

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE )  
JUSTICE *K. Phillips* ) FRIDAY, THE 9<sup>TH</sup> DAY  
) OF FEBRUARY, 2018

B E T W E E N:

**FIRST SOURCE FINANCIAL MANAGEMENT INC.**

Applicant

- and -

**GOLDEN DRAGON HO 5 INC. and GOLDEN DRAGON HO 7 INC.**

Respondents

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by RSM Canada Limited in its capacity as the Court-appointed receiver (the “**Receiver**”) of, *inter alia*, 64, 68 and 70 Reynolds Drive and 10, 14, 18 and 22 Salisbury Avenue, Brockville, Ontario (the “**Brockville Real Property**”) and 39-85 Costello Avenue, Ottawa (the “**Ottawa Real Property**” and collectively, “**Real Properties**”) and for all of the assets and undertakings of Golden Dragon Ho 5 Inc. (“**GDH 5**”) and Golden Dragon Ho 7 Inc. (“**GDH 7**” and collectively, the “**Debtors**”) acquired for, or used in relation to, respectively, the Brockville Real Property and the Ottawa Real Property including all proceeds therefrom, for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver and First Source Financial Management Inc. made as of January 22, 2018 and appended to the Report of the Receiver dated January 29, 2018 (the “**Report**”), and vesting in the Purchaser (as defined below): (i) GDH 5’s right, title and interest in and to the assets described in the Sale Agreement (the “**GDH 5 Assets**”) and (ii) GDH 7’s right title and interest in and to the assets described in the Sale Agreement (the “**GDH 7 Assets**” and collectively, the “**Purchased Assets**”), was heard this day at the court house at 161 Elgin Street, Ottawa, Ontario.

**ON READING** the 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 Amy Casella sworn January 30, 2018, 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 CR Properties Management Limited Partnership (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**”):

- (a) all of GDH 5’s right, title and interest in and to the Purchased Assets described in the Sale Agreement 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 “**GDH 5 Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Corthorn dated June 21, 2017 (issued June 23, 2017); (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 GDH 5 Claims listed on Schedule B hereto (all of which are collectively referred to as the “**GDH 5 Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule C) and, for greater certainty, this Court orders that all of the GDH 5 Encumbrances affecting or relating to the GDH 5 Assets are hereby expunged and discharged as against the GDH 5 Assets; and

- (b) all of GDH 7's right, title and interest in and to the Purchased Assets described in the Sale Agreement 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 (the "**GDH 7 Claims**" and, with the GDH 5 Claims, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Corthorn dated June 21, 2017 (issued June 23, 2017); (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 GDH 7 Claims listed on Schedule E hereto (all of which are collectively referred to as the "**GDH 7 Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule F) and, for greater certainty, this Court orders that all of the GDH 7 Encumbrances affecting or relating to the GDH 7 Assets are hereby expunged and discharged as against the GDH 7 Assets.

3. THIS COURT ORDERS that upon the registration in the (i) Land Registry Office for Ottawa-Carleton (No. 4) and (ii) Land Registry Office for Leeds (No. 28) of Applications for Vesting Orders in the form prescribed by the Land Titles Act (Ontario) and/or the Land Registration Reform Act (Ontario), the Land Registrar is hereby directed to enter the Purchaser as the owner of the Real Properties identified in Schedule D hereto (the "**Real Properties**") in fee simple, and is hereby directed to delete and expunge from title to the Brockville Real Property all of the GDH 5 Claims listed in Schedule B hereto and from title to the Ottawa Real Property all of the GDH 7 Claims listed in Schedule E hereto.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims:

- (a) the net proceeds from the sale of the GDH 5 Assets, shall stand in the place and stead of the GDH 5 Assets, and that from and after the delivery of the Receiver's Certificate all GDH 5 Claims and GDH 5 Encumbrances shall attach to the net proceeds from the sale of the GDH 5 Assets with the same priority as they had with respect to the GDH 5 Assets immediately prior to the sale, as if the GDH 5 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; and
- (b) the net proceeds from the sale of the GDH 7 Assets, shall stand in the place and stead of the GDH 7 Assets, and that from and after the delivery of the Receiver's Certificate all GDH 7 Claims and GDH 7 Encumbrances shall attach to the net proceeds from the sale of the GDH 7 Assets with the same priority as they had with respect to the GDH 7 Assets immediately prior to the sale, as if the GDH 7 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, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Receiver's possession pertaining to the Debtors' past and current employees as well as all information in its possession relating to tenants at the Real Properties. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.


7. 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.

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.



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ON/LE	FEB 09 2018
DOCUMENT #	<u>0411</u>
IN BOOK NO. 73-13	
AU REGISTRE NO. 73-13	

**Schedule A – Form of Receiver’s Certificate**

Court File No. 17-72881

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**BETWEEN:**

**FIRST SOURCE FINANCIAL MANAGEMENT INC.**

Applicant

- and -

**GOLDEN DRAGON HO 5 INC. and GOLDEN DRAGON HO 7 INC.**

Respondents

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Justice Corthorn dated June 21, 2017 (issued June 23, 2017), Collins Barrow Toronto Limited was appointed as the receiver (the “**Receiver**”) of *inter alia*, 64, 68 and 70 Reynolds Drive and 10, 14, 18 and 22 Salisbury Avenue, Brockville, Ontario (the “**Brockville Real Property**”) and 39-85 Costello Avenue, Ottawa (the “**Ottawa Real Property**” and, collectively, “**Real Properties**”) and for all of the assets and undertakings of Golden Dragon Ho 5 Inc. (“**GDH 5**”) and Golden Dragon Ho 7 Inc. (“**GDH 7**” and collectively, the “**Debtors**”) acquired for, or used in relation to, respectively, the Brockville Real Property and the Ottawa Real Property (collectively the “**Property**”), including all proceeds therefrom.

B. Pursuant to an Order of the Court dated December 5, 2017, the name RSM Canada Limited was ordered to be substituted in place of the name Collins Barrow Toronto Limited in respect of this proceeding (and other mandates on which it is acting).

C. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of January 22, 2018 (the “**Sale Agreement**”) between the Receiver and First Source Financial Management 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 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.

D. 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 the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at [TIME] on ► [DATE].

**RSM Canada Limited, solely in its capacity as Court-appointed Receiver of the Property, and not in its personal or corporate capacity and without personal or corporate liability**

Per: \_\_\_\_\_  
Name: ►  
Title: ►

**Schedule B**  
**Claims to be deleted and expunged from title to Brockville Real Property**

1. Instrument No. LR323448, registered on August 1, 2002, is a Transfer/Deed of Land in favour of Paquin Property Management Ltd. ("**Paquin**") showing a consideration in the amount of \$2,500,000.
2. Instrument No. LE32497, registered on December 14, 2010, is a Charge/Mortgage of Land, in the amount of \$3,863,420, given by Paquin in favour of Bank of Montreal ("**BMO**").
3. Instrument No. LE32498, registered December 14, 2010, is a Notice of Assignment of Rents General, given by Paquin in favour of BMO.
4. Instrument No. LE34143, registered on February 24, 2011, is an Application to Change Name Owner from Paquin to Golden Dragon Ho 5 Inc. ("**Golden Dragon**").
5. Instrument No. LE81462, registered on May 12, 2016, is a Charge/Mortgage of Land, in the amount of \$7,287,500, given by Golden Dragon in favour of First Source Financial Management Inc. ("**First Source**").
6. Instrument No. LE81463, registered May 12, 2016, is a Notice of Assignment of Rents General, given by Golden Dragon in favour of First Source.



**Schedule C**  
**Permitted Encumbrances, Easements and Restrictive Covenants**  
**related to the Brockville Real Property**

**(unaffected by the Vesting Order)**

1. Any reservations, restrictions, rights of way, easements or covenants that run with the Real Property.
2. Any registered agreements with a municipality or a supplier of utility service including, without limitation, electricity, water, sewage, gas, telephone or cable television or other telecommunication service.
3. All laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the real property.
4. Any minor easements for the supply of utility service to the real property or adjacent properties.
5. Encroachments disclosed by any errors or omissions in existing surveys of the real property or neighbouring properties and any title defect, 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 real property and survey matters generally.
6. Any unregistered leases to tenants or other rights of occupation of tenants in possession of any part of the real property.
7. The exceptions and qualifications set forth in the land titles act (Ontario).
8. The reservations contained in the original grant from the Crown.
9. Instrument No. 47B8778, registered on February 17, 1955, is a Transfer of Easement in favour of The Bell Telephone Company of Canada (the "**Bell Easement**").
10. Reference Plan 28R-7978, registered on March 2, 1993.
11. Instrument No. LR244687, registered on September 23, 1993, is a Transfer of Easement in favour of The Corporation of the City of Brockville.
12. Instrument No. LR257274, registered on January 13, 1995, is a Notice of Claim relating to the Bell Easement.
13. Instrument No. LR330600, registered on April 28, 2003, is a Transfer of Easement in favour of Hydro One Networks Inc.

**Schedule D**  
**Real Properties**

1. Block F, Plan 250, Brockville, City of Brockville being all of PIN 44175-0386 (LT)
2. Block L, Plan 529418, Nepean, City of Ottawa being all of PIN 04694-0184 (LT)

**Schedule E**  
**Claims to be deleted and expunged from title to Ottawa Real Property**

1. Instrument No. OC1548034, registered on December 19, 2013, is a Transfer/Deed of Land in favour of Golden Dragon Ho 7 Inc. ("**Golden Dragon**") showing a consideration in the amount of \$2,500,000.
2. Instrument No. QC1786618, registered on May 12, 2016, is a Charge/Mortgage of Land, in the amount of \$7,287,500, given by Golden Dragon in favour of First Source Financial Management Inc. ("**First Source**").
3. Instrument No. QC1786619, registered May 12, 2016, is a Notice of Assignment of Rents General, given by Golden Dragon in favour of First Source.

**Schedule F**  
**Permitted Encumbrances, Easements and Restrictive Covenants**  
**related to the Ottawa Real Property**

**(unaffected by the Vesting Order)**

1. Any reservations, restrictions, rights of way, easements or covenants that run with the Real Property.
2. Any registered agreements with a municipality or a supplier of utility service including, without limitation, electricity, water, sewage, gas, telephone or cable television or other telecommunication service.
3. All laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the real property.
4. Any minor easements for the supply of utility service to the real property or adjacent properties.
5. Encroachments disclosed by any errors or omissions in existing surveys of the real property or neighbouring properties and any title defect, 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 real property and survey matters generally.
6. Any unregistered leases to tenants or other rights of occupation of tenants in possession of any part of the real property.
7. The exceptions and qualifications set forth in the land titles act (Ontario).
8. The reservations contained in the original grant from the Crown.
9. Instrument No. CR469213, registered on November 22, 1963, is a Subdivision Agreement in favour of The Corporation of the Township of Nepean (the "**Township**").
10. Instrument No. CR472387, registered on February 7, 1964, is a Transfer of Easement, partially released by Instrument CR533681, in favour of The Bell Telephone Company of Canada ("**Bell**").
11. Instrument No. CR534059, registered on November 8, 1967, is a Transfer of Easement in favour of Public Fuel Transmission Systems Limited.
12. Instrument No. CR539535, registered on March 14, 1968 is a Transfer of Easement in favour of Bell

FIRST SOURCE FINANCIAL MANAGEMENT INC.

GOLDEN DRAGON HO 5 INC. and GOLDEN DRAGON HO 7 INC.

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Court File No. 17-72881

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Ottawa

**APPROVAL AND VESTING ORDER**

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