

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

2723 LANCASTER ROAD INC.

Respondent

**MOTION RECORD
(RETURNABLE 16 SEPTEMBER 2016)**

Date: 9 September 2016

GOWLING WLG (CANADA) LLP
Barristers & Solicitors
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, Ontario M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661
Email: patrick.shea@gowlingwlg.com

Solicitors for Collins Barrow Toronto Limited

TO: CASSELS BROCK & BLACKWELL LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

David S. Ward (LSUC#33541W)
Tel: (416) 869-5960
Fax: (416) 640-3154
Email: dward@casselsbrock.com

Leonard Loewith (LSUC#65606N)
Tel: (416) 860-6471
Fax: (416) 640-3092
Email: lloewith@casselsbrock.com

Lawyers for the Applicant

AND TO: MEROVITZ POTECHIN LLP
1565 Carling Avenue, Suite 300
Ottawa, Ontario K1Z 8R1

Chuck Merovitz & Bram Potechin
Tel: (613) 563-6690
Fax: (613) 563-7544
Email: chuck@mpottawa.com

Lawyers for the Respondent

AND TO: DEPARTMENT OF JUSTICE
The Exchange Tower
130 King Street West
Suite 3400, P.O. Box 36
Toronto, ON M5X 1K6

Attention: Diane Winters
Tel: (416) 973-3172
Fax: (416) 973-0810
E-Mail: diane.winters@justice.gc.ca

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TAB 1

Court File No.: 15-66931

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

2723 LANCASTER ROAD INC.

Respondent

NOTICE OF MOTION

COLLINS BARROW TORONTO LIMITED, (the “Receiver”) without security, of all of the undertaking, properties and assets, of 2723 Lancaster Road Inc. (the “Debtor”) will make a motion to the Court on Friday, 16th September 2016, at 10:00 a.m., or as soon after that time as the motion can be heard, at 161 Elgin Street, Ottawa, Ontario.

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

THE MOTION IS FOR:

1. Orders substantially in the form of the draft orders attached as **Schedule “A”** and **Schedule “B”**;
2. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. The Report of Collins Barrow dated 29 August 2016.

2. Such further and other grounds as counsel may advise and this Honourable Court may accept.

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

1. The Report of Collins Barrow dated 29 August 2016.
2. Such further and other evidence as this Honourable Court may permit.

1 September 2016

GOWLING WLG (CANADA) LLP
Barristers & Solicitors
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, Ontario M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for Collins Barrow Toronto Limited

TAB A

SCHEDULE "A"

Court File No.: 15-66931

**ONTARIO
SUPERIOR COURT OF JUSTICE**

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THE HONOURABLE
JUSTICE

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FRIDAY THE 16TH
DAY OF SEPTEMBER, 2016

BETWEEN:

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THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

2723 LANCASTER ROAD INC.

A

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by **COLLINS BARROW TORONTO LIMITED**, in its capacity as the Court-appointed interim receiver and receiver (the "**Receiver**") of the undertaking, properties and assets of 2723 Lancaster Road Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Lioness Developments Inc. (the "**Purchaser**") made as of 30 June 2016 and appended to the Second Report of the Receiver dated 29 August 2016 (the "**Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 161 Elgin Street, Ottawa, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other

person on the service list, although properly served as appears from the affidavit of Fiorella Sasso sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and that the Sale Agreement is commercially reasonable and in the best interests of the Debtor and its stakeholders. The execution of the Sale Agreement by the Receiver is hereby authorized and approved, and 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 Debtor's 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 Hackland dated 5 January 2016 as amended by the Order dated 23 June 2016; (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 Registry Office for the Land Title Division of Ottawa-Carleton (No 4) of an Application to Register a Vesting Order in the form prescribed by the *Land Registration Reform Act* duly executed by the Receiver, 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 Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

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 Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance 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.

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Schedule A – Form of Receiver’s Certificate

Court File No.: 15-66931

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

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THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

2723 LANCASTER ROAD INC.

Respondent

A
RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Hackland of the Ontario Superior Court of Justice (the “Court”) dated 5 January 2016, COLLINS BARROW TORONTO LIMITED was appointed as the receiver (the “Receiver”) of the undertaking, property and assets of 2723 Lancaster Road Inc. (the “Debtor”).

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of 30 June 2016 (the “Sale Agreement”) between the Receiver and Lioness Developments Inc. (the “Purchaser”) and provided for the vesting in the Purchaser of the Debtor’s 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 15 and 16 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.

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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 15 and 16 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 _____ [TIME] on _____ [DATE].

COLLINS BARROW TORONTO LIMITED, in its capacity as Receiver of the undertaking, property and assets of 2723 Lancaster Road Inc., and not in its personal capacity

Per: _____
Name:
Title:

Schedule B – Purchased Assets

PIN 04262-0027

PCL A-14, SEC 4M-121, PT BLK A, PL 4M-121, PART 1, 2, 3, 4, and 6, 4R6646, S/T LT496170;
T/W LT496170; S/T LT601576; S/T LT608689 Ottawa/Gloucester

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

1. Instrument No. OC147843
2. Instrument No. OC147844
3. Instrument No. OC192305
4. Instrument No. OC1110945

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

(unaffected by the Vesting Order)

1. Instrument No. LT481817
2. Instrument No. 4R5656
3. Instrument No. LT593589
4. Instrument No. 4R6646
5. Instrument No. LT608689
6. Instrument No. LT666897
7. Instrument No. OC147842

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B E T W E E N:

THE MANUFACTURERS LIFE INSURANCE COMPANY - and -
Applicant

2723 LANCASTER ROAD INC.
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT OTTAWA

APPROVAL AND VESTING ORDER

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for Collins Barrow Toronto Limited

TAB B

SCHEDULE "B"

Court File No.: 15-66931

**ONTARIO
SUPERIOR COURT OF JUSTICE**

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THE HONOURABLE

JUSTICE

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FRIDAY THE 16TH

DAY OF SEPTEMBER, 2016

BETWEEN:

THE MANUFACTURERS LIFE INSURANCE COMPANY

R

- and -

2723 LANCASTER ROAD INC.

Applicant

Respondent

ORDER

THIS MOTION made by **COLLINS BARROW TORONTO LIMITED**, in its capacity as court appointed interim receiver and receiver (the "**Receiver**") without security, of all of the undertaking, properties and assets of 2723 Lancaster Road Inc. (the "**Debtor**") was heard this day at 161 Elgin Street, Ottawa, Ontario.

ON READING the Receiver's Second Report dated 29 August 2016 (the "**Second Report**"), and on hearing the submissions of counsel for the Applicant, no one appearing for the Debtor,

1. **THIS COURT ORDERS** that the Schedule I to the Receiver's Second Report be and is hereby sealed pending completion of the sale transaction described in the Second Report.
2. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to make the interim distribution to The Manufacturers Life Insurance Company described in the Second Report.

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B E T W E E N:

THE MANUFACTURERS LIFE INSURANCE COMPANY - and -
Applicant

2723 LANCASTER ROAD INC.
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT OTTAWA

ORDER

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for Collins Barrow Toronto Limited

B E T W E E N:

THE MANUFACTURERS LIFE INSURANCE COMPANY - and -
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2723 LANCASTER ROAD INC.
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT OTTAWA

NOTICE OF MOTION

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for Collins Barrow Toronto Limited

TAB 2

Court File No. 15-66931

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

2723 LANCASTER ROAD INC.

Respondent

SECOND REPORT OF THE RECEIVER ON 2723 LANCASTER ROAD INC.

August 29, 2016

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I. INTRODUCTION

1. By Order of the Ontario Superior Court of Justice ("**Court**") dated January 5, 2016 (the "**Appointment Order**"), Collins Barrow Toronto Limited ("**CBTL**") was appointed receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of 2723 Lancaster Road Inc. ("**2723**" or the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"). A copy of the Appointment Order is attached as Appendix "**A**".
2. The Appointment Order authorizes the Receiver to, among other things:
 - (a) 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) manage, operate, and carry on the business of the Debtor, 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 Debtor; and
 - (c) market any or all of the Property for sale.
3. In addition, paragraph 21 of the Appointment Order authorizes the Receiver to borrow monies to fund the receivership from time to time provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as the Court may by further Order authorize), which advance(s) are secured by way of a fixed and specific charge over the Property (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 Bankruptcy and Insolvency Act.

4. On May 27, 2016, the Receiver issued its first report to the Court (the "**First Report**") for the purpose of, among other things, seeking an Order of the Court to increase the amount that may be borrowed pursuant to Paragraph 21 of the Appointment Order from \$250,000 to \$750,000 effective as of January 5, 2016. A copy of the First Report is attached as Appendix "B" to this report.
5. By order of Justice Smith dated June 23, 2016 (the "**June 23 Order**"), the Court, amongst other relief granted, amended paragraph 21 of the Appointment Order to empower the Receiver to borrow, effective as at January 5, 2016, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$750,000. A copy of the June 23 Order is attached hereto as Appendix "C".
6. The Court Orders referred to in this report together with related Court documents have been posted on the Receiver's website, which can be found at <http://www.collinsbarrow.com/en/toronto-ontario/restructuring-and-recovery-engagements/2723-lancaster-road>.

Purpose of Second Report

7. The purpose of this second report of the Receiver (the "**Second Report**") is to:
 - (a) report to the Court on the activities of the Receiver since the date of the First Report;

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- (b) provide to the Court details of the activities leading to receipt of an offer for the Debtor's primary asset, namely the property municipally known as 2723 Lancaster Drive, Ottawa, Ontario, and certain chattels (the "**Lancaster Property**");
 - (c) seek an order authorizing and directing the Receiver to carry out the terms of the agreement of purchase and sale between the Receiver and Lioness Developments Inc. ("**Lioness**" or the "**Purchaser**") dated June 30, 2016 (the "**APS**") in connection with the sale of the Lancaster Property, together with any further amendments thereto deemed necessary by the Receiver in its sole opinion, and vesting title to the Lancaster Property in the Purchaser, or as it may further direct in writing, upon closing of the APS and the delivery of the Receiver's Certificate to the Purchaser;
 - (d) seek an order sealing Appendix "I" to the Second Report;
 - (e) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period January 5, 2016 to August 19, 2016;
 - (f) seek an Order authorizing and directing the Receiver to make an interim distribution to The Manufacturers Life Insurance Company ("**Manulife**" or the "**Mortgagee**"); and
 - (g) seek the Court's approval of the Second Report and the Receiver's conduct and activities described therein.

Terms of Reference

8. In preparing this Second Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the

"Information"). Certain of the information contained in this Second Report may refer to, or is 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 the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with 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.

9. Unless otherwise stated, all dollar amounts contained in the Second Report are expressed in Canadian dollars.

II. BACKGROUND

10. 2723 is an Ontario corporation which was incorporated on October 23, 2002 and is a single purpose corporation holding legal title to the Lancaster Property. The Lancaster Property is a two-storied commercial office building located on approximately 1.7 acres.
11. The office building encompasses approximately 37,000 square feet, and has been unoccupied since November 2014, when the sole tenant moved out.
12. The Applicant, Manulife, is a commercial mortgage lender which advanced \$2,900,000 to 2723 under a mortgage agreement dated November 27, 2002 (which was subsequently renewed in 2010). This loan is secured by a mortgage on the Lancaster Property amongst other security granted.

13. When the Debtor was unable to repay the loan when the mortgage matured in August of 2015, Manulife issued a notice of intention to enforce security and subsequently took possession and control of the Lancaster Property with the intention of selling the Lancaster Property.
14. As there appeared to be widely divergent opinions of the value of the Lancaster Property, and possible remedial work required to the Lancaster Property prior to it being marketed for sale, Manulife sought the appointment of a receiver to realize on the Lancaster Property in an efficient, open and transparent manner whereby the receiver would be required to seek court approval for the sale of the Lancaster Property on notice to all interested parties.
15. On January 5, 2016, pursuant to the Appointment Order, CBTL was appointed as Receiver of 2723.

III. RECEIVER'S ACTIVITIES SINCE THE FIRST REPORT

16. The 2016 Final Property Tax bill for \$141,850.69 which was due for payment on June 16, 2016, has not been paid by the Receiver as the Receiver was not in funds to make this payment. Outstanding property taxes will be paid on closing of the sale of the Lancaster Property.
17. A property tax vacancy rebate application was filed on the Debtor's behalf for the period November 1, 2014 to December 31, 2015. The application has not yet been processed by the City of Ottawa. It is estimated that the rebate would be approximately 30% of taxes paid on the Lancaster Property for this period, or approximately \$42,000 to \$49,000.

IV. MARKETING ACTIVITIES

18. As set out in the First Report, the Receiver retained CBRE Limited ("**CBRE**") as listing agent to market the Lancaster Property for sale. CBRE launched its marketing campaign on February 8, 2016 and the highlights of the sales process undertaken by CBRE are summarized below:

- (a) on February 8, 2016, CBRE e-mailed a flyer (the "**Flyer**") and confidentiality agreement ("**CA**") to more than 500 potential investors;
- (b) on February 9, 2016, the Lancaster Property was listed for sale on MLS;
- (c) a ground sign was erected on the Lancaster Property on February 17, 2016 (the "**Signage**");
- (d) an advertisement was placed in The Globe and Mail's Real Estate section advertising the Lancaster Property for sale on March 15 and March 17, 2016 (the "**Newspaper Ads**");
- (e) from February 22 to March 18, 2016, CBRE actively pursued the 500 potential investors who were recipients of the February 8 e-mail campaign through phone calls and follow-up;
- (f) the Lancaster Property was listed on LoopNet (the commercial real estate online marketplace) and included in CBRE vacancy/available property emails;
- (g) a follow-up e-mail campaign was conducted on May 5, 2016 as CBRE resent the Flyer and CA to the same 500 potential investors;
- (h) a further e-mail campaign was completed on June 3, 2016 as the Flyer and CA were once again sent to the same 500 potential investors;

-
- (i) twenty-three CAs were signed by prospective purchasers who were all given access to an electronic data package containing a confidential information memorandum ("**CIM**") and other information on the Lancaster Property; and
 - (j) tours of the Lancaster Property were conducted for 20 different parties between February 17, 2016 and June 24, 2016.

Copies of the Flyer, Signage, Newspaper Ads, and CIM are attached as Appendices "**D**", "**E**", "**F**" and "**G**", respectively, to this report.

V. SALES ACTIVITIES

Initial Listing

- 19. On February 9, 2016, the Lancaster Property was listed for sale at a price of \$3,775,000. The listing price was established at the recommendation of CBRE, based on its preliminary estimate of value of between \$2,950,000 and \$3,775,000 for the Lancaster Property.
- 20. No offers or letters of intent were received from any prospective purchasers in the two and a half months (77 day) period from February 9 to April 26, 2016.

Listing Price Reduction

- 21. CBRE recommended that the listing price be reduced, in order to generate interest and offers, by a substantial reduction of \$400,000 to \$500,000 as CBRE believed that a smaller reduction would not be sufficient to stimulate interest in the marketplace. In addition, CBRE suggested that a reduction be implemented at that time in order to allow time for prospective purchasers to respond before the expected slowdown of the real estate market in July and August. Based on

CBRE's recommendation, the listing price was reduced to \$3,200,000 on April 26, 2016.

22. On May 2, 2016 a conditional offer was received with a purchase price of \$2,287,000. Due to the low price and conditions attached, the Receiver did not review this offer with Manulife and decided not to respond with a counter-offer.
23. On May 16, 2016 a second offer was received with a purchase price of \$2,350,000. While this offer was not substantially higher than the first offer, it was an unconditional offer with a short closing date. After consultation with Manulife, the Receiver responded with a counter-offer of \$2,700,000; however, the prospective purchaser responded that it was not interested in pursuing the purchase of the Lancaster Property any further.
24. No other offers or letters of intent were received in the period up to June 3, 2016.

Further Listing Price Reduction

25. Given the dearth of offers and the anticipated slowdown in the real estate market in July and August, a further price reduction was contemplated by the Receiver and CBRE in an attempt to generate offers that would result in a transaction before the end of August 2016. With Manulife's concurrence, the listing price was reduced to \$2,900,000 on June 3, 2016.
26. On June 9, 2016, an offer of \$2,325,000 with an initial deposit of \$10,000, a 15 day conditional period and a closing date of October 31, 2016 was received from Conti Corp., In Trust ("**Conti**").
27. On June 10, 2016, an offer of \$2,400,000 with a deposit of \$50,000 and a conditional period of 60 days was received from Lioness.

-
28. Both Conti and Lioness were invited to resubmit their offers and were made aware of the Receiver's requirements for a higher sale price, higher deposit and shorter conditional period.
 29. Lioness responded on June 14, 2016 with its best and final offer (the "**Purchase Price**") with a deposit of \$150,000, a conditional period of 30 days and closing date of 10 days after the Vesting Order is obtained.
 30. Conti responded on June 16, 2016 with an offer of \$2,350,000 but no changes to the deposit amount, conditional period or closing date.
 31. After consultations with CBRE and Manulife, the Receiver decided to accept the Lioness offer. Subsequently on June 30, 2016, the Receiver and Lioness executed an agreement of purchase and sale for the sale of the Lancaster Property (the "**APS**"). A redacted copy of the fully executed APS is attached hereto as Appendix "**H**".
 32. The terms of the APS include the following:
 - (a) a deposit in the amount of \$150,000 to be deposited in the Receiver's trust account upon the execution of the APS;
 - (b) a conditional period of thirty (30) days from the date of acceptance of the APS for the Purchaser to satisfy itself, in its complete and absolute discretion, as to the state and status of the Property;
 - (c) during the thirty (30) day conditional period, the Purchaser may, without the consent of the Vendor, assign the APS and the benefit thereof to any entity or corporation related to the Purchaser, provided that such assignee

assumes the obligations of the Purchaser and provided that notice of such assignment and assumption is given to the Vendor;

- (d) the balance of the Purchase Price to be payable by way of wire transfer due at closing; and
 - (e) the date of closing of the sale to be ten (10) business days following the date on which the Approval and Vesting Order is granted.
33. The thirty day conditional period was due to expire on August 2, 2016. On July 29, 2016, the Purchaser requested an extension of thirty days to the date the conditional period was to expire. The Receiver agreed to an extension of the conditional period to August 5, 2016.
34. On August 4, 2016, the Purchaser advised the Receiver that it was satisfied with the results of its investigations and was waiving the condition in the APS (noted above).

VI. APPROVAL OF SALE

35. The Receiver believes that the sales process undertaken by the Receiver was appropriate for the type of property in question, that it provided sufficient market exposure to the Lancaster Property and that it resulted in obtaining a commercially reasonable offer for the following reasons:
- (a) three e-mail campaigns to more than 500 investors was conducted on February 8, May 5 and June 3, 2016;
 - (b) the Lancaster Property was listed for sale on MLS;
 - (c) the Lancaster Property was listed for sale in The Globe and Mail;

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- (d) the Lancaster Property was listed on LoopNet and included in CBRE vacancy/available property e-mails; and
 - (e) the Lancaster Property was exposed to the market for a period of more than four and a half months;
36. Although the Purchase Price is lower than the latest listing price of \$2,900,000, the Receiver believes that it is reasonable and prudent to accept the Lioness offer for the following reasons:
- (a) the Lancaster Property was listed on the market for more than four and a half months and, as of the date of the Supplemental Report, the Receiver has received offers from only four parties;
 - (b) the Purchase Price is the highest offer that the Receiver has received;
 - (c) the APS provides for quick closing of the sale transaction, namely ten business days after the Vesting Order is granted;
 - (d) the Purchaser is a company affiliated with Urbandale Corporation, which is a major local landlord and real estate developer in Ottawa, and is expected to be able to close the sale transaction;
 - (e) the Lancaster Property has been vacant since November 2014 and therefore does not generate any rental revenue to pay carrying costs. Monthly carrying costs are approximately \$17,000 excluding property taxes and professional fees. The Receiver has, to date, borrowed monies from Manulife to pay essential carrying costs; however, Manulife has informed the Receiver that it will not continue to fund future carrying costs on an indefinite basis;

-
- (f) there is no certainty that marketing the Lancaster Property for a longer period will ultimately result in a higher net realization. Prospective purchasers who have toured the Lancaster Property have expressed concerns to CBRE about:
- (i) the lack of a tenant and perceived leasing challenge, taking into account vacancies in nearby buildings; and
 - (ii) required cosmetic work estimated by one investor as costing an additional one million dollars;
- (g) the Receiver is not in a position to offer leasehold inducements or to fund renovations to make the Lancaster Property more attractive to prospective tenants and ultimately to prospective purchasers; and
- (h) Manulife has informed the Receiver that it supports completion of the APS. As of August 26, 2016, Manulife was owed \$2,420,275.59 in respect of its mortgage including protective disbursements. Interest will continue to accrue and costs to effect a sale of the Lancaster Property continue to be incurred, and there is no certainty that a longer marketing period will result in higher realizations for the benefit of the creditors.

37. Paragraph 3(k) of the Appointment Order provides that the Receiver not complete any sale of all or any part or parts of the Property out of the ordinary course of business without first obtaining the approval of this Honourable Court in respect of any transaction in which the purchase price exceeds \$50,000.00 or the aggregate purchase price exceeds \$250,000.00. Accordingly, the Receiver is

seeking the approval of this Honourable Court of the APS entered into by the Receiver in connection with the sale of the Lancaster Property.

38. The Receiver believes that the amount of the offer should be kept confidential until the closing of the transaction. The Receiver has prepared a confidential report (the "**Confidential Report**") which provides details of the Purchase Price and the valuations obtained in respect of the Lancaster Property. The Confidential Report is attached as Confidential Appendix "I" to this Second Report. The Receiver is of the view that public disclosure of the Purchase Price and the valuations obtained in respect of the Lancaster Property would have a negative impact on the future marketing of the Lancaster Property should the transaction with Lioness not be approved or completed. The Receiver respectfully requests that its Confidential Report be sealed by this Honourable Court until after the sale transaction closes. Should legal counsel for Manulife or the Debtor wish to obtain a copy of the Confidential Report, the Receiver is prepared to provide a copy to these parties if they sign an undertaking that they will keep the contents of the Confidential Report confidential and not make use of the information in connection with any future efforts to market the Lancaster Property in the event the transaction with Lioness is not approved or completed.

VII. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

39. Attached as Appendix "J" is the Receiver's Interim Statement of Receipts and Disbursements for the period January 5, 2016 to August 19, 2016 (the "**R&D**"). During this period, receipts were \$13,758 while disbursements were \$257,823, resulting in a net cash deficit of \$244,066, prior to consideration of advances

made to the Receiver by Manulife. As the building is vacant, there is no operating income to cover the Lancaster Property's carrying costs.

40. In order to pay current carrying costs, the Receiver borrowed \$250,000 from Manulife, as follows:

(a) \$185,000 on February 4, 2016; and

(b) \$65,000 on March 17, 2016.

41. The Receiver has issued to Manulife Receiver's Certificates No.1 and 2 in respect of the funds advanced to date. The Receiver has requested additional funding of \$175,000 from Manulife to pay accrued and estimated future carrying costs to September 30, 2016.

VIII. SECURED OR PRIORITY CLAIMS

42. The Receiver is not aware of any liens or charges registered against the Lancaster Property other than the Applicant's mortgage.

IX. PROPOSED INTERIM DISTRIBUTION

43. According to a statement of account provided to the Receiver by Manulife, as at August 26, 2016, the Debtor's indebtedness to Manulife was \$2,420,275.59. A copy of the Manulife mortgage statement is attached as Appendix "K".

44. Upon closing of the sales transaction and receipt of the sales proceeds, funds will be available for the Receiver to make an interim distribution. The Receiver seeks the Court's approval for the following distribution (the "**Proposed Interim Distribution**"):

-
- (a) Repayment of loans advanced under Receiver Certificates No. 1 and 2 and to be advanced under Receiver Certificate No. 3 and interest thereon in the amount of approximately \$432,000; and
 - (b) Following payment of Receiver Certificates No. 1, 2 and 3 and interest thereon, payment to Manulife of up to 80% of the net sales proceeds from the sale of the Lancaster Property.

X. CONCLUSION

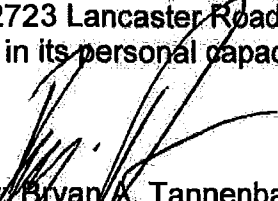
45. The Receiver respectfully requests that the Court grant an Order which provides for the following:

- (a) approving the Second Report and the conduct and activities of the Receiver as set out therein;
- (b) authorizing and directing the Receiver to enter into and carry out the terms of the APS between the Receiver and the Purchaser and vesting title to the Lancaster Property in the Purchaser, or as it may further direct in writing, upon closing of the APS and the delivery of the Receiver's Certificate to the Purchaser;
- (c) sealing Appendix "I" to the Second Report;
- (d) approving the R&D;
- (e) authorizing and directing the Receiver to make the Proposed Interim Distribution to Manulife;

All of which is respectfully submitted to this Court as of this 29th day of August, 2016.

COLLINS BARROW TORONTO LIMITED

In its capacity as Court Appointed Receiver
of 2723 Lancaster Road Inc. and
not in its personal capacity



Per/ Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT
President

TAB A

APPENDIX A

Court File No. 15-66931

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
JUSTICE C.T. Hackland)
)

TUESDAY, THE 5TH
DAY OF JANUARY, 2016

THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

2723 LANCASTER ROAD INC.

Respondent

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

**ORDER
(appointing Receiver)**

THIS APPLICATION made by The Manufacturers Life Insurance Company (the "Applicant") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Collins Barrow Toronto Limited as receiver (the "Receiver") without security, of all of the assets, undertakings and properties of 2723 Lancaster Road Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 161 Elgin Street, Ottawa, Ontario.

ON READING the affidavit of Robert Amos sworn December 17, 2015 and the exhibits thereto and the consent of Collins Barrow Toronto Limited to act as the Receiver,

AND UPON HEARING from counsel for the respondent, and upon being advised of the consent of the parties,

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 pursuant to section 243(1) of the BIA and section 101 of the CJA, Collins Barrow Toronto Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, 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 Debtor, 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 Debtor;

- (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 Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to 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 Debtor, 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

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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 Debtor;

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- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor 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 Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any 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.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, 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

- 6 -

nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. 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.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including

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

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the 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 Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

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 Debtor, 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.

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 standard 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 \$250,000 (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.

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 "A" 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.collinsbarrow.com/en/toronto-ontario/2723-Lancaster-Road>.

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

GENERAL

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 Debtor.

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

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proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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.

Roelke L.

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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 January, 2016.

Collins Barrow Toronto Limited, solely in its
capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

THE MANUFACTURERS LIFE INSURANCE COMPANY

and

2723 LANCASTER ROAD INC.

Applicant

Respondent

Court File No. 15-66931

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**PROCEEDING COMMENCED AT
OTTAWA**

ORDER

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2

David S. Ward LSUC #: 33541W
Tel: 416.869.5960
Fax: 416.640.3154
dward@casselsbrock.com

Leonard Loewith LSUC #: 65606N
Tel: 416.860.6471
Fax: 416.640.3092
lloewith@casselsbrock.com

Lawyers for the Applicant

TAB B

APPENDIX B

Court File No. 15-66931

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

2723 LANCASTER ROAD INC.

Respondent

FIRST REPORT OF THE RECEIVER ON 2723 LANCASTER ROAD INC.

May 27, 2016

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I. INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (Commercial List) ("**Court**") dated January 5, 2016 (the "**Appointment Order**"), Collins Barrow Toronto Limited ("**CBTL**") was appointed receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of 2723 Lancaster Road Inc. ("**2723**" or the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"). A copy of the Appointment Order is attached as Appendix "**A**".
2. The Appointment Order authorizes the Receiver to, among other things:
 - (a) 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) manage, operate, and carry on the business of the Debtor, 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 Debtor; and
 - (c) market the Property for sale.
3. In addition, the Appointment Order empowers the Receiver to borrow monies to fund the receivership. Paragraph 21 of the Appointment Order authorizes the Receiver to borrow monies to fund the receivership, from time to time provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize), which advance(s) are secured by way of a fixed and specific charge over the Property (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.

4. The Court Order referred to in this report together with related Court documents have been posted on the Receiver's website, which can be found at <http://www.collinsbarrow.com/en/toronto-ontario/restructuring-and-recovery-engagements/2723-lancaster-road>.

Purpose of First Report

5. The purpose of this first report of the Receiver (the "**First Report**") is to:
- (a) report to the Court on the activities of the Receiver since the date of the Appointment Order to May 27, 2016;
 - (b) seek the Court's approval of the First Report and the Receiver's conduct and activities described therein;
 - (c) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period January 5, 2016 to April 30, 2016;
 - (d) provide the Court with the Receiver's projected cash flow to August 31, 2016 which demonstrates the Receiver's need for funding to cover the ongoing carrying costs of the Property and costs pertaining to the administration of the receivership; and
 - (e) seek an order increasing the amount that may be borrowed pursuant to Paragraph 21 of the Appointment Order from \$250,000 to \$750,000 effective as of January 5, 2016.

Terms of Reference

6. In preparing this First Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the "Information"). Certain of the information contained in this First Report may refer to, or is 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 the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with 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.
7. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

II. BACKGROUND

8. 2723 is an Ontario corporation which was incorporated on October 23, 2002 and is a single purpose corporation holding legal title to 2723's sole asset being a two-storied commercial office building located on approximately 1.7 acres located at 2723 Lancaster Road in the City of Ottawa, Ontario.
9. The office building encompasses approximately 37,000 square feet, and has been unoccupied since November, 2014, when the sole tenant moved out.

-
10. The Applicant, The Manufacturers Life Insurance Company ("**Manulife**"), is a commercial mortgage lender which advanced \$2,900,000 to 2723 under a mortgage agreement dated November 27, 2002 (which was subsequently renewed in 2010), with the loan secured by a mortgage on the Property amongst other security granted.
 11. When the Debtor was unable to repay the loan when the mortgage matured in August 2015, Manulife issued a notice of intention to enforce security and subsequently took possession and control of the Property with the intention of selling the Property.
 12. As there appeared to be widely divergent opinions of the value of the Property, and possible remedial work required to the Property prior to it being marketed for sale, Manulife sought the appointment of a receiver to realize on the Property in an efficient, open and transparent manner whereby the receiver would be required to seek court approval for the sale of the Property on notice to all interested parties.
 13. On January 5, 2016, pursuant to the Appointment Order, CBTL was appointed as Receiver of 2723.

III. RECEIVER'S ACTIVITIES TO DATE

Possession and Control

14. The Receiver contacted the Debtor's bank, Bank of Montreal ("**BMO**"), on January 6, 2016 to instruct BMO to freeze the Debtor's account and transfer the funds to a trust account that had been set up by the Receiver. BMO advised the Receiver that the Debtor's account was set up in the name of The Regional

Group of Companies ("**Regional**"), the former Property Manager retained by the Debtor, and therefore BMO could not comply with the Receiver's request.

15. The Receiver contacted Regional to request transfer of the funds in the BMO account to the Receiver, which the Receiver understood was approximately \$14,000 and was advised by Regional that the BMO account was held in trust for the beneficial owners of the Property and that 2723 held legal, but not beneficial, ownership of the Property. The Receiver obtained from Regional a copy of the agreement that set out 2723's legal status as bare trustee for the beneficial owners of the Property.
16. The agreement confirmed the Regional's position that the Receiver was not entitled to claim the funds in the Regional bank account. As a result, no funds of 2723 have been transferred to the Receiver and consequently, as is set out later herein, the Receiver has borrowed monies from Manulife in order to administer the receivership.

Property Manager

17. Prior to the appointment of the Receiver, Manulife entered into an agreement with Bridgeport (Comot) Inc. c.o.b. as Bridgeport Realty Management ("**Bridgeport**") whereby Bridgeport agreed to act as Property Manager for the Property (the "**Agreement**"). Subsequent to the Receiver's appointment, the Receiver, Manulife and Bridgeport executed an amendment to the Agreement such that the Receiver became the instructing principal in respect of Bridgeport's responsibilities under the Agreement.

Insurance

18. Prior to the appointment of the Receiver, Manulife had arranged for property and liability insurance for the Property under Bridgeport's umbrella policy. This policy remains in force until December 31, 2016. The Receiver has arranged to be added as an additional insured party and loss payee in respect of the Property under the Bridgeport policy.

Books and Records

19. The books and records for 2723 are in the possession of Regional. The Receiver has obtained from Regional copies of all financial and other information in Regional's possession that the Receiver requires to administer the receivership and market the Property. In the event that the Receiver requires possession of additional records, it will request that Regional provide those records to the Receiver.

Property Taxes

20. On February 4, 2016, the Receiver issued payment of \$92,144.80 to the City of Ottawa in respect of the 2015 property tax arrears.
21. The 2016 Interim Tax bill for \$70,197.16 which was due for payment on March 17, 2016 has not been paid. (NTD – do you need to say why)
22. A property tax vacancy rebate application was filed on the Debtor's behalf for the period November 1, 2014 to December 31, 2015. It is expected that the City of Ottawa will commence its review of property tax vacancy rebate applications in June 2016. It is estimated that the rebate would be 30% of taxes paid on the Property for this period, or approximately \$42,000 to \$49,000. Any rebate would be applied by the City of Ottawa to reduce outstanding property tax arrears.

Appraisal

23. In order to assist it in assessing offers received, the Receiver retained Altus Group to prepare an appraisal to provide an estimate of the current market value of the Property. The Receiver will provide information on the appraisal when the Receiver reports to the Court at a later date on offers that the Receiver receives for the sale of the Property.

Statutory Notices

24. Attached as Appendix "B" hereto is the Notice and Statement of Receiver prepared pursuant to Sections 245(1) and 246(1) of the Bankruptcy and Insolvency Act.

IV. MARKETING AND SALES ACTIVITIES

25. On February 3, 2016, the Receiver retained CBRE Limited ("CBRE") as listing agent to market the Property for sale. Prior to the receivership, CBRE had been approached by Manulife and had entered into a listing agreement with Manulife to sell the Property. As CBRE was familiar with the Property and had already prepared draft marketing materials, the Receiver determined that signing a listing agreement with CBRE was practical and would allow for the marketing campaign to be launched almost immediately.
26. CBRE launched its marketing campaign on February 8, 2016 and that campaign is currently ongoing. Information on the marketing campaign will be provided to the Court when the Receiver reports to the Court at a later date on offers that the Receiver receives for the sale of the Property.

V. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

27. Attached as Appendix "C" is the Receiver's Interim Statement of Receipts and Disbursements for the period January 5, 2016 to April 30, 2016 (the "R&D"). During this period, receipts were \$13 while disbursements were \$217,879, resulting in a net cash deficit of \$217,866, prior to consideration of advances made to the Receiver by Manulife. As the building is vacant, there is no operating income to cover the Property's current carrying costs.
28. The Receiver's disbursements for the period ending April 30, 2016 include property tax arrears for 2015 of \$92,145, property and liability insurance of \$21,120 and utilities of \$41,287. In addition, the Receiver has incurred carrying costs and professional fees of approximately \$25,270 for which invoices have not yet been presented for payment.
29. In order to pay current and anticipated carrying costs, the Receiver borrowed \$250,000 from Manulife, as follows:
- (a) \$185,000 on February 4, 2016; and
 - (b) \$65,000 on March 17, 2016.
30. The Receiver has issued to Manulife Receiver's Certificates No.1 and No. 2 in respect of the funds advanced.

VI. SECURED OR PRIORITY CLAIMS

31. As of the date of First Report, the Receiver is not aware of any liens or charges registered against the Property other than the Applicant's first mortgage.

VII. RECEIVER'S PROJECTED CASH FLOW

32. Attached hereto as Appendix "D" is the Receiver's Estimated Carrying Costs for the period January 5, 2016 to August 31, 2016 which indicates that total cash requirements will be approximately \$408,000.
33. The Receiver's projected disbursements for the next four months include operating/carrying costs of approximately \$77,000 before HST, and professional fees of \$90,000 before HST, which includes the Receiver's fees associated with the marketing and sale of the Property.
34. Given that the Property has no source of operating income, the Receiver is required to borrow monies from Manulife in order to fund carrying costs for the Property. Based on the anticipated cash shortfall for the next four months, the Receiver needs to borrow at least another \$160,000 to meet estimated cash requirements to August 31, 2016.
35. The Receiver considers it fair and reasonable that the Applicant be fully protected for monies that it advances to the Receiver to fund the administration of the receivership. Accordingly, as the Receiver has reached the limit of \$250,000 that it is empowered to borrow pursuant to paragraph 21 of the Appointment Order, the Receiver is requesting an increase to the borrowing limit set out in the Appointment Order. The Receiver is requesting that the borrowing limit set out in the Appointment Order be increased to \$750,000, out of an abundance of caution, in order to avoid the cost of having to make a second application to Court to increase the borrowing limit in the event a sale transaction

for the Property is not completed by August 31, 2016 and additional funding is required by the Receiver.

VIII. CONCLUSION

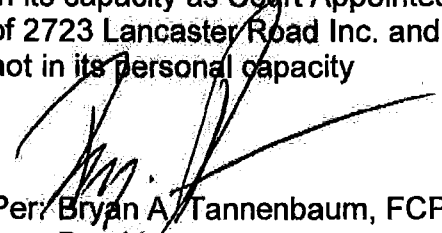
36. The Receiver respectfully requests that the Court grant an Order which provides for the following:

- (a) approving the First Report and the conduct and activities of the Receiver as set out therein;
- (b) approving the R&D; and
- (c) increasing the borrowing limit under Paragraph 21 of the Appointment Order to \$750,000 effective as of January 5, 2016.

All of which is respectfully submitted to this Court as of this 27th day of May, 2016.

COLLINS BARROW TORONTO LIMITED

In its capacity as Court Appointed Receiver
of 2723 Lancaster Road Inc. and
not in its personal capacity



Per: Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT
President

TAB C

APPENDIX C

Court File No. 15-66931

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE)
JUSTICE *PATRICK SMITH*)
)

Thursday
MONDAY THE 13th 23rd *PS*

DAY OF JUNE, 2016

THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

2723 LANCASTER ROAD INC.

Respondent

ORDER

THIS MOTION made by Collins Barrow Toronto Limited ("**Collins Barrow**") in its capacity as court appointed receiver (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and property of 2723 Lancaster Road Inc. ("**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, for an Order pursuant to Rule 59.06(2)(d) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, expanding the borrowing powers previously granted to Collins Barrow as Receiver, was heard this day at 161 Elgin Street, Ottawa, Ontario.

ON READING the First Report of the Receiver dated May 27, 2016, and on reading the submissions of counsel for the Applicant, no one appearing for the Debtor although duly served as appears from the Affidavit of Service of Mary Carreiro sworn June 9, 2016,

SERVICE

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

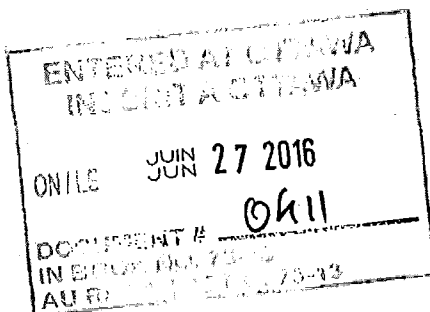
AMENDMENT OF THE RECEIVERSHIP ORDER

2. **THIS COURT ORDERS** that, in accordance with Rule 59.06 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, paragraph 21 of the Order of the Honourable Justice C.T. Hackland dated January 5, 2016 appointing Collins Barrow as Receiver ("**Receivership Order**") be and is hereby amended to empower the Receiver to borrow, effective as at January 5, 2016, 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 \$750,000.00 (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 the Receivership Order, including interim expenditures.

APPROVAL OF THE FIRST REPORT OF THE RECEIVER

3. **THIS COURT ORDERS** that the First Report of the Receiver on 2723 Lancaster Road Inc. dated May 27, 2016 ("**First Report**"), and the conduct and activities of the Receiver as set out therein, be and are hereby approved.

4. **THIS COURT ORDERS** that the Receiver's interim statement of receipts and disbursements for the period of January 5, 2016 to April 30, 2016, as appended to the First Report, be and is hereby approved.



Patricia Jones

THE MANUFACTURERS LIFE INSURANCE - and -
COMPANY
Applicant

2723 LANCASTER ROAD INC.

Respondent
Court File No. 15-66931

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at Ottawa

**ORDER
(Amending Receivership Order)**

CASSELS BROCK & BLACKWELL LLP
Barristers and Solicitors
Scotia Plaza
40 King Street West, Suite 2100
Toronto, ON M5H 3C2

David S. Ward LSUC#: 33541W)
Tel: 416.860.5960
Fax: 416.640.3154
dward@casselbrock.com

Leonard Loewith LSUC# : 65606N
Tel: 416.860.6471
Fax: 416.640.3092
lloewith@casselsbrock.com

Lawyers for the Receiver

Box 54

TAB D

APPENDIX D

2723 LANCASTER ROAD

BELFAST SHEFFIELD BUSINESS PARK | OTTAWA, ON



QUALITY VACANT OFFICE BUILDING FOR SALE

CBRE

2723 LANCASTER ROAD

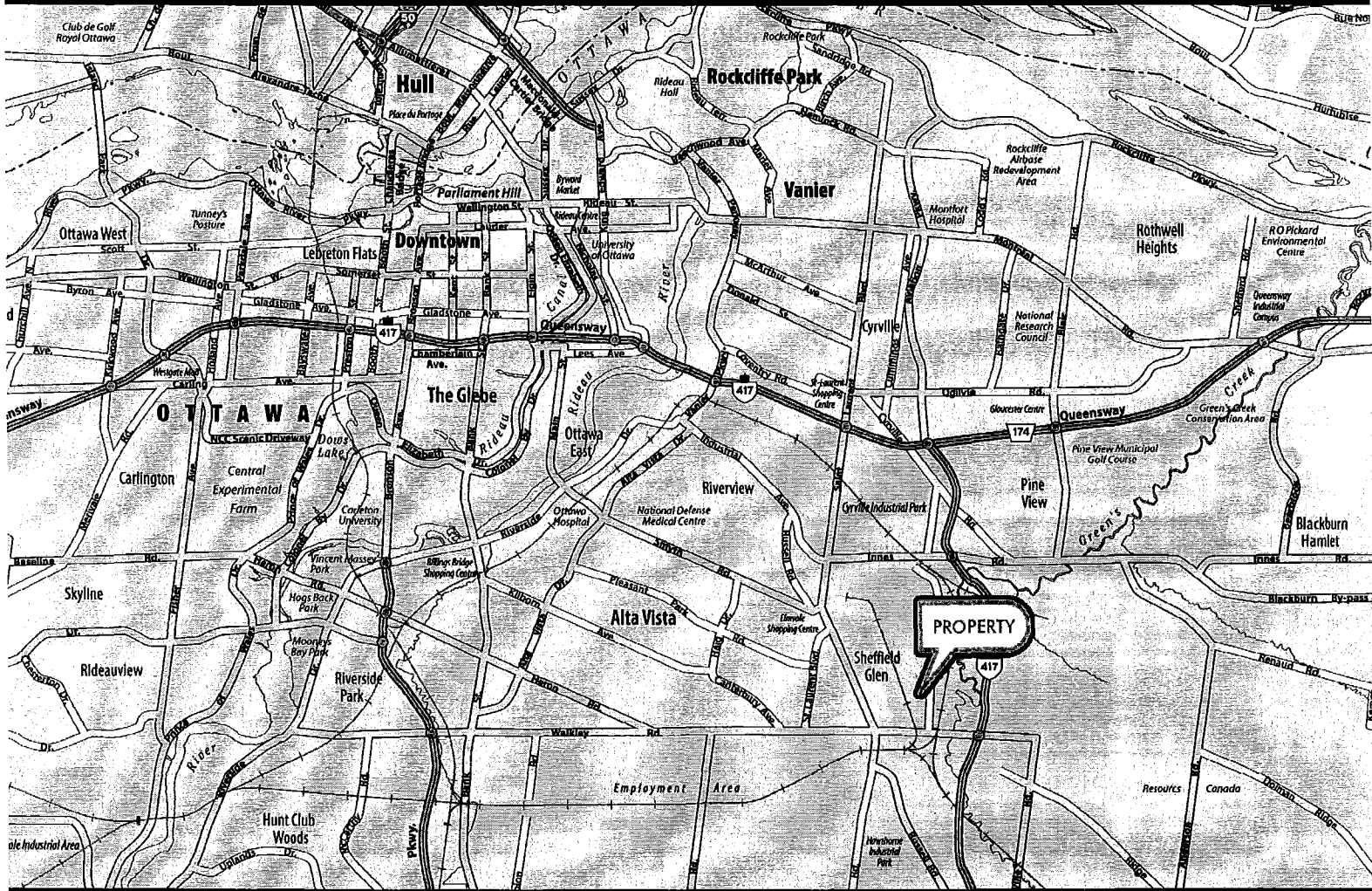
THE OFFERING

CBRE Limited ("CBRE"), on behalf of Collins Barrow Toronto Limited, Court-Appointed Receiver of 2723 Lancaster Road Inc. (the "Court-Appointed Receiver" or "Vendor") is pleased to offer for sale 2723 Lancaster Road (the "Property" or "Building") located in the Balfast Sheffield Business Park in East Ottawa, Ontario. The Property represents a unique opportunity to purchase a significant office building in one of Ottawa's largest Business Parks. 2723 Lancaster offers a buyer with an attractive owner/occupier opportunity at a price point considered to be significantly below replacement cost.

PROPERTY HIGHLIGHTS

- Attractive owner occupier opportunity;
- Two storey, 36,858 sq. ft. suburban office building;
- 1.69 acre site, professionally landscaped green areas;
- 86 stall, surface parking lot, providing on additional revenue opportunity;
- Two storey glass atrium, with a security controlled vestibule at the front entrance;
- Hydraulic elevator;
- Receiving area at the back of the building with hydraulic loading dock lift;
- Concrete padded picnic table gathering area at all four corners of the building;
- Newly installed exterior lighting system;
- Situated in Ottawa's east end, in close proximity to the Queensway.

ASKING PRICE: \$3,775,000**CBRE**



CBRE Limited 333 Preston Street, 7th Floor Ottawa, Ontario T 613 782 2266 F 613 782 2296 www.cbre.ca

NICO ZENTIL*
 Vice President
 613 788 2708
 nico.zentil@cbre.com

DAVID GLICK-STAL*
 Sales Representative
 613 288 2048
 david.glick-stal@cbre.com

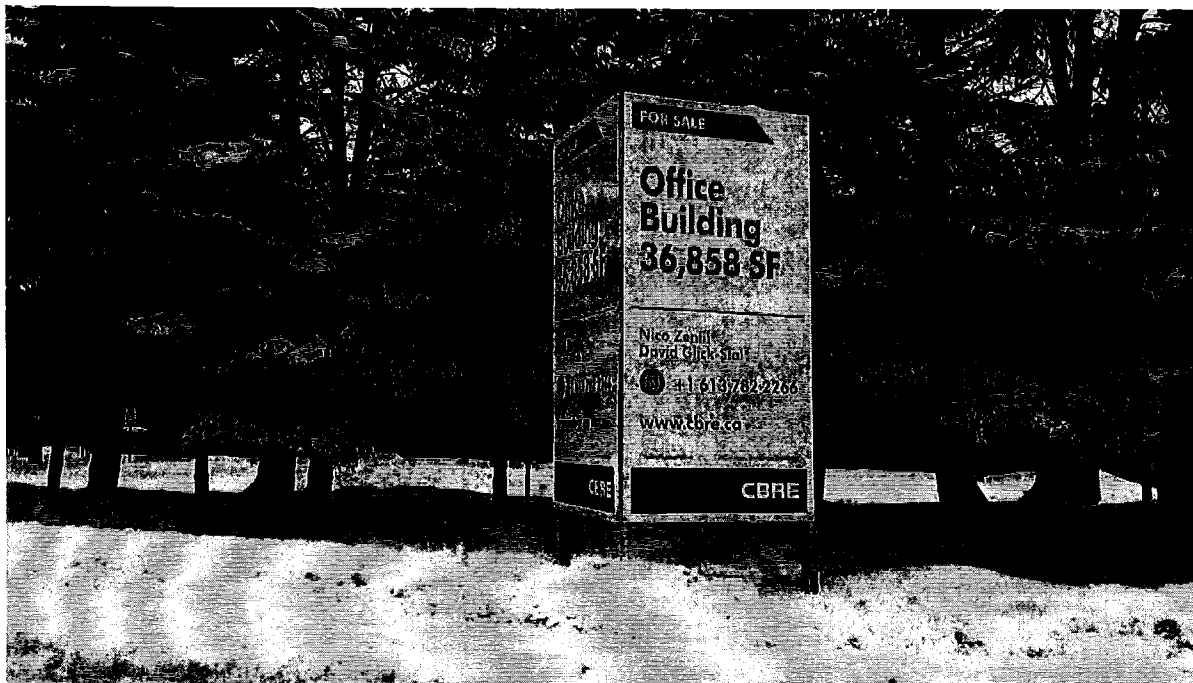
*Sales Representative

CBRE

This disclaimer shall apply to CBRE Limited, Real Estate Brokerage, and to all other divisions of the Corporation (CBRE). The information set out herein, including, without limitation, any projections, images, opinions, assumptions and estimates obtained from third parties (the "Information") has not been verified by CBRE, and CBRE does not represent, warrant or guarantee the accuracy, correctness and completeness of the Information. CBRE does not accept or assume any responsibility or liability, direct or consequential, for the Information or the recipient's reliance upon the Information. The recipient of the Information should take such steps as the recipient may deem necessary to verify the Information prior to placing any reliance upon the Information. The Information may change and any property described in the Information may be withdrawn from the market at any time without notice or obligation to the recipient from CBRE. CBRE and the CBRE logo are the service marks of CBRE Limited and/or its affiliated or related companies in other countries. All other marks displayed on this document are the property of their respective owners. All Rights Reserved.

TAB E

APPENDIX E



TAB F

APPENDIX F

U.S. losing market dominance in wheat

The United States, once the world's largest wheat exporter, is scheduled to import the grain this month from South America in the latest sign of how the country is losing its domination of the global trade.

Even amid overflowing U.S. grain bins, there's a ship destined to reach North Carolina shores this month with supplies from Argentina.

Olympos, the vessel that's loading 23,494 tonnes of wheat and 24,456 tonnes of soy meal on Monday at Las Palmas terminal, in Zarate province of Buenos Aires, will depart this week and is scheduled to reach Wilmington on March 30, according to Rosario port data and a sailing schedule posted on the North Carolina State Ports Authority website.

U.S. wheat shipments are projected to drop 9.3 per cent this year to 21.1 million tonnes in the season that ends May 31, the lowest since 1972, government data show. — *Bloomberg News*

China-led group targets Starwood

U.S. hotel operator **Starwood Hotels & Resorts Worldwide Inc.** received a higher buyout offer from a consortium led by China's Anbang Insurance Group that could derail **Marriott International Inc.**'s planned takeover of Starwood.

Marriott said it remained committed to the deal, which would create the world's largest hotel chain with top brands including Sheraton, Ritz Carlton and the Autograph Collection.

Starwood's shares rose 7.5 per cent in early trading on Monday. Marriott, which made a \$12.19-billion (U.S.) offer in November, was up 3 per cent. A deal with the Anbang-led group, whose offer values Starwood at \$12.84-billion, may not be easy given increased U.S. scrutiny of Chinese-initiated M&As over security concerns.

Anbang, the owner of New York's Waldorf Astoria, has also agreed to buy Strategic Hotels & Resorts Inc. from Blackstone Group LP for about \$6.5-billion, a source told Reuters. — *Reuters*

Viacom re-elects board of directors

Viacom Inc. investors voted to re-elect its board Monday, with widespread support for the directors even beyond the backing of controlling shareholder Sumner Redstone.

Redstone's National Amusements Inc. owns 80 per cent of Viacom voting shares, ensuring re-election for the board at the company's annual meeting Monday. A "substantial majority" of the rest of the holders of voting shares also supported the board members, general counsel Michael Fricklas said at the meeting. The shareholders also rejected a proposal to eliminate the company's dual-class structure.

Viacom has two classes of shares, one that can vote on shareholder matters and one that can't, effectively giving Redstone veto power over board nominees, shareholder proposals and merger decisions. Viacom said its board believes the dual-class structure contributes to "stability and long-term stockholder returns." — *Bloomberg News*

Pulp firms consider trees as textiles

Nordic pulp makers are developing clean ways to turn birch and pine trees into clothes or sofa covers to help revive their industry and meet demand from fashion and furniture firms for alternative textiles to cotton.

There has been no Nordic production of viscose, the main textile fibre from timber, since the last manufacturer stopped nearly a decade ago, partly on environmental grounds. But a 2011 spike in cotton prices contributed to increased global demand for viscose and lyocell, the other major textile fibre from wood pulp. Production is dominated by Austria's Lenzing, India's Aditya Birla and China's Sateri.

Three Nordic mills export dissolving pulp, the product that can be turned into textile fibre. The industry would like to see textile fibre factories set up at home that will meet environmental rules and appeal to local firms such as IKEA and Hennes & Mauritz that want to project a green image. — *Reuters*

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Different approach to
based on partnership with
company – delivers a
and better results.

FOR SALE

2723 LANCASTER RD, OTTAWA, ON



- Two storey, 36,858 SF
Belfast Sheffield Business Park Office Building
- 1.69 acre site, professionally landscaped green areas
- 86 stall, surface parking lot

For further information, please call:

David Glick-Stal*
david.glick-stal@cbre.com
613 288 2048

www.cbre.ca

*Sales Representative

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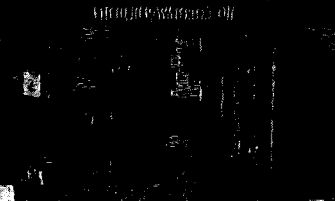
- Two storey, 36,858 SF Belfast Sheffield Business Park Office Building
- 1.69 acre site, professionally landscaped green areas
- 86 stall, surface parking lot

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David Glick-Stal*
david.glick-stal@cbre.com
613 288 2048

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MEETING NOTICES



Royal Bank of Canada

Notice of Annual and Special Meeting of Common Shareholders

The Annual and Special Meeting of Common Shareholders of Royal Bank of Canada will be held on Wednesday, April 6, 2016 at 9:30 a.m. (Eastern Time) at the Mount Royal Centre, Auditorium, 2200 Mansfield Street, Montréal, Québec, Canada.

By order of the Board of Directors

Karen E. McCarthy
Vice-President, Associate General Counsel and Secretary
February 8, 2016



NATIONAL BANK OF CANADA

Notice of Annual Meeting of the Holders of Common Shares

The Annual Meeting of the Holders of Common Shares of National Bank of Canada will be held at 10:00 a.m. (EDT) on Friday, April 15, 2016 on the 4th Floor of 600 De La Gauchetière Street West, in Montreal, Quebec, Canada.

By order of the Board of Directors,

Dominic Paradis
Vice-President, Legal Affairs and Corporate Secretary

Montreal, February 19, 2016

TENDERS

OP Req RFB

The Ont
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BUSINESS T

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health care.
\$50K - \$250K
www.asepticheal.com
Email: [vonschrad](mailto:vonschrad@asepticheal.com)

Globe Sports

TAB G

APPENDIX G

2723 LANCASTER ROAD

BELFAST SHEFFIELD BUSINESS PARK | OTTAWA, ON



QUALITY VACANT OFFICE BUILDING FOR SALE

CBRE

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- 2. Location Overview
- 3. Property Overview
- 4. Offering Process

CBRE

THE OFFERING

CBRE Limited ("CBRE"), on behalf of Collins Barrow Toronto Limited, Court-Appointed Receiver of 2723 Lancaster Road Inc. (the "Court-Appointed Receiver" or "Vendor") is pleased to offer for sale 2723 Lancaster Road (the "Property" or "Building") located in the Ballast Sheffield Business Park in East Ottawa, Ontario. The Property represents a unique opportunity to purchase a significant office building in one of Ottawa's largest Business Parks. 2723 Lancaster presents a buyer with an attractive owner/occupier opportunity at a price point considered to be significantly below replacement cost.

PROPERTY HIGHLIGHTS

- Attractive owner occupier opportunity;
- Two storey, 36,858 sq. ft. suburban office building;
- 1.69 acre site, professionally landscaped green areas;
- 86 stall, surface parking lot, providing an additional revenue opportunity;
- Two storey glass atrium, with a security controlled vestibule at the front entrance;
- Hydraulic elevator;
- Receiving area at the back of the building with hydraulic loading dock lift;
- Concrete padded picnic table gathering area at all four corners of the building;
- Newly installed exterior lighting system;
- Situated in Ottawa's east end, in close proximity to the Queensway.

ASKING PRICE: \$3,775,000

CBRE



2723 LANCASTER ROAD

LOCATION OVERVIEW

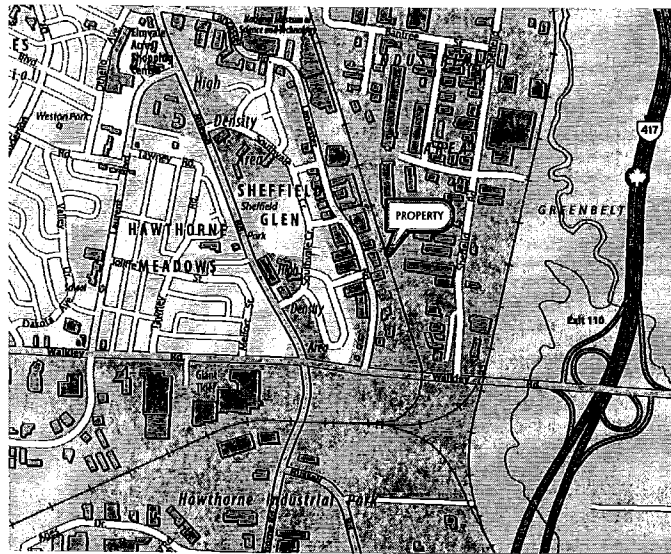
The Property is located in the Ballast Sheffield Business Park, adjacent to the Ottawa Business Park, fronting directly onto Lancaster Road. The Ottawa Business Park is one of the City's most established employment hubs given its central location, transit accessibility and proximity to major transportation arteries.

Strategically located between HWY 417 & Russell Road the Site provides excellent access to key residential & commercial areas including Hunt Club, Ballast Sheffield, Herongate, and Walkley Road. In addition, the location is in close proximity to the Macdonald Carleton Airport which is only a short drive from the Site.

Existing tenancies in the immediate area inside the Park include many small and large corporate users that operate out of leased space in third party owned buildings as well as owner occupied buildings. Notable tenants include Bank of Canada, Publics Works & Government Services Canada, Chase, Canon, City of Ottawa, Goodlife, and Wesco among others.

Comprised of over 250 commercially developed acres, The Ottawa Business Park is one of the City's most established and mature commercial areas with excellent connectivity and accessibility. The Park is well served by public transit, major roadways and proximity to HWY 417.

The area has seen little new development given the constrained land supply, further exacerbated by the large greenbelt that surrounds the City of Ottawa. Adding to the Park's resiliency as an employment centre is its proximity to downtown Ottawa which is approximately a 15 minute drive. The Park offers tenants an excellent cost alternative to downtown rented space.



TRANSPORTATION

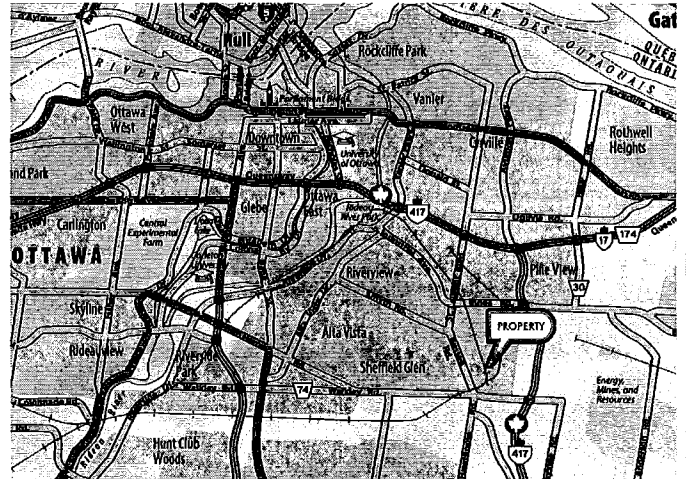
The Subject Property is easily accessible from Highway 417 and public transit is available along Lancaster Road via OC Transpo route 86. Ottawa's road network is anchored by 3 major highways: Highway 416 which connects Ottawa to Highway 401; Highway 417 which runs through the heart of Ottawa from east to west; and Highway 50 which runs into the suburbs of Gatineau. All three highways provide convenient access into local communities as well as to the broader markets of Montreal, Toronto and the United States. Ottawa's MacDonold Carleton International Airport provides air access to all parts of Canada and the world. Ottawa benefits from both CN and CP freight rail service and from Via Rail through the Ottawa Train Station.

Public transit is accommodated on OC Transpo buses which run through the city on Ottawa's Transitway (dedicated bus lanes and roads which link downtown Ottawa with the suburbs). Ottawa has one of the most comprehensive public transportation systems in Canada providing many commuters with a very accessible schedule and well planned routes throughout the city. The City of Ottawa is currently under construction for a new world-class light rail transit system. The Ottawa Light Rail Transit System is projected to cost \$2.1 billion dollars but will provide Ottawa and its residents' \$3.2 billion dollars' worth of benefits. The LRT will reduce downtown traffic significantly as the downtown transit tunnel will be 2.5 kilometers long.

HUNT CLUB EXTENSION

In 2014 the City of Ottawa completed a significant \$60M infrastructure project intended to improve accessibility by connecting Hunt Club Road (a major Ottawa arterial east-west roadway) with HWY 417. Now complete, the final phase of this \$60M project now connects the new Hunt Club interchange with Walkley Road and Innes Road through a new north-south corridor.

This new link between the east and south urban communities provides a new dedicated road corridor and will reduce road capacity issues for the surrounding areas. It will also help alleviate traffic congestion through the city's east end by providing direct access to the south-end of the City and the Ottawa International Airport.



2723 LANCASTER ROAD

2723 LANCASTER ROAD

PROPERTY OVERVIEW**CONFIGURATION**

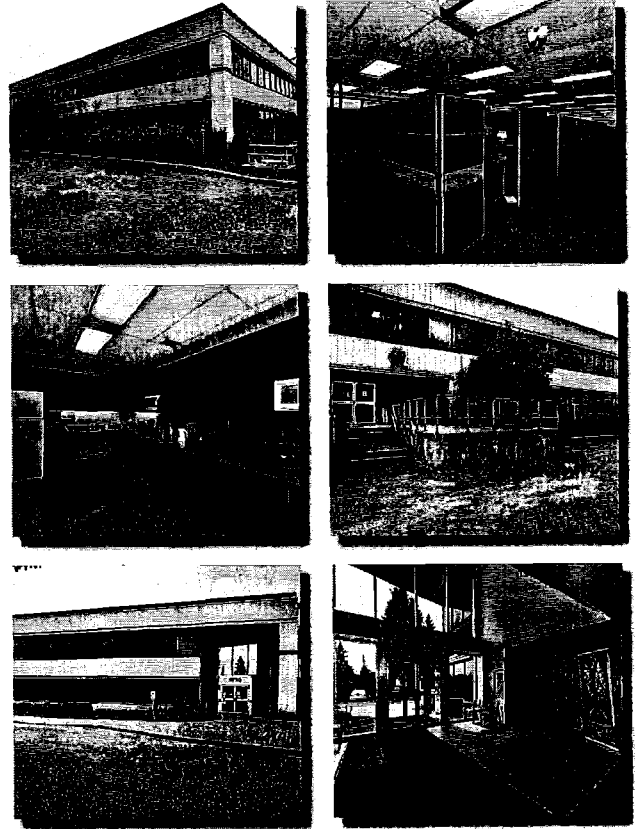
The property features a two storey office building on a 1.69 acre square shaped site, with 277 feet of frontage along the north side of Lancaster Road. The site has two vehicular access points with a large landscaped green space area providing separation between the two ingress/egress points on to Lancaster Road.

EXISTING IMPROVEMENTS

The Property is reported to have been constructed in approximately 1989 with a footprint of 36,858 square feet. Grade level parking is located on all four sides of the building, providing surface parking for approximately 86 vehicles.

The Property is constructed with a cast-in-place concrete slab-on-grade with a steel frame support structure supporting a composite second floor level and a steel roof deck. The exterior walls of the Property are clad primarily with vertical metal siding with areas of architectural concrete block masonry on the lower portion of the ground floor level and area of curtainwall glazing located on the west elevation.

MUNICIPAL ADDRESS	2723 Lancaster Road, Ollowa, ON
FRONTAGE	277 feet of frontage along the north side of Lancaster Road
LEGAL DESCRIPTION	PCL A-14, SEC 4M-121 ; PT BLK A, PL 4M-121 , PART 1, 2, 3, 4 AND 6, 4R6646 ; S/T LT496170; T/W LT496170; S/T LT601576 ; S/T LT608689 OTTAWA/GLOUCESTER
PIN	042620027
SITE AREA	73,616 square feet / 1.69 acres
BUILDING AREA	36,858 square feet
YEAR COMPLETED	1989
SERVICES	Full municipal services are available to the subject site including water, hydro, telephone, gas and sewers
STOREYS	2 storey
ELEVATORS	1 Hydraulic elevator
PARKING	86 surface parking stalls
ROOF SYSTEMS	Inverted Roof Membrane Assembly (IRMA)
WALL CLADDING	Curtain wall glazing Concrete block masonry Slab on grade
FOUNDATION	Reinforced steel structure (columns, beams and open-web steel joists)
SUPPORT	Vertical metal clad siding
EXTERIOR	Insulated glass (IG) units within aluminum frames
DOORS	Hollow metal doors within metal frames
WINDOWS	Fixed insulated glass (IG) units within strip and curtain wall configurations
HEATING/COOLING	Electrically powered baseboard heaters Rooftop mounted electrically powered forced air cooling unit with electric coil heating Electrically powered split air conditioning units
TAXES (2014)	\$142,800
TOTAL OPERATING COSTS	\$12.00 per sq. ft.
FINANCING	Treat as clear title

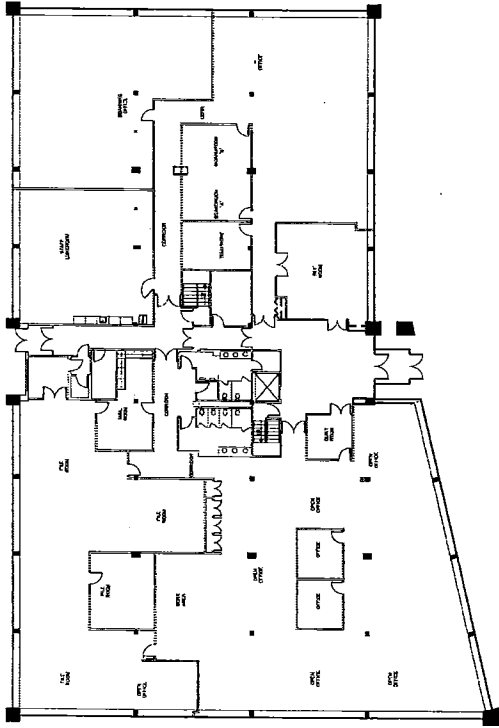
PROPERTY OVERVIEW**PROPERTY PHOTOS**

2723 LANCASTER ROAD

2723 LANCASTER ROAD

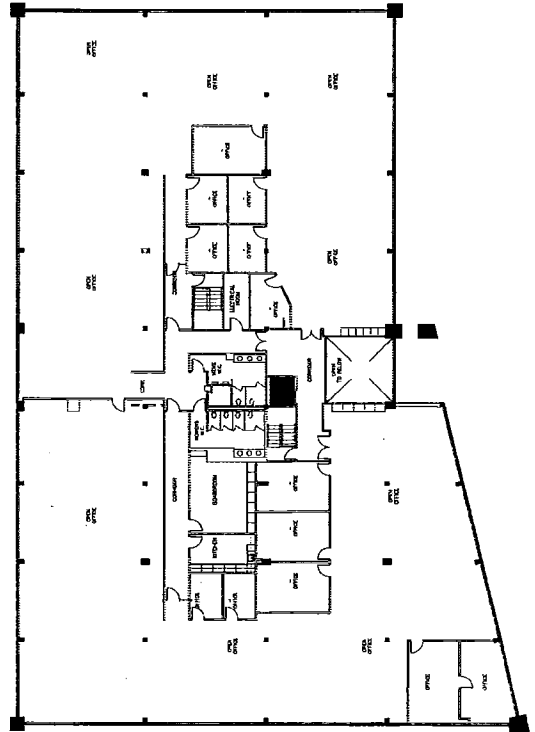
PROPERTY OVERVIEW

FLOOR PLANS | GROUND FLOOR



PROPERTY OVERVIEW

FLOOR PLANS | SECOND FLOOR



2723 LANCASTER ROAD

OFFERING PROCESS**PROCESS OVERVIEW**

Based on information contained in this CIM, and other information that may be made available by CBRE upon request, interested parties are invited to submit an Offer that addresses the requirements outlined on the following page.

It is the intent of the Vendor to enter into a Vendor's form of Agreement ("Agreement") for the Property with the appropriate bidding entity. None of the initial offers, regardless of their form and content will create any binding legal obligations upon the Vendor or CBRE.

Neither the Vendor nor CBRE make any representation or warranty, or any agreement whatsoever, that the Vendor will accept any of the offers or any agreements, before or after negotiations, which may be extensive. Neither the Vendor nor CBRE shall compensate any participant for any costs incurred in its participation in the process.

Offers will be evaluated, among other criteria, on the consideration offered toward the valuation of the Property, the prospective Purchaser's ability to complete the transaction and the proposed conditions of joint venture agreement.

Following a review of the offers, the Vendor, in its sole discretion, may select one or more of the offers that it judges to be most attractive. Following selection of an offer, the Vendor's form Agreement is to be entered into by the Purchaser and the Vendor. Prospective purchasers should note that the Vendor is under no obligation to select any of the offers.

OFFERING GUIDELINES

Offers should outline the terms for the Purchaser of the Property and should include, at a minimum, the following information:

1. The proposed purchase price;
2. The deposit structure;
3. Confirmation that the Property will be purchased on an "as is, where is" basis;
4. Proposed timeline for due diligence and binding contract;
5. An indication of any material terms or conditions required by the purchaser;
6. Names of the ultimate beneficial owners of the Purchaser, including their respective percentage interests;
7. Adequate evidence of the purchaser's financial ability to complete the transaction;
8. An address, email address, and fax number for the delivery of notices to the Purchaser.

Offers will be considered on or after February 18th, 2016.

Offers should be directed to:

Collins Barrow Toronto Limited, Court-Appointed Receiver
of 2723 Lancaster Road Inc.

c/o CBRE Limited
333 Preston Street, Suite 700
Ottawa, Ontario K1S 5N4
Attention: Nico Zenil / David Glick-Stal

MEMORANDUM CONTENTS

This Confidential Information Memorandum ("CIM") is being delivered to prospective purchasers to assist them in deciding whether they wish to acquire the Property. This CIM does not purport to be all inclusive or to contain all the information that a prospective purchaser may require in deciding whether or not to purchase the Property. This CIM is for information and discussion purposes only and does not constitute an offer to sell or the solicitation of any offer to buy the Property. The CIM provides selective information relating to certain of the physical, locational and financial characteristics of the Property.

The information on which this CIM is based has been obtained from various sources considered reliable. Neither the Vendor nor CBRE make any representations, declarations or warranties, expressed or implied, as to the accuracy or completeness of the information or statements contained herein or otherwise and such information or statements should not be relied upon by prospective purchasers without independent investigation and verification. The Vendor and CBRE expressly disclaim any and all liability for any errors or omissions in the CIM or any other written or oral communication transmitted or made available to prospective purchasers. Prospective purchasers should conduct their own independent investigation and verification of the information provided herein, and should seek legal, accounting, tax, engineering or other advice as necessary.

If any information relating to the Property, in addition to the information provided in this CIM, is provided at any time, orally or otherwise, by the Vendor and / or CBRE or anyone acting on their behalf, such information is provided as a convenience only without representation or warranty as to its accuracy or completeness and such information should not be relied upon by prospective purchasers without independent investigation and verification.

CONFIDENTIALITY

By accepting this CIM, prospective purchasers agree to hold and treat this CIM and its contents in the strictest confidence. Prospective purchasers will not, directly or indirectly, disclose, communicate or permit anyone else to disclose or communicate this CIM or any of its contents or any part thereof to any person, firm or entity without the

OFFERING PROCESS

prior written consent of the Vendor and CBRE.

Prospective purchasers will not use or permit this CIM to be used in any manner detrimental to the interests of the Vendor and CBRE or their affiliates or for any other purpose than a proposed purchase of the Property. The recipient of this CIM agrees to provide CBRE with a list of those persons to whom this CIM or any information contained herein is provided.

The terms and conditions in this Section with respect to confidentiality and the disclaimer contained under the heading "Memorandum Contents" will relate to all sections of the CIM as if stated independently therein. The CIM shall not be copied, reproduced or distributed, in whole or in part, to other parties at any time without the prior written consent of the Vendor and CBRE. It is made available to prospective purchasers for information purposes only and upon the express understanding that such prospective purchasers will use it only for the purposes set forth herein. Upon request, the recipient will promptly return all material received from the Vendor and CBRE (including the CIM) without retaining any copies thereof. In furnishing the CIM, the Vendor and CBRE undertake no obligations to provide the recipient with access to additional information. The division of the CIM into sections, paragraphs, sub paragraphs and the insertion or use of titles and headings are for convenience of reference only and shall not affect the construction or interpretation of this CIM.

INDEMNIFICATION

In exchange for specific good and valuable consideration provided by the Vendor and CBRE, including without limitation, the delivery of this CIM, the receipt and sufficiency of which is hereby acknowledged by the prospective purchasers, prospective purchasers hereby agree to indemnify the Vendor and CBRE, and their affiliates against any compensation, liability or expense (including attorneys' fees), arising from claims by any other party the purchaser had dealings with (excluding CBRE) in connection with the conveyance of the Property, or in connection with a breach by the prospective purchaser of its obligations as described herein. In no event shall any prospective purchaser or any of its agents or contractors contact any governmental authorities concerning the Property, or make any physical inspection or testing of the Property, without the prior written consent of the Vendor. Any compliance with the Competition Act shall be the sole responsibility of the Purchaser. The Purchaser shall seek any clearances required under the Competition Act pertaining to the development of the Property, at its sole expense. The Vendor and CBRE shall be indemnified by the Purchaser against any compliance or costs associated with the Competition Act.

SITE VISITS

Property tours should be coordinated through CBRE. To arrange a tour, prospective purchasers should contact any of the sales representatives listed on the following page.

SALE CONDITIONS

The Property and any fixtures, chattels and equipment included with the Property are to be considered on an "as is, where is" basis and there is no warranty, expressed or implied, as to title, description, condition, cost, size, quantity or quality thereof and without limiting the foregoing, any and all statutory conditions and warranties are to be waived by the Purchaser. Any information related to the Property which has been or will be obtained from the Vendor or CBRE or any other person, including, without limitation, all information provided has been prepared and provided solely for the convenience of the prospective purchaser. Neither the Vendor nor CBRE make any representation or warranty that such information is accurate or complete. Such information shall not form part of the terms of an Agreement of Purchase and Sale, unless otherwise specifically agreed to in writing by the Vendor.

EXCLUSIVE AGENTS

All inquiries regarding the Property or any information contained in this CIM should be directed to CBRE as the Exclusive Agent for the Vendor:

CBRE Limited
333 Preston Street, Suite 700
Ottawa, Ontario K1S 5N4

Nico Zenil*
Vice President
613 788 2708
nico.zenil@cbre.com

David Glick-Stal*
Sales Representative
613 288 2048
david.glick-stal@cbre.com

*Sales Representative

CBRE Limited 333 Preston Street, 7th Floor Ottawa, Ontario T 613 782 2266 F 613 782 2296 www.cbre.ca

NICO ZENTIL*

Vice President
613 788 2708
nico.zentil@cbre.com

DAVID GLICK-STAL*

Sales Representative
613 288 2048
david.glick-stal@cbre.com

*Sales Representative

CBRE

This disclaimer shall apply to CBRE Limited, Real Estate Brokerage, and to all other divisions of the Corporation (CBRE). The information set out herein, including, without limitation, any projections, images, opinions, assumptions and estimates obtained from third parties (the Information) has not been verified by CBRE, and CBRE does not represent, warrant or guarantee the accuracy, correctness and completeness of the Information. CBRE does not accept or assume any responsibility or liability, direct or consequential, for the Information or the recipient's reliance upon the Information. The recipient of the Information should take such steps as the recipient may deem necessary to verify the Information prior to placing any reliance upon the Information. The Information may change and any property described in the Information may be withdrawn from the market at any time without notice or obligation to the recipient from CBRE. CBRE and the CBRE logo are the service marks of CBRE Limited and/or its affiliated or related companies in other countries. All other marks displayed on this document are the property of their respective owners. All Rights Reserved.

TAB H

APPENDIX H

AGREEMENT OF PURCHASE AND SALE

↗ 30TH
This AGREEMENT dated the ~~14th~~ day of June, 2016.

BETWEEN:

COLLINS BARROW TORONTO LIMITED, solely in its capacity as Court-appointed receiver (the "**Receiver**") without security, of all lands and premises legally described in Schedule "A" hereto and of all of the assets, undertakings and properties acquired for, or used in relation to a business carried on by 2723 Lancaster Road Inc., including all proceeds thereof, and not in its personal or corporate capacity.
(the "**Vendor**")

OF THE FIRST PART

And

LIONESS DEVELOPMENTS INC.

A company incorporated in accordance with the laws of the province of Ontario.
(the "**Purchaser**")

OF THE SECOND PART

WHEREAS

- A. 2723 Lancaster Road Inc. (the "**Debtor**") is the registered owner of the property known as 2723 Lancaster Road, Ottawa and legally described in Schedule "A" attached hereto (the "**Property**");
- B. On the 5th day of January, 2016, pursuant to an order of the Ontario Superior Court of Justice, Commercial List (the "**Court Order**") attached hereto and marked as Schedule "B", Collins Barrow Toronto Limited was appointed Receiver to, among other things, market and sell certain property of the Debtor; and
- C. The Purchaser has agreed to purchase from the Vendor, and the Vendor has agreed to sell to the Purchaser, the right, title and interest of the Debtor in and to the Property on the terms and conditions set out herein.

IN CONSIDERATION of the mutual agreements contained in this Agreement, the sufficiency of which is acknowledged by each of the Vendor and the Purchaser, the Vendor and the Purchaser agree as follows:

1. DEFINITIONS

In this Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

- (a) "Act" means, for purposes of Section 24 only, the *Excise Tax Act* (Canada);
- (b) "Agreement" means this offer to purchase executed by the Purchaser and accepted by the Vendor, together with the attached schedules;
- (c) "Building" means the building situate on the Property (as hereinafter defined) together with all other structures situate thereon, including all improvements thereto and all fixtures forming a part thereof.
- (d) "Business Day" means any day other than a Saturday or a Sunday or a statutory holiday in the Province of Ontario;
- (e) "Closing" shall have the meaning ascribed to it in Section 9;
- (f) "Court" means the Ontario Superior Court of Justice (Commercial List);
- (g) "Court Order" shall have the meaning ascribed to it in Recital B;
- (h) "Date of Closing" shall have the meaning ascribed to it in Section 10 hereof;
- (i) "Debtor" means 2723 Lancaster Road Inc.;
- (j) "Deposit" shall have the meaning ascribed to it in Section 4 (a);
- (k) "Environmental Law" means any and all applicable international, federal, provincial, state, municipal or local laws, by-laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, health protection or any Hazardous Materials;
- (l) "HST" shall have the meaning ascribed thereto in Section 24 hereof;
- (m) "Government Authority" means any person, body, department, bureau, agency, board, tribunal, commission, branch or office of any federal, provincial or municipal governments having or claiming to have jurisdiction over part or all of the Property, the transaction contemplated in this Agreement and/or one or both of the parties hereto;
- (n) "Hazardous Materials" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any

Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environmental, health and/or safety matters and, not to limit the generality of the foregoing, includes asbestos, urea formaldehyde foam insulation and mono-or poly-chlorinated biphenyl wastes;

- (o) "Material Documents" includes copies of all architectural drawings, site plans relating to the Property and the Property, existing plan of survey, if any, the lease(s), if any, and operating statements for the Building to the extent that such Material Documents are in the possession of the Vendor;
- (p) "Property" means the lands and/or premises legally described in Schedule "A" hereto, together with all easements, rights-of-way, privileges and appurtenances attaching thereto and enuring to the benefit thereof;
- (q) "Purchase Price" shall have the meaning ascribed thereto in Section 3 hereof;
- (r) "Property" shall have the meaning ascribed to it in Recital A;
- (s) "Purchaser's Solicitors" means the firm of LaBarge Weinstein LLP;
- (t) "Registry Office" shall have the meaning ascribed thereto in Section 10 hereof;
- (u) "Vendor's Solicitors" means the firm of Cassels Brock & Blackwell LLP.

2. NATURE OF TRANSACTION

The Purchaser shall purchase and the Vendor shall sell the Property, upon and subject to the terms of this Agreement.

3. PURCHASE PRICE

The aggregate purchase price (the "Purchase Price") for the Property shall be the sum of:

4. METHOD OF PAYMENT

The Purchase Price shall be paid, accounted for and satisfied as follows.

- (a) **Deposit:** A deposit in the amount of \$150,000.00 CDN (the "**Deposit**") to be deposited in the trust account of the Receiver, upon the execution of this Agreement to be held in accordance with the terms of this Agreement. The Deposit will be held by the Receiver until completion or other termination of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Receiver shall place the Deposit in a non-interest bearing account and no interest shall be earned, received or paid on the Deposit.
- (b) **Balance Due at Closing:** The balance of the Purchase Price, subject to the adjustments contained in this Agreement, by payment at Closing to the Vendor or to the order of the Vendor.
- (c) **Method of Payment:** The Deposit and the balance due on Closing shall be made by way of wire transfer.
- (d) **Allocation of Purchase Price:** The Vendor and the Purchaser acknowledge and agree that they shall each make their own allocations of the Purchase Price between the land and building on the Property for the purposes of the *Income Tax Act* (Canada) and any filings in accordance with the provisions thereof.

5. DEPOSIT

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

- a) returned to the Purchaser without interest or deduction if the Vendor does not accept this Agreement;
- b) credited to the Purchaser as an adjustment against the Purchase Price on the Closing Date if the purchase and sale of the Property is completed pursuant to this Agreement;
- c) refunded to the Purchaser without interest deduction if the purchase and sale of the Property is not completed pursuant to this Agreement, provided that the Purchaser is not in default under this Agreement; or,
- d) retained by the Vendor as a genuine pre-estimate of liquidated damages and not as a penalty, in addition to any other rights and remedies that the Vendor may have under this Agreement and at law, including offering the Property for sale to another person, if the purchase and sale of the Property is not completed pursuant to this Agreement as a result of the Purchaser's breach hereunder.

6. CLOSING ADJUSTMENTS

Adjustment shall be made, as of 12:01 a.m. on the Date of Closing, for realty taxes, local improvement rates, municipal/provincial levies and charges, water and assessment rates and utilities for the month of Closing. The day of Closing shall be for the account of the Purchaser.

7. DELIVERIES

Unless already made available to the Purchaser by the Vendor prior to the execution of this Agreement, the Vendor covenants to deliver (unless otherwise specified) to, or make available for inspection by the Purchaser, within five (5) Business Days of the date of execution of this Agreement, the following material:

- (a) **Survey:** a photocopy of a survey of the Property if such survey is in the possession of the Vendor, it being understood that such survey is not up to date;
- (b) **Authorizations for Information:** authorizations to be provided by the Vendor in a form and substance satisfactory to the Vendor and the Purchaser both acting reasonably and executed by the Vendor and addressed to the appropriate municipal property department, zoning department and fire department and to all other Government Authorities, authorizing the release of any and all information on file in respect of the Property, but specifically prohibiting requests for inspections by any of such Government Authorities; and
- (c) **Tax Notices:** copies of real property assessment and realty tax notices/statements in respect of the Property for the current calendar year and the immediately preceding calendar year, to the extent such notices or statements are in the Vendor's possession;

(collectively the "Vendor's Deliveries").

The Purchaser acknowledges that the Vendor makes no representation and/or warranty as to the accuracy, correctness, fitness for purpose or comprehensiveness of the Vendor's Deliveries, and any information contained therein or as to the Purchaser's entitlement to use or rely on same, and that the Purchaser shall be required to make its own investigations to satisfy itself in this regard. In the event that this transaction does not close for any reason whatsoever, including the default of the Vendor, the Purchaser agrees to return the Vendor's Deliveries, and all copies thereof made by or on behalf of the Purchaser or its agents and representatives, forthwith to the Vendor.

8. ACCESS

The Vendor agrees to allow the Purchaser and the Purchaser's authorized representative's reasonable access to the Property during normal business hours from time to time, on at least Twenty-Four (24) hours advance notice to the Vendor, solely for the purpose of inspecting the Property. The Purchaser agrees that no destructive testing will be requested or allowed.

The Purchaser covenants and agrees to (i) repair or pay the cost of repair of any damage occasioned during and resulting from the inspection of the Property conducted by the Purchaser

or its authorized representatives, as outlined above and to return the Property to the condition same was in prior to such inspections; and (ii) indemnify and save the Vendor harmless from and against all losses, costs, claims, third party claims, damages, expenses (including legal costs as between a solicitor and its own client) which the Vendor may suffer as a result of the inspection of the Property conducted by the Purchaser or its authorized representatives, as outlined above or as a result of any unauthorized tests or inspections by Government Authorities. The provisions of Subsection 6(b) and this Section 7 shall survive Closing or other termination of this Agreement, notwithstanding any other provisions hereof.

9. TERMS OF PURCHASE

- (a) **"As Is, Where Is"**: The Purchaser acknowledges that the Vendor is selling and the Purchaser is purchasing the Property on an "as is, where is" basis subject to whatever defects, conditions, impediments, Hazardous Materials or deficiencies which may exist on the Date of Closing, including, without limiting the generality of the foregoing, any latent or patent defects in the Property. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Property. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, the existence or non-existence of Hazardous Materials, compliance with any or all Environmental Law, condition or quality, or in respect of any other matter or thing whatsoever concerning the Property, or the right of the Vendor to sell same save and except as expressly provided for in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the Sale of Goods Act of Ontario do not apply hereto and have been waived by the Purchaser. The descriptions of the Property contained in this Agreement are for the purposes of identification only and no representation, warranty or condition has or will be given by the Vendor concerning the accuracy of such descriptions. Notwithstanding the above, the Vendor will provide title to the assets clear of any and all encumbrances, pursuant to a Vesting Order and subject to any assumed encumbrances outlined in Schedule "C".
- (b) **Title and Other Requisitions**: The Purchaser acknowledges that, notwithstanding any statutory provisions to the contrary, the Purchaser has no right to submit requisitions on title or in regard to any outstanding work orders, deficiency notices or orders to comply issued by any Government Authorities and the Purchaser shall accept the title to the Property subject to those permitted encumbrances listed in Schedule "B" attached hereto.

10. DATE OF CLOSING

The Vendor will seek to obtain a Vesting Order (as defined in Section 22 hereof) within thirty (30) Business Days or otherwise as soon as reasonably possible following the Purchaser waiving the condition under Subsection 15(a). The transaction contemplated herein will close on the tenth Business Day following the date on which the Vesting Order is granted, or such other date

as agreed to between the Vendor and the Purchaser in writing. The Purchaser acknowledges that this transaction is subject to the Court granting the Vesting Order in its discretion.

11. ELECTRONIC REGISTRATION

- (a) In the event that the electronic registration system ("TERS") is operative in the relevant land registry office (the "Registry Office"), the following provisions shall apply:
- (i) The Purchaser shall be obliged to retain a solicitor who is both an authorized TERS user and is in good standing with the Law Society of Upper Canada to represent the Purchaser in connection with the completion of the transaction and shall authorize such solicitor to enter into a document registration agreement with the Vendor's Solicitors in the form attached hereto as Schedule "C" (the "DRA"), establishing the procedures and timing for completing this transaction.
 - (ii) The delivery and exchange of the closing documents:
 - (A) shall not occur contemporaneously with the registration of the Deed and other registerable documentation; and
 - (B) shall be governed by the DRA, pursuant to which the Vendor's Solicitors and Purchaser's Solicitors shall hold all closing documents in escrow, and will not be entitled to release them except in strict accordance with the provisions of the DRA.
- (b) The Purchaser expressly acknowledges and agrees that the Vendor will not release the Vesting Order described in Section 22(a) of this Agreement for registration until the balance of funds due on Closing, in accordance with the Statement of Adjustments, are remitted by wire transfer to the Vendor's Solicitors (or in such other manner as the Vendor or Vendor's Solicitors may direct) prior to the release of the Vesting Order for registration, which the Vendor's Solicitors will hold in escrow.
- (c) Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Vendor upon the Purchaser, or by the Purchaser upon the Vendor, when the Vendor's Solicitors have:
- (i) delivered all closing documents required to be delivered by the Vendor to the Purchaser pursuant to Section 22 hereof;
 - (ii) advised the Purchaser's Solicitors in writing that the Vendor is ready, willing and able to complete the transaction in accordance with the terms and provisions of this Agreement; and

- (iii) completed all steps required by TERS to complete this transaction that can be performed or undertaken by the Vendor's Solicitors without the cooperation or participation of the Purchaser's Solicitors, and specifically when the "completeness signatory" for the Vesting Order has been electronically "signed" by the Vendor's Solicitors,

without the necessity of personally attending upon the Purchaser or the Purchaser's Solicitors with the closing documents and without any requirement to have an independent witness evidencing the foregoing.

- (d) Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Purchaser upon the Vendor, when the Purchaser's Solicitors have:
 - (i) delivered the balance due at Closing and all the closing documents required to be delivered by the Purchaser to the Vendor pursuant to Section 22 hereof;
 - (ii) advised the Vendor's Solicitors in writing that the Purchaser is ready, willing and able to complete the transaction in accordance with the terms and provisions of this Agreement; and
 - (iii) completed all steps required by TERS to complete this transaction that can be performed or undertaken by the Purchaser's Solicitors without the cooperation or participation of the Vendor's Solicitors, and specifically when the "completeness signatory" for the Deed has been electronically "signed" by the Purchaser's Solicitors,

without the necessity of personally attending upon the Vendor or the Vendor's Solicitors with the closing documents, and without any requirement to have an independent witness evidencing the foregoing.

- (e) If through no fault of the Purchaser's Solicitors or the Vendor's Solicitors TERS is unavailable on the Closing Date, such that the Purchaser's Solicitors are unable to register the Deed, then the transaction contemplated by this Agreement shall be completed in escrow in accordance with the terms of the DRA which shall apply until such time as TERS becomes available. Upon TERS becoming available, the Vendor's Solicitors shall advise the Purchaser's Solicitors forthwith and the parties shall arrange to complete the registration of the Vesting Order as expeditiously as possible, whereupon the escrow shall be released.

In the event of any conflict or inconsistency between the terms of this Section 10 and the terms of the DRA, the terms of this Section 10 shall prevail.

12. PRE-CLOSING RISK AND POST-DAMAGE ENTITLEMENTS

The Property is and shall remain at the Debtor's risk until Closing and the Receiver shall hold the proceeds of all insurance policies in trust for the parties as their respective interests may appear pending Closing. In the event that the Property shall be materially damaged prior to Closing then the Vendor shall promptly advise the Purchaser in writing of such damage. In the event that the Property shall be materially damaged prior to Closing then the Purchaser shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement, by delivery of written notice to the Vendor within ten (10) Business Days following receipt of the Vendor's notice of damage and in such event the parties hereto shall be released from all obligations and liabilities hereunder and the Deposit shall be returned to the Purchaser forthwith, without interest or deduction. If the Purchaser does not elect to terminate this Agreement as set out above, then the transaction contemplated hereunder shall be completed and the Debtor shall release its interest in the insurance proceeds, if any, payable in respect thereof to the Purchaser.

13. VENDOR'S REPRESENTATIONS AND WARRANTIES

The Vendor represents and warrants to the Purchaser that:

- (a) **Non-Residency:** the Vendor is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada); and
- (b) **Authority to Sell:** as at the date hereof, the Vendor has been duly appointed as Receiver of the Property by the Court Order and has full right, power and authority to market the Property for sale and, subject to the Court making a Vesting Order, on Closing shall have the power and authority to sell the Property, in accordance with the terms and conditions of this Agreement.

14. PURCHASER'S REPRESENTATIONS AND WARRANTIES

The Purchaser represents and warrants to the Vendor that, as at the date hereof:

- (a) **Corporate Matters Regarding Purchaser:** the Purchaser is a corporation duly incorporated, organized and validly subsisting under the laws of the province of Ontario and has all requisite corporate power, authority and capacity to execute and deliver and to perform each of its obligations pursuant to this Agreement; neither the execution of this Agreement nor the performance (such performance shall include, without limitation, the exercise of any of the Purchaser's rights and compliance with each of the Purchaser's obligations hereunder) by the Purchaser of the transaction contemplated hereunder will violate:
 - (i) the Purchaser's articles of incorporation and by-laws;
 - (ii) any agreement to which the Purchaser is bound;
 - (iii) any judgement or order of a court of competent authority or any Government Authority; or

- (iv) any applicable law;

and the Purchaser has duly taken, or has caused to be taken, all requisite corporate action required to be taken by it to authorize the execution and delivery of this Agreement and the performance of each of its obligations hereunder; and

- (b) *Investment Canada Act (Canada)*: either (i) the Purchaser is not a "non-Canadian", as defined in the *Investment Canada Act (Canada)* ("ICA"); or (ii) if the Purchaser is a "non-Canadian", this transaction is not a reviewable transaction under the ICA, or, if applicable, the Purchaser is a non-Canadian for the purpose of the ICA and will within three (3) Business Days of the execution of this Agreement submit to Investment Canada a fully completed Application for Review with respect to the transaction contemplated in this Agreement and will use its best efforts to obtain approval from Investment Canada prior to Closing.

The Purchaser shall promptly deliver to the Vendor written notice specifying the occurrence or likely occurrence of any event which may result in any of the Purchaser's representations and warranties contained in this Agreement not continuing to be true as at Closing.

15. CONDITIONS OF CLOSING IN FAVOUR OF THE PURCHASER

- (a) Notwithstanding any other provision contained herein, this Agreement shall be conditional for a period of thirty (30) days from the date of acceptance hereof upon the Purchaser satisfying itself, in its complete and absolute discretion, as to the state and status of the Property. In the event that the Purchaser does not waive this condition within the said thirty (30) day period, then this Agreement shall be null and void and the deposit monies returned to the Purchaser with no deduction or penalty.
- (b) During the said thirty (30) day period referred to in subparagraph (a) hereof, the Purchaser may, without the consent of the Vendor, assign this Agreement and the benefit thereof to any entity or corporation related to the Purchaser, provided that such assignee assumes the obligations of the Purchaser hereunder and provided that notice of such assignment and assumption is given to the Vendor. However, the Purchaser named herein shall not be released of any obligations and liabilities under this Agreement and shall remain jointly and severally liable with any assignee to complete this Agreement in accordance with the terms herein. The Purchaser acknowledges and agrees that if it does not give the Vendor notice of such assignment during the said thirty (30) day period as provided herein, the Purchaser shall not be permitted to assign this Agreement without the consent of the Vendor.

16. CONDITIONS OF CLOSING IN FAVOUR OF THE VENDOR

- (a) The Vendor's obligations contained in this Agreement shall be conditional upon the Vendor receiving, within thirty (30) days of the date of the Purchaser waiving the condition under Subsection 15(a) (the "Condition Date"), an Order of the Court approving the transaction contemplated herein and ordering that the

Debtor's right, title and interest in the Property be vested in the Purchaser free and clear of encumbrances except for Permitted Encumbrances upon satisfaction by the Purchaser of its obligations under this Agreement (collectively, the "**Vesting Order**"). The Vesting Order shall effectively discharge and cause Instruments OC147843, OC147844 and OC1110945 to be removed from the Property Parcel Register for the Property.

The Vendor covenants and agrees to proceed as expeditiously as possible, to work in a diligent manner and to use reasonable commercial efforts to attempt to satisfy this condition. 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 this Agreement, anticipated currently to be related to financial and financing details. If the Vesting Order is not obtained on or before the Condition Date, this Agreement shall be extended by additional thirty (30) day periods up to one hundred twenty (120) days in total after which it may be terminated by the Vendor, by notice in writing, to the Purchaser, without any penalty or liability whatsoever to the Vendor or the Purchaser, other than the return by the Vendor to the Purchaser of the Deposit, but without cost of other compensation and each of the Vendor and the Purchaser shall be released from all other obligations hereunder except for the obligations of the Purchaser, if any, arising under or as a result of a breach of the provisions of Subsection 7(b) or Section 8 hereof.

- (b) The Vendor's obligations contained in this Agreement shall be subject to the fulfilment, at or prior to Closing, of each of the following conditions:
- (i) **Representations and Warranties:** each of the Purchaser's representations and warranties contained in this Agreement shall be true at and as of the date hereof and each of such representations and warranties shall continue to be true as at Closing;
 - (ii) **Covenants/Agreements:** the Purchaser shall have complied with each and every covenant/agreement made by it herein and required to be completed at or prior to Closing;
 - (iii) **Corporate Steps and Proceedings:** all necessary corporate steps and proceedings shall have been taken by the Purchaser to permit the Purchaser's execution of this Agreement and performance of each of the Purchaser's obligations hereunder;
 - (iv) **No Redemption:** the Property shall not have been redeemed pursuant to any statutory right or otherwise; and
 - (v) **Vesting Order:** the Vesting Order shall not be stayed and shall be in full force and effect and no Order restraining or prohibiting Closing shall have been made by the Court.

For greater certainty, each of the conditions contained in this Section 16(b) have been inserted for the benefit of the Vendor.

- (c) The Vendor covenants to use its best efforts (which the Vendor represents and warrants shall not be less than reasonable commercial efforts) to fulfil or cause to be fulfilled the conditions contained in Subsection 16(a) and the Purchaser covenants to use its best efforts (which the Purchaser represents and warrants shall be no less than reasonable commercial efforts) to fulfil or cause to be fulfilled the conditions contained in Subsection 16(b)(i) - (iii) hereof prior to Closing.
- (d) In the event that any of the foregoing conditions shall not be fulfilled at or prior to Closing, the Vendor may, in its absolute and unfettered discretion, terminate this Agreement by written notice to the Purchaser without any penalty or liability whatsoever to the Vendor, other than the return by the Vendor to the Purchaser of the Deposit, without interest or deduction, and without cost or other compensation and each of the Vendor and the Purchaser shall be released from all other obligations hereunder, except for the obligations of the Purchaser, if any, arising under or as a result of a breach of the provisions of Subsection 7(b) or Section 8 hereof.

17. 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 a 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, the Vendor may, in its sole and unfettered discretion, elect by written notice to the Purchaser, to terminate this Agreement, whereupon the Deposit and any interest earned thereon shall be returned to the Purchaser without deduction, and neither party shall have any further rights or liabilities hereunder.

The obligation of the Vendor to complete this 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 representation and warranties of the Purchaser herein are 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, or against the Vendor, its officers, directors, employees or agents with respect to

their actions hereunder, or their dealing with the property, 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 have taken any action to redeem the Property; and,
- (e) the Court shall have granted the Approval and the Vesting Order

18. PURCHASER'S ACKNOWLEDGMENTS

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 or 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 fee, 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 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 Agreement;
- (g) the Vendor shall have no liability for, or obligation with respect to, the value, state or condition of the Property, if the matter is not within the knowledge or imputed knowledge of the Vendor, its officers, employees, directors, agents, representatives and contractors;
- (h) 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 Materials 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 and the 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 Materials whether on, under or about the Property or elsewhere;
- (i) the Material Documents are being provided to the Purchaser merely as a courtesy and without any representations or warranties whatsoever.

19. 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.

20. INDEMNIFICATION

The Purchaser shall indemnify and save harmless the Vendor and its directors, officers, employees, agents and representatives (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.

21. RELEASE

The Purchaser agrees to release and discharge the Vendor together with its directors, 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 Materials. 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 Agreement, and shall survive the termination of this Agreement for any reason or cause whatsoever and the closing of this transaction.

22. NON-REGISTRATION

The Purchaser hereby covenants and agrees not to register this Agreement or notice of this Agreement or a caution, certificate of pending litigation, or any other document providing evidence of this 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 this Purchaser) cause the removal of such notice of this Agreement, caution, certificate of pending litigation or other document providing evidence of this Agreement or any assignment of this 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 Agreement, any caution, certificate of pending litigation or any other document or instrument whatsoever from title to the Property.

23. VENDOR'S CLOSING DELIVERIES

The Vendor covenants to execute, where applicable, and deliver the following to the Purchaser at Closing or on such other date expressly provided herein:

- (a) **Vesting Order:** an order of the Court vesting the Property in the Purchaser or as the Purchaser shall direct, in accordance with the provisions of this Agreement;
- (b) **Bill of Sale:** a bill of sale conveying chattels on the Property to the Purchaser;
- (c) **Statement of Adjustments:** a statement of adjustments prepared in accordance with Section 6 hereof;
- (d) **Direction Regarding Funds:** a direction from the Vendor designating the party or parties to which the balance of the Purchase Price described in Subsection 4(b) hereof shall be paid; in the event that the Vendor designates more than one party then it shall also designate amounts payable to each of the parties;
- (e) **Non-Residence Certificate:** the Vendor's certificate setting out that the Vendor is not a "non-resident" of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada);
- (f) **Acknowledgement and Confirmation:** an acknowledgement and confirmation in favour of the Purchaser confirming the quantum and period during which the

Vendor paid the common element fees due and payable in connection with each of the Property;

- (g) **Keys:** all master keys and duplicate keys relating to the Property in the Vendor's possession;
- (h) **Vacant Possession:** vacant possession of the Property to the extent that they are not tenanted (if applicable); and
- (i) **Further Documentation:** any other documentation relative to the completion of this Agreement as may reasonably be required by the Purchaser or its solicitors.

24. PURCHASER'S CLOSING DELIVERIES

The Purchaser covenants to execute, where applicable, and deliver the following to the Vendor at or prior to Closing:

- (a) **Purchaser's Certificates:** the Purchaser's certificate and indemnity setting out that each of the Purchaser's representations and warranties contained in this Agreement are true as at Closing and, if applicable, the Purchaser's certificate described in Subsection 26(b) hereof;
- (b) **HST Indemnity:** the indemnity provided for under Subsection 26(c) hereof;
- (c) **Direction re Title:** a direction re title to confirm the name in which title to each unit with comprises the Property will be taken;
- (d) **Balance Due at Closing:** the balance of the Purchase Price described in Subsection 4(b) hereof;
- (e) **Application for Vesting Order(s):** the Purchaser's solicitor will prepare the application for vesting order in Teraview in accordance with the Purchaser's direction re title; and
- (f) **Further Documentation:** any other documentation relative to the completion of this Agreement as may reasonably be required by the Vendor or its solicitors.

25. PLANNING ACT (ONTARIO)

This Agreement shall be effective to create an interest in the Property for the Purchaser only if Part VI of the *Planning Act* (Ontario) is complied with prior to Closing.

26. HARMONIZED SALES TAX

- (a) **Application of HST to this Agreement:** If the transaction contemplated hereunder shall be subject to the goods and services tax or harmonized sales tax ("HST") levied pursuant to the Act, then HST shall be in addition to and not

included in the Purchase Price and shall be collected and remitted in accordance with the Act.

- (b) **Self-Assessment:** If part or all of the said transaction is subject to HST and:
- (i) the Vendor is not a non-resident of Canada or the Vendor would be a non-resident of Canada but for Subsection 132(2) of the Act; and/or
 - (ii) the Purchaser is a "prescribed recipient" under the Act and/or is registered under the Act,

then the Purchaser shall deliver, prior to Closing, its certificate in form prescribed by the Act or, if no such form is prescribed, then in reasonable form, certifying that the Purchaser shall be liable for, shall self-assess and shall remit to the appropriate Government Authority all HST payable in respect of the transaction contemplated hereunder. If Subsection 26(b)(i) hereof shall be applicable, then the Purchaser's certificate shall also include certification of the Purchaser's prescription and/or registration, as the case may be, and the Purchaser's HST registration number. If the Purchaser shall fail to deliver its certificate, then the Purchaser shall tender to the Vendor, at Closing, in addition to the balance due at Closing described in Subsection (a) hereof, an amount equal to the HST that the Vendor shall be obligated to collect and remit in connection with the said transaction.

- (c) **HST Indemnity:** The Purchaser shall indemnify and save harmless the Vendor, its directors, officers, employees, agents and representatives from all claims, liabilities, penalties, interest, costs and legal and other expenses incurred, directly or indirectly, in connection with the assessment of HST payable in respect of the transaction contemplated hereunder.

27. NOTICE

Any notice given hereunder shall be in writing and delivered or communicated by telecopier machine or e-mail to:

in the case of the Purchaser at:

2193 Arch Street,
Ottawa, ON K1G 2H5

Fax: (613) 688-2440
Attention: Terry Nichols, CA
E-mail: tnichols@urbandale.com

with a copy to the Purchaser's Solicitors at:

LaBarge Weinstein LLP
515 Legget Drive, Suite 800

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Ottawa, ON K2K 3G4

Fax: (613) 599-0018
Attention: W. John Rick
E-mail: jrick@lwlaw.com

and in the case of the Vendor at:

Collins Barrow Toronto Limited
11 King Street West, Suite 700
Toronto ON M5H 4C7

Fax: (416) 480-2646
Attention: Bryan A. Tannenbaum
Email: btannenbaum@collinsbarrow.com

with a copy to the Vendor's Solicitors at:

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto ON M5H 3C2

Fax: (416) 646-5500
Attention: Lanning J. Abramson
Email: labramson@casselsbrock.com

Such notice shall be deemed to have been delivered upon delivery or communicated upon transmission unless such notice is delivered or transmitted outside of usual business hours, in which event the notice shall be deemed to have been delivered or transmitted on the next Business Day. A party may change its address and/or telecopier machine number by providing notice in accordance with this Section 27.

28. WAIVER OF CONDITIONS

Except as otherwise provided in this Agreement, all conditions contained herein have been inserted for the benefit of either the Vendor or the Purchaser, as indicated, and are conditions of the obligations of such party to complete the transaction contemplated hereunder at Closing and are not conditions precedent of this Agreement. Any one or more of the said conditions may be waived, in writing, in whole or in part, by the benefiting party without prejudice to the benefiting party's right of termination in the event of the non-fulfilment of any other condition, and, if so waived, this Agreement shall be read exclusive of the said condition or conditions so waived. For greater certainty, the closing of the transaction contemplated hereunder by a party hereof shall be deemed to be a waiver by such party of compliance with any condition inserted for its benefit and not satisfied at Closing.

29. SEVERABILITY

If any provision contained in this Agreement or the application thereof to any person/entity or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement and the application of such provision to persons/entities or circumstances other than those to whom/which it is held invalid or unenforceable, shall not be affected thereby and each provision contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

30. DIVISION/HEADINGS

The division of this Agreement into Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings or captions are for convenience of reference only and shall not affect the construction or interpretation of this Agreement or any part hereof.

31. ENTIRE AGREEMENT

This Agreement and the schedules attached hereto constitute the entire agreement between the Vendor and the Purchaser in respect of the Property. Each of the parties acknowledges that, except as contained in this Agreement, there is no representation, warranty, collateral agreement or condition (whether a direct or collateral condition or an express or implied condition) which induced it to enter into this Agreement.

32. CUMULATIVE REMEDIES

No remedy conferred upon or reserved to one or both of the parties hereto is intended to be exclusive of any other remedy, but each remedy shall be cumulative and in addition to every other remedy conferred upon or reserved hereunder, whether such remedy shall be existing or hereafter existing, and whether such remedy shall become available under common law, equity or statute.

33. INTERPRETATION

This Agreement shall be read with all changes of gender and number as required by the context.

34. REFERENCES TO STATUTES

Except as otherwise provided in this Agreement, references to any statute herein shall be deemed to be a reference to such statute and any and all regulations from time to time promulgated thereunder and to such statute and regulations as amended or re-enacted from time to time. Any reference herein to a specific section or sections, paragraph or paragraphs and/or clause or clauses of any statute or regulations promulgated thereunder shall be deemed to include a reference to any corresponding provision of future law.

35. TIME OF ESSENCE

Time shall in all respects be of the essence hereof provided that the time for the doing or completing of any matter referred to herein may be extended or abridged by an agreement, in

writing, executed by the Vendor and the Purchaser or their respective solicitors who are hereby expressly appointed for that purpose.

36. CANADIAN FUNDS

All references to dollar amounts contained in this Agreement shall be deemed to refer to Canadian funds.

37. TENDER

Any tender to notices, documents and/or monies hereunder may be made upon the Vendor or the Purchaser or their respective solicitors. Monies may be tendered by wire transfer.

38. FURTHER ASSURANCES

Except as otherwise expressed herein to the contrary, each party shall, without receiving additional consideration therefor co-operate with and take such additional actions as may be requested by the other party, acting reasonably, in order to carry out the purpose and intent of this Agreement.

39. 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, without the Vendor's prior written consent shall not 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 and Vendor further agrees that unless and until the terms of this Agreement become public knowledge in connection with an application to the Court, the Purchaser and Vendor shall keep such terms confidential and shall not disclose them to anyone except the Purchaser's and Vendor'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. The Vendor agrees that this document may not be shown to any person or party listed on the Notice and Statement of Receiver attached hereto and marked as Schedule "E", prior to the end of the Due Diligence Period.

40. NON-BUSINESS DAYS

In the event that any date specified or any date contemplated in this Agreement shall fall upon a day other than a Business Day, then such date shall be deemed to be the next following Business Day.

41. DOCUMENTATION PREPARATION AND REGISTRATION

The Purchaser shall prepare or cause to be prepared the land transfer tax affidavit to be attached to the Vesting Order described in Subsection 23(a) hereof. The Vendor shall prepare or cause to

be prepared all other documentation described in Section 23 hereof. Each of the parties shall deliver draft documentation to the other not less than three (3) Business Days prior to Closing. Except as otherwise expressly provided in this Agreement, all such documentation shall be in form and have substance satisfactory to the Vendor and the Purchaser, acting reasonably. The Purchaser shall be responsible for and pay all registration costs incurred in connection with the transaction contemplated in this Agreement. Except as otherwise expressly provided in this Agreement, each of the Vendor and the Purchaser shall be responsible for and pay all legal and other professional/consultant fees and disbursements incurred by it, directly or indirectly, in connection with this Agreement.

42. LAND TRANSFER TAXES AND RETAIL SALES TAXES

The Purchaser shall pay all land transfer taxes (as required pursuant to the *Land Transfer Tax Act* (Ontario)) and, if applicable, all retail sales taxes (as required pursuant to the *Retail Sales Tax Act* (Ontario)) payable in connection with the transfer of the Property pursuant to this Agreement.

43. GOVERNING LAWS

This Agreement has been executed in the Province of Ontario and, for all purposes, shall be construed in accordance with and governed by the laws in effect within the Province of Ontario, and the federal laws of Canada applicable thereon

44. ASSIGNMENT

No party may assign its rights or obligations under this Agreement of Purchase and Sale without the prior written consent of the other party. Notwithstanding the foregoing, the Purchaser shall have the right, until 2 Business Days prior to the granting of the Vesting Order to assign, in whole or in part, its rights to acquire the Property hereunder to any company or companies provided by the Purchaser provided that such assignment shall not release the Purchaser from its obligations under this Agreement.

45. VENDOR'S CAPACITY

It is acknowledged by the Purchaser that the Vendor is entering into this Agreement solely in its capacity as Court-Appointed Receiver of the undertaking, property and assets of the Debtor and that the Vendor shall have no personal or corporate liability under or as a result of this Agreement. Any claim against the Vendor shall be limited to and only enforceable against the property and assets then held by or available to it in its capacity as Receiver of certain property of the Debtor and shall not apply to its personal property and other assets held by it in any other capacity. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Property. The Purchaser acknowledges that the Property is and shall remain in the possession of the Debtor until Closing.

46. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

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DATED as of the date first mentioned above.

Lioness Developments Inc.

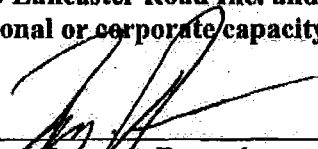
Per: 
 Name: TERRY NICHOLS
 Title: VP FINANCE

Authorized signing officer(s)
 I/We have authority to bind the Corporation
 Without personal liability.

The Vendor hereby accepts the foregoing offer to purchase and its terms and agrees with the Purchaser to duly complete the transaction contemplated thereunder.

DATED at Toronto, Ontario this 30TH day of June, 2016.

**Collins Barrow Toronto Limited, solely in
 its capacity as Court-appointed Receiver of
 2723 Lancaster Road Inc. and not in its
 personal or corporate capacity**

Per: 
 Name: Bryan A. Tannenbaum
 Title: President

I/We have authority to bind the Corporation.

TAB A

SCHEDULE A**LEGAL DESCRIPTION OF THE LANDS**

Municipal Address: 2723 Lancaster Road, Ottawa, ON

Legal Description: Parcel A-14, Section 4M-121; Part Block A, Plan 4M-121, Parts 1-4 and 6 on Reference Plan 4R-6646, S/T LT496170; T/W LT496170; S/T LT601576; S/T LT608689, City of Ottawa

Roll Number: 061410610200815

PIN 04262-0027

TAB B

SCHEDULE B
COURT ORDER

Court File No. 15-66931

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE *C.T. Hackland*)
)
)

TUESDAY, THE 5TH

DAY OF JANUARY, 2016

THE MANUFACTURERS LIFE INSURANCE COMPANY

Applicant

- and -

2723 LANCASTER ROAD INC.

Respondent

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

**ORDER
(appointing Receiver)**

THIS APPLICATION made by The Manufacturers Life Insurance Company (the "Applicant") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Collins Barrow Toronto Limited as receiver (the "Receiver") without security, of all of the assets, undertakings and properties of 2723 Lancaster Road Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 161 Elgin Street, Ottawa, Ontario.

ON READING the affidavit of Robert Amos sworn December 17, 2015 and the exhibits thereto and the consent of Collins Barrow Toronto Limited to act as the Receiver,

AND UPON HEARING from counsel for the respondent, and upon being advised of the consent of the parties,

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 pursuant to section 243(1) of the BIA and section 101 of the CJA, Collins Barrow Toronto Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, 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 Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary

- 3 -

course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (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 Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to 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 Debtor, 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

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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 Debtor;

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- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor 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 Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any 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.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, 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

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nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. 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.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including

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

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the 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 Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

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 Debtor, 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.

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 standard 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 \$250,000 (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.

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 "A" 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

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orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://www.collinsbarrow.com/en/toronto-ontario/2723-Lancaster-Road>.

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

GENERAL

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 Debtor.

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

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proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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.

Rachel L.

ENTERED AT OTTAWA INSCRIT A OTTAWA
ON/LE JAN 05 2016
DOCUMENT # <u>0411</u>
IN BOOK NO. 73-13 AU REGISTRE NO. 73-13

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 January, 2016.

Collins Barrow Toronto Limited, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____
Name:
Title:

THE MANUFACTURERS LIFE INSURANCE COMPANY

and

2723 LANCASTER ROAD INC.

Applicant

Respondent

Court File No. 15-66931

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
OTTAWA

ORDER

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2

David S. Ward LSUC #: 33541W
Tel: 416.869.5960
Fax: 416.640.3154
dward@casselsbrock.com

Leonard Loewith LSUC #: 65606N
Tel: 416.860.6471
Fax: 416.640.3092
lloewith@casselsbrock.com

Lawyers for the Applicant

TAB C

SCHEDULE C**ASSUMED ENCUMBRANCES**

"Assumed Encumbrances" means the following:

1. The exceptions and qualifications contained in Section 44(1) of the Land Titles Act, R.S.O. 1990, and any amendments thereto or any successor legislation, except paragraph 11;
2. The reservations, limitations, provisos and conditions expressed in the original grant from the Crown;
3. Any registered or unregistered easements or rights of way in favour of any governmental authority or public utility provided that none of the foregoing interfere in any material adverse respect with the current use of the Property;
4. Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies not at the time due;
5. All agreements and easements, registered or otherwise, for utilities and services for hydro, water, heat, power, sewer, drainage, cable and telephone serving the Property, adjacent or neighbouring properties, provided none of the foregoing interfere in any material adverse respect with the current use of the Property;
6. Any encroachments, minor defects or irregularities indicated on any survey of the Property or which may be disclosed on an up-to-date survey of the Property provided that in either case same do not materially adversely impair the use, operation, or marketability of the Property;
7. Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations, work orders, deficiency notices and any other noncompliance;
8. Any breaches of any Applicable Laws, including outstanding building permits, work orders and deficiency notices;
9. Any subdivision agreements, site plan agreements, developments and any other agreements with the Municipality, Region, publicly regulated utilities or other governmental authorities having jurisdiction;
10. Minor title defects, if any, that do not in the aggregate materially affect the use of the Property for the purposes for which it is used on the date of acceptance of this Agreement;

11. The following instruments registered on title against the Property:

**Assumed Encumbrances related to the Property
(unaffected by the Vesting Order)
Permitted Encumbrances for PIN No.**

Reg. Num.	Date	Instrument Type	Parties From	Parties To
None	N/A	N/A	N/A	N/A

TAB I

APPENDIX I

CONFIDENTIAL APPENDIX "I"

TO THE SECOND REPORT OF THE RECEIVER DATED 29 AUGUST, 2016

[CONFIDENTIAL – SUBJECT TO REQUEST FOR SEALING ORDER]

TAB J

APPENDIX J

Collins Barrow Toronto Limited
 Court Appointed Receiver of 2723 Lancaster Road Inc.
 Interim Statement of Receipts and Disbursements
 For the period January 5 to August 19, 2016

Receipts	
HST Refund	\$ 13,727
Interest on bank deposit	30
Total receipts (1)	<u>\$ 13,758</u>
Disbursements	
Appraisal	\$ 9,350
Insurance	22,670
Operating costs	7,690
Other	398
Property maintenance and repairs	10,237
Property Manager	16,000
Property taxes	92,145
HST/PST paid	17,138
Receiver's fees	28,200
Security	1,077
Utilities	52,917
Total disbursements	<u>\$ 257,823</u>
Excess of Disbursements over Receipts	\$ (244,066)
Advances from secured lender under Receiver's Certificates	<u>\$ 250,000</u>
Net cash on hand	<u><u>\$ 5,934</u></u>

Notes:

- (1) The total receipts do not include a deposit of \$150,000 paid by Lioness to the Receiver, to be held in trust pending the closing of the sale of the Property.

This Appendix forms part of the Receiver's Report to the Court dated August 29, 2016 and should only be read in conjunction therewith.

TAB K

APPENDIX K



August 26, 2016

2723 Lancaster Road Inc.
"For Internal Purposes Only"

Attention: Rob Amos

Re: Mortgage #: 840273:11
Mortgagor: 2723 Lancaster Road, Inc.
Property Address: 2723 Lancaster Rd., Ottawa, ON

We have prepared the following figures for payoff of the above-referenced mortgage for payout on August 26, 2016:

Principal balance (PBO) after application of the 7/1/2015 instalment	\$1,987,725.89
Accrued Interest from July 1, 2015 through to August 26, 2016 @ 4.72%	108,912.51
Protective Advance	250,000.00
Interest Owing on Protective Advance	6,299.85
Suspense Credit (Aug. 1, 2015 payment)	(16,568.79)
Recoverable Expense	67.00
Legal Fees	83,839.13
Total amount due to payoff on August 26, 2016	\$2,420,275.59

This statement is valid until August 26, 2016 only. Funds received after 3:00pm EST on August 26, 2016 are subject to a combined per diem of \$290.55 on the PBO and protective advance.

After August 26, 2016 a revised statement will be required to discharge your loan and will be prepared only upon your written request.

Please remit the required payoff funds using one of the following methods:

- (1) By Wire - before 3:00pm EST
Manulife, Transit # 06702-003, Account #160-101-2, Swift Code: ROYCCAT2
Royal Bank of Canada, 2 Bloor Street East, Yonge & Bloor Branch, Toronto, ON M4W 1A9
Reference Mortgage #840273:11 / Attention: Mortgage Servicing-Remittance Area
- (2) By Certified Cheque or Bank Draft - must arrive at our office before 12:00 noon EST
Made payable to "Manulife", Mortgage Servicing, 200 Bloor Street East, Toronto, ON M4W 1E5

.../2

Mortgage Servicing

Canada: P.O. Box 3000, PO F, Toronto, ON M4Y 1X1
U.S.: P.O. Box 600, Niagara Station, Buffalo, NY 14201-0600
Courier: 200 Bloor Street East, Toronto, ON M4W 1E5
Telephone: (416) 926-3620 Toll Free: (800) 286-1909
Fax: (416) 926-3123 Toll Free: (800)615-0387



We operate as John Hancock in the United States and Manulife in other parts of the world.

August 26, 2016 – Payoff Letter
Mortgage #: 840273:11

Page 2

Uncertified funds will be returned. Any additional charges will be your responsibility.

Upon receipt of the applicable funds, we will prepare the necessary release of all pertinent security documents held by Manulife. Alternatively, your attorney can prepare and email the release documentation to both INVMTGSVCMGT@manulife.com and INVMTGLGL@manulife.com.

Please note that we reserve the right to amend the above any time before receipt of funds.

Sincerely,



Leslie Ann Scott
Mortgage Servicing
Leslie_Ann_Scott@manulife.com
416-852-0505

E.&O.E.
cc: Remittance, REIG,



B E T W E E N:

THE MANUFACTURERS LIFE INSURANCE COMPANY - and -
Applicant

2723 LANCASTER ROAD INC.
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT OTTAWA

SECOND REPORT OF THE RECEIVER
AUGUST 29, 2016

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for Collins Barrow Toronto Limited

BETWEEN:

THE MANUFACTURERS LIFE INSURANCE COMPANY - and -
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2723 LANCASTER ROAD INC.
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MOTION RECORD
(RETURNABLE 16 SEPTEMBER, 2016)

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100 King Street West, Suite 1600
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
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