

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

B E T W E E N:

DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE “A” HERETO

Applicants

- and -

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP
LTD. and EGLINTON CASTLE INC.

Respondents

- and -

THOSE CORPORATIONS LISTED IN SCHEDULE “B” HERETO, TO BE
BOUND BY THE RESULT

**FIFTH SUPPLEMENTAL REPORT TO THE TWENTY-SECOND REPORT OF THE
MANAGER, SCHONFELD INC.**

A. Introduction

1. This is the Fifth Supplemental Report to the 22nd Report of Schonfeld Inc. (the “**Manager**”) in its capacity as Manager of certain companies listed at Schedule “B” to the Order of Justice Newbould dated November 5, 2013 (the “**Companies**”),¹ together with the properties owned by the Companies (the “**Properties**”)² and as manager/receiver of the Properties listed at Schedule “C” to the Order of Justice Brown dated August 12, 2014.

¹ Schedule “B” was amended by Order dated January 16, 2014.

² The Manager was discharged from certain responsibilities with respect to certain of the Properties pursuant to an Order dated April 1, 2014.

B. Purpose of this Report

2. The purpose of this report is to advise the Court of certain facts relevant to the Manager's motion for approval of its fees and the Fee Allocation Methodology described in the Supplemental Report to the 22nd Report. More specifically, this Report provides facts relevant to objections to the Manager's motion raised by two groups of creditors.

C. Terms of reference

3. Based on its review and interaction with the parties to date, nothing has come to the Manager's attention that would cause it to question the reasonableness of the information presented herein. However, the Manager has not audited, or otherwise attempted to independently verify, the accuracy or completeness of any financial information of the Companies. The Manager therefore expresses no opinion or other form of assurance in respect of any of the Companies' financial information that may be in this Report.

4. Capitalized terms not otherwise defined have the meaning ascribed to them in the Manager's 22nd Report.

D. Opposition to the allocation of fees to 1485 Dupont Street (the "Dupont Property")

5. Certain individuals and entities with an interest in a first mortgage registered against the Dupont Property (the "**Dupont Mortgagees**") oppose the Manager's motion for fee approval and proposed fee allocation methodology. The Dupont Mortgagees were the owners of the Dupont Property who accepted a vendor take-back mortgage from the Respondents as part of the consideration for the sale of the Dupont Property to one of the Schedule "B" Companies, Dupont Developments Limited.

6. The Manager received written questions from the Dupont Mortgagees relating to the Fee Allocation Methodology on December 9, 2014. These questions are attached as Appendix "A." The Manager provided a detailed response to these questions, together with supporting documentation, on December 14, 2014. The Manager's responses, with attachments, are attached as Appendix "B".

7. The Dupont Mortgagees stated their opposition to the Fee Allocation Methodology in the Affidavit of Jack Brudner affirmed January 22, 2015 (the "**Brudner Affidavit**"). As Mr.

Brudner admits, the Dupont Mortgagees first raised the possibility of a motion to lift the stay of proceedings in or around April 2014. Neither the Manager nor any other party opposed this motion. To the contrary, the Manager advised that it was prepared to consent to an Order granting the Dupont Mortgagees leave to commence enforcement proceedings but that if such an Order were granted the Manager would seek a discharge from any responsibility for the management and preservation of the property. Thus, the Dupont Mortgagees could have ended the Manager's involvement with the Dupont Property by seeking an unopposed Order to lift the stay of proceedings. They chose not to do so and, as a result, the Manager was not discharged from responsibility for the Dupont Property until October 9, 2014.

8. The Manager disputes substantially all of Mr. Brudner's allegations. However, responding to each of these assertions would not be productive or economical. The Manager's response to some of Mr. Brudner's statements is set out below.

- (a) At paragraph 6 of the Brudner Affidavit, Mr. Brudner asserts that the Manager had a duty to remediate environmental issues at the Dupont Property. Neither the November 5 Order, nor any of the subsequent orders in this proceeding, imposes any such obligation. Moreover, no funding for the remediation efforts that would be required to address the Dupont Property's issues was available.
- (b) Also at paragraph 6 of the Brudner Affidavit, Mr. Brudner implies that the Manager had an obligation to provide certain environmental reports to 1485 Dupont but failed to do so. This is also incorrect. At the hearing on October 9, 2014, the Dupont Mortgagees sought disclosure of all environmental reports in the Manager's possession. However, these reports explicitly prohibit use by third parties. The Manager advised the Dupont Mortgagees and the Court at the hearing of the Dupont Mortgagees motion on October 9, 2014 that many of the environmental reports in its possession prohibited disclosure to third parties without the consent of the author. As a result, Justice Patillo's October 9 Order only requires disclosure of such reports "to the extent that disclosure is not prohibited by any obligation to third parties." The Manager subsequently advised the Dupont Mortgagees that dissemination of all of the environmental reports in its possession was prohibited by the authors.

- (c) Mr. Brudner asserts at paragraphs 33-38 of the Brudner Affidavit that “to the best of my knowledge, without inquiry” the rented portion of the Dupont Property were code compliant and that as a result, the repairs were a “waste of time”. Mr. Brudner’s apparent assertion that only some sections of the Dupont Property needed to be code compliant is not correct and ignores facts of which he was already aware.

In explaining the time spent on the Dupont Property, the Manager advised the Dupont Mortgagees that it supervised significant construction work to make the Dupont Property safe and code compliant. The Manager provided the Dupont Mortgagee with a description of, and invoices to substantiate, the work that it supervised. This work was required for the safety of the tenants, the preservation of the property (since failing to heat the entire building could have resulted in burst pipes or other issues that could cause property damage) and the safety of cars and pedestrians in the adjacent laneway (since concrete and stucco was falling off the building and onto the adjacent laneway).

The Manager had a responsibility to ensure that the Dupont Property was safe and secure. It fulfilled this obligation until its discharge. None of the repairs undertaken by the Manager were unnecessary and the Manager does not understand the basis on which Mr. Brudner can assert otherwise.

- (d) At paragraph 43 of the Brudner Affidavit, Mr. Brudner asserts that the Manager borrowed funds from the Applicants at an interest rate of 15% to pay the mortgage on the Dupont Property. This is not correct. As the cash flow provided to the Dupont Mortgagees shows, payments to the Dupont Mortgagees were funded by the Walton Group. No funds borrowed from the Applicants were used to fund payments to the Dupont Mortgagees. In addition, a cash flow attached provided to the Dupont Mortgagees in June 2014, and attached as Appendix “C” showed that the Dupont Property was cash flow negative and required funding. The Dupont Mortgagees did not object to this funding, despite knowing that the

Manager's Borrowing Charge (as defined in the November 5 Order) ranked ahead of their mortgage.

- (e) Mr. Brudner also criticizes the Manager in paragraph 45 of the Brudner Affidavit for not borrowing funds to pay overdue property taxes on the Dupont Property. No borrowing was available for this purpose and none was offered by the Dupont Mortgagees.
- (f) With respect to the legal complexity of dealing with the Dupont Property, Mr. Brudner's allegations are simply not correct.

First, Mr. Brudner asserts that the Manager should not have researched a legal issue relating to the effect of disclaiming a lease because the answer was a "fundamental premise of receiverships."

The Manager understands that the research in question was directed by Fred Myers, then a leading insolvency litigator and now a judge of the Superior Court of Justice. If the answer was as obvious as Mr. Brudner (who has no apparent insolvency experience) asserts then no research would have been undertaken. The research related to the Manager's ability to reprobate a lease that required further renovation of the Dupont Property on the basis that the owner company had no funds to complete the work and the effect of reprobation on the putative tenant's rights. The question was important and not nearly as simple as Mr. Brudner represents it to be.

Second, Mr. Brudner mischaracterizes entirely the Dupont Mortgagees' actions at the time of the Manager's discharge. The facts relating to this issue are relatively simple and were set out in an e-mail counsel to the mortgagees dated October 19, 2014 and attached as Appendix "D". The Dupont Mortgagees have never responded to this e-mail to assert that anything in it is incorrect.

The Manager's counsel asked twice, in writing, for confirmation that the Dupont Mortgagees were making appropriate arrangements to take possession of the

Dupont Property after the Manager was discharged. Counsel to the Dupont Mortgagees did not respond to this correspondence.

After the Manager was discharged, the Dupont Mortgagees took the position that they had no obligation to take possession of the Dupont Property. This position, which was not disclosed to the Manager or the Court at the hearing of the Dupont Mortgagees' motion, resulted in significant uncertainty with respect to who, if anyone, was responsible for the Dupont Property.

The Manager and its property manager were contacted by tenants of the Dupont Property with inquiries relating to the status of the property. An example of this correspondence is attached as Appendix "E". This confusion was aggravated by different, inconsistent, positions taken by the Dupont Mortgagees with respect to who had responsibility for the Dupont Property. On October 19, 2014, counsel to the Dupont Mortgagees advised that the Dupont Mortgagees intended for no one to have responsibility for the Dupont Property. The same day, Mr. Brudner wrote to the Manager and took the position that Dr. Bernstein somehow had responsibility for the Dupont Property. A series of e-mails beginning October 19, 2014 with respect to this issue is attached as Appendix "F".

In light of the foregoing, the Manager convened a 9:30 chambers appointment to advise affected stakeholders and the Court that no one had responsibility for the Dupont Property. The letter requesting the attendance is attached as Appendix "G". Contrary to Mr. Brudner's assertions, the Manager never sought to "force" the Dupont Mortgagees to take possession (the Manager's letter scheduling the 9:30 attendance clearly indicates the purpose of the case conference and makes no mention of any such attempt) and Justice Patillo did not make any finding that the chambers appointment was unnecessary (no documentary support is presented in support of Mr. Brudner's hearsay assertion in this regard).

- (g) At paragraph 55, Mr. Brudner asserts that the three Agreements of Purchase and Sale were "not heavily negotiated." Mr. Brudner had no involvement with the Manager's negotiations and the basis for his assertion is not clear. The Manager

and its counsel spent substantial time and effort attempting to complete the transactions contemplated by each of the three agreements that it negotiated with respect to the Dupont Property.

9. Mr. Brudner also complains that the Dupont Mortgagees were not served with copies of motions or reports until after they retained counsel and asked to be added to the service list. Given the volume of materials served in connection with this proceeding, particularly in its early stages, the Manager limited the service list to stakeholders who asked to be added to it. Other stakeholders were able to access relevant material, including material filed with the Court, on the Manager's website.

10. The Manager further notes that its ability to provide information relating to the status of the Dupont Property was limited by the Dupont Mortgagees' unexplained refusal to execute a confidentiality agreement. As a result of this refusal, the Dupont Mortgagees could not be provided with any confidential information relating to the Dupont Property or the Manager's efforts to sell it.

E. Objections to the allocation of fees to 1 and 9-11 Cityview (the "Cityview Property")

11. Certain companies that have registered liens pursuant to the *Construction Lien Act* (the "**Cityview Lien Claimants**") object to both the quantum of the Manager's fees and the allocation of fees to the Cityview Property. These parties are listed below:

Instrument	Lien Amount Claimed	Costs claimed	Party
Construction Lien (AT3426580) Certificate of Action (AT3463563)	\$138,586	\$10,000 plus any amount not paid to Fox Contracting Ltd. from the \$50,000 described below	Gemtec Wall & Ceiling Systems Ltd.
Construction Lien (AT3426936) Certificate of Action (AT3461899)	\$721,375	\$50,000	Fox Contracting Ltd.
Construction Lien (AT3463067) Certificate of Action (AT3487262)	\$153,691	\$38,422.69	Laser Heating & Air Conditioning Inc.
Construction Lien (AT3472538)	\$4,876.41	\$1,219.10	Macnaughton Hermesen Britton Clarkson Planning Limited

12. The Cityview Lien Claimants posed a total of 38 questions of the Manager by letter dated January 11, 2015, which questions are attached as Appendix “H”. The Manager’s answers by letter January 26, 2015 are attached as Appendix “I”. The Cityview Lien Claimants have not posed any further questions or sought any clarification from the Manager.

13. When the Manager was appointed, the Cityview Property was one parcel that was in the process of being severed into two parcels. The Manager completed the severance of the Cityview Property and the sale of 9-11 Cityview was approved by Order of Justice Spence on February 21, 2014, as amended by Order of Justice Newbould dated February 28, 2014.

14. The sale of the second parcel, 1 Cityview, was approved on August 20, 2014 over the objection of one of the lien claimants, Laser Heating & Air Conditioning Inc. (“**Laser**”). Laser took the position that the sale price for 1 Cityview was not sufficient and so Justice Newbould granted Laser an option to purchase the property for the same price and on the same terms as those offered by the proposed purchaser. Pursuant to the Endorsement of Justice Newbould

dated August 20, 2014, Laser was required to provide evidence of financing to the Manager by August 23, 2014. Laser purported to exercise its option but provided "evidence" of financing in the form of a Commitment Letter from "Bruno Bortolus, in Trust for a company to be incorporated without any personal liability." The Manager determined that this Commitment Letter, which is attached as Appendix "J" did not constitute satisfactory (or any) proof of financing and so it proceeded with the proposed sale. However, Laser's opposition and purported exercise of the option granted to it by Justice Newbould added cost and complication to the sale.

15. The work done by the Cityview Lien Claimants related to the renovation of 1 Cityview to make it suitable for the current tenant, a private school. The Manager's understanding is that Dr. Bernstein was asked to loan Cityview Industrial Ltd. the funds that it required to complete this renovation. Dr. Bernstein's loan was secured by a second mortgage against the Cityview Property. A total of \$636,403.30 was advanced by the Applicants on April 5, 2013 (as is shown on the attached bank statement attached as Appendix "K"). However, the same day, the funds were transferred out of Cityview's bank account by the Respondents and into an account held by the Rose & Thistle Group Limited.

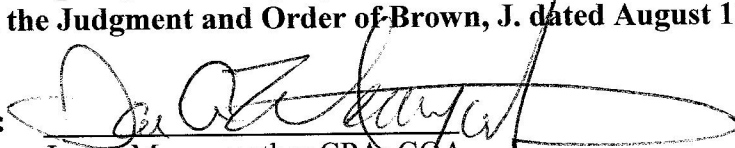
16. The Cityview Lien Claimants did not insist on payment during the course of their work on the Cityview Property and they each subsequently registered a lien for the full amount of that work. By working without payment, the Cityview Lien Claimants unknowingly helped conceal the fact that the construction mortgage advanced by the Applicants had been diverted for other purposes. The Cityview Lien Claimants also exposed themselves to the risk that the value of the Cityview Property, which had mortgages registered against it in the aggregate amount of approximately \$4.65 million, would not be sufficient to satisfy their claims.

All of which is respectfully submitted this 2nd day of February, 2015.

SCHONFELD INC.

**In its capacity as Manager pursuant to the Order of Newbould, J. dated November 5, 2013
and the Judgment and Order of Brown, J. dated August 12, 2014**

Per:


James Merryweather CPA, CGA

A

December 9, 2014

VIA E-MAIL

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Attention: Brian Empey and Mark Dunn

Dear Sirs:

Re: Motion relating to the Fee Allocation of Schonfeld Inc. (the "Manager")

We are in receipt of the Manager's 22nd Report (the "Report") seeking, *inter alia*, approval of its proposed fee allocation methodology, which was served on December 3, 2014, as well as the supporting fee affidavit of Harlan Schonfeld, for the Manager, served on December 5, 2014 (the "Schonfeld Affidavit") and the fee affidavit of Brian Empey, for Goodmans LLP, served on December 8, 2014 (the "Empey Affidavit").

We have the following questions in response to the Report and would appreciate receiving your reply by the end of this week:

1. How did the Manager measure or calculate its effort and involvement and that of its counsel with respect to each of the categories utilized in the allocation methodology?
2. We are having difficulty determining the amount of time spent by the Manager and its counsel in connection with the property municipally known as 1485 Dupont Street, Toronto, Ontario (the "Dupont Property") based upon the time dockets attached to the Schonfeld Affidavit and the Empey Affidavit. We note that both the Manager and its counsel have provided their dockets in blocks of time which include work performed on a variety of different properties without breaking out the amount of time directly attributable to each property. We would ask that you provide a breakdown of your docket entries in order to identify the amount of time spent specifically in relation to the Dupont Property.
3. On what basis did the Manager establish values for each of the properties owned by the Schedule B and Schedule C Companies? Did the Manager consider factors which would

Goodmans LLP
December 9, 2014
Page 2

decrease value such as environmental contamination? Did the Manager consider appraisals? If so, please provide us with copies of same, which we undertake to keep confidential.

4. Our client is of the view that the Manager has contributed some, but not significant value anywhere close to the \$226,392.96 in fees claimed under the Manager's proposed allocation methodology. Please detail whether: (a) the Manager completed renewal agreements in respect of any of the leases that existed at the time of the initial order of Justice Newbould dated November 5, 2013; (b) whether any extensive repair and maintenance work was required and if so, whether it was completed; and (c) what steps, if any, the Manager took to address the deterioration of the building on the Dupont Property ordered repaired by the City of Toronto work order issued on June 5, 2013?
5. Advise what complex legal issues arose in connection with the Dupont Property?
6. In terms of the quantum of the fees for which approval is being sought, please provide a description of the accomplishments of the Manager and its counsel with respect to the Dupont Property.

In addition to the foregoing, we note that the amount indicated as having been borrowed by the Manager in connection with its administration of the Dupont Property is not supported by documentation or by way of any explanation in the Report.

Please identify the manner in which the \$215,000 borrowed in respect of the Dupont Property was used and provide backup documentation in respect of such expenses.

We look forward to your prompt reply.

Very truly yours,
DICKINSON WRIGHT LLP



Lisa S. Corne

LSC:mjb

cc. Counsel for the Lien Claimants of the Dupont Property
Client

B



Barristers & Solicitors

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December 14, 2014

Our File No.: 140074

By E-mail

Dickinson Wright LLP
P.O. Box 124
18th Floor
222 Bay Street
Toronto, Ontario M5K 1H1

Attention: Lisa S. Corne

Dear Ms. Corne:

Re: DBDC Spadina et al. v. Norma Walton - fee allocation

This letter is in response to your letter dated December 9, 2014. The answers below follow the numbering in that letter.

1. The Manager assigned values to each of the categories used in the allocation methodology based on a review of its records and discussions with counsel. More specifically, the values were reviewed and assigned by Harlan Schonfeld and James Merryweather of the Manager and Brian Empey (the partner at our office with overall carriage of the file), Ken Herlin (the partner in our office that has supervised the real estate work required on behalf of the Manager) and myself.

With respect to the property at 1485 Dupont St. (the "**Dupont Property**") specifically, the values assigned reflect the following:

Active Property Management (3): When the Manager was appointed, the interior of the Dupont Property had been demolished but reconstruction had only just begun. No funds were available to complete this work and several tenants continued to occupy the building. Many of the issues that arose in connection with the Dupont Property were addressed by the property manager hired by the Manager but others required the Manager's input and involvement. As a result, the Manager spent significant time addressing the Dupont Property's environmental and construction issues, either directly or by providing instructions to its property manager.

Although funds were not available to complete the extensive renovations contemplated prior to the Manager's appointment, the Manager had to ensure that the

property complied with all applicable building and environmental codes and was safe for tenant use. This required the Manager's involvement in, among other things, the following:

- a. **Construction co-ordination:** the Manager had to perform significant maintenance to the Dupont Property to prevent further deterioration. This required, among other things, the supervision of contractors and negotiation with contractors who had not been paid prior to the Manager's appointment. The most significant issues addressed by the Manager are described in the following paragraphs.
 - i. When the Manager took possession of the Dupont Property, the heating system was not properly connected to the building's mechanical and electrical system. As a result, the building could not be heated. The Manager contracted with Gentry Environmental to connect the heating units to the ducting system and supervised its work. Once this work was performed, the Manager hired Norel Electric to perform electrical work required to connect the heaters to the building systems.
 - ii. In addition, at the time of the Manager's appointment, several trenches had been dug on the first floor of the Dupont Property as part of an environmental remediation effort that was commenced before the Manager was appointed but not completed. The Manager retained Ground Force Environmental to advance its work to the point where the ground floor of the Dupont Property was safe and useable.
 - iii. Unfinished electrical work posed a significant safety hazard at the Dupont Property when the Manager was appointed. In order to ensure tenant safety and compliance with applicable codes, the Manager hired Norel Electric to address these issues.
 - iv. The elevator shaft of the Dupont Property was also deficient when the Manager was appointed. The Manager hired Roman Construction to address this issue.

Invoices relating to the work performed on the Dupont Property are attached.

- b. **Work Order:** as you note in your letter, the Manager received a work order dated June 5, 2013, which required significant structural repairs. The Manager hired Roman Construction to complete this work. Addressing the work order also required several meetings between the Manager and the City

in order to address the City's concerns and ensure that the Dupont Property complied with all applicable codes.

- c. **Tenant management:** the Manager spent significantly time interacting with tenants of the building. Many of these tenants were induced to enter into leases by promised improvements to the Dupont Property. These improvements were not completed prior to the Manager's appointment and the owner of the Dupont Property, Dupont Developments Inc. ("**Dupont Developments**") did not have funds to complete further work.

The Manager had several discussions with tenants who threatened to withhold rental payments as a result of the owner's failure to complete the promised work and the general state of the building. All of these disputes were resolved and the Manager collected all the rent owed while it was managing the Dupont Property.

The Manager's interaction with the tenants was further complicated by the fact that several of the tenants had no written leases. We understand that this situation arose during your clients' ownership of the building.

- d. **Cash flow forecasting and creditor management:** the Dupont Property operated at a loss at all material times. The Manager secured funds to continue the operation of the Dupont Property and managed cash flow to ensure that the building could continue to operate.

Interaction with stakeholders (3): the Manager spent time interacting with your clients and with other stakeholders. The interaction with your clients was significantly more complicated because of your clients' unexplained refusal to enter into a confidentiality agreement.

The other stakeholders consulted by the Manager included the various parties with liens registered against the Dupont Property.

Negotiated Agreements of Purchase and Sale (3): the Manager and its counsel negotiated and executed three separate agreements of purchase and sale, each of which was terminated during the due diligence stage.

Legal complexity (3): the Dupont Property required significant legal work. Shortly after the Manager's appointment, the Manager learned that Dupont Developments had entered into a lease with Maxx the Mutt (an art school) which required that Dupont Developments complete extensive renovations to the Dupont Property. Dupont Developments was unable to fund these renovations. The Manager's counsel conducted research with respect to its ability to disclaim the lease and, if necessary, vest the lease off of title to the Dupont Property so that it could be sold.

Subsequently, your clients served a motion to lift the stay of proceedings so that they could commence enforcement proceedings originally returnable in June 2014. Your clients resisted taking possession of the Dupont Property and, as a result, the Manager was forced to draft and serve a motion for its discharge. Your clients threatened to oppose this motion and force the Manager to remain in possession of the Dupont Property against its will. Both motions were ultimately adjourned to October 9, 2014. Prior to the return of your clients' motion, we wrote several times to confirm the Manager's understanding that your clients would make appropriate arrangements to take possession. We did not receive the courtesy of a response to these e-mails and your office subsequently took the position that your clients meant all along to leave the Dupont Property unattended. My e-mail describing these events (which also did not receive the courtesy of a response) is attached.

The foregoing events required a further attendance by the Manager to ensure that stakeholders and the Court understood the position that your clients put the property in and added further legal complexity to this aspect of the Manager's mandate.

In addition, the Manager's counsel drafted three Agreements of Purchase and Sale relating to the Dupont Property, together with various collateral documents relating to each agreement. The fact that three separate Agreements of Purchase and Sale were negotiated and then terminated added further legal complexity.

Claims Process (0): no claims process was conducted in connection with the Dupont Property and therefore there is no portion of the fee allocation ascribed to that category.

Property value (2): the value of the Dupont Property was determined to be between \$5 million and \$10 million based on the Manager's discussions with CBRE and potential purchasers.


2. The Manager's dockets have all been produced. No further breakdown exists. In the Manager's view, a strict accounting to allocate time among the assets that were the subject of the November 5 Order receivership would not be cost-effective and would drive up the overall cost of the proceeding. The Manager's 22nd Report sets out what is, in the Manager's view, a fair method of allocating costs among the properties.
3. As noted above, no specific value has been assigned. This portion of the allocation is based on a range of values determined by the Manager based on its marketing activities. It implicitly accounts for environmental contamination since that contamination impacted the value of the offers made to the Manager. It is not based on any appraisals of the Dupont Property.

4. Without accepting that your clients' subjective assessment of the value contributed by the Manager is relevant, we advise as follows:
 - (a) No renewal agreements were completed with existing tenants. Given the state of repair of the Dupont Property, the Manager was of the view that prospective purchasers may decide to conduct extensive renovations or even demolish the existing building. Long-term tenancies would potentially complicate such efforts and decrease the sale value of the property. The Manager also notes that no stakeholders (including your clients) took the position that the Manager should seek to enter into renewal agreements with tenants of the Dupont Property.
 - (b) The Manager's repair work is described above. That work was required to ensure that the Dupont Property was safe and useable for tenants. No funding was available for more extensive renovation.
 - (c) The steps taken by the Manager are described above, the City of Toronto was satisfied with these steps and the work order was lifted.
5. The legal issues relating to the Dupont Property are described above.
6. The meaning of this question is not clear. The Manager fulfilled its mandate pursuant to the Order of Justice Newbould dated November 5, 2013. Its activities and accomplishments are described above and in its reports.
7. With respect to funds borrowed to support the Dupont Property, please see attached a cash flow which describes how funds were used and invoices to support the Manager's expenditures.

We trust the foregoing addresses your questions. We look forward to receipt of particulars of your clients' objection to the fee allocation and proposed alternate allocation.

Yours very truly,

Goodmans LLP


Mark Dunn
Encl.

Dupont Developments Ltd.
Manager Cashflow Report

	2013		2014											TOTAL
	Nov 5-30	Dec 1-31	Jan 1-31	Feb 1-28	Mar 1-31	Apr 1-30	May 1-31	Jun 1-30	Jul 1-31	Aug 1-31	Sep 1-30	Oct 1-31	Nov 1-30	Nov 5/13 to Nov 30/14
Opening Balance	14,769	1,762	49,237	14,646	22,621	10,526	1,607	8,162	8,432	7,648	5,287	21,977	5,740	14,769
Receipts														
Rental Receipts	1,822	9,741	11,608	8,301	15,207	8,601	19,894	6,906	19,672	8,033	23,200	16,339		149,325
Manager Funding		50,000	46,000	21,000	19,000	11,000	10,000	9,000	7,000	14,000	17,000	8,000	3,000	215,000
Funding-Walton	22,350	70,700												93,050
Total Receipts	24,172	130,441	57,608	29,301	34,207	19,601	29,894	15,906	26,672	22,033	40,200	24,339	3,000	457,375
Disbursements														
Mortgage	24,375	24,375	24,375											73,125
Utilities														
Bell	43		125	120	62	57	57	57	57	57	60	57		750
Enbridge		1,620		2,459	7,057		3,101	1,431	222	79	70	187		16,226
Toronto Hydro	3,755	4,730	6,887	14,818	7,901	11,805	6,606	6,188	3,487	2,263	3,789	3,237	3,663	79,130
City of Toronto			3,006	439	240	412	1,489	269	307	512				6,674
Operating Expenses														
Adrian Ilie											66	66		131
Associated Bailiffs												509		509
GMC Plumbing													52	52
Goodbye Graffiti			170		509	170	170	170	170	339	170	170		2,034
Lady Bug Pest Control			299		599	299	299	299		599	299	299	299	3,294
Land-Con			844	763	2,159	719	613	254						5,352
March Elevator			484		1,556	2,220	121	121	121	245	663		161	5,692
Maxguard Alarm					346		173			173			173	864
Metro Hardware													179	179
Nexus Protective			864		1,787		1,700	864	893	864	1,787		864	9,624
Noble Cleaning				2,571		3,164	1,582		1,582	1,582	1,582	1,582	1,582	15,227
Protocom					301									301
Quality Chemical							362			56				418
R&T (Danie Mandawie)					4,859	2,486	2,451	4,068	1,695	378				15,937
Sigma Fire & Safety								1,041						1,041
Signtroux Signs					303									303
TSSA					105	514		226						845
United Messengers				22	23				16	8				69
Wasteco			407	119	80	80	80	80	79	198		157	39	1,319
Capital Expenses														
Gentry Env. Systems (a)		50,000					2,260							52,260
Ground Force (b)			18,573							2,065				20,637
Jedd Jones	4,887													4,887
Norel Electric (c)			35,200											35,200
Novacore	4,074				8,435				9,618	7,822				29,950
Right & Square (d)					2,932				1,011					3,944
Roman Construction (e)									4,351	5,622	13,500	32,790	701	56,963
Titan Plumbing					5,115									5,115
Property Management		1,441	961		1,921	961	961		1,921	961	961	961	961	12,006
Insurance						5,620	1,298	554	1,909	554	554	554	(1,314)	9,730
Bank Fees	46	800	5	16	14	14	17	14	17	17	9	8	9	985
Total Disbursements	37,179	82,966	92,199	21,326	46,302	28,520	23,339	15,636	27,456	24,395	23,509	40,576	7,368	470,772
Closing Balance	1,762	49,237	14,646	22,621	10,526	1,607	8,162	8,432	7,648	5,287	21,977	5,740	1,372	1,372

(a) Completing book up of roof-top heating units, ducting and temperature control units

(b) Soil removal, compaction, concrete (Nov 2013)

(c) Electrical hookup of heating units, repair of deficient electrical

(d) Provide and install washroom doors

(e) Largely for repair work related to stucco and concrete falling from building (required pursuant to City of Toronto work order)

From: Dunn, Mark
To: "Michael J. Brzezinski"
Cc: Empey, Brian; LaBine, Jackie; "harlan@schonfeldinc.com"; Mark S. Shapiro; James Merryweather; "David P. Preger"
Subject: RE: 1485 Dupont URGENT
Date: Sunday, October 19, 2014 7:57:58 PM
Attachments: image002.png
image003.png

Further to my e-mail on Friday, I have now had an opportunity to review our correspondence relating to this matter. We remain of the view that your recitation of the facts is not correct and that the situation your client has now placed the Property in is unacceptable.

Let me deal first with your assertion that you were forthright with respect to the fact that your client did not intend to take possession of the Property. I can state categorically that I had no knowledge at all of this intention. My client did not – and would not – consent to the Property being left without anyone responsible for it. If we had known of your intention, we would have opposed it.

The relevant facts are set out below:

- When you first brought your motion in June 2014, I made it quite clear that our client would be seeking a discharge and your client would need to take possession. Your client did not want to take possession because of the various environmental issues and other factors relating to the Property. In fact, your client was so concerned about taking possession that it considered asking the Court to require that my client remain in place against its will. Ultimately, your client adjourned its motion because an offer was received by my client. That offer unfortunately did not result in a completed transaction and you rescheduled your client's motion;
- I wrote to you on September 8, 2014, shortly after you rescheduled your motion for October 9 to reiterate this position:

"As you know, our client will not oppose your motion to lift the stay and will seek a discharge from any responsibilities that it may have in respect of the Dupont property at the same time. I made it clear during our previous conversations that the Manager is not prepared to remain in place once the stay is lifted. Please confirm that your client has made, or is in the process of making, alternate arrangements for the management and preservation of the property pending completion its power of sale proceedings or whatever other enforcement steps it is planning once the stay is lifted."
- I did not receive the courtesy of a response to my e-mail, so I wrote again on September 30, 2014 as follows:

"I have not heard back from you in response to my e-mail below. As you know, we will be obtaining a discharge from any responsibility for 1485 Dupont. Kindly confirm that your clients have made appropriate arrangements to take possession."
- Again, I did not receive the courtesy of a response. You called me a few days before the motion and advised that your client planned on withdrawing its motion. I advised that I was puzzled by this since my client had consistently and repeatedly advised that it did not object to lifting the

stay but would seek a discharge.

- In light of my e-mails on September 8 and 30, you cannot possibly have been confused about my client's position that if your client lifted the stay and my client was discharged, your client would need to take possession. Moreover, I asked you to have your client contact mine to make these arrangements. You said you would raise it with him. You never once raised the possibility of leaving the Property unattended.
- Perhaps most troubling of all is that you now say that this was your intention all along when you drafted the Order.

We will be putting these facts before the Court at the earliest opportunity and seeking advice and direction with respect to how we should proceed. Leaving everything else aside, we now have a situation where there is no party responsible for the Property. Our client has been discharged but its property manager (who is also discharged) is receiving calls from tenants who have no other contact. No one is available to respond to emergencies and it is not even clear if your client has secured insurance for the Property. Your client is not the only stakeholder with an interest in the Property. If, as you now assert, your client does not intend to take possession then alternate arrangements need to be made so that the Property is protected. Whatever these arrangements are, they will need to be funded by a charge that ranks ahead of your client's charge.

We have been keeping track of all time spent on this issue separately and will ask that costs be awarded against your clients, payable forthwith. In the alternative, these costs will be added to the Manager's charge, which ranks ahead of your client's charge.

Regards,
Mark

From: Michael J. Brzezinski [mailto:MBrzezinski@dickinson-wright.com]
Sent: Friday, October 17, 2014 4:43 PM
To: Dunn, Mark; Mark S. Shapiro
Cc: Empey, Brian; LaBine, Jackie; 'harlan@schonfeldinc.com'; James Merryweather
Subject: RE: 1485 Dupont URGENT

Mark,

The Order of Justice Pattillo does not require our clients to take possession of the Property. In fact, the Order was specifically worded so as to avoid that result. Rather, it lifts the stay and grants the Mortgagees the right to enforce the mortgage in whichever manner they see fit. Enforcement does not necessarily require possession and our clients are under no obligation to do so. We have been forthright about this from the get go.

In any event, Mr. Brudner cannot be reached today as it is a Jewish holiday. We will seek instructions and advise how the Mortgagees wish to proceed early next week.

Regards,

Michael

Michael J. Brzezinski Lawyer

199 Bay Street Phone 416-777-2394
Suite 2200 Fax 416-865-1398
Commerce Court West
Toronto ON M5L 1G4 Email MBrzezinski@dickinsonwright.com

[Profile](#) [V-Card](#)

DICKINSON WRIGHT LLP

MICHIGAN ARIZONA CALIFORNIA CONNECTICUT ILLINOIS INDIANA KANSAS MARYLAND MASSACHUSETTS MINNESOTA MISSOURI NEBRASKA NEVADA NEW YORK NEW JERSEY NORTH CAROLINA OHIO PENNSYLVANIA RHODE ISLAND SOUTH CAROLINA TEXAS VIRGINIA WASHINGTON D.C. WISCONSIN

From: Dunn, Mark [<mailto:mdunn@goodmans.ca>]

Sent: Friday, October 17, 2014 11:05 AM

To: Mark S. Shapiro; Michael J. Brzezinski

Cc: Empey, Brian; LaBine, Jackie; 'harlan@schonfeldinc.com'; James Merryweather

Subject: FW: 1485 Dupont URGENT

Importance: High

Gentlemen,

Please see below. As you know, the Court Order clearly requires that your client take possession of the property from my client. Your client consented to this order. Your client's failure to act is putting the property at risk in a way that we cannot and will not accept. If your client does not arrange to take possession immediately we will be forced to bring an urgent motion to directions to the court and look to your client for the costs incurred as a result of its inaction.

I look forward to hearing from you.

Regards,

Mark

Mark Dunn

Goodmans LLP

416.849.6895
mdunn@goodmans.ca

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
goodmans.ca

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communications by clicking [here](#).

From: Andrus Kung [<mailto:akung@briarlane.ca>]
Sent: Friday, October 17, 2014 10:28 AM
To: 'Harlan Schonfeld'; jbrudner@sympatico.ca
Cc: 'James Merryweather'; 'Susan Liberto'; LaBine, Jackie; Dunn, Mark
Subject: RE: 1485 Dupont URGENT
Importance: High

None one has yet picked up the files or keys. Tenants and contractor continue to call us and we are not responding. This is a dangerous situation because there is no one responding to emergencies or keeping an eye on the property.

If Tenants and contractors call should I direct them to Jack?

Please advise as this is an Urgent issue.

Thank you,

Andrus

From: Harlan Schonfeld [<mailto:Harlan@schonfeldinc.com>]
Sent: Wednesday, October 15, 2014 12:49 PM
To: jbrudner@sympatico.ca
Cc: James Merryweather; Andrus Kung; Susan Liberto; LaBine, Jackie; Mark Dunn (mdunn@goodmans.ca)
Subject: 1485 Dupont URGENT

Jack:

The order is clear. The Manager is discharged of any responsibility. The mortgagee is in control of the property. Briarlane nor the Manager have any responsibility.

You need to make immediate arrangements to manage and control the property.

We've moved....

S. Harlan Schonfeld CPA, CIRP

SCHONFELD INC. Receivers + Trustees

77 King Street West
Suite 3000, P. O. Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
Tel 416.862.7785
Cell 416.254.1992
Fax 416.862.2136



Experience acquired. Experience applied.

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From: Dunn, Mark
To: Michael J. Brzezinski; Mark S. Shapiro
Cc: LaBine, Jackie; Empey, Brian; "harlan@schonfeldinc.com"
Subject: RE: DBDC Spadina Ltd. et al v. Walton et al - Motion of the Mortgagees of 1485 Dupont Street
Date: Monday, September 08, 2014 9:36:01 AM

Gentlemen,

As you know, our client will not oppose your motion to lift the stay and will seek a discharge from any responsibilities that it may have in respect of the Dupont property at the same time. I made it clear during our previous conversations that the Manager is not prepared to remain in place once the stay is lifted. Please confirm that your client has made, or is in the process of making, alternate arrangements for the management and preservation of the property pending completion its power of sale proceedings or whatever other enforcement steps it is planning once the stay is lifted.

Regards,
Mark

Mark Dunn

Goodmans LLP

416.849.6895
mdunn@goodmans.ca

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
goodmans.ca

From: Luisa A. Salerno [<mailto:LSalerno@dickinson-wright.com>]
Sent: Friday, September 05, 2014 9:09 AM
To: Dunn, Mark; Empey, Brian; LaBine, Jackie; sroy@litigate.com; pgriffin@litigate.com; pveel@litigate.com; nwalton@roseandthistle.ca; cohen@cohensabsay.com; andrealee@glaholt.com; mmcmackin@btzlaw.ca; a.conte@contelaw.ca; arnold@azweiglawn.com; craig@macklawyers.ca; jdl@kwlaw.net
Cc: Michael J. Brzezinski; Mark S. Shapiro
Subject: DBDC Spadina Ltd. et al v. Walton et al - Motion of the Mortgagees of 1485 Dupont Street

Counsel,

Please be advised that the motion in this matter has been scheduled for October 9, 2014 at 10:00 a.m. for 2 hours.

Thank you

Luisa A. Salerno Legal Assistant

199 Bay Street
Suite 2200
Commerce Court West
Toronto ON M5L 1G4

Phone 416-777-2411
Fax 416-865-1398
Email L.Salerno@dickinsonwright.com

DICKINSON WRIGHT LLP

ALABAMA ARIZONA ARKANSAS CALIFORNIA CONNECTICUT DELAWARE FLORIDA
GEORGIA ILLINOIS INDIANA IOWA KANSAS KENTUCKY LOUISIANA MAINE MARYLAND MASSACHUSETTS
MICHIGAN MINNESOTA MISSISSIPPI MISSOURI MONTANA NEBRASKA NEVADA NEW JERSEY NEW YORK
NORTH CAROLINA NORTH DAKOTA OHIO OKLAHOMA OREGON PENNSYLVANIA RHODE ISLAND SOUTH CAROLINA
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From: Dunn, Mark
To: "Michael J. Brzezinski"; "Mark S. Shapiro"
Cc: LaBine, Jackie; Empey, Brian; "harlan@schonfeldinc.com"
Subject: RE: DBDC Spadina Ltd. et al v. Walton et al - Motion of the Mortgagees of 1485 Dupont Street
Date: Tuesday, September 30, 2014 4:55:34 PM

I have not heard back from you in response to my e-mail below. As you know, we will be obtaining a discharge from any responsibility for 1485 Dupont. Kindly confirm that your clients have made appropriate arrangements to take possession.

Mark Dunn

Goodmans LLP

416.849.6895
mdunn@goodmans.ca

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
goodmans.ca

From: Dunn, Mark
Sent: Monday, September 08, 2014 9:36 AM
To: Michael J. Brzezinski; Mark S. Shapiro
Cc: LaBine, Jackie; Empey, Brian; 'harlan@schonfeldinc.com'
Subject: RE: DBDC Spadina Ltd. et al v. Walton et al - Motion of the Mortgagees of 1485 Dupont Street

Gentlemen,

As you know, our client will not oppose your motion to lift the stay and will seek a discharge from any responsibilities that it may have in respect of the Dupont property at the same time. I made it clear during our previous conversations that the Manager is not prepared to remain in place once the stay is lifted. Please confirm that your client has made, or is in the process of making, alternate arrangements for the management and preservation of the property pending completion its power of sale proceedings or whatever other enforcement steps it is planning once the stay is lifted.

Regards,
Mark

Mark Dunn

Goodmans LLP

416.849.6895
mdunn@goodmans.ca

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
goodmans.ca

From: Luisa A. Salerno [<mailto:LSalerno@dickinson-wright.com>]

Sent: Friday, September 05, 2014 9:09 AM

To: Dunn, Mark; Empey, Brian; LaBine, Jackie; sroy@litigate.com; pgriffin@litigate.com; pveel@litigate.com; nwalton@roseandthistle.ca; cohen@cohensabsay.com; andrealee@glaholt.com; mmcmackin@btzlaw.ca; a.conte@contelaw.ca; arnold@azweigl.com; craig@macklawyers.ca; jdi@kwlaw.net

Cc: Michael J. Brzezinski; Mark S. Shapiro

Subject: DBDC Spadina Ltd. et al v. Walton et al - Motion of the Mortgagees of 1485 Dupont Street

Counsel,

Please be advised that the motion in this matter has been scheduled for October 9, 2014 at 10:00 a.m. for 2 hours.

Thank you

Luisa A. Salerno Legal Assistant

199 Bay Street Phone 416-777-2411
Suite 2200 Fax 416-865-1398
Commerce Court West Email LSalerno@dickinsonwright.com
Toronto ON M5L 1G4

DICKINSON WRIGHT LLP

MICHIGAN ARIZONA NEWADA OHIO TENNESSEE WASHINGTON D.C. TORONTO

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60 Baywood Road
Toronto, Ontario
M8V 3Z8

Telephone: (416) 746-6047
Fax: (416) 742-3552

Gentry Environmental Systems

CUSTOM SHEET METAL
HEATING - VENTILATING - AIR CONDITIONING
MECHANICAL - MAINTENANCE

DUPONT DEVELOPMENT LTD.

30 Hazelton Avenue
Toronto, Ontario
M5R 2E2

ATTN: ACCOUNTS PAYABLE

INVOICE NO. 22050

JOB NO. 7421

INVOICE DATE 12/01/93

C.S.T. #102435000

Purchase Order No.	Description	Amount
--------------------	-------------	--------

1485 Dupont Street
Date 12/01/93 Contract Amount: \$198,490.00

To complete the venting and gas hook
up for all furnaces presently on site
for heat only.

#F-1, F-1A, F-2, F-3, F-4, F-5, F-7, F-8, F-9
3rd floor hallway MUA unit, F-14, F-15, F-16
F-17, F-18, F-19, F-20, F-21, F-22, F-23, F-24
F-35.

To install the remaining furnaces
and the gas venting to same.

F-6, F-10, F-11, F-12, F-13, F-25, F-26
2nd floor hallway MUA Unit, F-27, F-28,
F-29, F-30, F-31, F-33, F-34.

DRAW #5

Complete this invoice: \$44,247.73

13% H.S.T. 5,792.21

TOTAL THIS INVOICE \$50,040.00

Includes Commissioning for heating only.

TC



Ground Force Environmental Inc.
75 Ardeit Place
Kitchener Ontario N2C 2C8

Tel: (519)664-0767
Fax: (519)664-0772

INVOICE

Invoice # 12710
Invoice Date 11/30/2013

Sales To:

Dupont Developments Ltd
c/o Rose & Thistle Properties
30 Hazelton Avenue
Toronto ON M5R 2E2

Attn: Mark Goldberg

Project:

397-2013
1485 Dupont St.
Toronto ON

Project Manager: David Blaymires

Billing Period

From 11/09/2013 to 11/30/2013

Order#

not available

Draw #

4

Item Code	Description / Change Description	Contract Quantity	Unit of M	Contract U/P	Contract Amount	Quantity Prior Invoiced	Value Prior Invoiced	Quantity This Invoice	Value This Invoice
1	Preparations, Mobilization, Locates, SSHSP	1.000	LS	8,552.79	8,552.79	1.000	8,552.79		
2	Breaking, Cutting, Removal, T&D of Concrete in Source Area	1.000	LS	7,833.21	7,833.21	1.000	7,833.21		
3	Source excavation, Removal, T&D on Non-Haz Impacted Soil	500.000	MT	64.19	32,097.45	335.000	21,505.29		
4	Supply, Transport, Place and Compact Gran B	500.000	MT	40.37	20,184.81	428.180	17,285.46		
5	Drilling and Injection Well Installation	44.000	wells	751.85	33,081.51	46.000	34,585.22		
6	Installation of VES Wells	31.000	wells	442.33	13,712.16	41.000	18,135.44		
7	Concrete Cutting of trenches	656.000	m	11.97	7,854.00	594.700	7,120.08		
8	Concrete Removal, Transport and Recycling from Trenches	105.000	MT	93.50	9,817.50	81.340	7,605.29		
9	Installation of Injection Line and VES Horizontal plying	800.000	m	36.90	29,521.80	805.000	29,706.31		
10	Concrete restoration of Source Rooms - BY OWNER		m2						
11	Concrete Restoration of All Trenches	156.000	m2	118.46	18,480.00			120.500	14,274.62
12	Demobilization	1.000	LS	3,465.00	3,465.00	1.000	3,465.00		
13	Supply, Transport, Installation of Windmills	8.000	ea	366.71	2,933.70				
14	Supply, Transport, Installation of Lockable Cam Locks	8.000	ea	41.87	334.95	8.000	334.95		
15	Bio-Feasibility Testing for Future Injections	1.000	LS	2,243.30	2,243.30			1.000	2,243.30
16	Supply, Installation of Tracer Wire	680.000	m	0.42	286.44	381.000	160.49		
17	Supply, Installation of 20 mil HDPE Vapour Barrier	1.000	LS	1,017.33	1,017.33	1.000	1,017.33		
18	Restoration of Asphalt Parking Lot	24.000	m2	72.19	1,732.50			24.300	1,754.16
CO 1	Change Order #1 Removal of an Unknown								



Ground Force Environmental Inc.
75 Ardelt Place
Kitchener Ontario N2C 2C8
Tel: (519)664-0767
Fax: (519)664-0772

INVOICE

Invoice # 12710
Invoice Date 11/30/2013

Sales To:

Project:

Dupont Developments Ltd
c/o Rose & Thistle Properties
30 Hazelton Avenue
Toronto ON M5R 2E2

397-2013
1485 Dupont St.
Toronto ON

Attn: Mark Goldberg

Project Manager: David Blaymires

Billing Period

Order#

Draw #

From 11/09/2013 to 11/30/2013

not available

4

Item Code	Description / Change Description	Contract Quantity	Unit of M	Contract U/P	Contract Amount	Quantity Prior Invoiced	Value Prior Invoiced	Quantity This Invoice	Value This Invoice
	Buried Tank	1.000		12,342.00	12,342.00	1.000	12,342.00		
CO 2	Change Order #2 Compressor Room - North Side of Br	1.000		4,385.00	4,385.00	1.000	4,385.00		
CO 3	Change Order #3 Break and remove extra concrete fo	1.000		3,855.00	3,855.00	1.000	3,855.00		
CO 4	Change Order #4 Break and remove extra 2nd floor i	1.000		5,255.00	5,255.00	1.000	5,255.00		
CO 5	Change Order#5 Brick wall & extra 2nd concrete flo	1.000		7,410.00	7,410.00	1.000	7,410.00		
CO 6	7 Remove Slag in Trenches	1.000		1,080.00	1,080.00				
CO 7	8 Dig Trench to 10" depths	1.000		1,455.00	1,455.00				
CO 8	9 Remove Slag and dig trench to 10"	1.000		700.00	700.00				
CO 9	10 Removal of Scrap Steel	1.000		540.00	540.00				
CO 10	11 Supply and Deliver 8" Well Cover	1.000		385.90	385.90				
CO 11	12 Heat Trace and Insulation	1.000		1,315.40	1,315.40				
CO 12	13 Extra Bedding Sand For Trench	1.000		345.32	345.32				
TOTAL					232,217.07		190,553.86		18,272.08

	Contract	Changes	Total	Total	18,272.08
Contract Value	193,148.45	39,068.62	232,217.07	Less Holdback	1,827.21
Billed to Date	175,578.94	33,247.00	208,825.94	Sub-Total	16,444.87
Remaining	17,569.51	5,821.62	23,391.13	GST/HST	2,137.83
Holdback	17,557.89	3,324.70	20,882.59	Invoice Total	18,582.70



Invoice

20 Edgecliffe Golfway
Unit 703
Toronto, Ontario
M3C 3A4
Tel: 416-445-7000 Fax: 416-445-7003

Date 2014-01-15
Invoice # 10774
P.O. No.
Terms

Invoice To

Dupont Developments Ltd.
C/O The Rose and Thistle Group Ltd.
30 Hazelton Ave.
Toronto, ON M5R2E2
Yvonne Liu

Project: 1485 Dupont Ave.

Qty	Description	Amount
	Project: Miscellaneous Work	3,350.00
	As per your request, we are pleased to provide you with a quote to supply all labour and materials, tools and supervision to complete all electrical work as listed below for the above mentioned project	
	1. Supply and install one (1) new wall pack light fixture 70watt outside above the front door as per Danny's (site super) request during our site visit	
	2. Replace existing front entrance vestibule light with new	
	3. Supply and install power to the hot water tank at the second floor	
	4. Supply and install power, complete with wiring, disconnect and breakers for three (3) additional furnace units that were not discussed during our original walk through	
	GST On Sales	435.50
Thank you for your business		Subtotal \$3,350.00
		HST \$435.50
		Total \$3,785.50



Invoice

20 Edgecliffe Golfway
Unit 703
Toronto, Ontario
M3C 3A4
Tel: 416-445-7000 Fax: 416-445-7003

Date 2013-12-24
Invoice # 10748
P.O. No.
Terms

Invoice To

Dupont Developments Ltd.
C/O The Rose and Thistle Group Ltd.
30 Hazelton Ave.
Toronto, ON M5R2E2
Yvonne Liu

Project: 1485 Dupont Ave.

Qty	Description	Amount
	The following is for the work listed bellow	21,000.00
	GENERAL 1. Supply and install balance of necessary distribution equipment and infrastructure in order to power up all the furnaces 2. Supply and install additional lighting at the north entrance vestibule as per the site super Danny GROUND FLOOR 1. Supply and install power to eight (8) furnaces c/w breakers and local disconnect switches on the units for servicing as per code throughout as per our walk through with the mechanical contractor SECOND FLOOR 1. Supply and install power to five (5) furnaces c/w breakers and local disconnect switches on the units for servicing as per code throughout as per our walk through with the mechanical contractor 2. Supply and install power to one (1) make up unit c/w breakers and local disconnect switches on the units for servicing as per code throughout as per our walk through with the mechanical contractor THIRD FLOOR 1. Supply and install power to ten (10) furnaces c/w breakers and local disconnect switches on the units for servicing as per code throughout as per our walk through with the mechanical contractor 2. Supply and install power to one (1) make up unit c/w breakers and local disconnect switches on the units for servicing as per code throughout as per our walk through with the mechanical contractor Price agreed \$ 21,000.00 GST On Sales	2,730.00
Thank you for your business		Subtotal \$21,000.00 HST \$2,730.00 Total \$23,730.00



Invoice

20 Edgecliffe Golfway
Unit 703
Toronto, Ontario
M3C 3A4
Tel: 416-445-7000 Fax: 416-445-7003

Date 2013-12-27
Invoice # 10750
P.O. No.
Terms

Invoice To

Dupont Developments Ltd.
C/O The Rose and Thistle Group Ltd.
30 Hazelton Ave.
Toronto, ON M5R2E2
Yvonne Liu

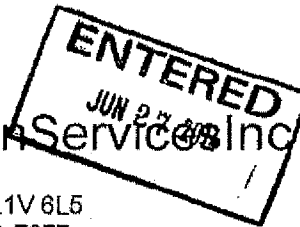
Project: 1485 Dupont Ave.

Qty	Description	Amount
	The following is for the work listed below	6,800.00
	1. Supply and install four (4) emergency battery units and thirteen (13) new exit lights and eleven (11) twin emergency heads throughout the ground, second and third floors	
	2. Supply and install two (2) hand dryers and emergency heads in the public washrooms	
	For the price of \$ 6,800.00	
	GST On Sales	884.00
Thank you for your business		Subtotal \$6,800.00
		HST \$884.00
		Total \$7,684.00

Ro
Services

Roman Artisan Services Inc

357 ROUGE HILL CRT
PICKERING, ONTARIO, L1V 6L5
647-282-4246 fax 416-792-7877



Invoice No. 90922

P.O. No. 444770

GST No. 806 843 603 RT0001

INVOICE

Customer

Name: **Dupont Developments Ltd.c/o Briarlane Rental**
Address: **85 Spy Court Unit 100**
City: **Markham** Prov: **ON** PC: **L3R4Z4**
Phone:

Date: **19/06/2014**
Building: **1485 Dupont St**
Address:
City: **Toronto**

Suite #	Qty	Description	Unit Price	Total
Roof	1	Supply & install 34 feet of roof edge fall protection railing with the 4 feet wide deck (cat walk) on the 4th floor roof top Supply & install 25 feet of roof edge fall protection railing with the 4 feet wide deck (cat walk) on the 3rd floor roof top	\$3,850.00	\$3,850.00

Dupont Developments
Roman Artisan 444770
BE June 23/14
@
4452 TL148 4,350.50

Payment

- ☒ Cash
☐ Cheque
☐ Credit Card

Name _____
CC # _____
Expires _____

SubTotal	\$3,850.00
Taxes <i>4,350.50</i>	HST \$500.50
TOTAL	\$4,350.50

Thank you for your business

Ro
Services

Roman Artisan Services Inc

357 ROUGE HILL CRT
PICKERING, ONTARIO, L1V 6L5
647-282-4246 fax 416-792-7877

Invoice No. 62476

P.O. No. 441757

GST No. 806 843 603 RT0001

INVOICE

Customer

Name: **Dupont Developments Ltd. c/o Briarlane Rental**
Address: **85 Spy Court Unit 100**
City: **Markham** Prov: **ON** PC: **L3R4Z4**
Phone:

Date: **14/08/2014**
Building: **1485 Dupont St**
Address:
City: **Toronto**

Suite #	Qty	Description	Unit Price	Total
Building	1	REPLACED LINTEL AT THE WINDOW ON THE LANEWAY SIDE.	\$4,975.00	\$4,975.00
<p><i>Dupont Developments</i> <i>Roman 441757</i> <i>BR</i> <i>Dup 15/14</i> <i>@</i> <i>Aug 20/14</i> <i>4425 4445 TL148 5,621.75</i></p>				

ENTERED
AUG 21 2014

Payment

- ☒ Cash
☐ Cheque
☐ Credit Card

Name _____
CC # _____
Expires _____

SubTotal	\$4,975.00
5,621.75 Taxes HST	\$646.75
TOTAL	\$5,621.75

Thank you for your business

Ro
Services

Roman Artisan Services Inc

357 ROUGE HILL CRT
PICKERING, ONTARIO, L1V 6L5
647-282-4246 fax 416-792-7877

Invoice No. 91558

P.O. No. 441764

GST No. 806 843 603 RT0001

INVOICE

Customer

Name: **Dupont Developments Ltd./o Briarlane Rental**
Address: **85 Spy Court Unit 100**
City: **Markham** Prov: **ON** PC: **L3R4Z4**
Phone:

Date: **14/08/2014**
Building: **1485 Dupont St**
Address:
City: **Toronto**

Suite #	Qty	Description	Unit Price	Total
Building	1	SUPPLY LABOR AND MATERIAL TO PERFORM STUCCO REPAIRS ON THE FAÇADE AS PER QUOTE	#####	\$40,965.00
<p><i>Dupont Developments Ltd</i> <i>Roman 441764</i> <i>82 Aug 21/14</i> <i>as 27/14</i></p> <p><i>9401 4445 TL148 46,290.45</i></p> <p><i>10% Hold Back 4445 TL148 (4,629.05)</i></p> <p><i>9401</i></p> <p><i>41,661.40</i></p>				

Payment

- ☒ Cash
☐ Cheque
☐ Credit Card

Name _____
CC # _____
Expires _____

Taxes HST \$5,325.45
TOTAL \$46,290.45

4492 90

Copied for B/o

Thank you for your business

December 14, 2014

Our File No.: 140074

By E-mail

Dickinson Wright LLP
P.O. Box 124
18th Floor
222 Bay Street
Toronto, Ontario M5K 1H1

Attention: Lisa S. Corne

Dear Ms. Corne:

Re: DBDC Spadina et al. v. Norma Walton - fee allocation

This letter is in response to your letter dated December 9, 2014. The answers below follow the numbering in that letter.

1. The Manager assigned values to each of the categories used in the allocation methodology based on a review of its records and discussions with counsel. More specifically, the values were reviewed and assigned by Harlan Schonfeld and James Merryweather of the Manager and Brian Empey (the partner at our office with overall carriage of the file), Ken Herlin (the partner in our office that has supervised the real estate work required on behalf of the Manager) and myself.

With respect to the property at 1485 Dupont St. (the "**Dupont Property**") specifically, the values assigned reflect the following:

Active Property Management (3): When the Manager was appointed, the interior of the Dupont Property had been demolished but reconstruction had only just begun. No funds were available to complete this work and several tenants continued to occupy the building. Many of the issues that arose in connection with the Dupont Property were addressed by the property manager hired by the Manager but others required the Manager's input and involvement. As a result, the Manager spent significant time addressing the Dupont Property's environmental and construction issues, either directly or by providing instructions to its property manager.

Although funds were not available to complete the extensive renovations contemplated prior to the Manager's appointment, the Manager had to ensure that the

property complied with all applicable building and environmental codes and was safe for tenant use. This required the Manager's involvement in, among other things, the following:

- a. **Construction co-ordination:** the Manager had to perform significant maintenance to the Dupont Property to prevent further deterioration. This required, among other things, the supervision of contractors and negotiation with contractors who had not been paid prior to the Manager's appointment. The most significant issues addressed by the Manager are described in the following paragraphs.
 - i. When the Manager took possession of the Dupont Property, the heating system was not properly connected to the building's mechanical and electrical system. As a result, the building could not be heated. The Manager contracted with Gentry Environmental to connect the heating units to the ducting system and supervised its work. Once this work was performed, the Manager hired Norel Electric to perform electrical work required to connect the heaters to the building systems.
 - ii. In addition, at the time of the Manager's appointment, several trenches had been dug on the first floor of the Dupont Property as part of an environmental remediation effort that was commenced before the Manager was appointed but not completed. The Manager retained Ground Force Environmental to advance its work to the point where the ground floor of the Dupont Property was safe and useable.
 - iii. Unfinished electrical work posed a significant safety hazard at the Dupont Property when the Manager was appointed. In order to ensure tenant safety and compliance with applicable codes, the Manager hired Norel Electric to address these issues.
 - iv. The elevator shaft of the Dupont Property was also deficient when the Manager was appointed. The Manager hired Roman Construction to address this issue.

Invoices relating to the work performed on the Dupont Property are attached.

- b. **Work Order:** as you note in your letter, the Manager received a work order dated June 5, 2013, which required significant structural repairs. The Manager hired Roman Construction to complete this work. Addressing the work order also required several meetings between the Manager and the City

in order to address the City's concerns and ensure that the Dupont Property complied with all applicable codes.

- c. **Tenant management:** the Manager spent significantly time interacting with tenants of the building. Many of these tenants were induced to enter into leases by promised improvements to the Dupont Property. These improvements were not completed prior to the Manager's appointment and the owner of the Dupont Property, Dupont Developments Inc. ("**Dupont Developments**") did not have funds to complete further work.

The Manager had several discussions with tenants who threatened to withhold rental payments as a result of the owner's failure to complete the promised work and the general state of the building. All of these disputes were resolved and the Manager collected all the rent owed while it was managing the Dupont Property.

The Manager's interaction with the tenants was further complicated by the fact that several of the tenants had no written leases. We understand that this situation arose during your clients' ownership of the building.

- d. **Cash flow forecasting and creditor management:** the Dupont Property operated at a loss at all material times. The Manager secured funds to continue the operation of the Dupont Property and managed cash flow to ensure that the building could continue to operate.

Interaction with stakeholders (3): the Manager spent time interacting with your clients and with other stakeholders. The interaction with your clients was significantly more complicated because of your clients' unexplained refusal to enter into a confidentiality agreement.

The other stakeholders consulted by the Manager included the various parties with liens registered against the Dupont Property.

Negotiated Agreements of Purchase and Sale (3): the Manager and its counsel negotiated and executed three separate agreements of purchase and sale, each of which was terminated during the due diligence stage.

Legal complexity (3): the Dupont Property required significant legal work. Shortly after the Manager's appointment, the Manager learned that Dupont Developments had entered into a lease with Maxx the Mutt (an art school) which required that Dupont Developments complete extensive renovations to the Dupont Property. Dupont Developments was unable to fund these renovations. The Manager's counsel conducted research with respect to its ability to disclaim the lease and, if necessary, vest the lease off of title to the Dupont Property so that it could be sold.

Subsequently, your clients served a motion to lift the stay of proceedings so that they could commence enforcement proceedings originally returnable in June 2014. Your clients resisted taking possession of the Dupont Property and, as a result, the Manager was forced to draft and serve a motion for its discharge. Your clients threatened to oppose this motion and force the Manager to remain in possession of the Dupont Property against its will. Both motions were ultimately adjourned to October 9, 2014. Prior to the return of your clients' motion, we wrote several times to confirm the Manager's understanding that your clients would make appropriate arrangements to take possession. We did not receive the courtesy of a response to these e-mails and your office subsequently took the position that your clients meant all along to leave the Dupont Property unattended. My e-mail describing these events (which also did not receive the courtesy of a response) is attached.

The foregoing events required a further attendance by the Manager to ensure that stakeholders and the Court understood the position that your clients put the property in and added further legal complexity to this aspect of the Manager's mandate.

In addition, the Manager's counsel drafted three Agreements of Purchase and Sale relating to the Dupont Property, together with various collateral documents relating to each agreement. The fact that three separate Agreements of Purchase and Sale were negotiated and then terminated added further legal complexity.

Claims Process (0): no claims process was conducted in connection with the Dupont Property and therefore there is no portion of the fee allocation ascribed to that category.

Property value (2): the value of the Dupont Property was determined to be between \$5 million and \$10 million based on the Manager's discussions with CBRE and potential purchasers.

2. The Manager's dockets have all been produced. No further breakdown exists. In the Manager's view, a strict accounting to allocate time among the assets that were the subject of the November 5 Order receivership would not be cost-effective and would drive up the overall cost of the proceeding. The Manager's 22nd Report sets out what is, in the Manager's view, a fair method of allocating costs among the properties.
3. As noted above, no specific value has been assigned. This portion of the allocation is based on a range of values determined by the Manager based on its marketing activities. It implicitly accounts for environmental contamination since that contamination impacted the value of the offers made to the Manager. It is not based on any appraisals of the Dupont Property.

4. Without accepting that your clients' subjective assessment of the value contributed by the Manager is relevant, we advise as follows:
 - (a) No renewal agreements were completed with existing tenants. Given the state of repair of the Dupont Property, the Manager was of the view that prospective purchasers may decide to conduct extensive renovations or even demolish the existing building. Long-term tenancies would potentially complicate such efforts and decrease the sale value of the property. The Manager also notes that no stakeholders (including your clients) took the position that the Manager should seek to enter into renewal agreements with tenants of the Dupont Property.
 - (b) The Manager's repair work is described above. That work was required to ensure that the Dupont Property was safe and useable for tenants. No funding was available for more extensive renovation.
 - (c) The steps taken by the Manager are described above, the City of Toronto was satisfied with these steps and the work order was lifted.
5. The legal issues relating to the Dupont Property are described above.
6. The meaning of this question is not clear. The Manager fulfilled its mandate pursuant to the Order of Justice Newbould dated November 5, 2013. Its activities and accomplishments are described above and in its reports.
7. With respect to funds borrowed to support the Dupont Property, please see attached a cash flow which describes how funds were used and invoices to support the Manager's expenditures.

We trust the foregoing addresses your questions. We look forward to receipt of particulars of your clients' objection to the fee allocation and proposed alternate allocation.

Yours very truly,

Goodmans LLP

Per Carrie Egan
Mark Dunn
Encl.

C

Mangalindan, Miguel

To: Dunn, Mark
Subject: RE: 1485 Dupont St

From: James Merryweather
Sent: June-06-14 12:20 PM
To: 'Jack Brudner'
Cc: Harlan Schonfeld
Subject: RE: 1485 Dupont St

Hi Jack:

Please find attached the following:

1. Rent roll for June 2014
2. Receiver's weekly Cashflow for the period November 5 to May 30; you will see that the property is not self-funding
3. Contact information for property manager is
Briarlane Property Management
Mr. Andrus Kung, VP Operations
(905) 943-7303
akung@briarlane.ca

With respect to the sale process, you may recall that we entered into an APS with a potential purchaser a few months back; that purchaser terminated the APS during the due diligence phase. Currently, we are negotiating with another potential buyer, and if the proposed transaction is completed, the sale price will be sufficient to deal with the secured claims on the property.

When we initially spoke in January, I suggested that you tour the building; have you had an opportunity to do so? If not, would you like me to arrange something?

James Merryweather, CGA
SCHONFELD INC. Receivers + Trustees
438 University Avenue, 21st Floor
Toronto, ON M5G 2K8
Tel 416.862.7785 ext. 3
Fax 416.862.2136



Experience acquired. Experience applied.

This email may contain confidential information and no rights to privilege have been waived. If you are not the intended recipient, please notify us immediately. Thank you.

From: Jack Brudner [<mailto:jbrudner@sympatico.ca>]
Sent: June-06-14 8:47 AM
To: James Merryweather

Cc: Harlan Schonfeld
Subject: Re: 1485 Dupont St

Good morning James,

Would you please forward a copy of the current Rent Roll to me as well as the name of the present property manager, the contact person and his/her phone number and email address.

When I last spoke with Harlan he advised he was negotiating on two Offers on the property. May I have an up-date on the status of those two (or any others since) Offers.

Your prompt reply would be appreciated.

Regards

Jack Brudner, on behalf of
Millwood Management Limited

----- Original Message -----

From: James Merryweather
To: 'jbrudner@sympatico.ca'
Cc: Harlan Schonfeld
Sent: Tuesday, May 13, 2014 10:27 AM
Subject: 1485 Dupont - Insurance

Hi Jack:

Hope all is well with you.

As requested, please find attached the certificate of insurance for the above property, expiring December 15, 2014.

James Merryweather, CGA
SCHONFELD INC. Receivers + Trustees
438 University Avenue, 21st Floor
Toronto, ON M5G 2K8
Tel 416.862.7785 ext. 3
Fax 416.862.2136

Schonfeld Inc.
Receivers + Trustees

Experience acquired. Experience applied.

This email may contain confidential information and no rights to privilege have been waived. If you are not the intended recipient, please notify us immediately.
Thank you.

Rent Billing for 06/01/2014
 Building: RES TL Dupont Developments Ltd.
 Block:
 Lot:

05/30/2014 Page: 11
 11:26AM Meagan

Company : TL Dupont Developments Ltd.
 Posting Date: 06/01/2014

Master Unit	Tenant Cd/ Invoice#	Name/ Aud Grp	Aud Unit	From Date	To Date	Refer (Unit)	Unit Type	Space	Bill Code	Rent	Tax Amount	Tax %	Total	Pro Rate	A/R Cat	A/R Balance	Symt Method
001	Pattison7 2014-06	Pattison Outdoor Advertising LP 00410696 0001	0001	12/01/2000	12/01/2000	001	Cmu		Basi	500.00	65.00	13.000				-621.50	On Inv
			001			001	Cmu		Util	50.00	6.50	13.000	621.50		Rc		
1491	RonRosen 2014-06	Ron Rosenes 00410696 0002	0002	01/01/2014		1491	Cmu	2,210.00	Basi	1,769.92	230.09	13.000	2,000.01		Rc	.00	On Inv
201	DuboisMal 2014-06	Dubois/Malakain 00410696 0003	0003	01/01/2014		201	Cmu	1,804.00	Basi	2,017.70	262.30	13.000	2,280.00		Rc	7,980.06	On Inv
202	Henderso17 2014-06	Henderson Resource Group Inc. 00410696 0004	0004	11/01/2013	10/31/2014	202	Cmu	2,260.00	Basi	2,165.83	281.56	13.000				4,463.20	On Inv
				11/01/2013	10/31/2013	202	Cmu		Ins	56.50	7.35	13.000					
				11/01/2013	10/31/2013	202	Cmu		Taxe	310.75	40.40	13.000					
				11/01/2013	10/31/2013	202	Cmu		Cam	951.08	123.64	13.000					
				11/01/2013	10/31/2013	202	Cmu		Util	659.17	85.69	13.000	4,681.97		Rc		
203	Mint 2014-06	Mint 00410696 0005	0005	01/01/2014		203	Cmu	2,534.00	Basi	2,232.75	290.26	13.000	2,523.01		Rc	5,045.18	On Inv
301	Blackburn5 2014-06	Blackburn/Martinello 00410696 0006	0006	01/01/2014		301	Cmu	1,958.00	Basi	1,500.00	195.00	13.000	1,695.00		Rc	.00	On Inv
307	EatMyWor 2014-06	Eat My Words 00410696 0007	0007	01/01/2014		307	Cmu	1,572.00	Basi	1,100.00	143.00	13.000	1,243.00		Rc	.00	On Inv
Total billing								12,338.00		13,313.70	1,730.79		15,044.49			16,866.94	
101	Vacant	00410697 0001		06/01/2014	05/30/2014	101	Cmu	18,221.00	Basi	21,628.00			21,628.00				
103	Vacant	00410697 0002		06/01/2014	06/30/2014	103	Cmu	2,030.00	Basi	1,860.83			1,860.83				
1489	Vacant	00410697 0003		06/01/2014	06/30/2014	1489	Cmu	3,081.00	Basi	2,567.50			2,567.50				
204	Vacant	00410697 0004		06/01/2014	06/30/2014	204	Cmu	954.00	Basi	795.00			795.00				
208	Vacant	00410697 0005		06/01/2014	06/30/2014	208	Cmu	7,262.00	Basi	6,051.67			6,051.67				
Total vacancy								29,548.00					32,903.00				
Total lease/space								41,886.00					47,947.49				

Description	Allocation	A/R	Tax	Revenue	Vacancy	Audit Grp
Billing: Rent Receivable Commercial	G,TL,148,0301.10	15,044.49	.00	.00	.00	00410696
Harmonized Sales Tax	G,TL,148,1691.200	.00	-1,730.79	.00	.00	
Basic Rent	G,TL,148,3200	.00	.00	-11,286.20	.00	
Taxes	G,TL,148,3210	.00	.00	-310.75	.00	
Common Area Maintenance	G,TL,148,3210	.00	.00	-951.08	.00	
Utility Recovery	G,TL,148,3230	.00	.00	-709.17	.00	
Insurance Recoverable	G,TL,148,3213	.00	.00	-56.50	.00	
Vacancy: Basic Rent	G,TL,148,3200	.00	.00	-32,903.00	.00	00410697
Basic Rent	G,TL,148,3290	.00	.00	.00	32,903.00	
		15,044.49	-1,730.79	-46,216.70	32,903.00	TOTAL

End of report.

Bernstein/Walton Jointly Owned Companies
Cashflow

	Week Ended												
	Actual 8-Nov-13	Actual 15-Nov-13	Actual 22-Nov-13	Actual 29-Nov-13	Actual 6-Dec-13	Actual 13-Dec-13	Actual 20-Dec-13	Actual 27-Dec-13	Actual 3-Jan-14	Actual 10-Jan-14	Actual 17-Jan-14	Actual 24-Jan-14	Actual 31-Jan-14
Dupont													
Opening Balance	14,769	4	131	1,826	1,762	50,071	70	52,070	52,070	52,480	29,183	18,801	8,520
Deposits													
Leasing Revenue	0	127	1,695	0	7,741	0	2,000	0	3,243	1,693	0	240	6,430
Funding-Manager	0	0	0	0	0	0	50,000	0	0	30,000	16,000	0	0
Funding-Walton	22,350	0	0	0	65,950	4,750	0	0	0	0	0	0	0
Sale of Real Property (net)									0	0	0	0	0
Disbursements													
Mortgages	(24,375)	0	0	0	(24,375)	0	0	0	0	(24,375)	0	0	0
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
GST													
Utilities	(3,755)	0	0	(43)	(247)	(4,730)	0	0	(1,373)	(6,887)	(125)	(3,006)	0
Operating Suppliers	(8,961)	0	0	0	0	0	0	0	0	0	0	(3,769)	(299)
Project Suppliers	0	0	0	0	0	(50,000)	0	0	0	(23,730)	(26,257)	(3,786)	0
Property Management	0	0	0	0	0	0	0	0	(1,441)	0	0	(961)	0
Insurance									0	0	0	0	0
Bank Fees	(25)	0	0	(21)	(760)	(20)	0	0	(20)	0	0	0	(5)
GIC Purchase (Redemption)									0	0	0	0	0
Closing Balance (Funding Need)	4	131	1,826	1,762	50,071	70	52,070	52,070	52,480	29,183	18,801	8,520	14,646

Bernstein/Walton Jointly Owned Compa
Cashflow

	Week Ended												
	Actual 7-Feb-14	Actual 14-Feb-14	Actual 21-Feb-14	Actual 28-Feb-14	Actual 7-Mar-14	Actual 14-Mar-14	Actual 21-Mar-14	Actual 28-Mar-14	Actual 4-Apr-14	Actual 11-Apr-14	Actual 18-Apr-14	Actual 25-Apr-14	Actual 2-May-14
Dupont													
Opening Balance	14,646	15,430	470	31	22,621	9,480	17,155	10,425	13,685	13,507	1,396	1,322	6,100
Deposits													
Leasing Revenue	3,243	0	0	5,058	8,953	0	1,140	5,113	8,601	0	0	0	8,561
Funding-Manager	0	0	0	21,000	0	18,000	1,000	0	0	2,000	1,000	8,000	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of Real Property (net)	0	0	0	0	0	0	0	0	0	0	0	0	0
Disbursements													
Mortgages	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
G&P	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	(2,459)	(14,938)	(439)	0	(4,214)	0	(7,901)	0	(3,145)	(11,805)	(57)	0	(412)
Operating Suppliers	0	(22)	0	(3,452)	(3,371)	(10,325)	(968)	(893)	0	(2,305)	(1,018)	(2,261)	(4,980)
Project Suppliers	0	0	0	0	(13,550)	0	0	0	0	0	0	0	0
Property Management	0	0	0	0	(961)	0	0	(961)	0	0	0	(961)	0
Insurance	0	0	0	0	0	0	0	0	(5,620)	0	0	0	0
Bank Fees	0	0	0	(16)	0	0	0	0	(14)	0	0	0	(14)
GIC Purchase (Redemption)	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance (Funding Need)	15,430	470	31	22,621	9,480	17,155	10,425	13,685	13,507	1,396	1,322	6,100	9,256

Bernstein/Walton Jointly Owned Campa

Cashflow

	Week Ended				Actual
	Actual 9-May-14	Actual 16-May-14	Actual 23-May-14	Actual 30-May-14	30 wks ended 30-May-14
Dupont					
Opening Balance	9,256	8,390	3,377	5,186	14,769
Deposits					
Leasing Revenue	4,835	0	1,810	4,688	75,174
Funding-Manager	0	6,000	0	4,000	157,000
Funding-Walton	0	0	0	0	93,050
Sale of Real Property (net)	0	0	0	0	0
Disbursements					
Mortgages	0	0	0	0	(73,125)
Property Taxes	0	0	0	0	0
GST	0	0	0	0	0
Utilities	(4,331)	(6,922)	0	0	(76,787)
Operating Suppliers	(1,371)	(2,793)	0	(2,475)	(48,264)
Project Suppliers	0	0	0	(2,260)	(119,583)
Property Management	0	0	0	(961)	(6,243)
Insurance	0	(1,298)	0	0	(6,919)
Bank Fees	0	0	0	(17)	(911)
GIC Purchase (Redemption)	0	0	0	0	0
Closing Balance (Funding Need)	8,390	3,377	5,186	8,162	8,162

D

Mangalindan, Miguel

To: Dunn, Mark
Subject: RE: 1485 Dupont URGENT

From: Dunn, Mark
Sent: Sunday, October 19, 2014 7:58 PM
To: 'Michael J. Brzezinski'
Cc: Empey, Brian; LaBine, Jackie; 'harlan@schonfeldinc.com'; Mark S. Shapiro; James Merryweather; 'David P. Preger'
Subject: RE: 1485 Dupont URGENT

Further to my e-mail on Friday, I have now had an opportunity to review our correspondence relating to this matter. We remain of the view that your recitation of the facts is not correct and that the situation your client has now placed the Property in is unacceptable.

Let me deal first with your assertion that you were forthright with respect to the fact that your client did not intend to take possession of the Property. I can state categorically that I had no knowledge at all of this intention. My client did not – and would not – consent to the Property being left without anyone responsible for it. If we had known of your intention, we would have opposed it.

The relevant facts are set out below:

- When you first brought your motion in June 2014, I made it quite clear that our client would be seeking a discharge and your client would need to take possession. Your client did not want to take possession because of the various environmental issues and other factors relating to the Property. In fact, your client was so concerned about taking possession that it considered asking the Court to require that my client remain in place against its will. Ultimately, your client adjourned its motion because an offer was received by my client. That offer unfortunately did not result in a completed transaction and you rescheduled your client's motion;
- I wrote to you on September 8, 2014, shortly after you rescheduled your motion for October 9 to reiterate this position:

“As you know, our client will not oppose your motion to lift the stay and will seek a discharge from any responsibilities that it may have in respect of the Dupont property at the same time. I made it clear during our previous conversations that the Manager is not prepared to remain in place once the stay is lifted. Please confirm that your client has made, or is in the process of making, alternate arrangements for the management and preservation of the property pending completion its power of sale proceedings or whatever other enforcement steps it is planning once the stay is lifted.”
- I did not receive the courtesy of a response to my e-mail, so I wrote again on September 30, 2014 as follows:

“I have not heard back from you in response to my e-mail below. As you know, we will be obtaining a discharge from any responsibility for 1485 Dupont. Kindly confirm that your clients have made appropriate arrangements to take possession.”
- Again, I did not receive the courtesy of a response. You called me a few days before the motion and advised that your client planned on withdrawing its motion. I advised that I was puzzled by this since my client had consistently and repeatedly advised that it did not object to lifting the stay but would seek a discharge.
- In light of my e-mails on September 8 and 30, you cannot possibly have been confused about my client's position that if your client lifted the stay and my client was discharged, your client would need to take possession. Moreover, I asked you to have your client contact mine to make these arrangements. You said you would raise it with him. You never once raised the possibility of leaving the Property unattended.

- Perhaps most troubling of all is that you now say that this was your intention all along when you drafted the Order.

We will be putting these facts before the Court at the earliest opportunity and seeking advice and direction with respect to how we should proceed. Leaving everything else aside, we now have a situation where there is no party responsible for the Property. Our client has been discharged but its property manager (who is also discharged) is receiving calls from tenants who have no other contact. No one is available to respond to emergencies and it is not even clear if your client has secured insurance for the Property. Your client is not the only stakeholder with an interest in the Property. If, as you now assert, your client does not intend to take possession then alternate arrangements need to be made so that the Property is protected. Whatever these arrangements are, they will need to be funded by a charge that ranks ahead of your client's charge.

We have been keeping track of all time spent on this issue separately and will ask that costs be awarded against your clients, payable forthwith. In the alternative, these costs will be added to the Manager's charge, which ranks ahead of your client's charge.

Regards,
Mark

From: Michael J. Brzezinski [<mailto:MBrzezinski@dickinson-wright.com>]
Sent: Friday, October 17, 2014 4:43 PM
To: Dunn, Mark; Mark S. Shapiro
Cc: Empey, Brian; LaBine, Jackie; 'harlan@schonfeldinc.com'; James Merryweather
Subject: RE: 1485 Dupont URGENT

Mark,

The Order of Justice Pattillo does not require our clients to take possession of the Property. In fact, the Order was specifically worded so as to avoid that result. Rather, it lifts the stay and grants the Mortgagees the right to enforce the mortgage in whichever manner they see fit. Enforcement does not necessarily require possession and our clients are under no obligation to do so. We have been forthright about this from the get go.

In any event, Mr. Brudner cannot be reached today as it is a Jewish holiday. We will seek instructions and advise how the Mortgagees wish to proceed early next week.

Regards,

Michael

Michael J. Brzezinski Lawyer

199 Bay Street
Suite 2200
Commerce Court West
Toronto ON M5L 1G4

Phone 416-777-2394
Fax 416-865-1398
Email MBrzezinski@dickinsonwright.com

[Profile](#) [V-Card](#)

DICKINSON WRIGHT LLP

MICHIGAN ARIZONA FLORIDA OHIO TENNESSEE WASHINGTON D.C. TORONTO

From: Dunn, Mark [<mailto:mdunn@goodmans.ca>]
Sent: Friday, October 17, 2014 11:05 AM
To: Mark S. Shapiro; Michael J. Brzezinski
Cc: Empey, Brian; LaBine, Jackie; 'harlan@schonfeldinc.com'; James Merryweather

Subject: FW: 1485 Dupont URGENT
Importance: High

Gentlemen,

Please see below. As you know, the Court Order clearly requires that your client take possession of the property from my client. Your client consented to this order. Your client's failure to act is putting the property at risk in a way that we cannot and will not accept. If your client does not arrange to take possession immediately we will be forced to bring an urgent motion to directions to the court and look to your client for the costs incurred as a result of its inaction.

I look forward to hearing from you.

Regards,
Mark

Mark Dunn
Goodmans LLP

416.849.6895
mdunn@goodmans.ca

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
goodmans.ca

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From: Andrus Kung [<mailto:akung@briarlane.ca>]
Sent: Friday, October 17, 2014 10:28 AM
To: 'Harlan Schonfeld'; jbrudner@sympatico.ca
Cc: 'James Merryweather'; 'Susan Liberto'; LaBine, Jackie; Dunn, Mark
Subject: RE: 1485 Dupont URGENT
Importance: High

None one has yet picked up the files or keys. Tenants and contractor continue to call us and we are not responding. This is a dangerous situation because there is no one responding to emergencies or keeping an eye on the property.

If Tenants and contractors call should I direct them to Jack?

Please advise as this is an Urgent issue.

Thank you,

Andrus

From: Harlan Schonfeld [<mailto:Harlan@schonfeldinc.com>]
Sent: Wednesday, October 15, 2014 12:49 PM
To: jbrudner@sympatico.ca

Cc: James Merryweather; Andrus Kung; Susan Liberto; LaBine, Jackie; Mark Dunn (mdunn@goodmans.ca)
Subject: 1485 Dupont URGENT

Jack:

The order is clear. The Manager is discharged of any responsibility. The mortgagee is in control of the property. Briarlane nor the Manager have any responsibility.

You need to make immediate arrangements to manage and control the property.

We've moved....

S. Harlan Schonfeld CPA, CIRP

SCHONFELD INC. Receivers + Trustees

77 King Street West
Suite 3000, P. O. Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
Tel 416.862.7785
Cell 416.254.1992
Fax 416.862.2136



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E

Mangalindan, Miguel

To: Dunn, Mark
Subject: RE: 1485 Dupont / 300 Campbell

From: Ronald Rosenes <ron@rosenes.com>
Date: October 28, 2014 at 11:49:46 PM EDT
To: harlan Schonfeld <harlan@schonfeldinc.com>
Cc: Jeanne GRIERSON <jeannegrierson@rogers.com>, Ron Rosenes <ron@rosenes.com>, Cory Blackburn <torontowestsound@gmail.com>, Arline Malakian <info@arlinemalakian.com>, Blair Henderson <blair@hendersonresourcegroup.com>
Subject: Fwd: 1485 Dupont / 300 Campbell

Hello Harlan,

On behalf of the tenants at the below address, I am wondering if you are able to provide us with any information regarding the identity of the Mortgagee for this property.
I have been a tenant here since 2004 and to this point, am concerned that we have not been contacted regarding future arrangements.

Can you be of assistance in helping to identify the Mortgagee for 300 Campbell Ave and letting us know what the future might hold for the remaining tenants in the building?
To date, Briarlane has not been forthcoming or able to provide such information.

Thank you for any and all information you might be able to provide.

Ron
Ron Rosenes CM
1491 Dupont St.
Toronto, ON M6P 3S2
C 416.726.5147
T 416.901.5147

Begin forwarded message:

From: "Meagan Wint" <mwint@briarlane.ca>
Subject: 1485 Dupont / 300 Campbell
Date: October 27, 2014 at 3:36:48 PM EDT
To: "Ronald Rosenes" <ron@rosenes.com>
Cc: "Andrus Kung" <akung@briarlane.ca>, "Aura Epure" <aepure@briarlane.ca>

Good Afternoon,

Please see the attached letter regarding 1485 Dupont / 300 Campbell.

Thank you,
Meagan

Meagan Wint | Commercial Administrator | Briarlane Rental Property Management Inc.



www.briarlane.ca



905.944.9406 ext. 306 (office) 905.944.1976 (fax)



[address](#)

This e-mail is confidential, if you are not the intended recipient, please notify us by telephone or return e-mail immediately and delete this e-mail from your system without making a copy. Any unauthorized use or disclosure of this e-mail is prohibited.

Briarlane



*Rental Property
Management Inc.*

Notice to: *All Tenants*
From: *The Property Management – 1485 Dupont St. and 300 Campbell Ave.*
Subject: *Mortgagee*
Date: *October 9, 2014*

Dear Tenant,

Schonfeld Inc, Receivers + Trustees, was appointed Manager of the property in which you occupy premises pursuant to a lease, by an Order of the Ontario Superior Court of Justice on November 5, 2013.

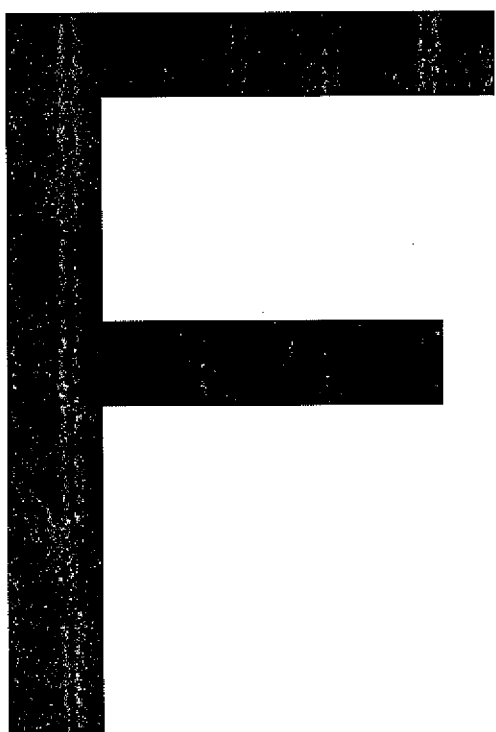
Please be advised effective October 9, 2014 Schonfeld Inc, Receivers + Trustees is no longer Manager and Briarlane Rental Property Management is no longer Property Manager of the property in which you occupy, pursuant to a lease, by an Order of the Ontario Superior Court of Justice on October 9, 2014.

The Mortgagee of the building has taken over and we have no further information at this time. If in the future the Mortgagee decides to retain us as the Property Management we will let you know.

It was a pleasure working with all of you.

Yours truly,
Dupont Developments Ltd.
By its Authorized Agent and Manager
BRIARLANE RENTAL PROPERTY MANAGEMENT INC.
per;

Andrus Kung,
Vice President, Commercial Properties and Operations



Mangalindan, Miguel

From: Dunn, Mark
Sent: Monday, February 02, 2015 2:12 PM
To: Mangalindan, Miguel
Subject: FW: 1485 Dupont URGENT

Follow Up Flag: Follow up
Flag Status: Flagged

From: David P. Preger [<mailto:DPreger@dickinson-wright.com>]
Sent: Monday, October 20, 2014 2:47 PM
To: Dunn, Mark
Cc: Mark S. Shapiro; Michael J. Brzezinski; Empey, Brian; LaBine, Jackie; Christina E. Corrente
Subject: RE: 1485 Dupont URGENT

Mark,

Now that it is discharged of any responsibilities in relation to the property, I do not see any basis for the Manager making an issue over this. I have read the October 19 Order of Pattillo J. There is nothing compelling our client to go into possession. Moreover, it is not clear to me how a Judge could or would compel our client to take possession.

In any event, I am not available to be in Court tomorrow morning and do not see any urgency. I trust that any motion you intend to bring will be scheduled either at a 9:30 am chambers appointment returnable when I am available, or in consultation with me.

Meanwhile, our client needs to know how much, if any, your client asserts is payable to the Manager for fees and borrowings in priority to our client's security. Could you please get that information to me as soon as possible, together with the appropriate back up.

David P. Preger Partner

199 Bay Street
Suite 2200
Commerce Court West
Toronto ON M5L 1G4
Phone 416-646-4606
Fax 416-865-1398
Email DPreger@dickinsonwright.com
<image002.png><image003.png>
<image004.jpg>

From: Dunn, Mark [<mailto:mdunn@goodmans.ca>]
Sent: Sunday, October 19, 2014 8:18 PM
To: David P. Preger
Cc: Mark S. Shapiro; Michael J. Brzezinski; Empey, Brian; LaBine, Jackie; Christina E. Corrente
Subject: FW: 1485 Dupont URGENT

David,

I am forwarding to you an e-mail in which Mr. Brudner indicates that Dr. Bernstein is somehow responsible for the property. Dr. Bernstein was never responsible for the management of the property, even before my client was appointed. He certainly has no such responsibility now.

The owner company remains within my client's mandate. It has no ability to manage or preserve the property now that my client has been discharged.

Furthermore, your client's request for "a little time" from Briarlane is difficult to understand. Briarlane is the property management company retained by my client, their mandate relating to the property ended when our mandate did. It is not in a position to grant anyone time to do anything. It is also difficult to understand why your client would need more time to decide what to do since it has had about five months since serving its motion materials to consider a path forward.

When we spoke this afternoon, you said that your client intended that the property simply be left without anyone responsible for it. The e-mail below is not consistent with such a position and some clarity would be helpful moving forward. I would have expected that we would have a shared interest in preserving this property.

As stated in my previous e-mail, we will be bringing a motion for directions.

Regards,

Mark

From: Jack Brudner <jbrudner@sympatico.ca>
Date: October 19, 2014 at 11:13:22 AM EDT
To: Harlan Schonfeld <Harlan@schonfeldinc.com>
Subject: Re: 1485 Dupont URGENT

Harlan,

We believe you are misinformed.

True, you have been discharged but that's the only thing ordered as far as responsibility for the property is concerned.

Since the mortgagees have yet to decide what actions they should take, your benefactor Dr. Bernstein is now responsible for the property as owner and which we shall be monitoring very closely.

We have spoken to Briarlane and asked them for a little time to allow mortgagees to consider their position. In the meantime can you please advise us when we may expect to receive from you the documents, reports, marketing plan etc.as ordered by the Court.

Jack

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----- Original Message -----

From: Harlan Schonfeld
To: jbrudner@sympatico.ca
Cc: James Merryweather ; Andrus Kung (akung@briarlane.ca) ; 'Susan Liberto' ; LaBine, Jackie ; Mark Dunn (mdunn@goodmans.ca)
Sent: Wednesday, October 15, 2014 12:48 PM
Subject: 1485 Dupont URGENT

Jack:

The order is clear. The Manager is discharged of any responsibility. The mortgagee is in control of the property. Briarlane nor the Manager have any responsibility.

You need to make immediate arrangements to manage and control the property.

We've moved....

S. Harlan Schonfeld CPA, CIRP

SCHONFELD INC. Receivers + Trustees

77 King Street West
Suite 3000, P. O. Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
Tel 416.862.7785
Cell 416.254.1992
Fax 416.862.2136



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G

October 22, 2014

Our File No.: 14-0074

Via E-mail

Joe DiPietro
c/o the Commercial List Office
330 University Avenue, 7th Floor
Toronto, Ontario
M6L 2N9

Dear Mr. DiPietro:

Re: DBDC Spadina Ltd. et al v. Norma Walton et al
Court File No. 13-10280-00CL

We are counsel to Schonfeld Inc. in its capacity as, among other things, court-appointed Manager of 1485 Dupont Street (the "**Dupont Property**") pursuant to the Order of Justice Newbould dated November 5, 2013. We would appreciate it if you could bring this letter to Justice Newbould's attention.

This correspondence relates to the motion brought by the holders of a first ranking charge against the Dupont Property (the "**Dupont Mortgagees**") for an Order, among other things, lifting the stay of proceedings as against the Dupont Property and the Manager's cross-motion for a discharge of any responsibility for the preservation, protection and management of the Property. These motions were granted on consent on October 9, 2014 by Justice Patillo. Justice's Patillo's Order (the "**October 9 Order**") and Endorsement are attached for ease of reference.

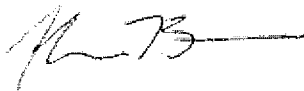
When it consented to the Order sought by the Dupont Mortgagees, the Manager understood that the Dupont Mortgagees planned to take over possession and control of the Dupont Property from the Manager. The Dupont Mortgagees have since advised that this is not correct. The Dupont Mortgagees have not taken possession of the Dupont Property and have no apparent intention of doing so.

The Manager has been discharged of any responsibility for the Dupont Property pursuant to the terms of the October 9 Order. Accordingly, there is presently no one managing or controlling the Dupont Property, which is a partially finished building with six tenanted units.

Although the Manager has been discharged from any responsibility for the Dupont Property, the Manager is concerned that neither affected stakeholders nor the Court could reasonably have anticipated the present circumstances and, accordingly, feel that it is appropriate to bring the matter to the Court's attention. The Manager respectfully requests the earliest available attendance before Justice Newbould to seek advice and directions with respect to what, if any, steps are required to preserve and protect the Property.

Yours truly,

Goodmans LLP



PER: Mark Dunn
6380838

Oct 9, 2014

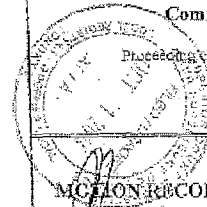
M. Dunn > for Manager
J. LaBrie
S. Roy - for applicants
M. Byginski - for Mortgagees

Based on the material filed, I am satisfied the order should issue in both the Mortgagees application and the Manager's cross-application. Paragraphs 4 and 5 of the proposed draft order are amended to qualify to extent disclosure is not prohibited to any 3rd parties. The Manager shall also provide the Mortgagees information on the same terms given to prospective purchasers. The issue of the Manager's priority and costs as they relate to the Dupont Property to be determined at a future date on application by the mortgagees, if they so require. Order amended accordingly and I have approved the amendments as agreed by the parties and attached my list to the amended order.

6376657

[Signature]

ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List



Proceedings commenced at Toronto

MOTION RECORD OF THE MANAGER,
SCHONEFELD INC.

(Motion re: Discharge of Manager's obligations in respect of 1485 Dupont, returnable October 9, 2014)

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Brian Empey LSUC#: 30640G
Mark S. Dunn LSUC#: 55510L
Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for The Manager

File No. 14-0074

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.
JUSTICE PATTILLO

)
)
)

THURSDAY, THE 9TH
DAY OF OCTOBER, 2014



DBDC SPADINA LTD.,
and THOSE CORPORATIONS LISTED ON SCHEDULE "A" HERETO

Applicants

- and -

NORMA WALTON, RONAULD WALTON, THE ROSE & THISTLE GROUP
LTD. and EGLINTON CASTLE INC.

Respondents

- and -

THOSE CORPORATIONS LISTED IN SCHEDULE "B" HERETO, TO BE
BOUND BY THE RESULT

ORDER

THIS MOTION, made by Florence Leaseholds Limited, Beatrice Leaseholds Limited and Ada Leaseholds Limited (collectively, the "Mortgagees") for an Order in respect of the property owned by the Schedule "B" Corporation, Dupont Developments Ltd. ("Dupont Developments"), at the address municipally known as 1485 Dupont Street, Toronto, Ontario, the buildings thereon and all appurtenant lands subject to the first ranking mortgage (the "Mortgage") held by the Mortgagees (the "Dupont Property"), and the CROSS-MOTION by Schonfeld Inc. (the "Manager") for an Order discharging it from any responsibilities that it may have had with respect to the management, control, preservation or protection of the Dupont Property were heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Jack Brudner and the Twelfth Report of the Manager dated June 6, 2014 and on hearing the submissions of counsel for the Mortgagees and counsel for the Manager in its capacity as manager of certain companies listed at Schedule "B" to the Order of Justice Newbould dated November 5, 2013 (the "Companies"),¹ together with the real estate properties owned by the Companies no one appearing for any other person on the service list:

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record of the Mortgagees and the Notice of Cross-Motion and Motion Record of the Manager are hereby abridged so that this motion and this cross-motion are properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that the stay of proceedings imposed pursuant to paragraphs 12 and 13 of the Order of the Honourable Justice Newbould dated November 5, 2013 (the "November 5 Order"), as it pertains to the Dupont Property and Dupont Development, is hereby lifted for the purpose of allowing the Mortgagees to enforce their security, including the Mortgage, against the Dupont Property and Dupont Developments.

3. THIS COURT ORDERS that the Manager is hereby discharged of any responsibilities that the Manager may have had under the November 5 Order, the relevant Order of Honourable Justice Newbould dated January 20, 2014 (collectively, the "Orders") or otherwise with respect to the management, control, preservation, protection, marketing and/or sale of the Dupont Property and with respect to reporting to affected Persons (as defined in the November 5 Order) in respect of the Dupont Property.

4. THIS COURT ORDERS that the Manager disclose (to the extent that disclosure is not prohibited by any obligation to third parties) and provide to the Mortgagees any and all information, reports and/or documentation in the Manager's possession relating to any past and ongoing efforts to remediate the adverse soil and groundwater conditions currently affecting the Dupont Property, including any plans, studies and other specifics of the steps taken, to date, to implement any such remediation. The Manager shall provide to the Mortgagees the same information, on the same terms as provided to prospective purchaser of the Dupont Property.

¹ Schedule "B" was amended by Order dated January 16, 2014.

5. THIS COURT ORDERS that the Manager disclose (to the extent that disclosure is not prohibited by any obligation to third parties) and provide to the Mortgagees any and all material information, reports and/or documentation pertaining to its efforts to sell the Dupont Property during the term of its appointment, including but not limited to any marketing report prepared by CBRE Limited and if no such report exists, to request of CBRE Limited to prepare and deliver same, and that it does so on an expedited basis.

6. THIS COURT ORDERS that the Orders continue in full force and effect except as modified by this Order in respect of the Dupont Property.

7. THIS COURT ORDERS that the Mortgagees shall be at liberty to apply to this Court to seek a variation of the priority and quantum of the Manager's Charge and the Manager's Borrowing Charge (as defined in the November 5 Order) as these charges relate to the Dupont Property.

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



OCT 9 2014


A. Anissimova
Registret

Schedule A Companies

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited.
3. DBDC Investments Atlantic Ltd.
4. DBDC Investments Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen's Corner Ltd.
14. DBDC Queen's Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Lands Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

Schedule B Companies

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline — 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Ltd.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen's Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Royal Gate Nominee Inc.
29. Royal Gate (Land) Nominee Inc.
30. Dewhurst Development Ltd.
31. Eddystone Place Inc.
32. Richmond Row Holdings Ltd.
33. El-Ad (1500 Don Mills) Limited
34. 165 Bathurst Inc.

DBDC SPADINA LTD. et al
Applicants

-and- NORMA WALTON et al
Respondents

Court File No. CV 13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

DICKINSON WRIGHT LLP

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

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Lawyers for the Mortgagees

Н

JACK COPELOVICI

BARRISTER

***1220 Sheppard Avenue East, Suite 204
Toronto, Ontario M2K 2S5***

Tel: (416) 494-0910

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email: jack@copel-law.com

January 11, 2015

Delivered by email

Mr. Mark Dunn
Mr. Brian Empey
Ms. Jacqueline LaBine
GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

email : mdunn@goodmans.ca
email : bempey@goodmans.ca
email : jlabine@goodmans.ca

Dear Sirs and Madam:

Re: Fox and Laser liens – 1, 9 and 11 City View Drive, Toronto

The following are questions for the Manager arising out of the 22nd Report and related documents. These questions are without prejudice to our right to cross examine on the fees on the suggested date of January 21, 2015. Also, in the event that we deem the answers to these questions are not fully responsive, we will be seeking leave to cross examine the Manager on the answers given and any issues arising therefrom.

General questions regarding fees:

1. Please provide the backup documentation for the time spent by the Manager on the Cityview properties for the period June 2, 2014 onwards . . . It is our position that, given the fact that the allocations are being sought to be done now, rather than at the time that the previous accounts were accepted by the Court, that we are entitled to all backup documentation for Active Property Management of the Cityview properties from the time the Manager was first appointed.
- 2.
3. Please provide the backup documentation for the time spent by the Goodman's lawfirm on the Cityview properties for the period May 29, 2014 onwards.

General questions regarding the borrowing of monies from the Bernstein companies:

4. Is it correct that the monies borrowed from the Bernstein companies to fund the projects was borrowed at 15%?
5. Is it correct that the Bernstein companies were repaid on their mortgages registered as against title, with monies borrowed from the Bernstein companies at 15%?
6. What attempts were made to borrow monies from entities other than Bernstein companies to fund the projects?

General questions regarding the proposed allocation:

7. As at the date, November 5, 2013, of the Order of Justice Newbould granting the superpriority for fees, was any thought given at that time as to the method of allocation of fees and funding as against the Cityview properties?
8. Was any thought given at that time as to how this allocation would impact the lienholders' claims on Cityview?
9. Is it correct that, as at February 21, 2014 of the Order of Justice Spence creating the holdback fund for the benefit of the mortgagee and the lien claimants that there was no indication from the Manager as to the proposed method of allocation of fees and funding?
10. Is it correct that assurances were given by the Manager's counsel as at the date of the Justice Spence Order in February, 2014 that the sale of 9-11 Cityview would generate enough funds to pay out the mortgages and the lien claims?
11. In hindsight, should the Manager not have advised the lien claimants as at February, 2014 that the Manager's fees and fund allocations sought to be recovered from Cityview generated funds would have a substantial reductive impact on the funds ultimately available to the lien claimants?
12. If not, why not?
13. Why was the proposed allocation not circulated until well after the Cityview mortgages had been paid out as per the MOS?

QUESTIONS REGARDING FORMULA USED FOR ALLOCATION TO CITYVIEW PROPERTIES.

Appendix 2 of the Motion Record contains the weighting factors with respect to each of the Schedule B and Schedule C properties, including Cityview. Please provide answers to the following questions:

40% Active Property Management:

14. Please ensure that the backup documentation to be provided shows the time actually spent for active property management for the Cityview properties.
15. How much interest was paid to the mortgagee from the time that you were advised that the mortgagee and the lien claimants had entered into an agreement, which was pursuant to their MOS that was provided to you?
16. How much interest was paid to the mortgagee after the first cheque to pay out the mortgagee was returned?

17. Has the interest amount that was paid after the first cheque been factored so as to reduce the amount sought to be paid to the Manager for Active Property Management of the Cityview properties?
18. If not, why not?
19. A review of the Cashflow chart for the Bernstein/Walton Jointly owned companies shows that the Cityview properties had a positive cash flow in each of the months. Is that correct?
20. If so, where were the excess funds spent?
21. For the week ended January 10, 2014 there is a notation of "Funding-Manager" of \$156,400.00. Why were these funds needed?
22. Did they come from funds borrowed from the Bernstein companies?
23. For the week ended January 17, 2014 there is a notation of "Funding-Manager" of \$13,500.00. Why were these funds needed?
24. Did they come from funds borrowed from the Bernstein companies?
25. Have any of the excess funds from the rental revenue generated from Cityview properties get used to pay the ongoing expenses of the Cityview properties?
26. Did the rental revenue generated from Cityview properties exceed the ongoing expenses of the Cityview properties?
27. If they did exceed, by how much did they exceed?
28. If there was an excess, where was that excess applied?
29. Was any of that excess applied towards Management fees or funding?
30. If not, why not?

10% APS Negotiation.

31. Please advise as to the work done by the Manager under this heading.
32. Please advise why the sale price of the property was dropped by \$50,000.00
33. What efforts were made by the Manager to sell 9-11 Cityview during the period February to August, 2014?

25% Legal Complexity:

34. Please advise as to the work done by the Manager under this heading.

10% Claims Process:

35. Please advise as to the work done by the Manager under this heading.
36. Why have the lien claims still not been valued?

5% Property value

37. Please advise as to the method of calculation and the sums for Management Fees and Management Funding that are produced as a result.
38. Has any allowance in the Manager's Fees or Funding been made for the fact that the lien claimants contributed to the increase in value of the Cityview properties?

I look forward to having these questions answered shortly. These questions are provided without prejudice to ask more questions should it be found in the interests of my clients to do so.

Page 4

Yours very truly,



Jack Copelovici

Signed electronically

JC:kv

cc: *clients*

cc: Mr. Bram Zinman

cc: OLDFIELD, GREAVES, D'AGOSTINO

Attention: Mr. Edward L. D'Agostino

email : bzinman@bellnet.ca;

email: speiou@bellnet.ca

email: edagostino@watlaw.com



January 26, 2015

Our File No.: 14.0074

BY E-MAIL

Jack Copelovici
Barrister
1220 Sheppard Avenue East, Suite 204
Toronto, Ontario
M2K 2S5

Dear Sirs/Mesdames:

Re: Fox and Laser liens - 1, 9 and 11 City View Drive, Toronto

The Manager's answers to the questions posed in your letter dated January 11, 2015 are set out below. For ease of reference, your questions have been reproduced below.

General questions regarding fees:

1. Please provide the backup documentation for the time spent by the Manager on the Cityview properties for the period June 2, 2014 onwards. It is our position that, given the fact that the allocations are being sought to be done now, rather than at the time that the previous accounts were accepted by the Court, that we are entitled to all backup documentation for Active Property Management of the Cityview properties from the time the Manager was first appointed.

Manager's response: the meaning of this request is unclear. Dockets describing time spent by the Manager and its counsel have been produced. Kindly clarify what "backup documentation" is being sought so that we may consider your request.

2. **Manager's response:** this number was left blank in your letter.
3. Please provide the backup documentation for the time spent by the Goodman's law firm on the Cityview properties for the period May 29, 2014 onwards.

Manager's response: as set out above, the meaning of this request is unclear. Goodmans' dockets have been provided. Kindly clarify what "backup documentation" is being sought so that we may consider your request.

General questions regarding the borrowing of monies from the Bernstein companies:

4. Is it correct that the monies borrowed from the Bernstein companies to fund the projects was borrowed at 15%?

Manager's response: The Manager's borrowing arrangements were described in its Second Report and approved by the by Order dated January 16, 2014.

5. Is it correct that the Bernstein companies were repaid on their mortgages registered as against title, with monies borrowed from the Bernstein companies at 15%?

Manager's response: This is incorrect. Funding in January was only used on Cityview to pay property taxes, which was necessary to obtain the severance.

6. What attempts were made to borrow monies from entities other than Bernstein companies to fund the projects?

Manager's response: the Manager's rationale for the funding arrangement entered into with the Applicants was described in the Second Report.

General questions regarding the proposed allocation:

7. As at the date, November 5, 2013, of the Order of Justice Newbould granting the superpriority for fees, was any thought given at that time as to the method of allocation of fees and funding as against the Cityview properties?

Manager's response: The Manager was aware that a method of allocation would ultimately be required but determined that the allocation should be assessed later in the process, when the amount of time and effort spent on the various properties could be ascertained with greater certainty.

8. Was any thought given at that time as to how this allocation would impact the lienholders' claims on Cityview?

Manager's response: Assuming this question also references to the time in and around November 5, 2013, the answer is no. At that time, the Manager was not aware of the lienholders' claims.

The interests of all stakeholders were considered in preparing the allocation methodology.

9. Is it correct that, as at February 21, 2014 of the Order of Justice Spence creating the holdback fund for the benefit of the mortgagee and the lien claimants that there was no indication from the Manager as to the proposed method of allocation of fees and funding?

Manager's response: In February 2014, the Manager had not made any recommendation with respect to the proposed allocation and there was no discussion of how fees would be allocated.

10. Is it correct that assurances were given by the Manager's counsel as at the date of the Justice Spence Order in February, 2014 that the sale of 9-11 Cityview would generate enough funds to pay out the mortgages and the lien claims?

Manager's Response: No. It was apparent to all stakeholders that the sale of 9-11 Cityview (which was the first of two parcels that together comprise the Cityview Property to be sold) would not generate sufficient proceeds to pay lien claimants and mortgagees. The relevant Order was specifically structured to address this issue by providing for a holdback to pay amounts claimed by the lien claimants if they succeeded in proving validity, entitlement and priority over the mortgages. In fact, the sale of 9-11 Cityview did not pay the first mortgage in full. 1 Cityview was not sold until later in 2014.

11. In hindsight, should the Manager not have advised the lien claimants as at February, 2014 that the Manager's fees and fund allocations sought to be recovered from Cityview generated funds would have a substantial reductive impact on the funds ultimately available to the lien claimants?

Manager's Response: No. The sale was approved because it was, in the Manager's view, the best sale available. There is no evidence that a more advantageous sale could have been achieved. Moreover, it was (or ought to have been) clear to the lienholders and other stakeholders that the Manager's Charge and Manager's Borrowing Charge was in first priority on the Cityview Property and that the Cityview Property would need to bear an appropriate share of the cost of the proceeding. In addition, the Manager notes that, at the time of the February 2014 sale, one parcel of the Cityview sale remained to be sold and so the total proceeds available for creditors was not known at that time.

12. If not, why not?

See above.

13. Why was the proposed allocation not circulated until well after the Cityview mortgages had been paid out as per the MOS?

The Manager circulated the proposed allocation when most of the Properties had been sold and the costs associated with the various Properties could be ascertained with greater

certainty. The timing of the allocation proposal was also influenced by requests from other stakeholders that the allocation methodology be finalized. No such requests were received by the Manager until in and around October 2014.

In any event, there is no reason to link the allocation methodology to payment of the mortgages. The mortgages were paid because sufficient funds were available to fund both the mortgages and there was no dispute after execution of the MOS that these mortgages were entitled to be paid ahead of other debts.

QUESTIONS REGARDING FORMULA USED FOR ALLOCATION TO CITYVIEW PROPERTIES.

Appendix 2 of the Motion Record contains the weighting factors with respect to each of the Schedule B and Schedule C properties, including Cityview. Please provide answers to the following questions:

40% Active Property Management:

14. Please ensure that the backup documentation to be provided shows the time actually spent for active property management for the Cityview properties.

Manager's Response: The Manager did not track its time by Property. As the Manager has reported, this is a complex file involving more than thirty companies and numerous stakeholders. The Manager determined that it was neither practical nor economical to specifically track the time spent on each company and property. More specifically, tracking time spent by property would have been both: (i) difficult, since often meetings, conference calls and court attendances related to more than one property; and (ii) expensive, since dividing out time by property or company would have taken a substantial amount of time.

15. How much interest was paid to the mortgagee from the time that you were advised that the mortgagee and the lien claimants had entered into an agreement, which was pursuant to their MOS that was provided to you?

Manager's Response: the second mortgage accrued interest at a per diem rate of \$36 per day. The timeline relevant to this inquiry is summarized below:

- The Manager received a partially executed copy of the Minutes of Settlement (the "MOS") on October 16, 2014. The MOS did not contemplate an immediate payment to the second mortgagee. To the contrary, it contemplated that the parties would "consent to an Order directing the Manager to pay" the second mortgage. The Manager understood that such an Order would be obtained in advance of payment.

- No Order was obtained but, on October 23, 2014, Mr. Copelovici asked when payment would be made to the second mortgagee. This correspondence did not state that payment should be made immediately or that no Order would be obtained.
- On October 29, 2014, Mr. Copelovici wrote asking the Manager's counsel to pay the amount owed to the second mortgagee as soon as possible. The Manager's counsel received a payout statement from the second mortgagee on October 31, 2014 and paid the amount shown on the payout statement to the mortgagee on November 3, 2014. However, there was an error on the first cheque sent to the second mortgagee and it was returned. The correct amount was paid by cheque dated November 13, 2014.

16. How much interest was paid to the mortgagee after the first cheque to pay out the mortgagee was returned?

The interest with respect to this ten day period was approximately \$360.

17. Has the interest amount that was paid after the first cheque been factored so as to reduce the amount sought to be paid to the Manager for Active Property Management of the Cityview properties?

No.

18. If not, why not?

In the Manager's view, there is no basis for a deduction.

19. A review of the Cashflow chart for the Bernstein/Walton Jointly owned companies shows that the Cityview properties had a positive cash flow in each of the months. Is that correct?

No. Interest was not paid on the outstanding mortgages from February to August due to lack of funds.

20. If so, where were the excess funds spent?

There were no excess funds.

21. For the week ended January 10, 2014 there is a notation of "Funding-Manager" of \$156,400.00. Why were these funds needed?

Funds of \$156,400 + \$13,500 in the following week were required to pay the outstanding 2013 realty taxes of \$177,162. This is clearly shown on the cashflow.

22. Did they come from funds borrowed from the Bernstein companies?

Yes.

23. For the week ended January 17, 2014 there is a notation of "Funding-Manager" of \$13,500.00. Why were these funds needed? See 21 above.

24. Did they come from funds borrowed from the Bernstein companies?

Yes.

25. Have any of the excess funds from the rental revenue generated from Cityview properties get used to pay the ongoing expenses of the Cityview properties?

There were no excess funds. Revenue generated by the Cityview Property were used to pay ongoing expenses relating to the Cityview Property.

26. Did the rental revenue generated from Cityview properties exceed the ongoing expenses of the Cityview properties?

No.

27. If they did exceed, by how much did they exceed?

N/A

28. If there was an excess, where was that excess applied?

N/A

29. Was any of that excess applied towards Management fees or funding?

N/A

30. If not, why not?

N/A

10% APS Negotiation.

31. Please advise as to the work done by the Manager under this heading.

This heading reflects the work performed by the Manager in connection with the negotiation of Agreements of Purchase and Sale in respect of the two Cityview Properties. The purchaser and financial terms of the agreement with respect to 9-11

Cityview predated the Manager's appointment but the Agreement of Purchase and Sale had to be amended into a form acceptable to the Manager, which required that the Manager instruct counsel, review drafts and communicate with the purchaser.

In respect of 1 Cityview, the Manager negotiated an Agreement of Purchase and Sale with the Purchaser, instructed counsel, reviewed drafts and communicated with the purchaser.

32. Please advise why the sale price of the property was dropped by \$50,000.00

The Agreement of Purchase and Sale entered into before the appointment of the Manager contemplated that the vendor would complete various conditions, including securing permits. When the Manager was appointed, no funds were available to fulfill these conditions. Moreover, the Agreement of Purchase and Sale was amended to omit representations and warranties that the Manager was not in a position to provide. Accordingly, the Manager and the purchaser negotiated a \$50,000 price abatement to reflect the fact that the transaction was converted to an "as is" sale.

33. What efforts were made by the Manager to sell 9-11 Cityview during the period February to August, 2014?

9-11 Cityview was sold in February 2014.

25% Legal Complexity:

34. Please advise as to the work done by the Manager under this heading.

Manager's response: the costs associated with this property include the legal work associated with the sale of both parcels of the Cityview Property, including both transactional and litigation work. All but one of the other Properties involved only one sale approval.

In addition, the sale of 1 Cityview was opposed by Laser in circumstances that added significantly to the legal costs associated with the sale. More specifically, after several attempts to obtain an answer from counsel to Laser with respect to what, if any, position it intended to take on the sale, counsel advised that Laser intended to oppose the sale and intended to do so based on the opinion of its principal, who purported to be an expert on commercial real estate. This purported expert evidence (which did not comply with the rules of civil procedure) was not incorporated into an affidavit and, as a result, the Manager's counsel was forced to prepare to both object to the propriety of the evidence and, if necessary, cross-examine. Laser's principal ultimately did not testify because the matter was addressed in chambers but, by that time, the Manager's counsel had spent time preparing. Ultimately, Justice Newbould approved the sale but, in light of Laser's assertion that the sale price was insufficient, granted Laser an option to purchase at the

sale price offered. The principal of Laser purported to exercise this option but tendered "proof" of financing in the form of a commitment letter in trust for a company to be incorporated. This highly unusual (and ultimately meaningless) commitment letter required further work by the Manager's counsel to determine whether the commitment letter represented proof of financing. The Manager ultimately determined that it did not.

In addition to the foregoing, Cityview Industrial Ltd. (which owned the Cityview Property) commenced litigation against a purported purchaser of the Cityview Property for its alleged breach of an Agreement of Purchase and Sale entered into before the Manager was appointed. The Manager has preserved this litigation.

10% Claims Process:

35. Please advise as to the work done by the Manager under this heading.

Manager's Response: The Manager has evaluated the quantum and validity of the liens filed by the lienholders. This amount also includes an allowance for future costs associated with resolution of disputes relating to the 25% costs claimed by the lienholders, which the Manager believes to be improper. The Manager also attended at the premises to inspect the completed building as well as reviewing documents and pictures that were taken during the construction phase.

36. Why have the lien claims still not been valued?

The lien claims have been evaluated, the Manager's response will be provided under separate cover.

5% Property value

37. Please advise as to the method of calculation and the sums for Management Fees and Management Funding that are produced as a result.

Manager's response: this methodology is explained in the Manager's 22nd Report.

38. Has any allowance in the Manager's Fees or Funding been made for the fact that the lien claimants contributed to the increase in value of the Cityview properties?

Manager's response: the value of the Property is relevant to the Manager's analysis. The reason that a particular property has a particular value is not relevant.

I trust the foregoing is satisfactory.

Goodmans ^{LLP}

Page 9

Yours truly,

Goodmans LLP

Per Carrie Exaristu

Mark Dunn
MSD/cr
Encl.
6414138

J

FINANCING COMMITMENT

TO: 2431318 ONTARIO LTD.
"THE BORROWER(S)"

ROBERT LORION
"THE GUARANTOR(S)"

**FROM: BRUNO BORTOLUS, in Trust for a company to be incorporated
without any personal liability**
"THE LENDER"

THE UNDERSIGNED LENDER IS PLEASED TO CONFIRM THAT THEY ARE PREPARED TO
PROVIDE YOU THE FINANCING ON THE FOLLOWING TERMS AND CONDITIONS SET OUT
HEREIN:

LENDER: **BRUNO BORTOLUS, in Trust for a company to be
incorporated without any personal liability**
(the "Lender")

The Borrower(s) and/or Guarantor(s) acknowledge and agree that the Lender shall be entitled without consent of the Borrower(s) and/or Guarantor(s), to assign this agreement to any person, firm or corporation whether now existing or not, and upon the Borrower(s) and/or Guarantor(s) receiving notice of such assignment, the Lender herein shall be relieved of all further liability hereunder and the Borrower(s) and/or Guarantor(s) shall complete the transaction with such assignee as if such assignee had originally been the Lender hereunder.

BORROWER: **2431318 ONTARIO LTD.**
(the "Borrower")

GUARANTOR: **ROBERT LORION**
(the "Guarantor")

LOAN AMOUNT: **THREE MILLION ONE HUNDRED AND FIFTY
THOUSAND DOLLARS (\$3,150,000.00) CDN**

INTEREST RATE: **TEN PER CENT (10 %) per annum calculated as follows:**

calculated monthly and payable interest only and payable in monthly instalments.

INTEREST ADJUSTMENT DATE: The Interest Adjustment Date shall be the date of the advance.

PREPAYMENT OF LOAN:

When not in default the Borrower and/or Guarantor shall have the privilege of repaying the whole or any part of the loan at any time or times without notice or bonus.

TERM: **ONE (1) YEAR**

PURPOSE OF LOAN: The loan is to be used by the Borrower and/or Guarantor exclusively for the following purpose:
**PURCHASE OF 1 CITYVIEW DRIVE, TORONTO,
ONTARIO**

SECURITY:

The Borrower and/or Guarantor shall provide as security for the loan the following security ("Security"), in form, scope and substance satisfactory to the Lender at the Lender's sole discretion:

(a) a mortgage in FIRST position on the lands legally described as PART OF LOT 22, CONCESSION 2, FRONTING THE HUMBER, DESIGNATED AS PART 1, PLAN 66R-26674, CITY OF TORONTO BEING ALL OF PIN 07416-0035(LT) Municipally known as 1 CITYVIEW, TORONTO, ONTARIO containing 2 1/2 acres upon which there is erected a 27,000 square foot building which is leased.

(b) a General Assignment of Rents on the property described above.

ORDER DATED AUGUST 20, 2014:


The Lender acknowledges having received a copy of the Order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice dated August 20, 2014 with respect to the said property.

ACCEPTANCE OF THIS COMMITMENT:

This Commitment is open for acceptance by the Borrower and/or Guarantor until 3:00 p.m. on the 25TH day of AUGUST, 2014 failing which it shall be null and void and the Lender shall be under no obligation whatsoever with respect to this Commitment.

DATED at Vaughan, this 25 day of AUGUST, 2014.

LENDER:


**BRUNO BORTOLUS, in Trust for a company
to be incorporated without any personal
liability**

The execution of the form of acceptance below attests that the party so executing has read and has fully understood this Commitment

THIS COMMITMENT IS ACCEPTED as above this day of AUGUST, 2014.

BORROWER:

2431318 ONTARIO LTD

Per: 

A.S.O.

I have authority to bind the corporation

GUARANTOR:


ROBERT LORION

7 Dayspring Circle

Suite 702

Brampton, Ontario, L6P 1B8

K

Wellesley Branch
56 Wellesley Street W., Suite 103
Toronto Ontario M5S 2S3
416.928.6468

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002296

Statement Period Ending: April 30, 2013
Account Number: 9695164
Number of Cheques: 3

Cityview Industrial Ltd.
30 Hazelton Ave
Toronto ON M5R 2E2

Deposit Accounts

Chequing 0 - Cityview Industrial Ltd.

Date	Account Activity	Withdrawals	Deposits	Balance
31-Mar-2013	Balance Forward			107.60
04-Apr-2013	Cheque Deposit		12,148.25	12,255.85
04-Apr-2013	Transfer In		14,500.00	26,755.85
	7311954 wellesly cheq			
05-Apr-2013	Cheque Deposit		636,403.30	663,159.15
05-Apr-2013	transfer out	-636,400.00		26,759.15
	7311954 wellesly cheq			
05-Apr-2013	Cheque # 45	-26,667.00		92.15
09-Apr-2013	Combined Deposit		9,343.10	9,435.25
09-Apr-2013	Transfer Out # 053216500	-700.00		8,735.25
	7311954 wellesly cheq			
10-Apr-2013	Transfer Out # 053432484	-8,400.00		335.25
	7311954 wellesly cheq			
18-Apr-2013	Transfer In		2,950.00	3,285.25
	7311954 wellesly cheq			
18-Apr-2013	Cheque # 30	-1,977.50		1,307.75
19-Apr-2013	Transfer In		2,000.00	3,307.75
	7311954 wellesly cheq			
22-Apr-2013	Transfer In		2,000.00	5,307.75
	7311954 wellesly cheq			
24-Apr-2013	Transfer Out # 050847046	-2,000.00		3,307.75
	7311954 wellesly cheq			
26-Apr-2013	Cheque # 48	-254.25		3,053.50
30-Apr-2013	Transaction Fees	-5.25		3,048.25
	Account Totals	676,404.00	679,344.65	3,048.25