located at: http://www.sfgroup.ca/company-files.php?company_id=15; and
 - It has reviewed of various reports, financial information, etc pertaining to the Properties.

IV COMMUNICATIONS WITH THE INDIVIDUAL DEBTORS

Meetings

19. Upon its appointment, the Receiver contacted the Individual Debtors to arrange a meeting to discuss the Properties and other related matters in respect of the administration.
20. On May 5, 2014, Brahm Rosen of the Receiver met with Altaf Soorty at the Receiver's office. A variety of matters were discussed including, *inter alia*:
 - a) Mr. Soorty advised that he wished to work with the Receiver and that he intended to forthwith make arrangements to repay Romspen and to take the Debtors out of receivership or to purchase the Properties from the Receiver;
 - b) the Receiver advised that it would require various books and records and other documentation relating to the Corporate Debtors and the Rama parcel owned by the Individual Debtors. Mr. Soorty advised that he would co-operate in this regard, and it was agreed that the Receiver would email a list to him (the noted list was emailed to Soorty on May 7, 2014, as discussed below); and
 - c) Mr. Soorty requested that the Receiver organize a meeting with Romspen to discuss terms and a method to enable him to regain control of the Properties. The Receiver arranged a meeting on May 13, 2014
21. On May 13, 2014, Mr. Rosen together with Wesley Roitman and Richard Weldon of Romspen met with Messrs. Soorty and Cocov, both separately and together. At the meeting, both Messrs. Soorty and Cocov presented various scenarios where they would purchase all or some of the Properties from the Receiver, or alternatively, pay off the Romspen debt in full or partially in order to regain control of the Properties. Romspen was receptive to receiving an offer and encouraged Messrs. Soorty and Cocov to present same as soon as possible. To date, the Receiver has had no further communications or offers from either Soorty or Cocov.

Books and Records

22. On May 7, 2014 and May 8, 2014, the Receiver wrote to Messrs. Soorty and Cocov respectively, in order to request and to facilitate the delivery of the books and records of the Debtors to the Receiver.
23. The Receiver sent follow-up letters and emails to them on three subsequent occasions in this respect. Copies of the Receiver's requests are attached as **Appendix "B"**.
24. On May 16, 2014, Joel Ross of the Receiver met with Mr. Cocov at the Receiver's office to again advise him of his responsibility to provide the books and records to the Receiver. Mr. Cocov advised Mr. Ross that he would email his bookkeeper and accountant to request the information from them, as they likely had what was needed. On May 20, 2014, Mr. Cocov sent emails to two individuals, requesting that they provide to the Receiver the documents noted in its letter of May 8, 2014. The Receiver has received nothing from either of the individuals.
25. To date, the Receiver has not received any of the requested information. In the circumstances, the Receiver seeks an Order of this Honourable Court compelling the Individual Debtors to forthwith deliver to the Receiver all of the books and records of the Corporate Debtors and all books and records of the Rama parcel owned by the Individual Debtors.

V APPRAISALS OF PROPERTIES

26. As part of its due diligence and in order to inform itself as to the value of the Properties, including the Condominium, the Receiver has engaged Valco Consultants, an independent real estate appraisal and consulting firm. The Receiver anticipates receiving completed appraisals within two weeks.

VI SALES PROCESS

27. After considering its realization options, including both a listing process as well as a tender process, the Receiver believes that a tender process will provide the best opportunity to

maximize recoveries in a timely manner. The following factors have influenced the Receiver's decision:

- a) Given the current state of construction of the Condominium Project, there will likely be a very limited number of parties interested in it. The Receiver believes it can identify these parties through advertisements and through its own database, and that a broader listing would be less appropriate;
- b) The Receiver has extensive experience in selling partially-complete developments, and has successfully marketed and sold, by tender, such properties in the past; and
- c) The Receiver has developed a number of contacts whom it believes may be interested in purchasing the Properties. Although it has yet to formally begin its sale process, to date, the Receiver has already received interest from potential purchasers. A tender process will allow the Receiver to present this opportunity to all of the parties which it believes may be interested in the Properties.

Proposed Sales Process

28. The Receiver believes that a sales process of approximately twelve weeks will allow sufficient time to adequately market the Properties. In this regard, the Receiver has prepared a twelve-week timeline which it proposed to follow:

Week 1	<ul style="list-style-type: none"> - Receiver to develop list of potentially-interested parties - Receiver to prepare teaser and confidentiality agreement for distribution to potentially-interested parties - Receiver to prepare marketing and information package for distribution to interested parties who have signed confidentiality agreements - Receiver to create a customized on-line data room to be accessed by interested parties who have signed
--------	--

	<p>confidentiality agreements</p> <ul style="list-style-type: none"> - Receiver to gather financial and other due-diligence information for upload to the data room - Receiver to prepare form of offer
First day, week 2	<ul style="list-style-type: none"> - Receiver to place newspaper advertisement in the <i>Globe and Mail</i> (national edition) and <i>National Post</i> newspapers, as well as industry publications
Weeks 2 through 9 (inclusive)	<ul style="list-style-type: none"> - Receiver to contact all identified potentially interested parties and advise regarding the opportunity, including distribution of teaser - Receiver to facilitate due-diligence of interested parties by distributing confidentiality agreement, arranging for access to on-line data room, distributing information package, responding to requests for additional information, arranging and conducting tours of Properties
Final day, week 9	<ul style="list-style-type: none"> - Deadline for offers from prospective purchasers
First day, week 10	<ul style="list-style-type: none"> - Selection of successful purchaser and distribution of purchase agreement to successful purchaser
Week 10	<ul style="list-style-type: none"> - Receiver and successful purchaser to finalize purchase agreement
Week 11	<ul style="list-style-type: none"> - Conditional period (if required) for the successful purchaser
First day, week 12	<ul style="list-style-type: none"> - Deadline for waiver of conditions by successful purchaser
As soon as possible after waiver of conditions	<ul style="list-style-type: none"> - Court approval of purchase agreement and vesting order

VII CONTINUING ACTIONS OF THE RECEIVER

29. The Receiver intends to take the following continuing actions:

- a) undertake the sales process identified above; and
- b) deal with the stakeholders on an ongoing basis.

VIII DIRECTIONS WITH RESPECT TO LIFTING OF STAY

- 30. Recently, Romspen made written demand on the Individual Debtors and served them with notices pursuant to Section 243 of the *BIA*. The Individual Debtors have taken the position that by virtue of the stay of proceedings imposed under the Receivership Order, the aforesaid demand and *BIA* notices are invalid.
- 31. The Receiver seeks directions on the question of whether the stay of proceedings should be lifted. The Receiver notes that under the terms of the Receivership Order, the ambit of the Receiver's administration over the Individual Debtors is limited solely to the shoreline parcel in Rama which is registered in their name, and the proceeds arising therefrom.

IX RECOMMENDATION

- 32. On the basis of the foregoing, the Receiver respectfully requests that this Honourable Court grant an Order:
 - a) approving the Receiver's actions to date;
 - b) compelling the Individual Debtors to forthwith deliver all of the books and records of the Corporate Debtors and the books and records pertaining to the Individual Debtors' Rama parcel;
 - c) approving the Receiver's proposed continuing actions, including its proposed sales process; and
 - d) providing directions with respect to lifting the stay of proceedings against the Individual Debtors as hereinabove set out.

All of which is respectfully submitted.

Dated at Toronto, Ontario, this 11th day of July, 2014.

**SF PARTNERS INC., SOLELY IN ITS CAPACITY AS
COURT-APPOINTED RECEIVER OF
6711162 CANADA INC., 1794247 ONTARIO INC.,
1387267 ONTARIO INC., 1564168 ONTARIO INC.,
2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV;
NOT IN A PERSONAL OR CORPORATE CAPACITY**

SF Partners Inc.

ONTARIO
SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C.30, AS AMENDED

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

Applicant

-and-

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY, ZORAN COCOV and CASINO R.V RESORTS INC.**

Respondents

SUPPLEMENT TO THE FIRST REPORT OF SF PARTNERS INC.

October 23, 2014

I INTRODUCTION

1. This report is supplementary to the Receiver's First Report dated July 11, 2014 (the "First Report"). All capitalized terms not defined herein have the same meaning they were assigned in the First Report.

PURPOSE OF THE SUPPLEMENT TO THE FIRST REPORT

2. The purpose of this Supplement to the First Report is to provide the Court with an update on the Receiver's activities subsequent to the date of the First Report, including discussions and negotiations among the Receiver and the stakeholders regarding a proposed standstill agreement, and to respond to the affidavit of Altaf Soorty sworn October 20, 2014, received by the Receiver's counsel on the afternoon of October 21, 2014 and filed in response to the First Report.

APPRAISALS OF PROPERTIES

3. In the First Report, the Receiver noted that it had engaged Valco Consultants, an independent real estate appraisal and consulting firm to provide it with appraisals in respect of the Properties. The Receiver has now obtained appraisal reports from Valco Consultants in respect of the Rama Lands, the Cambridge Lands, the Midland Lands and the Condominium Project. True copies of the appraisal reports in respect of the Rama Lands, the Cambridge Lands, the Midland Lands and the Condominium Project will be filed with the court as confidential **Confidential Appendices 1, 2, 3 and 4**, respectively. The Receiver seeks a sealing order in respect of the appraisal reports in order to avoid

any potential suppression of realizations which could result from the appraisal reports being placed in the public record.

DISCUSSIONS WITH STAKEHOLDERS

4. The Receiver has been attempting to schedule the hearing of a motion for approval of a marketing and sale process in respect of the Properties since July of 2014. On July 23, 2014, the Receiver's counsel delivered to Arkadi Bouchelev, counsel for the Debtors, the Receiver's Notice of Motion and First Report and requested his availability to attend a motion on July 30 or 31, 2014. Prior to July 23, 2014, Mr. Bouchelev refused to discuss scheduling the Receiver's marketing and sale process approval motion without first receiving the materials.

5. A copy of an e-mail thread between counsel for the Receiver and counsel for the Debtors on July 23, 2014 is attached as **Appendix A**.

6. Thereafter, the Individual Debtors reached out directly to the Applicant Romspen Investment Corporation to propose a standstill arrangement whereby the Individual Debtors would advance \$4 million to the Receiver to fund additional construction at the Condominium Project. It was proposed that the construction be undertaken by a mutually acceptable contractor under the Receiver's supervision, with a view to improving the value of the Condominium Project and refinancing Romspen's loan. It was further proposed that, until the \$4 million was exhausted on construction, the Properties would not be marketed or sold.

7. On July 30, 2014, the Receiver, its counsel, the Individual Debtors, and their counsel, met in person to discuss in greater detail the terms of a standstill agreement.
8. After further negotiations between the counsel for the Receiver and counsel for the Debtors, on August 22, 2014, counsel for the Receiver delivered a draft Standstill Agreement to counsel for the Debtors, the terms of which were proposed to be subject to Court approval. A copy of the e-mail and attached draft Standstill Agreement is attached as **Appendix B**.
9. On August 28, and again on September 2, 2014, counsel for the Receiver emailed counsel for the Debtors with respect to the status of the Standstill Agreement and enquired whether the Individual Debtors were capable of completing same. No response was forthcoming. As it appeared to the Receiver from the delay that the Debtors were unable to arrange the \$4 million necessary to fund the proposed standstill, on September 5, 2014, counsel for the Receiver emailed counsel for the Debtors to advise that the Receiver intended to schedule a date for the approval of a marketing and sale process.
10. In his email of September 5, 2014, counsel for the Receiver confirmed that the Receiver remained committed to considering ways to achieve a standstill and left open the possibility for further discussions going forward.
11. Copies of the above-noted emails are attached as **Appendix C**.
12. On September 11, 2014, Justice McEwen scheduled the Receiver's marketing and sales process approval motion for October 24, 2014. The motion was placed on standby for an earlier hearing if time became available.

13. Given the delay in obtaining a hearing date until October 24, 2014, on September 11, 2014, counsel for the Receiver emailed counsel for the Debtors to request that he review the Receiver's proposed marketing and sales process as outlined in the First Report and provide him with any substantive concerns the Debtors may have in respect of the same. A copy of e-mail is attached as **Appendix D**.
14. Notwithstanding that the Debtors have had the First Report since July 23, 2014 and the Receiver's counsel's request for the Debtors' input into the proposed marketing and sales process on September 11, 2014, no response was received until the delivery of the affidavit of Altaf Soorty on the afternoon of October 21, 2014.

OTHER ACTIVITIES SINCE THE FIRST REPORT

15. In anticipation of commencing its marketing and sales process, the Receiver has taken the following actions:
 - Compiled a list of potentially-interested parties;
 - Prepared teaser and confidentiality agreement for distribution to interested parties;
 - Compiled marketing materials for information package;
 - Drafted newspaper advertisement;
 - Drafted a form of offer;
 - Compiled information and set up its on-line data room;
 - Reviewed appraisal reports; and
 - Conducted ongoing communications with various interested parties.

LIEN CLAIMS

16. To date, the Debtors have failed to produce any books or records to the Receiver. Accordingly, the Receiver has not yet had an opportunity to undertake the process of reviewing, investigating and vetting the various construction lien claims which have been registered against the Condominium Project. In the First Report, the Receiver reported that the aggregate of all lien claims registered against the Condominium Project was \$2.4 million. That amount was based upon the face amount of all lien claims registered. Pending the Receiver's review of the Debtors' books and records, and further investigation of the lien claims, the Receiver is unable to determine whether there is any duplication in the amounts claimed in the various construction lien claims which have been registered. Should it persist, the continuing failure of the Debtors to provide the books and records will also hamper the Receiver's ability to facilitate due diligence on the part of prospective purchasers.

MARKETING AND SALE PROCESS

17. It appears that Mr. Soorty has misunderstood the marketing and sales process proposed by the Receiver. Mr. Soorty suggests that the Receiver anticipates selling all of the Properties to one purchaser. That is not the case. The Receiver is not intending to market and sell the Properties *en bloc*.
18. The Receiver is proposing to sell the Properties by tender, after marketing the Properties both by the distribution to potentially interested parties of an information package, as well as by newspaper advertisements in the Globe and Mail (national edition) and National Post newspapers, and industry publications. Such a process will reach a broad

market of potential purchasers, and avoid the need to pay real estate commissions to listing and cooperating brokers.

19. The Receiver takes exception with Mr. Soorty's assertion that it has not acted in an impartial manner. The Receiver has expended considerable time and resources to assist the Debtors in reaching a standstill agreement with Romspen which, if concluded, would have forestalled the marketing and sale of the Properties for 6 to 8 months. The Receiver has invited the Debtors to discuss any concerns they may have regarding the proposed marketing and sale process. The Receiver remains willing to discuss the proposed marketing and sale process. Moreover, the implementation of the proposed marketing and sale process will not interfere *per se* with the Debtors' ability to reactivate any proposals to come to standstill terms with Romspen in the future and the Receiver remains committed to assisting the parties in reaching a standstill.

DIRECTIONS WITH RESPECT TO LIFTING THE STAY

20. The Receiver's motion for directions regarding lifting the stay of proceedings against the individual Debtors was been adjourned by Justice McEwen on September 11, 2104 and will be heard on October 30, 2014.

All of which is respectfully submitted.

Dated at Toronto, Ontario, this 23rd day of October, 2014.

**SF PARTNERS INC., SOLELY IN ITS CAPACITY AS
COURT-APPOINTED RECEIVER OF
6711162 CANADA INC., 1794247 ONTARIO INC.,
1387267 ONTARIO INC., 1564168 ONTARIO INC.,
2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY and ZORAN COCOV,
NOT IN A PERSONAL OR CORPORATE CAPACITY**

SF Partners Inc.

This is Appendix "C" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015



Court File No. CV-14-10470-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)

FRIDAY, THE 24TH

JUSTICE *NEUBOLD*)

DAY OF OCTOBER, 2014

IN THE MATTER OF SECTION 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, AND SECTION 68 OF THE *CONSTRUCTION LIEN ACT*, R.S.O. 1990, C. C. 30, AS AMENDED

BETWEEN:

ROMSPEN INVESTMENT CORPORATION

Applicant

- and -

**6711162 CANADA INC., 1794247 ONTARIO INC., 1387267 ONTARIO INC.,
1564168 ONTARIO INC., 2033387 ONTARIO INC., HUGEL LOFTS LTD.,
ALTAF SOORTY, ZORAN COCOV and CASINO R.V. RESORTS INC.**

Respondents

ORDER

THIS MOTION made by SF Partners Inc. in its capacity as the Court-appointed Receiver of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty, Zoran Cocov and Casino R.V. Resorts Inc. (the "Debtors") for an Order, *inter alia*, approving the First Report of the Receiver dated July 11, 2014 (the "First Report") and the sales process proposed by the Receiver as described therein, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING:

- (a) the First Report;
- (b) the affidavit of Altaf Soorty sworn October 20, 2014, and the exhibits thereto;
- (c) the Supplement to the First Report (the "Supplement") dated October 23, 2014;

and on hearing the submissions of counsel for the Applicant, counsel for the Debtors and counsel for the Receiver, no one appearing for any other person although duly served as appears from the affidavits of service filed,

SERVICE

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

~~2. THIS COURT ORDERS that Altaf Soorty and Zoran Cocov (collectively, the "Individual Debtors") forthwith deliver to the Receiver all of the books and records of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd. (the "Corporate Debtors") and all books and records pertaining to a parcel of real estate in Rama, Ontario owned by the Individual Debtors.~~ ✓ 2w J

3. THIS COURT ORDERS that the First Report, the Supplement, the activities of the Receiver as described in the First Report and in the Supplement are hereby approved.

4. THIS COURT ORDERS that the sales process as proposed by the Receiver and described in the First Report (the "Sales Process") is hereby approved, and the Receiver is hereby authorized and directed to proceed with carrying out the Sales Process.

5. THIS COURT ORDERS that Confidential Appendices 1, 2, 3 and 4 be and are hereby sealed.

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

OCT 24 2014

MS

2w J

ROMSPEN INVESTMENT CORPORATION
Applicant

-and- **6711162 CANADA INC. et al**
Respondents

Court File No. CV-10-10470-00CL

ONTARIO.
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER

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Lawyers for SF Partners Inc.

This is Appendix "D" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015

Rosen Goldberg Inc.; Court-Appointed Receiver of
6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc.,
1564168 Ontario Inc. 2033387 Ontario Inc., Hugel Lofts Ltd. et al.

Interim Statement of Receipts and Disbursements

For the Period from May 5, 2014 to June 2, 2015

Receipts

Deposit on sale of assets	\$	4,300,000
Receiver's borrowings		250,000
		<hr/>
		4,550,000

Disbursements

Property taxes		142,412
Insurance		51,006
Appraisal fees		28,150
Advertising regarding sales process		12,843
Sales taxes paid		5,571
Repairs and maintenance		1,173
Utilities		886
Change of locks		693
Filing fees		560
		<hr/>
		243,294

Excess of receipts over disbursements \$ 4,306,706

Notes

1. The statement of receipts and disbursements is prepared on a cash basis and does not include obligations of the Receiver incurred but not yet paid.

This is Appendix "E" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015



27 February 2015

Mortgage No. 8110

RE: Romspen as Trustee and 6711162 Canada Inc. and 1794247 Ontario Inc.,
1st Mortgages – 5781-5819 Rama Rd, 4243 Hopkins Bay Rd, 4285 Hopkins Bay Rd., Ramara ON
and 2nd Mortgages – 4271-4275 Hopkins Bay Rd, Ramara, and 54 Laguna Dr, Brechin ON

The following is a discharge statement of the balance outstanding on the above noted mortgage as at the 27th February 2015.

Principal balance as at 16 October 2013	11,215,851.82
Balance of Letter of Credit facility as at 16 October 2013	500,000.00
Receiver Certificates 1 & 2	<u>250,000.00</u>
	11,965,851.82
Interest @ 10.5% from 16 October – 27 February 2015	1,802,887.45
Interest @ 12% from 31 July – 27 February 2015 on Receiver Certificates	9,377.78
Legal fees (incls. HST 20,183.94)	226,069.90
Cost and fees for Teranet searches (incls. HST 68.90)	1,088.96
Cost of issuing Notice of Sale, May 2013 (incls. HST 342.25)	2,975.00
Cost of issuing Demand & BIA Notice (incls. HST 342.25)	2,975.00
NSF charges for returned payment, December 2013 (incls. HST 45.50)	395.50
Discharge fees - 5 (incls. HST 325.00)	2,825.00
Statement fees - 8 (incls. HST 260.00)	<u>2,260.00</u>
	<u>\$14,016,706.41*</u>

* Plus any outstanding legal fees not yet billed

Per diem after February 27, 2015 = \$4,300.57

Yours truly,
ROMSPEN INVESTMENT CORPORATION
Per

Mary Gianfriddo
/cg
E. & O. E.

HST Registration No. 13589 7494

This is Appendix "F" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015

OFFER TO PURCHASE

(PIN 58452-0395 LT, 151 Marina Park Ave.)

TO: **ROSEN GOLDBERG INC.** (the “Vendor” or “Receiver”) in its capacity as court-appointed Receiver, Manager and Construction Lien Trustee of the assets, undertakings and properties of, *inter alia*, Hugel Lofts Ltd. pursuant to an Order of the Honourable Justice D. M. Brown of the Ontario Superior Court of Justice, dated May 5, 2014, in Court File No. CV-14-10470-00CL at Toronto (the “Order”), and not in its personal capacity or corporate capacity

1. Offer to Purchase

The undersigned, **RIC (MARINE CONDO) INC.** (the “Purchaser”), hereby offers to purchase from and through the Vendor all of the right, title and interest in and to the Property (hereinafter defined) which the Vendor is entitled to sell pursuant to the Order at the purchase price set out herein and upon and subject to the terms hereof.

2. Definitions

In this Offer and the Agreement arising from the acceptance hereof, the following terms have the meanings respectively ascribed to them:

“**Agreement**”, “**the Agreement**” or “**this Agreement**” means the agreement of purchase and sale resulting from the acceptance of the Offer by the Vendor.

“**Approval**” in relation to the Court means the making of an appropriate Order of the Court in respect of the particular matter submitted for approval approving the action or proposed action of the Vendor on terms satisfactory to the Vendor.

“**Buildings**” means the building(s), if any, situate on the Lands (as hereinafter defined) together with all other structures situate thereon, including all improvements thereto and all fixtures forming a part thereof.

“**Business Day**” means a day other than Saturday, Sunday or a statutory holiday or any other day upon which the Vendor is not open for the transaction of business throughout normal business hours at its principal office.

“**Closing**” or “**Closing Date**” has the meaning ascribed in Section 17 thereto hereof.

“**Court**” means the Ontario Superior Court of Justice and includes a judge, master or registrar of that court and any appellate court judge having jurisdiction in any particular matter.

“**Environmental Laws**” has the meaning ascribed thereto in Section 24 hereof.

“**Hazardous Substances**” means any contaminant, pollutant, dangerous substance, potentially dangerous substances, noxious substance, toxic substance, hazardous waste, flammable material, explosive material, radioactive material, urea-formaldehyde foam insulation, asbestos, PCBs radiation and any other substance, material, effect, or thing declared or defined to be hazardous, toxic, a contaminant, or pollutant, in or pursuant to any Environmental Laws.

“**HST**” has the meaning ascribed thereto in Section 16 hereof.

“**Indemnitees**” has the meaning ascribed thereto in Section 24 hereof.

“**Lands**” means the lands legally described in Schedule “A” attached hereto.

“**LC**” means the irrevocable letter of credit no. 504-02-0094328A given by the National Bank on behalf of Hugel to The Corporation of Town of Midland in connection with external servicing related to the Property.

“**Lease(s)**” means collectively, all leases, agreements to lease, tenancies, licenses, and any other rights of occupation of space in the Buildings or on the Lands, if any.

“**Material Documents**” includes copies of all architectural drawings, site plans relating to the Property, existing plan of survey, if any, the Lease(s), if any, and operating statements for the Building, if any, to the extent that such Material Documents are in the possession of the Vendor.

“**Offer**”, “**the Offer**” or “**this Offer**” means the offer to purchase the Property made by the Purchaser and contained in and comprised of this document.

“**Property**” means collectively, the Lands, Buildings, if any and the LC.

“**Purchase Price**” has the meaning ascribed thereto in Section 3 hereof.

“**Romspen**” means Romspen Investment Corporation.

“**Romspen Indebtedness**” means the indebtedness of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel, Altaf Soorty and Zoran Cocov to Romspen in connection with a mortgage financing commitment dated July 18, 2011, as amended and

supplemented by a first supplement dated June 12, 2012, and a second supplement dated August 15, 2012.

“Vesting Order” has the meaning ascribed thereto in Section 5 hereof.

3. Purchase Price

The purchase price for the Property shall be **FOUR MILLION DOLLARS (\$4,000,000)** payable in lawful money of Canada (the “Purchase Price”), subject to the adjustments hereinafter referred to, and paid by the Purchaser to the Vendor, or satisfied, as follows:

- (a) first, payment by certified cheque, or bank draft payable to the Vendor (or as the Vendor may further direct) drawn on or issued by a Canadian chartered bank or trust company, such amount as shall be required to satisfy: (I) outstanding realty taxes owing in respect of the Property, together with all interest, interest on late interest, and penalties thereon as of the Closing Date; (II) the legitimate claims of lienholders to priority over Romspen in respect of the Property under the *Construction Lien Act* (Ontario); and
- (b) second, by such written direction to the Vendor from Romspen, or any assignee(s) of the Romspen Indebtedness, as shall be required to apply the balance of the Purchase Price, without physical circulation of funds, in partial reduction of the Romspen Indebtedness as of the Closing Date.

The Purchase Price shall be allocated as follows:

- (a) to the Land and Buildings - **THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000)**;
- (b) to the LC - **FIVE HUNDRED THOUSAND DOLLARS (\$500,000)**.

4. Acceptance of Offer

The Purchaser agrees that no agreement for the purchase and sale of the Property shall result from this Offer unless and until this Offer has been accepted by the Vendor and approved by the Court in accordance with the provisions of Section 5 hereof. The Purchaser agrees that this Offer shall be irrevocable by the Purchaser and open for acceptance by the Vendor until 5:00 o'clock p.m. (Toronto time) on May 12, 2015, after which time, if not accepted by the Vendor, this Offer shall be null and void. The Vendor shall indicate the date on which it has accepted this Offer in the space provided on the execution of this Offer.

5. Court Approval

The Purchaser hereby acknowledges and agrees that the sale of the Property is by Order of, and is subject to, the Approval of the Court. The Vendor shall forthwith bring a motion to the Court for Approval of the Agreement and an order vesting title to the Property in the Purchaser (the "Vesting Order"). The Vendor shall diligently pursue such motion on notice to the Purchaser and shall promptly notify the Purchaser of the disposition thereof. The Purchaser, at its own expense, shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably require to obtain Approval of the Agreement. If the Court shall not have granted Approval of the Agreement within twenty (21) days of the Vendor's acceptance hereof, the Agreement shall automatically be terminated. If the Agreement is terminated under any provision of this Section, neither party shall have any further rights or liabilities hereunder.

6. Capacity of Receiver

The Vendor, by acceptance of the Offer, is entering into the Agreement solely in its capacity as the court-appointed Receiver, Manager and Construction Lien Trustee of the assets of Hugel Lofts Ltd. and not in its personal or any other capacity. Any claim against the Receiver shall be limited to and only enforceable against the property and assets then held by or available to it in its said capacity and shall not apply to its personal property and/or any assets held by it in any other capacity. The Vendor shall have no personal or corporate liability of any kind, whether in contract or in tort or otherwise. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Property.

7. Adjustments

The Purchase Price for the Property shall be adjusted as of the Closing Date in respect of realty taxes, flat/fixed water and sewer rates and charges, if any, and all other items usually adjusted with respect to properties similar to the Property that apply save and except for rent or any matters related to the Lease(s), if any. Such adjustments shall be pro-rated where appropriate for the relevant period on the basis of the actual number of days elapsed during such period to the Closing Date itself to be apportioned to the Purchaser. There shall be no adjustment in respect of (a) prepaid rents, or, (b) rent or other moneys payable to the Vendor under the Lease(s), if any, in respect of periods prior to the Closing which remain unpaid as at Closing

8. Termination of Agreement

Notwithstanding anything to the contrary contained in this Agreement, if at any time or times prior to the Closing Date, the Vendor is unable to complete this Agreement as a result of any action taken by an encumbrancer, any action taken

by the present registered owner, the refusal by the present registered owner, to take any action, the exercise of any right by the present registered owner or other party which is not terminated upon acceptance of this Agreement, a certificate of pending litigation is registered against the Property, a court judgment or order is made, or, if the Purchaser submits valid title requisition which the Vendor is unable or unwilling to satisfy prior to Closing, or if the sale of the Property is restrained at any time by a court of competent jurisdiction, or if the Property is occupied by the owner of the Property and the Vendor is unable to provide vacant possession on Closing Day, the Vendor may, in its sole and unfettered discretion, elect by written notice to the Purchaser, to terminate this Agreement, and neither party shall have any further rights or liabilities hereunder.

The obligation of the Vendor to complete the Agreement is subject to the satisfaction of the following terms and conditions on or prior to the Closing Date, which conditions are for the sole benefit of the Vendor and which may be waived by the Vendor in its sole discretion:

- (a) the representations and warranties of the Purchaser being true and accurate as of the Closing Date;
- (b) no action or proceeding at law or in equity shall be pending or threatened by any person, firm, government, government authority, regulatory body or agency to enjoin, restrict or prohibit the purchase and sale of the Property;
- (c) the Property shall not have been removed from the control of the Vendor by any means or process;
- (d) no party shall take any action to redeem the Property; and,
- (e) the Court shall have granted the Approval and shall have granted the Vesting Order.

The obligation of the Purchaser to complete the Agreement is subject to the satisfaction of the following terms and conditions on or prior to the Closing Date, which conditions are for the sole benefit of the Purchaser and which may be waived by the Purchaser in its sole discretion:

- (a) the Vendor shall have accepted an offer from RIC (Midland Land) Inc. to purchase the properties municipally known as 586 Victoria Street. and 650 Vindin Street, in Midland, Ontario for a purchase of \$2,000,000; and
- (b) the Court shall have granted an approval and vesting order in connection therewith.

9. Purchaser's Acknowledgements

The Purchaser hereby acknowledges and agrees with and to be subject to the following:

- (a) it is responsible for conducting its own searches and investigations of the current and past uses of the Property;
- (b) the Vendor makes no representation or warranty of any kind that the present use of future intended use by the Purchaser of the Property is or will be lawful or permitted;
- (c) it is satisfied with the Property and all matters and things connected therewith or in any way related thereto;
- (d) it is relying entirely upon its own investigations and inspections in entering into this Agreement;
- (e) it is purchasing the Property on an "as is, where is" and "without recourse" basis including, without limitation, outstanding work orders, deficiency notices, compliance, requests, development fees, imposts, lot levies, sewer charges, zoning and building code violations and any outstanding requirements which have been or may be issued by any governmental authority having jurisdiction over the Property;
- (f) it relies entirely on its own judgment, inspection and investigation of the Property and acknowledges that any documentation relating to the Property obtained from the Vendor has been prepared or collected solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and is not part of this Offer;
- (g) it will provide the Vendor with all requisite information and materials, including proof respecting source or funds, at any time or times within forty-eight (48) hours of request by the Vendor so that the Vendor may determine the creditworthiness of the Purchaser and any related parties thereto;
- (h) the Vendor shall have no liability or obligation with respect to the value, state or condition of the Property, or the Leases, if any, whether or not the matter is within the knowledge or imputed knowledge of the Vendor, its officers, employees, directors, agents, representations and contractors;
- (i) the Vendor has made no representations or warranties with respect to or in any way related to the Property, including without limitation, the following: (i) the title, quality, quantity, marketability, zoning, fitness for any purpose, state, condition, encumbrances, description, present or future

use, value, location or any other matter or thing whatsoever related to the Property, either stated or implied; and (ii) the environmental state of the Property, the existence, nature, kind, state or identity of any Hazardous Substances on, under, or about the Property, the existence, state, nature, kind, identity, extent and effect of any administrative order, control order, stop order, compliance order or any other orders, proceedings or actions under the *Environmental Protection Act* (Ontario), or any other statute, regulation, rule or provision of law now in existence, state, nature, kind, identity, extent and effect of any liability to fulfill any obligation to compensate any third party for any costs incurred in connection with or damages suffered as a result of any discharge of any Hazardous Substances whether on, under or about the Property or elsewhere;

- (j) the Material Documents are being provided to the Purchaser merely as a courtesy and without any representations or warranties whatsoever; and,
- (k) it will ensure that any environmental and/or structural reports on behalf of the Purchaser shall also be addressed to the Vendor and a copy of each such report shall be delivered to the Vendor promptly after the completion thereof, regardless of whether the transaction contemplated by this Offer closes. If for any reason such transaction is not consummated, the Purchaser agrees to deliver promptly to the Vendor any and all reports and other data pertaining to the Property and any inspections or examinations conducted hereunder.

10. Title to the Property

Provided that the title to the Property is good and free from all restrictions, charges, liens, claims and encumbrances, except as otherwise specifically provided in this Agreement, and save and except for:

- (a) any reservations, restrictions, rights of way, easements or covenants that run with the land;
- (b) any registered agreements with a municipality, region or supplier of utility service including, without limitations, electricity, water, sewage, gas, telephone or cable television or other telecommunication services;
- (c) all laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the Property;
- (d) any minor easements for the supply of utility services or other services to the Property or adjacent properties;
- (a) encroachments disclosed by any error or omission in existing surveys of the Property or neighbouring properties and any title defects,

encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Property and survey of the Property and survey matters generally;

- (b) the exceptions and qualifications set forth in the *Registry Act* (Ontario) or the *Land Titles Act* (Ontario), or amendments thereto;
- (c) any reservation(s) contained in the original grant from Crown;
- (d) the Lease(s), if any, and the right of any tenant, occupant, lessee or license to remove fixed equipment or other fixtures;
- (e) subsection 44(1) of the *Land Titles Act* (Ontario) except paragraphs 11 and 14;
- (f) provincial succession duties and escheats or forfeiture to the Crown;
- (g) the rights of any person who would, but for the *Land Titles Act* (Ontario) be entitled to the Lands or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention;
- (h) any lease to which subsection 70(2) of the *Registry Act* (Ontario) applies; and
- (i) those registrations set out in Schedule "C" attached hereto.

Notwithstanding the foregoing, the Vesting Order shall provide for the deletion of the instruments or registrations listed in Schedule "B" attached hereto, and for the deletion of any filings under the *Personal Property Security Act* (Ontario), as they affect the Property.

11. Authorizations

The Purchaser shall assume, at its cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Property and the use thereof by the Purchaser. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Vendor's right, title and interest, if any, in the Property.

12. Requisition Period

The Purchaser shall be allowed five (5) days from the date of the Vendor's acceptance hereof to investigate the title to the Property and to satisfy itself that all

present uses are the legal uses thereof or legal nonconforming uses which may be continued and that the Property may be insured against usual insurable risks, at the Purchaser's own expense. If within such time the Purchaser shall furnish the Vendor in writing with any valid objection to title to the Property, which the Vendor is unable or unwilling to remove, remedy or satisfy and which the Purchaser will not waive, then the Agreement shall be terminated and neither party shall have any further rights or liabilities hereunder. Save as to any valid objection made as aforesaid or which the law allows to be made and is made after expiry of the aforesaid period, the Purchaser shall be conclusively deemed to have accepted the title to the Property to be vested in the Purchaser on Closing in accordance with the Agreement, and to have accepted the Property subject to all applicable laws, by-laws, regulations, easements and covenants affecting its use and the Purchaser shall assume responsibility from and after the Closing Date for compliance therewith. The Purchaser shall not call for the production of any title deed, abstract, survey or other evidence of title to the Lands, except as are in the control or possession of the Vendor. The Vendor shall not be required to produce any other document or report to the Purchaser, unless it is expressly provided for by this Agreement. The description of the Property is believed by the Vendor to be correct but, if any statement, error or omission shall be found in the particulars thereof, the same shall not cancel the sale or entitle the Purchaser to be relieved of any obligation hereunder, nor shall any compensation be allowed to the Purchaser in respect thereof.

13. Leases

The Purchaser acknowledges and agrees that:

- (a) the Property may be subject to Lease(s);
- (b) the Vendor makes no representation or warranty respecting the accuracy and completeness of any Lease(s), if any;
- (c) the Purchaser will purchase the Property subject to the terms and conditions of the Lease(s), if any, without representation or warranty (whether expressed or implied) of any kind or type from the Vendor relating to the Leases, including without limitation, (i) the enforceability of same (ii) whether the Leases accurately reflect the correct arrangement with the tenant(s) (iii) whether the tenants are in possession thereunder and/or paying rents in accordance thereof (iv) whether there are any ongoing unresolved disputes relating to the provisions of the Lease(s) or any parties' obligations thereunder and (v) whether any party or parties to the Lease(s) is or are in default of any obligations contained therein;
- (d) the Vendor shall not be required to make any adjustments to the Purchase Price for current rentals or prepaid rents or security deposits which may have been received by the Vendor or any other party; and,

- (e) the Vendor shall not be required to produce acknowledgements from the tenant(s) respecting the status of the Lease(s), if any.

The Vendor will execute and deliver or cause to be executed and delivered to the Purchaser on the Closing Date an assignment of any interest which the Vendor may have in the Lease(s).

14. Risk of Loss

All buildings on the Property and all other things being purchased shall be and remain until completion at the risk of the Vendor. The Property shall thereafter be at the risk of the Purchaser. Pending completion, the Vendor shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interest may appear and in the event of substantial damage to the Property before the completion of the Agreement which damage gives rise to any insurance proceeds, the Purchaser may either terminate this Agreement or else take the proceeds of insurance and complete the transaction. Where any damage is not substantial, the Purchaser shall be obliged to complete the Agreement and be entitled to the proceeds of insurance referenced to such damage. The Purchaser agrees that all the insurance maintained by the Vendor shall be cancelled on the Closing Date and that the Purchaser shall be responsible for placing its own insurance thereafter.

15. Planning Act

This Agreement is subject to the express condition that if the provisions of Section 50 of the *Planning Act* (Ontario) apply to the sale and purchase of the Property, then this Agreement shall be effective to create an interest in the Property only if such provision is complied with.

16. Harmonized Sales Tax

The Purchaser hereby represents and warrants to the Vendor that it is or will become registered for the purposes of Part IX of the *Excise Tax Act* (Canada) in accordance with the requirements of Subdivision (d) of Division V thereof and it will continue to be so registered as of the Closing Date. The Purchaser covenants to deliver to the Vendor drafts nor less than five (5) days before the Closing Date and originals upon Closing of: (i) a notarial copy of the certificate evidencing its registration for purposes of the goods and services tax / harmonized sales tax ("HST"), including the registration number assigned to it; and (ii) a declaration and indemnity of the Purchaser confirming the accuracy, as at Closing, of the representations and warranties set out herein and agreeing to indemnify the Vendor for any amounts for which the Vendor may become liable as a result of any failure by the Purchaser to pay the HST payable in respect of the sale of the Property under Part IX of the *Excise Tax Act* (Canada) and that the Purchaser is

buying for its own account and not as trustee or agent for any other party. Provided that the Purchaser delivers a notarial copy of the certificate and the declaration and indemnity as set out above, the Purchaser shall not be required to pay to the Vendor, nor shall the Vendor be required to collect from the Purchaser, the HST in respect of the Property. In the event that the Purchaser shall fail to deliver the notarial copy of the certificate and the declaration and indemnity as set out above, then the Purchaser shall pay to the Vendor, in addition to the Purchase Price, in pursuance of the Purchaser's obligation to pay and the Vendor's obligation to collect HST under the provisions of the *Excise Tax Act* (Canada), an amount equal to thirteen (13%) percent of the Purchase Price, or such rate due and owing at the time of Closing.

17. Closing

Closing shall take place on the date which is ten (10) days following Approval of the Agreement by the Court and issuance of the Vesting Order, or such earlier date as the parties or their respective solicitors may actually agree upon in writing (the "**Closing Date**" or "**Closing**"). Provided that the Vendor by written notice to the Purchaser or its solicitors may postpone the Closing Date from time to time, but in no event shall the date of Closing be postponed to a date more than sixty (60) days after the original Closing Date. The Vendor and the Purchaser acknowledge that the Teraview Electronic Registration System ("**TERS**") is operative and mandatory in the Land Titles Division for the Land Registry Office of Simcoe (No. 51). The Purchaser and Vendor shall each retain legal counsel who are authorized TERS users and who are in good standing with The Law Society of Upper Canada. The Vendor and Purchaser shall each authorize their respective legal counsel to enter into a document registration agreement in the form as adopted by the joint LSUC-CBAO Committee of documents and closing funds and the release thereof to the Vendor and Purchaser, as the case may be:

- (a) shall not occur contemporaneously with the registration of the Transfer/Deed of Land or Application to Register the Vesting Order, and Receiver's certificate required by the Order (and other registerable documentation, if any) to be registered by the Purchaser's solicitor; and,
- (b) shall be governed by the document registration agreement pursuant to which legal counsel receiving any documents or funds will be required to hold same in escrow and will not be entitled to release except in strict accordance with provisions of the document registration agreement and the Purchaser shall be required to deliver the balance due on closing on the Closing Date to the Vendor's solicitors, to be held in escrow by them, whereupon the Vendor's solicitors shall after payment forthwith attend to have the signed Receiver's Certificate filed with the Court, which signed and entered Receiver's Certificate and Vesting Order shall form part of the Application – Vesting Order, and which shall be delivered by the Vendor's solicitors to the Purchaser's solicitors for immediate registration

by the Purchaser's solicitors. Upon registration of the Application – Vesting Order, the Vendor shall release possession of the Property to the Purchaser and the balance due on closing shall be released from escrow.

18. Vendor's Closing Deliveries

The Vendor shall execute and deliver or cause to be executed and delivered to the Purchaser on the Closing Date, against payment of the Purchase Price, the following:

- (a) a statement of adjustments;
- (b) a direction for the payment of the balance of the Purchase Price due on Closing;
- (c) an undertaking by the Vendor to readjust all items on the statement of adjustments within sixty (60) days from the date of Closing on written demand;
- (d) a certificate of the Vendor to the effect that it is not at the Closing Date a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act*;
- (e) a copy of the Vesting Order;
- (f) an assignment of any interest which the Vendor may have in the Lease(s), if any;
- (g) a notice to the tenant(s) under the Lease(s), if any, to pay future rents to the Purchaser, or as the Purchaser may direct;
- (h) keys that may be in the possession of the Vendor;
- (i) all Material Documents, if not already in the possession of the Purchaser; and,
- (j) any other documents relative to the completion of this Agreement as may reasonably be required by the Purchaser or its solicitors.

19. Purchaser's Closing Deliveries

The Purchaser shall execute and deliver to the Vendor on the Closing Date the following:

- (a) certified cheques or bank drafts of a Canadian chartered bank or trust company for the balance of the Purchase Price and any other monies

required to be paid by the Purchaser pursuant to the Agreement, or the adjustments, including all applicable federal and provincial taxes, duties and registration fees unless the applicable exemption certificates in a form acceptable to the Vendor are presented to the Vendor on or before the Closing Date to exempt the Purchaser therefrom;

- (b) all certificates, indemnities, declarations and other evidences contemplated hereby in form and content satisfactory to the Vendor's solicitors, acting reasonably;
- (c) an undertaking by the Purchaser to readjust all items on the statement of adjustments;
- (d) a notarial copy of its HST registration and HST certificate and indemnity as required pursuant to this Agreement;
- (e) an agreement to assume all existing Leases, if any, service and supply contracts in place as of Closing; and,
- (f) any other documents relative to the completion of this Agreement as may reasonably be required by the Vendor or its solicitors.

20. Inspection

Without limitation, all of the Property shall be as it exists on the Closing Date with no adjustments to be allowed to the Purchaser for changes in conditions or qualities from the date hereof to the Closing Date. The Purchaser acknowledges and agrees that the Vendor is not required to inspect the Property or any part thereof and the Purchaser shall be deemed, at its own expense to have relied entirely on its own inspection and investigation. The Purchaser acknowledges that no warranties or conditions, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in other jurisdictions apply hereto and all of the same are hereby waived by the Purchaser.

21. Encroachments

The Purchaser agrees that the Vendor shall not be responsible for any matters relating to encroachments on or to the Property, or encroachments of the Property onto adjoining lands, or to remove same, or for any matters relating to any applicable zoning regulations or by-laws in existence now or in the future affecting the Property.

22. Purchaser's Warranties

The Purchaser represents and warrants that:

- (a) if applicable, it is a corporation duly incorporated, organized and subsisting under the laws of Canada, Ontario or another province of Canada;
- (b) if applicable, it has the corporate power and authority to enter into and perform its obligations under the Agreement and all necessary actions and approvals have been taken or obtained by the Purchaser to authorize the creation, execution, delivery and performance of the Offer and resulting Agreement and the Offer has been duly executed and delivered by the Purchaser, and the resulting Agreement is enforceable against the Purchaser in accordance with its terms; and,
- (c) it is not a non-Canadian for the purpose of the *Investment Canada Act* (Canada) and it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

23. Confidentiality

The Purchaser agrees that all information and documents supplied by the Vendor or anyone on its behalf to the Purchaser or anyone on the Purchaser's behalf (including but not limited to information in the schedules hereto) shall, unless and until Closing occurs, be received and kept by the Purchaser and anyone acting on the Purchaser's behalf on a confidential basis and shall not without the Vendor's prior written consent be disclosed to any third party. If for any reason Closing does not occur, all such documents (including without limitation, the Material Documents) shall forthwith be returned intact to the Vendor and no copies or details thereof shall be retained by the Purchaser or anyone acting on its behalf. The Purchaser further agrees that unless and until the terms of this Offer and the Agreement become public knowledge in connection with an application to the Court for Approval of the Agreement, the Purchaser shall keep such terms confidential and shall not disclose the same to anyone except the Purchaser's solicitors, agents or lenders acting in connection herewith and then only on the basis that such persons also keep such terms confidential as aforesaid.

24. Indemnification

The Purchaser shall indemnify and save harmless the Vendor and its directors, officers, employees and agents (collectively, the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the operations of the Purchaser on the Property or any order, notice, directive, or requirement under, or breaches, violations or non-compliance with any Environmental Laws after the Closing Date or as a result of the disposal, storage, release or threat of release or spill on or about the Property of any Hazardous Substance after the

Closing Date. For the purposes of the foregoing, "Environmental Laws" shall mean all requirements under or prescribed by common law and all federal, provincial, regional, municipal and local laws, rules, statutes, ordinances, regulations, guidelines, directives, notices and orders from time to time with respect to the discharge, generation, removal, storage or handling of any Hazardous Substance. The obligation of the Purchaser hereunder shall survive the Closing Date.

The Purchaser shall indemnify the Vendor and save harmless the Indemnitees from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the failure of the Purchaser to pay any taxes, duties, fees and like charges exigible in connection with the Offer or Agreement. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining, any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Property.

25. Release

The Purchaser agrees to release and discharge the Vendor together with its officers, employees, agents and representatives from every claim of any kind that the Purchaser may make, suffer, sustain or incur in regard to any Hazardous Substance relating to the Property. The Purchaser further agrees that the Purchaser will not, directly or indirectly, attempt to compel the Vendor to clean up or remove or pay for the cleanup or removal of any Hazardous Substance, remediate any condition or matter in, on, under or in the vicinity of the Property or seek an abatement in the Purchase Price or damages in connection with any Hazardous Substance. This provision shall not expire with, or be terminated or extinguished by or merged in the Closing of the transaction of purchase and sale, contemplated by this Offer and the Agreement, and shall survive the termination of this Offer and the Agreement for any reason or cause whatsoever and the closing of this transaction.

26. Non-Registration

The Purchaser hereby covenants and agrees not to register this Offer or the Agreement or notice of this Offer or the Agreement or a caution, certificate of pending litigation, or any other document providing evidence of this Offer or the Agreement against title to the Property. Should the Purchaser be in default of its obligations under this Section, the Vendor may (as agent and attorney of the Purchaser) cause the removal of such notice of this Offer or the Agreement, caution, certificate of pending litigation or other document providing evidence of this Offer or the Agreement or any assignment of this Offer or the Agreement from the title to the Property. The Purchaser irrevocably nominates, constitutes

and appoints the Vendor as its agent and attorney in fact and in law to cause the removal of such notice of this Offer or the Agreement, any caution, certificate of pending litigation or any other document or instrument whatsoever from title to the Property.

27. Assignment

Save and except for the completion of this transaction by a company to be incorporated by the Purchaser, the Purchaser shall not have the right to assign its rights under this Agreement without the Vendor's prior written consent, which consent may be unreasonably withheld. Notice of the Purchaser's intention to assign, with the assignee's name and address for service and the assignee's HST number shall be provided to the Vendor not less than seven (7) days prior to the Closing Date.

28. Notices

Any notice to be given or document to be delivered to the parties pursuant to this Agreement shall be sufficient if delivered personally or sent by email or sent by facsimile or mailed by prepaid registered mail at the following addresses:

To Vendor:

Rosen Goldberg Inc.
5255 Yonge Street
Suite 804
Toronto, Ontario
M2N 6P4

Attention: Brahm Rosen
Email: brosen@rosengoldberg.com
Fax: 416.224.4330

with a copy to:

Dickinson Wright LLP
Barristers & Solicitors
199 Bay Street
Suite 2200, P.O. Box 447
Commerce Court Postal Station
Toronto, Ontario
M5L 1G4

Attention: David Preger
Email: dpreger@dickinsonwright.com

Attention: Steven Gray
Email: sgray@dickinsonwright.com

Fax: 416.865.1398

and in the case of a notice to the Purchaser, to:

RIC (Marine Condo) Inc.
162 Cumberland Street
Suite 300
Toronto, Ontario M5R 3N5

Attention: Blake Cassidy
Email: blakecassidy@romspen.com

Attention: Joel Mickelson
Email: joelmickelson@romspen.com

Fax: 416.966.1161

with a copy to the Purchaser's solicitors:

TO BE DETERMINED

Email: _____

Fax: _____

Any written notice or delivery of documents given in this manner shall be deemed to have been given and received on the day of delivery if delivered personally or sent by email or sent by facsimile or, if mailed, three (3) days after the deposit with the post office.

29. Entire Agreement

The Agreement shall constitute the entire agreement between the parties to it pertaining to the subject matter thereof and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there shall be no agreements or understandings between the parties in connection with the subject matter thereof except as specifically set forth herein. No party hereto has relied on any express or implied representation, written or oral, of any individual or entity as an inducement to enter into the Agreement.

30. Amendment

No supplement, modification, waiver or termination of the Agreement shall be binding, unless executed in writing by the parties to be bound thereby, provided that the time provided for doing any matter or thing contemplated herein may be abridged or extended by written agreement, in letter form or otherwise, executed by the duly authorized solicitors for the parties.

31. Time of Essence

Time shall be of the essence in this Agreement in all respects and any waiver of any time provision shall not be effective unless in writing and signed by both parties.

32. Binding Agreement

This Offer, when accepted, shall constitute a binding agreement of purchase and sale subject to its terms. It is agreed that there is no representation, warranty, collateral agreement or condition affecting the Agreement or the Property supported hereby other than as expressed herein in writing.

33. Governing Law

This Offer and the Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

34. Gender, Interpretive Matters

This Offer and the Agreement shall be read with all changes of gender or number required by the context. The titles to provisions do not form part of this Offer or the Agreement and are inserted for reference purposes only. Preparation and submission of the form of this Offer or any other material by the Vendor shall not constitute an offer to sell.

35. Severability

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

36. Non-Merger

The provisions of this Agreement (including, without limitation, the representations and warranties of the Purchaser), shall survive Closing and shall not merge in the Vesting Order or in any other documents delivered hereunder.

37. Counterparts

The parties hereto agree that this Agreement may be executed in counterparts and by facsimile transmission and each such counterpart so executed by facsimile transmission shall be deemed to be an original and when taken together shall constitute as one and the same Agreement.

IN WITNESS WHEREOF the Purchaser has executed this Offer this 12th day of May, 2015.

RIC (MARINE CONDO) INC.

Per: 

Name: Blake Cassidy

Title: Director

I have authority to bind the Corporation.

Subject to the Approval of the Court, the undersigned hereby accepts the foregoing Offer this 12th day of May, 2015.

ROSEN GOLDBERG INC.

in its capacity as Court Appointed Receiver, Manager Manager and Construction Lien Trustee of the assets, undertakings and properties of Hugel Lofts Ltd. and not in its personal or corporate capacity

Telephone: 416.224.2410

Fax: 416.224.4330

E-mail: brosen@rosengoldberg.com

Per: 

Name: Brahm Rosen

Title: President

I have authority to bind the Corporation.

SCHEDULE "A"

PIN 58452-0395 (LT)

PT OF THE WATER LOT INFRONT OF LOT 109 CON 1 TAY BEING PT 2 ON PL
51R33558, T/W RO246115, MIDLAND, SUBJECT TO AN EASEMENT AS IN
SC1111455

Being all of PIN 58452-0395 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

SCHEDULE "B"

REGISTRATIONS TO BE DELETED FROM PIN 58452-0395 (LT)

1. Instrument No. SC541705 registered 2007/05/08 – Notice
2. Instrument No. SC987183 registered 2012/06/08 – Transfer Power of Sale in favour of Hugel Lofts Limited
3. Instrument No. SC987184 registered 2012/06/08 – Charge in favour of Laurentian Bank of Canada
4. Instrument No. SC987185 registered 2012/06/08 – Notice of General Assignment of Rents in favour of Laurentian Bank of Canada
5. Instrument No. SC1016197 registered 2012/10/04 – Application to Change Name of Owner
6. Instrument No. SC1018260 registered 2012/10/16 – Charge in favour of Romspen Investment Corporation
7. Instrument No. SC1018261 registered 2012/10/16 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation
8. Instrument No. SC1018329 registered 2012/10/16 – Transfer of Charge from Laurentian Bank of Canada to Romspen Investment Corporation
9. Instrument No. SC1019044 registered 2012/10/19 – Transfer of Notice of General Assignment of Rents from Laurentian Bank of Canada to Romspen Investment Corporation
10. Instrument No. SC1105150 registered 2013/12/11 – Construction Lien in favour of Norton Electric Corporation (Canada)
11. Instrument No. SC1105187 registered 2013/12/11 – Construction Lien in favour of Fritrust Plumbing and Drain Services Ltd.
12. Instrument No. SC1106032 registered 2013/12/13 – Construction Lien in favour of 4536631 Canada Inc.
13. Instrument No. SC1107140 registered 2013/12/19 – Construction Lien in favour of Sierra Construction (Woodstock) Limited

14. Instrument No. SC1107376 registered 2013/12/19 – Construction Lien in favour of Roofco Ontario Inc.
15. Instrument No. SC1107802 registered 2013/12/20 – Construction Lien in favour of S. Charlebois Haulage and Excavating Ltd.
16. Instrument No. SC1112197 registered 2014/01/24 – Certificate of Action regarding Instrument No. SC1105150
17. Instrument No. SC1112787 registered 2014/01/29 – Certificate of Action regarding Instrument No. SC1105187
18. Instrument No. SC1112816 registered 2014/01/29 – Certificate of Action regarding Instrument No. SC1106032
19. Instrument No. SC1114002 registered 2014/02/04 – Certificate of Action regarding Instrument No. SC1107376
20. Instrument No. SC1114278 registered 2014/02/06 – Certificate of Action regarding Instrument No. SC1107802
21. Instrument No. SC1114337 registered 2014/02/06 – Certificate of Action

SCHEDULE "C"

REGISTRATIONS TO BE PERMITTED ON PIN 58452-0395 (LT)

1. Instrument No. RO145523 registered 1962/02/07 – Bylaw
2. Instrument No. 51R33558 registered 2005/04/06 – Plan Reference
3. Instrument No. SC318366 registered 2005/04/06 – Application for Absolute Title
4. Instrument No. SC1111455 registered 2014/01/20 – Transfer Easement in favour of Rogers Communications Inc.

This is Appendix "G" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015

OFFER TO PURCHASE

(PINs 58452-0389 LT and 58452-0394 LT, 586 Victoria St. and 650 Vindin St)

TO: **ROSEN GOLDBERG INC.** (the “Vendor” or “Receiver”) in its capacity as court-appointed Receiver, Manager and Construction Lien Trustee of the assets, undertakings and properties of, *inter alia*, Hugel Lofts Ltd. pursuant to an Order of the Honourable Justice D. M. Brown of the Ontario Superior Court of Justice, dated May 5, 2014, in Court File No. CV-14-10470-00CL at Toronto (the “Order”), and not in its personal capacity or corporate capacity

1. Offer to Purchase

The undersigned, **RIC (MIDLAND LAND) INC.** (the “Purchaser”), hereby offers to purchase from and through the Vendor all of the right, title and interest in and to the Property (hereinafter defined) which the Vendor is entitled to sell pursuant to the Order at the purchase price set out herein and upon and subject to the terms hereof.

2. Definitions

In this Offer and the Agreement arising from the acceptance hereof, the following terms have the meanings respectively ascribed to them:

“**Agreement**”, “**the Agreement**” or “**this Agreement**” means the agreement of purchase and sale resulting from the acceptance of the Offer by the Vendor.

“**Approval**” in relation to the Court means the making of an appropriate Order of the Court in respect of the particular matter submitted for approval approving the action or proposed action of the Vendor on terms satisfactory to the Vendor.

“**Buildings**” means the building(s), if any, situate on the Lands (as hereinafter defined) together with all other structures situate thereon, including all improvements thereto and all fixtures forming a part thereof.

“**Business Day**” means a day other than Saturday, Sunday or a statutory holiday or any other day upon which the Vendor is not open for the transaction of business throughout normal business hours at its principal office.

“**Closing**” or “**Closing Date**” has the meaning ascribed in Section 17 thereto hereof.

“**Court**” means the Ontario Superior Court of Justice and includes a judge, master or registrar of that court and any appellate court judge having jurisdiction in any particular matter.

“**Environmental Laws**” has the meaning ascribed thereto in Section 24 hereof.

“**Hazardous Substances**” means any contaminant, pollutant, dangerous substance, potentially dangerous substances, noxious substance, toxic substance, hazardous waste, flammable material, explosive material, radioactive material, urea-formaldehyde foam insulation, asbestos, PCBs radiation and any other substance, material, effect, or thing declared or defined to be hazardous, toxic, a contaminant, or pollutant, in or pursuant to any Environmental Laws.

“**HST**” has the meaning ascribed thereto in Section 16 hereof.

“**Indemnitees**” has the meaning ascribed thereto in Section 24 hereof.

“**Lands**” means the lands legally described in Schedules “A1” and “A2” attached hereto.

“**Lease(s)**” means collectively, all leases, agreements to lease, tenancies, licenses, and any other rights of occupation of space in the Buildings or on the Lands, if any.

“**Material Documents**” includes copies of all architectural drawings, site plans relating to the Property, existing plan of survey, if any, the Lease(s), if any, and operating statements for the Building, if any, to the extent that such Material Documents are in the possession of the Vendor.

“**Offer**”, “**the Offer**” or “**this Offer**” means the offer to purchase the Property made by the Purchaser and contained in and comprised of this document.

“**Property**” means collectively, the Lands and Buildings, if any.

“**Purchase Price**” has the meaning ascribed thereto in Section 3 hereof.

“**Romspen**” means Romspen Investment Corporation.

“**Romspen Indebtedness**” means the indebtedness of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel, Altaf Soorty and Zoran Cocov to Romspen in connection with a mortgage financing commitment dated July 18, 2011, as amended and supplemented by a first supplement dated June 12, 2012, and a second supplement dated August 15, 2012.

“Vesting Order” has the meaning ascribed thereto in Section 5 hereof.

3. Purchase Price

The purchase price for the Property shall be **TWO MILLION DOLLARS (\$2,000,000)** payable in lawful money of Canada (the “Purchase Price”), subject to the adjustments hereinafter referred to, and paid by the Purchaser to the Vendor, or satisfied, as follows:

- (a) first, payment by certified cheque, or bank draft payable to the Vendor (or as the Vendor may further direct) drawn on or issued by a Canadian chartered bank or trust company, such amount as shall be required to satisfy: (I) outstanding realty taxes owing in respect of the Property, together with all interest, interest on late interest, and penalties thereon as of the Closing Date; (II) the legitimate claims of lienholders to priority over Romspen in respect of the Property under the *Construction Lien Act* (Ontario); and
- (b) second, by such written direction to the Vendor from Romspen, or any assignee(s) of the Romspen Indebtedness, as shall be required to apply the balance of the Purchase Price, without physical circulation of funds, in partial reduction of the Romspen Indebtedness as of the Closing Date.

4. Acceptance of Offer

The Purchaser agrees that no agreement for the purchase and sale of the Property shall result from this Offer unless and until this Offer has been accepted by the Vendor and approved by the Court in accordance with the provisions of Section 5 hereof. The Purchaser agrees that this Offer shall be irrevocable by the Purchaser and open for acceptance by the Vendor until 5:00 o'clock p.m. (Toronto time) on May 12, 2015, after which time, if not accepted by the Vendor, this Offer shall be null and void. The Vendor shall indicate the date on which it has accepted this Offer in the space provided on the execution of this Offer.

5. Court Approval

The Purchaser hereby acknowledges and agrees that the sale of the Property is by Order of, and is subject to, the Approval of the Court. The Vendor shall forthwith bring a motion to the Court for Approval of the Agreement and an order vesting title to the Property in the Purchaser (the “Vesting Order”). The Vendor shall diligently pursue such motion on notice to the Purchaser and shall promptly notify the Purchaser of the disposition thereof. The Purchaser, at its own expense, shall promptly provide to the Vendor all such information and assistance within the Purchaser’s power as the Vendor may reasonably require to obtain Approval of

the Agreement. If the Court shall not have granted Approval of the Agreement within twenty (21) days of the Vendor's acceptance hereof, the Agreement shall automatically be terminated. If the Agreement is terminated under any provision of this Section, neither party shall have any further rights or liabilities hereunder.

6. Capacity of Receiver

The Vendor, by acceptance of the Offer, is entering into the Agreement solely in its capacity as the court-appointed Receiver, Manager and Construction Lien Trustee of the assets of Hugel Lofts Ltd. and not in its personal or any other capacity. Any claim against the Receiver shall be limited to and only enforceable against the property and assets then held by or available to it in its said capacity and shall not apply to its personal property and/or any assets held by it in any other capacity. The Vendor shall have no personal or corporate liability of any kind, whether in contract or in tort or otherwise. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Property.

7. Adjustments

The Purchase Price for the Property shall be adjusted as of the Closing Date in respect of realty taxes, flat/fixed water and sewer rates and charges, if any, and all other items usually adjusted with respect to properties similar to the Property that apply save and except for rent or any matters related to the Lease(s), if any. Such adjustments shall be pro-rated where appropriate for the relevant period on the basis of the actual number of days elapsed during such period to the Closing Date itself to be apportioned to the Purchaser. There shall be no adjustment in respect of (a) prepaid rents, or, (b) rent or other moneys payable to the Vendor under the Lease(s), if any, in respect of periods prior to the Closing which remain unpaid as at Closing

8. Termination of Agreement

Notwithstanding anything to the contrary contained in this Agreement, if at any time or times prior to the Closing Date, the Vendor is unable to complete this Agreement as a result of any action taken by an encumbrancer, any action taken by the present registered owner, the refusal by the present registered owner, to take any action, the exercise of any right by the present registered owner or other party which is not terminated upon acceptance of this Agreement, a certificate of pending litigation is registered against the Property, a court judgment or order is made, or, if the Purchaser submits valid title requisition which the Vendor is unable or unwilling to satisfy prior to Closing, or if the sale of the Property is restrained at any time by a court of competent jurisdiction, or if the Property is occupied by the owner of the Property and the Vendor is unable to provide vacant possession on Closing Day, the Vendor may, in its sole and unfettered discretion,

elect by written notice to the Purchaser, to terminate this Agreement, and neither party shall have any further rights or liabilities hereunder.

The obligation of the Vendor to complete the Agreement is subject to the satisfaction of the following terms and conditions on or prior to the Closing Date, which conditions are for the sole benefit of the Vendor and which may be waived by the Vendor in its sole discretion:

- (a) the representations and warranties of the Purchaser being true and accurate as of the Closing Date;
- (b) no action or proceeding at law or in equity shall be pending or threatened by any person, firm, government, government authority, regulatory body or agency to enjoin, restrict or prohibit the purchase and sale of the Property;
- (c) the Property shall not have been removed from the control of the Vendor by any means or process;
- (d) no party shall take any action to redeem the Property; and,
- (e) the Court shall have granted the Approval and shall have granted the Vesting Order.

The obligation of the Purchaser to complete the Agreement is subject to the satisfaction of the following terms and conditions on or prior to the Closing Date, which conditions are for the sole benefit of the Purchaser and which may be waived by the Purchaser in its sole discretion:

- (a) the Vendor shall have accepted an offer from RIC (Midland Condo) Inc. to purchase the property municipally known as 151 Marina Park Avenue, in Midland, Ontario for a purchase of \$4,000,000; and
- (b) the Court shall have granted an approval and vesting order in connection therewith.

9. **Purchaser's Acknowledgements**

The Purchaser hereby acknowledges and agrees with and to be subject to the following:

- (a) it is responsible for conducting its own searches and investigations of the current and past uses of the Property;

- (b) the Vendor makes no representation or warranty of any kind that the present use of future intended use by the Purchaser of the Property is or will be lawful or permitted;
- (c) it is satisfied with the Property and all matters and things connected therewith or in any way related thereto;
- (d) it is relying entirely upon its own investigations and inspections in entering into this Agreement;
- (e) it is purchasing the Property on an "as is, where is" and "without recourse" basis including, without limitation, outstanding work orders, deficiency notices, compliance, requests, development fees, imposts, lot levies, sewer charges, zoning and building code violations and any outstanding requirements which have been or may be issued by any governmental authority having jurisdiction over the Property;
- (f) it relies entirely on its own judgment, inspection and investigation of the Property and acknowledges that any documentation relating to the Property obtained from the Vendor has been prepared or collected solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and is not part of this Offer;
- (g) it will provide the Vendor with all requisite information and materials, including proof respecting source or funds, at any time or times within forty-eight (48) hours of request by the Vendor so that the Vendor may determine the creditworthiness of the Purchaser and any related parties thereto;
- (h) the Vendor shall have no liability or obligation with respect to the value, state or condition of the Property, or the Leases, if any, whether or not the matter is within the knowledge or imputed knowledge of the Vendor, its officers, employees, directors, agents, representations and contractors;
- (i) the Vendor has made no representations or warranties with respect to or in any way related to the Property, including without limitation, the following: (i) the title, quality, quantity, marketability, zoning, fitness for any purpose, state, condition, encumbrances, description, present or future use, value, location or any other matter or thing whatsoever related to the Property, either stated or implied; and (ii) the environmental state of the Property, the existence, nature, kind, state or identity of any Hazardous Substances on, under, or about the Property, the existence, state, nature, kind, identity, extent and effect of any administrative order, control order, stop order, compliance order or any other orders, proceedings or actions under the *Environmental Protection Act* (Ontario), or any other statute, regulation, rule or provision of law now in existence, state, nature, kind,

identity, extent and effect of any liability to fulfill any obligation to compensate any third party for any costs incurred in connection with or damages suffered as a result of any discharge of any Hazardous Substances whether on, under or about the Property or elsewhere;

- (j) the Material Documents are being provided to the Purchaser merely as a courtesy and without any representations or warranties whatsoever; and,
- (k) it will ensure that any environmental and/or structural reports on behalf of the Purchaser shall also be addressed to the Vendor and a copy of each such report shall be delivered to the Vendor promptly after the completion thereof, regardless of whether the transaction contemplated by this Offer closes. If for any reason such transaction is not consummated, the Purchaser agrees to deliver promptly to the Vendor any and all reports and other data pertaining to the Property and any inspections or examinations conducted hereunder.

10. Title to the Property

Provided that the title to the Property is good and free from all restrictions, charges, liens, claims and encumbrances, except as otherwise specifically provided in this Agreement, and save and except for:

- (a) any reservations, restrictions, rights of way, easements or covenants that run with the land;
- (b) any registered agreements with a municipality, region or supplier of utility service including, without limitations, electricity, water, sewage, gas, telephone or cable television or other telecommunication services;
- (c) all laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the Property;
- (d) any minor easements for the supply of utility services or other services to the Property or adjacent properties;
- (a) encroachments disclosed by any error or omission in existing surveys of the Property or neighbouring properties and any title defects, encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Property and survey of the Property and survey matters generally;
- (b) the exceptions and qualifications set forth in the *Registry Act* (Ontario) or the *Land Titles Act* (Ontario), or amendments thereto;

- (c) any reservation(s) contained in the original grant from Crown;
- (d) the Lease(s), if any, and the right of any tenant, occupant, lessee or license to remove fixed equipment or other fixtures;
- (e) subsection 44(1) of the *Land Titles Act* (Ontario) except paragraphs 11 and 14;
- (f) provincial succession duties and escheats or forfeiture to the Crown;
- (g) the rights of any person who would, but for the *Land Titles Act* (Ontario) be entitled to the Lands or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention;
- (h) any lease to which subsection 70(2) of the *Registry Act* (Ontario) applies; and
- (i) those registrations set out in Schedules "C1" and "C2" attached hereto.

Notwithstanding the foregoing, the Vesting Order shall provide for the deletion of the instruments or registrations listed in Schedules "B1" and "B2" attached hereto, and for the deletion of any filings under the *Personal Property Security Act* (Ontario), as they affect the Property.

11. Authorizations

The Purchaser shall assume, at its cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Property and the use thereof by the Purchaser. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Vendor's right, title and interest, if any, in the Property.

12. Requisition Period

The Purchaser shall be allowed five (5) days from the date of the Vendor's acceptance hereof to investigate the title to the Property and to satisfy itself that all present uses are the legal uses thereof or legal nonconforming uses which may be continued and that the Property may be insured against usual insurable risks, at the Purchaser's own expense. If within such time the Purchaser shall furnish the Vendor in writing with any valid objection to title to the Property, which the Vendor is unable or unwilling to remove, remedy or satisfy and which the Purchaser will not waive, then the Agreement shall be terminated and neither party shall have any further rights or liabilities hereunder. Save as to any valid objection made as aforesaid or which the law allows to be made and is made after

expiry of the aforesaid period, the Purchaser shall be conclusively deemed to have accepted the title to the Property to be vested in the Purchaser on Closing in accordance with the Agreement, and to have accepted the Property subject to all applicable laws, by-laws, regulations, easements and covenants affecting its use and the Purchaser shall assume responsibility from and after the Closing Date for compliance therewith. The Purchaser shall not call for the production of any title deed, abstract, survey or other evidence of title to the Lands, except as are in the control or possession of the Vendor. The Vendor shall not be required to produce any other document or report to the Purchaser, unless it is expressly provided for by this Agreement. The description of the Property is believed by the Vendor to be correct but, if any statement, error or omission shall be found in the particulars thereof, the same shall not cancel the sale or entitle the Purchaser to be relieved of any obligation hereunder, nor shall any compensation be allowed to the Purchaser in respect thereof.

13. Leases

The Purchaser acknowledges and agrees that:

- (a) the Property may be subject to Lease(s);
- (b) the Vendor makes no representation or warranty respecting the accuracy and completeness of any Lease(s), if any;
- (c) the Purchaser will purchase the Property subject to the terms and conditions of the Lease(s), if any, without representation or warranty (whether expressed or implied) of any kind or type from the Vendor relating to the Leases, including without limitation, (i) the enforceability of same (ii) whether the Leases accurately reflect the correct arrangement with the tenant(s) (iii) whether the tenants are in possession thereunder and/or paying rents in accordance thereof (iv) whether there are any ongoing unresolved disputes relating to the provisions of the Lease(s) or any parties' obligations thereunder and (v) whether any party or parties to the Lease(s) is or are in default of any obligations contained therein;
- (d) the Vendor shall not be required to make any adjustments to the Purchase Price for current rentals or prepaid rents or security deposits which may have been received by the Vendor or any other party; and,
- (e) the Vendor shall not be required to produce acknowledgements from the tenant(s) respecting the status of the Lease(s), if any.

The Vendor will execute and deliver or cause to be executed and delivered to the Purchaser on the Closing Date an assignment of any interest which the Vendor may have in the Lease(s).

14. Risk of Loss

All buildings on the Property and all other things being purchased shall be and remain until completion at the risk of the Vendor. The Property shall thereafter be at the risk of the Purchaser. Pending completion, the Vendor shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interest may appear and in the event of substantial damage to the Property before the completion of the Agreement which damage gives rise to any insurance proceeds, the Purchaser may either terminate this Agreement or else take the proceeds of insurance and complete the transaction. Where any damage is not substantial, the Purchaser shall be obliged to complete the Agreement and be entitled to the proceeds of insurance referenced to such damage. The Purchaser agrees that all the insurance maintained by the Vendor shall be cancelled on the Closing Date and that the Purchaser shall be responsible for placing its own insurance thereafter.

15. Planning Act

This Agreement is subject to the express condition that if the provisions of Section 50 of the *Planning Act* (Ontario) apply to the sale and purchase of the Property, then this Agreement shall be effective to create an interest in the Property only if such provision is complied with.

16. Harmonized Sales Tax

The Purchaser hereby represents and warrants to the Vendor that it is or will become registered for the purposes of Part IX of the *Excise Tax Act* (Canada) in accordance with the requirements of Subdivision (d) of Division V thereof and it will continue to be so registered as of the Closing Date. The Purchaser covenants to deliver to the Vendor drafts nor less than five (5) days before the Closing Date and originals upon Closing of: (i) a notarial copy of the certificate evidencing its registration for purposes of the goods and services tax / harmonized sales tax ("HST"), including the registration number assigned to it; and (ii) a declaration and indemnity of the Purchaser confirming the accuracy, as at Closing, of the representations and warranties set out herein and agreeing to indemnify the Vendor for any amounts for which the Vendor may become liable as a result of any failure by the Purchaser to pay the HST payable in respect of the sale of the Property under Part IX of the *Excise Tax Act* (Canada) and that the Purchaser is buying for its own account and not as trustee or agent for any other party. Provided that the Purchaser delivers a notarial copy of the certificate and the declaration and indemnity as set out above, the Purchaser shall not be required to pay to the Vendor, nor shall the Vendor be required to collect from the Purchaser, the HST in respect of the Property. In the event that the Purchaser shall fail to deliver the notarial copy of the certificate and the declaration and indemnity as set out above, then the Purchaser shall pay to the Vendor, in addition to the Purchase Price, in pursuance of the Purchaser's obligation to pay and the Vendor's

obligation to collect HST under the provisions of the *Excise Tax Act* (Canada), an amount equal to thirteen (13%) percent of the Purchase Price, or such rate due and owing at the time of Closing.

17. Closing

Closing shall take place on the date which is ten (10) days following Approval of the Agreement by the Court and issuance of the Vesting Order, or such earlier date as the parties or their respective solicitors may actually agree upon in writing (the "Closing Date" or "Closing"). Provided that the Vendor by written notice to the Purchaser or its solicitors may postpone the Closing Date from time to time, but in no event shall the date of Closing be postponed to a date more than sixty (60) days after the original Closing Date. The Vendor and the Purchaser acknowledge that the Teraview Electronic Registration System ("TERS") is operative and mandatory in the Land Titles Division for the Land Registry Office of Simcoe (No. 51). The Purchaser and Vendor shall each retain legal counsel who are authorized TERS users and who are in good standing with The Law Society of Upper Canada. The Vendor and Purchaser shall each authorize their respective legal counsel to enter into a document registration agreement in the form as adopted by the joint LSUC-CBAO Committee of documents and closing funds and the release thereof to the Vendor and Purchaser, as the case may be:

- (a) shall not occur contemporaneously with the registration of the Transfer/Deed of Land or Application to Register the Vesting Order, and Receiver's certificate required by the Order (and other registerable documentation, if any) to be registered by the Purchaser's solicitor; and,
- (b) shall be governed by the document registration agreement pursuant to which legal counsel receiving any documents or funds will be required to hold same in escrow and will not be entitled to release except in strict accordance with provisions of the document registration agreement and the Purchaser shall be required to deliver the balance due on closing on the Closing Date to the Vendor's solicitors, to be held in escrow by them, whereupon the Vendor's solicitors shall after payment forthwith attend to have the signed Receiver's Certificate filed with the Court, which signed and entered Receiver's Certificate and Vesting Order shall form part of the Application – Vesting Order, and which shall be delivered by the Vendor's solicitors to the Purchaser's solicitors for immediate registration by the Purchaser's solicitors. Upon registration of the Application – Vesting Order, the Vendor shall release possession of the Property to the Purchaser and the balance due on closing shall be released from escrow.

18. Vendor's Closing Deliveries

The Vendor shall execute and deliver or cause to be executed and delivered to the Purchaser on the Closing Date, against payment of the Purchase Price, the following:

- (a) a statement of adjustments;
- (b) a direction for the payment of the balance of the Purchase Price due on Closing;
- (c) an undertaking by the Vendor to readjust all items on the statement of adjustments within sixty (60) days from the date of Closing on written demand;
- (d) a certificate of the Vendor to the effect that it is not at the Closing Date a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act*;
- (e) a copy of the Vesting Order;
- (f) an assignment of any interest which the Vendor may have in the Lease(s), if any;
- (g) a notice to the tenant(s) under the Lease(s), if any, to pay future rents to the Purchaser, or as the Purchaser may direct;
- (h) keys that may be in the possession of the Vendor;
- (i) all Material Documents, if not already in the possession of the Purchaser; and,
- (j) any other documents relative to the completion of this Agreement as may reasonably be required by the Purchaser or its solicitors.

19. Purchaser's Closing Deliveries

The Purchaser shall execute and deliver to the Vendor on the Closing Date the following:

- (a) certified cheques or bank drafts of a Canadian chartered bank or trust company for the balance of the Purchase Price and any other monies required to be paid by the Purchaser pursuant to the Agreement, or the adjustments, including all applicable federal and provincial taxes, duties and registration fees unless the applicable exemption certificates in a form acceptable to the Vendor are presented to the Vendor on or before the Closing Date to exempt the Purchaser therefrom;

- (b) all certificates, indemnities, declarations and other evidences contemplated hereby in form and content satisfactory to the Vendor's solicitors, acting reasonably;
- (c) an undertaking by the Purchaser to readjust all items on the statement of adjustments;
- (d) a notarial copy of its HST registration and HST certificate and indemnity as required pursuant to this Agreement;
- (e) an agreement to assume all existing Leases, if any, service and supply contracts in place as of Closing; and,
- (f) any other documents relative to the completion of this Agreement as may reasonably be required by the Vendor or its solicitors.

20. Inspection

Without limitation, all of the Property shall be as it exists on the Closing Date with no adjustments to be allowed to the Purchaser for changes in conditions or qualities from the date hereof to the Closing Date. The Purchaser acknowledges and agrees that the Vendor is not required to inspect the Property or any part thereof and the Purchaser shall be deemed, at its own expense to have relied entirely on its own inspection and investigation. The Purchaser acknowledges that no warranties or conditions, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in other jurisdictions apply hereto and all of the same are hereby waived by the Purchaser.

21. Encroachments

The Purchaser agrees that the Vendor shall not be responsible for any matters relating to encroachments on or to the Property, or encroachments of the Property onto adjoining lands, or to remove same, or for any matters relating to any applicable zoning regulations or by-laws in existence now or in the future affecting the Property.

22. Purchaser's Warranties

The Purchaser represents and warrants that:

- (a) if applicable, it is a corporation duly incorporated, organized and subsisting under the laws of Canada, Ontario or another province of Canada;
- (b) if applicable, it has the corporate power and authority to enter into and perform its obligations under the Agreement and all necessary actions and

approvals have been taken or obtained by the Purchaser to authorize the creation, execution, delivery and performance of the Offer and resulting Agreement and the Offer has been duly executed and delivered by the Purchaser, and the resulting Agreement is enforceable against the Purchaser in accordance with its terms; and,

- (c) it is not a non-Canadian for the purpose of the *Investment Canada Act* (Canada) and it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

23. Confidentiality

The Purchaser agrees that all information and documents supplied by the Vendor or anyone on its behalf to the Purchaser or anyone on the Purchaser's behalf (including but not limited to information in the schedules hereto) shall, unless and until Closing occurs, be received and kept by the Purchaser and anyone acting on the Purchaser's behalf on a confidential basis and shall not without the Vendor's prior written consent be disclosed to any third party. If for any reason Closing does not occur, all such documents (including without limitation, the Material Documents) shall forthwith be returned intact to the Vendor and no copies or details thereof shall be retained by the Purchaser or anyone acting on its behalf. The Purchaser further agrees that unless and until the terms of this Offer and the Agreement become public knowledge in connection with an application to the Court for Approval of the Agreement, the Purchaser shall keep such terms confidential and shall not disclose the same to anyone except the Purchaser's solicitors, agents or lenders acting in connection herewith and then only on the basis that such persons also keep such terms confidential as aforesaid.

24. Indemnification

The Purchaser shall indemnify and save harmless the Vendor and its directors, officers, employees and agents (collectively, the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the operations of the Purchaser on the Property or any order, notice, directive, or requirement under, or breaches, violations or non-compliance with any Environmental Laws after the Closing Date or as a result of the disposal, storage, release or threat of release or spill on or about the Property of any Hazardous Substance after the Closing Date. For the purposes of the foregoing, "Environmental Laws" shall mean all requirements under or prescribed by common law and all federal, provincial, regional, municipal and local laws, rules, statutes, ordinances, regulations, guidelines, directives, notices and orders from time to time with respect to the discharge, generation, removal, storage or handling of any

Hazardous Substance. The obligation of the Purchaser hereunder shall survive the Closing Date.

The Purchaser shall indemnify the Vendor and save harmless the Indemnitees from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the failure of the Purchaser to pay any taxes, duties, fees and like charges exigible in connection with the Offer or Agreement. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining, any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Property.

25. Release

The Purchaser agrees to release and discharge the Vendor together with its officers, employees, agents and representatives from every claim of any kind that the Purchaser may make, suffer, sustain or incur in regard to any Hazardous Substance relating to the Property. The Purchaser further agrees that the Purchaser will not, directly or indirectly, attempt to compel the Vendor to clean up or remove or pay for the cleanup or removal of any Hazardous Substance, remediate any condition or matter in, on, under or in the vicinity of the Property or seek an abatement in the Purchase Price or damages in connection with any Hazardous Substance. This provision shall not expire with, or be terminated or extinguished by or merged in the Closing of the transaction of purchase and sale, contemplated by this Offer and the Agreement, and shall survive the termination of this Offer and the Agreement for any reason or cause whatsoever and the closing of this transaction.

26. Non-Registration

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

27. Assignment

Save and except for the completion of this transaction by a company to be incorporated by the Purchaser, the Purchaser shall not have the right to assign its rights under this Agreement without the Vendor's prior written consent, which consent may be unreasonably withheld. Notice of the Purchaser's intention to assign, with the assignee's name and address for service and the assignee's HST number shall be provided to the Vendor not less than seven (7) days prior to the Closing Date.

28. Notices

Any notice to be given or document to be delivered to the parties pursuant to this Agreement shall be sufficient if delivered personally or sent by email or sent by facsimile or mailed by prepaid registered mail at the following addresses:

To Vendor:

Rosen Goldberg Inc.
5255 Yonge Street
Suite 804
Toronto, Ontario
M2N 6P4

Attention: Brahm Rosen
Email: brosen@rosengoldberg.com
Fax: 416.224.4330

with a copy to:

Dickinson Wright LLP
Barristers & Solicitors
199 Bay Street
Suite 2200, P.O. Box 447
Commerce Court Postal Station
Toronto, Ontario
M5L 1G4

Attention: David Preger
Email: dpreger@dickinsonwright.com

Attention: Steven Gray
Email: sgray@dickinsonwright.com

Fax: 416.865.1398

and in the case of a notice to the Purchaser, to:

RIC (Marine Condo) Inc.
162 Cumberland Street
Suite 300
Toronto, Ontario M5R 3N5

Attention: Blake Cassidy
Email: blakecassidy@romspen.com

Attention: Joel Mickelson
Email: joelmickelson@romspen.com

Fax: 416.966.1161

with a copy to the Purchaser's solicitors:

TO BE DETERMINED

Email:

Fax:

Any written notice or delivery of documents given in this manner shall be deemed to have been given and received on the day of delivery if delivered personally or sent by email or sent by facsimile or, if mailed, three (3) days after the deposit with the post office.

29. Entire Agreement

The Agreement shall constitute the entire agreement between the parties to it pertaining to the subject matter thereof and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there shall be no agreements or understandings between the parties in connection with the subject matter thereof except as specifically set forth herein. No party hereto has relied on any express or implied representation, written or oral, of any individual or entity as an inducement to enter into the Agreement.

30. Amendment

No supplement, modification, waiver or termination of the Agreement shall be binding, unless executed in writing by the parties to be bound thereby, provided that the time provided for doing any matter or thing contemplated herein may be

abridged or extended by written agreement, in letter form or otherwise, executed by the duly authorized solicitors for the parties.

31. Time of Essence

Time shall be of the essence in this Agreement in all respects and any waiver of any time provision shall not be effective unless in writing and signed by both parties.

32. Binding Agreement

This Offer, when accepted, shall constitute a binding agreement of purchase and sale subject to its terms. It is agreed that there is no representation, warranty, collateral agreement or condition affecting the Agreement or the Property supported hereby other than as expressed herein in writing.

33. Governing Law

This Offer and the Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

34. Gender, Interpretive Matters

This Offer and the Agreement shall be read with all changes of gender or number required by the context. The titles to provisions do not form part of this Offer or the Agreement and are inserted for reference purposes only. Preparation and submission of the form of this Offer or any other material by the Vendor shall not constitute an offer to sell.

35. Severability

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

36. Non-Merger

The provisions of this Agreement (including, without limitation, the representations and warranties of the Purchaser), shall survive Closing and shall not merge in the Vesting Order or in any other documents delivered hereunder.

37. Counterparts

The parties hereto agree that this Agreement may be executed in counterparts and by facsimile transmission and each such counterpart so executed by facsimile

transmission shall be deemed to be an original and when taken together shall constitute as one and the same Agreement.

IN WITNESS WHEREOF the Purchaser has executed this Offer this 12th day of May, 2015.

RIC (MIDLAND LAND) INC.

Per: 

Name: Blake Cassidy
Title: Director

I have authority to bind the Corporation.

Subject to the Approval of the Court, the undersigned hereby accepts the foregoing Offer this 12th day of May, 2015.

ROSEN GOLDBERG INC.

in its capacity as Court Appointed Receiver,
Manager Manager and Construction Lien
Trustee of the assets, undertakings and
properties of Hugel Lofts Ltd. and not in its
personal or corporate capacity

Telephone: 416.224.2410
Fax: 416.224.4330

E-mail: brosen@rosengoldberg.com

Per: 

Name: Brahm Rosen
Title: President

I have authority to bind the Corporation.

SCHEDULE "A1"

PIN 58452-0389 (LT)

PT LTS 108 & 109 CON 1 TAY PTS 6, 7 & 8 51R33558 SURFACE RIGHTS ONLY,
S/T EASE OVER PT 7 51R33558 AS IN RO246115, T/W ROW AS IN RO246115,
MIDLAND

Being all of PIN 58452-0389 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

SCHEDULE "A2"

PIN 58452-0394 (LT)

PT OF LOTS 108 & 109 CON 1 TAY AND PART OF THE WATER LOT INFRONT
OF LOT 109 CON 1 TAY BEING PT 1 ON PL 51R33558, T/W RO246115, MIDLAND

Being all of PIN 58452-0394 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

SCHEDULE "B1"

REGISTRATIONS TO BE DELETED FROM PIN 58452-0389 (LT)

1. Instrument No. SC987183 registered 2012/06/08 – Transfer Power of Sale in favour of Hugel Lofts Limited
2. Instrument No. SC987184 registered 2012/06/08 – Charge in favour of Laurentian Bank of Canada
3. Instrument No. SC987185 registered 2012/06/08 – Notice of General Assignment of Rents in favour of Laurentian Bank of Canada
4. Instrument No. SC1016197 registered 2012/10/04 – Application to Change Name of Owner
5. Instrument No. SC1018260 registered 2012/10/16 – Charge in favour of Romspen Investment Corporation
6. Instrument No. SC1018261 registered 2012/10/16 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation
7. Instrument No. SC1018329 registered 2012/10/16 – Transfer of Charge from Laurentian Bank of Canada to Romspen Investment Corporation
8. Instrument No. SC1019044 registered 2012/10/19 – Transfer of Notice of General Assignment of Rents from Laurentian Bank of Canada to Romspen Investment Corporation
9. Instrument No. SC1106032 registered 2013/12/13 – Construction Lien in favour of 4536631 Canada Inc.
10. Instrument No. SC1107376 registered 2013/12/19 – Construction Lien in favour of Roofco Ontario Inc.
11. Instrument No. SC1107802 registered 2013/12/20 – Construction Lien in favour of S. Charlebois Haulage and Excavating Ltd.
12. Instrument No. SC1112816 registered 2014/01/29 – Certificate of Action regarding Instrument No. SC1106032
13. Instrument No. SC1114002 registered 2014/02/04 – Certificate of Action regarding Instrument No. SC1107376

14. Instrument No. SC1114278 registered 2014/02/06 -- Certificate of Action regarding Instrument No. SC1107802

SCHEDULE "B2"

REGISTRATIONS TO BE DELETED FROM PIN 58452-0394 (LT)

1. Instrument No. SC987183 registered 2012/06/08 – Transfer Power of Sale in favour of Hugel Lofts Limited
2. Instrument No. SC987184 registered 2012/06/08 – Charge in favour of Laurentian Bank of Canada
3. Instrument No. SC987185 registered 2012/06/08 – Notice of General Assignment of Rents in favour of Laurentian Bank of Canada
4. Instrument No. SC1016197 registered 2012/10/04 – Application to Change Name of Owner
5. Instrument No. SC1018260 registered 2012/10/16 – Charge in favour of Romspen Investment Corporation
6. Instrument No. SC1018261 registered 2012/10/16 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation
7. Instrument No. SC1018329 registered 2012/10/16 – Transfer of Charge from Laurentian Bank of Canada to Romspen Investment Corporation
8. Instrument No. SC1019044 registered 2012/10/19 – Transfer of Notice of General Assignment of Rents from Laurentian Bank of Canada to Romspen Investment Corporation
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11. Instrument No. SC1107802 registered 2013/12/20 – Construction Lien in favour of S. Charlebois Haulage and Excavating Ltd.
12. Instrument No. SC1112816 registered 2014/01/29 – Certificate of Action regarding Instrument No. SC1106032
13. Instrument No. SC1114002 registered 2014/02/04 – Certificate of Action regarding Instrument No. SC1107376

14. Instrument No. SC1114278 registered 2014/02/06 – Certificate of Action regarding Instrument No. SC1107802

SCHEDULE "C1"

REGISTRATIONS TO BE PERMITTED ON PIN 58452-0389 (LT)

1. Instrument No. RO145523 registered 1962/02/07 – Bylaw
2. Instrument No. RO213545 registered 1965/11/25 – Bylaw
3. Instrument No. 51R33558 registered 2005/04/06 – Plan Reference
4. Instrument No. SC318366 registered 2005/04/06 – Application for Absolute Title

SCHEDULE "C2"

REGISTRATIONS TO BE PERMITTED ON PIN 58452-0394 (LT)

1. Instrument No. RO145523 registered 1962/02/07 – Bylaw
2. Instrument No. 51R33558 registered 2005/04/06 – Plan Reference
3. Instrument No. SC318366 registered 2005/04/06 – Application for Absolute Title

This is Appendix "H" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015

Marina Park Resorts Inc. & 1325973 Ontario Ltd. - 53-Unit, 4 Storey Condominium Development - 151 Marina Park Avenue, Midland, Ontario
 CAPITAL COST SUMMARY - Budget Draw 3 October 1, 2013

Description	Borrower's Budget July 2012		Variance	Budget July 2013		Variance	Revised Budget	Amount To Date	Amount Previous	This Draw	Cost To Complete	Holdback Retained	Holdback Released	Cost/Unit	Cost/SF
	Budget July 2012	Variance		Budget July 2013	Variance										
HST Credit	-866,896	-442,983	0	-1,309,879	0	-1,309,879	0	0	0	0	-1,309,879	0	0	-24,715	68,360
TOTAL GST (0)	13,251,308	3,704,563	-9	16,955,871	8,102,075	8,853,796	7,808,490	7,808,490	293,585	293,585	8,853,796	235,784	121,217	319,922	248.04
TOTAL PROJECT (1 - 6)	13,251,308	3,704,563	-9	16,955,871	8,102,075	8,853,796	7,808,490	7,808,490	293,585	293,585	8,853,796	235,784	121,217	319,922	248.04
CHECK			-9	Less H/B	(114,568)	(90,133)	(24,434)	114,568							
			0	NCTD	7,987,507	7,718,357	269,150	8,988,364							

-3,543,780

295,750

Hand & Soft Cost Contingency

This is Appendix "I" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015

EN BLOC OFFER TO PURCHASE

5781 Rama Road
5819 Rama Road
4243 Hopkins Bay Road
4285 Hopkins Bay Road
4271-4275 Hopkins Road

TO: **ROSEN GOLDBERG INC.** (the “Vendor” or “Receiver”) in its capacity as court-appointed Receiver of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc. and a parcel of real estate owned by Altaf Soorty and Zoran Cocov (collectively, the “Debtors” and individually a “Debtor”) pursuant to an Order of the Honourable Justice D. M. Brown of the Ontario Superior Court of Justice, dated May 5, 2014, in Court File No. CV-14-10470-00CL at Toronto (the “Appointment Order”), and not in its personal capacity or corporate capacity

1. Offer to Purchase

The undersigned, **1932425 ONTARIO INC.** (the “Purchaser”), hereby offers to purchase from and through the Vendor all of the right, title and interest in and to the Property (hereinafter defined) which the Vendor is entitled to sell pursuant to the Appointment Order at the purchase price set out herein and upon and subject to the terms hereof.

2. Definitions

In this Offer and the Agreement arising from the acceptance hereof, the following terms have the meanings respectively ascribed to them:

“**Agreement**”, “**the Agreement**” or “**this Agreement**” means the agreement of purchase and sale resulting from the acceptance of the Offer by the Vendor.

“**Approval**” in relation to the Court means the making of an appropriate Order of the Court in respect of the particular matter submitted for approval approving the action or proposed action of the Vendor on terms satisfactory to the Vendor.

“**Buildings**” means the building(s), if any, situate on the Lands (as hereinafter defined) together with all other structures situate thereon, including all improvements thereto and all fixtures forming a part thereof.

"Business Day" means a day other than Saturday, Sunday or a statutory holiday or any other day upon which the Vendor is not open for the transaction of business throughout normal business hours at its principal office.

"Closing" or **"Closing Date"** has the meaning ascribed in Section 18 thereto hereof.

"Court" means the Ontario Superior Court of Justice and includes a judge, master or registrar of that court and any appellate court judge having jurisdiction in any particular matter.

"Environmental Laws" has the meaning ascribed thereto in Section 25 hereof.

"Estimated Prior Ranking Claims" has the meaning ascribed thereto in Section 8 hereof.

"Final Prior Ranking Claims" has the meaning ascribed thereto in Section 8 hereof.

"Hazardous Substances" means any contaminant, pollutant, dangerous substance, potentially dangerous substances, noxious substance, toxic substance, hazardous waste, flammable material, explosive material, radioactive material, urea-formaldehyde foam insulation, asbestos, PCBs radiation and any other substance, material, effect, or thing declared or defined to be hazardous, toxic, a contaminant, or pollutant, in or pursuant to any Environmental Laws.

"HST" has the meaning ascribed thereto in Section 17 hereof.

"Indemnitees" has the meaning ascribed thereto in Section 18 hereof.

"Lands" means collectively, the lands legally described in Schedules "A1", "A2", "A3", "A4" and "A5" attached hereto.

"Lease(s)" means collectively, all leases, agreements to lease, tenancies, licenses, and any other rights of occupation of space in the Buildings or on the Lands, if any.

"New Romspen Loan Documents" has the meaning ascribed thereto in Section 3 hereof.

"Offer", "the Offer" or "this Offer" means the offer to purchase the Property made by the Purchaser and contained in and comprised of this document.

"Paydown" means the sum of **FOUR MILLION TWO HUNDRED AND NINETY NINE THOUSAND FIVE HUNDRED** dollars (\$4,299,500.00) which the Vendor is holding in its trust account.

"Prior Ranking Claims" means collectively, the fees and disbursements of the Vendor and its counsel in accordance with paragraph 18 of the Appointment Order, including their estimated fees and disbursements to complete the transactions contemplated herein and all of each Debtor's obligations to creditors who have a lien, charge, security interest or deemed trust in any Debtor's property and assets which rank in priority to all of the Romspen Security in relation to the Property, including, without limitation, the Toronto Dominion Bank in respect of its mortgage over the property municipally known as 4271-4275 Hopkins Road, Township of Ramara, Ontario.

"Property" means collectively, the Lands and Buildings.

"Purchase Price" has the meaning ascribed thereto in Section 3 hereof.

"RIC Transactions" means (i) the purchase by RIC (Marine) Inc. from the Vendor of the property municipally known as 151 Marina Park Avenue, Midland, Ontario for a purchase price of \$4,000,000, inclusive of a \$500,000 letter of credit held by The Corporation of Town of Midland in connection with external servicing obligations; and (ii) the purchase by RIC (Midland Land) Inc. of the properties municipally known as 586 Victoria Street and 650 Vindin Street, Midland, Ontario for a purchase price of \$2,000,000.

"Romspen" means Romspen Investment Corporation.

"Romspen Indebtedness" means the indebtedness, following the completion of the RIC Transactions and the release of the Paydown to Romspen, of 6711162 Canada Inc., 1794247 Ontario Inc., 1387267 Ontario Inc., 1564168 Ontario Inc., 2033387 Ontario Inc., Hugel Lofts Ltd., Altaf Soorty and Zoran Cocov to Romspen in connection with a mortgage financing commitment dated July 18, 2011, as amended and supplemented by a first supplement dated June 12, 2012, and a second supplement dated August 15, as at the Closing Date, inclusive of principal, interest and costs, including protective disbursements, as well as the costs, realty taxes, land transfer taxes, fees and expenses (other than the Purchaser's legal fees and disbursements) associated with the Vendor and the Purchaser completing the transaction contemplated herein and the Vendor, RIC (Marine) Inc. and RIC (Midland Land) Inc. completing the RIC Transactions.

"Romspen Security" means means all existing security held by Romspen in respect of the Romspen Indebtedness.

"Vesting Order" has the meaning ascribed thereto in Section 6 hereof.

3. **Purchase Price**

The purchase price for the Property shall be equal to the aggregate of the Prior Ranking Claims and the Romspen Indebtedness (the "Purchase Price"), subject to the adjustments hereinafter referred to in Section 9 hereof, and paid and satisfied by the Purchaser assuming the Romspen Indebtedness and delivering to Romspen security over the Property, in a form and substance satisfactory to Romspen, together with such other agreements and instruments as may be required by Romspen to give effect to the assumption of the Romspen Indebtedness and the Romspen Security (collectively, the "New Romspen Loan Documents").

The Purchase Price shall be allocated among the Lands and Buildings in such manner as the Purchaser and Vendor may agree prior to Closing (acting reasonably), and failing agreement in such manner as the Court shall order.

4. Paydown

The Paydown shall be held in trust by the Vendor and shall be:

- (a) refunded in accordance with the Purchaser's irrevocable written direction delivered together with this Offer, with interest and without deduction, if the Agreement does receive Approval of the Court and no Vesting Order is granted in accordance with the terms and conditions of the Agreement; or,
- (b) released by the Vendor to Romspen in partial satisfaction of the Romspen Indebtedness immediately upon Court Approval of the Agreement and the Vesting Order being granted.

5. Acceptance of Offer

The Purchaser agrees that no agreement for the purchase and sale of the Property shall result from this Offer unless and until this Offer has been accepted by the Vendor and approved by the Court in accordance with the provisions of Section 6 hereof. The Purchaser agrees that this Offer shall be irrevocable by the Purchaser and open for acceptance by the Vendor until 5:00 o'clock p.m. (Toronto time) on May 28, 2015, after which time, if not accepted by the Vendor, this Offer shall be null and void and the Paydown shall be returned to the Purchaser in accordance with Section 4(a) hereof. The Vendor shall indicate the date on which it has accepted this Offer in the space provided on the execution of this Offer.

6. Court Approval

The Purchaser hereby acknowledges and agrees that the sale of the Property is by Order of, and is subject to, the Approval of the Court. The Vendor shall forthwith bring a motion to the Court for Approval of the Agreement and an order vesting title to the Property in the Purchaser (the "Vesting Order"). The Vesting Order

shall specifically provide that upon Closing, the Receiver shall be discharged as receiver of Altaf Soorty and Zoran Cocov. The Vendor shall diligently pursue such motion on notice to the Purchaser and shall promptly notify the Purchaser of the disposition thereof. The Purchaser, at its own expense, shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably require to obtain Approval of the Agreement. If the Court shall not have granted Approval of the Agreement within fourteen (14) days of the Vendor's acceptance hereof, the Agreement shall automatically be terminated. If the Agreement is terminated under any provision of this Section, the Paydown and any interest earned thereon shall be returned in accordance with the Purchaser's irrevocable written direction delivered together with this Offer and neither party shall have any further rights or liabilities hereunder.

7. Capacity of Receiver

The Vendor, by acceptance of the Offer, is entering into the Agreement solely in its capacity as the court-appointed Receiver of the Debtors and not in its personal or any other capacity. Any claim against the Receiver shall be limited to and only enforceable against the property and assets then held by or available to it in its said capacity and shall not apply to its personal property and/or any assets held by it in any other capacity. The Vendor shall have no personal or corporate liability of any kind, whether in contract or in tort or otherwise. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Property.

8. Adjustments

The Purchase Price for the Property shall be adjusted as of the Closing Date in respect of realty taxes, flat/fixed water and sewer rates and charges, if any, and all other items usually adjusted with respect to properties similar to the Property that apply save and except for rent or any matters related to the Lease(s), if any. Such adjustments shall be pro-rated where appropriate for the relevant period on the basis of the actual number of days elapsed during such period to the Closing Date itself to be apportioned to the Purchaser. There shall be no adjustment in respect of (a) prepaid rents, or, (b) rent or other moneys payable to the Vendor under the Lease(s), if any, in respect of periods prior to the Closing which remain unpaid as at Closing

The Vendor shall provide the Purchaser with the estimated amount of the Prior Ranking Claims payable as at the Closing Date (the "Estimated Prior Ranking Claims") by no later than 5 Business Days prior to Closing. As soon as practicable following Closing, the Vendor shall provide the Purchaser with a statement setting out the final amount of the Prior Ranking Claims payable as at the Closing Date (the "Final Prior Ranking Claims"). If the Final Prior Ranking Claims are greater than the Estimated Prior Ranking Claims, then the Vendor shall pay to the Purchaser the amount of the difference between the Final Prior Ranking

Claims and the Estimated Prior Ranking Claims, within 5 Business Days of its receipt of the aforementioned statement. If the Final Prior Ranking Claims are less than the Estimated Prior Ranking Claims, then the Vendor shall pay the difference between the Estimated Prior Ranking Claims and the Final Prior Ranking Claims to Romspen on behalf of the Purchaser in reduction of the Romspen Indebtedness, contemporaneously with its delivery of the aforementioned statement to the Purchaser.

9. Vendor's Conditions

The obligation of the Vendor to complete the Agreement is subject to the satisfaction of the following terms and conditions on or prior to the Closing Date, which conditions are for the sole benefit of the Vendor and which may be waived by the Vendor in its sole discretion:

- (a) the representations and warranties of the Purchaser being true and accurate as of the Closing Date;
- (b) the RIC Transactions shall have been approved by the Court and completed;
- (c) the Court shall have granted Approval of the Agreement and shall have granted the Vesting Order;
- (d) the Paydown shall have been released to Romspen; and
- (e) the New Romspen Loan Documents shall have been delivered by the Purchaser to Romspen.

10. Purchaser's Acknowledgements

The Purchaser hereby acknowledges and agrees with and to be subject to the following:

- (a) it is responsible for conducting its own searches and investigations of the current and past uses of the Property;
- (b) the Vendor makes no representation or warranty of any kind that the present use of future intended use by the Purchaser of the Property is or will be lawful or permitted;
- (c) it is satisfied with the Property and all matters and things connected therewith or in any way related thereto;
- (d) it is relying entirely upon its own investigations and inspections in entering into this Agreement;

- (e) it is purchasing the Property on an "as is, where is" and "without recourse" basis including, without limitation, outstanding work orders, deficiency notices, compliance, requests, development fees, imposts, lot levies, sewer charges, zoning and building code violations and any outstanding requirements which have been or may be issued by any governmental authority having jurisdiction over the Property;
- (f) it relies entirely on its own judgment, inspection and investigation of the Property and acknowledges that any documentation relating to the Property obtained from the Vendor has been prepared or collected solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and is not part of this Offer;
- (g) it will provide the Vendor with all requisite information and materials, including proof respecting source or funds, at any time or times within forty-eight (48) hours of request by the Vendor so that the Vendor may determine the creditworthiness of the Purchaser and any related parties thereto;
- (h) the Vendor shall have no liability or obligation with respect to the value, state or condition of the Property, or the Leases, if any, whether or not the matter is within the knowledge or imputed knowledge of the Vendor, its officers, employees, directors, agents, representations and contractors; and
- (i) the Vendor has made no representations or warranties with respect to or in any way related to the Property, including without limitation, the following: (i) the title, quality, quantity, marketability, zoning, fitness for any purpose, state, condition, encumbrances, description, present or future use, value, location or any other matter or thing whatsoever related to the Property, either stated or implied; and (ii) the environmental state of the Property, the existence, nature, kind, state or identity of any Hazardous Substances on, under, or about the Property, the existence, state, nature, kind, identity, extent and effect of any administrative order, control order, stop order, compliance order or any other orders, proceedings or actions under the *Environmental Protection Act* (Ontario), or any other statute, regulation, rule or provision of law now in existence, state, nature, kind, identity, extent and effect of any liability to fulfill any obligation to compensate any third party for any costs incurred in connection with or damages suffered as a result of any discharge of any Hazardous Substances whether on, under or about the Property or elsewhere.

11. Title to the Property

Provided that the title to the Property is good and free from all restrictions, charges, liens, claims and encumbrances, except as otherwise specifically provided in this Agreement, and save and except for:

- (a) any reservations, restrictions, rights of way, easements or covenants that run with the land;
- (b) any registered agreements with a municipality, region or supplier of utility service including, without limitations, electricity, water, sewage, gas, telephone or cable television or other telecommunication services;
- (c) all laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the Property;
- (d) any minor easements for the supply of utility services or other services to the Property or adjacent properties;
- (e) encroachments disclosed by any error or omission in existing surveys of the Property or neighbouring properties and any title defects, encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Property and survey of the Property and survey matters generally;
- (f) the exceptions and qualifications set forth in the *Registry Act* (Ontario) or the *Land Titles Act* (Ontario), or amendments thereto;
- (g) any reservation(s) contained in the original grant from Crown;
- (h) the Lease(s), if any, and the right of any tenant, occupant, lessee or license to remove fixed equipment or other fixtures;
- (i) subsection 44(1) of the *Land Titles Act* (Ontario) except paragraphs 11 and 14;
- (j) provincial succession duties and escheats or forfeiture to the Crown;
- (k) the rights of any person who would, but for the *Land Titles Act* (Ontario) be entitled to the Lands or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention;
- (l) any lease to which subsection 70(2) of the *Registry Act* (Ontario) applies;
- (m) those registrations set out in Schedules "C1", "C2", "C3", "C4" and "C5" attached hereto;

- (n) the Romspen Security; and
- (o) the New Romspen Loan Documents.

Notwithstanding the foregoing, the Vesting Order shall provide for the deletion of the instruments or registrations listed in Schedules "B1", "B2", "B3", "B4" and "B5" attached hereto, and for the deletion of any filings under the *Personal Property Security Act* (Ontario), as they affect the Property.

12. Authorizations

The Purchaser shall assume, at its cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Property and the use thereof by the Purchaser. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Vendor's right, title and interest, if any, in the Property.

13. Requisition Period

The Purchaser shall be allowed two (2) days from the date of the Court granting Approval of the Agreement and the Vesting Order to investigate the title to the Property and to satisfy itself that all present uses are the legal uses thereof or legal nonconforming uses which may be continued and that the Property may be insured against usual insurable risks, at the Purchaser's own expense. If within such time the Purchaser shall furnish the Vendor in writing with any valid objection to title to the Property, which the Vendor is unable or unwilling to remove, remedy or satisfy and which the Purchaser will not waive, then the Agreement shall be terminated and neither party shall have any further rights or liabilities hereunder. For greater certainty, notwithstanding any valid or invalid objection on the part of the Purchaser, the Purchaser shall have no right to obtain the return of the Paydown from the Vendor or from Romspen and the triggering event for the release of the Deposit by the Vendor to Romspen shall be the granting of Court Approval of the Agreement and the Vesting Order. Save as to any valid objection made as aforesaid or which the law allows to be made and is made after expiry of the aforesaid period, the Purchaser shall be conclusively deemed to have accepted the title to the Property to be vested in the Purchaser on Closing in accordance with the Agreement, and to have accepted the Property subject to all applicable laws, by-laws, regulations, easements and covenants affecting its use and the Purchaser shall assume responsibility from and after the Closing Date for compliance therewith. The Purchaser shall not call for the production of any title deed, abstract, survey or other evidence of title to the Lands, except as are in the control or possession of the Vendor. The Vendor shall not be required to produce any other document or report to the Purchaser, unless it is expressly provided for by this Agreement. The description of the Property is

believed by the Vendor to be correct but, if any statement, error or omission shall be found in the particulars thereof, the same shall not cancel the sale or entitle the Purchaser to be relieved of any obligation hereunder, nor shall any compensation be allowed to the Purchaser in respect thereof.

14. Leases

The Purchaser acknowledges and agrees that:

- (a) the Property may be subject to Lease(s);
- (b) the Vendor makes no representation or warranty respecting the accuracy and completeness of any Lease(s), if any;
- (c) the Purchaser will purchase the Property subject to the terms and conditions of the Lease(s), if any, without representation or warranty (whether expressed or implied) of any kind or type from the Vendor relating to the Leases, including without limitation, (i) the enforceability of same (ii) whether the Leases accurately reflect the correct arrangement with the tenant(s) (iii) whether the tenants are in possession thereunder and/or paying rents in accordance thereof (iv) whether there are any ongoing unresolved disputes relating to the provisions of the Lease(s) or any parties' obligations thereunder and (v) whether any party or parties to the Lease(s) is or are in default of any obligations contained therein;
- (d) the Vendor shall not be required to make any adjustments to the Purchase Price for current rentals or prepaid rents or security deposits which may have been received by the Vendor or any other party; and,
- (e) the Vendor shall not be required to produce acknowledgements from the tenant(s) respecting the status of the Lease(s), if any.

The Vendor will execute and deliver or cause to be executed and delivered to the Purchaser on the Closing Date an assignment of any interest which the Vendor may have in the Lease(s).

15. Risk of Loss

All buildings on the Property and all other things being purchased shall be and remain until completion at the risk of the Vendor. The Property shall thereafter be at the risk of the Purchaser. Pending completion, the Vendor shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interest may appear and in the event of damage to the Property before the completion of the Agreement which damage gives rise to any insurance proceeds, the Purchaser shall take the proceeds of insurance and complete the transaction. The Purchaser agrees that all the insurance maintained by the Vendor shall be

cancelled on the Closing Date and that the Purchaser shall be responsible for placing its own insurance thereafter.

16. Planning Act

This Agreement is subject to the express condition that if the provisions of Section 50 of the *Planning Act* (Ontario) apply to the sale and purchase of the Property, then this Agreement shall be effective to create an interest in the Property only if such provision is complied with.

17. Harmonized Sales Tax

The Purchaser hereby represents and warrants to the Vendor that it is or will become registered for the purposes of Part IX of the *Excise Tax Act* (Canada) in accordance with the requirements of Subdivision (d) of Division V thereof and it will continue to be so registered as of the Closing Date. The Purchaser covenants to deliver to the Vendor drafts nor less than five (5) days before the Closing Date and originals upon Closing of: (i) a notarial copy of the certificate evidencing its registration for purposes of the goods and services tax / harmonized sales tax ("HST"), including the registration number assigned to it; and (ii) a declaration and indemnity of the Purchaser confirming the accuracy, as at Closing, of the representations and warranties set out herein and agreeing to indemnify the Vendor for any amounts for which the Vendor may become liable as a result of any failure by the Purchaser to pay the HST payable in respect of the sale of the Property under Part IX of the *Excise Tax Act* (Canada) and that the Purchaser is buying for its own account and not as trustee or agent for any other party. Provided that the Purchaser delivers a notarial copy of the certificate and the declaration and indemnity as set out above, the Purchaser shall not be required to pay to the Vendor, nor shall the Vendor be required to collect from the Purchaser, the HST in respect of the Property. In the event that the Purchaser shall fail to deliver the notarial copy of the certificate and the declaration and indemnity as set out above, then the Purchaser shall pay to the Vendor, in addition to the Purchase Price, in pursuance of the Purchaser's obligation to pay and the Vendor's obligation to collect HST under the provisions of the *Excise Tax Act* (Canada), an amount equal to thirteen (13%) percent of the Purchase Price, or such rate due and owing at the time of Closing.

18. Closing

Closing shall take place on the date which is ten (10) days following Approval of the Agreement by the Court and issuance of the Vesting Order, or such earlier date as the parties or their respective lawyers may actually agree upon in writing (the "Closing Date" or "Closing"). Provided that the Vendor by written notice to the Purchaser or its lawyers may postpone the Closing Date from time to time, but in no event shall the date of Closing be postponed to a date more than sixty (60) days after the original Closing Date. The Vendor and the Purchaser acknowledge

that the Teraview Electronic Registration System ("TERS") is operative and mandatory in the Land Titles Division for the Land Registry Office of Simcoe (No. 51). The Purchaser and Vendor shall each retain legal counsel who are authorized TERS users and who are in good standing with The Law Society of Upper Canada. The Vendor and Purchaser shall each authorize their respective legal counsel to enter into a document registration agreement in the form as adopted by the joint LSUC-CBAO Committee of documents and closing funds and the release thereof to the Vendor and Purchaser, as the case may be:

- (a) shall not occur contemporaneously with the registration of the Transfer/Deed of Land or Application to Register the Vesting Order, and Receiver's certificate required by the Vesting Order (and other registerable documentation, if any) to be registered by the Purchaser's lawyers; and,
- (b) shall be governed by the document registration agreement pursuant to which legal counsel receiving any documents or funds will be required to hold same in escrow and will not be entitled to release except in strict accordance with provisions of the document registration agreement and the Purchaser shall be required to deliver the balance due on closing on the Closing Date to the Vendor's lawyers, to be held in escrow by them, whereupon the Vendor's lawyers shall after payment forthwith attend to have the signed Receiver's Certificate filed with the Court, which signed and entered Receiver's Certificate and Vesting Order shall form part of the Application - Vesting Order, and which shall be delivered by the Vendor's lawyers to the Purchaser's lawyers for immediate registration by the Purchaser's lawyers. Upon registration of the Application - Vesting Order, the Vendor shall release possession of the Property to the Purchaser and the balance due on closing shall be released from escrow.

19. Vendor's Closing Deliveries

The Vendor shall execute and deliver or cause to be executed and delivered to the Purchaser on the Closing Date, against payment of the Purchase Price, the following:

- (a) a statement of adjustments;
- (b) a direction for the payment of the balance of the Purchase Price due on Closing;
- (c) an undertaking by the Vendor to readjust all items on the statement of adjustments within sixty (60) days from the date of Closing on written demand;

- (d) a certificate of the Vendor to the effect that it is not at the Closing Date a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act*;
- (e) a copy of the Vesting Order;
- (f) an assignment of any interest which the Vendor may have in the Lease(s), if any;
- (g) a notice to the tenant(s) under the Lease(s), if any, to pay future rents to the Purchaser, or as the Purchaser may direct;
- (h) keys that may be in the possession of the Vendor; and,
- (i) any other documents relative to the completion of this Agreement as may reasonably be required by the Purchaser or its lawyers.

20. Purchaser's Closing Deliveries

The Purchaser shall execute and deliver to the Vendor on the Closing Date the following:

- (a) certified cheques or bank drafts of a Canadian chartered bank or trust company for the balance of the Purchase Price and any other monies required to be paid by the Purchaser pursuant to the Agreement, or the adjustments, including all applicable federal and provincial taxes, duties and registration fees unless the applicable exemption certificates in a form acceptable to the Vendor are presented to the Vendor on or before the Closing Date to exempt the Purchaser therefrom;
- (b) all certificates, indemnities, declarations and other evidences contemplated hereby in form and content satisfactory to the Vendor's lawyers, acting reasonably;
- (c) an undertaking by the Purchaser to readjust all items on the statement of adjustments;
- (d) a notarial copy of its HST registration and HST certificate and indemnity as required pursuant to this Agreement;
- (e) an agreement to assume all existing Leases, if any, service and supply contracts in place as of Closing; and,
- (f) any other documents relative to the completion of this Agreement as may reasonably be required by the Vendor or its lawyers.

The Vendor shall further execute and deliver or cause to be executed and delivered to Romspen on the Closing Date, the New Romspen Loan Documents.

21. Inspection

Without limitation, all of the Property shall be as it exists on the Closing Date with no adjustments to be allowed to the Purchaser for changes in conditions or qualities from the date hereof to the Closing Date. The Purchaser acknowledges and agrees that the Vendor is not required to inspect the Property or any part thereof and the Purchaser shall be deemed, at its own expense to have relied entirely on its own inspection and investigation. The Purchaser acknowledges that no warranties or conditions, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in other jurisdictions apply hereto and all of the same are hereby waived by the Purchaser.

22. Encroachments

The Purchaser agrees that the Vendor shall not be responsible for any matters relating to encroachments on or to the Property, or encroachments of the Property onto adjoining lands, or to remove same, or for any matters relating to any applicable zoning regulations or by-laws in existence now or in the future affecting the Property.

23. Purchaser's Warranties

The Purchaser represents and warrants that:

- (a) if applicable, it is a corporation duly incorporated, organized and subsisting under the laws of Canada, Ontario or another province of Canada;
- (b) if applicable, it has the corporate power and authority to enter into and perform its obligations under the Agreement and all necessary actions and approvals have been taken or obtained by the Purchaser to authorize the creation, execution, delivery and performance of the Offer and resulting Agreement and the Offer has been duly executed and delivered by the Purchaser, and the resulting Agreement is enforceable against the Purchaser in accordance with its terms; and,
- (c) it is not a non-Canadian for the purpose of the *Investment Canada Act* (Canada) and it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

24. Confidentiality

The Purchaser agrees that all information and documents supplied by the Vendor or anyone on its behalf to the Purchaser or anyone on the Purchaser's behalf (including but not limited to information in the schedules hereto) shall, unless and until Closing occurs, be received and kept by the Purchaser and anyone acting on the Purchaser's behalf on a confidential basis and shall not without the Vendor's prior written consent be disclosed to any third party. If for any reason Closing does not occur, all such documents shall forthwith be returned intact to the Vendor and no copies or details thereof shall be retained by the Purchaser or anyone acting on its behalf. The Purchaser further agrees that unless and until the terms of this Offer and the Agreement become a matter of public record, the Purchaser shall keep such terms confidential and shall not disclose the same to anyone except the Purchaser's lawyers, agents or lenders acting in connection herewith and then only on the basis that such persons also keep such terms confidential as aforesaid.

25. Indemnification

The Purchaser shall indemnify and save harmless the Vendor and its directors, officers, employees and agents (collectively, the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the operations of the Purchaser on the Property or any order, notice, directive, or requirement under, or breaches, violations or non-compliance with any Environmental Laws after the Closing Date or as a result of the disposal, storage, release or threat of release or spill on or about the Property of any Hazardous Substance after the Closing Date. For the purposes of the foregoing, "Environmental Laws" shall mean all requirements under or prescribed by common law and all federal, provincial, regional, municipal and local laws, rules, statutes, ordinances, regulations, guidelines, directives, notices and orders from time to time with respect to the discharge, generation, removal, storage or handling of any Hazardous Substance. The obligation of the Purchaser hereunder shall survive the Closing Date.

The Purchaser shall indemnify the Vendor and save harmless the Indemnitees from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the failure of the Purchaser to pay any taxes, duties, fees and like charges exigible in connection with the Offer or Agreement. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining, any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Property.

26. Release

The Purchaser agrees to release and discharge the Vendor together with its officers, employees, agents and representatives from every claim of any kind that the Purchaser may make, suffer, sustain or incur in regard to any Hazardous Substance relating to the Property. The Purchaser further agrees that the Purchaser will not, directly or indirectly, attempt to compel the Vendor to clean up or remove or pay for the cleanup or removal of any Hazardous Substance, remediate any condition or matter in, on, under or in the vicinity of the Property or seek an abatement in the Purchase Price or damages in connection with any Hazardous Substance. This provision shall not expire with, or be terminated or extinguished by or merged in the Closing of the transaction of purchase and sale, contemplated by this Offer and the Agreement, and shall survive the termination of this Offer and the Agreement for any reason or cause whatsoever and the closing of this transaction.

27. Non-Registration

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

28. Post-Closing Obligations of the Vendor

Immediately following Closing, the Vendor shall take all reasonable steps necessary to ensure that notice of the Receiver's discharge as receiver of Altaf Soorty and Zoran Cocov is recorded with Industry Canada and the Office of the Superintendent of Bankruptcy Canada. As soon as reasonably practicable after the Closing, and the completion of the RIC Transactions, the Vendor will apply to the Court for its discharge as receiver of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc. and Hugel Lofts Ltd. Immediately following the Vendor's discharge as receiver of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc. and Hugel Lofts Ltd., the Vendor shall take all reasonable steps necessary to ensure that notice of the Receiver's discharge as receiver of those corporations is recorded with Industry Canada and the Office of the Superintendent of Bankruptcy Canada

29. Assignment

Save and except for the completion of this transaction by any one or more corporations whose shares are registered in the name of and beneficially owned by Altaf Soorty and/or Zoran Cocov, the Purchaser shall not have the right to assign its rights under this Agreement without the Vendor's prior written consent, which consent may be unreasonably withheld. Notice of the Purchaser's intention to assign, with each assignee's name and address for service and the assignee's HST number shall be provided to the Vendor not less than seven (7) days prior to the Closing Date.

30. Notices

Any notice to be given or document to be delivered to the parties pursuant to this Agreement shall be sufficient if delivered personally or sent by email or sent by facsimile or mailed by prepaid registered mail at the following addresses:

To Vendor:

Rosen Goldberg Inc.
5255 Yonge Street
Suite 804
Toronto, Ontario
M2N 6P4

Attention: Brahm Rosen
Email: brosen@rosengoldberg.com
Fax: 416.224.4330

with a copy to:

Dickinson Wright LLP
Barristers & Solicitors
199 Bay Street
Suite 2200, P.O. Box 447
Commerce Court Postal Station
Toronto, Ontario
M5L 1G4

Attention: David Preger
Email: dpreger@dickinsonwright.com

Attention: Steven Gray
Email: sgray@dickinsonwright.com

Fax: 416.865.1398

and in the case of a notice to the Purchaser, to:

1932425 Ontario Inc.
18 Truman Road
Toronto, Ontario
M2L 2L5

Attention: Altaf Soorty
Email: alsoorty@rogers.com

Attention: Zoran Cocov
Email: cocov@rogers.com

with a copy to the Purchaser's lawyers:

Anderson and Wylde
Barristers & Solicitors
410 Bay Street
Suite 2112, P.O. Box 22
Toronto, Ontario
M5H 2Y4

Attention: Terry Anderson
Email: terry@andersonwylde.com

Fax: 416.868.0332

Any written notice or delivery of documents given in this manner shall be deemed to have been given and received on the day of delivery if delivered personally or sent by email or sent by facsimile or, if mailed, three (3) days after the deposit with the post office.

31. Entire Agreement

The Agreement shall constitute the entire agreement between the parties to it pertaining to the subject matter thereof and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there shall be no agreements or understandings between the parties in connection with the subject matter thereof except as specifically set forth herein. No party hereto has relied on any express or implied representation, written or oral, of any individual or entity as an inducement to enter into the Agreement.

32. Amendment

No supplement, modification, waiver or termination of the Agreement shall be binding, unless executed in writing by the parties to be bound thereby, provided that the time provided for doing any matter or thing contemplated herein may be abridged or extended by written agreement, in letter form or otherwise, executed by the duly authorized lawyers for the parties.

33. Time of Essence

Time shall be of the essence in this Agreement in all respects and any waiver of any time provision shall not be effective unless in writing and signed by both parties.

34. Binding Agreement

This Offer, when accepted, shall constitute a binding agreement of purchase and sale subject to its terms. It is agreed that there is no representation, warranty, collateral agreement or condition affecting the Agreement or the Property supported hereby other than as expressed herein in writing.

35. Governing Law

This Offer and the Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

36. Gender, Interpretive Matters

This Offer and the Agreement shall be read with all changes of gender or number required by the context. The titles to provisions do not form part of this Offer or the Agreement and are inserted for reference purposes only. Preparation and submission of the form of this Offer or any other material by the Vendor shall not constitute an offer to sell.

37. Severability

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

38. Non-Merger

The provisions of this Agreement (including, without limitation, the representations and warranties of the Purchaser), shall survive Closing and shall not merge in the Vesting Order or in any other documents delivered hereunder.

39. Counterparts

The parties hereto agree that this Agreement may be executed in counterparts and by facsimile transmission and each such counterpart so executed by facsimile transmission shall be deemed to be an original and when taken together shall constitute as one and the same Agreement.

IN WITNESS WHEREOF the Purchaser has executed this Offer this 27th day of May, 2015.

1932425 ONTARIO INC.

Per:

Name: Altaf Soorty

Title: Director

Per:

Name: Zoran Cocov

Title: Director

We have authority to bind the Corporation.

Subject to the Approval of the Court, the undersigned hereby accepts the foregoing Offer this 27th day of May, 2015.

ROSEN GOLDBERG INC.

in its capacity as Court Appointed Receiver of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc. and a parcel of real estate owned by Altaf Soorty and Zoran Cocov, and not in its personal or corporate capacity

Telephone: 416.224.2410

Fax: 416.224.4330

E-mail: brosen@rosengoldberg.com

Per:

Name: BRANN DOWEN

Title: PRESIDENT

I have authority to bind the Corporation.

WITNESSES

The parties hereto agree that this Agreement may be executed in counterparts and by means of transmission and each such counterpart so executed by facsimile transmission shall be deemed to be an original and when taken together shall constitute as one and the same Agreement.

IN WITNESS WHEREOF the Purchaser has executed this Offer this 27th day of May, 2015.

1932425 ONTARIO INC.

Per:

Name: Alia Society

Title: Director

Per:

Name: Zoran Covic

Title: Director

We have authority to bind the Corporation.

Subject to the Approval of the Court, the undersigned hereby accepts the foregoing Offer this ____ day of May, 2015

ROSEN GOLDBERG INC.
in its capacity a Court Appointed Receiver of the assets, undertakings and properties of 6711162 Canada Inc., 1794247 Ontario Inc. and a parcel of real estate owned by Alia Society and Zoran Covic, and not in its personal or corporate capacity

Telephone: 416.224.2410

Fax: 416.224.4330

E-mail:

Per:

Name:

Title:

Have authority to bind the Corporation

SCHEDULE "A1"

PIN 74018-0017 (LT)

PT LT 2 CON BF RAMA; PT LT 3 CON BF RAMA; PT LT 4 CON BF RAMA AS IN
RO1403266; S/T RO689231, RO708386 RAMARA

Being all of PIN 74018-0017 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 5781 Rama Road, Township of Ramara, Ontario

SCHEDULE "A2"

PIN 74018-0018 (LT)

PT LT 3 CON BF RAMA PT LT 1 51R5598; RAMARA

Being all of PIN 74018-0018 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 5819 Rama Road, Township of Ramara, Ontario

SCHEDULE "A3"

PIN 58696-0021 (LT)

PT LT 3 CON BF RAMA PT 6, 40R645, RAMARA

Being all of PIN 58696-0021 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 4243 Hopkins Bay Road, Township of Ramara, Ontario

SCHEDULE "A4"

PIN 58696-0207 (LT)

PT LT 3 CON BF RAMA, PTS 2 TO 7 INCL. PL 51R30563, S/T MINERAL RIGHTS
AS IN RAM174592, T/W ROW OVER PT 2 PL 51R30736 AS IN LT519213, T/W
ROW OVER PT 4 PL 51R30736 AS IN LT519214, S/T ROW OVER PTS 6 & 7
51R30563 AS IN SC286231, RAMARA

Being all of PIN 58696-0207 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 4285 Hopkins Bay Road, Township of Ramara, Ontario

SCHEDULE "A5"

PIN 58696-0219 (LT)

CONSOLIDATION OF VARIOUS PROPERTIES – PT LOT 3 CON BF RAMA PT 1,
51R25909, T/W RO130544 EXCEPT 2ND T/W, T/W R-O-W OVER PTS 6 & 7
51R30563 AND PT 4 51R30736 AS IN SC286231, PART LT 3 CON BF RAMA PT 5
40R645, T/W RAM141949, T/W RAM174031, RAMARA

Being all of PIN 58696-0219 (LT)

Land Titles Division for the Land Registry Office of Simcoe (No. 51)

Municipally known as 4271-4275 Hopkins Road, Township of Ramara, Ontario

SCHEDULE "B1"

REGISTRATIONS TO BE DELETED FROM PIN 74018-0017 (LT)

1. Instrument No. SC557989 registered 2007/06/29 – Transfer in favour of 6711162 Canada Inc.

SCHEDULE "B2"

REGISTRATIONS TO BE DELETED FROM PIN 74018-0018 (LT)

1. Instrument No. SC557989 registered 2007/06/29 -- Transfer in favour of 6711162 Canada Inc.

SCHEDULE "B3"

REGISTRATIONS TO BE DELETED FROM PIN 58696-0021 (LT)

1. Instrument No. SC725469 registered 2009/03/30 – Transfer in favour of 1794247 Ontario Inc.

SCHEDULE "B4"

REGISTRATIONS TO BE DELETED FROM PIN 58696-0207 (LT)

1. Instrument No. SC725471 registered 2009/03/30 – Transfer in favour of 1794247 Ontario Inc.

SCHEDULE "B5"

REGISTRATIONS TO BE DELETED FROM PIN 58696-0219 (LT)

1. Instrument No. SC822341 registered 2010/05/25 – Transfer in favour of Altaf Soorty and Zoran Cocov

SCHEDULE "C1"

REGISTRATIONS TO BE PERMITTED ON PIN 74018-0017 (LT)

1. Instrument No. RAM154509 registered 1967/06/12 - Bylaw
2. Instrument No. 51R8746 registered 1979/06/21 – Plan Reference
3. Instrument No. RO689231 registered 1979/10/05 –Transfer Easement in favour of Bell Canada
4. Instrument No. 51R9252 registered 1980/01/23 – Plan Reference
5. Instrument No. RO708386 registered 1980/06/17 –Transfer Easement in favour of Bell Canada
6. Instrument No. 51R25924 registered 1995/12/18 – Plan Reference
7. Instrument No. SC924452 registered 2011/08/17 – Charge in favour of Romspen Investment Corporation
8. Instrument No. SC924453 registered 2011/08/17 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation

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SCHEDULE "C2"

REGISTRATIONS TO BE PERMITTED ON PIN 74018-0018 (LT)

1. Instrument No. RAM154509 registered 1967/06/12 - Bylaw
2. Instrument No. 51R5598 registered 1976/04/06 - Plan Reference
3. Instrument No. SC924452 registered 2011/08/17 - Charge in favour of Romspen Investment Corporation
4. Instrument No. SC924453 registered 2011/08/17 - Notice of General Assignment of Rents in favour of Romspen Investment Corporation

SCHEDULE "C3"

REGISTRATIONS TO BE PERMITTED ON PIN 58696-0021 (LT)

1. Instrument No. RAM154509 registered 1967/06/12 – Bylaw
2. Instrument No. 40R645 registered 1971/12/06 – Plan Reference
3. Instrument No. SC924454 registered 2011/08/17 – Charge in favour of Romspen Investment Corporation
4. Instrument No. SC924455 registered 2011/08/17 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation

SCHEDULE "C4"

REGISTRATIONS TO BE PERMITTED ON PIN 58696-0207 (LT)

1. Instrument No. RAM154509 registered 1967/06/12 – Bylaw
2. Instrument No. 51R30563 registered 2001/08/23 – Plan Reference
3. Instrument No. SC286231 registered 2004/11/29 – Application to Amend Order
4. Instrument No. SC924454 registered 2011/08/17 – Charge in favour of Romspen Investment Corporation
5. Instrument No. SC924455 registered 2011/08/17 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation

SCHEDULE "C5"

REGISTRATIONS TO BE PERMITTED ON PIN 58696-0219 (LT)

1. Instrument No. RAM154509 registered 1967/06/12 – Bylaw
2. Instrument No. 40R645 registered 1971/12/06 – Plan Reference
3. Instrument No. 51R25909 registered 1995/12/12 – Plan Reference
4. Instrument No. SC286231 registered 2004/11/29 – Application to Amend Order
5. Instrument No. SC588816 registered 2007/10/03 – Application to Consolidate
6. Instrument No. SC822342 registered 2010/05/25 – Charge in favour of The Toronto-Dominion Bank
7. Instrument No. SC924450 registered 2011/08/17 – Charge in favour of Romspen Investment Corporation
8. Instrument No. SC924451 registered 2011/08/17 – Notice of General Assignment of Rents in favour of Romspen Investment Corporation

This is Appendix "J" referred to in the Second Report of Rosen
Goldberg Inc. dated June 3, 2015

May 13, 2015

SENT VIA E-MAIL

Rosen Goldberg Inc.
5255 Yonge Street
Toronto, ON M2N 5P8

Attention: Brahm Rosen

Dear Mr. Rosen,

Re: Romspen Investment Corporation (“Romspen” or the “Lender”)

And Re: Hugel Lofts Ltd. (“Hugel”), Altaf Soorty (“Soorty”), Zoran Cocov (“Cocov” and together with Soorty collectively, the “Covenantors”), 6711162 Canada Inc., (“671”), 1794247 Ontario Inc., (“179”), 1387267 Ontario Inc. (“138”), 1564168 Ontario Inc., (“156”), 203387 Ontario Inc., (“203”) Our File 41225-109

We confirm your advice that pursuant to the Order of the Honorable Mr. Justice D.M. Brown dated May 5, 2014 (the “**Appointment Order**”), SF Partners Inc. (now known as Rosen Goldberg Inc.) was appointed as interim receiver and construction lien trustee (collectively, the “**Receiver**”) of all of the assets, undertakings and properties of Hugel, 671, 179, 138, 156 and 203 (collectively the “**Borrowers**”) acquired for, or used in relation to, the business carried on by the Borrowers, and of certain real property owned by Soorty and Cocov. In your capacity as Receiver, you have requested that we review the claims registered pursuant to the Ontario *Construction Lien Act* (“**CLA**”) against the Midland Property (as defined below), and the security documents described below in connection with security granted by the Borrowers and Covenantors in favour of the Lender, and the Charge/Mortgage granted by the Covenantors in favour of the Toronto-Dominion Bank (“**T-D Bank**”) and provide you with our opinion as to the validity, enforceability, and priority thereof. Accordingly, we wish to advise as follows:

Security Documents Reviewed:

1. Commitment Letter dated July 18, 2011 among Romspen, as Lender and 671, 179, 203, 156 138 and Hugel as Borrowers, and Cocov and Soorty, as Covenantors, as amended by letter agreements dated June 12, 2012, and August 15, 2012 (collectively, the “**Romspen Commitment**”);

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2. Commitment Letter dated April 26, 2012 between Laurentian Bank of Canada and Cocov (the "**Laurentian Commitment**");
3. Security Agreement dated September 24, 2012 granted by 156 in favour of Romspen, as Trustee;
4. Security Agreement dated September 24, 2012 granted by 203 in favour of Romspen, as Trustee;
5. Security Agreement dated September 24, 2012 granted by Hugel in favour of Romspen, as Trustee;
6. Security Agreement dated August 10, 2011 granted by 179 in favour of Romspen, as Trustee;
7. Security Agreement dated September 24, 2012 granted by 138 in favour of Romspen, as Trustee;
8. Security Agreement dated August 10, 2011 granted by Cocov in favour of Romspen, as Trustee;
9. Charge/Mortgage of Land registered as SC924452 granted by 671 in favour of Romspen on the property known municipally as 5781 – 5819 Rama Road, Rama, Ontario ("**Rama Road Property**") in the principal amount of \$16,000,000;
10. Charge/ Mortgage of Land registered as SC924454 granted by 179 in favour of Romspen on property municipally known as 4243 Hopkins Bay Road, Rama, Ontario ("**Hopkins Property**");
11. Charge/ Mortgage of Land registered as SC924450 granted by Soorty and Cocov in favour of Romspen on the property known municipally as 4271/4275 Hopkins Bay Road, Rama, Ontario (the "**Soorty/Cocov Property**") in the principal amount of \$16,000,000.00;
12. Charge/ Mortgage of Land registered as WR719795 granted by 138 in favour of Romspen on the property described as lots 51 and 56, Plan 07, Cambridge, Ontario (the "**Cambridge Property**") in the principal amount of \$16,100,000.00;
13. Charge/ Mortgage of Land registered as WR719791 granted by 156 in favour of Romspen on the property described as Part Lane, Part Lots 1, 2, 20 and 23, Plan 455, Cambridge, Ontario (the "**Cambridge Lane Property**") in the principal amount of \$16,000,000.00;

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14. Charge/ Mortgage of Land registered as WR719789 granted by 203 in favour of Romspen on the property known municipally as 50 Kerr Street, Cambridge, Ontario (the “**Kerr Property**”) in the principal amount of \$16,000,000.00;
15. Charge/ Mortgage of Land registered as SC1018260 granted by Hugel in favour of Romspen on the property known municipally as 151 Marina Park, Midland, Ontario (the “**Midland Property**”) in the principal amount of \$16,000,000.00;
16. Transfer of Charge registered as SC1018329 from Laurentian Bank of Canada to Romspen against the Midland Property; and
17. Charge/Mortgage of Land registered as SC822342 from the Covenantors in favour of T-D Bank against the Soorty/Cocov Property

(collectively, the “Security Documents” and each a “Security Document”).

We have also reviewed the following documents registered against the Midland Property:

1. Construction lien registered on December 11, 2013 in favour of Norton Electric Corporation (Canada), and related certificate of action registered on January 24, 2015;
2. Construction lien registered on December 11, 2013 in favour of Fritrust Plumbing and Drain Services Ltd., and related certificate of action registered on January 29, 2014;
3. Construction lien registered on December 13, 2013 in favour of 4536631 Canada Inc., and related certificate of action registered on January 29, 2014;
4. Construction lien registered on December 19, 2013 in favour of Sierra Construction (Woodstock) Limited, and related certificate of action registered on February 6, 2014;
5. Construction lien registered on December 19, 2013 in favour of Roofco Ontario Inc., and related certificate of action registered on February 4, 2014; and
6. Construction lien registered on December 20, 2013 in favour of S. Charlebois Haulage and Excavating Ltd., and related certificate of action registered on February 6, 2014

(collectively, the “Liens”).

Scope of Examination

For the purposes of the opinions set out herein, we have examined the following:

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1. Service Ontario Parcel Registers prepared on May 12, 2015, for each of the Rama Road Property, Hopkins Property, Soorty/Cocov Property, Cambridge Property, Kerr Property, Cambridge Lane Property, and the Midland Property;
2. Ontario Personal Property Security Registration System Enquiry Response Certificate issued under the *Personal Property Security Act* (Ontario), R.S.O. 1990, as amended (the “PPSA”) in respect of each of the Borrowers and Covenantors with a file currency date of May 12, 2015; and
3. Except as noted herein, such statutes and public records, originals or copies (certified or otherwise identified to our satisfaction) of corporate records, certificates and such other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

We have also made such other searches, inquiries, investigations and considered such questions of law as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed.

Assumptions and Fact Reliance

In expressing our opinions, we have assumed, without independent verification by us:

- (a) that all of the documents comprising the Security Documents were executed on the date indicated therein;
- (b) the genuineness of all signatures on and the authenticity and completeness of all documents submitted to us as original documents, the conformity to the original documents of all documents submitted to us as true, certified, conformed or photostatic copies thereof, the genuineness of all signatures on and the authenticity of the originals of such copies and the legal capacity of all natural persons signing such documents;
- (c) the Security Documents constitute legal, valid and binding obligations of the Lenders, enforceable against the Lenders in accordance with their terms;
- (d) the completeness, truth, accuracy and currency of the filing systems maintained by the public offices and registries where we have searched or inquired or have caused searches or inquiries to be made and upon the information and advice provided to us by appropriate government, regulatory or other like officials with respect to the matters referred to herein;
- (e) the accuracy of the description of the collateral as set out in the Security Documents (the “Collateral”);
- (f) that the advances under the Laurentian Commitment were made for the purposes set out therein, as follows: VTB mortgage to facilitate the acquisition of the Midland Property;

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- (g) that the advances under the Romspen Commitment were made for the purposes set out therein, including “to provide funds to pay the existing mortgage financing in favour of Laurentian Bank of Canada on the Midland Property (approximately \$3,100,000.00), replace existing letters of credit granted by Laurentian Bank of Canada with respect to the Midland Property (approximately \$500,000.00), and to provide funds to assist in completion of construction on the Midland Property on a cost to complete basis in accordance with a project budget to be approved by the Lender (including a contingency allowance satisfactory to lender) (approximately \$7,000,000.00).
- (h) that the Charge in favour of Laurentian Bank of Canada was registered prior to the time when the first lien arose in respect of the Midland Property;
- (i) that the value of the Midland Property when the first lien arose was at least \$3.1 million dollars;
- (j) that there is a valid, legal, enforceable and subsisting indebtedness owing by Hugel to the lien claimants as claimed in the Liens;
- (k) that there is a valid, legal, enforceable and subsisting indebtedness owing by the Borrowers and Covenantors to Romspen;
- (l) that all funds were advanced pursuant to the Charges in favour of Laurentian Bank of Canada and Romspen prior to the date on which any lien arose in respect of the Midland Property;
- (m) that the Borrowers and Covenantors had rights in the Collateral and that value (as that term is defined in the PPSA) has been given to the Borrowers and Covenantors;
- (n) the Borrowers, Covenantors, and Lender have not agreed to postpone the time of the attachment of any security interests constituted by the Security Documents;
- (o) the Collateral is all identifiable and traceable;
- (p) the Security Documents were delivered by the Borrowers as security for direct advances made by the Lenders to them;
- (q) that the security interest created by the Security Documents has, to the extent that a financing statement has been registered under the PPSA, attached in accordance with the provisions of the PPSA in connection therewith and we have also assumed that the description of the applicable Collateral is sufficient to enable it to be identified within the meaning of the PPSA;

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- (r) that the Collateral does not include Consumer Goods (as that term is defined in the PPSA);
- (s) that there is a legal, valid, enforceable and subsisting debt owing by the Borrowers to each Lender;
- (t) that each Borrower, Lender, and any other party to any Security Document;
 - (i) was at the time of the authorization, execution and delivery of the Security Documents, and is still constituted and existing under the laws pursuant to which it was constituted;
 - (ii) had the requisite capacity, corporate power and authority to execute, deliver and perform its obligations under the Security Documents;
 - (iii) took all necessary corporate, statutory, regulatory and other action to authorize the execution, delivery and the performance of its obligations under the Security Documents; and
 - (iv) has duly authorized, executed and delivered the Security Documents to be executed and delivered by it;
- (u) that the Security Documents executed by the Borrowers and Covenantors, have not been amended, restated or replaced and there are no agreements or understandings between the parties thereto, whether written or oral, and there is no usage of trade or course of dealing between the parties that would, in either case, define, supplement, limit or qualify the terms of the Security Documents;
- (v) that there are no agreements, judgments, rulings, instruments, facts, understandings, mistakes of fact or misunderstandings affecting or concerning the Security Documents and/or the obligations with respect to which the Security Documents were granted or statutory or regulatory prohibitions on the execution and delivery of the Security Documents or the security interests granted thereunder;
- (w) the Lenders did not know and did not have any reason to believe, at the time of the creation of the security interests in the Collateral by the Security Documents, that the Borrowers and Covenantors were in contravention of any agreement by which the Borrowers and Covenantors or their property or assets were bound, if there was such a contravention;
- (x) that the execution, delivery and performance of obligations under the Security Documents by the Borrowers and Covenantors did not constitute a preference, fraudulent preference, conveyance, fraudulent conveyance, settlement or reviewable transaction

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under the *Bankruptcy and Insolvency Act* (Canada), the *Fraudulent Conveyances Act* (Ontario), the *Assignment and Preferences Act* (Ontario) or any other similar legislation;

- (y) the Lenders have not, by course of conduct, implicit or explicit, waiver, release, discharge, cancellation, forbearance or other means, oral or written, taken any action or steps which could, would or have altered, diminished, suspended or otherwise affected the terms, conditions or enforceability of the Security Documents or the indebtedness, liabilities and obligations secured thereby;
- (z) the Borrowers and Covenantors have no legal defences against the Lenders, for, without limitation, absence of legal capacity, fraud by or to the knowledge of the Lenders or misrepresentation, undue influence or duress;
- (aa) that the conduct of the parties to the Security Documents has complied with all requirements of good faith, fair dealing and conscionability and the Security Documents were fair and reasonable to the Borrowers and Covenantors at the time that they were approved and entered into;
- (bb) that neither the creation, executions or delivery of any Security Documents nor the performance of the obligations thereunder, conflicts with or results in a breach in any of the terms, conditions or provisions of or constitutes a default under the constating documents and laws applicable to the parties thereto
- (cc) that none of the Collateral is held in trust by the Borrowers or Covenantors for anyone else; and
- (dd) that the Collateral is located in Ontario.

Laws Addressed

We are solicitors qualified to practice law in the Province of Ontario only. The opinions expressed in this letter are limited to the laws of the Province of Ontario and the federal laws of Canada applicable therein. In particular, without limiting the generality of the foregoing, where we express an opinion based on the laws of Ontario, we express no opinion with respect to:

- (a) the laws of any other jurisdiction to the extent that such laws may govern any aspect of the Security Documents or govern the validity, the perfection, the effect of perfection or non-perfection or the enforcement of any security interest created thereunder as a result of the application of the conflict of laws rules of Ontario, as applicable; or
- (b) whether, pursuant to the conflict of laws rules of Ontario, as applicable, the laws of a particular province or other jurisdiction would govern the validity, the perfection, the

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effect of perfection or non-perfection or the enforcement of any security interest created by the Security Documents.

Opinions

Based and relying upon the foregoing, and subject to the qualifications, exceptions and limitations expressed herein, we are of the opinion that:

- (a) as of the date hereof, the Security Documents constitute legal, valid and binding obligations of the Borrowers and Covenantors, enforceable against the Borrowers and Covenantors in accordance with their terms;
- (b) the security interests in the personal property of 671, 179, Cocov and Soorty created by the Security Documents have been validly perfected under the PPSA, and are registered first in time with the exception of a prior registration against Soorty in respect of a 2008 Mercedes Benz motor vehicle;
- (c) The security interests in the personal property of 203, 156, and Hugel have not been perfected by registration under the PPSA;
- (d) As of May 13, 2015, the encumbrances created by the Security Documents in favour of Romspen registered against the Rama Road Property rank first in priority;
- (e) As of May 13, 2015, the encumbrances created by the Security Documents in favour of Romspen against the Hopkins Property rank first in priority;
- (f) As of May 13, 2015, the encumbrances created by the Security Documents in favour of Romspen registered against the Cambridge Property rank first in priority;
- (g) As of May 13, 2015, the encumbrances created by the Security Documents in favour of Romspen registered against the Cambridge Lane Property rank second in priority, after the Charge in favour of Pezzack Financial Services Inc. and The Canada Trust Company;
- (h) As of May 13, 2015, the encumbrances created by the Security Documents registered against the Soorty/Cocov Property rank in the following order of priority: (i) Charge in the principal amount of \$568,750 in favour of T-D Bank; and (ii) Charge in favour of Romspen in the principal amount of \$16,000,000;
- (i) As of May 13, 2015, the encumbrances created by the Security Documents in favour of Romspen registered against the Kerr Property rank second in priority after the Charge in favour of Pezzack Financial Services Inc. and The Canada Trust Company;
- (j) As of May 13, 2015, the encumbrances created by the Security Documents in favour of Romspen registered against the Midland Property rank in the following order of priority:

- i. Charge in the principal amount of \$3,100,000 in favour of Laurentian Bank of Canada, transferred to Romspen by Transfer of Charge dated October 16, 2012;
- ii. Charge in favour of Romspen except to the extent of advances (\$7,000,000) made for the purposes of financing construction of improvements;
- iii. the Liens, to the extent of any deficiency in the holdback required to be retained under the *CLA* (i.e., 10% of the price of goods and services supplied by and owing to the lien claimants; and
- iv. Charge in favour of Romspen to the extent of advances made to finance the construction of an improvement (\$7,000,000).

No opinion is expressed with respect to the validity, perfection or priority of any security interest or the enforceability of any obligations against any party other than the Borrowers and Covenantors under any Security Documents.

Qualifications

The foregoing opinions are subject to the following exceptions and qualifications:

A. General Qualifications

- (a) enforcement may be limited by laws of general application affecting creditors' rights including, without limitation: the common law with respect to lenders' obligations (such as the obligation of a lender to act reasonably and in good faith and to provide reasonable notice prior to enforcement of security), and bankruptcy, winding up, insolvency, reorganization, moratorium, limitation of action, fraudulent preference and conveyance, assignment and preference laws, including the notice requirements and restrictions on enforcement contained in the PPSA and in the *Bankruptcy and Insolvency Act* (Canada);
- (b) enforcement may be limited by principles of public policy and by general principles of equity, the availability of equitable remedies (such as specific performance and injunctive relief) is subject to certain equitable defences and to the discretion of a court of competent jurisdiction and the court has jurisdiction to grant relief from acceleration;
- (c) the enforceability of the Security Documents is subject to the powers of a court to grant relief from forfeiture, to stay proceedings before them and to stay executions on judgments and may be affected by the course of conduct of the party seeking to enforce it;

- (d) the enforceability of the Security Documents may be limited by general principles of law and equity relating to the conduct of a lender prior to execution of or in the administration or performance of the Security Documents, including, without limitation (i) undue influence, unconscionability, duress, misrepresentation and deceit, (ii) estoppel and waiver, (iii) laches, (iv) reasonableness and good faith in the exercise of discretionary powers, (v) the obligation to generally act in a reasonable manner, (vi) the materiality of the breach or alleged breach of the provisions of the Security Documents and (vii) impracticability or impossibility of performance. Without limiting the foregoing, the rights of the Lender to exercise the unilateral and unfettered discretion set forth in the Security Documents will not prevent a court of competent jurisdiction from requiring that such rights and discretion be exercised reasonably and in good faith;
- (e) the enforceability of the Security Documents by an Ontario court is subject to the *Limitations Act, 2002* (Ontario) which provides that a limitation period under such Act applies despite any agreement to vary or exclude it. We express no opinion as to whether a court may find any provisions of the Security Documents to be unenforceable as an attempt to vary or exclude a limitation period under the Act;
- (f) any action before a court in the Province of Ontario on the Security Documents may be barred by the *Limitations Act, 2002* (Ontario) after the applicable prescription or limitation period has expired;
- (g) this opinion is limited to the statements of acts or matters set forth herein as existing as at the date of this opinion; and
- (h) no opinion is expressed as to any licences, permits or approvals that may be required in connection with the enforcement of the Security Documents by the Lender or by any person on its behalf, whether such enforcement involves the operation of the business of the Borrowers and Covenantors or a sale, transfer or disposition of their property and assets.

B. Qualifications regarding the Security Documents

- (a) no opinion is expressed regarding the enforceability of clauses in the Security Documents which:
 - (i) provide that a Security Document constitutes the “entire agreement” among the parties and there are no other representations, conditions or collateral agreements among the parties;
 - (ii) purport to waive any or all defences which might be available to, or constitute a discharge of the liability of the Borrowers;

- (iii) state that modifications, amendments or waivers of or with respect to the Security Documents are not binding or are ineffective unless made in writing;
- (iv) purport to confer upon any party the right to exercise any discretionary power or make any determination in its sole or unfettered discretion, or which provide that any such determination, record or certificate produced by a party is deemed to be conclusive;
- (v) purport to limit or exculpate a party from liability in respect of its own acts or omissions or in respect of acts or omissions which may be illegal, fraudulent or involve wilful misconduct;
- (vi) purport to limit or exculpate a party from any duty or obligation otherwise imposed by law, or to exclude or limit such party's liability for failure to discharge any such duty or obligation;
- (vii) purport to waive the benefit of statutory rights;
- (viii) provide that a party agrees not to commence, maintain or be a party to any judicial proceeding, or in which a party agrees to consent to any order or judgment which may be given in any such proceeding;
- (ix) provide that if any provision in any Security Document contravenes any law, the provision is deemed to be amended to the extent that it does not contravene such law;
- (x) purport to establish evidentiary standards;
- (xi) purport to waive or affect any rights to notices;
- (xii) relate to delay or omission of the enforcement of remedies by a lender;
- (xiii) relate to time periods for complying with demands (including demands for payment) or to determinations made by a party in the exercise of a discretion purported to be given to such party where such demands or determinations are made in an unreasonable or arbitrary fashion;
- (xiv) purport to stipulate the rate of interest which a judgment debt will bear; or
- (xv) require the payment of interest, fees or other amounts at a higher rate after maturity or default than is payable before maturity or default, to the extent that any such requirement may be considered by a court to constitute a penalty or for the receipt of interest by the Lender at a "criminal rate" within the meaning of and in contravention of section 347 of the *Criminal Code* (Canada);

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- (b) rights of indemnity and contribution under the Security Documents may not be enforceable to the extent that they are found to be contrary to equitable principles or public policy or that they directly or indirectly relate to liabilities imposed on a Lender by law for which it would be contrary to public policy or equitable principles to require the Borrowers to indemnify a Lender;
- (c) the awarding and recoverability of costs and expenses and the quantum and scale of costs and expenses is in the discretion of a court of competent jurisdiction notwithstanding any provisions in the Security Documents, and may be limited to those a court considers to be reasonably incurred. A court of competent jurisdiction has the discretion to determine by whom and to what extent costs and expenses incidental to court proceedings shall be paid;
- (d) no opinion is given as to the enforceability of any specific provisions of the Security Documents including any provision which purports to provide for the severance of illegal or unenforceable provisions from the remaining provisions of the Security Document without affecting the enforceability of the remaining provisions;
- (e) a receiver or receiver and manager appointed pursuant to the provisions of any Security Document may, for certain purposes, be treated by a court as being the agent of the secured party and not solely the agent of the borrower (and the secured party may not be deemed to be acting as the agent and attorney of the Borrower in making such appointment), notwithstanding any agreement to the contrary;
- (f) provisions in any Security Document to the effect that a lender is not responsible to the borrower for its own misconduct or negligence or the misconduct or negligence of any receiver and manager or any other person appointed by it may be invalid. Moreover, no opinion is expressed on the legality, validity, binding effect or enforceability of any provision of the Security Document to the extent that it purports to oblige the borrower to indemnify any person for losses, claims, damages, liabilities and related expenses resulting from the negligence, wilful misconduct or breach of contract by such person;
- (g) a court of competent jurisdiction may impose limitations or restrictions at common law or in equity upon the rights of a creditor to enforce or receive immediate payment of amounts stated to be payable on demand. For instance, a lender may be required to give the borrower a reasonable time to repay following a demand for payment prior to taking any action to enforce a right of repayment or before exercising any of the rights and remedies expressed to be exercisable by the lender in the Security Documents;
- (h) a court may decline to hear an action if it determines, in its discretion, that it is not the proper forum or if concurrent proceedings are brought elsewhere;

- (i) a provision in a Security Document which restricts or purports to restrict or has the effect of restricting access to a court or which compels arbitration and limits or restricts appeals therefrom or which purports to waive any statutory rights or to relieve a person from any liability or duty imposed or owed by law may be unenforceable. Similarly, the effectiveness of rights of indemnification or provisions which purport to relieve a party from liability or duty otherwise owed may be limited by law, and provisions requiring indemnification or reimbursement may not be enforced by a court, to the extent that they relate to the failure of such party to have performed such liability or duty;
- (j) any provision of a Security Document that provides for a forfeiture of a deposit or any other property or which provides for a particular calculation of damages upon breach may not be enforceable if it is interpreted by a court to be a penalty or if the court determines that relief from forfeiture is appropriate;
- (k) a court may decline to accept the factual and legal determinations or a certificate of a party or to treat such determinations or certificates as conclusive notwithstanding that a contract or instrument provides that the determinations or the certificate of that party are to be so treated;
- (l) a court might not allow a lender to exercise rights to accelerate the performance of obligations or otherwise seek the enforcement of a Security Document based upon the occurrence of a default deemed immaterial or which has been remedied.
- (m) we express no opinion on whether the Security Documents can be attacked under the *Bankruptcy and Insolvency Act* (Canada) or any other federal or provincial legislation as a fraudulent conveyance, preference, transaction at undervalue or otherwise;
- (n) we express no opinion as to the priority of the Security Documents with respect to:
 - (i) any defects of quality or title, encroachments or by-law infractions which might be revealed by an up-to-date survey of the Real Property;
 - (ii) all limitations, reservations, provisos and conditions expressed in the original grant from the Crown;
 - (iii) liens for taxes (which includes local improvement assessments, charges, levies and rates) or utility charges (including levies or imposts for sewers and other municipal utility services) not yet due;
 - (iv) zoning and building by-laws and ordinances, and municipal by-laws and regulations;
 - (v) undetermined or inchoate liens and charges;

- (vi) the exceptions and qualification set for in the *Land Titles Act* (Ontario);
- (vii) any right of expropriation conferred by any statute of Canada or the Province of Ontario;
- (viii) any priorities that may be claimed under the *Income Tax Act* (Canada);
- (ix) defects or irregularities in title to the Real Property which in our opinion, acting reasonably, do not and will not, either individually or in the aggregate, materially and adversely affect the Charges or the priority thereof or the value or use of the real property;
- (x) any unregistered development, subdivision, servicing, site plan, restrictive covenant or similar agreements concerning the real property entered into from time to time, but any such agreement would not have priority over the Charges unless Romspen (i) had actual notice of such agreement before the Charges were registered or (ii) subordinated the Charges to such agreement;
- (xi) minor encroachments over neighbouring lands to the real property and permitted under agreements with the owners of such lands or under possessory rights;
- (xii) any unregistered easements or rights of way that may affect the real property;
- (xiii) the rights of any party under any lease, sublease, agreement to lease, tenancy agreement or any other occupancy agreement relating to the real property or a portion thereof, for which notice is not required to be registered pursuant to the provisions of the *Land Titles Act* (Ontario) or in respect of which Romspen had actual notice when the Charges were registered; and
- (xiv) the rights of any party who would, but for the Land Titles Act, be entitled to the Real Property or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention.

C. Qualifications Regarding Security Issues

- (a) no opinion is expressed in respect of the ownership or other right, title and interest of the Borrowers or Covenantors in any Collateral intended to be subject to the security interests created by the Security Documents or, except as expressly set out herein, as to the rank or the priority of the Lender's security interests therein *vis-à-vis* other creditors of the Borrowers;
 - (i) insofar as any security in favour of the Lender consists of a mortgage, pledge, charge or assignment of or upon any lease, agreement, agreement for income, proceeds or other monies or any other document for any rent, income, or other

interest derived therefrom, our opinion pertaining thereto is subject to the qualification that notice of such security interest may have to be given to the obligor thereunder, the consent of the obligor thereunder may be required in order for such assignment to be effective and the further qualification that the party intended to be secured thereby may be affected by the equities between the immediate parties thereto;

- (ii) to the extent that any Security Documents purport to assign or create a security interest in amounts due to the Borrowers or Covenantors by any governmental agency or authority, such assignment or security interest is subject to any applicable restrictions relating to the assignment of Crown debts (such as restrictions contained in the *Financial Administration Act* (Canada));
 - (iii) a security interest granted by the Borrowers or Covenantors in after-acquired personal property will not attach to such property until the Borrowers or Covenantors acquire rights therein, and may expire in respect of personal property which is disposed of to third parties in certain circumstances as set out in the PPSA;
- (b) we express no opinion as to any security interest purported to be created by the Security Documents in any of the circumstances described in Section 4(1) of the PPSA in respect of which the PPSA is stated to have no application;
- (c) notwithstanding that the security interests created by the Security Documents may have been perfected by registration under the PPSA:
- (i) such security interests in securities, instruments, chattel paper, documents of title or money, as those terms are respectively defined in the PPSA, will be defeated by certain claimants obtaining possession of that property in the circumstances described in the PPSA, the *Securities Transfer Act, 2006* or the *Bills of Exchange Act* (Canada);
 - (ii) such security interests in goods (as defined in the PPSA) will be defeated by certain claimants to whom the Borrowers or Covenantors sell or lease those goods in the ordinary course of business in the circumstances described in the PPSA; and
 - (iii) although the Security Documents and the applicable financing statements may extend to motor vehicles (which term is broadly defined in the PPSA), no detailed description of any motor vehicle subject to the Security Documents was set out in the financing statements and thus the security interests in such motor vehicles are subject to the rights of certain claimants in the circumstances described in the PPSA;

- (d) no opinion is expressed with respect to the creation, perfection, validity, binding nature or enforceability of the security interests created by the Security Documents in any collateral for which, pursuant to applicable conflicts of law rules, the creation, validity, perfection or enforceability and effect of perfection and non-perfection or the enforceability of any Security Documents as it relates thereto are governed by the laws of a jurisdiction other than the Province of Ontario or the federal laws of Canada applicable therein;
- (e) the PPSA imposes certain obligations on secured creditors which cannot be varied by contract. The legislation may also affect the enforcement of certain rights and remedies under the Security Documents to the extent that these rights and remedies are inconsistent with or contrary to the legislation. The PPSA may require certain delays in realization. We express no opinion regarding the consequences to the Lender of any such delay;
- (f) no opinion is expressed regarding the creation, validity, or enforceability or perfection of any security interest expressed to be created by or under the Security Documents with respect to any property or assets or any proceeds of such property or assets which are not identifiable or traceable;
- (g) no opinion is expressed regarding the creation, validity, enforceability or perfection of the security interest or other interest in, or the enforceability of the Security Documents insofar as it relates to any of the following property or any interest therein:
 - (i) any policy of insurance or contract of annuity;
 - (ii) any permits, quotas, licenses or other similar property which is not personal property or which is conferred by governmental bodies and certain types of collateral which are subject to the jurisdiction of the federal government of Canada;
 - (iii) any property to the extent that a lien or other interest therein is governed by the provisions of a statute of Canada including, without limitation, any vessel registered under the *Canada Shipping Act* (Canada) and any rolling stock, patents, trade-marks, copyrights and other intellectual property rights;
 - (iv) any trade-marks used by the Borrowers which are not the subject of a registration pursuant to the *Trade-Marks Act*; and
 - (v) any contractual rights, which by their terms or by the nature of the contract, or any permits, quotas, licenses or other similar property, which by its terms, its nature or by the nature of the business of any of the Borrowers, cannot be the subject of a lien or other interest, without the consent, authorization or approval of a third party;

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- (h) although the Security Documents purport to constitute a first, fixed and specific mortgage on “after-acquired” property of the Borrowers, the priority of the Security Documents on certain classes of after-acquired property such as real property or intellectual property may be affected unless a supplemental indenture specifically charging such after-acquired property or notice of the Security Documents is registered against such after-acquired property;
- (i) if the collateral includes fixtures or goods that may become fixtures or a right to payment under a lease of real property or under a mortgage or charge of real property to which the PPSA applies, a notice in the form prescribed under the PPSA must be registered in the appropriate land registry office or offices in order to preserve the priority of the security interest in such collateral;
- (j) we express no opinion as to the creation of any security interest in property consisting of a receivable, licence, approval, privilege, franchise, permit, lease or agreement (collectively, the “**Special Property**”) to the extent that the terms of the Special Property or any applicable law prohibit the assignment or require, as a condition of assignability, a consent, approval or other authorization or registration which has not been made or given;
- (k) no opinion is expressed in this opinion letter as to any of those matters which we assumed for the purposes of rendering the opinions expressed above;
- (l) no opinion is expressed in this opinion letter as to the legality, validity, binding effect or enforceability of any provision of the Security Documents purporting to create a right of set-off or compensation of any deposit with or obligations of any affiliate of the Lender against the obligations of the Borrowers to the Lender;
- (m) no opinion is expressed as to the validity or enforceability of the security interest described in the Security Documents in any portion of any personal property to which the PPSA does not apply.

Reliance

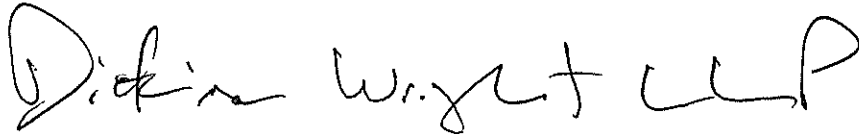
This opinion may be relied upon by the addressee hereof and its respective successors and assigns. Without our prior written consent, this opinion letter, together with the opinions expressed herein, may not be:

- (a) relied upon by any other party;
- (b) quoted from, used or circulated in whole or in part or otherwise referred to in any manner, save and except for the purpose of the proceedings regarding the Borrowers under the *Bankruptcy and Insolvency Act*, *Courts of Justice Act* and *Construction Lien Act*.

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We do not act for the Borrowers or the Lenders in this matter and did not act in the preparation of the Security Documents or the registrations effected in respect thereof.

Yours truly,

A handwritten signature in black ink that reads "Dickinson Wright LLP". The signature is written in a cursive, flowing style.

DICKINSON WRIGHT LLP

ROMSPEN INVESTMENT CORPORATION
Applicant

-and- **6711162 CANADA INC. et al**
Respondents

Court File No. CV-14-10470-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD

*(Receiver's Motion for Approval and Vesting Orders
returnable on June 8, 2015)*

DICKINSON WRIGHT LLP

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