

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

and

**ZONIX HOMES INC., ZONIX DUDLEY INC., DENIX CORPORATION,
PEJVAK GROUP LTD., DEZ BUILDING INC., LIFELONG SUPPORT
CORPORATION, PARADISE CO. INC., ELEVO CONSULTING
GROUP INC., DIBA PREMIER GROUP INC., HANNAH PREMIER
GROUP INC., PRO VOLO INC., FARNA CORPORATION and
BEVERNIK LTD.**

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

AIDE MEMORANDUM OF THE RESPONDENTS

TEPLITSKY LLP

Barristers

70 Bond Street

Suite 200

Toronto ON M5B 1X3

Jonathan Kulathungam (42049N)

jkulathungam@teplitskyllp.com

Tel : (416) 365-9320

Fax: (416) 365-0695

Lawyers for the Respondents

1. All defined terms to this Aide Memorandum are set out in the Responding Factum as well as the Supplementary Responding Factum, both of which were served during the prior attendances before Justice Black and Justice Koehnen.
2. The Respondent, Zonix Homes Inc. and Zonix Dudley Inc. (hereinafter collectively referred to as “**Zonix**”) are the registered owners of the Subject Properties wherein they had planned to develop a large residential condominium building with more than 1000 residential units (the “**Project**”). Zonix spent several years pursuing the Project including retaining of planners, architects, engineers, environmental and transportation consultants. Unfortunately, the market conditions changed.
3. The Applicant, Cameron Stephens Mortgage Capital Ltd. (“**Cameron Stephens**”) provided financing. The financing was to mature on March 21, 2025. In January 2025, Cameron Stephens initiated renewal discussions. Zonix operated and took steps in reliance on the representations made by Cameron Stephens that the renewal would be agreed to so as to permit the completion of the Project. Two weeks prior to the Maturity Date, Cameron Stephens for the first time, advised that they would not be renewing the mortgage.
4. Mr. Marthinesen of Cameron Stephens advised that Cameron Stephens’ position had “*materially changed*”. As stated by him, “*Its crazy to me that the sentiment has changed so materially in the last three to four weeks but apparently it has*”, and that he was

“.....taken aback this weekend when I found out from my credit team”, and that this sentiment “...was not previously contemplated”.¹

5. This placed Zonix in a very dire and difficult situation. Zonix, secured alternative financing with Vector Financial Services Limited (“**Vector**”). There was a shortfall with Vector’s financing. As acknowledged by Cameron Stephens, as a result of the Vector financing, Cameron Stephens received over 85% of their loan in that they received a payment of \$21,331,563.30. The residual amount outstanding is approximately \$4 million dollars that is owed to Cameron Stephens (subject to the arguments raised by Zonix with respect to certain fees and interest charges).²
6. Despite these circumstances, Zonix took reasonable and extensive steps to maximize the value of the Subject Properties, while actively marketing the Subject Properties for sale. In this regard, *inter alia*:
 - (a) On May 16, 2025, Colliers listed the Subject Properties for sale with the purchase price of \$41 million dollars (and relisted the properties for sale on MLS on February 17, 2026).³
 - (b) Zonix initiated efforts to obtain additional density and Gross Floor Area beyond what had previously been approved. In doing so, Zonix commenced discussions

¹ Affidavit of Reza Esfahany paras. 9 to 17, RMR, Tab 1; Email dated March 10, 2025 from Mr. Marthinsen, Exhibit F to the Affidavit, RMR Tab 1(F)

² Factum of Cameron Stephens at paras. 26 and 30.

³ Affidavit of Reza Esfahany at para. 28; Listing Agreement dated February 17, 2026, Exhibit I to the Affidavit, RMR Tab 1(I)

with the City of Markham, submitted a pre-submission request, and received promising comments.⁴

- (c) At the same time, Zonix explored options to convert the Project to a purpose-billed rental development in order to obtain a Canadian Mortgage and Housing Corporation backed financing. In doing so, Zonix met with several rental operators and developers in June and August 2025.⁵
- (d) In July 2025, Zonix entered into an exclusive listing agreement with Colliers.
- (e) On August 24, 2025, Zonix received a letter of intent through Colliers.
- (f) On March 2026, the Subject Properties had been listed for sale for more than eight months.⁶

Executed APS (one of two conditions are waived)

7. After all these efforts, on or about April 27, 2026, 17767749 Canada Inc. (“**Purchaser**”) executed the APS to purchase the Subject Properties.⁷ The Purchaser is pursuing the development of a long-term care facility on the Subject Property. As will be further explained below, the development plans of the Purchaser are coming to fruition and are highly supported by the municipality and the Ministry of Health.

8. The APS had two conditions:

⁴ Affidavit of Reza Esfahany at para. 29; Final Pre-Inspection Consultation Document dated August 1, 2025, Exhibit J to the Affidavit, RMR Tab 1(J)

⁵ Affidavit of Reza Esfahany at para. 30; Correspondence with GCL Builds dated June and July 2025, Exhibit K to the Affidavit, RMR Tab 1(K)

⁶ Affidavit of Reza Esfahany at paras. 31-34, RMR Tab 1

⁷ Affidavit of Reza Esfahany at para. 36, Exhibit O, Agreement of Purchase and Sale, RMR Tab 1(O)

- (a) A due diligence condition which was initially June 19, 2026 but then extended to August 19, 2026 (“**Due Diligence Condition**”). **The Due Diligence Condition has been waived.**
 - (b) A financing condition to run 30 days after waiver of the due diligence condition (“**Financing Condition**”). The Financing Condition Date expired on September 19, 2026.
- 9. At the prior attendances before Justice Black and Justice Koehnen, the application sought the appointment of a Receiver was adjourned, given the APS and the Due Diligence Condition having been waived.

Current Status

- 10. The Financing Condition has not yet been waived. That said:
 - (a) An Amending Agreement has been entered into which provides:
 - (i) For a new Financing Condition of October 8, 2026;
 - (ii) An additional deposit of \$100,000.00;
 - (iii) An increase in the amount of monies available at the time of closing by \$600,000.00;
 - (iv) A requirement for the Purchaser so provide:
 - (1) A letter of support from the City of Markham; and

- (2) A letter addressed as to why the extension of the Financing Condition date is required.

11. Both letters have now been produced.⁸
12. As set out in the letter from the Purchaser, the reason for the extension of the Financing Condition is “*due to the fact that the final engineering and architectural plans will be completed in 10 days, and the Operator Agreement will be submitted next week.*”⁹
13. The Purchaser is very motivated to close the transaction and has been pursuing matters actively and diligently. The Purchaser has confirmed in writing that the closing is to take place November 9, 2026.
14. The evidence before the court today can be summarized as follows:
 - (a) The Purchaser has actively pursued the purchase and has conducted its due diligence.
 - (b) Architectural drawings and plans have been completed.
 - (c) The Purchaser is actively pursuing financing with BMO and “*everything looks promising*”.
 - (d) ICON Architects Inc. (“ICON”) were retained over two months ago and have been actively pursuing the development over the course of the past two months.
 - (e) ICON was retained as architect, planner and project managers.

⁸ Third Supplementary Affidavit of Reza Esfahany sworn September 21, 2026; Third Supplementary Responding Motion Record of the Respondents, Exhibits C and D

⁹ Third Supplementary Affidavit of Reza Esfahany sworn September 21, 2026; Third Supplementary Responding Motion Record of the Respondents, Exhibit D

- (f) Meetings have already taken place with the Mayor of the City of Markham (“City”). The Mayor has expressed support for the proposal and confirmed that rezoning will not be required as the existing zoning can be utilized.
 - (g) The City has been very responsive and is supportive of the development plans.
 - (h) Several meetings have taken place with the Ministry of Health. Since a long term facility operates similar to a mini hospital, the process is more complex than a standard development project. However, the Ministry of Health is also supportive.
 - (i) ICON has prepared an updated site plan and received design.¹⁰
15. Considering the factors as outlined in paragraph 18 of the Respondents’ Factum, in a holistic manner, the appointment of a receiver is not just and convenient **at this time**. As indicated above, Zonix has entered into an APS. During the August 12th attendance before Justice Black, two conditions remained being the Due Diligence Condition and the Financing Condition. The Due Diligence Condition has been waived. The Financing Condition remains but only for a few more weeks.
16. Zonix respectfully requests an adjournment of the Motion seeking the appointment of a receiver to October 15, 2026 or later (i.e. until after the Financing Condition Date).

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 21ST day of September, 2026.

Jonathan Kulathungam

Jonathan Kulathungam

¹⁰ Second Supplementary Affidavit of Reza Esfahany sworn August 19, 2026 at paras. 8 to 13

TEPLITSKY LLP

Barristers

70 Bond Street

Suite 200

Toronto ON M5B 1X3

Jonathan Kulathungam (42049N)

jkulathungam@teplitskyllp.com

Tel : (416) 365-9320

Fax: (416) 365-0695

Lawyers for the Respondents

CAMERON STEPHENS MORTGAGE CAPITAL LTD.
Applicant

-and- ZONIX HOMES INC., ZONIX DUDLEY INC. et al.
Respondents

Court File No. CL-26-00000255-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

AIDE MEMORANDUM OF THE RESPONDENTS

TEPLITSKY LLP

Barristers

70 Bond Street

Suite 200

Toronto ON M5B 1X3

Jonathan Kulathungam (42049N)

jkulathungam@teplitskylp.com

Tel: (416) 365-9320

Lawyers for the Respondents