

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 ON SCHEDULE "B" HERETO, TO BE
BOUND BY THE RESULT

MOTION RECORD
(Returnable January 16, 2014)

Date: January 14, 2014

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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 Inc.
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.
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A

Court File No.: CV-13-10280-00CL

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

NOTICE OF MOTION
(Returnable January 16, 2014)

Schonfeld Inc. in its capacity as Manager (the "Manager") pursuant to the Order of the Honourable Mr. Justice Newbould dated November 5, 2013, (the "November 5 Order") will make a Motion to the Honourable Mr. Justice Newbould on January 16, 2014 at 9:00 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: This Motion is to be heard orally.

THE MOTION IS FOR:

1. An Order:

- (a) abridging the time for service of the Notice of Motion and the materials filed in support of the Motion and dispensing with further service thereof;
- (b) approving the funding arrangement negotiated between the Manager and the Applicants to provide funding for the Manager's fees and disbursements and limited ongoing operation of the Companies generally comprised of mortgage payments, utilities, security costs and certain construction obligations;
- (c) authorizing and directing the Manager to post pleadings, orders and other publicly filed information relating to this matter on its website;
- (d) permitting persons claiming to be entitled to liens under the *Construction Lien Act*, R.S.O. 1990, c.C.30 to relief from the stay provisions of the November 5 Order solely to allow them to register claims for liens against the Properties and to issue and serve statements of claims to perfect and protect their alleged security interests;
- (e) amending Schedule "B" to the November 5 Order as follows to correct typographical errors:
 - (i) adding Royal Gate Nominee Inc., Royal Gate (Land) Nominee Inc., El-Ad (1500 Don Mills) Limited and Liberty Village Properties Ltd.; and
 - (ii) removing Liberty Village Properties Inc. and El-Ad Limited.
- (f) directing the Respondents to provide forthwith information and documentation confirming the balance of the Reserve Fund held by them or anyone affiliated

with them or under their direction or control on behalf of Metropolitan Toronto Condominium Corporation 1037 ("MTCC 1037") on or before January 20, 2014;

- (g) approving the fees and disbursements of the Manager and its counsel, Goodmans LLP ("Goodmans"); and
- (h) approving the First Report of the Manager, the Second Report of the Manager and the activities described therein.

THE GROUNDS FOR THE MOTION are as follows:

1. The Manager was appointed Manager of certain companies listed at Schedule "B" to the Manager's Order (the "Companies"), together with the real estate properties owned by the Companies (the "Properties"), pursuant to the Endorsement of Justice Newbould dated November 5, 2013 (the "November 5 Endorsement").
2. The Manager described its activities to date in its First Report dated January 6, 2014 and its Second Report dated January 13, 2014.

I. Funding

3. the Manager negotiated with the Applicants to borrow funds on the following basis:
 - (a) the Applicants agreed to advance the aggregate amount of \$900,000 to the Manager in installments between December 20, 2013 and January 31, 2014;
 - (b) amounts advanced by the Applicants will accrue interest at the rate of 15% per annum, calculated and compounded monthly not in advance;

- (c) amounts advanced by the Applicants will be subrogated to a proportionate share of the Manager's Charge and the Manager's Borrowing Charge. The priority of the Manager's Charge and the Manager's Borrowing Charge will be amended to rank behind pre-existing registered charges; and
 - (d) the Applicants have no obligation to advance further amounts unless agreed to in writing or ordered by the Court but any further amounts advanced by the Applicants will be subject to the terms described above.
4. In the Manager's judgment, this borrowing represents the best available option for funding the continued operation of the Companies and the Manager's mandate pending an orderly disposition of the Properties and strikes an appropriate balance between the various interests at play.

II. Distribution of materials

5. The Manager's Order prohibits the Manager from posting information relating to this proceeding on its website. As a result, the Manager has received requests for material filed to date from a large number of stakeholders. That material is voluminous, ever-increasing and inconvenient to transmit. Accordingly, the Manager respectfully recommends that this Honourable Court vary the Manager's Order to permit the Manager to post materials filed in these proceedings on its website. The Manager is of the view that such a variation will avoid the need for duplicative distribution of materials and ensure that all stakeholders are able to stay informed as these proceedings move forward.

III. Corrections to Schedule "B"

6. The Manager understands that the owners of certain Properties are incorrectly named or were not named in the Manager's Order. In particular:
 - (a) Royal Gate Holdings Ltd. is listed in Schedule "B". This company does not hold title to any of the Properties. Title is held by Royal Gate Nominee Inc. (in respect of the Royal Gate Property and Royal Gate (Land) Nominee Inc. (in respect of the parking lot adjacent to the Royal Gate Property);
 - (b) El-Ad Limited is listed in Schedule "B". The Manager understands that this entity is controlled by the former owners of 1500 Don Mills and that the current owner of that property is El-Ad (1500 Don Mills) Limited; and
 - (c) Liberty Village Properties Inc. is named in Schedule "B". The Manager understands that the owner registered on title is Liberty Village Properties Ltd.
7. The Manager respectfully recommends that Schedule "B" be corrected to address these errors.

IV. 18 Wynford

8. One of the Companies, Wynford Professional Centre Ltd. ("Wynford Professional") purchased the majority of the commercial condominium units in a condominium located at 18 Wynford Dr in Toronto ("18 Wynford") in early 2011. At that time, the statutory reserve fund required to be held in trust under the provisions of the *Condominium Act* was provided to Ms Walton or a Rose & Thistle entity to be held on behalf of MTCC

1037. Despite repeated and express demands, Ms Walton has not provided information to the Manager to confirm the existence or status of the statutory reserve fund.

V. Construction Liens

9. The November 5 Order permits the registration of construction liens but stays all proceedings against the Companies. The Manager understands that, in order to perfect and protect a lien once it is registered, the lien claimant must issue and serve a Statement of Claim seeking certain relief from the relevant Company. Determination of the validity and priority of the liens claimed can be dealt with summarily in these proceedings as Properties are sold and all encumbrances are reviewed. Accordingly, once the lien claimants have served their respective Statements of Claim, their lien actions should be stayed pending this outcome of these proceedings or further order of the Court.
10. Rules 1.04, 1.05, 2.03, 3.02, 5.04(2), 16 and 37 of the *Rules of Civil Procedure* (Ontario); and
11. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. The First Report of the Manager dated January 6, 2014;
2. The Second Report of the Manager dated January 16, 2014;
3. Such further and other material as counsel to the Inspector may advise and this Honourable Court may permit.

Date: January 14, 2014

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TO: **PLEASE SEE ATTACHED
SERVICE LIST**

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Court File No.: CV-13-1 0280-00CL

et al

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6285612

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**NOTICE OF MOTION
RETURNABLE JANUARY 16, 2014**

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Lawyers for the Manager

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SECOND REPORT OF THE MANAGER, SCHONFELD INC.

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I. Introduction

1. This is the Second Report of Schonfeld Inc. (the "Manager") in its capacity as Manager pursuant to the Order of Justice Newbould dated November 5, 2013 (the "November 5 Order"), a copy of which is attached as Appendix 1.

2. The Manager was appointed Manager of certain companies listed at Schedule "B" to the November 5 Order (the "Companies"), together with the real estate properties owned by the Companies (the "Properties"). The circumstances giving rise to the appointment of the Manager are described in the Endorsement of Justice Newbould dated November 5, 2013 (the "November 5 Endorsement") a copy of which is attached as Appendix 2.

A. Purpose of this Report

3. There are several motions returnable on Thursday January 16, 2014 in these proceedings (collectively, the "January 16 Motions"), including motions by certain mortgagees seeking to have the stay lifted and to be "carved out" from the November 5 Order, a motion by Ms Walton for permission to refinance certain properties not subject to the November 5 Order and a motion by the Manager for certain relief including:

- (a) approval of an arrangement negotiated between the Manager and the Applicants to provide funding for the Manager's fees and disbursements and the limited ongoing operation of the Companies generally comprised of mortgage, utilities and security costs and certain construction obligations;
- (b) an Order authorizing and directing the Manager to post pleadings, orders and other publicly filed information relating to this matter on its website;
- (c) an Order permitting persons claiming to be entitled to liens under the *Construction Lien Act*, R.S.O. 1990, c.C.30 to be exempted from the stay provisions of the November 5 Order solely to allow them to register claims for liens against the Properties and to issue and serve statements of claims to perfect and protect their alleged security interests;

- 4 -

- (d) an Order amending Schedule "B" to the November 5 Order to correct the names of certain Companies as they appear in Schedule "B";
- (e) an Order directing the Respondents to provide independent documentation confirming the balance of the Reserve Fund held by or on behalf of Metropolitan Toronto Condominium Corporation 1037 ("MTCC 1037") on or before January 20, 2014;
- (f) approval of the Manager's activities since its appointment as described below; and
- (g) approving the Manager's fees and those of its counsel, Goodmans LLP ("Goodmans").

4. The purpose of this Second Manager's Report is to provide information regarding these proceedings, report on the activities of the Manager and to provide certain recommendations relating to the January 16 Motions.

B. Terms of reference

5. 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, to the extent that this Report contains any financial information of Companies, the Manager has not audited, or otherwise attempted to independently verify the accuracy or completeness of this financial information. Accordingly, the Manager expresses no opinion or other form of assurance in respect of the financial information.

6. The Manager has not reviewed the validity of any claims asserted, or security registered, against the Companies. Nothing in this report constitutes recognition of the validity or priority of any such claim or registration. Similarly, the Manager has not assessed, and nothing in this report constitutes recognition of, any contractual obligation that is alleged to bind the Companies or the Properties.

II. Marketing of the Properties

7. The Companies own a diverse real estate portfolio comprised of industrial, residential and commercial revenue producing properties in various stages of planning, rezoning and development located throughout the GTA. These Properties fell into three very broad categories when the Manager was appointed:

- (a) twenty four (24) Properties had not been marketed for sale;
- (b) five Properties were the subject of existing Agreements of Purchase and Sale; and
- (c) three Properties were the subject of listing agreements with real estate brokers and in the process of being marketed for sale.

8. Since its appointment, the Manager has worked to secure and stabilize the Properties, evaluate the Properties, formulate a strategy for maximizing realization and implement that strategy. These efforts are described below.

A. Properties not previously marketed

9. The Properties that have not been exposed to the market include income-producing properties, partially tenanted properties and untenanted properties in the early stages of development.

a. Request for proposals

10. The Manager engaged N. Barry Lyons Consultants Limited ("NBLC"), a leading multi-disciplinary real estate consulting firm, to help assess the Properties, formulate a marketing strategy and assist with the assembly of due diligence materials. With the assistance of NBLC, the Manager decided to list the properties listed below (the "Initial Listing Properties"):

- (a) 241 Spadina Ave;
- (b) 18 Wynford Dr;
- (c) 32 Atlantic Ave;
- (d) 5770/5780 Highway #7 W;

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- (e) 1131A Leslie St;
- (f) 1450 Don Mills Rd;
- (g) 1500 Don Mills Rd;
- (h) 295 The West Mall; and
- (i) 165 Bathurst St/620-624 Richmond St. W.

11. The Initial Listing Properties were selected because, in the Manager's judgment, they are in a state of development that will facilitate expeditious sales. Most due diligence materials are available and explicable and there are no significant impediments to sale for these properties. There were certain issues with other properties (including, for example, ongoing environmental remediation and ongoing municipal planning applications) that, in the Manager's judgment, required more time or consideration, relative to the Initial Listing Properties, before the commencement of active marketing could be properly undertaken.

12. The Manager prepared a Request for Proposals (the "RFP") dated December 5, 2013 to solicit listing proposals in respect of the Initial Listing Properties from the five largest brokerage firms in the GTA. The RFP, which is attached as Appendix 3, was sent to the following firms:

- (a) Avison Young;
- (b) Cushman & Wakefield;
- (c) Colliers;
- (d) DTZ Barnicke; and
- (e) CBRE Limited ("CBRE").

13. The Manager received responses to the RFP from each of these firms and scored each proposal based on team qualifications and experience, remuneration, marketing timeline and marketing approach.

14. CBRE achieved the highest score on the Manager's analysis. CBRE is a fortune 500 company and the world's largest commercial real estate services firm. The transaction team identified in CBRE's proposal has significant experience, including direct experience with two of the properties. Moreover, CBRE presented a well-thought out marketing plan that will, in the Manager's judgment, maximize realizations from the Initial Listing Properties.

15. The Manager provided its analysis, together with CBRE's response to the RFP, to the Applicants, Respondents and third party mortgagees with interests in the Initial Listing Properties and advised these parties of its intention to enter into a listing agreement with CBRE. Neither the Applicants nor the mortgagees objected to retaining CBRE.¹ The Manager is presently discussing the terms of a formal retainer with CBRE.

b. Initial Listing Properties

16. The Manager, in consultation with CBRE, has determined that, for marketing purposes, the Initial Listing Properties fall into three separate asset classes. Buyers will be encouraged to bid on individual assets or by class of assets, although in the latter case the offerer will be required to submit a property by property allocation of the offer price with its bid. The asset classes group together similar assets in order to facilitate a clear investment strategy for each asset class. The proposed asset classes are as follows:

- (a) **Downtown West Office:** this asset class is comprised of 32 Atlantic Avenue, 241 Spadina Avenue and 620-624 Richmond Street West. These are all brick and beam office assets located relatively close together west of downtown Toronto. Based on CBRE's advice, the Manager's judgment is that grouping these assets together for marketing purposes, while also encouraging individual bids, will maximize demand and realization;
- (b) **Suburban Office:** this asset class is comprised of 1450 Don Mills Rd, 1500 Don Mills Rd, 1131A Leslie St and 295 The West Mall. All of these properties except for 295 The West Mall (which is located in the Highway 427 Corridor) are located in the DVP South office node in Toronto. Since there are similar leasing

¹¹ Two mortgagees did raise concerns through counsel with respect to the sale process generally but did not object to the selection of CBRE. Ms Walton's motion for certain relief relating to the appointment of CBRE was denied.

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and marketing dynamics and potential management synergies among these buildings, the Manager believes that grouping them together while also encouraging individual bids will maximize demand and realization. Although 18 Wynford Dr is in a similar location to some of the Companies' suburban office properties, the asset consists of certain units in a commercial condominium building which requires different considerations; and

- (c) **Industrial:** 5770-5780 Hwy 7 W is the only industrial asset among the Initial Listing Properties. The Manager, in consultation with CBRE, is of the view that sale of this asset will be maximized if it is principally marketed separately from the other Initial Listing Properties.

c. Expressions of interest in a portfolio sale

17. In her affidavit sworn January 5, 2014, Ms Walton expressed her belief that the value of the Properties would be maximized if they were sold together. For the reasons described above, CBRE has advised that taking the Initial Listing Properties to market in three separate offerings (and inviting bids on some or all of each asset class) will maximize demand. NBLC has also recommended against marketing the Properties as a single portfolio and certain mortgagees have specifically opposed a portfolio marketing campaign.

18. Based on the foregoing, the Manager has determined that it will not engage in an active marketing campaign or sales process designed to solicit *en bloc* offers.

19. The Manager does not, however, intend to foreclose the possibility of a portfolio sale. The purchasers that contacted Ms Walton are free to bid to purchase some or all of the Properties as part of any sale process.

20. The Manager notes that on January 6, 2014 counsel for one or more of the Respondents raised a concern that if the Manager retained CBRE as broker to sell the Initial Listed Properties, there would be a possibility of two commissions being payable – both to CBRE and to Colliers, the broker with whom Ms Walton had held discussions concerning a portfolio sale. Attached as Appendix 4 is a copy of an email from counsel to Colliers confirming to the Manager that Colliers views itself as acting for potential purchasers and, as such, is not looking to the Manager

for any commission and has dealt with its own clients on that basis. There is no impediment to Colliers' clients coming forward with a proposal to purchase any number of the Properties. To date, no such proposal has been received by the Manager.

21. Colliers' counsel also advised the Manager that Ms Walton had provided certain valuations prepared by Colliers' appraisers to the portfolio purchasers identified in her January 5, 2014 affidavit. Colliers' sales staff do not have access to these valuations and asked that the Manager grant permission for Colliers' valuation staff to share their work with its sales staff and clients. The Manager opposes such disclosure and is concerned that selective disclosure of potentially confidential information to some potential purchasers could have an adverse effect on the sales process.

d. Other Properties not yet marketed for sale

22. Apart from the Initial Listing Properties, 10 other Properties have not yet been formally exposed to the market. The Manager is presently discussing these Properties with the relevant stakeholders to determine when and how these Properties should be exposed to the market. The Manager expects these Properties to be listed as soon as possible.

e. Unsolicited offers

23. The Manager has received a number of unsolicited offers to purchase various Properties since its appointment. The Manager is of the view that, in order to fulfill its obligations, it is required to engage in an orderly marketing process where circumstances allow. The Manager has therefore advised most of the unsolicited offerors that the relevant Property will be brought to the market in the near future and that they will have an opportunity to resubmit their offers at that time. The Manager has, however, engaged in discussions with some unsolicited offerors after consulting with affected stakeholders in certain specific circumstances.

B. Properties subject to pre-existing Agreements of Purchase and Sale

24. When the Manager was appointed, five Companies had already entered into Agreements of Purchase and Sale (the "Existing APS"). The Applicants, Respondents and affected mortgagees have supported completion of the transactions contemplated by the Existing APS. Although none of these transactions are ready to close at this stage, the Manager hopes that one or more sales will be completed in the near future. The Manager will continue to keep all

affected stakeholders apprised of its progress in this regard and will provide a detailed report on each sale once it is ready to close.

C. Properties subject to listing agreements

25. When the Manager was appointed, three Companies had entered into listing agreements with real estate brokerage firms and the Properties owned by these Companies were in the process of being marketed. These properties are listed below:

- (a) 875/887 Queen Street;
- (b) 1 Royal Gate; and
- (c) 1185 Eglinton.

a. 875/887 Queen Street

26. The Property at 875 and 887 Queen Street (collectively the "Queen Street Property") is owned by Red Door Developments Inc. ("Red Door 1", which owns 875 Queen) and Red Door Lands Ltd. ("Red Door 2", which owns 887 Queen). Red Door 1 and Red Door 2 are referred to collectively as the Red Door Owners. The following encumbrances are registered on title to the Queen Street Property:

- (a) an option to purchase the retail portion of the Queen Street Property in favour of Trinity Urban Properties Inc. ("Trinity");
- (b) a \$7 million mortgage in favour of RioCan Mortgage Corp. ("RioCan") (first mortgage on 875 Queen Street, second mortgage on 887 Queen Street); and
- (c) A \$1.2 million mortgage in favour of Woodgreen Management Inc. (first mortgage on 887 Queen Street).

27. In addition, the Queen Street Property is presently leased to the Woodgreen Family Red Door Shelter ("Red Door Shelter"), a non-profit organization that provides shelter services for families. In June 2010, Red Door Shelter entered into an agreement with Ronauld and Norma Walton whereby the Waltons agreed to make a substantial donation to, and build Red Door Shelter a new facility for, Red Door Shelter. In her affidavit sworn October 31, 2013, Ms

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Walton deposed that she had negotiated an agreement to build this new facility on another Property located at 450 Pape (the "Riverdale Property") owned by Riverdale Mansion Ltd. ("Riverdale Mansion"). It does not appear that any construction work has occurred at the Riverdale Property and Riverdale Mansion does not have sufficient funds to complete such construction. As a result, it is highly unlikely that Red Door Shelter will be able to move to the Riverdale Property when its current lease expires on June 30, 2014.

28. The Manager is sympathetic to Red Door Shelter's situation and, following discussions with counsel to Red Door Shelter, required prospective purchasers of the Queen Street Property to agree to extend Red Door Shelter's existing lease to March 31, 2015.

29. The Queen Street Property was subject to an exclusive listing agreement with Colliers when the Manager was appointed. At that time, significant efforts to market the Queen Street Property had already occurred. More specifically:

- (a) A marketing flyer inviting prospective purchasers to execute a Confidentiality Agreement and receive a Confidential Information Memorandum was widely circulated on October 17, 2013;
- (b) 39 proponents executed confidentiality agreements and were provided with a copy of a Confidential Information Memorandum and access to a data site with respect to the Queen Street Property;
- (c) Six bids and one verbal note of interest were received on November 21, 2013; and
- (d) the two top bidders from the first round were invited to submit further offers.

30. After consulting with Colliers, the Manager determined that one offer was preferable to the other offers and proceeded to negotiate and execute an Agreement of Purchase and Sale with that bidder (the "Queen Street APS"). The Queen Street APS is subject to a due diligence condition and a closing date of July 31, 2014.

31. The Queen Street APS requires that the buyer recognize the option registered on title by Trinity and the proceeds of the Queen Street APS would be sufficient to pay RioCan's mortgage in full. Counsel to Trinity and RioCan has been advised of the offer. The Manager is not

seeking approval of the sale at this time because the due diligence condition has yet to be waived.

b. 1 & 20 Royal Gate

32. The Property at 1 & 20 Royal Gate (the “Royal Gate Property”) is owned by Royal Gate Nominee Inc. (“Royal Gate Inc.”). Computershare Trust Company of Canada (“Computershare”) has registered a mortgage on title to the Royal Gate Property in the amount of \$16.8 million. The Manager understands that Computershare registered this mortgage as nominee for Trez Capital Limited Partnership (“Trez Capital”).

33. Royal Gate Inc. retained CBRE to market the Royal Gate Property for sale pursuant to a listing agreement dated November 1, 2013. CBRE conducted a formal marketing campaign beginning in October 2013. This campaign included e-mails to CBRE’s private database, follow-up calls to potentially interested parties, listings on MLS, REALNET, Loopnet and Private Capital Investor Database. Four potential purchasers toured the Royal Gate Property and the Manager ultimately received two offers for the Property. The Manager is engaged in negotiations with an offeror but no Agreement of Purchase and Sale has been concluded.

c. 1185 Eglinton Ave E

34. The Property at 1185 Eglinton Ave E in Toronto was recently rezoned for a residential condominium. This Property has been listed for sale since October 2013 with Colliers and the Manager has engaged in discussions with potential purchaser groups through Colliers. To date, no Agreement of Purchase and Sale has been negotiated. The Manager, after consultation with the parties and notice to the relevant third party mortgagee, intends to proceed as recommended by Colliers.

III. Other Activities

A. Bank accounts and cash management

35. Immediately after its appointment, the Manager worked with Meridian Credit Union Limited, where the Companies’ bank accounts are held, to transfer signing authority over these accounts to the Manager. The Manager has had control over the Companies’ receipts and disbursements since on or around November 6, 2013.

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36. The Manager stopped the co-mingling of funds that occurred prior to its appointment. The revenues (if any) generated by each Property are used to fund expenses relating to that Property and are held in a separate bank account in the name of the owner Company.

37. Prior to the appointment of the Manager, the Companies' books and records were kept using QuickBooks accounting software. QuickBooks is a basic accounting package that is primarily marketed to small businesses. The Companies did not have any:

- (a) comprehensive financial accounting and reporting system;
- (b) cash flow forecasting, budgeting or reporting systems; or,
- (c) systematic cash controls.

38. In addition, the accounting records for a number of Companies were significantly out of date.

39. The Manager manages the Companies' finances, projects receipts and disbursements for all Companies several weeks in advance and assesses the Companies' funding needs based on these projections. As discussed below, the Applicants agreed to provide the funding required by the Companies between the Manager's appointment and January 31, 2014.

40. A copy of the Manager's Receipts and Disbursements, divided by Company, is attached as Appendix 5.

B. Property management

41. The Manager entered into a Property Management Agreement dated November 15, 2013 (the "Property Management Agreement") with Briarlane Rental Property Management Inc. ("Briarlane"). The Property Management Agreement is attached as Appendix 6. Briarlane is now managing all of the Properties except for the Property at 620 Richmond Street West (the "Richmond Property").

42. Briarlane is responsible for, among other things, lease renewals and amendments, listing space for lease where no leasing agent has been retained, ordinary course repairs to the Properties and day-to-day interactions with tenants. In addition, since mid-December 2013,

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Briarlane has been responsible for maintaining the Companies' books and records under the Manager's supervision. Briarlane is in the process of transitioning the Properties to more sophisticated industry-specific software from QuickBooks.

43. The Manager supervises Briarlane's activities and addresses any critical issues that arise with respect to the Properties. The Manager is also engaged with the Companies' trade creditors and suppliers to ensure that necessary goods and services continue to be provided to the Properties.

44. On December 16, 2013, 165 Bathurst Financial Inc. ("Financial") served a motion for, among other things, an Order enjoining the Manager from terminating the Property Management Agreement between 165 Bathurst Inc. (the owner of the Richmond Property) and Esbin Property Management Inc. ("Esbin") in respect of the Richmond Property. The Manager understands that Financial has registered a vendor take-back mortgage over the Richmond Property and that Esbin has significant experience managing the Richmond Property. Accordingly, the Manager, Financial and the parties agreed that Esbin would continue to manage the Richmond Property subject to the Manager's oversight and supervision. The Manager is responsible for maintaining Richmond Property's books and records.

C. Construction and development

45. Several Companies own Properties that are in various stages of construction and development. The Manager has instructed the contractors and consultants carrying out work on the Properties to stop work pending further instruction from the Manager. The two exceptions to this prohibition are the Property at 1485 Dupont Avenue (the "Dupont Property") and the Heward Property.

46. The first stage of a multi-stage environmental remediation of the Dupont Property was partially completed when the Manager was appointed. The Manager determined that it was in the interest of all stakeholders to complete the first stage of this remediation before halting construction. The Manager has also determined that certain ongoing environmental remediation efforts at the Heward Property should be continued.

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47. Both of these remediation efforts have been funded by the Applicants and the Respondents.

48. In addition, certain Companies entered into leases that required the construction of new buildings or substantial modifications to existing buildings to suit a particular tenant. The most significant commitments are set out below:

- (a) Northern Dancer Lands Ltd. ("Northern Dancer") entered into a lease with a private school, MPS Etobicoke, which requires that Northern Dancer build a school to suit MPS Etobicoke in accordance with agreed-upon timelines. Northern Dancer is not able to fund this construction and MPS Etobicoke introduced the Manager to a potential purchaser that may be willing and able to build the required school. In the circumstances, and with the support of the parties, the Manager determined that it is appropriate to engage in discussions with this potential purchaser. However, these discussions have not yet resulted in an executed Agreement of Purchase and Sale.
- (b) By Commercial Lease dated August 23, 2013, Dupont Developments Ltd. ("Dupont Developments") agreed to lease a substantial portion of the Dupont Property to an animation school, Maxx the Mutt Animation Inc. (the "Maxx Lease"). Pursuant to the Maxx Lease, Dupont Developments agreed to, among other things, remediate certain environmental issues affecting the Dupont Property and substantially renovate the Dupont Property. The Manager determined that Dupont Developments cannot fund the necessary renovations and, accordingly, it has reprobated the Maxx Lease.

D. Communication with third party mortgagees

49. Once the November 5 Order was issued and entered, the Manager obtained contact information for third party mortgagees with interests registered against the Properties from the Respondents. The Manager wrote to these mortgagees on November 19, 2013. A copy of this form of letter is attached as Appendix 7. The Manager then conducted title searches against the Properties, identified any registered mortgagees that had not received notice of the November 5 Order on November 19, 2013 and wrote to these mortgagees on November 22, 2013. A copy of

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this form of letter is attached as Appendix 8. A list of the mortgages and construction liens registered on title to the Properties is attached as Appendix 9.

50. The Manager has been contacted by a number of mortgagees, either directly or through counsel, and has spent substantial time seeking to facilitate a resolution between the mortgagees and the Applicants with respect to the terms of the November 5 Order. Although the concerns expressed by the mortgagees varied, many mortgagees objected to the priority of the Manager's Charge and the Manager's Borrowing Charge (as defined in the November 5 Order).

51. To date, at least five mortgagees have served motions to either remove the Property against which they had registered an interest from, or substantially vary the terms of, the November 5 Order. A number of other mortgagees advised that they may seek similar relief if their concerns were not addressed. The Applicants, the Manager and three of the moving mortgagees have reached what is, in the Manager's view, a series of reasonable compromises. These compromises were reflected in the Consent Orders dated December 24, 2013 (the "December 24, Order") and January 6, 2014 (the "January 24 Order"). The December 24 Order and the January 6 Order include similar key terms. More specifically, the relevant parties agreed that:

- (a) the relevant mortgagees would withdraw their motions;
- (b) the Manager's Charge and Manager's Borrowing Charge would be subordinated to pre-existing security interests validly registered on title to each Property;
- (c) revenues derived from a Property would only be used to fund expenses relating to that Property and would not be co-mingled with revenues from other Properties; and
- (d) the relevant Properties would be sold according to pre-established timelines and the mortgagees would have defined rights to participate in, or consent to, the sale process.

52. In light of the funding arrangement described below, the Manager consented to the agreements reflected in the December 24 Order and the January 6 Order and is of the view that these agreements can and should serve as a framework for the other Properties.

E. Funding

53. The mortgagees' objections to the Manager's Charge and the Manager's Borrowing Charge posed a significant problem. Several Properties do not generate revenue or do not generate enough revenue to fund the obligations of the relevant owner Company. The Manager advised the parties early in these proceedings that it would not comingle funds between the various Companies and, accordingly, the Companies that did not generate revenue required an outside funding source.

54. Ms Walton advised the Manager that the Respondents were prepared to provide some of the funding required by the Companies. To date, the Respondents have provided total funding of approximately \$710,250, primarily to fund mortgage payments owed by Companies that do not generate revenue. In the Manager's view, it is not advisable to rely exclusively on funding from the Respondents.

55. In light of the foregoing, the Manager negotiated with the Applicants to borrow funds on the following basis:

- (a) the Applicants agreed to advance the aggregate amount of \$1,352,000 to the Manager in installments between December 20, 2013 and January 31, 2014;
- (b) amounts advanced by the Applicants will accrue interest at the rate of 15% per annum, calculated and compounded monthly not in advance;
- (c) amounts advanced by the Applicants will be subrogated to a proportionate share of the Manager's Charge and the Manager's Borrowing Charge. The priority of the Manager's Charge and the Manager's Borrowing Charge will be amended to rank behind pre-existing registered charges; and
- (d) the Applicants have no obligation to advance further amounts unless agreed to in writing or ordered by the Court but any further advances will be governed by the terms described above.

56. In the Manager's judgment, this borrowing represents the best available option for funding the continued limited operation of the Companies and the Manager's mandate pending

an orderly disposition of the Properties and strikes an appropriate balance between the various interests at play.

F. Overdue payables

57. The Manager has also assessed the Companies' accounts payable balances. Many of the Companies (including those that generate positive revenues) have significant overdue payables including amounts due to utility companies and tax authorities. The Manager has sought to pay down overdue payables to the extent permitted by cash flow.

b. 18 Wynford Dr

58. One of the Companies, Wynford Professional Centre Ltd. ("Wynford Professional") purchased the majority of the commercial condominium units in a condominium located at 18 Wynford Dr in Toronto ("18 Wynford") in early 2011. Since it owns the majority of the units at 18 Wynford, Wynford Professional exercises significant control over the condominium corporation that owns and operates the building, MTCC 1037. In or around February 2011, the condominium corporation retained The Rose & Thistle Group Ltd ("Rose & Thistle") as the property manager for 18 Wynford.

59. On or about December 17, 2013, the Manager was contacted by a representative of the Ontario Lung Association (the "OLA"), which also owns units at 18 Wynford. The OLA asked the Manager to confirm the status of MTCC 1037's property manager, the statutory reserve fund and its accounting records. Since the financial health of MTCC 1037 will likely be relevant to a purchaser of some or all of the units owned by Wynford Professional, the Manager has sought to confirm that the condominium corporation's financial records are up to date, that Wynford Professional has paid all outstanding condominium fees and that the condominium's reserve fund was being appropriately maintained, that the board of MTCC 1037 function and that it is current on all other statutory obligations. The results of these efforts are described below.

60. Between its appointment as property manager in 2011 and the appointment of the Manager in November 2013, Rose & Thistle, as property manager, collected common element and maintenance fees from the other unit owners at 18 Wynford but did not collect fees from Wynford Professional. By invoice dated December 29, 2012 (but presented to the Manager on or about January 6, 2014), a copy of which is attached as Appendix 10, Rose & Thistle purported

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to invoice Wynford Professional for all common areas payments owing for 2012. No amounts have been billed or paid for 2011 or 2013.

61. When Wynford Professional purchased its units in early 2011, the reserve fund in the amount of approximately \$1.4 million was provided to Ms Walton or The Rose & Thistle Group Ltd. Work was subsequently performed by Rose & Thistle or its related companies to upgrade 18 Wynford's common elements, although the Manager has not been provided with any records showing what entity performed this work, how much it cost or how it was funded. Further it appears that no Annual General Meeting has been held since 2011, no financial statements have been prepared since 2010, and no board meeting has been convened since December 13, 2011

62. By e-mail dated December 31, 2013, Mr. Schonfeld asked Ms Walton to provide evidence of the balance in the reserve fund. In her response, Ms Walton did not address the request for evidence of the reserve fund's balance and location. Ms Walton did not respond to Mr. Schonfeld's second request for such evidence. These exchanges between Ms Walton and Mr. Schonfeld are attached as Appendix 11.

63. By email dated January 9, 2014, a copy of which is attached as Appendix 12, counsel for the Manager wrote to counsel for the Respondents demanding information concerning the status of the MTCC 1037 reserve fund and concluding as follows:

Stating clearly and simply, the Manger [sic] requires that Ms Walton and Rose & Thistle Group Ltd. Immediately advise it of the amount that either of them or any entity related to or controlled by either of them holds on deposit in the MTCC 1037 statutory reserve and that they provide evidence by way of a copy of the most current bank or credit union account statement or investment certificate evidencing the current MTCC 1037 reserve fund balance. In the Manager's view, any uncertainty regarding 18 Wynford's statutory reserve fund is a significant issue. Condominium unit owners are entitled to an accounting for their funds held in trust as required by the Condominium Act. Prospective purchasers are likely to inquire into the status of 18 Wynford's reserve fund as part of any due diligence process. Furthermore, if Wynford Professional has not paid its condominium fees issues of claims and priorities may be arise...

64. By email dated January 10, 2014, at 3:00 p.m. Mr. Schible responded for Ms Walton, stating that "I am advised that Ms. Walton and Mr. Schonfeld are actively addressing the matter of the reserve fund". Counsel or the Manager responded with an email at 3:13 p.m. as follow:

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Your response that Mr. Schonfeld and Ms Walton are addressing the MTCC 1035 reserve fund issue is not acceptable. It has not been addressed to the Manger's satisfaction hence my email below. Where is the reserve fund and what is its current balance?

It exists or it is gone. If it exists, please produce a current bank statement or certificate. We have seen bank statements showing the deposit of the initial amount received in trust by your client and withdrawals of the full amount from that bank account. The funds are being held in trust somewhere else or they have been consumed. Which is it? This is a matter of importance in which clarity and forthrightness is required. We are all lawyers dealing with statutory trust funds that currently cannot be located. If you or your clients have them or know where they are, please advise and provide the evidence sought below. If the trust funds are gone, it is incumbent upon counsel to say so.

A copy of these emails is attached as Appendix 13

65. There has been no further response received from anyone on behalf of Ms Walton. To date, the status of MTCC 1037's reserve fund remains unclear. Accordingly, the Manager respectfully requests an Order directing the Respondents to provide evidence of the balance in the reserve fund no later than January 20, 2014 so that the Manager can assess the effect, if any, that this issue will have on efforts to sell units in 18 Wynford and to inform the other unit owners in the condo corp.

G. Construction Liens

66. The Manager has been contacted by several contractors that have registered, or intend to register, construction liens against one or more of the Properties. These contractors, together with the amount that they claim and the Property against which each lien is registered are listed at Appendix 14.

67. The November 5 Order permits the registration of construction liens but stays all proceedings against the Companies. The Manager understands that, in order to perfect and protect a lien once it is registered, the lien claimant must issue and serve a Statement of Claim seeking certain relief from the relevant Company. The Manager has agreed to lift the stay provided for in the Order to allow lien claimants to take the steps necessary to perfect their security. The Manager does not consent to any further steps being taken by the construction lien claimants other than the service of their Statement of Claim. Determination of the validity and priority of the liens claimed can be dealt with summarily in these proceedings as Properties are

sold and all encumbrances are reviewed. Accordingly, once the lien claimants have served their respective Statements of Claim, their lien actions should be stayed pending the outcome of these proceedings or further order of the Court.

H. Distribution of materials

68. The November 5 Order prohibits the Manager from posting information relating to this proceeding on its website. As a result, the Manager has received requests for copies of material filed to date from a large number of stakeholders. That material is voluminous, ever-increasing and inconvenient to transmit. The Manager is of the view that posting materials filed in these proceedings on its website will allow for a more efficient flow of information to interested parties, will avoid the need for duplicative distribution of materials and ensure that all stakeholders are able to stay informed as these proceedings move forward.

I. Incorrectly named companies

69. In addition, the Manager understands that the owners of certain Properties are not named or were mis-named in the November 5 Order. In particular:

- (a) Royal Gate Holdings Ltd. is listed in Schedule "B". This company does not hold title to any of the Properties. Title is held by Royal Gate Nominee Inc. (in respect of the Royal Gate Property and Royal Gate (Land) Nominee Inc. (in respect of the parking lot adjacent to the Royal Gate Property);
- (b) El-Ad Limited is listed in Schedule "B". The Manager understands that this entity is controlled by the former owners of 1500 Don Mills and that the current owner of that property is El-Ad (1500 Don Mills) Limited; and
- (c) Liberty Village Properties Inc. is named in Schedule "B". The Manager understands that the owner registered on title is Liberty Village Properties Ltd.

70. The Manager respectfully recommends that Schedule "B" be corrected to address these errors.

J. Communications with Ms Walton

71. On January 9, 2014, Ms Walton advised Mr. Schonfeld by email that she had been contacted by a realtor expressing interest in one of the Properties and that, in response, she had directed the realtor to the Manager and suggested a purchase price to the realtor. By letter dated January 9, 2014, counsel to the Manager re-iterated that Ms Walton is not entitled to do anything regarding prospecting purchasers other than direct them to the Manager. This letter is attached as Appendix 15. The response received from Ms Walton's counsel is attached as Appendix 16.

K. Fees

72. Attached hereto as Appendix 17 is the Affidavit of Mr. Schonfeld sworn January 14, 2014, attesting to the fees and disbursements of the Manager for the period from November 5, 2013 to December 31, 2013 in the amount of \$277,033.29 inclusive of HST.

73. Attached hereto as Appendix 18 is the Affidavit of Fred Myers sworn January 14, 2014, a partner of Goodmans, attesting to the fees and disbursements of Goodmans acting on behalf of the Manager, from November 5, 2013 to December 13, 2013 in the amount of \$172,469 inclusive of HST.²

74. The Manager has received and reviewed Goodmans' invoice. The Manager confirmed that the fees and disbursements set out in Goodmans' invoice relate to advice sought by the Manager and that, in the Manager's view, Goodmans' fees and disbursements are reasonable.

IV. Conclusions and Recommendations

75. For the reasons set out in this Report, the Manager respectfully recommends:

- (a) permitting the Manager to post information relating to this matter on its website;
- (b) permitting entities that register construction liens against the Properties to issue and serve statements of claims for the sole purpose of perfecting and protecting their alleged security interests;

² Goodmans' invoices relate to work performed on behalf of Schonfeld Inc. in its capacity as Manager and Inspector pursuant to the Order of Justice Newbould dated October 4, 2013. The amount of \$11,628.85 billed by Goodmans has been allocated to the Inspector mandate and will be dealt with separately.

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- (b) permitting entities that register construction liens against the Properties to issue and serve statements of claims for the sole purpose of perfecting and protecting their alleged security interests;
- (c) amending Schedule "B" to the November 5 Order to include certain companies that appear to have been inadvertently omitted from the November 5 Order;
- (d) directing the Respondents to provide independent documentation confirming the balance of the Reserve Fund held by or on behalf of MTCC 1037 on or before January 20, 2014;
- (e) granting Orders consistent with the December 24 Order and the January 6 Order in respect of the remaining Properties;
- (f) approving the Manager's activities since its appointment as described above; and
- (g) approving the Managers fees and those of its counsel, Goodmans.

All of which is respectfully submitted this 14th day of January, 2014.

SCHONFELD INC.

In its capacity as Manager pursuant to the Order of Newbould, J. dated November 5, 2013

Per: _____

S Harlan Schonfeld CPA, CIRP

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 Inc.
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.
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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. Dewhurst Development Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.
31. El-Ad Limited

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32. 165 Bathurst Inc.

6269963.12

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Court File No.: CV-13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

) FRIDAY, THE 5th DAY

JUSTICE NEWBOULD

) OF NOVEMBER, 2013

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 ON SCHEDULE B HERETO, TO BE
BOUND BY THE RESULT

ORDER

THIS MOTION made by the Applicants, DBDC Spadina Ltd. and those Corporations Listed on Schedule "A" hereto for an Order appointing Schonfeld Inc. Receivers + Trustees, as manager (in such capacities, the "**Manager**") without security, of all of the assets, undertakings and properties of the Schedule "B" Corporations, or for other relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavits of Jim Reitan sworn October 1, October 3 and October 24, 2013 and the Exhibits thereto, the Affidavit of Susan Lyons and the Exhibits hereto, the Affidavit of Lorna Groves and the Exhibits thereto, the First Interim Report of the Inspector,

Schonfeld Inc., the Supplemental Report to the First Interim Report of the Inspector and the Exhibits thereto, the Second Interim Report of the Inspector and the Exhibits thereto, the Affidavits of Norma Walton sworn October 3 and 31, 2013 and the Exhibits thereto and on hearing the submissions of counsel for the Applicants, counsel for the Inspector and counsel for the Respondents,

SERVICE

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

CONTINUING ORDERS

2. THIS COURT ORDERS that the Orders of the Honourable Justice Newbould dated October 4, 2013 and October 25, 2013 continue in full force and effect except as modified by this Order.

APPOINTMENT

3. THIS COURT ORDERS that the Manager is hereby appointed Manager, without security, of all of the real property owned by the Schedule "B" Companies hereto (the "Real Estate") and all of the current and future assets, undertakings and property, real and personal, of the Schedule "B" Corporations of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively with the Real Estate, the "Property") effective upon the granting of this Order.

MANAGER'S POWERS

4. THIS COURT ORDERS that the Manager shall have the powers of the Inspector granted pursuant to the Order of the Honourable Justice Newbould dated October 4, 2013, including but not limited to access to the premises and books and records of the Respondent The Rose & Thistle Group Ltd.
5. THIS COURT ORDERS that the Manager is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Manager is hereby expressly empowered and authorized to do any of the following where the Manager considers it necessary or desirable:
 - (a) to undertake sole and exclusive authority to manage and control the Property and any and all proceeds, receipts and disbursements arising out

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of or from the Property, wheresoever located, and any and all proceeds, receipts and disbursements arising out of or from the Property, and for greater certainty, the Manager shall have sole and exclusive right and control of the Schedule "B" Corporations' bank accounts wherever located in accordance with this Order;

- (b) to open bank accounts at any banking institution acceptable to the Applicant to transfer funds from the current bank accounts of the Schedule "B" Companies, as necessary, ~~with prior notice to the Parties;~~ ✓ 215
- (c) to receive, preserve, and protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (d) to manage, operate, and carry on the business of the Schedule "B" Corporations, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business ~~upon prior notice to the Parties,~~ ✓ or cease to perform any contracts of any of the Schedule "B" Corporations ~~upon prior notice to the Parties;~~ ✓ 215
- (e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this order including but not limited to a property manager, including but not limited to:
 - (i) DMS Properties;
 - (ii) Briarlane Property Rental Management Inc.; and

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(iii) Sterling Karamar;

- (f) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Schedule "B" Corporations or any part or parts thereof;
- (g) to receive and collect all monies and accounts now owed or hereafter owing to the Schedule "B" Corporations and to exercise all remedies of the Schedule "B" Corporations in collecting such monies, including, without limitation, to enforce any security held by any of the Schedule "B" Corporations, ~~provided that the Manager shall give prior notice to the Parties of any enforcement of security;~~ ✓ 285
- (h) subject to paragraph 4 below, to settle, extend or compromise any indebtedness owing to any of the Schedule "B" Corporations, ~~provided that the Manager shall give prior notice to the Parties of the settlement of any material indebtedness;~~ ✓ 285
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Manager's name or in the name and on behalf of the Schedule "B" Corporations, for any purpose pursuant to this Order;
- (j) to undertake environmental investigations, assessments, engineering and building condition or other examinations of the Real Estate;
- (k) subject to paragraph 12 below, to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Schedule "B" Corporations, the Property or the Manager, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (l) subject to paragraph 13 below, to market the Property and in particular the Real Estate, including advertising and soliciting offers in respect of the Property and negotiating such terms and conditions of sale as the Manager in its discretion may deem appropriate;
- (m) to enter into agreements and to sell, convey, transfer, or assign the Property or any part or parts thereof of the Schedule "B" Corporations' business, with the prior approval of this Court in respect of any transaction, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;
- (n) to have on-line and electronic as well as hard copy access to the bank accounts of the Rose & Thistle Group Ltd. to review all receipts and disbursements total from such accounts and to request and receive on a timely basis from the Respondents particulars of all receipts and disbursements sufficient for the Inspector to identify such transfers, the parties involved and the reasons therefore;
- (o) upon notice to all parties and affected registered encumbrances, to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (p) to report to, meet with and discuss with such affected Persons (as defined below) as the Manager considers appropriate on all matters relating to the Property, and to share information, subject to such terms as to confidentiality as the Manager deems advisable;
- (q) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Manager, in the name of the Schedule "B" Corporations;

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- (r) to do all acts and execute, in the name and on behalf of the Schedule "B" Corporations, all documents, and for that purpose use the seal of the corporation, if any; and
- (s) to take any steps reasonably incidental to the exercise of these powers.

and in each case where the Manager takes any such actions or steps, it shall, subject to paragraph 4 below, be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Schedule "B" Corporations, and without interference from any other Person. For greater certainty, nothing in this Management Order or to the Manager's exercise of its powers hereunder shall cause the Manager to be, or deemed to be, a receiver within the meaning of the *Bankruptcy and Insolvency Act*.

✓ ~~6. The Manager shall take reasonable steps to provide the Parties with an accounting on a monthly basis of any collections referred to in subparagraphs 5(g) above.~~ ~ 21

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE MANAGER

7. THIS COURT ORDERS that (i) the Schedule "B" Corporations and The Rose & Thistle Group Inc., (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, including but not limited to the Respondents and all others having notice of this Order; (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order; and (iv) Meridian Credit Union; and (v) without limiting the generality of the foregoing, Norma Walton, Ronauld Walton, anyone acting under the instructions of anyone listed in this paragraph; and (vi) anyone with notice of this order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Manager of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Manager, and shall deliver all such Property to the Manager upon the Manager's request, and in any event no later than 36 hours following the Manager's request.
8. THIS COURT ORDERS that all Persons shall forthwith advise the Manager of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Schedule "B" Corporations, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Manager or permit the Manager to make, retain and take away copies thereof and grant to the Manager unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this

paragraph 9 or in paragraph 11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Manager due to the privilege attaching to solicitor-client communication or litigation work product belong to a Shareholder or a director of a Schedule "B" Corporations personally or due to statutory provisions prohibiting such disclosure.

9. THIS COURT ORDERS that the Records shall, upon reasonable notice to the Manager and during normal business hours of the Manager, be open to examination by each of the parties and their respective legal counsel, and that a copy of these Records be provided by the Manager of the parties upon request, the reasonable costs associated with such access and copies to be determined by the Manager, and invoiced to and paid by the requesting party to the Manager forthwith.
10. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Manager for the purpose of allowing the Manager to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Manager in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Manager. Further, for the purposes of this paragraph, all Persons shall provide the Manager with all such assistance in gaining immediate access to the information in the Records as the Manager may in its discretion require including providing the Manager with instructions on the use of any computer or other system and providing the Manager with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE MANAGER

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

NO PROCEEDINGS AGAINST THE SCHEDULE "B" CORPORATIONS OR THE PROPERTY

12. THIS COURT ORDERS that no Proceeding against or in respect of any of the Schedule "B" Corporations or the Property shall be commenced or continued except with the written consent of the Manager or with leave of this Court and any and all Proceedings currently under way against or in respect of the Schedule "B" Corporations or the Property, with the exception of the proceedings referred to in paragraph 7, are hereby stayed and suspended pending further Order of this Court. Notwithstanding any other provision in this Order, the parties shall not be precluded from taking any steps or from commencing or continuing any proceedings in Ontario Superior Court of Justice, Court File No. CV-13-10280-00CL (Commercial List), and in such circumstances the Manager

shall not be obliged to defend or participate on behalf of the Schedule "B" Corporations and the Manager shall not be liable for any costs, damages or awards related to any such proceedings.

NO EXERCISE OF RIGHTS OR REMEDIES

13. THIS COURT ORDERS that, except as may be provided herein, all rights and remedies against the Schedule "B" Corporations, the Manager, or affecting the Property, are hereby stayed and suspended except with the written consent of the Manager or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Manager or the Schedule "B" Corporations to carry on any business which the Schedule "B" Corporations is not lawfully entitled to carry on, (ii) exempt the Manager or the Schedule "B" Corporations from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE MANAGER

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

CONTINUATION OF SERVICES

15. THIS COURT ORDERS that all Persons having oral or written agreements with the Schedule "B" Corporations or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Schedule "B" Corporations are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Manager, and that the Manager shall be entitled to the continued use of the Schedule "B" Corporations' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Manager in accordance with normal payment practices of the Schedule "B" Corporations or such other practices as may be agreed upon by the supplier or service provider and the Manager, or as may be ordered by this Court.
16. THIS COURT ORDERS that Respondents are enjoined from canceling or failing to renew any insurance policies or other coverage in respect of to the Rose & Thistle Group Ltd. and/or the Schedule B Companies or any property owned by them, except with the express written approval of the Manager.
17. THIS COURT ORDERS that the Inspector shall be added as a named insured to any existing insurance policies or other coverage in respect of to the Rose & Thistle Group Ltd. and/or the Schedule B Companies or any property owned by them.

MANAGER TO HOLD FUNDS

18. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Manager from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into either the existing bank accounts held by Schedule "B" Corporations' or one or more new accounts to be opened by the Manager, at the Manager's discretion, as the Manager may reasonably decide and the monies standing to the credit of such accounts from time to time, net of any disbursements provided for herein, shall be held by the Manager to be paid in accordance with the terms of this Order or any further Order of this Court.

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE MANAGER'S LIABILITY

20. THIS COURT ORDERS that the Manager shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part as so found by a court of competent jurisdiction. The Manager shall further enjoy the protections from liability as would otherwise be afforded to a trustee in bankruptcy under section 14.06 of the *Bankruptcy and Insolvency Act* or under any other similar legislation applicable to trustees and receivers.

MANAGER'S ACCOUNTS

21. THIS COURT ORDERS that any expenditures or liability which shall properly be made or incurred by the Manager including the fees and disbursements of the Manager and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of

the Manager and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "**Manager's Charge**").


22. THIS COURT ORDERS that the Manager and its legal counsel, if any, shall pass their accounts from time to time, and for this purpose the accounts of the Manager and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.
23. THIS COURT ORDERS that prior to the passing of its accounts, the Manager shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Manager or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE MANAGERSHIP

24. THIS COURT ORDERS that the Manager be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$5 million (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Manager by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Manager's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Manager's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
25. THIS COURT ORDERS that neither the Manager's Borrowings Charge nor any other security granted by the Manager in connection with its borrowings under this Order shall be enforced without leave of this Court.
26. THIS COURT ORDERS that the Manager is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Manager's Certificates") for any amount borrowed by it pursuant to this Order.
27. THIS COURT ORDERS that the monies from time to time borrowed by the Manager pursuant to this Order or any further order of this Court and any and all Manager's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Manager's Certificates.

GENERAL

28. THIS COURT ORDERS that the Manager may from time to time apply to this Honourable Court for advice and directions in the discharge of the Manager's powers and duties hereunder.
29. THIS COURT ORDERS that nothing in this Order shall prevent the Manager from acting as receiver, interim receiver or trustee in bankruptcy of the Schedule "B" Companies.
30. THIS COURT HEREBY REQUESTS that aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this Order and to assist the Manager and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Manager, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Manager and its agents in carrying out the terms of this Order.
31. THIS COURT ORDERS that the Manager be at liberty and is hereby authorized and empowered to apply to any court, tribunal regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
32. THIS COURT ORDERS that any interested party may apply to this Court to seek the advice and direction of the Court in respect of this Order or the Manager's activities on not less than seven (7) days' notice to the Manager and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
33. THIS COURT ORDERS that any court materials in these proceeds may be served by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time.



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

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SCHEDULE "A" COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
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SCHEDULE "B" COMPANIES

1. Twin Dragons Corporation
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5. Liberty Village Lands Inc.
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24. Double Rose Developments Ltd.

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25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Dewhurst Developments Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.
31. El-Ad Limited
32. 165 Bathurst Inc.

SCHEDULE "C"

MANAGER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [MANAGER'S NAME], the Manager (the "Manager") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the _____ of MONTH, 20YR (the "Order") made in an action having Court file number _____-CL-_____, has received as such Manager from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Manager is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Manager pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Manager to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Manager to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Manager to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Manager does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20_____.

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[MANAGER'S NAME], solely in its capacity
as Manager of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

DBDC SPADINA LTD., and those corporations listed on Schedule
A hereto
Plaintiffs

-and- NORMA WALTON et al.

Defendants

Court File No. CV-13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

ORDER

**LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP**

Barristers
Suite 2600
130 Adelaide Street West
Toronto ON M5H 3P5

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CITATION: DBCD Spadina Ltd et al v. Norma Walton et al, 2013 ONSC 6833
COURT FILE NO.: CV-13-10280-00CL
DATE: 20131105

**SUPERIOR COURT OF JUSTICE – ONTARIO
 COMMERCIAL LIST**

BETWEEN:

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 ON SCHEDULE B HERETO, TO BE
 BOUND BY THE RESULT

BEFORE: Newbould J.

COUNSEL: *Peter H. Griffin and Shara N. Roy*, for the Applicants

John A. Campion, Emmeline Morse and Guillermo Schible, for the Respondents

Fred Myers and Mark S. Dunn, for the Inspector

HEARD: November 1, 2013

ENDORSEMENT

[1] On October 4, 2013, Schonfeld Inc. was appointed as inspector of all of the companies in schedule B. On October 24, 2013 a motion by the applicants to have Schonfeld Inc. appointed as a manager of those corporations and related corporation was adjourned to November 1, 2013 and

interim relief was granted, including giving the applicants access to and joint control over all bank accounts.

[2] The applicants now move for the appointment of the Inspector as receiver/manager over the schedule B corporations and certain other properties that are mortgaged to Dr. Bernstein under mortgages which have expired. It is resisted by the respondents who maintain that the appointment would be an interim appointment pending a trial of the issues that should be ordered and that the applicants have sufficient protection from the order of October 24, 2013 that the respondents will not attack.

[3] For the reasons that follow, Schonfeld Inc. is appointed as receiver/manager of the 31 schedule B corporations.

Background

[4] Dr. Bernstein is the founder of very successful diet and health clinics. Norma Walton is a lawyer and co-founder with her husband Ronauld Walton of Rose & Thistle. She is a principal of Walton Advocates, an in-house law firm providing legal services to the Rose & Thistle group of companies. Ronauld Walton is also a lawyer and co-founder of Rose & Thistle and a principal of Walton Advocates

[5] Beginning in 2008, Dr. Bernstein acted as the lender/mortgagee of several commercial real estate properties owned by the Waltons either through Rose & Thistle or through other corporations of which they are the beneficial owners.

[6] Following several financings, Dr. Bernstein and the Waltons agreed to invest jointly in 31 various commercial real estate projects. Each is a 50% shareholder of each corporation set up to hold each property.

[7] The known facts and concerns of the applicants giving rise to the appointment of the Inspector are set out in my endorsement of October 7, 2013 and were contained in affidavits of James Reitan, director of accounting and finance at Dr. Bernstein Diet and Health Clinics. Since

then, there has been further affidavit material from both sides and the Inspector has delivered two interim reports and a supplement to the first. The most recent affidavit from the applicants' side is an affidavit of Mr. Reitan sworn October 24, 2013. The most recent from the respondents' side is an affidavit of Norma Walton sworn October 31, 2013 on the day before this motion was heard. There has been no cross-examination on any affidavits. The first interim report of the Inspector is dated October 21, 2013, the supplement to it is dated October 24, 2013 and the second interim report is dated October 31, 2013. I have not permitted any cross-examination of the Inspector but the respondents have been free to make reasonable requests for information from the Inspector and they have availed themselves of that opportunity.

[8] To date, Dr. Bernstein through his corporations has advanced approximately \$105 million into the 31 projects (net of mortgages previously repaid), structured as equity of \$2.57 million, debt of \$78.5 million and mortgages of \$23.34 million.

[9] According to the ledgers provided to the Inspector, the Waltons have contributed approximately \$6 million. \$352,900 is recorded as equity, which I assume is cash, \$1.78 million is recorded as debt and \$3.9 million is recorded in the intercompany accounts said to be owing to Rose & Thistle and is net of (i) amounts invoiced by Rose & Thistle but not yet paid; (ii) amounts paid by Rose & Thistle on behalf of the companies such as down-payments; and (iii) less amounts paid by DBDC directly to Rose & Thistle on behalf of the companies and (iv) other accounting adjustments.

Concerns of the applicants

(i) \$6 million mortgage

[10] This was a matter raised at the outset and was one of the basis for my finding of oppression leading to the appointment of the Inspector. Mr. Reitan learned as a result of a title search on all properties obtained by him that mortgages of \$3 million each were placed on 1450 Don Mills Road and 1500 Don Mills Road on July 31, 2013 and August 1, 2013. Dr. Bernstein had no knowledge of them and did not approve them as required by the agreements for those properties. At a meeting on September 27, 2013, Ms. Walton informed Mr. Reitan and Mr.

Schonfeld that the Waltons were in control of the \$6 million of mortgage proceeds (rather than the money being in the control of the owner companies), but refused to provide evidence of the existence of the \$6 million. Ms. Walton stated that she would only provide further information regarding the two mortgages in a without prejudice mediation process. That statement alone indicates that Ms. Walton knew there was something untoward about these mortgages.

[11] In his first interim report, Mr. Schonfeld reported that the proceeds of the Don Mills mortgages were deposited into the Rose & Thistle account. Rose & Thistle transferred \$3,330,000 to 28 of the 31 companies. The balance of the proceeds of the Don Mills mortgages totalling \$2,161,172, were used for other purposes including the following:

1. \$98,900 was paid to the Receiver General in respect of payroll tax;
2. \$460,000 was deposited into Ms. Walton's personal account;
3. \$353,000 was apparently used to repay a loan owed by Rose & Thistle in relation to Richmond Row Holdings Ltd.; and,
4. \$154,600 was transferred electronically to an entity named Plexor Plastics Corp. and \$181,950 transferred electronically to Rose and Thistle Properties Ltd. Ms. Walton advised the Inspector that she owns these entities with her husband.

[12] In her affidavit of October 31, 2013, Ms. Walton admits that \$2.1 million was "diverted" and used outside the 31 projects. She admits it should not have been done without Dr. Bernstein's consent. She offers excuses that do not justify what she did. What happened here, not to put too fine a point on it, was theft. It is little wonder that when first confronted with this situation, Ms. Walton said she would only talk about it in a without prejudice mediation.

[13] In her affidavit of October 4, 2013, Ms. Walton said she had made arrangements to discharge the \$3 million mortgage on 1500 Don Mills Rd on October 21, 2013 and to wire money obtained from the mortgage on 1450 Don Mills Road into the Global Mills account (one of the 31 companies) by the same date. Why the money would not be put into the 1450 Don

Mills account was not explained. In any event, no repayment of any of the diverted funds has occurred.

(ii) Tisdale Mews

[14] Tisdale Mews is a rezoning for 35 townhomes near Victoria Park Avenue and Eglinton Avenue East. Mr. Reitan states in his affidavit that Dr. Bernstein made his equity contribution to Tisdale Mews December 2011 in the amount of \$1,480,000. The bank statements for December 2011 for Tisdale Mews have not been made available. The forwarded balance on the bank statements available for Tisdale Mews from January 2012 is \$96,989.91, indicating that most if not all of Dr. Bernstein's money went elsewhere. Ms. Walton states in her affidavit that the project "was purchased by Dr. Bernstein on January 11, 2012" and he invested \$1.7 million in equity. How it was that Dr. Bernstein purchased the property is not explained and seems contrary to the affidavit of Mr. Reitan. The bank account statements for the property show no deposits of any consequence in January 2012 or later.

[15] In any event, Mr. Reitan was able to review bank records and other documents. Invoices and cheques written from Tisdale Mews' bank account show that a total of \$268,104.57 from Tisdale Mews has been used for work done at 44 Park Lane Circle, the personal residence of the Waltons in the Bridle Path area of Toronto.

[16] Ms. Walton in her affidavit acknowledges that the money was used to pay renovation costs on her residence. She says, however, that Rose & Thistle funded 100% of the \$268,104.57 purchases before any cheques were sent out of the Tisdale Mews account. How this was funded was not disclosed, although she did say that overall, Rose & Thistle has a positive net transfer to the Tisdale Mews account of \$2,208,964 "as per Exhibit G to the Inspector's first interim report". Exhibit G to that report has nothing to do with Tisdale Mews. Exhibit D to that report, being the property profile report of the Inspector for the 31 properties, contains no information for Tisdale Mews because information had not yet been provided to the Inspector. The Inspector's updated profile prepared after information was obtained from Rose & Thistle shows \$1,274,487 owing from Tisdale Mews to Rose & Thistle, but whether this is legitimate cannot be

determined until back-up documents sought by the Inspector are provided. It is no indication that cash was put into Tisdale Mews by Rose & Thistle.

[17] The statement of Ms. Walton that Rose & Thistle funded 100% of the \$268,104.57 purchases on her residence before any cheques were sent out of the Tisdale Mews account makes little sense. There would be no reason for Rose & Thistle to transfer funds into the Tisdale Mews account to pay personal expenses of Ms. Walton for her residence. Again, it has all the appearances of another case of theft.

(iii) Steps to impede a proper inspection

[18] It is quite evident that from the moment the order was made appointing the Inspector, Ms. Walton took various steps to hinder the Inspector. That order was made on October 4, a Friday, and permitted the Inspector to go to the offices of Rose & Thistle during normal business hours and on that evening and throughout the week-end. Mr. Reitan swears in his affidavit that when he arrived at the Rose & Thistle offices at 3:33 p.m. on the direction of the Inspector, which was shortly after the order was made, he saw Ms. Walton locking the door to the premises and she waved to him as she walked away from the doors. He was informed by Angela Romanova that Ms. Walton had told all employees to leave the premises once the order was granted at approximately 3 pm. He observed one employee who left with a server and one or more computers. After a discussion with the employee and Steven Williams, VP of operations at Rose & Thistle, these were taken back into the building. I received an e-mail from Mr. Griffin early in the evening alerting me to the problem and I was asked to be available if necessary. Mr. Reitan states that after several hours, and following Mr. Walton's arrival, Mr. Schonfeld, Mr. Merryweather and he were allowed into the premises.

[19] Ms. Walton in her affidavit states that a laptop "that was about to be removed" from the Rose & Thistle offices was 13 years old and they were disposing of it. One of her occasional workers asked if he could have it and they agreed. She states that the timing was unfortunate. She states that there are eight server towers permanently affixed to the premises. What she does not answer is Mr. Reitan's statement that she locked the doors and told her employees to leave, that whatever was taken from the premises was returned after discussions with the employee and

Mr. Williams, the VP of operations, and that it took several hours before the Inspector and Mr. Reitan were permitted on the premises. The order appointing the Inspector required Ms. Walton to fully co-operate with the Inspector.

[20] The order also permitted the Inspector to appoint persons as considered necessary, including Mr. Reitan. Ms. Walton however took the position that Mr. Reitan should not be on the premises, which was contrary to the order, and that the Inspector should not discuss with the applicants or their lawyers any information he obtained before making his first report to the court. Mr. Reitan was the accounting person for Dr. Bernstein most familiar with the investments and not having him available to the Inspector, either on the Rose & Thistle premises or not, would not be helpful to the Inspector. On October 9, 2013 I made a further order, which should not have been necessary, permitting Mr. Reitan to be on the premises when Mr. Schonfeld or his staff were present. I also ordered that Mr. Schonfeld was entitled, but not required, to discuss his investigation with the parties or their representatives.

[21] Ms. Walton informed the Inspector that the books and record of the companies were last brought current in 2011. Since August or September, 2013, after Mr. Reitan became involved in seeking information, Rose & Thistle employees have been inputting expense information into ledgers relating to the period January 2012 and August 2013. They have also issued a number of invoices for services rendered or expenses incurred by Rose & Thistle during the period January 2012 to August 2013. On October 17, 2013, Mr. Schonfeld convened a meeting with the parties and their counsel to orally present his findings. Prior to that meeting, Ms. Walton would only provide the Inspector with access to general ledgers for individual companies once she and Rose & Thistle had completed their exercise of updating the ledgers and issuing invoices from Rose & Thistle to each company. At the meeting, Ms. Walton agreed to provide the Inspector with access to ledgers for the remaining companies in their current state. These were eventually provided.

[22] Ms. Walton instituted a procedure under which no information could be provided by Rose & Thistle employees to the Inspector only after Ms. Walton had vetted it, which was causing considerable difficulties for the Inspector. On October 18, counsel for the Inspector wrote to counsel to the respondents and asked that the respondents provide immediate unfettered access to the books and records and end the insistence that all information be provided through

Ms. Walton. During the week of October 21, Ms. Walton said she could not meet because she was involved in preparing responding material in the litigation and that her staff was unavailable. By October 24, 2013 no substantive response to the Inspector's request was made, and on that date I made an order requiring Ms. Walton not to interfere with Rose & Thistle employees providing information to the Inspector. This should not have been necessary in light of the terms of the original order of October 4, 2013 appointing the Inspector.

(iv) Improper use of bank accounts

[23] The agreements for each project require that each project has a separate bank account. The Inspector reports, however, that there has been extensive co-mingling of bank accounts and that funds were routinely transferred between the company accounts and the Rose & Thistle account. From the date of each agreement to September 30, 2013, approximately \$77 million was transferred from the companies' accounts to Rose & Thistle and Rose & Thistle transferred approximately \$53 million to the various company accounts meaning that Rose & Thistle had retained approximately \$24 million transferred to it from the various companies.

[24] Ms. Walton confirmed to the Inspector that equity contributions to, and income received by, the companies were centralized and co-mingled in the Rose & Thistle account, which she described as a "clearing house". This practice continued in September 2013 and the Inspector reported it was difficult to trace how transfers from the companies were used because the funds were also co-mingled with funds transferred to the Rose & Thistle account by other Walton companies not making up the 31 companies in which Dr. Bernstein has his 50% interest. It is clear that the Waltons did not treat each company separately as was required in the agreements for each company.

[25] To alleviate the problem of the co-mingling of funds and the payments out to Rose & Thistle, the order of October 25 provided for the payment of deposits to be made to the bank accounts of the 31 companies and that no payment out could be made without the written consent of the applicants or someone they may nominate.

(v) Receivables of Rose & Thistle from the 31 companies

[26] The agreements for the 31 properties state that Dr. Bernstein and the Waltons are to provide 50% of the equity required. They do not provide that the Walton's equity is to be provided in services. They state that each of Dr. Bernstein and the Waltons will put in amounts of money. In her lengthy affidavit of October 31, 2013, Ms. Walton went to the trouble of describing each of the 31 projects, including stating how much equity Dr. Bernstein had put into each property. Tellingly, however, she made no statement at all of how much equity she or her husband had put into any of the properties, and gave no explanation for not doing so. This may be an indication that Ms. Walton is not able to say what equity has been put into each property, hardly surprising as the books and records were two years out of date at the time the Inspector was appointed.

[27] In his first interim report, Mr. Schonfeld reported that based on invoices and general ledger entries provided to October 18, 2013, Rose & Thistle appeared to have charged the companies approximately \$27 million for various fees and HST on the fees. On October 17, the date of his meeting with the parties, he had circulated a version of his chart regarding this which identified \$2.68 million that had been transferred to Rose & Thistle that could not be reconciled to any invoice issued by Rose & Thistle. On the following day on October 18, Rose & Thistle provided additional invoices to the companies for \$5.6 million so that the total amount invoiced exceeded the amounts transferred by Rose & Thistle to the companies by \$2.9 million. In his supplement to his first report, Mr. Schonfeld reported that the respondents had produced further invoices from Rose & Thistle dated between January 2012 and September 2013 to the companies for a total of \$34.6 million, being \$10.6 million more than it had received from the companies. Mr. Schonfeld identified approximately \$3.9 million recorded on the ledgers of Rose & Thistle as owing from the companies to Rose & Thistle. This amount is part of the \$6 million recorded in the books as being the contribution by the Waltons to the companies.

(vi) Documentation to support Rose & Thistle invoices

[28] The Inspector has sought unsuccessfully so far to obtain documentation underlying Rose & Thistle's invoices of some \$34.6 million to the companies, including construction budgets for

the various projects. This is of considerable importance in understanding the claim for equity put into the properties by the Waltons, because by far the largest amount of equity now claimed to have been put in by the Waltons are the fees for services said to have been provided by the Waltons to the various companies.

[29] The information that has been obtained regarding the invoices issued to some of the companies by Rose & Thistle is troubling and gives little confidence in what Ms. Walton and Rose & Thistle have done.

[30] Riverdale Mansion Inc. is one of the 31 projects. It is the owner of a historic mansion on Pape Avenue. Riverdale transferred \$1,759,800 to Rose & Thistle and received from Rose & Thistle \$785,250. Thus Rose & Thistle retained \$974,550 transferred to it by Riverdale.

[31] Rose & Thistle provided the Inspector with invoices addressed to Riverdale for construction management fees totaling \$1,183,981 plus HST and maintenance fees of \$60,000, including \$275,000 for "deposits for materials", \$103,863 for "project management services", \$295,000 for "site plan deposits and application" and \$67,890 for "steel bar ordered and installed". At the October 17 meeting, the Inspector asked for documentation, including third party invoices, to support the amounts invoiced to Riverdale. Ms. Walton said that Rose & Thistle did not have third party invoices for many of the invoiced expenses because Rose & Thistle performed much of the work itself (it has a construction company) and that some of the expenses had not yet been incurred. In response, the Inspector requested documents such as material invoices and payroll records to validate the cost of work done by Rose & Thistle and invoiced to Riverdale. None were provided.

[32] On the following day, October 18, the Inspector received a credit note from Rose & Thistle which showed that the invoice from Rose & Thistle to Riverdale had been reversed except for \$257,065.62 for work performed in 2011. The credit note is dated December 31, 2011.

[33] In her affidavit of October 31, 2013, Ms. Walton gave an explanation for the Riverdale reversal, an explanation that has problems. She said that considerable work was done to prepare the site for construction of townhouses and condominiums. As the work was proceeding, the

project changed and the mansion will be rebuilt and become used for a woman's shelter. Rose & Thistle was owed "certain monies" for its work and the invoice for \$1,291,025 inclusive of HST was rendered by Rose & Thistle to Riverdale. She states that "the Inspector thought the amount claimed was too high" and so she issued a credit note and submitted a lower invoice for \$257,065.62 "that reflected the value of the work done by Rose & Thistle". She says she merely forgot to re-do the invoice after the plans changed.

[34] The applicants have had no chance to cross-examine Ms. Walton on her affidavit. I have considerable doubts that the Inspector told Ms. Walton that the invoice was too high, as he has had no back-up documentation to consider the validity of the invoice and was asking for it to be produced. However, even assuming that the Inspector told her the invoice was too high, which is not what the Inspector reported, one may ask why, if the new invoice of some \$257,000 reflected the work that was done, an earlier invoice had been sent for some \$1.2 million. That earlier invoice appears to have been highly improper.

[35] Dupont Developments Ltd. is one of the 31 projects. It is a contaminated industrial building and the plan according to Ms. Walton is to "gut renovate" the building and remediate the contaminated site. The Inspector requested the construction budget for it and it was provided by Mr. Goldberg, who said he was responsible for the construction project. Mr. Goldberg told Mr. Schonfeld that the budget documents were out of date. They indicate that Dupont spent \$385,000 on construction and \$20,000 on environmental renovation. The Inspector had previously been provided with an invoice issued by Rose & Thistle to Dupont for \$565,339.34 which includes an entry for construction management services of \$175,300.30, said in the invoice to be "10% of hard costs", implying that Rose & Thistle had supervised construction that cost approximately \$1.75 million. The updated general ledger for Dupont received by the Inspector on October 24 showed capitalized expenses of approximately \$248,000, construction in progress of \$36,000 and various consulting fees of approximately \$563,000. All of these documents show different construction expenditures, none nowhere near the implied cost of \$1.75 million.

[36] This Dupont budget was the only budget for any of the projects provided to the Inspector by the time of his last report dated October 31, 2013, one day before this motion was heard. The

Inspector concludes that it appears that Rose & Thistle is not maintaining project budgets on an ongoing basis to track expenses and measure construction costs against the pro forma statement prepared when the property was purchased.

[37] Fraser Properties owns property at 30 Fraser Avenue and Fraser Lands owns abutting property purchased in October 2012. Dr. Bernstein made an equity contribution of approximately \$16 million. Fraser Properties transferred \$10,281,050 to Rose & Thistle and received back \$1,215,100. Thus Rose & Thistle retained \$9,065,950. In his first report, Mr. Schonfeld said he had inspected the property and saw no construction work or evidence of recent construction work. In his supplement to his first report, after he had received the general ledger and invoices from Rose & Thistle to Fraser Properties, he reported that the invoices to Fraser Properties were approximately \$1.6 million. Assuming the invoices can be supported, that would mean that Rose & Thistle has received approximately \$7.4 million more from Fraser Properties than it invoiced to Fraser Properties. It is to be noted that at the time of the Inspector's first report, the books and records showed an intercompany receivable due to Rose & Thistle from the companies of approximately \$9.9 million. By the time of the first supplement to the Inspector's report three days later, after the invoices and general ledger had been received and reviewed, this amount was reduced to approximately \$3.9 million, due to a new debit showing as being owed by Rose & Thistle to Fraser Properties of approximately \$6.45 million.

[38] On October 31, 2013 Mr. Campion on behalf of the respondents wrote to counsel to the applicants and to the Inspector and referred to the Inspector asking which filing cabinet he could review to obtain the documents requested, such as third party invoices, contracts, payroll records or other contemporaneous documents. Mr. Campion said that the information sought can only be obtained through discussion with the staff as all documentation is on computer and not in a filing cabinet. This is troubling to the Inspector. It would mean that there is no paper of any kind in existence for \$35 million of costs said to have been incurred, or that it has all been scanned and thrown out. It would be unusual to scan it and throw it out, and questionable that it was all scanned when Rose & Thistle was two years late in their bookkeeping and according to Ms. Walton had an outdated software system.

[39] Since the Inspector was appointed, Rose & Thistle has been preparing invoices for work done going back to January 2012, and one may question where the information is coming from to do that. Mr. Campion was undoubtedly passing on what he was told by Ms. Walton, but what he was told raises concerns.

(vii) Other equity investors

[40] The agreements provided that the only shares to be issued were to Dr. Bernstein's corporations or to the Walton's corporations and neither could transfer shares to another party without the consent of the other party. However, in his prior affidavit, Mr. Reitan provided documentary evidence that disclosed that the Waltons have taken on new equity investors in at least one project, without the agreement of Dr. Bernstein. This issue was not answered by Ms. Walton in her affidavit of October 31, 2013, the failure of which is compounded in that Ms. Walton did not disclose, as previously discussed, what equity contributions have been made by the Waltons for any of the properties.

Legal principles and analysis

[41] Section 101 of the *Courts of Justice Act* provides for the appointment of a receiver/manager where it appears to a judge to be just and convenient to do so. In *Royal Bank of Canada v. Chongsim Investment Ltd.* (1997), 32 O.R. (3d) 565, Epstein J. (as she then was) discussed what should be considered in deciding whether to make such an order. She stated:

The jurisdiction to order a receiver is found in s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43. This section provides that a receiver may be appointed where it appears to be just and convenient. The appointment of a receiver is particularly intrusive. It is therefore relief that should only be granted sparingly. The law is clear that in the exercise of its discretion, the court should consider the effect of such an order on the parties. As well, since it is an equitable remedy, the conduct of the parties is a relevant factor.

[42] Section 248 of the OBCA also provides for the appointment of a receiver manager if there has been oppression as contained in section 248(2). Under section 248(2) a court may make an order to rectify the matters complained of and section 248(3) provides:

(3) In connection with an application under this section, the court may make any interim or final order it thinks fit including, without limiting the generality of the foregoing,

[...]

(b) an order appointing a receiver or receiver-manager;

[43] Various cases other than the *Chongsim Investment* case have discussed the principles to be taken into account. See *Anderson v. Hunking*, [2010] O.J. No. 3042 and *Bank of Montreal v. Carnival Leasing Limited* (2011), 74 C.B.R. (5th) 300 and the authorities referred to in those cases.

[44] In my view this is not a case in which the applicants are seeking an interim order appointing a receiver/manager. They do not seek an interim order. They seek the appointment on the basis of evidence that is largely uncontested by Ms. Walton. I would agree with the respondents that if the evidence relied on by the applicants for the order sought was largely contested, the relief should be considered on the basis that it is interim relief. However, that is not the case. In any event, even if the *RJR MacDonald* tri-part test were applicable, that would not be materially different in this case from the test articulated by Epstein J. in *Chongsim Investment* that requires a consideration of the effect of the order sought on the parties and their conduct.

[45] In my reasons when the Inspector was appointed on October 4, 2013, I found oppression had occurred as follows:

[27] In my view, on the record before me Dr. Bernstein has met the test required for an investigation to be ordered. To put on two mortgages for \$6 million without the required agreement of Dr. Bernstein and then refuse to disclose what happened to the money except in a without prejudice mediation meets the higher test of oppression, let alone the lesser test of unfairly disregarding the interests of Dr. Bernstein. The other examples of the evidence I have referred, as well as the failure to provide monthly reports on the projects to Dr. Bernstein, are clearly instances of the Waltons unfairly being prejudicial to and unfairly disregarding the interests of Dr. Bernstein, a 50% shareholder of each of the owner corporations.

[46] I do not see the picture as now being less clear. To the contrary, it seems much clearer. I have referred to the concerns above in some detail. They include the following:

1. \$2.1 million was improperly taken from the proceeds of the \$6 million mortgages that never had Dr. Bernstein's approval, \$400,000 of which was taken by Ms. Walton into her personal bank account. Ms. Walton was well aware that this was wrong. She is a lawyer and the agreements were drawn in her office. Her initial reaction when confronted about the mortgages by Mr. Reitan, who at the time did not know what had happened to the mortgage proceeds, that she would only discuss it in a without prejudice mediation is a clear indication she knew what she did was wrong and contrary to Dr. Bernstein's interests.
2. \$268,104.57 was improperly paid from the Tisdale Mews account to pay for renovations to the Waltons' residence. No reasonable explanation has been provided.
3. The co-mingling of accounts and the cash sweep into the Rose & Thistle accounts was a breach of agreement and unfairly prejudicial to Dr. Bernstein and a disregard of his interests. This is particularly the case in light of the lack of current books and records that should have been prepared and available rather than requiring an Inspector to try to get to the bottom of what has occurred. A lack of records is in itself unfairly disregarding the interests of Dr. Bernstein, particularly taken the size of his investment. Blaming it on outdated computer software is hardly an answer. That should have been taken care of long ago.
4. The frenzied attempts in the past month since the Inspector was appointed to update ledgers and manufacture invoices should never have been necessary and in light of the evidence, obviously casts doubt on what is now being done to update the records. Dr. Bernstein should never have had to face this prejudicial situation.
5. The Waltons have not provided equal payments of money into any of the 31 properties. The claim that their equity was provided by way of set-off for fees and

work, even if that were permissible under the agreements, is unsupported by any available documents to the Inspector. What little has been provided raises serious issues, as discussed above. As well, taking in new equity partners is not at all what Dr. Bernstein signed up for, and indicative of a lack of ability of the Waltons to fund their equity in accordance with the agreements.

6. Dr. Bernstein was entitled to monthly reports. It is now quite evident why that has not occurred.

[47] Mr. Campion contended that a receiver/manager could not be ordered over any particular property without a finding of oppressive conduct regarding that property. I am not at all sure that such a proposition in this case is correct, but in any event there has been oppressive conduct regarding each property. The co-mingling of funds and the sweep of cash from each property's account into Rose & Thistle was oppressive in these circumstances in which there were no contemporaneous books and records kept that would permit Dr. Bernstein, or now the Inspector, to fully understand what occurred to the money from each property. The setting up of alleged fees owing to Rose & Thistle for the properties to substantiate the Waltons' equity contributions, even if permissible, without readily available documentation to substantiate the validity of the fees, was oppressive. The lack of records and reports for each property was oppressive.

[48] It is contended on behalf of the respondents that they have the contractual right to manage the projects and thus no receiver/manager should be appointed. The difficulty with this argument is that the contracts have been breached and the Waltons have certainly not shown themselves to be capable managers. A basic lack of record keeping, compounded by co-mingling of funds and transferring them to Rose & Thistle, belies any notion of proper professional management. Ms. Walton acknowledges that accounting and other issues "have plainly caused him [Dr. Bernstein] to lose confidence in my management". That is a fundamental change to the relationship.

[49] It is contended that the business will be harmed if a receiver/manager is appointed. Ms. Walton states in her affidavit that she believes that the dynamic nature of this portfolio will suffer and in the end suffer unnecessary losses. What is meant by the dynamic nature is not clear.

I recognize that a receiver/manager can in certain circumstances have negative implications in the marketplace, particularly if it means that unsold properties will have to be put up for sale at less than market prices or be sold quickly. There is no indication that is the plan here at all and there is no court ordered sale being requested.

[50] It is also to be recognized that a receiver/manager can bring stability to a situation, which in this case appears to be a requirement to protect the interests of Dr. Bernstein.

[51] Dr. Bernstein with his \$100 million plus investment has a huge financial interest in this portfolio of properties. It is hardly in his interest to have the properties dealt with in less than a sound commercial way. He suffers the same risk as the Waltons, and depending on what real equity the Waltons have put in, perhaps far more. The Waltons contend that they have huge financial risk in that they have guaranteed mortgages to the tune of some \$206 million. They have not offered any evidence that there is any likelihood of being called upon on their guarantees, and to the contrary Ms. Walton says that all of the projects except perhaps one or two of them are or expected to be profitable. There is no reason why an experienced receiver/manager with capable property managers cannot continue with the success of the ventures.

[52] The respondents contend that with the controls over the bank accounts and the other provisions of the two orders made to date, there is plenty of protection for Dr. Bernstein. There may be something in this argument, but it ignores one of the basic problems caused by the way the business has been run. There is no clear evidence yet what exactly has been put into the properties by the Waltons, and that is crucial to understanding what both Dr. Bernstein and the Waltons are entitled to. In the month since the Inspector was appointed, Ms. Walton has caused back dated invoices to be prepared for past work said to have been done. What they have been prepared from is not at all clear. With some of the troubling things about changing records that have become apparent as a result of digging by Mr. Reitan and the Inspector, discussed above, and the diversion of money that has taken place, there is reason to be concerned exactly what Ms. Walton is doing to shore up her position. The Inspector is not in a position to know what is being prepared on an *ex post facto* basis or from what, and Dr. Bernstein should not have to rely

on a hope that something untoward will no longer be done. The present situation is causing considerable harm to Dr. Bernstein.

Conclusion

[53] Schonfeld Inc. is appointed as manager/receiver of all of the properties in schedule B, effective immediately. I was provided with a draft order that is based on the model order in use in our Court and approved by the Users' Committee. It appears satisfactory but there were no submissions as to its terms. If the respondents have any submissions with respect to the draft order, they are to be made in writing within three days and the applicants or Schonfeld Inc. shall have until Wednesday of next week to respond. In the meantime, the appointment of Schonfeld Inc. as manager/receiver is not to be delayed and Schonfeld Inc. shall immediately have the powers contained in the draft order pending any objection to it by the respondents.

[54] The applicants have applied to have Schonfeld Inc. appointed as receiver over four properties mortgaged to Dr. Bernstein with expired mortgages that are not schedule B corporations. Ms. Walton has stated in her affidavit that funds are being raised that will see these mortgages paid in full by the end of November, 2013. In light of that statement, this application is adjourned *sine die*. It can be brought on after the end of November in the event that the mortgages have not been paid in full.

[55] The applicants have also requested a certificate of pending litigation over 44 Park Lane Circle, the residence of the Waltons in light of the evidence that money from one of the 31 schedule Dr. Bernstein corporations was used to pay for renovations to the residence. I was advised by counsel for Ms. Walton during the hearing of the motion that the money would be repaid that day. Based on that statement, the request for a certificate of pending litigation is adjourned *sine die* and can be brought back on in the event that evidence of the payment is not provided to the applicants and Schonfeld Inc.

[56] The Inspector moved for approval of his interim reports and the actions taken as disclosed in the reports, and approval for his fees and disbursements and those of his counsel. No one opposed the request although Mr. Campion said that the respondents were not consenting to

them. In my view, the actions taken by the Inspector have been entirely proper in difficult circumstances and in her affidavit Ms. Walton acknowledges that the Inspector was necessary because of her issues. The fees and disbursements also appear reasonable. At the conclusion of the hearing I granted the order sought.

[57] The applicants are entitled to their costs from the respondents. If costs cannot be agreed, brief written submissions along with a proper cost outline may be made within 10 days and brief written reply submissions may be made within a further 10 days.



Newbould J.

Date: November 5, 2013

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Schonfeld Inc.
Receivers + Trustees

December 5, 2013

Mr. Brian J. Wilson
Principal, Sales Representative
Avison Young
18 York Street, Suite 400
Toronto, Ontario
M5J 2T8

Dear Sir:

Re: Request for Proposal

Schonfeld Inc. Receivers + Trustees (the "**Manager**") has been appointed an Officer of the Court with management authority over a number of properties. In accordance with this mandate, we are calling for proposals from members of the brokerage community who may be interested in assisting the Manager in the sale of the Properties.

The Manager is seeking requests for proposals from a number of entities and will ultimately seek approval of the Ontario Superior Court of Justice (the "**Court**") prior to entering into a formal listing agreement. Nothing herein amounts to an agreement by the Manager to accept any particular proposal or to negotiate further with anyone who may choose to submit a proposal. The Manager will exercise its sole and unfettered discretion in determining whether it wishes to negotiate further with anyone who submits an RFP in accordance with this call for proposals.

The subject properties are as follows:

1. 241 Spadina Avenue
2. 18 Wynford Drive (Commercial Condominium Units)
3. 32 Atlantic Avenue
4. 5770/5780 Hwy 7 West
5. 1131 A Leslie Street
6. 1450 Don Mills Road
7. 1500 Don Mills Road
8. 295 The West Mall
9. 620 and 624 Richmond Street West / 165 Bathurst Street

The Manager has more specific information related to each of these properties that will be provided to the successful broker(s).

Tel. 416.862.7785 Fax. 416.862.2136

info@schonfeldinc.com

438 University Avenue, 21st Floor, Toronto, Ontario Canada M5G 2K8

Selected brokers are invited to submit proposals for undertaking the management and sale that will achieve the best value within the most expeditious time frame. In order to be considered for this assignment, please provide us with your written response by 5:00 p.m. on December 20, 2013. Your proposal should be structured as follows:

Section One -Qualifications

- a) Description of your firm along with a summary of the key personnel assigned to this project and roles.

Section Two – Preliminary Marketing Plan

- a) Develop a preliminary Marketing Plan the outlines the key steps and timelines associated with each property or group of properties.
- b) Your marketing plan should proceed from the assumption that the Manager will provide you with a form of agreement of purchase and sale that is to be submitted by any interested bidder.
- c) Bidders will be required to execute confidentiality agreements in the Manager's form.
- d) Purchase and Sale Agreements will allow no more than thirty (30) days to conduct due diligence investigations in respect of any particular transaction.
- e) The sale of each of the Properties will be on an "as-is where is" basis without any representations or warranties and shall recognize the Manager's limited liability. Moreover, agreements for the purchase and sale of each of the Properties will be conditional upon Court approval in proceedings on notice to all interested parties.

Section Three – Remuneration

- a) Describe how you propose to be remunerated in respect of the sales of the properties.

With respect to the above, the following will apply:

- a) The Manager is under no obligation to accept any offer(s) to purchase a Property;
- b) The Manager may select more than one Broker team for this assignment. In this regard, you may wish to identify in your proposal properties your team feels especially well qualified to market.

c) The listing agreement may be terminated by the Manager without penalty if the Manager's mandate is restricted, rescinded, revoked, suspended or terminated or if the Manager is restricted in or enjoined from dealing with all or some of the Properties; and,

d) Such further and other terms as the Manager deems appropriate.

Questions should be directed by e-mail to the following: harlan@schonfeldinc.com. The last day to ask questions will be December 17, 2013. Thank you for your interest. We look forward to hearing from you.

Yours truly,

**SCHONFELD INC. RECEIVERS +
TRUSTEES**, solely in its capacity as Court
appointed manager without security and not
in its personal capacity

S Harlan Schonfeld

S. Harlan Schonfeld CPA,

c: Ken Herlin, Goodmans LLP

Brian Empey, Goodmans LLP

6272021.3

4

Dunn, Mark

Subject: FW: DBDC Spadina et al. v. Walton et al.

From: Myers, Fred
Sent: Friday, January 10, 2014 3:58 PM
To: 'Brendan Bissell'
Cc: Empey, Brian
Subject: RE: DBDC Spadina et al. v. Walton et al.

Thank you for calling me after I sent the email below. I confirm that our client does not consent to the valuation side of Colliers providing information put together for R&T on behalf of the property owner companies that are under our client's control to the sales side of Colliers. The vendor and purchaser sides of transactions are to be kept distinct. I understand that Ms Walton has already provided one or more documents to Colliers' sales people that may have included some of the information prepared by Colliers' valuation team for R&T with some alterations. We will deal with the effect of that disclosure in due course if necessary. We appreciate your clarification of this issue.

Fred

Fred Myers
Goodmans LLP

416.597.5923
fmyers@goodmans.ca

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

www.goodmans.ca

From: Myers, Fred
Sent: Friday, January 10, 2014 2:15 PM
To: 'Brendan Bissell'
Cc: Empey, Brian
Subject: RE: DBDC Spadina et al. v. Walton et al.

Thank you for this email. It is helpful. As we stated in Court, the CBRE retainer creates no issue concerning the ability of the Manager to deal with *en bloc* offers if any. It appears from your email that the concern raised by counsel for Ms Walton in court about the risk of paying commission twice was incorrect throughout.

The Manager is concerned that it appears from your email that Rose & Thistle or Ms Walton may have provided the property owners' confidential information to Colliers for the use of potential offerors who have not signed confidentiality agreements or otherwise made any contact with the Manager. Rose & Thistle had no authority from the Manager to provide any confidential information concerning the properties or their owners' businesses to your client. The Manager does not know what information has been provided to your client or to your client's clients. Apart from the obvious legal issues concerning use or misuse of confidential information, the Manager has to be concerned about the integrity of its sale process and providing a level playing field among potential bidders. Please provide details of all of the information that is in your client's possession concerning the properties under the Manager's authority. If your client has executed a confidentiality agreement, please provide a copy. If any information has been provided to

your client's clients please advise of all details and provide a copy of all confidentiality agreements obtained from them if any. 88

The Manager welcomes bids for as many of the properties under its control as bidders may wish to offer to purchase. Details of the commission relationship with CBRE do not affect your client's entitlement to bring forward potential bidders to CBRE and we encourage your client to do so. If there is something to move forward with, we can put in place a proper confidentiality agreement and see what can be done. As you are aware, nine properties are being listed right away and tight timelines exist in the orders that have been made already (and are expected to be sought for others on the 16th). If a sale of one or more properties alone would affect your client's clients' possible bids, then your client and its clients should act very quickly with those time frames in mind.

Fred Myers
Goodmans LLP

416.597.5923
fmyers@goodmans.ca

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

www.goodmans.ca

From: Brendan Bissell [<mailto:bissell@gsnh.com>]
Sent: Friday, January 10, 2014 9:14 AM
To: Myers, Fred
Cc: Empey, Brian
Subject: RE: DBDC Spadina et al. v. Walton et al.

Fred: Thanks for your e-mail. The points you note are fine and were in fact already known, but I understand the reason why the Manager would want to emphasize them given how things have transpired so far with mixed messages that have harmed your client (as well as mine).

So that I can equally attempt to avoid any confusion with respect to Colliers' involvement, however, let me also add the following. Colliers continues to represent the possible purchasers of the properties owned by the Respondents in this matter. The Manager does not need to recognize any freestanding obligation for commission payment to Colliers, because this will be dealt with as between Colliers and its clients and will be included in the terms of any offer made (as contemplated by the Court's direction, this is the market speaking). So any obligation to Colliers will be contractual if the Manager ultimately decides that the offer(s) in question should be accepted.

Since we are now corresponding by e-mail rather than calls, let me also try to advance the two issues I had been calling about.

First, my client (and its clients) would like to know the commission arrangements between the Manager and CBRE (if in fact that is who is being retained, as I gather was the plan). This request is only pertaining to an *en bloc* sale, so whatever the arrangements are for any sale of properties individually or in smaller tranches is not relevant for my purposes.

Second, there is a matter on which I think that Colliers needs to deal with Ms. Walton, but I would like to be transparent about this given the difficulties that have arisen from dealings with Ms. Walton so far. Namely, the valuation group at Colliers was previously commissioned by the Rose & Thistle Group (through Ms. Walton) to perform a valuation of the

subject portfolio of properties. The sales and leasing group at Colliers would like to have access to that information to aid in the development and refinement of the offer(s) of its clients, but I am advised that protocol would require that the client who had commissioned the work must agree to its being shared in that fashion, so this would then technically require the consent of Rose & Thistle Group. Given that the Manager has not been appointed to administer the assets of Rose & Thistle Group, my view is that Colliers is entitled/obliged to deal with that entity (and its management, which is of course Ms. Walton) to seek that consent for that report as its property. Needless to say, it is understood (and has been emphasized) that, beyond authorization to provide that analysis, Ms. Walton and anyone else at Rose & Thistle Group should not be involved in the discussions and work-up leading to the next iteration of the offer(s), and any information or dialogue needs to either happen between your firm and mine, or with the Manager directly. Please let me know if you have any comments or concerns about Colliers asking Rose & Thistle Group for the matter I have described.

Regards,

Brendan Bissell

Goldman Sloan Nash & Haber LLP
480 University Avenue | Suite 1600 | Toronto | M5G 1V2

Direct: 416.597.6489 | Mobile: 416.992.4979 | Fax: 416.597.3370

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From: Myers, Fred [<mailto:fmyers@goodmans.ca>]

Sent: January-10-14 8:43 AM

To: 'Brendan Bissell'

Cc: Empey, Brian

Subject: DBDC Spadina et al. v. Walton et al.

Dear Brendan,

On behalf of the Manager, we wish to avoid any misunderstanding with regard to your client, Colliers, and any expressions of interest for an *en bloc* purchase. Please note the following and advise your client accordingly:

1. The Manager is the only party with authority to sell the subject properties.
2. The Manager has not retained Colliers nor does the Manager recognize any obligation to Colliers with respect to the sale of the subject properties.
3. The Manager is proceeding with the marketing and sale of the properties in accordance with its Court-appointed mandate - in some or all cases this will be done through a listing arrangement.
4. If your client has an interested buyer, whether on an *en bloc* basis or otherwise, they are encouraged to come forward and deal with either the Manager or the relevant listing broker as the case may be.

Please let me know if you have any questions.

Fred Myers
Goodmans LLP

416.597.5923
fmyers@goodmans.ca

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333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

www.goodmans.ca

***** Attention *****

This communication is intended solely for the named addressee(s) and may contain information that is privileged, confidential, protected or otherwise exempt from disclosure. No waiver of confidence, privilege, protection or otherwise is made. If you are not the intended recipient of this communication, please advise us immediately and delete this email without reading, copying or forwarding it to anyone.

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Bernstein/Walton Jointly Owned Companies

Cashflow

	Week Ended										Actual
	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 10 wks ended 10-Jan-14
Ascalon											
Opening Balance	118	23	23	23	1,307	1,312	1,312	2,312	2,312	2,296	118
Deposits											
Leasing Revenue	0	0	0	0	0	0	0	0	0	0	0
Funding-Manager	0	0	0	0	0	0	1,000	0	0	18,500	19,500
Funding-Walton	16,200	0	0	1,300	18,300	0	0	0	0	0	35,800
Disbursements											
Mortgages	(16,250)	0	0	0	(17,500)	0	0	0	0	(16,250)	(50,000)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	0	0	0	0	0	0	0	0	0
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	0	0	0
Bank Fees	(45)	0	0	(16)	(795)	0	0	0	(17)	0	(873)
Closing Balance (Funding Need)	23	23	23	1,307	1,312	1,312	2,312	2,312	2,296	4,546	4,546
Bannockburn											
Opening Balance	(23,836)	64	(82,441)	19	(41)	9	9	84,964	84,964	2,458	(23,836)
Deposits											
Leasing Revenue	0	0	0	0	0	0	0	0	0	0	0
Funding-Manager	0	0	0	0	0	0	85,000	0	0	2,000	87,000
Funding-Walton	23,900	0	0	82,650	800	0	0	0	0	0	107,350
Disbursements											
Mortgages	0	(82,500)	82,500	(82,650)	0	0	0	0	(82,500)	0	(165,150)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	0	0	0	0	0	0	0	0	0
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	0	0	0
Bank Fees	0	(5)	(40)	(60)	(750)	0	(45)	0	(6)	0	(906)
Closing Balance (Funding Need)	64	(82,441)	19	(41)	9	9	84,964	84,964	2,458	4,458	4,458
Cityview											
Opening Balance	5,844	19,689	17,965	15,220	13,105	31,409	30,040	29,457	24,380	34,477	5,844
Deposits											
Leasing Revenue	47,500	0	0	2,411	52,470	0	0	0	13,805	31,667	147,852
Funding-Manager	0	0	0	0	0	0	0	0	0	156,400	156,400
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	(32,625)	0	0	0	(32,625)	0	0	0	0	(32,625)	(97,876)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	(182)	(575)	0	0	0	(1,368)	0	0	0	0	(2,126)
Operating Suppliers	(848)	(1,148)	(2,746)	(4,520)	0	0	(583)	(5,077)	0	0	(14,921)
Project Suppliers	0	0	0	0	(791)	0	0	0	0	0	(791)
Managership	0	0	0	0	0	0	0	0	(3,703)	0	(3,703)
Bank Fees	0	0	0	(5)	(750)	0	0	0	(5)	0	(760)
Closing Balance (Funding Need)	19,689	17,965	15,220	13,105	31,409	30,040	29,457	24,380	34,477	189,919	189,919
Dewhurst											
Opening Balance	208	208	45	24	15,093	51	51	3,451	3,451	1,877	208
Deposits											
Leasing Revenue	0	0	0	0	0	0	0	0	0	0	0
Funding-Manager	0	0	0	0	0	0	3,400	0	14,900	0	18,300
Funding-Walton	0	200	50	15,100	700	0	0	0	0	0	16,050
Disbursements											
Mortgages	0	0	0	0	(14,875)	0	0	0	(14,875)	0	(29,750)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	(358)	(66)	0	(117)	0	0	0	(151)	0	(692)
Operating Suppliers	0	0	0	0	0	0	0	0	0	0	0
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	0	(5)	(5)	(31)	(750)	0	0	0	(6)	0	(797)
Closing Balance (Funding Need)	208	45	24	15,093	51	51	3,451	3,451	1,877	1,877	1,877

Bernstein/Walton Jointly Owned Companies
Cashflow

	Week Ended										Actual
	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	10 wks ended 10-Jan-14
Donalda											
Opening Balance	289,070	296,973	257,492	247,294	370,860	326,116	272,841	251,151	250,527	369,995	289,070
Deposits											
Leasing Revenue	23,903	5,463	465	216,895	329,444	11,239	5,679	0	457,146	97,474	1,147,708
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Special Funding re Mortgage	0	692,450	0	0	0	0	0	0	0	0	692,450
Disbursements											
Mortgages	0	0	(692,450)	0	(250,555)	0	0	0	(250,555)	0	(1,193,561)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	(2,867)	(134)	(51,556)	(759)	0	(5,766)	(62)	(48,718)	0	(109,861)
Operating Suppliers	0	(42,077)	(10,429)	(41,752)	(53,069)	(64,515)	(21,603)	(561)	(7,866)	(64,891)	(306,763)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Equity Return/Shareholder Loan	(16,000)	0	0	0	(16,000)	0	0	0	0	(16,000)	(48,000)
Restricted Cash	0	(692,450)	692,450	0	0	0	0	0	0	0	0
Managership	0	0	0	0	(53,048)	0	0	0	(30,523)	0	(83,571)
Bank Fees	0	0	(100)	(22)	(757)	0	0	0	(16)	0	(894)
Closing Balance (Funding Need)	296,973	257,492	247,294	370,860	326,116	272,841	251,151	250,527	369,995	386,578	386,578
Double Rose											
Opening Balance	39,438	102,618	83,691	110,555	124,459	63,025	44,428	210,732	170,510	132,855	39,438
Deposits											
Leasing Revenue	117,408	35,309	27,904	25,600	0	0	170,256	2,498	4,803	85,401	469,179
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	(45,833)	0	0	0	(45,833)	0	0	0	0	(45,833)	(137,500)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	(1,040)	(4,376)	(11,479)	0	(3,565)	(12,720)	(10,545)	0	(43,726)
Operating Suppliers	(8,390)	(9,036)	0	(7,282)	(3,371)	(18,597)	(387)	0	(30,460)	(11,583)	(89,105)
Project Suppliers	0	(45,200)	0	0	0	0	0	(30,000)	0	0	(75,200)
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(5)	0	0	(39)	(750)	0	0	0	(11)	(0)	(805)
Closing Balance (Funding Need)	102,618	83,691	110,555	124,459	63,025	44,428	210,732	170,510	132,855	160,840	160,840
Dupont											
Opening Balance	14,769	4	131	1,826	1,762	50,071	70	52,070	52,070	52,480	14,769
Deposits											
Leasing Revenue	0	127	1,695	0	7,741	0	2,000	0	3,243	1,695	16,501
Funding-Manager	0	0	0	0	0	0	50,000	0	0	30,000	80,000
Funding-Walton	22,350	0	0	0	65,950	4,750	0	0	0	0	93,050
Disbursements											
Mortgages	(24,375)	0	0	0	(24,375)	0	0	0	0	(24,375)	(73,125)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	(3,755)	0	0	(43)	(247)	(4,730)	0	0	(1,373)	(6,887)	(17,035)
Operating Suppliers	(8,961)	0	0	0	0	0	0	0	0	0	(8,961)
Project Suppliers	0	0	0	0	0	(50,000)	0	0	0	(23,730)	(73,730)
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(25)	0	0	(21)	(760)	(20)	0	0	(20)	0	(846)
Closing Balance (Funding Need)	4	131	1,826	1,762	50,071	70	52,070	52,070	52,480	29,183	29,183
Eddystone											
Opening Balance	92	60	36	10,036	27	5,567	98	2,398	2,398	1,380	92
Deposits											
Leasing Revenue	0	0	0	0	0	0	0	0	0	0	0
Funding-Manager	0	0	0	0	0	0	2,300	0	2,200	6,000	10,500
Funding-Walton	1,600	5,450	10,000	0	7,050	0	0	0	0	0	24,100
Disbursements											
Mortgages	0	(5,469)	0	0	0	(5,469)	0	0	0	(5,469)	(16,406)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	(58)	0	0	0	(746)	0	0	0	(1,770)	0	(2,573)
Operating Suppliers	(1,564)	0	0	(10,000)	0	0	0	0	0	0	(11,564)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(10)	(5)	0	(9)	(765)	0	0	0	(8)	0	(797)
Closing Balance (Funding Need)	60	36	10,036	27	5,567	98	2,398	2,398	1,380	1,911	1,911

Bernstein/Walton Jointly Owned Companies
Cashflow

	Week Ended										Actual
	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	10 wks ended 10-Jan-14
Fraser Lands											
Opening Balance	121	121	7,888	7,888	7,883	7,133	7,133	13,542	13,542	12,096	121
Deposits											
Leasing Revenue	0	7,767	0	0	0	0	6,409	0	0	0	14,176
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	0	0	0	0	0	0	0	0	0
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	0	0	0	(5)	(750)	0	0	0	(5)	0	(760)
Closing Balance (Funding Need)	121	7,888	7,888	7,883	7,133	7,133	13,542	13,542	12,096	12,096	12,096
Fraser Properties											
Opening Balance	54,839	29,455	4,598	4,598	29,086	21,334	1,499	26,924	32,766	38,621	54,839
Deposits											
Leasing Revenue	2,599	0	0	26,555	28,209	0	25,425	10,735	10,525	4,805	108,853
Funding-Manager	0	0	0	0	0	0	0	0	0	61,000	61,000
Funding-Walton	47,900	0	0	0	44,600	0	0	0	0	0	92,500
Disbursements											
Mortgages	(75,833)	(23,750)	0	0	(79,792)	(18,604)	0	(1,188)	0	(95,625)	(294,792)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	(1,107)	0	(2,045)	0	(1,230)	0	(3,706)	0	0	(8,088)
Operating Suppliers	0	0	0	0	0	0	0	0	(1,003)	0	(1,003)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(3,641)	0	(3,641)
Bank Fees	(50)	0	0	(21)	(770)	0	0	0	(25)	0	(867)
Closing Balance (Funding Need)	29,455	4,598	4,598	29,086	21,334	1,499	26,924	32,766	38,621	8,801	8,801
Global Mills											
Opening Balance	208,290	80,790	70,593	70,593	276,554	93,297	92,840	92,840	301,066	289,349	208,290
Deposits											
Leasing Revenue	0	0	0	208,226	0	0	0	208,226	0	0	416,452
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Special Funding re Mortgage	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	(127,500)	0	0	0	(157,500)	0	0	0	0	0	(285,000)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	(10,197)	0	(2,260)	0	(457)	0	0	0	0	(12,914)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Equity Return/Shareholder Loan	0	0	0	0	0	0	0	0	0	0	0
Restricted Cash	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	(25,000)	0	0	0	(11,713)	0	(36,713)
Bank Fees	0	0	0	(5)	(757)	0	0	0	(5)	0	(767)
Closing Balance (Funding Need)	80,790	70,593	70,593	276,554	93,297	92,840	92,840	301,066	289,349	289,349	289,349
Hidden Gem											
Opening Balance	3,522	35	33	33	9,018	20,112	38	2,338	2,338	8,053	3,522
Deposits											
Leasing Revenue	0	0	0	0	11,300	0	0	0	11,300	0	22,600
Funding-Manager	0	0	0	0	0	0	2,300	0	0	16,500	18,800
Funding-Walton	16,600	550	0	9,000	5,200	1,800	0	0	0	0	33,150
Disbursements											
Mortgages	(20,082)	0	0	0	0	(20,082)	0	0	0	(20,082)	(60,246)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	(553)	0	0	(4,656)	(1,782)	0	0	(4,133)	(2,255)	(13,379)
Operating Suppliers	0	0	0	0	0	0	0	0	0	0	0
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(5)	0	0	(15)	(750)	(10)	0	0	(11)	0	(791)
Closing Balance (Funding Need)	35	33	33	9,018	20,112	38	2,338	2,338	8,053	2,216	2,216

Bernstein/Walton Jointly Owned Companies
Cashflow

	Week Ended										Actual
	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	10 wks ended 10-Jan-14
Leslie Holdings											
Opening Balance	20,254	28,392	30,208	24,182	24,175	49,732	41,915	35,047	28,039	10,442	20,254
Deposits											
Leasing Revenue	8,138	1,816	0	0	66,929	0	2,702	0	32,390	36,601	148,576
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	0	0	0	0	(40,621)	0	0	0	(42,871)	0	(83,492)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	(6,026)	0	0	0	(7,848)	0	0	0	(13,874)
Operating Suppliers	0	0	0	0	0	(7,818)	(1,722)	(7,008)	(3,292)	0	(19,839)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(3,813)	0	(3,813)
Bank Fees	0	0	0	(8)	(750)	0	0	0	(11)	0	(769)
Closing Balance (Funding Need)	28,392	30,208	24,182	24,175	49,732	41,915	35,047	28,039	10,442	47,043	47,043
Leslie Lands											
Opening Balance	1,575	1,575	1,575	1,575	1,570	5,041	5,041	5,041	3,765	3,760	1,575
Deposits											
Leasing Revenue	0	0	0	0	4,220	0	0	0	0	0	4,220
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	0	0	0	0	0	(1,276)	0	(1,695)	(2,971)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	0	0	0
Bank Fees	0	0	0	(5)	(750)	0	0	0	(5)	0	(760)
Closing Balance (Funding Need)	1,575	1,575	1,575	1,570	5,041	5,041	5,041	3,765	3,760	2,065	2,065
Liberty Village Lands											
Opening Balance	(13,158)	58	58	58	13,343	94	94	1,494	1,494	54	(13,158)
Deposits											
Leasing Revenue	0	0	0	0	0	0	0	0	0	0	0
Funding-Manager	0	0	0	0	0	0	1,400	0	13,300	0	14,700
Funding-Walton	17,600	0	0	13,300	800	0	0	0	0	0	31,700
Disbursements											
Mortgages	0	0	0	0	(13,294)	0	0	0	(13,294)	0	(26,588)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	(4,379)	0	0	0	0	0	0	0	0	0	(4,379)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(5)	0	0	(15)	(755)	0	0	0	(5)	0	(780)
Closing Balance (Funding Need)	58	58	58	13,343	94	94	1,494	1,494	54	54	54
Liberty Village Properties											
Opening Balance	85,499	72,999	72,438	69,183	60,896	110,032	110,032	110,032	107,254	38,843	85,499
Deposits											
Leasing Revenue	0	0	0	3,256	145,923	0	0	0	0	1,187	150,365
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	0	0	0	0	(58,531)	0	0	0	(60,482)	0	(119,013)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	(336)	0	0	0	0	0	(157)	157	0	(336)
Operating Suppliers	0	(226)	(3,255)	(11,537)	0	0	0	(2,622)	0	0	(17,640)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Equity Return/Shareholder Loan	(12,500)	0	0	0	(12,500)	0	0	0	0	(12,500)	(37,500)
Managership	0	0	0	0	(25,000)	0	0	0	(8,081)	0	(33,081)
Bank Fees	0	0	0	(5)	(757)	0	0	0	(5)	0	(767)
Closing Balance (Funding Need)	72,999	72,438	69,183	60,896	110,032	110,032	110,032	107,254	38,843	27,529	27,529

Bernstein/Walton Jointly Owned Companies

Cashflow

	Week Ended										Actual
	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	10 wks ended 10-Jan-14
Northern Dancer											
Opening Balance	56	76	(325)	25	2,712	11,886	11	1,511	1,511	54	56
Deposits											
Leasing Revenue	0	0	0	2,712	0	0	0	0	0	0	2,712
Funding-Manager	0	0	0	0	0	0	1,500	0	0	27,000	28,500
Funding-Walton	26,200	0	350	0	24,600	0	0	0	0	0	51,150
Disbursements											
Mortgages	(26,125)	(396)	0	0	(14,646)	(11,875)	0	0	0	(25,729)	(78,771)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	0	0	0	0	0	0	0	0	0
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(55)	(5)	0	(25)	(780)	0	0	0	(16)	0	(882)
Closing Balance (Funding Need)	76	(325)	25	2,712	11,886	11	1,511	1,511	54	1,324	1,324
Queen's Corner											
Opening Balance	85	13	13	61	10,970	48	48	18,548	18,548	17,087	85
Deposits											
Leasing Revenue	0	0	0	10,936	0	0	0	0	0	0	10,936
Funding-Manager	0	0	0	0	0	0	18,500	0	0	22,000	40,500
Funding-Walton	36,600	0	900	0	26,500	0	0	0	0	0	64,000
Disbursements											
Mortgages	(36,667)	0	0	0	(36,667)	0	0	0	0	(36,667)	(110,001)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	(848)	0	0	0	0	0	0	0	(848)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(5)	0	(5)	(27)	(755)	0	0	0	(20)	0	(812)
Closing Balance (Funding Need)	13	13	61	10,970	48	48	18,548	18,548	17,087	2,420	2,420
Red Door Dev											
Opening Balance	17,672	18,237	18,237	18,237	20,678	30,738	30,738	27,460	26,697	26,106	17,672
Deposits											
Leasing Revenue	565	0	0	2,445	10,810	0	0	0	2,712	8,098	24,631
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	(2,562)	0	0	0	(2,562)
Operating Suppliers	0	0	0	0	0	0	(716)	(763)	(1,858)	(1,012)	(4,349)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	0	0	0	(5)	(750)	0	0	0	(5)	0	(760)
Closing Balance (Funding Need)	18,237	18,237	18,237	20,678	30,738	30,738	27,460	26,697	26,106	33,192	33,192
Red Door Lands											
Opening Balance	6,516	516	516	516	511	406	406	1,606	1,606	173	6,516
Deposits											
Leasing Revenue	0	0	0	0	6,644	0	0	0	13	0	6,657
Funding-Manager	0	0	0	0	0	0	1,200	0	0	6,000	7,200
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	(6,000)	0	0	0	(6,000)	0	0	0	0	(6,000)	(18,000)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	0	0	0	0	0	0	0	0	0
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	0	0	0	(5)	(750)	0	0	0	(5)	0	(760)
Closing Balance (Funding Need)	516	516	516	511	406	406	1,606	1,606	173	173	173

Bernstein/Walton Jointly Owned Companies
Cashflow

	Week Ended										Actual
	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	10 wks ended 10-Jan-14
Richmond Row/165 Bathurst											
Opening Balance	7,487	43,613	40,944	58,552	42,926	5,702	57,688	78,840	78,840	24,359	7,487
Deposits											
Leasing Revenue	53,364	0	18,427	(1,355)	0	51,986	21,152	0	18,154	23,975	185,703
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	(13,150)	0	0	0	(34,041)	0	0	0	(21,056)	(13,150)	(81,397)
Property Taxes	0	0	0	0	0	0	0	0	(40,000)	0	(40,000)
Utilities	0	0	0	(3,573)	0	0	0	0	0	0	(3,573)
Operating Suppliers	(4,089)	(2,669)	(819)	(10,634)	(1,678)	0	0	0	(11,562)	(9,770)	(41,220)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	0	0	0
Bank Fees	0	0	0	(63)	(1,505)	0	0	0	(18)	0	(1,586)
Closing Balance (Funding Need)	43,613	40,944	58,552	42,926	5,702	57,688	78,840	78,840	24,359	25,414	25,414
Riverdale											
Opening Balance	29	66	66	66	47	92	92	7,892	7,892	5,787	29
Deposits											
Leasing Revenue	0	0	0	0	0	0	0	0	0	0	0
Funding-Manager	0	0	0	0	0	0	7,800	0	0	21,000	28,800
Funding-Walton	24,200	0	0	0	20,800	0	0	0	0	0	45,000
Disbursements											
Mortgages	(20,000)	0	0	0	(20,000)	0	0	0	0	(20,000)	(60,000)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	(4,153)	0	0	0	0	0	0	0	(647)	(4,858)	(9,658)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(10)	0	0	(19)	(755)	0	0	0	(18)	0	(802)
Closing Balance (Funding Need)	66	66	66	47	92	92	7,892	7,892	5,787	1,929	1,929
Royal Agincourt											
Opening Balance	44,931	70,062	48,708	48,708	48,684	53,409	49,409	49,904	62,774	160,870	44,931
Deposits											
Leasing Revenue	104,705	0	0	0	119,755	0	964	14,760	113,672	0	353,855
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	(72,094)	0	0	0	(72,094)	0	0	0	0	(72,094)	(216,281)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	(9,696)	0	0	0	(7,078)	0	(16,774)
Operating Suppliers	(61)	(21,354)	0	0	(61)	(4,000)	(469)	(1,889)	0	(61)	(27,897)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Equity Return/Shareholder Loan	(7,408)	0	0	0	(7,408)	0	0	0	0	(7,408)	(22,224)
Managership	0	0	0	0	(25,000)	0	0	0	(8,458)	0	(33,458)
Bank Fees	(10)	0	0	(24)	(772)	0	0	0	(39)	0	(844)
Closing Balance (Funding Need)	70,062	48,708	48,708	48,684	53,409	49,409	49,904	62,774	160,870	81,307	81,307
Royal Gate Holdings											
Opening Balance	117,450	136,829	122,764	122,211	120,764	220,074	220,074	117,751	118,923	129,016	117,450
Deposits											
Leasing Revenue	134,144	3,371	0	12,344	232,948	0	8,645	0	26,885	161,439	579,776
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	(114,765)	0	0	0	(103,392)	0	0	0	0	(103,392)	(321,550)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	(2,262)	(553)	(8,971)	0	0	(93,529)	1,172	0	0	(104,143)
Operating Suppliers	0	(15,174)	0	(4,807)	(29,495)	0	(17,439)	0	(2,543)	(28,125)	(97,583)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(14,241)	0	(14,241)
Bank Fees	0	0	0	(13)	(750)	0	0	0	(9)	0	(772)
Closing Balance (Funding Need)	136,829	122,764	122,211	120,764	220,074	220,074	117,751	118,923	129,016	158,937	158,937

Bernstein/Walton Jointly Owned Companies

Cashflow

	Week Ended										Actual
	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	10 wks ended 10-Jan-14
Salmon River Prop											
Opening Balance	160	55	55	55	48	93	93	4,093	4,093	2,645	160
Deposits											
Leasing Revenue	0	0	0	0	0	0	0	0	0	0	0
Funding-Manager	0	0	0	0	0	0	4,000	0	0	1,000	5,000
Funding-Walton	2,500	0	0	0	3,400	0	0	0	0	0	5,900
Disbursements											
Mortgages	(2,600)	0	0	0	(2,600)	0	0	0	0	(2,600)	(7,800)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	0	0	0	0	0	0	0	0	0
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(5)	0	0	(6)	(755)	0	0	0	(8)	0	(774)
Closing Balance (Funding Need)	55	55	55	48	93	93	4,093	4,093	2,645	1,045	1,045
Skyway											
Opening Balance	(134)	94	94	94	78	60	60	5,560	5,560	4,104	(134)
Deposits											
Leasing Revenue	0	0	0	0	2,804	0	0	0	0	2,804	5,608
Funding-Manager	0	0	0	0	0	0	5,500	0	0	23,800	29,300
Funding-Walton	18,900	0	0	0	16,600	0	0	0	0	0	35,500
Disbursements											
Mortgages	(18,667)	0	0	0	(18,667)	0	0	0	0	(18,667)	(56,001)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	0	0	0	0	0	0	0	(4,031)	(4,031)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	(5)	0	0	(16)	(755)	0	0	0	(15)	0	(790)
Closing Balance (Funding Need)	94	94	94	78	60	60	5,560	5,560	4,104	8,011	8,011
Tisdale											
Opening Balance	1,718	85	85	13	(11)	3,422	89	1,689	1,689	1,667	1,718
Deposits											
Leasing Revenue	0	0	0	0	1,695	0	0	0	0	6,942	8,637
Funding-Manager	0	0	0	0	0	0	1,600	0	0	19,100	20,700
Funding-Walton	21,800	0	1,600	0	24,200	0	0	0	0	0	47,600
Disbursements											
Mortgages	(23,333)	0	(1,667)	0	(21,667)	(3,333)	0	0	0	(25,000)	(75,000)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Operating Suppliers	0	0	0	0	0	0	0	0	0	0	0
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	0	0	0
Bank Fees	(100)	0	(5)	(24)	(795)	0	0	0	(22)	0	(946)
Closing Balance (Funding Need)	85	85	13	(11)	3,422	89	1,689	1,689	1,667	2,709	2,709
Twin Dragon											
Opening Balance	68,016	57,779	56,003	50,403	59,260	98,853	96,412	90,562	90,279	88,593	68,016
Deposits											
Leasing Revenue	249	0	0	10,204	93,902	0	0	0	51,972	20,535	176,862
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	0	0	0	0	(46,633)	0	0	0	(46,633)	0	(93,266)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	(116)	0	0	0	(5,850)	0	0	0	(5,966)
Operating Suppliers	(3,549)	(1,777)	(5,484)	(1,333)	0	(2,441)	0	(283)	(488)	(4,757)	(20,111)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Equity Return/Shareholder Loan	(6,921)	0	0	0	(6,921)	0	0	0	0	(6,921)	(20,764)
Managership	0	0	0	0	0	0	0	0	(6,527)	0	(6,527)
Bank Fees	(15)	0	0	(14)	(755)	0	0	0	(10)	0	(794)
Closing Balance (Funding Need)	57,779	56,003	50,403	59,260	98,853	96,412	90,562	90,279	88,593	97,450	97,450

Bernstein/Walton Jointly Owned Companies

Cashflow

	Week Ended										Actual
	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	10 wks ended 10-Jan-14
West Mall											
Opening Balance	167,480	124,567	92,163	74,042	71,778	178,073	166,504	178,447	176,024	310,240	167,480
Deposits											
Leasing Revenue	33,403	13,145	0	20,369	205,269	3,567	42,747	0	163,694	39,387	521,581
Funding-Manager	0	0	0	0	0	0	0	0	0	0	0
Funding-Walton	0	0	0	0	0	0	0	0	0	0	0
Disbursements											
Mortgages	(47,630)	0	0	0	(47,630)	0	0	0	0	(15,339)	(110,599)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	(79)	0	(1,785)	0	(15,773)	(1,955)	0	0	(14,549)	(5,932)	(40,072)
Operating Suppliers	0	(45,550)	(16,335)	(3,412)	(6,214)	(13,182)	(5,378)	(2,424)	(1,467)	(18,608)	(112,569)
Project Suppliers	0	0	0	(19,210)	0	0	(25,425)	0	0	0	(44,635)
Interest on S/T Loan	(15,339)	0	0	0	(15,339)	0	0	0	0	(15,339)	(46,016)
Equity Return/Shareholder Loan	(13,268)	0	0	0	(13,268)	0	0	0	0	(13,268)	(39,805)
Managership	0	0	0	0	0	0	0	0	(13,453)	0	(13,453)
Bank Fees	0	0	0	(11)	(750)	0	0	0	(10)	0	(771)
Closing Balance (Funding Need)	124,567	92,163	74,042	71,778	178,073	166,504	178,447	176,024	310,240	281,142	281,142
Weston Lands											
Opening Balance	118	34	(146)	54	7	23,843	23,843	77,243	77,243	72,102	118
Deposits											
Leasing Revenue	0	0	0	0	0	0	0	0	0	0	0
Funding-Manager	0	0	0	0	0	0	53,400	0	1,100	25,000	79,500
Funding-Walton	0	0	200	1,050	24,700	0	0	0	0	0	25,950
Disbursements											
Mortgages	0	0	0	0	0	0	0	0	0	(71,189)	(71,189)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	(85)	0	0	(1,086)	(109)	0	0	0	(2,282)	0	(3,562)
Operating Suppliers	0	0	0	0	0	0	0	0	(2,512)	0	(2,512)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(1,441)	0	(1,441)
Bank Fees	0	(180)	0	(11)	(755)	0	0	0	(5)	0	(952)
Closing Balance (Funding Need)	34	(146)	54	7	23,843	23,843	77,243	77,243	72,102	25,913	25,913
Wynford											
Opening Balance	84,986	9,130	19,186	22,299	28,425	61	88	23,196	18,843	53,989	84,986
Deposits											
Leasing Revenue	4,909	10,379	3,116	6,140	37,989	120	21,497	(4,250)	39,630	7,160	126,690
Funding-Manager	0	0	0	0	0	0	1,900	0	0	17,500	19,400
Funding-Walton	0	0	0	0	1,100	350	0	0	0	0	1,450
Disbursements											
Mortgages	(66,693)	0	0	0	(66,693)	0	0	0	0	(66,693)	(200,078)
Property Taxes	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	(323)	(3)	0	0	(423)	(289)	(97)	0	(565)	(1,700)
Operating Suppliers	(14,073)	0	0	0	0	0	0	0	0	0	(14,073)
Project Suppliers	0	0	0	0	0	0	0	0	0	0	0
Managership	0	0	0	0	0	0	0	0	(4,462)	0	(4,462)
Bank Fees	0	0	0	(14)	(760)	(20)	0	(5)	(22)	(5)	(826)
Closing Balance (Funding Need)	9,130	19,186	22,299	28,425	61	88	23,196	18,843	53,989	11,387	11,387

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PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT is made with effect as of the 15th day of November, 2013

BETWEEN:

SCHONFELD INC. RECEIVERS + TRUSTEES, solely in its capacity as the Court appointed manager, without security, of all of the assets, undertakings and properties of each of the companies set out in Schedule 1 hereto with no personal or corporate liability (the "Receiver")

- and -

BRIARLANE RENTAL PROPERTY MANAGEMENT INC.
(the "Manager")

WHEREAS:

- A. Schonfeld Inc. Receivers + Trustees is the Court appointed manager, without security, of all of the assets, undertakings and properties of each of the companies set out in Schedule 1 hereto (each an "Owner" and collectively, the "Owners") with no personal or corporate liability;
- B. The Manager has represented to the Receiver that it is engaged in the business of real property management and has acquired expert knowledge in this field and personnel to fulfill its covenants and obligations hereunder; and
- C. The parties have agreed that the Manager shall manage and operate each of the Properties in accordance with the terms and conditions contained herein.

NOW THEREFORE, in consideration of the covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereto covenant and agree as follows:

ARTICLE 1 GENERAL CONTRACT PROVISIONS

1.1 Definitions. In this Agreement, unless there is something in the context or subject matter inconsistent therewith:

"Adjusted Gross Revenue" means, without duplication, Gross Revenue actually received by the Receiver with respect to the Term but, in each case, excluding:

- (a) any funds received in the nature of tax refunds, reductions or abatements;
- (b) any expropriation or insurance proceeds;
- (c) any proceeds arising out of awards, settlements or any other disposition of any arbitration, lawsuit or legal proceeding except to the extent the net amount of such proceeds remaining after accounting for all costs and expenses, including legal fees, in obtaining such proceeds represents Gross Revenue from a Property on which the Manager would otherwise be entitled to be paid the Management Fees;
- (d) proceeds of any sale, financing and/or Disposition of a Property or any portion thereof;

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- (e) capital improvements except to the extent paid by Tenants as part of additional rent under their Leases;
- (f) security or other deposits, except for the portion actually applied as rent; and
- (g) all applicable taxes collected in connection with Gross Revenue, including, without limitation, harmonized sales tax under Part IX of the *Excise Tax Act* (Canada).

"Agreement" means this agreement together with any amendments hereto, provided that such amendments are in writing and signed by all parties;

"Approved" means duly authorized and approved in writing by the Receiver;

"Approved Budget" means the most recent annual budget relating to each Property, and any Approved revision thereof;

"Business day" means every day except Saturday, Sunday and statutory holidays in the Province of Ontario;

"Common Areas" means all of those interior and exterior areas of a Property not being intended to be leased to Tenants including, without restriction, all elevators, escalators, landscaped areas, parking areas, driveways, points and areas of access to and egress from a Property, all structural components of a Property, all sidewalks surrounding a Property (which sidewalks are located upon the lands comprising a Property), the Receiver's interest in all pedways, grade, above grade and below grade connections to adjacent lands and premises and all exterior plate glass forming part of a Property;

"Court" means the Ontario Superior Court of Justice (Commercial List) or another court of competent jurisdiction in the Province of Ontario;

"Disposition" means a sale, foreclosure and/or other transfer of a Property or Properties or circumstances where the Receiver no longer has the authority to deal with a Property. "Dispose" has a similar meaning.

"Effective Date" means the date hereof;

"Emergency" means a condition or circumstance occurring in or about a Property which, in the Manager's opinion, acting reasonably, would result in personal injury or property damage if not remedied without delay;

"Fiscal Year" means that period of twelve months adopted by the Receiver for the preparation of its financial statements or reporting purposes;

"Generally Accepted Accounting Principles" means those accounting principles recommended by the Canadian Institute of Chartered Accountants and includes any recommendations in its Handbook concerning accounting treatment or statement presentation; such principles and recommendations to be regarded as the only generally accepted accounting principles applicable to the circumstances that they cover;

"Gross Revenue" means, for any period during the Term and without duplication, the gross income actually received by or on behalf of the Receiver in such period with respect to the use or occupancy of any space in a Property, whether as rent, percentage rent, escalation rent, additional rent (including, without limitation, payments for operating expenses, insurance, taxes and similar recoveries from

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Tenants), parking income, fees, charges or otherwise, but excluding deposits and pre-paid rent but only until such security deposits or pre-paid rents are actually applied on account of rent;

"Hazardous Substance" means, but is not limited to, used oil, any contaminants, pollutants, dangerous substances, liquid wastes, industrial wastes, hauled liquid wastes, toxic substances, hazardous wastes, hazardous materials, or hazardous substances as defined in or pursuant to any law, regulation or order;

"Leases" means all written lease agreements entered into between the Receiver or its predecessors in title as landlord with Tenants which bind the Receiver relating to the rental, use or occupancy of space in a Property;

"Licences" means any and all permits, licences or governmental approvals of any kind required for the proper and lawful operation of a Property including, without restriction, business licences, elevator and boiler permits, fire department permits and any permits required by the municipal authorities;

"Management Fees" means the fees payable to the Manager pursuant to section 3.2 calculated in accordance with Schedule 2 hereto. In addition, the Manager shall also be entitled to the supervisory fee and the leasing fee contemplated in paragraphs 2 and 3 of Schedule 2 hereto;

"Net Cash Flow" means the difference between Gross Revenue and Permitted Expenditures which have been made by the Manager, calculated on a monthly basis;

"Permitted Expenditures" means all expenses, inducements, costs and reserves of any nature whatsoever which relate to a Property and are actually expended and which are either:

- (a) included in an Approved Budget, on a quantifiable basis and without duplication on account of:
 - (i) the aggregate of all realty taxes, rates, charges and assessments, levied and payable in respect of a Property,
 - (ii) the cost of all natural gas, oil, power, electricity, water, sewer, communications, cleaning, janitorial and all other utilities and services payable in respect of a Property,
 - (iii) fair market salaries and fair market benefits of personnel and property managers employed by the Manager exclusively on-site for the operation and management of the Properties (but not the salaries or benefits of any other personnel or employees of the Manager),
 - (iv) the cost for the day to day operation, repair and maintenance of the systems for heating, ventilating, air-conditioning, servicing and maintaining the building complexes in a Property,
 - (v) taxes and fees for Licences payable in connection with a Property,
 - (vi) the cost of all liability, property damage, boiler and machinery, rental or business interruption and other insurance in respect of a Property,
 - (vii) the cost of cleaning, removing snow and garbage and for servicing, maintaining, operating, repairing, supervising and policing (and the cost of all supplies, labour,

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wages and fees to independent contractors relating thereto) paid by the Manager in respect of a Property,

- (viii) the cost of reasonable legal, accounting and other professional fees in respect of a Property (which must be Approved by the Receiver on an individual expenditure basis),
 - (ix) the cost of advertising and all types of direct leasing and marketing costs, including leasing commissions payable to brokers for the leasing of vacant space in a Property and Tenant allowances and inducements and other amounts payable to Tenants in connection with the leasing of such space (which must be Approved by the Receiver on an individual expenditure basis),
 - (x) the Management Fees,
 - (xi) debt service with respect to any Approved financing for a Property, and
 - (xii) the cost of all postage, photocopying, printing, deliveries, and long distance telephone calls incurred or paid by the Manager in relation to a Property. But Permitted Expenditures shall always exclude: (A) depreciation, and (B) income taxes;
- (b) otherwise Approved; or
- (c) reasonably expended in an Emergency;

"Properties" means collectively, the lands and buildings described in Schedule I hereto and other owner fixtures situate thereon but only for so long as the Receiver has the authority to deal with them and provided further that Schedule I shall be automatically deemed amended from time to time, without penalty to the Receiver, to reflect a Disposition of a Property or Properties from time to time subject to the provisions of sections 4.3 and 4.4 hereof. Each of the Properties is individually referred to as a "Property";

"Subsidiary" has the meaning ascribed thereto in the *Business Corporations Act* (Ontario); and

"Tenants" means all those persons now occupying or who, from time to time in the future, occupy premises in a Property pursuant to the terms of a Lease.

1.2 Assignment. This Agreement and all of the rights hereunder may be assigned by the Receiver without the consent of the Manager but, in recognition of this being an agreement for professional services which is personal to the Manager, may not be assigned by the Manager to a third party without the prior written consent of the Receiver which consent may be unreasonably and arbitrarily withheld by the Receiver. The Manager shall not delegate any duties or obligations arising hereunder or subcontract its services, or any portion thereof, unless such action has been Approved.

1.3 Waiver by the Receiver. No consent or waiver, expressed or implied, by the Receiver to or of any breach or default by the Manager in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by the Manager. Failure by the Receiver to complain of any act or failure to act of the Manager or to declare the Manager in default, irrespective of how long such failure continues, shall not constitute a waiver by the Receiver of its respective rights hereunder.

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1.4 Governing Law. This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the courts of such Province and of Canada shall have exclusive jurisdiction with respect to any dispute, matter or thing arising here from.

1.5 Interpretation. Wherever the singular, plural, masculine, feminine or neuter gender is used throughout this Agreement, the same shall be construed as meaning the singular, plural, masculine, feminine, neuter, body politic or body corporate where the fact or context so requires.

1.6 Notices. Any notice, request, demand or other communication or delivery provided for or given hereunder shall be in writing and shall be deemed to have been duly given only if personally delivered or telecopied as follows:

to the Receiver: Schonfeld Inc. Receivers + Trustees

Attention: Mr. Harlan Schonfeld
 Telecopier: 416-862-2136
 Email: harlan@schonfeldinc.com

to the Manager: Briarlane Rental Property Management Inc.

Attention: Brad Smith
 Telecopier: (905) 944-9083
 Email: bsmith@briarlane.ca

All notices delivered or telecopied shall be deemed to have been given on the date of delivery or transmission if delivered or transmitted by 5:00 p.m. or, if not delivered or transmitted by such time, on the next business day following the date of delivery or transmission. Any party to this Agreement may change its address by giving notice of the change of address to the other party.

1.7 Unenforceable Terms. If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

1.8 Further Acts. Each of the parties shall, at the request and expense of any other party execute and deliver any further documents and do all things necessary as may be reasonably required to carry out the true intent and meaning of this Agreement.

1.9 Entire Agreement. This Agreement constitutes the entire and only agreement between the Receiver and the Manager pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written.

1.10 Confidentiality. All information respecting the Receiver, an Owner, or a Property received by the Manager pursuant to this Agreement shall be kept in confidence by the Manager and shall not be disclosed by the Manager to any other person except as required by law or with the written consent of the Receiver. The Manager acknowledges and agrees that the Receiver as an officer of the Court may have a duty to publicly disclose this Agreement and/or the contents hereof.

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ARTICLE 2 APPOINTMENT

2.1 Appointment. The Receiver hereby appoints the Manager to administer, manage, operate and maintain the Properties in accordance with and subject to the terms and conditions hereof. The Manager hereby accepts such appointment and agrees to be bound by the terms and conditions hereof. The Manager shall administer, manage, operate and maintain each of the Properties in a faithful, diligent and honest manner and in accordance with first-class professional standards as would be expected from any reasonable and prudent property manager experienced in performing like services and functions taking into account the Approved Budget and actual funding made available to the Manager. However, Manager is an independent contractor and nothing herein contained creates or shall be construed as creating the relationship of employer-employee or establishing any trust, partnership or joint venture arrangement between the Receiver and the Manager. Nothing herein shall be construed as requiring the Manager to bear any portion of any losses or gains arising out of or connected with the ownership or operation of the Properties.

2.2 Term. Subject to section 4.1 hereof, this Agreement shall commence on the Effective Date and shall continue until the earlier of:

- (a) Six (6) months after the Effective Date (the "Initial Term"), provided, however, that at the expiration of the Initial Term, this Agreement shall be automatically renewed for additional periods of one (1) year each (each, a "Renewal Term"), unless either party notifies the other party in writing of its intent not to renew this Agreement at least 60 days prior to the end of the Initial Term or any Renewal Term, as applicable. The date on which this Agreement expires or is terminated is referred to herein as the "Termination Date". "Term" shall mean the period from the Effective Date through the Termination Date. Notwithstanding the foregoing or anything else contained herein, at any time following the expiration of the Initial Term, either party shall have the option of terminating this Agreement with sixty (60) days prior written notice to the other party without cause or penalty;
- (b) the date that the Receiver sells or no longer has authority to deal with the last Property; and
- (c) the date that a party terminates this Agreement in accordance with section 4.1 hereof.

2.3 Authority. The Manager is hereby given specific authority to operate and manage each Property in accordance with the terms of this Agreement and in accordance with any directions, consents, authorizations, approvals or decisions of the Receiver and in accordance with all applicable municipal, provincial and federal laws and ordinances and all requirements of insurance policies related to a Property. The Manager is hereby given specific authority to retain (as employees of the Manager) personnel and property managers to assist with the operation and management of a Property or any of them in accordance with the terms of this Agreement.

2.4 Scope of Authority.

- (a) The Manager shall have the authority to lease and keep leased all leasable premises within each Property and negotiate and settle the terms of all new Leases, renewals and/or extensions of Leases and amendments thereto for each Property and to execute such Leases, renewals, extensions and amendments, provided that all Leases, renewals

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and/or extensions of Leases and amendments thereto are first Approved by the Receiver in writing.

- (b) The Manager shall negotiate, settle and execute all contracts as may be reasonably necessary for the operation and maintenance of each Property provided that any expense to be incurred thereby is provided for in the current Approved Budget or is otherwise Approved and also provided that each such contract is capable of termination without penalty on not more than thirty days' prior notice.
- (c) The Manager may expend funds for all expenses provided for in the Approved Budget and shall make all Permitted Expenditures provided that all expenses in excess of \$10,000 in the aggregate (such as but not limited to capital expenditures) shall be incurred only on a "cost to complete" basis such that there shall at all times be a sufficient amount remaining unpaid to pay for the completion of the relevant item or work.
- (d) In the event of an Emergency when the Receiver cannot be consulted, after reasonable efforts by the Manager, the Manager is authorized and instructed to proceed with such immediate steps as in its discretion are reasonably necessary for the protection or preservation of a Property from any loss, damage, penalty or other liability. Upon the happening of any Emergency the Manager shall promptly give notice thereof to the Receiver.

2.5 Limitations and Restrictions. The Manager shall not take any action, expend any sum, make any decision, give any consent, approval or authorization, or incur any obligation on behalf of the Receiver with respect to any of the following matters unless and until the same has been Approved:

- (a) construction of any improvements or the making of any capital improvements, repairs, alterations or changes in, to or of a Property in excess of \$10,000.00 in the aggregate except to the extent that it is set forth in an Approved Budget;
- (b) making any expenditure or incurring any obligation other than in accordance with the authority to make expenditures granted to the Manager or which would result in a cost overrun for any particular Approved expenditure or budgeted item;
- (c) preparation and release of all promotional and advertising material relating to any commercial premises in a Property;
- (d) except where the cost is included in the Approved Budget, the retention of counsel for a Property or the institution of any legal action;
- (e) expending more than what the Manager in good faith believes to be the fair and reasonable fair value at the time and place of contracting for any goods purchased or leased or services engaged on behalf of the Receiver or otherwise in connection with a Property; and
- (f) knowingly entering into any agreement or other arrangement for the furnishing to the Receiver or a Property of goods or services with any person or entity not dealing arm's length and *bona fide* with the Manager.

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2.6 **Leasing.** In furtherance of its obligation to operate and manage each Property in a proper and efficient manner, to the extent that it is reasonably capable of so doing and to the extent that the costs incurred are Permitted Expenditures, the Manager shall carry out the duties set out below:

(a) **Lease Administration**

Administer the leasing of each Property save that the preparation of standard commercial lease documents shall be undertaken by the Receiver at its own expense. The Manager shall develop and implement plans concerning the acquisition and removal of Tenants, the supervision of Tenants, the investigation of references of prospective Tenants, the negotiation of the renewal, extension and/or termination of Leases and the cooperation with outside brokers to fill vacancies in a Property. Without limiting the foregoing, the Manager will use all commercially reasonable efforts to procure Tenants for space in the Properties which is or is to become vacant from time to time and will negotiate with prospective Tenants and existing Tenants and prepare, negotiate and finalize all Leases. All such documents will be submitted to the Receiver for approval and signing by the Receiver or as the Receiver may direct. The Manager will also, where necessary, cooperate with third party brokers procuring Tenants for the Properties. The Manager will obtain the Receiver's prior approval in respect of all third party broker agreements proposed to be entered into by the Manager, it being acknowledged that no broker fee will be paid by the Receiver to any third party broker for any renewal, lease or for any extension or amending agreement with the Receiver first having approved the fee in writing.

(b) **Promotion and Leasing**

Advertise each Property, display signs thereon and promote the leasing of each Property.

(c) **Notices to Tenants**

Be responsible for the giving and collection of all notices and statements required to be given to or obtained from Tenants under the terms of the Leases and all applicable laws.

(d) **Collect Rents**

Use reasonable efforts to collect all rents, percentage rents, escalation rents, additional rents and other amounts payable by Tenants.

(e) **Security Deposits**

Accept and deal with security deposits, in trust on behalf of the Receiver according to all applicable laws and in accordance with any instructions provided by the Receiver to the Manager from time to time including (if required by the Receiver) the operation of a separate trust account or accounts for such security deposits.

(f) **Legal Actions**

Sign and serve such notices as the Manager deems necessary in order to collect rents and other amounts in arrears, terminate tenancies and obtain vacant possession of any premises within a Property and institute and prosecute actions, proceedings or suits for such purposes and, when expedient, settle, compromise and release any such actions, proceedings or suits, or reinstate tenancies, all in accordance with standard industry practice.

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(g) Lease Obligations

Use reasonable efforts to ensure compliance by the Tenants with the terms and conditions of all contractual and statutory obligations with respect to the Leases, and do or cause to be done all such things as are necessary to enable or facilitate compliance by the Receiver, as landlord, with all of the terms and conditions of the Leases and the obligations of the Receiver, as Landlord, under all applicable laws and regulations.

(h) Rules and Regulations

Implement rules and regulations for the better or more efficient operation of each Property, and use its reasonable efforts to cause whatever rules and regulations to be observed by the Tenants.

(i) Inspection

At least once in each Fiscal Year, carry out physical inspections of the interior and exterior of each building and structure forming part of a Property and make a written report of the results of such inspections to the Receiver.

(j) Insurance

The Manager shall use commercially reasonable efforts to (i) obtain from all Tenants certificates of insurance and renewals thereof required to be furnished by the terms of their leases, (ii) make electronic copies of the certificates available to the Receiver, and (iii) establish systems and procedures to enforce Lease requirements with regard to insurance certificates.

2.7 Financial Matters.

(a) Initial Budget

Within sixty days after the Effective Date, the Manager shall deliver to the Receiver, for its approval, an operating budget on a Property by Property basis for the balance of the current fiscal year, on a monthly basis, which shall set forth both anticipated revenues and expenses on an accrual basis.

(b) Annual Budgets and Leasing Plan

Prior to the commencement of each Fiscal Year, the Manager shall prepare and submit to the Receiver, for its approval, the following materials:

- (i) an annual operating budget for each Property, broken down on a monthly basis, which shall set forth both anticipated revenues and expenses on an accrual basis, including, without limitation, details of anticipated expenses for non-capital repairs and maintenance, materials and supplies, and legal and audit fees, and
- (ii) an annual capital expenditure budget for each Property with supporting details,

Where there are duties or obligations of the Manager under this Agreement which are to be observed or performed only upon the request of the Receiver, these shall be reviewed at least annually and the decision to direct the Manager to observe or perform such obligations, or not to do so, shall be recorded in the appropriate budget or plan.

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(c) Reports

The Manager shall prepare and provide to the Receiver, on a monthly basis for each Property:

- (i) a bank reconciliation and bank statement for the preceding month,
- (ii) an income statement (on an accrual basis) and report on the financial results of the previous month and the year-to-date, and
- (iii) a current rental schedule, and a rental arrears report together with comments on collection procedures either taken or to be taken by the Manager.


All monthly reports shall be provided to the Receiver within fifteen days of the end of each calendar month.

(d) Annual Financial Statements

Within sixty days after the end of each Fiscal Year, the Manager shall prepare and provide to the Receiver a profit and loss statement for each Property prepared on an accrual basis in accordance with GAAP.

(e) Banking

The Manager shall administer all banking necessary for the due performance of the accounting and administrative functions of the Manager under this Agreement which shall include the following:

- (i) the Manager shall be responsible for the management of cash balances held by the Manager for the Receiver in connection with the operations of each Property from time to time during the course of each month, and shall deposit in a separate interest bearing trust account for each Property, to be maintained by the Manager in the Receiver's name and to be designated as trust accounts, all Gross Revenue including all cash, cheques and other negotiable instruments received by the Manager pursuant to this Agreement,
 - (ii) all interest earned on the funds in such account or accounts shall accrue to the benefit of the Receiver,
 - (iii) the Manager shall deal with such Gross Revenue including cash, cheques and negotiable instruments in accordance with sound management practices so that the Receiver's right, title and interest is fully protected,
 - (iv) all cheques drawn on such account or accounts shall be signed by the Manager provided that all cheques in excess of \$5000.00 must be signed by the Receiver, and
 - (v) no funds shall be disbursed from any such account or accounts except in accordance with this Agreement.
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(f) Provision of Funds.

The Manager shall not be required to and shall not overdraw the bank account or accounts operated by it in connection with the operation of a Property. If the amount of the Permitted Expenditures exceed at any time the amount held by the Manager for the Receiver the Manager shall immediately notify the Receiver and the Receiver shall forthwith furnish to the Manager sufficient funds to enable it to make such expenditures. If the Receiver fails to furnish such funds, the Manager shall not be required to expend its own funds and shall have no liability whatsoever for any consequences arising from such failure by the Receiver. The Receiver shall indemnify and save harmless the Manager from any and all actions by third parties arising from the failure to make any expenditures by reason of the Receiver's failure to provide funds.

(g) Books of Account

The Manager shall maintain appropriate, separate and proper books of account and records with respect to each Property and all transactions entered into in performance of this Agreement, all of which shall be and remain at all times the property of the Receiver. At reasonable times and intervals the Receiver may obtain information with respect to a Property and cause inspections and audits of the books and records maintained by the Manager pursuant to this Agreement to be performed and the Manager shall provide all reasonable assistance to the Receiver's employees and auditors. Following the expiration or earlier termination of the Term, Manager shall deliver of all books and records to the Receiver. Accounting for each Property shall be prepared on one of the following bases, as directed in advance by the Receiver: cash, modified cash or accrual basis (not a combination thereof). Manager shall endeavour to implement appropriate controls over accounting and financial transactions as is reasonably required to protect the Receiver's assets from theft, error or fraudulent activity. The Receiver or its representatives may conduct examinations, upon reasonable prior notice, of the books and records maintained for the Receiver by Manager as well as all additional audit tests relating to Manager's activities, either at any Property or at the office of Manager; provided such audit tests are directly related to those activities performed by Manager for the Receiver and do not unduly interfere with the performance of Manager's duties under this Agreement. Should the Receiver discover either weaknesses in internal controls or errors in record keeping, Manager shall correct discrepancies either upon discovery or within a reasonable period of time after the audit.

(h) Disbursement of Net Cash Flow

Not later than ten (10) days after the end of each calendar month, the Manager shall remit to the Receiver the Net Cash Flow for the preceding month, subject to maintaining a reasonable reserve for accounts payable and anticipated expenses which has been pre-approved by the Receiver acting reasonably and without delay. The Receiver shall have the right to require the transfer to the Receiver at any time of funds in the Bank Account considered by the Receiver to be in excess of an amount reasonably required by Manager for disbursement and compensation purposes in connection with the operation and management of each Property. However, if the Manager, acting reasonably, believes that the amount requested by the Receiver would leave an insufficient amount to pay the anticipated expenses, including the Manager's Fees and any then outstanding supervisory and/or leasing fees for the next thirty (30) day period, it may, provided it has obtained the Receiver's prior written approval, acting reasonably and without delay, retain a holdback for said anticipated expenses in the Bank Account for up to sixty (60) days and thereafter

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remit said holdback amounts to the Receiver less any amounts properly expended in connection with said anticipated expenses.

(i) Duty of Care


The Manager shall exercise such control over accounting and financial transactions as is reasonably required to protect the Receiver's assets from loss or diminution due to negligence, recklessness, willful misconduct, fraud or criminal acts on the part of the Manager or its agents, contractors, subcontractors, associates or employees.

(j) Due Diligence Matters

The Manager will provide reasonable assistance to the Receiver in satisfying the Court and any proposed purchaser, transferor, mortgagee or lender in respect of any Property or Properties that conducts due diligence investigations. This will be done without any additional cost to the Receiver, except for reasonable out of pocket expenses approved in writing by the Receiver, acting reasonably, including reasonable disbursements for copying, scanning and printing documents using the Manager's equipment and will include, without limitation, using commercially reasonable efforts (but not including litigation or the payment of legal fees or any monies to the Tenants) to obtain estoppel certificates (prepared by third parties) signed by the Tenants and making available copies of all documents relating to the Property for delivery to prospective purchasers, transferees or lenders under the terms of any applicable agreement of purchase and sale or financing. For greater certainty, the Manager shall not be responsible for negotiating any material amendments to the aforementioned estoppel certificates. Following the first transaction for any Property, the Manager may thereafter charge the Receiver a reasonable hourly rate which has been pre-approved in writing by the Receiver, acting reasonably, for the Manager utilizing staff to provide assistance to the Receiver as herein described for the same Property. Without limiting the foregoing, the Manager will execute in its capacity as manager of a Property or Properties and deliver such estoppels, postponements, documents and agreements prepared by third parties as are reasonably required by the Court and/or each Property's lenders and/or purchasers from time to time to facilitate the financings and/or sale of all or some of the Properties from time to time provided that the same shall not impose any financial liabilities or obligations on the Manager.

(k) Confidentiality

The Manager shall hold in confidence and not use or disclose to third parties any confidential or proprietary information of the Receiver which is disclosed to the Manager, including but not limited to any confidential data, information, plans, programs, processes, costs, or operations information, provided, however, the confidentiality obligations hereunder shall not apply to the extent such information (i) is available to the general public or generally known within the real estate industry; (ii) has been received by Manager from a party under no duty of confidentiality to the Receiver; (iii) is independently developed by Manager, or (iv) is required to be disclosed pursuant to law, court order or subpoena (with notice to the disclosing party). This confidentiality provision will survive the expiration or termination of this Agreement for any reason.



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2.8 Repairs and Operations.**(a) Repairs and Alterations**

To the extent that the costs thereof are Permitted Expenditures, the Manager shall make all repairs and replacements to each Property and all alterations and redecoration which may become necessary or desirable to: (i) improve the rentability of each Property, (ii) comply with the policies from time to time established by the Receiver; and (iii) comply with all regulations of any governmental authority having jurisdiction. Where the Manager is requested by the Receiver to coordinate the construction of substantial improvements to each Property, and the Manager is competent to supervise such work, the Manager shall be entitled, subject to the amount thereof being Approved prior to the commencement of such work, to be paid a fee for such services in addition to the fees otherwise payable to the Manager hereunder, subject to the Receiver's written approval.

(b) Climate Control

The Manager shall ensure that the buildings on each Property are heated and cooled to reasonable temperatures, according to the season and shall cause the heating, ventilating and air-conditioning equipment to be operated, maintained and kept in repair in conformity with the obligations of the Receiver to the Tenants.

(c) Cleaning

The Manager shall maintain the interior and exterior Common Areas of each Property clean and, where open to the elements, reasonably free from snow and ice.

(d) Vacant Properties

To the extent that a Property or a portion thereof consists of vacant lands, the Manager shall regularly attend to said vacant Property and ensure that said vacant Property is properly secured and free of garbage. In the event that there has been any damage or mischief done to said vacant Property, the Manager shall forthwith apprise the Receiver of same.

(e) General

To the extent that the costs thereof are Permitted Expenditures the Manager shall perform and contract for all things necessary for the proper and efficient management, operation and maintenance of each Property.

2.9 Personnel. The Manager shall be responsible for hiring and making available such of its administrative and other employees (who shall not for any purpose be, or be deemed to be, employees of the Receiver) as shall be necessary and desirable for the performance by the Manager of its obligations under this Agreement. The full costs of such employees and all out of pocket expenses for which such employees are reimbursed shall be at the Manager's sole cost and expense.

2.10 Insurance Management: The Manager shall supervise and use all reasonable efforts to place or cause to be placed all insurance required by the Receiver with respect to each Property. Such supervision shall include, without limitation, recommending the amount and type of insurance coverage to be placed, settling of insurance contracts, renewing the insurance coverage, filing of claims, liaison with insurance adjusters, compliance with all statutory conditions and otherwise generally carrying out the duties of an

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insurance manager. All insurance shall be Approved as to type, amounts and underwriters with whom the insurance is placed and shall comply with the requirements of any agreements which are known to the Manager.

The Receiver shall insure the Premises with fire and all perils property damage insurance, rental income, boiler, machinery and pressure vessel insurance with such limits, exclusions and other terms as the Receiver determines, acting reasonably, having regard to the Manager's recommendations. Such policies of insurance shall contain a provision whereby the insurer waives its right of subrogation against the Manager, the employees of the Manager and those parties for whom the Manager is at law responsible. The Receiver shall also be liable to insure against all liability to third parties and employees which may arise in respect of the ownership, use and operation of the Premises with such limits, exclusions and other terms as the Receiver determines, acting reasonably, having regard to the Manager's reasonable recommendations. Such policies of insurance shall name the Manager, the employees of the Manager and those parties for whom the Manager is at law responsible as additional insured thereunder. The Manager shall at the request of the Receiver acquire the policies of insurance which the Receiver is obligated to obtain and all such policies of insurance shall provide that the insurer shall not amend any of the terms thereof or cancel them without at least thirty (30) days' prior written notice to the Receiver and the Manager. The Manager shall have the power and authority on behalf of the Receiver to comply to the extent that it is so empowered hereunder with all conditions of such policies of insurance. The Receiver's insurance coverage shall be primary to that of the Manager's on any claim.

ARTICLE 3 FEES

3.1 Compensation. During the Term, the Manager shall not be entitled to any fees, commissions or other compensation for the performance of its obligations hereunder, save and except for the fees referred to herein and any fee which may be Approved. Except as may be Approved, the Manager shall not accept for its own account in the execution of its duties and obligations hereunder any fees, commissions, reductions, finder's fees or other concessions or compensation whatsoever from tradesmen, suppliers, contractors, insurers, Tenants or others. The Manager shall try to obtain such concessions on behalf of the Receiver and any such concession received shall be remitted to or credited to the Receiver forthwith. The Manager in performing its duties under this Agreement acts in a fiduciary capacity. Accordingly, the Manager will not accept for its own account in the execution of its duties under this Agreement any commissions, reductions, finder's fees or other concessions from tradesmen, suppliers, contractors, insurers or tenants. If such concessions are received by the Manager then in addition to all rights and remedies of the Receiver under this Agreement, such concessions shall be remitted to or credited to the Receiver immediately after receipt.

3.2 Payment of Management Fees. The Receiver shall pay or caused to be paid to the Manager the Management Fees as well as the supervisory fees and leasing fees contemplated in Schedule 2 hereof. The Manager shall also be reimbursed by the Receiver for any reasonable arm's length expenses incurred by it in the performance of its duties hereunder provided and only to the extent that such expenses are Permitted Expenditures. Provided it is not in default under this Agreement, the Manager shall be entitled, to pay itself, on a monthly basis as a Permitted Expenditure, the Management Fees. The parties acknowledge that Management Fees are intended to cover all of the Manager's head office, management and other costs and expenses.

3.3 Receipts. All revenues from the Properties, including minimum rent, percentage rent and additional rent and other miscellaneous income, shall be received and collected by the Manager, in trust on behalf of the Receiver and for the account of the Receiver. The Manager will deposit all such monies in an account or accounts of such types in such forms and names and in such chartered banks or trust

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companies as are approved by the Receiver from time to time. The bank accounts established for the benefit of the Receiver shall only be used in respect of the Properties and the Manager cannot co-mingle funds and unrelated funds.

ARTICLE 4 TERMINATION

4.1 Termination. This Agreement may be terminated:

- (a) by the Receiver giving notice to the Manager in the event that:
 - (i) the Manager is in breach of its duties hereunder and has failed to correct such breach within five (5) business days of being apprised of said breach;
 - (ii) immediately, if the Manager acts in a dishonest or fraudulent manner;
 - (iii) an order is made, an effective resolution is passed or a petition is filed for the winding up or dissolution of the Manager, or a petition in bankruptcy is filed by or against the Manager, or the Manager goes into liquidation, either voluntarily or under an order of any court of competent jurisdiction, or the Manager becomes insolvent, commits an act of bankruptcy or makes a general assignment for the benefit of its creditors, or a liquidator, receiver or receiver/manager is appointed with respect to the Manager, or any execution, distress or any other process of the court becomes enforceable against the Manager; or
 - (iv) as to the relevant Property or Properties only, if at any time upon one (1) day's prior written notice to the Manager from time to time if:
 - (A) the Court order and/or the Receiver's appointment and/or in connection with a Property is restricted, rescinded, revoked, suspended or terminated;
 - (B) the Receiver is restricted in or enjoined from dealing with a Property by a court of competent jurisdiction;
 - (C) a court of competent jurisdiction or other governmental or regulatory authority issues an order, decree or ruling, or takes any other action restraining, enjoining or otherwise prohibiting the matters contemplated hereby, which order, decree, ruling or other action is not stayed or dismissed in its entirety;
 - (D) any person entitled to redeem a Property (including, without limitation, each of the mortgagees and/or other secured creditors) pursuant to any statute or rule of law or equity does so;
 - (E) any mortgagee exercises its power of sale remedy and/or any other rights or remedies with respect to a Property;
 - (F) if any building on a Property is destroyed and the Receiver, for any reason, elects not to rebuild the building, then this Agreement shall terminate, in respect of that Property only, on the date following written

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notice to Manager that the Receiver has elected not to rebuild the building after such destruction;

- (G) If there is a condemnation/expropriation of all or any substantial part of any Property, then this Agreement shall automatically terminate, in respect of that Property only, as of the date of such taking or condemnation; or
- (b) by the Manager giving notice to the Receiver if the Receiver is in breach of its obligations hereunder to pay the Management Fee or to pay any expenses incurred by the Manager in the performance of its duties hereunder for which it is entitled to be reimbursed and such breach has not been corrected within a reasonable time, and such default continues for a period of 10 days after written notice thereof by the Manager to the Receiver; or
- (c) by either party hereto without cause or penalty and for any reason, after the Initial Term by such party providing the other party hereto with sixty (60) days' prior written notice and without the payment of any termination or similar fee.

4.2 Deliveries. On the expiration or earlier termination of this Agreement, the Manager shall promptly deliver to the Receiver:

- (a) all financial reports and all books of account and records with respect to each Property in its possession;
- (b) all original Leases and contracts relating to supplies or services in its possession together with assignments of the Manager's rights, title and interest therein (if requested by the Receiver);
- (c) all cheques, negotiable instruments or cash in its possession in respect of the Gross Revenue;
- (d) all keys to each Property in its possession; and
- (e) all unpaid invoices in its possession with respect to each Property.

4.3 Disposition of Properties. Notwithstanding the foregoing or anything else contained herein or elsewhere, the Receiver may, without cause or penalty, Dispose of some or all of the Properties from time to time, in the Receiver's sole, absolute and unreviewable discretion provided that if a Property is Disposed of and the closing occurs during the Initial Term, then other than those circumstances described in section 4.1(a)(iv) herein (in which event the Manager shall not be entitled to the Management Fee), the Manager shall remain entitled to the Management Fee for said Disposed Property for the balance of the Initial Term and the Receiver shall pay same unless a third party such as the purchaser of the Property agrees to do so. Subject to the foregoing sentence, any Property or Properties, Disposed of from time to time, shall no longer be subject to the terms and conditions of this Agreement. Provided that the Receiver shall provide the Manager with notice of any of the proceedings described in section 4.1(a)(iv) herein forthwith after receipt of notice of same.

4.4 Liability for Existing Management Fees. Notwithstanding the foregoing or anything herein contained, upon termination of this Agreement for any cause, the Receiver shall remain liable for all expenses properly incurred for the Properties until said termination and the Management Fee (as well as

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all outstanding supervisory and leasing fees) payable up to the effective date of the termination. Provided further if there are any third party contracts affecting a Property which were approved by the Receiver and which cannot be terminated upon the Disposition of a Property, the Receiver will either cause a third party purchaser to assume the same or will be liable for any direct costs payable to the other party to the contract for terminating said contracts.

ARTICLE 5 INDEMNITY

5.1 Indemnification by Receiver. Without prejudice to any other rights or remedies available to the Manager, the Receiver hereby indemnifies and saves harmless the Manager from and against any and all claims, suits, demands, losses, costs, damages and expenses (including legal costs) arising directly or indirectly, in whole or in part, out of the Manager's appointment hereunder and out of the Manager's lawful and proper performance of its duties hereunder, provided that this indemnity shall not extend to or apply in the case of:

- (a) any negligence by the Manager or its employees or agents;
- (b) any act of commission or omission by the Manager or its employees or agents which is in breach of this Agreement; or
- (c) fraud or other dishonest or illegal acts of the Manager or its employees or agents.

5.2 Indemnification by Manager. Without prejudice to any other rights or remedies available to the Receiver, the Manager hereby indemnifies and saves harmless the Receiver from and against any and all claims, suits, demands, losses, costs, damages and expenses (including legal costs) arising directly or indirectly, in whole or in part, out of the Manager's or its employees or agents' negligence or the Managers failure to perform its duties hereunder or the Manager or its employees or agents otherwise breaching this Agreement or the Manager or its employees or agents conducting any fraudulent, dishonest or illegal act in connection with this Agreement or its employees or agents so doing.

5.3 Non-Merger. The indemnities set forth herein shall survive the expiration or earlier termination of this Agreement.

ARTICLE 6 MISCELLANEOUS

6.1 Further Assurances. Each of the parties hereto shall from time to time hereafter and upon any reasonable request of the other party, execute and deliver, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

6.2 Capacity. Notwithstanding anything else contained herein or elsewhere, the Manager acknowledges and agrees that: (a) Schonfeld Inc. is entering into this Agreement and all related documentation from time to time solely in its capacity as the Court appointed manager, without security, of all of the assets, undertakings and properties of the Owner from time to time with no personal or corporate liability; (b) Schonfeld Inc. and its agents, officers, directors, partners and employees have no and shall have no personal or corporate liability of any kind whatsoever, in contract, in tort, at law, in equity or otherwise as a result of or in any way connected with the Properties, this Agreement or as a result of the Receiver performing or failing to perform any of its obligations hereunder; and (c) in respect of any obligations and liabilities of the Receiver hereunder, the Manager shall have recourse only to the

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interests of the Receiver in the Properties, if any, and such obligations and liabilities are not otherwise personally binding upon nor shall resort be had to any other assets or property of the Receiver and/or its agents, officers, directors, partners and/or employees.

6.3 Counterparts. This Agreement may be executed in counterpart and transmitted by fax or email and the reproduction of any signature in counterpart and by fax or email will be treated as though such reproduction was an executed original signature.



IN WITNESS WHEREOF the parties hereto have executed this Agreement.

SCHONFELD INC. RECEIVERS + TRUSTEES
solely in its capacity as the Court appointed manager,
without security, of all of the assets, undertakings and
properties of the Owners with no personal or corporate
liability

Per:  c/s

**BRIARLANE RENTAL PROPERTY
MANAGEMENT INC.**

Per:  c/s

SCHEDULE 1
DESCRIPTION OF INITIAL PROPERTIES

MUNICIPAL ADDRESS	REGISTERED OWNER
1. 241 Spadina	Twin Dragons Corporation
2. 1185 Eglinton Avenue East	Bannockburn Lands Inc. (formerly Skyline - 1185 Eglinton Avenue Inc.)
3. 18 Wynford Drive	Wynford Professional Centre Ltd.
4. 32 Atlantic	Liberty Village Properties Ltd.
5. 47 Jefferson	Liberty Village Lands Inc.
6. 450 Pape	Riverdale Mansion Ltd.
7. 5770-5780 Highway 7	Royal Agincourt Corp.
8. 14 Trent Avenue	Hidden Gem Development Inc.
9. 3765 St. Clair East	Ascalon Lands Ltd.
10. 78 Tisdale Ave.	Tisdale Mews Inc.
11. 1131A Leslie	Lesliebrook Holdings Ltd.
12. 7 - 15 Fraser	Fraser Properties Corp.
13. 30 Fraser	Fraser Lands Ltd.
14. 1003 Queen Street East	Queen's Corner Corp.
15. 140 Queen's Plate Drive	Northern Dancer Lands Ltd.
16. 1485 Dupont	Dupont Developments Ltd.
17. 875 Queen Street East	Red Door Developments Inc.
18. 887 Queen Street East	Red Door Lands Ltd.
19. 1450 Don Mills Road	Global Mills Inc.
20. 0 Trent Avenue	Salmon River Properties Ltd.
21. 1 - 9/11 City View Drive	Cityview Industrial Ltd.
22. 355 Weston	Weston Lands Ltd.
23. 65 Heward	Double Rose Developments Ltd.
24. 115, 117, 119 Skyway and 32-34 Meridian Road	Skyway Holdings Ltd.
25. 295 The West Mall	West Mall Holdings Ltd.
26. 1 & 20 Royal Gate Boulevard, Vaughan	Royal Gate Nominee Inc.
27. 14 Dewhurst Boulevard	Dewhurst Developments Ltd.
28. 153 Eddystone	Eddystone Place Inc.
29. 1500 Don Mills Road	EI-Ad (1500 Don Mills) Limited
30. 165 Bathurst Street/ 620 Richmond Street West	165 Bathurst Inc.

SCHEDULE 2
MANAGEMENT FEES

1. The Management Fee payable by the Receiver to the Manager pursuant to this Agreement shall be payable on Adjusted Gross Revenue actually collected and remitted to the Receiver and must be competitive to those generally charged in the industry and may upon the further written agreement between the parties hereto be changed from time to time to reflect a fair market fee. The Management Fee per Property is the greater of:

- (a) 3.75% of Adjusted Gross Revenue commercial revenue plus HST per month; and
- (b) \$850.00 plus HST per month.

The Management Fee shall be payable monthly, in advance, on the first day of each calendar month and shall include an estimate and Adjusted Gross Revenue from the preceding calendar month.

2. So long as an engineer and/or an architect is not retained for the benefit of the relevant project or the Receiver, the Manager shall also be paid a fee equal to five percent (5%) of the amount of all costs incurred in respect of any capital repair and replacement which the Manager actively oversees and supervises and which is greater than \$25,000 in value. Such fee shall be paid monthly but only as such costs are paid.
3. Provided the relevant Tenant has executed all Lease documentation, is in possession of the leased premises on a Property and is paying rent thereunder, the Manager shall also be paid a leasing fee for arranging a new Lease with a new Tenant or for renewing and/or extending an existing Lease with an existing Tenant equal to five percent (5%) of the first year's net rent and two percent (2%) of each additional year's net rent (in each case, after deducting all Tenant allowances, rent free periods and inducements) provided no fee shall be paid in respect of an existing Tenant exercising existing options to renew or extend at pre-defined rents. In all cases, the leasing fee must not exceed those charged by third party brokers and, if a third party broker or agent is involved, the Manager's leasing fee will be reduced accordingly. *The Manager*

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agrees to reduce its leasing fee based upon the time and effort of the lease negotiation.

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Goodmans^{LLP}

Barristers & Solicitors

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.849.6895
mdunn@goodmans.ca

November 19, 2013

Delivered via courier

5K INVESTMENTS INC.
620 Wilson Avenue, Ste. 150,
Toronto, Ontario M3K 1Z3

Dear sirs/mesdames:

**Re: Order dated November 5, 2013 in respect of the companies listed at
Schedule "B" thereto**

We are the lawyers for Schonfeld Inc. Receivers + Trustees (the "Manager") in its capacity as Manager of certain companies (the "Companies") listed at Schedule "B" to the Order of Justice Newbould dated November 5, 2013 (the "Order").¹ The Order is attached.

We are writing because we have been advised that your company may have advanced funds to one or more of the Companies and taken mortgage security against its real property. The Manager has not examined the validity or priority of any mortgages registered against the Companies' property and it reserves all rights in this regard.

The Manager was appointed by the Court to ensure that all interested parties are treated fairly and to establish and execute a fair process to deal with the Companies' assets, including the collateral pledged to third party mortgagees. The Manager's mandate is to, among other things, carry out the management, preservation and disposition of the Companies' property in a transparent and accountable manner. As part of this mandate, the Manager will keep all stakeholders informed of its activities and seek court approval, on notice to all interested parties, before selling the Companies' real estate assets.

¹ Justice Newbould appointed the Manager effective November 5, 2013. The terms of the Order were finalized on November 15, 2013 and the Order could not be issued and entered until November 18, 2013 because Justice Newbould asked counsel to hold it in escrow pending the resolution of a related motion between the parties.

The Order may affect rights that your company may otherwise have against the Companies or their property. Among other things:

- paragraph 12 of the Order provides that no legal proceeding may be commenced or continued against the Companies without the permission of the Manager or leave of the Court;
- paragraph 13 of the Order suspends and stays enforcement of remedies that might exist against the Companies² without the permission of the Manager or leave of the Court; and
- paragraphs 21 and 24 of the Order provide for certain charges that rank ahead of pre-existing security interests in the Companies' property.

The Manager is empowered to, among other things, undertake sole and exclusive authority to manage and control the Companies' property and operate each Company's business. We ask that you or your legal counsel direct any inquiries relating to the Order to Harlan Schonfeld (who is the principal of the Manager), James Merryweather of the Manager, Fred Myers (who is the partner at our office having carriage of this matter)³ or myself. Contact information for Mr. Schonfeld, Mr. Merryweather and Mr. Myers is below:

S Harlan Schonfeld CPA CIRP
James Merryweather CGA
SCHONFELD INC. Receivers & Trustees
438 University Avenue, 21st Floor
Toronto, ON M5G 2K8
Tel: 416.862.7785
Fax: 416.862.2136
E-mail: harlan@schonfeldinc.com
E-mail: jmerryweather@schonfeldinc.com

Fred Myers
Partner
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
Tel: 416.597.5923
Fax: 416.979.1234
E-mail: fmyers@goodmans.ca

² Note that there are certain exceptions to this stay listed at paragraph 13.

³ Note that Mr. Myers is out of the country this week conducting examinations and will have less than usual access to e-mail and voicemail.

Goodmans^{LLP}

Page 3

We look forward to hearing from you.

Yours very truly,

Goodmans LLP



Mark S. Dunn

cc: Schonfeld Inc.
Fred Myers, *Goodmans LLP*

6267126

8

Goodmans^{LLP}

Barristers & Solicitors

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.849.6895
mdunn@goodmans.ca

November 22, 2013

Delivered via courier

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, ON M5J 2Y1

Loan No. 1075/13

Dear sirs/mesdames:

**Re: Order dated November 5, 2013 in respect of the companies listed at
Schedule "B" thereto**

We are the lawyers for Schonfeld Inc. Receivers + Trustees (the "Manager") in its capacity as Manager of certain companies (the "Companies") listed at Schedule "B" to the Order of Justice Newbould dated November 5, 2013 (the "Order").¹ The Order is attached.

We are writing because we have been advised that your company may have advanced funds to one or more of the Companies and taken mortgage security against its real property. The Manager has not examined the validity or priority of any mortgages registered against the Companies' property and it reserves all rights in this regard.

The Manager was appointed by the Court to ensure that all interested parties are treated fairly and to establish and execute a fair process to deal with the Companies' assets, including the collateral pledged to third party mortgagees. The Manager's mandate is to, among other things, carry out the management, preservation and disposition of the Companies' property in a transparent and accountable manner. As part of this mandate, the Manager will keep all stakeholders informed of its activities and seek court approval, on notice to all interested parties, before selling the Companies' real estate assets.

¹ Justice Newbould appointed the Manager effective November 5, 2013. The terms of the Order were finalized on November 15, 2013 and the Order could not be issued and entered until November 18, 2013 because Justice Newbould asked counsel to hold it in escrow pending the resolution of a related motion between the parties.

The Order may affect rights that your company may otherwise have against the Companies or their property. Among other things:

- paragraph 12 of the Order provides that no legal proceeding may be commenced or continued against the Companies without the permission of the Manager or leave of the Court;
- paragraph 13 of the Order suspends and stays enforcement of remedies that might exist against the Companies² without the permission of the Manager or leave of the Court; and
- paragraphs 21 and 24 of the Order provide for certain charges that rank ahead of pre-existing security interests in the Companies' property.

The Manager is empowered to, among other things, undertake sole and exclusive authority to manage and control the Companies' property and operate each Company's business. We ask that you or your legal counsel direct any inquiries relating to the Order to Harlan Schonfeld (who is the principal of the Manager), James Merryweather of the Manager, Fred Myers (who is the partner at our office having carriage of this matter)³ or myself. Contact information for Mr. Schonfeld, Mr. Merryweather and Mr. Myers is below:

S Harlan Schonfeld CPA CIRP
James Merryweather CGA
SCHONFELD INC. Receivers & Trustees
438 University Avenue, 21st Floor
Toronto, ON M5G 2K8
Tel: 416.862.7785
Fax: 416.862.2136
E-mail: harlan@schonfeldinc.com
E-mail: jmerryweather@schonfeldinc.com

Fred Myers
Partner
Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7
Tel: 416.597.5923
Fax: 416.979.1234
E-mail: fmyers@goodmans.ca

² Note that there are certain exceptions to this stay listed at paragraph 13.

³ Note that Mr. Myers is out of the country this week conducting examinations and will have less than usual access to e-mail and voicemail.

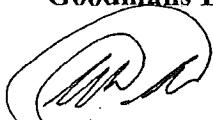
Goodmans^{LLP}

Page 3

We look forward to hearing from you.

Yours very truly,

Goodmans LLP

A handwritten signature in dark ink, appearing to read 'M. S. Dunn', is written over the printed name.

Mark S. Dunn

cc: Schonfeld Inc.
Fred Myers, *Goodmans LLP*

9

SECURED INTERESTS REGISTERED AGAINST REAL PROPERTY OWNED BY COMPANIES LISTED IN SCHEDULE "B" TO THE ORDER OF NEWBOULD, J. DATED NOVEMBER 5, 2013

MUNICIPAL ADDRESS	REGISTERED OWNER	PIN	REGISTERED MORTGAGES / LIENS			
			INSTRUMENT	AMOUNT	MORTGAGEE / LIEN CLAIMANT	ADDRESS
1. 241 Spadina	Twin Dragons Corporation	21206-0253 (LT)	Charge (AT3250646), Notice of Assignment of Rents General (AT3250647) and Notices of Assignment of Lessor Interest (AT3250663, AT3250664)	\$8,300,000	Computershare Trust Company of Canada	c/o ACM CMF Services Ltd., 210 – 1140 Homer Street, Vancouver, B.C. V6B 2X6
2. 1185 Eglinton Avenue East	Bannockburn Lands Inc. (formerly Skyline – 1185 Eglinton Avenue Inc.)	10370-0002 (LT) 10370-0004 (LT)	Charge (AT3194404), Notice of Assignment of Rents General (AT3194405)	\$12,000,000	Atrium Mortgage Investment Corporation	20 Adelaide Street East, Suite 900, Toronto, ON M5C 2T6
3. 18 Wynford Drive	Wynford Professional Centre Ltd.	12037-0001 (LT) to 12037-0008 (LT) 12037-0012 (LT) to 12037-0018 (LT) 12037-0022 (LT) to 12037-0064 (LT) 12037-0090 (LT) to 12037-0157 (LT) 12037-0176 (LT) to 12037-0200 (LT) 12037-0209 (LT) 12037-0219 (LT) to 12037-0224 (LT) 12037-0227 (LT) to 12037-0300 (LT) 12037-0319 (LT) to 12037-0333 (LT) 12037-0335 (LT) to 12037-0349 (LT) 12037-0351 (LT) to 12037-0360 (LT) 12037-0364 (LT) to 12037-0473 (LT) 12037-0475 (LT) to 12037-0482 (LT)	Charge (AT3251575), Notice of Assignment of Rents General (AT3251636) <i>Note: based on a review of PIN 12037-0001 (LT) only.</i>	\$9,850,000	Computershare Trust Company of Canada	100 University Avenue, 9 th Floor, Toronto, ON M5J 2Y1 Loan No. 1075/13

4. 32 Atlantic	Liberty Village Properties Ltd.	21299-0294 (LT)	Charge (AT3113002), Notice of Assignment of Rents General (AT3113003), Notice of Assignment of Lessor Interest (AT3113022)	\$13,500,000	TCE Beta Services Inc	c/o Pencor Capital Corp., Unit 11A, 75 West Beaver Creek Road, Richmond Hill, ON L4B 1K6
5. 47 Jefferson	Liberty Village Lands Inc.	21299-0293 (LT)	Charge (AT2798006)	\$2,000,000	368230 Ontario Limited	60 Post Road, Toronto, ON M3B 1H8
6. 450 Pape	Riverdale Mansion Ltd.	21061-0347 (LT)	Charge (AT2741694)	\$3,000,000	368230 Ontario Limited	60 Post Road, Toronto, ON M3B 1H8
7. 5770-5780 Highway 7	Royal Agincourt Corp.	03311-1065 (LT)	Charge (YR1760250), Notice of Assignment of Rents General (YR1760251)	\$11,600,000	The Equitable Trust Company	c/o Harbour Mortgage Corp., 36 Toronto Street, Suite 500, Toronto, ON M5C 2C5
8. 14 Trent Avenue	Hidden Gem Development Inc.	21013-0181 (LT) 21013-0228 (LT)	Charge (AT3330667)	\$2,160,000	Variety Club of Ontario – Tent 28	Variety – The Children’s Charity, 3701 Danforth Avenue, Toronto, ON M1N 2G2
9. 3765 St. Clair East	Ascalon Lands Ltd.	06422-0090 (LT)	Charge (AT3368107)	\$2,100,000	E. Manson Investments Limited, 5K Investments Inc., Yerusha Investments Inc., National Tire Sales and Service (2011) Ltd., Marlene Orenbach, Gertner Family Charitable Foundation, Aviva Malatzky, 673830 Ontario Limited, Errol Gordon, B. & M. Handelman Investments Limited and Aurelia Ostro	620 Wilson Avenue, Suite 150, Toronto, ON M3K 1Z3
10. 78 Tisdale Ave.	Tisdale Mews Inc.	10373-0512 (LT)	Charge (AT3336994), Notice of Assignment of Rents General (AT3336995)	\$3,000,000	E. Manson Investments Limited, 5K Investments Inc., Yerusha Investments Inc., National Tire Sales and Service (2011) Ltd., Natme Holdings Ltd., Marvin Teperman, Maxoren Investments Inc., Sheilaco Investments Inc., Errol Gordon, Southern Atlantic Service, Elaine Pepper, B. & M. Handelman Investments Limited and 558678 Ontario Limited	All Chargees except 558678 Ontario Limited: 620 Wilson Avenue, Suite 150, Toronto, ON M3K 1Z3 558678 Ontario Limited: 3338 Dufferin Street, Toronto, ON M6A 3A4 (13-1069)
11. 1131A Leslie	Lesliebrook Holdings Ltd.	10138-0028 (LT)	Charge (AT3008088), Notice of Assignment of Rents General (AT3008089), Notice of Amending Agreement (AT3021069)	\$5,250,000	Computershare Trust Company of Canada	100 University Avenue, South Tower, 8 th Floor, Toronto, ON M5J 2Y1 (Leslie Street Office)

12. 7 - 15 Fraser	Fraser Properties Corp.	21299-0097 (LT)	Charge (AT2996265), Notice of Assignment of Rents General (AT2996304)	\$12,500,000	Loutan Richmond Inc. and 270379 Ontario Ltd.	Loutan Richmond Inc: 696 Briarhill Avenue, Toronto, ON M6B 1L3 270379 Ontario Ltd.: 7 Weetwood Drive, Toronto, ON MM5M 4C9
			Charge (AT2996426), Notice of Assignment of Rents General (AT2996436)	\$6,000,000	E. Manson Investments Limited, Dan Realty Limited, Reiter International Limited, Ann Forman, 1060400 Ontario Inc. and B and M. Handelman Investments Ltd.	E. Manson Investments Limited: 620 Wilson Avenue, Suite 401, Toronto, ON M3K 1ZE Dan Realty Limited: 1120 Finch Avenue West, Suite 100, Toronto, ON M3J 3H7 Reiter International Limited: 298 Sheppard Avenue West, Suite 100, Toronto, ON M2N 1N5 Ann Forman: 27 Shenstone Road, Toronto, ON M2R 3B3 1060400 Ontario Inc.: 160 Bradwick Drive, Unit 31, Concord, ON L4K 1K8 B and M Handelman Investments Ltd.: 342 Spadina Road, Apt. 203, Toronto, ON M5P 2V4
13. 30 Fraser	Fraser Lands Ltd.	21299-0090 (LT)	Charge (AT2996265), Notice of Assignment of Rents General (AT2996304)	\$12,500,000	Loutan Richmond Inc. and 270379 Ontario Ltd.	Loutan Richmond Inc: 696 Briarhill Avenue, Toronto, ON M6B 1L3 270379 Ontario Ltd.: 7 Weetwood Drive, Toronto, ON MM5M 4C9
			Charge (AT2996426), Notice of Assignment of Rents General (AT2996436)	\$6,000,000	E. Manson Investments Limited, Dan Realty Limited, Reiter International Limited, Ann Forman, 1060400 Ontario Inc. and B and M. Handelman Investments Ltd.	E. Manson Investments Limited: 620 Wilson Avenue, Suite 401, Toronto, ON M3K 1ZE Dan Realty Limited: 1120 Finch Avenue West, Suite 100, Toronto, ON M3J 3H7 Reiter International Limited: 298 Sheppard Avenue West, Suite 100, Toronto, ON M2N 1N5 Ann Forman: 27 Shenstone Road, Toronto, ON M2R 3B3 1060400 Ontario Inc.: 160 Bradwick Drive, Unit 31, Concord, ON L4K 1K8 B and M Handelman Investments Ltd.: 342 Spadina Road, Apt. 203, Toronto, ON M5P 2V4
14. 1003 Queen Street East	Queen's Corner Corp.	21056-0426 (LT)	Charge (AT3084734), Notice of Assignment of Rents General (AT3084743)	\$4,000,000	368230 Ontario Limited	21 Kern Road, Toronto, ON M3B 1S9
15. 140 Queen's Plate Drive	Northern Dancer Lands Ltd.	07361-0007 (LT)	Charge (AT3424569), Notice of Assignment of Rents General (AT3424613), Transfer of Charge (AT3433996)	\$3,350,000	B. & M. Handelman Investments Limited, E. Manson Investments Limited, Dan Realty Limited, 5K Investments Inc., Barry Alan Spiegel Trust, Bamburgh Holdings Limited, Caroline Bokar, Jane Gertner, Maxoren Investments Inc., Daniel Morris, 4055845 Canada Inc. and 558678 Ontario Ltd.	All Chargees except 558678 Ontario Limited: c/o 620 Wilson Avenue, Suite 150, Toronto, ON M3K 1Z3 558678 Ontario Ltd.: 3338 Dufferin Street, Toronto, ON M6A 3A4

- 4 -

16. 1485 Dupont	Dupont Developments Ltd.	21329-0126 (LT) 21329-0127 (LT) 21329-0128 (LT)	Charge (AT3123491)	\$6,500,000	Florence Leaseholds Limited, Beatrice Leaseholds Limited and Ada Leaseholds Limited	c/o Millwood Management Limited, 15 Overdale Road, Toronto, ON M6B 3E9
			Construction Lien (AT3455085)	\$269,967	Gentry Environmental Systems Ltd.	c/o Glaholt LLP, Barristers and Solicitors, 141 Adelaide St. West, Suite 800, Toronto, ON M5H 3L5, Attention: Andrea W.K. Lee
			Construction Lien (AT3457333)	\$73,800	CAM Moulding & Plastering Ltd.	405 Queen Street South, Bolton, ON L7E 2B5
17. 875 Queen Street East	Red Door Developments Inc.	21055-0064 (LT) 21055-0065 (LT) 21055-0066 (LT) 21055-0067 (LT)	Charge (AT3067870)	\$7,000,000	RioCan Mortgage Corp.	RioCan Yonge Eglinton Centre, 2300 Yonge Street, Suite 500, P.O. Box 2386, Toronto, ON M4P 1E4
			Notice of Option to Purchase (AT3067871)		Trinity Urban Properties Inc.	359 Kent St., Suite 400, Ottawa, ON K2P 0R6
18. 887 Queen Street East	Red Door Lands Ltd.	21055-0068 (LT) 21055-0069 (LT)	Charge (AT3067749)	\$1,200,000	Woodgreen Management Inc.	10744 Highway 27, Kleinburg, ON L0J 1C0
			Charge (AT3067870)	\$7,000,000	RioCan Mortgage Corp.	RioCan Yonge Eglinton Centre, 2300 Yonge Street, Suite 500, P.O. Box 2386, Toronto, ON M4P 1E4
			Notice of Option to Purchase (AT3067871)		Trinity Urban Properties Inc.	359 Kent St., Suite 400, Ottawa, ON K2P 0R6
19. 1450 Don Mills Road	Global Mills Inc.	10117-0593 (LT)	Charge (AT3364257), Notice of Assignment of Rents General (AT3364258)	\$21,000,000	Computershare Trust Company of Canada	100 University Avenue, 9 th Floor, Toronto, ON M5J 2Y1 Loan No. 1164/13
20. 0 Trent Avenue	Salmon River Properties Ltd.	21013-0229 (LT)	Charge (AT3176105), Notice of Assignment of Rents General (AT3176118)	\$390,000	368230 Ontario Limited	21 Kern Road, Toronto, ON M3B 1S9

21. 1 - 9/11 City View Drive	Cityview Industrial Ltd.	07416-0021 (LT)	Charge (AT3123206), Notice of Assignment of Rents General (AT3123219)	\$4,000,000	368230 Ontario Limited	21 Kern Road, Toronto, ON M3B 1S9
			Charge (AT3271120), Notice of Assignment of Rents General (AT3271124)	\$650,000	368230 Ontario Limited	21 Kern Road, Toronto, ON M3B 1S9
			Construction Lien (AT3426580)	\$138,586	Gemtec Wall & Ceiling Systems Ltd.	1700 Davis Drive West, Newmarket, ON L3Y 4V9
			Construction Lien (AT3426936)	\$721,375	Fox Contracting Ltd.	c/o 204-1220 Sheppard Avenue East, Toronto, ON M2K 2S5
22. 355 Weston	Weston Lands Ltd.	21358-0082 (LT)	Charge (AT3123478)	\$4,000,000	Gino Zuccaro, Claudia Forgas, Silvano Venuto and Silvano & Celestina Investments Ltd.	3000 Langstaff Road, Unit 17, Vaughan, ON L4K 4R7
23. 65 Heward	Double Rose Developments Ltd.	21053-0074 (LT) 21053-0075 (LT)	Charge (AT3146797), Notice of Assignment of Rents General (AT3146819)	\$6,500,000	368230 Ontario Limited	21 Kern Road, Toronto, ON M3B 1S9
			Charge (AT3146820), Notice of Assignment of Rents General (AT3146821)	\$1,500,000	Canadian Western Trust Company (Incorporation No. A46845) in trust for RRSP Account No. 1008 3357 and 1008 3354	Suite 600 – 750 Cambie Street, Vancouver, BC V6B 0A2
			Construction Lien (AT3456630)	\$331,994	Aim Environmental Group Inc	400 Jones Road, Suite 202, Stoney Creek, ON L8E 5P4
			<i>Note: there is a 2008 Notice of Assignment of Rents General in favour of HSBC Bank Canada (probably collateral to a discharged charge) – Instrument No. AT1967293</i>			

- 6 -

24.	115, 117, 119 Skyway and 32-34 Meridian Road	Skyway Holdings Ltd.	07424-0193 (LT)	Charge (AT3225777), Notice of Assignment of Rents General (AT3225785)	\$2,800,000	368230 Ontario Limited	21 Kern Road, Toronto, ON M3B 1S9
25.	295 The West Mall	West Mall Holdings Ltd.	07566-0041 (LT)	Charge (AT3258027), Notice of Assignment of Rents General (AT3258028)	\$9,687,500	295 The West Mall Portfolio Inc.	3625 Dufferin Street, Suite 500, Toronto, ON M3K 1N4
				Charge (AT3258029), Notice of Assignment of Rents General (AT3258030)	\$1,937,500	Computershare Trust Company of Canada	100 University Avenue, 9 th Floor, Toronto, ON M5J 2Y1
26.	1 & 20 Royal Gate Boulevard, Vaughan	Royal Gate Nominee Inc.	03221-0008 (LT) 03221-0058 (LT)	Charge (YR1968668), Notice of Assignment of Rents General (YR1968669)	\$16,800,000	Computershare Trust Company of Canada	100 University Avenue, 9 th Floor, Toronto, ON M5J 2Y1
				Construction Lien (YR2060680)	\$81,337	Norel Electric Ltd.	c/o Brauti Thorning Zibarras LLP, 151 Yonge Street, Suite 1800, Toronto, ON M5C 2W7
27.	14 Dewhurst Boulevard	Dewhurst Developments Ltd.	10535-0411 (LT)	Charge (AT3277026), Notice of Assignment of Rents General (AT3277186)	\$2,700,000	Atrium Mortgage Investment Corporation	20 Adelaide Street East, Suite 900, Toronto, ON M5C 2T6
28.	153 Eddystone	Eddystone Place Inc.	10285-0008 (LT)	Charge (AT3276931)	\$1,875,000	Almanox Limited	1111 Finch Avenue, Suite 360, Downsview, ON M3J 2E5
				Construction Lien (AT3454486)	\$22,600	Norel Electric Ltd.	c/o Brauti Thorning Zibarras LLP, 151 Yonge Street, Suite 1800, Toronto, ON M5C 2W7
				Construction Lien (AT3455162)	\$63,926	Renovation, Malja	c/o Suite 2000, 393 University Avenue, Toronto, ON M5G 1E6
				Construction Lien (AT3455173)	\$169,500	Gentry Environmental Systems Ltd.	c/o Glaholt LLP, Barristers and Solicitors, 141 Adelaide St. West, Suite 800, Toronto, ON M5H 3L5, Attention: Andrea W.K. Lee
29.	1500 Don Mills Road	El-Ad (1500 Don Mills) Limited	10117-0637 (LT)	Charge (AT3195767), Notice of Assignment of Rents General (AT3195768), Notices of Assignment of Lessor Interest (AT3195784, AT3195785, AT3195786, AT3195787)	\$31,000,000	CDPQ Mortgage Investment Corporation	413 St. Jacques Street, Suite 700, Montreal, Quebec H2Y 1N9 Loan No. 2012-0358
				Charge (AT33667140), Notice of Assignment of Rents General (AT3366715), Notices of Assignment of Lessor Interest (AT3366727, AT3366728, AT3366729, AT3366730)	\$3,000,000	Windsor Private Capital Inc.	5 Hazelton Avenue, Suite 300, Toronto, ON M5R 1E1
30.	165 Bathurst Street and 620 Richmond Street West	165 Bathurst Inc.	21239-0081 (LT)	Charge (AT3116739), Notice of Assignment of Rents General (AT3116740)	\$4,428,622	Computershare Trust Company of Canada	c/o First National Financial LP, 100 University Avenue, Suite 700, North Tower, Toronto, ON M5J 1V6
				Charge (AT3337816), Notice (AT3375124)	\$6,575,000	165 Bathurst Financial Inc.	c/o 162 Cumberland Street, Suite 300, Toronto, ON M5R 3N5

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Invoice

Metropolitan Toronto Condominium Corporation No. 1037

30 Hazelton Ave.
Toronto, ON M5R 2E2

Date	Invoice #
12/29/2012	409

Invoice To
Wynford Professional Centre Ltd. 30 Hazelton Ave. Toronto, ON M5R 2E2

Description	Amount
Common element condominium fees - \$52,655.51 per month for the year	631,866.12
Sales Tax Summary	
HST (ON)@13.0%	82,142.60
Total Tax	82,142.60
Total	
	\$714,008.72

MTCC 1037
30 Hazelton Avenue
Toronto, ON M5R 2E2
416-489-9790 Fax: 416-489-9973

December 29, 2012

To: Wynford Professional Centre Inc.
30 Hazelton Avenue
Toronto, ON M5R 2E2

For: Common element condominium fees

Fees: \$52,655.51 per month (see attached spreadsheet)
For the year

\$631,866.12

HST:

Total owing:

Please make cheque payable to MTCC 1037

82142.60
\$0.00
MISSING
~~\$631,866.12~~
714,008.72

1

1

Pellegrino, Pina

Subject: FW: Wynford Professional Centre Ltd. 18 Wynford Dr and MTCC #1037

From: Harlan Schonfeld [<mailto:harlan@schonfeldinc.com>]
Sent: December-30-13 4:32 PM
To: Norma Walton
Cc: Jim Merryweather; Mario Bucci; Mark Goldberg
Subject: Re: Wynford Professional Centre Ltd. 18 Wynford Dr and MTCC #1037

Norma:

I did not ask about a reserve fund study.

I asked about the Reserve Fund. The cash on deposit in some investment and in a bank.

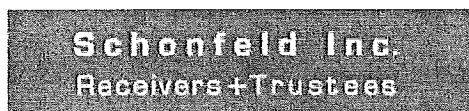
Kindly send me the evidence of the Reserve Fund. A certificate of deposit held by a bank will suffice and a bank statement in the name of MTCC #1037. Surely you have that evidence?.

Kindly send it by return email.

S. Harlan Schonfeld CPA, CA, CIRP

SCHONFELD INC. Receivers + Trustees

438 University Avenue, 21st Floor
Toronto, ON M5G 2K8
Tel 416.862.7785
Cell 416.254.1992
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.

On Mon, Dec 30, 2013 at 4:19 PM, Norma Walton <nwalton@roseandthistle.ca> wrote:

Dear Harlan,

Thank you for your note.

We have sent over to the condominium corporation's accountants the financial information required so that they can complete audited statements for 2011 and 2012. Mario will forward to you the audited financial statements for 2010 for your records. Mario will follow up with the accountants next week for their timeline for completion and once we are advised, we will advise you.

A reserve fund study was completed in 2010 and an update was completed in 2013, in draft format for discussion purposes. We are working with our consultants to finalize that draft report. Again, I will have a timeline for same next week once Mark returns from vacation.

James had enquired as to the amount of common expenses currently due from Wynford to MTCC 1037. Mario will advise that amount early next week.

Regards,

Norma

From: Harlan Schonfeld [mailto:harlan@schonfeldinc.com]
Sent: Monday, December 30, 2013 4:03 PM
To: Norma Walton
Cc: Jim Merryweather
Subject: Wynford Professional Centre Ltd. 18 Wynford Dr and MTCC #1037

Norma:

When I saw you this morning I asked about current Financial Statements and the Reserve Fund for MTCC #1037.

As you know Wynford Professional Centre Ltd is an owner of the majority of condo units in the building. The value of its units is dependent on the ability of MTCC# 1037 to provide timely and accurate financial statements and Status Certificates to purchasers.

Can you kindly provide me with the most recent financial statements for the Condo Corp MTCC # 1037 and evidence of the existence of a reserve fund and operating account. Current bank statements and certificates of deposit reflecting the current balances are also required.

Please tell me when I may expect to receive this information.

S. Harlan Schonfeld CPA, CA, CIRP

SCHONFELD INC. Receivers + Trustees

438 University Avenue, 21st Floor
Toronto, ON M5G 2K8
Tel 416.862.7785
Cell 416.254.1992
Fax 416.862.2136

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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.

12

Dunn, Mark

From: Myers, Fred
Sent: Thursday, January 09, 2014 9:18 AM
To: John A. Campion (jcampion@fasken.com); guillermo@schiblelaw.com; Howard Cohen (cohen@cohensabsay.com)
Cc: Dunn, Mark
Subject: RE: DBDC SPADINA LTD. et al. v. NORMA WALTON et al.

Gentlemen,

Schonfeld Inc. in its capacity as Manager of Wynford Professional Centre Ltd. ("WPCL") pursuant to the order made by Newbould J. dated November 5, 2013, has been making efforts to obtain from Ms Walton evidence as to the status of the trust account holding the statutory reserve fund of MTCC 1037 under the *Condominium Act*. Ms Walton has not provided a clear answer as to the existence and quantum of the statutory reserve. Ms Walton has provided information indicating that upon the purchase of the majority of the units in the condominium building by WPCL, the condominium corporation turned over to her for management its reserve fund in the sum of \$1,477,406.18. Moreover, our client is aware that Rose & Thistle Group Ltd. has regularly invoiced other unit owners for condominium fees accruing since that time and that last week Rose & Thistle Group Ltd. purported to invoice WPCL, for the first time, for its alleged share of condominium fees accrued from the date of its purchase of units in 2011. Our client has requested that Ms Walton and Rose & Thistle Group Ltd. provide it with draft financial statements for MTCC1037 and has been advised that they are still being prepared with the company's auditors. Our client has yet to be able to determine whether funds continue to be held in trust as a reserve fund as required by the statute. Neither has it been able to conduct a reconciliation of the reserve fund as initially provided to Ms Walton, the amounts allocable to the reserve fund paid in the monthly fees of other unit owners, and amounts withdrawn from the reserve fund.

Starting clearly and simply, the Manger requires that Ms Walton and Rose & Thistle Group Ltd. immediately advise it of the amount that either of them or any entity related to or controlled by either of them holds on deposit in the MTCC 1037 statutory reserve and that they provide evidence by way of a copy of the most current bank or credit union account statement or investment certificate evidencing the current MTCC 1037 reserve fund balance.

Be advised that this is an issue of some urgency to our client as Manager as well as to other interested parties. No delays in providing this information will be accepted.

Fred Myers
Goodmans LLP

416.597.5923
fmyers@goodmans.ca

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

www.goodmans.ca

13

Dunn, Mark

Subject: FW: MTCC Reserve

From: Myers, Fred
Sent: Friday, January 10, 2014 3:13 PM
To: 'Guillermo Schible'
Cc: Dunn, Mark; 'John A. Campion'; 'Howard Cohen'
Subject: RE: DBDC SPADINA LTD. et al. v. NORMA WALTON et al.

The Manager has not determined to spend money on the *Diamond* action that is currently stayed. If you become aware of any issues in that action, please let us know and we will seek instructions accordingly.

Your response that Mr. Schonfeld and Ms Walton are addressing the MTCC 1035 reserve fund issue is not acceptable. It has not been addressed to the Manger's satisfaction hence my email below. Where is the reserve fund and what is its current balance?

It exists or it is gone. If it exists, please produce a current bank statement or certificate. We have seen bank statements showing the deposit of the initial amount received in trust by your client and withdrawals of the full amount from that bank account. The funds are being held in trust somewhere else or they have been consumed. Which is it? This is a matter of importance in which clarity and forthrightness is required. We are all lawyers dealing with statutory trust funds that currently cannot be located. If you or your clients have them or know where they are, please advise and provide the evidence sought below. If the trust funds are gone, it is incumbent upon counsel to say so.

Fred Myers

Fred Myers
Goodmans LLP

416.597.5923
fmyers@goodmans.ca

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

www.goodmans.ca

From: Guillermo Schible [<mailto:guillermo@schiblelaw.com>]
Sent: Friday, January 10, 2014 3:00 PM
To: Myers, Fred
Cc: Dunn, Mark; 'John A. Campion'; 'Howard Cohen'
Subject: RE: DBDC SPADINA LTD. et al. v. NORMA WALTON et al.

Dear Mr. Myers:

I am told that Ms. Walton and Mr. Schonfeld are actively addressing the matter of the reserve fund.

This is just a quick note to confirm that: (1) you are aware that, in the motion brought by the two so-called subtenants of Diamond & Diamond LLP/Mr. Anthony Diamond regarding Suite 516 of 18 Wynford Drive, I am on the record for not only the Wynford corporation but also the condominium corporation 1037; and (2) I have invited you to please serve me with a notice of change of lawyers in the matter.

Yours truly,

Guillermo Schible, BARRISTER



guillermo@schiblelaw.com
181 University Avenue, Suite 2200
Toronto, Ontario M5H 3M7
Direct: 416.601.6813
Fax: 416.352.5454

schiblelaw.com

From: Myers, Fred [<mailto:fmyers@goodmans.ca>]
Sent: January 9, 2014 9:18 AM
To: John A. Campion (jcampion@fasken.com); guillermo@schiblelaw.com; Howard Cohen (cohen@cohensabsay.com)
Cc: Dunn, Mark
Subject: RE: DBDC SPADINA LTD. et al. v. NORMA WALTON et al.

Gentlemen,

Schonfeld Inc. in its capacity as Manager of Wynford Professional Centre Ltd. ("WPCL") pursuant to the order made by Newbould J. dated November 5, 2013, has been making efforts to obtain from Ms Walton evidence as to the status of the trust account holding the statutory reserve fund of MTCC 1037 under the *Condominium Act*. Ms Walton has not provided a clear answer as to the existence and quantum of the statutory reserve. Ms Walton has provided information indicating that upon the purchase of the majority of the units in the condominium building by WPCL, the condominium corporation turned over to her for management its reserve fund in the sum of \$1,477,406.18. Moreover, our client is aware that Rose & Thistle Group Ltd. has regularly invoiced other unit owners for condominium fees accruing since that time and that last week Rose & Thistle Group Ltd. purported to invoice WPCL, for the first time, for its alleged share of condominium fees accrued from the date of its purchase of units in 2011. Our client has requested that Ms Walton and Rose & Thistle Group Ltd. provide it with draft financial statements for MTCC1037 and has been advised that they are still being prepared with the company's auditors. Our client has yet to be able to determine whether funds continue to be held in trust as a reserve fund as required by the statute. Neither has it been able to conduct a reconciliation of the reserve fund as initially provided to Ms Walton, the amounts allocable to the reserve fund paid in the monthly fees of other unit owners, and amounts withdrawn from the reserve fund.

Starting clearly and simply, the Manger requires that Ms Walton and Rose & Thistle Group Ltd. immediately advise it of the amount that either of them or any entity related to or controlled by either of them holds on deposit in the MTCC 1037 statutory reserve and that they provide evidence by way of a copy of the most current bank or credit union account statement or investment certificate evidencing the current MTCC 1037 reserve fund balance.

Be advised that this is an issue of some urgency to our client as Manager as well as to other interested parties. No **140** delays in providing this information will be accepted.

Fred Myers
Goodmans LLP

416.597.5923
fmyers@goodmans.ca

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

www.goodmans.ca

***** Attention *****

This communication is intended solely for the named addressee(s) and may contain information that is privileged, confidential, protected or otherwise exempt from disclosure. No waiver of confidence, privilege, protection or otherwise is made. If you are not the intended recipient of this communication, please advise us immediately and delete this email without reading, copying or forwarding it to anyone.

14

INITIAL PROPERTIES

	MUNICIPAL ADDRESS	REGISTERED OWNER	PIN	REGISTERED LIENS			
				INSTRUMENT	AMOUNT	LIEN CLAIMANT	ADDRESS
1.	32 Atlantic	Liberty Village Properties Ltd.	21299-0294 (LT)				
2.	165 Bathurst Street and 620 Richmond Street West	165 Bathurst Inc.	21239-0081 (LT)				
3.	1 - 9/11 City View Drive	Cityview Industrial Ltd.	07416-0021 (LT)	Construction Lien (AT3426580)	\$138,586	Gemtec Wall & Ceiling Systems Ltd.	1700 Davis Drive West, Newmarket, ON L3Y 4V9
				Construction Lien (AT3426936) <i>[Note: Statement of Claim and Certificate of Action served November 27, 2013]</i>	\$721,375	Fox Contracting Ltd.	c/o 204-1220 Sheppard Avenue East, Toronto, ON M2K 2S5
				Construction Lien (AT3472538)	\$4,876.41	Macnaughton Hermesen Britton Clarkson Planning Limited	7050 Woodbridge Road, Suite 230, Woodbridge, ON L4L 8G7
4.	14 Dewhurst Boulevard	Dewhurst Developments Ltd.	10535-0411 (LT)				
5.	1450 Don Mills Road	Global Mills Inc.	10117-0593 (LT)				
6.	1500 Don Mills Road	El-Ad (1500 Don Mills) Limited	10117-0637 (LT)				
7.	1485 Dupont	Dupont Developments Ltd.	21329-0126 (LT) 21329-0127 (LT) 21329-0128 (LT)	Construction Lien (AT3455085)	\$269,967	Gentry Environmental Systems Ltd.	c/o Glaholt LLP, Barristers and Solicitors, 141 Adelaide St. West, Suite 800, Toronto, ON M5H 3L5, Attention: Andrea W.K. Lee
				Construction Lien (AT3457333)	\$73,800	CAM Moulding & Plastering Ltd.	405 Queen Street South, Bolton, ON L7E 2B5
				Construction Lien (AT3472102)	\$89,899.39	Titan Plumbing Ltd.	2182 Thornton Road North, Unit B, Oshawa, ON L1H 7K4
				Construction Lien	\$93,537.55	Norel Electric Ltd.	
8.	153 Eddystone	Eddystone Place Inc.	10285-0008 (LT)	Construction Lien (AT3454486)	\$22,600	Norel Electric Ltd.	c/o Brauti Thorning Zibarras LLP, 151 Yonge Street, Suite 1800, Toronto, ON M5C 2W7
				Construction Lien (AT3455162)	\$63,926	Renovation, Malja	c/o Suite 2000, 393 University Avenue, Toronto, ON M5G 1E6
				Construction Lien (AT3455173)	\$169,500	Gentry Environmental Systems Ltd.	c/o Glaholt LLP, Barristers and Solicitors, 141 Adelaide St. West, Suite 800, Toronto, ON M5H 3L5, Attention: Andrea W.K. Lee
9.	1185 Eglinton Avenue East	Bannockburn Lands Inc. (formerly Skyline - 1185 Eglinton Avenue Inc.)	10370-0002 (LT) 10370-0004 (LT)				
10.	7 - 15 Fraser	Fraser Properties Corp.	21299-0097 (LT)	Construction Lien (AT3467615)	\$908.52	Laser Heating & Air Conditioning Inc.	c/o 204-1220 Sheppard Avenue East, Toronto, ON M2K 2S5
11.	30 Fraser	Fraser Lands Ltd.	21299-0090 (LT)				
12.	65 Heward	Double Rose Developments Ltd.	21053-0074 (LT) 21053-0075 (LT)	Construction Lien (AT3456630)	\$331,994	Aim Environmental Group Inc.	400 Jones Road, Suite 202, Stoney Creek, ON L8E 5P4
13.	5770-5780 Highway 7	Royal Agincourt Corp.	03311-1065 (LT)	Construction Lien (YR2069168) <i>[Note: construction lien not legible Certificate of Action (YR2078680)]</i>	\$8,093.43	Laser Heating & Air Conditioning Inc.	c/o 204-1220 Sheppard Avenue East, Toronto, ON M2K 2S5
14.	47 Jefferson	Liberty Village Lands Inc.	21299-0293 (LT)				

	MUNICIPAL ADDRESS	REGISTERED OWNER	PIN	REGISTERED LIENS			
				INSTRUMENT	AMOUNT	LIEN CLAIMANT	ADDRESS
15.	1131A Leslie	Lesliebrook Holdings Ltd.	10138-0028 (LT)				
16.	450 Pape	Riverdale Mansion Ltd.	21061-0347 (LT)				
17.	875 Queen Street East	Red Door Developments Inc.	21055-0064 (LT) 21055-0065 (LT) 21055-0066 (LT) 21055-0067 (LT)				
18.	887 Queen Street East	Red Door Lands Ltd.	21055-0068 (LT) 21055-0069 (LT)				
19.	1003 Queen Street East	Queen's Corner Corp.	21056-0426 (LT)				
20.	140 Queen's Plate Drive	Northern Dancer Lands Ltd.	07361-0007 (LT)	Construction Lien (AT3472510)	\$18,632.30	Macnaughton Hermesen Britton Clarkson Planning Limited	7050 Weston Road, Suite 230, Woodbridge, ON L4L 8G7
				Construction Lien (AT3480972)	\$76,082	Melillo Architects Incorporated	
21.	1 & 20 Royal Gate Boulevard, Vaughan	Royal Gate Nominee Inc.	03221-0008 (LT) 03221-0058 (LT)	Construction Lien (YR2060680)	\$81,337	Norel Electric Ltd.	c/o Brauti Thorning Zibarras LLP, 151 Yonge Street, Suite 1800, Toronto, ON M5C 2W7
				Construction Lien (YR2069168)	\$27,911.57	Laser Heating & Air Conditioning Inc.	c/o 204-1220 Sheppard Avenue East, Toronto, ON M2K 2S5
22.	Parking for 1 and 20 Royal Gate Boulevard, Vaughan	Royal Gate (Land) Nominee Inc.	03221-0147 (LT)				
23.	115, 117, 119 Skyway and 32-34 Meridian Road	Skyway Holdings Ltd.	07424-0193 (LT)	Construction Lien (AT3472526)	\$8,138.83	Macnaughton Hermesen Britton Clarkson Planning Limited	7050 Weston Road, Suite 230, Woodbridge, ON L4L 8G7
				Construction Lien (AT3467620)	\$3,420.51	Laser Heating & Air Conditioning Inc.	c/o 204-1220 Sheppard Avenue East, Toronto, ON M2K 2S5
24.	241 Spadina	Twin Dragons Corporation	21206-0253 (LT)				
25.	3765 St. Clair East	Ascalon Lands Ltd.	06422-0090 (LT)				
26.	295 The West Mall	West Mall Holdings Ltd.	07566-0041 (LT)				
27.	78 Tisdale Ave.	Tisdale Mews Inc.	10373-0512 (LT)				
28.	0 Trent Avenue	Salmon River Properties Ltd.	21013-0229 (LT)				
29.	14 Trent Avenue	Hidden Gem Development Inc.	21013-0181 (LT) 21013-0228 (LT)				
30.	355 Weston	Weston Lands Ltd.	21358-0082 (LT)	Construction Lien (AT3467622)	\$4,257.34	Laser Heating & Air Conditioning Inc.	c/o 204-1220 Sheppard Avenue East, Toronto, ON M2K 2S5

	MUNICIPAL ADDRESS	REGISTERED OWNER	PIN	REGISTERED LIENS			
				INSTRUMENT	AMOUNT	LIEN CLAIMANT	ADDRESS
31.	18 Wynford Drive	Wynford Professional Centre Ltd.	12037-0001 (LT) to 12037-0008 (LT) 12037-0012 (LT) to 12037-0018 (LT) 12037-0022 (LT) to 12037-0064 (LT) 12037-0090 (LT) to 12037-0157 (LT) 12037-0176 (LT) to 12037-0200 (LT) 12037-0209 (LT) 12037-0219 (LT) to 12037-0224 (LT) 12037-0227 (LT) to 12037-0300 (LT) 12037-0319 (LT) to 12037-0333 (LT) 12037-0335 (LT) to 12037-0349 (LT) 12037-0351 (LT) to 12037-0360 (LT) 12037-0364 (LT) to 12037-0473 (LT) 12037-0475 (LT) to 12037-0482 (LT)	Construction Lien (AT3481843)	\$9,354.21	Laser Heating & Air Conditioning Inc.	c/o 204-1220 Sheppard Avenue East, Toronto, ON M2K 2S5

6276640.5

15

Goodmans^{LLP}

Barristers & Solicitors

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.597.5923
fmyers@goodmans.ca

January 9, 2014

Our File No.: 132838

Delivered Via E-Mail

John A. Campion
Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

Guillermo Schible
Schible Law
Adelaide Place/DBRS Tower
181 University Avenue
Suite 2200
Toronto, ON M5H 3M7

Dear Sirs:

Re: R. Walton et al. ats DBDC Spadina Ltd. et al

In his Endorsement dated January 6, 2014, the Honourable Mr. Justice Newbould wrote as follows:

I have serious concern with the steps that Ms Walton has taken regarding the marketing of the properties.

The Order appointing the Manager gave the Manager the exclusive powers to market the properties, to solicitor offers and negotiate terms and conditions of the sale. In spite of that, Mr. Cohen, who acts for Mr. Ronauld Walton and Rose & Thistle wrote on December 30, 2013 to Colliers to assert that negotiations regarding 13 properties by Rose & Thistle did not contravene any existing court order. This was clearly wrong. On the same day counsel to the Manager advised Mr. Cohen that Rose & Thistle and Ms Walton had no authority to instruct Colliers or to deal with or communicate with anyone other than the Manager with respect to marketing the properties. ...

Without further court order, Ms Walton has no business to be involved in any way with the marketing of the properties other than discussing matters with the Manager or Dr. Bernstein. ...

It is completely counter-productive to have two people, the Manager and Ms Walton, dealing with the marketplace in marketing the properties. There was a reason for giving the Manager the exclusive right to market the properties and to expressly prevent the respondents from being involved as the order of November 5, 2013 provided. Nothing has changed. I would not give Ms Walton any authority to deal with any prospective purchasers. Her motion to be given such authority is denied. She is simply not entitled to do anything regarding prospective purchasers other than to direct them to the Manager.

Despite this clear wording, Ms Walton today advised Mr. Schonfeld, by email, a copy of which is enclosed, that upon being contacted by a realtor expressing interest in one of the properties under the Manager's control, she, "advised we'd be seeking _____ as a purchase price." She copied the realtor on her email so that he could then get in touch with the Manager to pursue the matter should he choose to do so.

Our client will be contacting the realtor to advise it that Ms Walton's statements concerning price do not represent either the Manager's views nor a step in any sale process concerning the property. Ms Walton's comment was both unhelpful, again, and, apparently, in breach of Justice Newbould's Order dated November 5, 2013 as clearly interpreted by him for your client in his Endorsement of January 6, 2014. We know of no clearer way to state your client's legal obligation that to reiterate the statement of the Court as follows:

She is simply not entitled to do anything regarding prospective purchasers other than to direct them to the Manager.

Goodmans^{LLP}

Page 3

Our client expects Ms Walton to comply with the terms of the Orders of the Court, to the letter and in spirit. Our client will be including this matter in its upcoming report to the Court and reserves all rights and remedies as a result of Ms Walton's continuing behaviour.

Yours truly,

Goodmans LLP



Fred Myers

FLM/kw

c: Schonfeld Inc.
Peter Griffin/Shara Roy (Lenczner Slaght)
Brian Empey, Goodmans LLP

Wynter, Karlene

From: Myers, Fred
Sent: Thursday, January 09, 2014 2:25 PM
To: Wynter, Karlene
Subject: FW: 1 Cityview

Enclosure

----- Forwarded message -----

From: Norma Walton <nwalton@roseandthistle.ca>
Date: Thu, Jan 9, 2014 at 12:29 PM
Subject: 1 Cityview
To: Harlan Schonfeld <harlan@schonfeldinc.com>
Cc: "Peter DeGuerre (Avison Young)" <Peter.DeGuerre@avisonyoung.com>, James Merryweather <jmerryweather@schonfeldinc.com>, "Dr. Stanley Bernstein" <drb@drbdiet.com>

Dear Harlan,

Peter DeGuerre called me today. We had previously conditionally sold 1 Cityview to the Boukadians. They are still interested in purchasing and I have advised we'd be seeking as a purchase price.

I have copied Peter on this email so he can get in touch with you directly and you can pursue.

Regards,

Norma

***** Attention *****

This communication is intended solely for the named addressee(s) and may contain information that is privileged, confidential, protected or otherwise exempt from disclosure. No waiver of confidence, privilege, protection or otherwise is made. If you are not the intended recipient of this communication,

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181 University Avenue, Suite 2200
 Toronto, Ontario M5H 3M7
 Tel: 416.642.3582
 Fax: 416.352.5454

January 9, 2014

BY EMAIL TO:

Goodmans LLP
 Barristers & Solicitors
 333 Bay Street, Suite 3400
 Toronto, Ontario M5H 2S7

ATTENTION: Fred Myers

Dear Mr. Myers:

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

Thank you for your letter of January 9, 2014. I have brought your letter to Norma Walton's attention.

Ms. Walton has informed me that:

- 1) she is forwarding all enquiries she receives relating to the sale or leasing of the properties under managership to Mr. Schonfeld, without exception, and she intends to comply with the orders of the court;
- 2) the realtor Peter DeGuerre knew, before the Manager order was made, and
- 3) she will in future send price information to Mr. Schonfeld only, and she will not copy any realtors who contact her on that correspondence about price.

Ms. Walton regrets any inconvenience this may have caused. But again in this instance was the price at which this property was agreed to be sold to Mr. DeGuerre's client recently.

Yours truly,

SCHIBLE LAW

per: Guillermo Schible

cc: by email to Peter H. Griffin
 by email to John A. Campion
 by email to Howard C. Cohen

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Court File No.: CV -13-10280-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

BETWEEN:

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

AFFIDAVIT OF S. HARLAN SCHONFELD
Sworn: January 14, 2014

I, S. HARLAN SCHONFELD, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY as follows:

1. I am the President of Schonfeld Inc., in its capacity as Manager and have knowledge of the facts and matters to which I hereinafter depose either through my own knowledge or by informing myself with respect thereto in which case I have indicated the source of my information and belief.
2. On November 5, 2013, pursuant to an order of the Honourable Justice Newbould (the "Appointment Order"), Schonfeld Inc. was appointed Manager of companies listed at Schedule "B" of the Appointment Order.

3. Details of the Manager's activities from November 6, 2013 up to and inclusive of December 31, 2013, are provided in the Manager's Second Report.
4. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a true copy of the accounts rendered by the Manager for the period November 6, 2013 to December 31, 2013 (the "Accounts Approval Period") for a total of \$277,033.29 inclusive of HST and disbursements.
5. A total of approximately 528.25 hours were expended by the Manager during the Accounts Approval Period in performing services in its capacity as Manager pursuant to the Appointment Order.
6. The hourly billing rates outlined in Exhibit "A" to this my affidavit are normal average hourly rates charged by Schonfeld Inc. for services rendered in relation to engagements similar to its engagement as Manager in this matter. These accounts accurately reflect the services provided by the Manager in this matter.
7. This Affidavit is made in support of the Managers application for approval by this Honourable Court to, among other things; approve the fees and disbursements of the Manager.

SWORN BEFORE ME at
the City of Toronto, in the
Province of Ontario this 14th day of January,
2014.



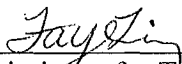
A Commissioner for taking Affidavits



S. HARLAN SCHONFELD

LUCILLE FAYE WAN-MING LING, a
Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 16, 2015.

This is Exhibit "A" referred to in the
affidavit of Harlan Schonfeld
sworn before me, this 14th
day of January 2014


A Commissioner for Taking Affidavits

Schonfeld Inc.
Receivers + Trustees

December 2, 2013

Norma Walton, Ronauld Walton
The Rose & Thistle Group Ltd. and
Eglinton Castle Inc.; and those
Corporations listed on Schedule "B"
of an Order made on November 5, 2013
30 Hazelton Avenue
Toronto, ON M5R 2E2

Invoice #832

INVOICE

Re: Court Appointed Manager's account

To: Professional services rendered for the period November 6, 2013 to
November 30, 2013 under the terms of an Order dated
November 5, 2013 appointing Schonfeld Inc Manager;
as detailed in the attached timedockets.

Our fee:		\$ 113,287.50
HST @ 13%		<u>14,727.38</u>
Total fee:		\$ 128,014.88
Disbursement:		
Courier/registered mail	29.52	
HST	<u>3.84</u>	
		<u>33.36</u>
Total Fees and Disbursements		<u>\$ 128,048.24</u>

	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CIRP CA	89.25	\$550	\$ 49,087.50
James Merryweather, CGA	160.50	\$400	\$ 64,200.00
TOTAL:	<u>249.75</u>		<u>\$ 113,287.50</u>

H.S.T. #87283 8339 RT0001

Tel 416.862.7785 Fax 416.862.2136

info@schonfeldinc.com

438 University Avenue, 21st Floor, Toronto, Ontario Canada M5G 2K8

-14-

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 Inc.
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.

-15-

25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Dewhurst Developments Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.
31. El-Ad Limited
32. 165 Bathurst Inc.

Timedocket S Harlan Schonfeld

ENGAGEMENT NAME: Dr. Bernstein v Walton

Date: September 20, 2013

Nov 10-13	mtg w/Jim, prepare agenda for mtg w/parties, review material,	2.5
Nov 11-13	at R&T, deal w/ongoing property and operating issues, mtg w/Norma and Goldberg to review Agenda	4.5
Nov 12-13	attend mtg w/Dr B and counsel to review Agenda and status; deal w/ various tc with real estate brokers; 2 conf calls w/Briarlane and Mark Goldberg re:staffing and costs, t/ Bucci about providing info request to M Comar; various emails	6.5
Nov 13-13	deal w/offers and passing them on to parties and to Goodmans; dealing w/property management issues;	3.5
Nov14-13	attend at R&T and deal w/offers presented, and pass them onto Goodmans and parties; deal w/property management issues, t/w Briarlane and property tour issues; t/N Height re letter of value; mtg wNorma about offers and funding; emails w/Goodmans re settlement of Order; t/w brokers re commissions, and buyer for Meridian	2.5
Nov 15-13	Continue to attend at R&T to gather information; attend mtg at Goodmans to have call w/Trez and their counsel, discuss Order and strategy, hold meeting w/Goodmans to address Property Management Agreements and provide instructions; discuss vbarious (4) APS's givent to Goodmans for comment, discuss overall strategy for role of Manager	4.5
Nov 17-13	deal w/ cash flow review and email corresp	2.0

Timedocket S Harlan Schonfeld

ENGAGEMENT NAME: Dr. Bernstein v Walton

Date: September 20, 2013

Nov 18-13	at R&T to meet w/Norma to review cash flow forecast, Mario Bucci to address deliverables to BL, review and edit Property Management agreement; t/w Ken Herlin (Goodmans) and Brad Smith (BL), deliver material to BL, deal Norman Height regarding opinion of value letters Cityview and others, deal 1 Cityview email form Goodmans, ongoing management of issues; t/wleasing agents; finla comments on Mortgagee letter from Goodmans	7.5
Nov 19-13	at R&T to deal w/cash flow forecast, property management issues, budgets; various email replies to Norma re:offers to purchase;	4.0
Nov 20-13	attend at R&T to deal w/various lender calls; mtg w/Norma re ongoing issues - asset sales - cash flow - lenders; mtg w/Jim M to set agenda, call w/BL and Goodmans to settle Property Management agreement	5.5
Nov 21-13	prepare for and attend mtg w/Bernstein and counsel to review cash flow forecast to Jan31-14; unsolicited offers and discuss strategy; lender issues in light of Order; position of lenders; closing issues re Cityview-Skyway-Merdian; t/brokers re listings; review leases and inability of landlord to perform - Dupont & Maxx the Mutt. Queen's Plate; t/lessors; t/Briarlane to sttle and sign Property Management Agreement; and deal w/ongoing property issues;	6.5

ENGAGEMENT NAME: Dr. Bernstein v Walton

Date: September 20, 2013

Nov 22-13

deal w/Skyway purchaser (Mamelak) re occupy,
alleged missing equip, abatement to purchase price;
corresp from his counsel re abatement, t/lenders re
Manager's borrowings-
Handelman/Zimmerman/Gertner; mtg w/D. Cleland
re: Northern Dancer property-140 Queen's Plate re
offer to lease and introduction to potential purchase;
t/Colliers re result of property offering at Queen Street
E-Red Door-receive summary and arrange meeting;
t/N Height-receive Narrative Report for 9-11 Cityview;
various t/J Merryweather re funding, cash
management and operating issues; t/Bernstein re
unsolicited offers, t/Norma re offers and sign backs,
t/Goodmans re closing issues-Cityview; Skyway and
ongoing review of status of individual properties

7.5

Nov 25-13

deal w/review of offer and LOI's on various properties,
tw/Brokers to discuss status of offers, review Appraisal
reports, t/appraisers re updates to reports, review
lease at 1485 Dupont and 140 Queen's Plate, prepare
agenda for Goodmans mtg; t/Firm Capital & Graff re
Manager's Borrowing power and needs, review
various emails re mortgagees positions, general
ongoing issues; banking and cash flow, analyze proposed
proceeds and selling prices

4.5

Nov 26-13

mtg w/Colliers to report on Red Door bids and
offering; mtg w/ Goodmans to review agenda of
property issues, APS's, sales and offerings (Regal Crest
& Red Door); t/Dr B; tw/J Merryweather; Drew Cleland
re 140 Queen's Plate, lease, sale of property, lease
extension at 1 Cityview; ongoing operations,
responding to emails, and tel calls,

6.75

Nov 27-13

t/Dr B re property closing issues; t/M Kaplan re Red
Door and Trinity option, t/appraiser re Northern
Dancer; mtg at Goodmans to discuss property issues-
Red Door- Dupont-Royal Gate; t/brokers, and
operational issues; deal w/various emails

7.5

Timedocket S Harlan Schonfeld

ENGAGEMENT NAME: Dr. Bernstein v Walton

Date: September 20, 2013

Nov 28-13

t/Maxine Schacker (Max The Mutt) tenant at 1485.
Dupont re inability to deliver premises, t/leasing agent,
T/Royal Gate tenant (Link Line) re lease extension and
tenant work, t/Andy Bentley occupant/purchaser at 34
Meridian re closing agenda and issues to close; t/Dr B
re Cityview closing issues; funding issues, other
property issues; t/ Capital North re offer at 1 Royal
Gate; t/M Kaplan re Trjinity option at Red Door;
various t/ J Merryweather re operation and cash flow
issues; various emails regarding mortgagees and
property sale issues; t/D Cleland re Northern Dancer
and cost issues;

6.5

Nov 29-13

conf call w/P Griffen & F Myers; and w/ Peter
Griffen/F Myers/Dr Bernstein et al to discuss status of
offers, funding, appraisals, court process, etc, deal
w/brokers; t/mortgagees-HWY #7; Heward; email
corresp re liens, sales, at 30 Hazelton to discuss
ongoing issues;

7.0

TOTAL	HARLAN SCHONFELD to November 30, 2013	89.25
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DATE	DESCRIPTION	TIME (hh/mm)	HOURLY RATE	AMOUNT
JAMES MERRYWEATHER, CGA				
06-Nov-13	attend at premises; various mtgs w Briarlane and management; prepare cashflow analysis; tc and corr w Meridian; review and approve banking; implement controls	12.0		
07-Nov-13	attend at premises; review banking and corr w Meridian; arrange funding; attend at MCU re signing authority; various mtgs w R&T re transition issues	6.0		
08-Nov-13	attend at premises; review banking and corr w Meridian; arrange funding; prepare docs requested by DBDC; various mtgs w R&T re transition issues; update cashflow forecasting; equity analysis	7.5		
09-Nov-13	prepare docs for Reitan; corr w counsel	1.0		
10-Nov-13	planning meeting w HS; various corr w counsel, N. Walton, J. Reitan; update cashflow forecast	3.0		
11-Nov-13	attend at premises; review banking; update cashflow; review proposed maintenance plan w N. Walton, M. Goldberg; mtg w Intrepid re construction; mtg w CFO; critical vendor analysis	10.0		
12-Nov-13	various conference calls w Briarlane; attend mtg w counsel; attend at Meridian; attend at premises; banking review and cashflow update; various mtg w management; critical vendor analysis;	7.5		
13-Nov-13	attend at premises; review banking, update cashflow, arrange funding; corr w Meridian; various mtgs w R&T staff; tc w purchaser; critical payments analysis; corr w utilities	8.0		
14-Nov-13	attend at premises; review banking, update cashflow and funding request; various mtg w R&T staff; arrange for ongoing critical services; prepare analysis of o/s property taxes	6.5		

Timedocket
 ENGAGEMENT NAME James Merryweather
 Insolvency Date: DR. BERNSTEIN

15-Nov-13	attend at premises; review banking, update cashflow and funding request; corr w Meridian; tc w Meridian; tc w creditor counsel; mtg w counsel and various conference calls	6.5
17-Nov-13	prepare cashflow to forecast to end of January, including revenues and expenses, reporting format	6.0
18-Nov-13	attend at premises; review banking, update cashflow and Meridian approval; various mtg w R&T management; work on transition issues; corr w utilities, creditors;	7.5
19-Nov-13	attend at premises; various mtgs w R&T re cashflow and forecasting; review banking, update cashflow and Meridian approval; prepare forecasting model re funding needs	10.0
20-Nov-13	attend at premises; review banking, update cashflow, Meridian approval; various mtg w R&T; various tc w counsel; update funding analysis; prepare for mtgs; corr w creditors	9.0
21-Nov-13	attend at premises; review banking, update cashflow, Meridian approval; various tc and corr w creditors; attend mtg w Applicant and counsel; arrange paydown of mortgage; attend at Dupont for site assessment	8.0
22-Nov-13	attend at premises; review banking, update cashflow, Meridian approval; conf call w potential lender; various tc and corr w creditors, utility; corr w CRA, insurer; payment release	8.0
24-Nov-13	update cashflow and funding projections; various corr w creditors; analysis of project costs	2.5
25-Nov-13	attend at premises; review banking, update cashflow, approve banking; various mtg w R&T staff; various tc and corr w creditors; conference call w accountant; prepare letter/schedule re prop taxes;	10.0

Timedocket James Merryweather
 ENGAGEMENT NAME DR. BERNSTEIN
 Insolvency Date:

26-Nov-13	attend at premises; review banking, update cashflow, approve banking; prepare funding request; various mtg w R&T; prepare for accounting transition; tc and corr w creditors; conf call w counsel	9.0
27-Nov-13	attend at 1 Cityview for mtg w tenant; attend at Hazelton; review banking, update cashflow, banking approval; tc and corr w creditors; conf call w counsel; mtg w R&T staff; prepare for accounting transfer	9.0
28-Nov-13	attend at Hazelton; review banking, update cashflow, banking approval; process creditor pmnts; tc and corr w creditors;	5.5
29-Nov-13	attend at Hazelton; review banking, update cashflow, banking approval; payment processing; corr w creditors; planning mtg re info database; various mtg w R&T, facilities issues	8.0

TOTAL	JAMES MERRYWEATHER	160.5
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Disbursements

	Expense	HST	Total
Canada Post - reg mail to CRA, insurer	\$ 19.68	\$ 2.56	\$ 22.24
Canada Post - reg mail to City of Toronto	\$ 9.84	\$ 1.28	\$ 11.12
	<u>\$ 29.52</u>	<u>\$ 3.84</u>	<u>\$ 33.36</u>

Schonfeld Inc.
Receivers + Trustees

January 2, 2014

Norma Walton, Ronauld Walton
The Rose & Thistle Group Ltd. and
Eglinton Castle Inc.; and those
Corporations listed on Schedule "B"
of an Order made on November 5, 2013
30 Hazelton Avenue
Toronto, ON M5R 2E2

Invoice #834

*** INVOICE ***

Re: Court Appointed Manager's account

To: Professional services rendered for the period December 1, 2013 to
December 31, 2013 under the terms of an Order dated
November 5, 2013 appointing Schonfeld Inc Manager;
as detailed in the attached timedockets

Our fee:	\$ 116,800.00
HST @ 13%	<u>15,184.00</u>
Total fee:	\$ 131,984.00

Disbursement:		
n barry lyon consultants limited	\$ 14,910.40	
Courier	134.78	
HST	<u>1,955.87</u>	17,001.05

Total Fees and Disbursements	<u>\$ 148,985.05</u>
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	Hours	Hourly Rate	Total
S. Harlan Schonfeld CPA, CA, CIRP	88.50	\$550	\$ 48,675.00
James Merryweather, CGA	158.50	\$400	\$ 63,400.00
Stephanie Williams	31.50	\$150	\$ 4,725.00
TOTAL:	<u>278.50</u>		<u>\$ 116,800.00</u>

H.S.T. #87283 8339 RT0001

Tel. 416.862.7785 Fax. 416.862.2138
info@schonfeldinc.com

438 University Avenue, 21st Floor, Toronto, Ontario Canada M5G 2K8

ENGAGEMENT NAME: Dr. Bernstein v Walton

Date: September 20, 2013

Dec 2-13	deal/ongoing tenant issues (Rothmans/Pace Law), real estate agents/broker(various), mortgagees (241 Spadina) issues by t/c and email; various calls w/Goodmans re: draft APS, Queen St E issues -RioCan option, mortgage, Royal Gate form of offer, replies to P Griffen request; call w/Barry Lyon, Meridian banking, Cityview and Fox PO & lien,	5.5
Dec 3-13	t/Mark Conway re the marketing strategy for the revenue producing properties, funding issues, operations, t/various parties, tenants, purchasers and brokers	4.5
Dec 4-13	mtg w/Mark Conway to review properties; discuss marketing and letter to GTA brokers (RFP); conf call w/B Empey & Jim M to discuss funding requirements & amendment to Order, mtg w/Dr Bernstein, attend property tour and mtg w/Otera at 1500 Don Mills Rd, various emails and conf calls regarding amendments to the order and funding	4.5
Dec 5-13	deal/w distribution of letters to the brokers, funding issues, conf call re borrowing powers,	3.0
Dec 6-13	deal w/teanat issues-PACE Law at 295 The West Mall; Rothmans @1500 Don Mills, repair at 1485 Dupont, receive various unsolicited offers, t/w Goodmans re mortgagee mtg, and Managers form of offer for 875 Queen E and 1 Royal Gate, t/ Jim M re: banking, funding and cash, t/Andrus - BL re leasing issues, mtg w/Mark Conway to review status of properties and potential recoveries, t/brokers, emails and voice mails,	5.5
Dec 9-13	dealing w/ tenant issues; Al Pace and Rothmans; deal w/Mark Conway to review Realization schedule, mtg w/Goodmans to prepare for mortgagee mtg, attend mtg of mortgagees, present Managers position; hear comments and requirement,	5.5

ENGAGEMENT NAME: Dr. Bernstein v Walton

Date: September 20, 2013

Dec 10-13 deal/Realization schedule, Rothmans emails and tel;
t/Colliers re 875 Queen St E property and Managers
APS, t/Colliers (Ho) re 1185 Eglinton Ave E and offer,
prepare for attend mtg w/Dr B and counsel to review
cash flow funding requirements, feedback from
Mortgagees mtg, recovery schedule

5.5

Dec 11-13 t/L Zimmerman/S Handelman re mtg payments and
sale process; t/K Radford - Davies Elevator@ 15 Fraser;
t/ M Bellissimo re 1 Royal Gate offers and showings,
t/Briarlane re rent rolls and billings, tenant issues; deal
w/ leases other issues; t/Skyway purchaser re
additional deposit to pay off taxes;

4.5

Dec 12-13 t/ G Schramm re Pace Law @ 295 The West Mall; Sam
Resiman @ 65 Heward, deal w/ rental arrears, various
emails, t/Donna @65 Heward re rent roll and
property management, t/Drew Cleland re sale of 140
Queen's Plate, t/M Labbe re Option for Homes & 14
Trent; various emails, t/ re operations,

4.5

Dec 13-13 attend in court for 9:30 appt, deal w terms of
amended order; at office to deal w/ offers-65 Heward,
78 Tisdale, 14 Trent, leases -Eddystone, review cash
flow, t/w Mark Conway re work to complete Tisdale
and Trent; deal w/295 West Mall Pace offer

5.5

Timedocket S Harlan Schonfeld CPA, CA, CIRP
ENGAGEMENT NAME: Dr. Bernstein v Walton
Date: September 20, 2013

165

Dec 16-13 t/ Atrium - 1185 Eglinton Ave E mortgagee re non
funding of mortgage; status of sale process, t/S Ho re
interested parties, t/B Empey re Osborne's motion and
relief, mortgagees "carve out" material; funding;
review mortgagees motion material; discuss consent
to Notice of Default re Zimmerman; t/A Kung re 165
Bathurst and 5770 Highway 7 tenants; deal w/65
Heward offer to CBRE, t/S Reisman; deal w/Stevenson
rental at 1003 Queen St E; t/Otera re 1500 Don Mills;
t/A Kung - BL re 1500 and City of Toronto extension;
t/City of Toronto re shelter beds at 887 Queen; receive
offers for 887 Queen St E from Colliers, review and
arrange to meet, various emails and ongoing
administration

6.5

Dec 17-13 mtg w/Colliers to review 2 offers for 887 Queen St E
and call w/ K Hertig; discuss option RioCan; deal w/
motion material for hearing; review draft orders to
amend Nov 5th order; deal w/ cash flow projections
and funding; settle on funding requirements; and
ongoing t/calls with brokers, creditors, and emails

4.5

Dec 18-13 in court for Dr B motion to add properties, mortgagees
motion to carve out; deal w/BL re teennat and leasing
issues, at Meridian for banking

3.5

Dec 19-13 various ongoing property management issues, leasing;
banking;

2.5

ENGAGEMENT NAME: Dr. Bernstein v Walton

Date: September 20, 2013

Dec 20-13	at 30 Hazelton-deal w/Wynford Professional Centre; at Meridian Bank to open bank account and deal/w transfers to property accounts; conf call/Goodmans & Colliers re final edits to 875 Queen St E offer; discuss treatment of shelter and agreement between Waltons & Red Door to relocate or remain; mtg w/Mark Conway to deal w/ RFP's from real estate brokers; discuss data for due diligence; call w/Goodmans re settlement terms w/mortgagees to avoid carve-out motion; discuss and agree on settlement terms for 165 Bathurst - to pay realty taxes and property management fees -total about \$60K; deal/1185 Eglington Ave E carve-out position in light of bounced mortgage cheque -to be replace due to funding; on going email and t/calls with tenants, BL and brokers; discuss leasing issues with BL;	6.5
Dec 23-13	deal w/analysis of Broker RFP Proposals and broker compensation; prepare summary schedules and conference call to discuss and make recommendation; deal w/BL re leasing activity at properties; deal/ Goodmans re settlement of terms of amended order; deal w/unsolicited offers re Heward	4.5
Dec 24-13	discuss terms of order made on the 24th, position of Otera, 1131A, and 165; deal w/Manager's recommendation to mortgagees re selection of broker; banking, 65 Heward offers,	2.5
Dec 27-13	deal w/recommendation to Mortgagees of the selection of a broker, finalize summaries and letter; deal w65 Heward Interest, Wynford MTCC#1037	2.5
Dec 30-13	deal w/offers for 65 Heward and 140 Queen's Plate; delivered to purchasers; deal w/MTCC#1037 and Wynford Prof Centre	3.5

Timedocket S Harlan Schonfeld CPA, CA, CIRP

167

ENGAGEMENT NAME: Dr. Bernstein v Walton

Date: September 20, 2013

Dec 31-13 at Hazelton to meet w/Steve Williams to review
development status of properties; mtg w/Norma and
Jim to review potential LOI and portfolio sale to
prospective interested parties 3.5

TOTAL	HARLAN SCHONFELD	88.5
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Timedocket James Merryweather
 ENGAGEMENT NAME DR. BERNSTEIN
 Insolvency Date:

DATE	DESCRIPTION	TIME (hh/mm)	HOURLY RATE	AMOUNT
JAMES MERRYWEATHER, CGA				
01-Dec-13	review banking; update cashflow projections; analysis of liens; prepare deposit	5.0		
02-Dec-13	attend at Hazelton; review banking, approval; transition of accounting; review and process AP; various mtg w R&T; tc and corr w creditors; update cashflow; conf call w counsel	10.0		
03-Dec-13	attend at Hazelton; review banking, approval; transition accounting to Briarlane; tc and corr w creditors; mtg w R&T; prepare deposit; prepare funding request; AP management	9.0		
04-Dec-13	attend at Hazelton; review banking, approval; update cashflow and funding; attend at Cityview; various operational issues; transition accounting; deposit at bank; conf call w counsel; lending analysis	8.0		
05-Dec-13	attend at Hazelton; review banking, update cashflow, banking approval; attend at Meridian; funding analysis; tc and corr w creditors; minute book review; conf call w counsel; transition accounting; AP management	8.0		
06-Dec-13	attend at Hazelton; review banking, update cashflow, banking approval; attend at Meridian; arrange HVAC for Dupont; various prop mgmt issues; process AP; transition accounting; tc and corr w creditors	7.0		
07-Dec-13	update cashflow projections and funding requirements; review and update banking	2.0		
08-Dec-13	conference call w counsel; prepare revenue analysis; update cashflow projections; prepare accounting for Briarlane;	6.5		
09-Dec-13	attend at Hazelton; review banking, provide approval; update cashflow and projections; attend at Meridian; mtg w contractor at Dupont; attend various mtgs w counsel and mortgagees; various corr w creditors;	9.5		

DATE	DESCRIPTION	TIME (hh/mm)	HOURLY RATE	AMOUNT
10-Dec-13	attend at Hazelton; review banking, provide approval, update cashflow; process AP; tc and corr w creditors; accounting transition to Briarlane; Dupont construction issues	8.0		
11-Dec-13	attend at Hazelton; review banking, update cashflow, provide approval; transition accounting to Briarlane; process AP; tc and corr w creditors; funding analysis; various property issues	7.5		
12-Dec-13	attend at Hazelton; review banking, update cashflow and projections; banking approval; process AP; tc and corr w creditors; transition accounting to Briarlane; corr w utilities	8.0		
13-Dec-13	attend at Hazelton; review banking, update cashflow, revise projections; banking approval; process AP; tc and corr w creditors; tc and corr w Briarlane;	5.0		
15-Dec-13	update cashflow projections and forecast;	2.0		
16-Dec-13	review banking, update cashflow, provide banking approval; prepare funding request; corr w creditors	3.0		
17-Dec-13	review banking; update cashflow, provide banking approval; prepare cashflow for funding; review Court materials; corr w utilities and creditors	6.0		
18-Dec-13	attend at Hazelton; review banking, update cashflow and projections, banking approval; tc and corr w creditors; Issues re 1185 Dupont; process AP; accounting transition issues	8.0		
19-Dec-13	attend at Hazelton; review banking, update cashflow, banking approval; tc and corr w creditors; prepare funding analysis; review MTCC/Wynford issues; prepare post-dated cheque analysis	6.5		

Timedocket James Merryweather
 ENGAGEMENT NAME DR. BERNSTEIN
 Insolvency Date:

DATE	DESCRIPTION	TIME (hh/mm)	HOURLY RATE	AMOUNT
20-Dec-13	attend at Hazelton; review banking, update cashflow, banking approval; attend at Meridian; corr w creditors; issues re funding and mortgagees; tc and corr w Briarlane re accounting;	8.0		
23-Dec-13	attend at Hazelton; review banking, update cashflow, banking approval; tc w counsel; review draft Order; tc and corr w Meridian; process AP; accounting transition to Briarlane	6.5		
24-Dec-13	attend at Hazelton; review banking, update cashflow, banking approval; process AP; mtg w R&T staff; tc and corr w Briarlane;	3.5		
27-Dec-13	review banking, update cashflow, banking approval; prepare Jan. mortgage, equity cheques; process AP; prepare pkg for Briarlane; conf call w counsel; prepare 3 month cashflow	8.0		
30-Dec-13	attend at Hazelton; review banking, update cashflow, provide approval; various corr w Briarlane; tc w Enbridge; prepare 3 month cashflow and funding requirements; review AP	9.0		
31-Dec-13	attend at Hazelton; review banking, update cashflow, banking approval; tc and corr w creditors; Dupont issues; arrange night deposit; mtg w HS, NW; process AP	4.5		
TOTAL JAMES MERRYWEATHER		158.5		

Disbursements

	Expense	HST	Total
Canada Post - Xpress Post to 368230	\$ 10.46	\$ 1.36	\$ 11.82
Canada Post - Xpress Post to Briarlane	\$ 11.93	\$ 1.55	\$ 13.48
Canada Post - Xpress Post to Briarlane	\$ 11.41	\$ 1.49	\$ 12.90
Canada Post - courier to Briarlane	\$ 18.04	\$ 2.35	\$ 20.39
Canada Post - courier to Briarlane	\$ 20.02	\$ 2.60	\$ 22.62
Canada Post - Xpress Post to Briarlane	\$ 11.25	\$ 1.46	\$ 12.71
Canada Post - Xpress Post to mortgagees	\$ 26.88	\$ 3.49	\$ 30.37
Canada Post - Xpress Post to Briarlane	\$ 15.83	\$ 2.06	\$ 17.89
Canada Post - Xpress Post to Briarlane	\$ 8.96	\$ 1.16	\$ 10.12
	\$ 134.78	\$ 17.52	\$ 152.30

STEPHANIE WILLIAMS

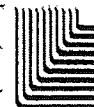
User	Day	Description	Hours
SN W	11/27/2013	Telephone call with RDD regarding project details.	0.25
SN W	11/28/2013	Telephone call with RDD regarding onsite meeting and further project details and requirements.	0.25
SN W	11/29/2013	Meeting with RDD, H. Schonfled and J. Merryweather regarding project particulars and scope.	1.50
SN W	12/02/2013	Attending at 30 Hazelton Avenue.	3.00
SN W	12/03/2013	Attending at 30 Hazelton Avenue; Emails to J. Munroe of LexisNexis regarding CaseMap.	3.00
SN W	12/04/2013	Emails to and from J. Munroe of LexisNexis regarding CaseMap proposals.	0.50
SN W	12/05/2013	Attending at 30 Hazelton Avenue; Telephone call with D. Mayers of LexisNexis regarding CaseMap proposal.	3.00
SN W	12/06/2013	Meeting with SJE and RDD regarding quotes for CaseMap and next steps.	1.00
SN W	12/08/2013	Creating skeleton/draft of Shareholders' chart as per J. Merryweather's request; Creating top level folder structure by property on RST's drive; Email to J. Merryweather.	1.50
SN W	12/09/2013	Attending on site at 30 Hazelton Avenue; Working on Minute Book/Shareholder chart as requested by J. Merryweather	3.00
SN W	12/10/2013	Attending on site at 30 Hazelton Avenue, continuing to work on minute book review and shareholders' chart; Discussions with J. Merryweather regarding next steps with respect to shareholders' chart and future of the file.	3.00
SN W	12/11/2013	Telephone calls to creditors advising of current situation. Emails to J. Merryweather regarding same.	0.50
SN W	12/12/2013	Attending on site at 30 Hazelton Avenue; Continuing to work on Minute Book Review chart and discussions with J. Merryweather and T. Trkija regarding same.	3.75
SN W	12/12/2013	Formatting and finalizing Minute Book Review chart as per J. Merryweather's instructions.	1.50
SN W	12/17/2013	Returning emails and phone calls to various creditors with respect to outstanding invoices, status reports and general information	1.50
SN W	12/18/13	Responding to emails and telephone calls as directed; working on creditor tracking sheet	2.00

SN W	12/19/2013	Telephone calls with and follow up to creditors, and emails	0.75
SN W	12/20/2013	Responding to creditor emails and phone cal and reporting back to Jim	0.50
SN W	12/23/2013	Responding to creditor emails and calls	0.75
SN W	12/24/2013	Responding to creditor emails	0.25
Stephanie Williams			31.50

3 church street, suite 100
toronto, ontario, M5E 1M2
tel: (416) 364-4414
fax: (416) 364-2099
www.nblc.com

Invoice No. 14-3198

n. barry lyon
consultants limited



January 2, 2014

Mr. Harlan Schonfeld, CPA, CA CIRP
Schonfeld Inc. Receivers + Trustees
438 University Avenue
21st Floor
Toronto, Ontario
M5G 2K8

Re: Strategic Market, Planning, Valuation & Disposition Review
31 City of Toronto (Rose and Thistle Group) Sites
Our Docket No. 13-2635

Fee for professional services rendered, for the month of December, 2013. Work activities included review of all real estate assets including appraisals, summarizing the portfolio and assisting with the development of a disposition strategy. Assisting in the development of a request for proposals from brokers and reviewing submissions including an assessment of fees. Meeting with Dr. Bernstein and legal representatives to discuss and advise on disposition issues. Culling electronic files to prepare for brokers. Meetings with yourself and numerous phone calls and emails

<u>Consultants</u>	<u>Hours</u>	<u>Rate/Hour</u>	<u>Amount</u>
Mark Conway	28.5	\$250.00	\$7,125.00
Scott Walker	2.5	190.00	475.00
Matthew Bennett	45.5	160.00	7,280.00
Sub-Total:			\$14,880.00
<u>Disbursements:</u>			
Courier			30.40
Sub-Total:			\$14,910.40
Applicable 13% GST (#R103841573)			1,938.35
Total Due:			<u>\$16,848.75</u>

Due and payable upon receipt

N. Barry Lyon Consultants Limited

18

Court File No.: CV-13-10280-00CL

**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 ON SCHEDULE B HERETO, TO BE
BOUND BY THE RESULT

**AFFIDAVIT OF FRED MYERS
(Sworn January 14, 2014)**

I, Fred Myers, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND**

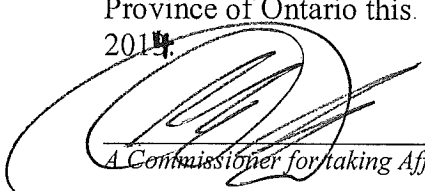
SAY:

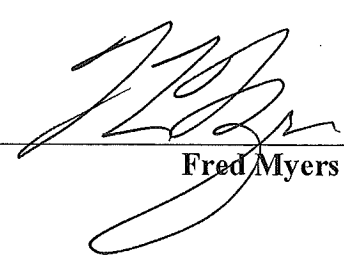
1. I am a partner with the law firm of Goodmans LLP ("Goodmans"), counsel for Schonfeld Inc. in its capacity as Court-appointed Manager (the "Manager") of the Respondents. As such, I have knowledge of the matters hereinafter deposed to.
2. Schonfeld Inc. was appointed Manager appointed pursuant the Order of Justice Newbould dated November 5, 2013 (the "Appointment Order").
3. Attached hereto and marked as Exhibit "A" is a copy of the invoices rendered by Goodmans to the Manager in respect of the period from November 5, 2013 to December 31, 2013.

4. Goodmans' fees and disbursements during this period totalled \$172,469 inclusive of HST as outlined in the invoices attached as Exhibit "A". Goodmans' invoices relate to work performed on behalf of Schonfeld Inc. in its capacity as Manager. An amount of \$11,628.85 billed by Goodmans has been allocated to the mandate of the Inspector pursuant to the Order of Justice Newbould dated October 4, 2013 based on a review of dockets. This amount will be dealt with separately.

5. Goodmans' rates and disbursements are consistent with those in the market for these types of matters. Goodmans has had its rates and disbursements approved by this Honourable Court in respect of similar services provided in various insolvency and restructuring files.

SWORN BEFORE ME at
the City of Toronto, in the
Province of Ontario this *14 day of January*
201*4*.



A Commissioner for taking Affidavits

Fred Myers

This is Exhibit "A" referred to in the
affidavit of Fred Myers
sworn before me, this 14th
day of January, 2014.

A Commissioner for Taking Affidavits

December 18, 2013

Schonfeld Inc.
 21st Floor
 438 University Avenue
 Toronto, ON
 Canada M5G 2K8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 132838

OUR INVOICE NO. 615378

GST/HST REGISTRATION NO. R119422962

Re: Independent Inspector role concerning Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc.

TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED
 MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
11/19/13	MSD	3.70	Correspondence with client re endorsement; forward issued Order to D. Michaud; coordinate meeting with applicants; review mortgagee list.
11/19/13	BFE	.40	Emails with F. Myers and telephone conference with M. Dunn and K. Herlin re: new issues.
11/20/13	JRD	1.00	Reviewing and considering Section 37 Agreement; drafting e-mail to K. Herlin re: same.
11/20/13	BFE	.80	Office conference with M. Dunn re: new issues and next steps; emails and telephone conference with M. Dunn re: communication from Stikemans.
11/21/13	ABO	2.70	Telephone conference with M. Dunn re: letters of notice based on updated title search; preparing chart re: outstanding creditors who require letters of notice; preparing e-mail to M. Dunn with update on when the letters of notice will be delivered; drafting letter to lien claimants.
11/21/13	JRD	.30	Telephone call with K. Herlin and A. Brown re: Section 37 Agreement for 1185 Eglinton Avenue.
11/25/13	MSD	.90	Discussions with F. Myers; review properties that may be subject to sales and draft outline of report re: same; forward materials to counsel to CDPQ.
11/25/13	KEH	.40	Brief discussions with F. Myers re: scheduling a meeting; receipt of final

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Date	TKID	Hours	Description
			order for 1185 Eglinton Ave.; exchange emails with F. Myers re: vesting order.
11/25/13	FMS	1.50	Reviewing Notice of Appeal; telephone conference with McCutty's re: CPDQ issues; reviewing Thornton Grout's letter; meeting with M. Dunn re: status of organization; reviewing agenda for meeting with client; following-up with H. Schonfeld.
11/26/13	MSD	1.50	Call with H. Meredith; discussions with F. Myers; draft report re: sale process.
11/26/13	KEH	4.80	Meeting with G. Lauzon with respect to outstanding property issues; meeting with F. Myers and H. Schonfeld to discuss properties in detail; subsequent follow up discussion with G. Lauzon; reviewing and revising agreement of purchase and sale; at request of J. Merryweather draft e-mail with respect to realty tax and forward same to him; receipt of documentation with respect to certain properties and briefly review same.
11/26/13	GLL	1.80	Meeting with K. Herlin; obtain on Teraview and review copies of plans for 1 Royal Gate; subsearch title to 140 Queen's Plate and obtain on Teraview copy of notice of lease;
11/26/13	FMS	3.80	Reviewing correspondence from three mortgagees; meeting with client re: property sale process issues and borrowing issues; instructing M. Dunn re: motion for sale approvals; emails to D. Klassen re: negotiations with secured creditor.
11/27/13	DED	7.50	Researching for M. Dunn re: leases and insolvency; updating service list for motion record.
11/27/13	MSD	2.20	Telephone call with T. Dunn; discussion with F. Myers; draft report; instruct student re: research of ring fencing options.
11/27/13	BFE	.20	Reviewing correspondence re: proposed DIP financing.
11/27/13	KEH	3.20	Attending to meeting with H. Schonfeld and F. Myers to discuss outstanding matters; meeting with G. Lauzon to review 120 Royal Gate Blvd. and 875/887 Queen Street East documentation; telephone discussion with Colliers at request of H. Schonfeld to discuss 875/887 Queen Street East; e-mail to H. Schonfeld to discuss same; telephone call to solicitor for Muni koti Holdings with respect to potential purchase of 30-34 Meridan Rd.; draft precedent agreement of purchase and sale; exchange emails with working group re: women's shelter lease and effort to accommodate same.

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Date	TKID	Hours	Description
11/27/13	GLL	5.80	Numerous email; fax to the Land Registry Office re PIN correction for 65 Heward; receipt and review of corrected parcel register; discussions with K. Herlin; review title and leases for 1-20 Royal Gate Boulevard and prepare table of owner, legal description, permitted encumbrances, encumbrances to be vested off and unregistered leases; review title and leases for 875 and 887 Queen Street East and prepare table of owner, legal description, permitted encumbrances, encumbrances to be vested off and unregistered leases; review court order and email F. Myers; review leases re security deposits; telephone conference call G. Lauzon, K. Herlin, B. Gibson re Queen Street East property;
11/27/13	FMS	3.60	Meeting with H. Schonfeld re: Queen Street, Queens Plate, Royal Gate and borrowing issues (25% each) (2.0); telephone conversations with P. Griffin re: borrowing and drafting email to P. Griffin re: borrowing (.9); telephone conversation with R. Goldberg re: Queen Street and reporting to client (.3); telephone conversation with H. Meredith re: 1500 Don Mills and reporting to client (.4).
11/28/13	ABO	.90	Interoffice meeting with M. Dunn re: discussing role of receiver with lawyers acting for claimants; preparing chart re: notice to lien claimants.
11/28/13	DED	7.10	Researching for M. Dunn re: receivership and leasees; office conference with F. Myers and M. Dunn re: additional research and strategy.
11/28/13	MSD	2.30	Telephone call with counsel to City View re: claim against purchaser; telephone call with counsel to lien claimants; e-mails with client; discussions with F. Myers; review and send letters to lien claimants; discussions with D. Dionne and F. Myers re: lease research.
11/28/13	BFE	.50	Telephone conference with F. Myers and reviewing emails re: current issues.
11/28/13	KEH	3.20	Review and revise precedent agreement of purchase and sale; forward draft to H. Schonfeld along with issues list; telephone discussions with solicitor for tenant Link-Lines at 1 Royal Gate; exchange emails with tenant and H. Schonfeld re: same; exchange emails with F. Myers with respect to 875/887 Queen Street; telephone discussions with solicitor for purchaser at 30/34 Meridan; forward to him copy of vesting order; receipt of emails with respect to lease dispute at 1495 Dupont; receipt of documentation with respect to Red Door Shelter; exchange emails re: retainer letter provided by Colliers and suggest insertion of typical manager/receiver language.
11/28/13	GLL	2.00	Numerous email and discussions; review draft agreement of purchase and sale

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Date	TKID	Hours	Description
			and provide comments; review various documents;
11/28/13	FMS	2.40	Dictating letters to mortgagee counsel for Twin Dragon, Trez, 1500 Don Mills and Spadina re: role of Manager (.3); telephone conversation with counsel for Red Door re: status of lease and report (.3); reviewing Red Door Letter of Intent and Listing Agreement issue and responding to R. Goldberg - Red Door (.3); considering issues re: Max the Mutt (.2); meeting with M. Dunn and student re: law on receiver's entitlement for disclaim leases and providing interim report to client (.6); briefing B. Empey on status for upcoming motion (general) (.3); telephone conversation with H. Schonfeld re: negotiation of funding issues with Dr. Bernstein and email to P. Griffin (.4).
11/29/13	DED	1.20	Reviewing leases agreements for M. Dunn; office conference with K. Herlin re: lease documents.
11/29/13	MSD	1.50	Correspondence with mortgagees counsel; forward material to same; discussions and e-mails with F. Myers; telephone call to counsel for lien claimant; telephone call to counsel acting for company.
11/29/13	KEH	2.10	Participate in conference call with H. Schonfeld, F. Myers and Dr. Bernstein to discuss outstanding issues; at request of H. Schonfeld draft letter to prospective purchaser for Skyway Ave. property; forward same to F. Myers and H. Schonfeld for their review and comment; receipt of emails throughout day with respect to 1500 Don Mills Road and 1485 Dupont Ave. (Max the Mutt Animation Inc. lease).
11/29/13	FMS	2.70	Telephone conversation with H. Meredith and reviewing J. Gage letter re: ISOC Don Mills and reporting to client (.5); telephone conference with S. Gollick and H. Schonfeld re: Howard Street and following-up with S. Gollick (.4); reviewing law re: disclaimer of property interests (general .4); conference call with Dr. Bernstein, client and P. Griffin (.8); reviewing draft letter responding to abatement claims on Skyview (.2); working on process and funding approach (general .4).
12/01/13	FMS	1.30	Telephone conversation with H. Schonfeld re: planning sales process and borrowing; drafting revisions to charge terms of Order and instructing M. Dunn and K. Herlin.
12/02/13	DED	3.60	Reviewing lease agreements for M. Dunn.
12/02/13	MSD	.90	Review correspondence; drafting of report.
12/02/13	KEH	2.20	Review and revise precedent purchase agreement; send redraft to H.

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Date	TKID	Hours	Description
			Schonfeld; participate in conference call with F. Myers, H. Schonfeld, J. Merryweather and G. Lauzon re: outstanding issues; revise precedent purchase agreement; telephone call with H. Schonfeld and J. Merryweather to discuss purchase and sale agreement; revise purchase and sale agreement to reflect facts of 875-887 Queen St. E., Toronto property and particulars of Royal Gate property; discussions with F. Myers re: 1485 Dupont (Max the Mutt lease).
12/02/13	GLL	1.80	Numerous email; discussions with K. Herlin; telephone conference call K. Herlin, G. Lauzon, F. Myers, J. Merryweather, H. Schonfeld;
12/02/13	FMS	3.50	Engaged in review of Charge allocation issues; communicating with H. Meredith re: Don Mills mortgagee issues (.4); telephone conference with M. Kaplan re: trinity issues and report (.5); telephone conference with S. Golick re: Spadina mortgagee issues and report (.3); reviewing status of Cityview with client and drafting status steps for Dr. Bernstein and Ms Walton (.8); telephone conversations with client re: review of all outstanding offers, strategy memo, inspectorship status (1.5).
12/03/13	MSD	1.30	Draft letter re: reprobating lease with Maxx the Mutt (.2, Dupont); call with F. Myers and B. Empey re: status and next steps; draft ring fencing motion.
12/03/13	BFE	.80	Telephone conference with F. Myers and M. Dunn re: next steps in Court proceedings.
12/03/13	BFE	.20	Correspondence re: 140 Queens Plate Drive.
12/03/13	BFE	2.30	Reviewing proposed confidentiality agreement for brokers; correspondence re: mortgagees; emails with H. Schonfeld and F. Myers re: funding; emails with H. Schonfeld and team re: sales of properties generally.
12/03/13	BFE	.80	Telephone conference with H. Meredith re: 1500 Don Mills and telephone conference with F. Myers re: same.
12/03/13	KEH	2.30	Review and revise Royal Gate and Queen Street agreement of purchase and sale on rush basis; telephone discussion with F. Myers re: status of file; exchange of emails from Red Door Shelter re: status of lease negotiations; exchange voicemail messages with solicitor for purchaser at 3234 Meridan property; e-mail to working group re: outstanding purchase agreement issues; discussions with G. Lauzon throughout day re: PPSA searches and corporate status searches with respect to certain registered owners; at request of F. Myers provide comments with respect to brokerage proposal; receipt of documentation with respect to Twin Dragons Corporation.

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Date	TKID	Hours	Description
12/03/13	GLL	.20	Numerous email; requisition PPSA searches for Queen East property owners and Royal Gate property owners;
12/03/13	GLL	.40	Numerous email and discussions; obtain and review corporate profiles for registered owners of Royal Gate properties;
12/03/13	FMS	2.50	Engaged in calls with S. Golick re: Spadina (.3), H. Meredith re: Don Mills (.5); emails with R. Goldenberg re: Queen Street (.3), S Graff re: Esbin (.2), P. Griffin re: general and client (.6) and K. Herlin re: Meridian (.4).
12/04/13	BFE	2.20	Re: 1500 Don Mills, dealing with proposal from H. Meredith including conference with H. Schonfeld, J. Merryweather, email to client with advice on proposal; telephone conference with H. Schonfeld re: his meeting with Otera and issues with its proposal.
12/04/13	BFE	2.10	Telephone conference and emails with H. Schonfeld re: closing mechanics and funding issues; emails with mortgagees.
12/04/13	BFE	.80	Reviewing notice of appeal from Stikemans and discuss with team.
12/04/13	KEH	2.10	Discussions with solicitor for Red Door re: status of lease and vacating of premises at expiration of term; exchange emails with H. Schonfeld in connection therewith; review and revise precedent agreement of purchase and sale for working group's consideration; brief meetings with G. Lauzon to discuss outstanding issues with respect to PPSA registration against Gateway and Queen St. properties; receipt of numerous emails from F. Myers, B. Empey and M. Dunn with respect to appeal of DBDC Spadina; exchange voicemails with solicitor for Munikoti Holdings Inc. with respect to status of Meridan purchase agreement; provide rider to H. Schonfeld with respect to listing agreement; brief discussion with G. Lauzon re: Royal Gate property and issues and e-mail to J. Merryweather in connection therewith.
12/04/13	GLL	.60	Numerous email and conversations; review various agreements and offers; email to J. Merryweather re Skyway/Meridian properties;
12/05/13	BFE	5.30	Conference call with H. Schonfeld and J. Merryweather re: operational funding for the proceedings; correspondence and telephone conference with mortgagees; telephone conference with F. Myers re: overall issues; telephone conference with P. Griffin re: specific funding requests, reporting to client; telephone conference with M. Konyukhova re: 1131 Leslie street, proposed meeting with group of mortgagees and proposed 9:30 appointment; telephone conference with S. Graff.

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Date	TKID	Hours	Description
12/05/13	FMS	.40	Telephone conference with B. Empey re: funding crisis options; skimming notices of appeal received.
12/06/13	MSD	.90	Draft report; letter to Meridian.
12/06/13	BFE	2.80	Correspondence with S. Roy re: closing mechanics for Skyway/Meridian and Cityview; emails and telephone conferences with Mortgagees re: status; telephone conferences with H. Schonfeld re: funding and operational concerns.
12/06/13	KEH	.90	Exchange emails with broker and H. Schonfeld re: status of purchase and sale agreement; telephone discussions with H. Schonfeld re: same; briefly revise documents; commence revisions to agreement of purchase and sale; e-mail to working group; exchange emails with Link Lines' (tenant) lawyer.
12/08/13	BFE	1.80	Discussion with H. Schonfeld, J. Merryweather and F. Myers re: property values, funding issues.
12/08/13	FMS	1.10	Telephone conference with B. Empey to prepare for conference call; telephone conference with client re: preparation for possible termination; telephone conference with client and B. Empey re: status of valuation exercise and preparation for meeting with mortgagees; following-up with B. Empey re: next steps.
12/09/13	MSD	3.90	Discussions with client and B. Empey to prepare for meeting with mortgagees; meet with mortgagees; discussions with client re: next steps.
12/09/13	KEH	1.60	Exchange emails with H. Schonfeld and finalize first drafts of 1-20 Royal Gate agreement of purchase and sale and 875 Queen Street agreement of purchase and sale; forward same to brokers and exchange emails with them re: same; at request of B. Empey attend to meeting with H. Schonfeld and J. Merryweather to discuss real estate issues; pursuant to said meeting prepare purchase agreements for 14 Trent, 1185 Eglinton Ave. E. and 78 Tisdale; discussion with G. Lauzon re: same; subsequent discussions with H. Schonfeld re: Trinity option to purchase at 875 Queen Street property.
12/09/13	GLL	.80	Numerous email; review various draft agreements; draft due diligence review tables for 78 Tisdale, 14 Trent and 1185 Eglinton properties;
12/10/13	KEH	1.80	Exchange emails with purchaser for Meridian property; receipt of reference plan with respect to Meridian and Skyway property; forward to H. Schonfeld and P. Merryweather; exchange emails with H. Schonfeld re: 1500 Don Mills and Bell Fibre Agreement; participate in conference call with Gibson Bryce

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Date	TKID	Hours	Description
			and brokers for 875 Queen Street; follow up discussions with H. Schonfeld re: same; discussions with H. Schonfeld re: status of transactions and possibly approaching Meridian purchaser to pay deposit.
12/10/13	GLL	.20	Telephone call to T. Holmes re Enbridge Easement (Meridian property);
12/11/13	MSD	.50	Call with B. Zinman re: City View lien; e-mails with client re: DuPont lien.
12/11/13	KEH	.50	Discussions with H. Schonfeld re: 30-35 Meridan Road; receipt of notification of GST claim by Revenue Canada; locate case and forward same to B. Empey; brief discussions with G. Lauzon re: same.
12/12/13	KEH	1.40	Exchange emails with H. Schonfeld with respect to 30-34 Meridan Road; at request of H. Schonfeld draft agreement of purchase and sale for 1185 Eglinton Avenue; exchange emails with him re: same; at request of H. Schonfeld also draft agreement of purchase and sale for 65 Heward Ave.; telephone discussions with representative of purchaser of 9-11 City View Drive, Toronto; e-mail to H. Schonfeld expressing buyer's concerns re: status of transaction and need to pay realty taxes.
12/12/13	GLL	.40	Numerous email and discussions; review parcel registers and draft due diligence report for 65 Heward; review mortgage on 1185 Eglinton East re due on sale clause;
12/13/13	GLL	.60	Meridian and Skyway Properties: telephone conference call K. Herlin, J. Cummings, G. Lauzon; telephone conference call T. Holmes, K. Herlin, G. Lauzon; email J. Merryweather and H. Schonfeld re outstanding issues;
12/13/13	GLL	.20	14 Trent: discussions with T. Highland (Iler Campbell) and K. Herlin re conditions relating to the sale of 14 Trent;

OUR FEE**\$83,604.50**

TKID	NAME	HOURS	RATE	TOTAL
BFE	Empey, Brian F.	21.00 hrs	\$825.00	\$17,325.00
FMS	Myers, Frederick	22.80 hrs	\$875.00	\$19,950.00
KEH	Herlin, Ken	26.50 hrs	\$835.00	\$22,127.50
JRD	Drake, Jennifer	1.30 hrs	\$490.00	\$637.00
MSD	Dunn, Mark	19.60 hrs	\$530.00	\$10,388.00

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TKID	NAME	HOURS	RATE	TOTAL
GLL	Lauzon, Gloria	14.80 hrs	\$415.00	\$6,142.00
ABO	Bettello, Andrea	3.60 hrs	\$280.00	\$1,008.00
DED	Dionne, Deidra	19.40 hrs	\$280.00	\$5,432.00
WPBM	Blake-Daye, Milicent	3.40 hrs	\$70.00	\$238.00
DA	Clerk, Litigation	5.10 hrs	\$70.00	\$357.00
				\$83,604.50

DISBURSEMENTS

Telephone - Long Distance	1.09
Meetings	93.98
Copies	65.00
Computer Searches - QL System	56.44
Meals	24.20
Conference Calls	8.60
Delivery - Courier	1,025.89
Search - PPSA	168.00
Search - Sub	1,544.00

TOTAL DISBURSEMENTS	\$2,987.20
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TOTAL FEES ON THIS INVOICE	\$83,604.50
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HST ON FEES	10,868.59
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NON TAXABLE DISBURSEMENTS	0.00
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TAXABLE DISBURSEMENTS	2,987.20
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TOTAL DISBURSEMENTS ON THIS INVOICE	\$2,987.20
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HST ON TAXABLE DISBURSEMENT	388.34
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TOTAL THIS INVOICE (CANADIAN DOLLARS)	\$97,848.63
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November 29, 2013

Schonfeld Inc.
 21st Floor
 438 University Avenue
 Toronto, ON
 Canada M5G 2K8

ATTENTION: S. Harlan Schonfeld

OUR FILE NO. SFDI 132838

OUR INVOICE NO. 614458

GST/HST REGISTRATION NO. R119422962

Re: Independent Inspector role concerning Norma Walton, Ronauld Walton, The Rose & Thistle Group Ltd. and Eglinton Castle Inc.

TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED
 MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
10/30/13	MSD	3.50	Meet with H. Schonfeld re: finalizing report; responding to J. Campion; final revisions to and service of report and motion record; draft response to J. Campion and forward to opposing counsel and the Court.
10/31/13	DED	.80	Delivering court documents for filing for M. Dunn.
10/31/13	MSD	7.30	Prepare for and attend motion before Newbould, J.
10/31/13	FMS	1.70	Reviewing facts, affidavit of Walton, questions from J. Campion and drafting response; reviewing and revising 2nd Supplementary Report and answers to J. Campion's questions.
11/01/13	MSD	7.50	Prepare for and attend motion before Newbould, J.
11/01/13	FMS	6.20	Preparing for and attending Court.
11/05/13	MSD	2.70	Review endorsement of Newbould J. re: receivership; draft letter to parties re: immediate steps to fulfill new mandate.
11/05/13	FMS	.30	Reviewing Endorsement; reviewing draft letter to Walton from Manager; instructing M. Dunn on costs order.
11/06/13	MSD	1.00	Draft and send letter to Meridian CU; call with M. Bray; call with J. Merryweather.

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Date	TKID	Hours	Description
11/06/13	BFE	.30	Reviewing endorsement re: appointment of receiver; internal email correspondence with M. Dunn and F. Myers re: next steps.
11/07/13	FMS	.90	Reviewing correspondence re: draft order and instructing M. Dunn; reviewing issues with Meridian Credit Union and advising; instructing M. Dunn re: settlement of terms of order re: fees.
11/08/13	MSD	2.40	Calls with S. Roy re: information request, order and meeting; calls with D. Meringue (counsel to Trez Capital); calls with J. Merryweather; review correspondence from J. Campion.
11/11/13	MSD	1.40	Call with H. Schonfeld; call with counsel to Trez Capital; review correspondence and documents re: 1 City View.
11/12/13	MSD	3.90	Attendance at meeting with applicants and receiver; discussions with client re: lien on Cityview property and inspector's mandate; reviewing proposed draft order and jurisprudence on receiver's charge; discussions with F. Myers re: status and next steps.
11/12/13	FMS	1.00	Meeting with M. Dunn re: status and issues arising from meeting with client and Dr. Bernstein; reviewing motion from J. Campion; reviewing correspondence between J. Campion and the Court; reviewing email exchange with client re: ongoing litigation issue re: Wynford Drive property.
11/13/13	MSD	7.50	Discussions with F. Myers re: status and next steps; telephone calls with client re: property sales, leases, investigation mandate, lien and motion in Wynford action; reviewing material re: Wynford motion; draft letter re: stay; discussions with G. Schible re: Wynford actions and motion; discussions with A. Roy re: Cityview and draft Order.
11/13/13	KEH	1.70	Discussions with M. Dunn; meeting with him and G. Lauzon re: status of transaction; receipt of agreement of purchase and sale for Etobicoke property at 9-11 City View Drive, Toronto, Ontario; receipt of management agreement; exchange emails with H. Schonfeld re: same; receipt of multiple emails from H. Schonfeld.
11/13/13	GLL	.50	Meeting K. Herlin, G. Lauzon, M. Dunn;
11/13/13	FMS	.80	Meeting with M. Dunn re: list of issues and instructions status on each.
11/14/13	ABO	2.10	Inter-office meeting with M. Dunn re: commentary and jurisprudence illustrating the concept that receiver has priority charge on the assets of bankrupt; researching re: the same; preparing documents; researching re:

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Date	TKID	Hours	Description
			receiver's charge in conjunction with notice to secured creditors.
11/14/13	MSD	5.30	Discussions with H. Schonfeld and J. Merryweather re: investigation; telephone call with T. Holmes re: Cityview closing; finalize and send letter re: Wynford motion; telephone call with G. Schible re: motion; prepare for argument of motion including review of law on receivers charges; telephone call with S. Roy re: order, closings.
11/14/13	KEH	1.50	Participate in conference call with M. Dunn and solicitor for company re: sale of property at City View Drive; exchange emails throughout day re: outstanding realty taxes and construction matters; receipt of numerous emails from client re: outstanding files; commence review of property management agreement.
11/14/13	GLL	.50	Numerous email; review agreements of purchase and sale and prepare summary table; discussions with K. Herlin; subsearch title to Cityview Property and obtain copies of registered construction liens;
11/14/13	ALS	.60	Telephone conferences with M. Dunn re: attendance at Ontario Superior Court; reviewing Order and Endorsement re: appointment of receiver and inspector.
11/15/13	ABO	2.00	Attending a motion hearing with M. Dunn re: order for inspection fees; travelling to Goodmans to retrieve draft order and corresponding letter to Justice Newbold; attending a motion hearing with M. Dunn and F. Myers re: stay against proceedings with subtenants.
11/15/13	LD	2.80	Receipt of instructions; review Order; e-mail exchange with M. Dunn; draft and revise Writ of Execution and Requisition; instructions to issue and file; telephone conversations with inter-office conference with L. Fernandes.
11/15/13	MSD	6.30	Prepare for and attend hearing before Newbould, J. including review of cases re: super priority charge; attend hearing of case against Wynford; discussions with F. Myers; telephone call with client, K. Herlin and F. Myers re: Cityview closing, inspectorship and next steps.
11/15/13	KEH	3.70	Attend to meeting with H. Schonfeld, F. Myers, G. Lauzon and others to discuss status of transaction; receipt of documents throughout day re: same; review and revise property management agreement.
11/15/13	GLL	4.00	Numerous email; review agreements of purchase and sale and prepare summary table; discussions with K. Herlin; subsearch title to Cityview Property and obtain copies of registered construction liens; meeting F. Myers,

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Date	TKID	Hours	Description
			K. Herlin, G. Lauzon, H. Schonfeld;
11/15/13	FMS	2.80	Attending Court re: stay of Wynford litigation; meeting with H. Schonfeld.
11/17/13	KEH	.60	Review and revise first draft of Property Management Agreement.
11/18/13	ABO	2.20	Attending at Court for retrieval of order from Justice Newbould; preparing chart of all mortgagees that require notice of receivership; assisting M. Dunn re: preparation of cover letters for notice of receivership to mortgagees.
11/18/13	MSD	6.20	Draft letter to mortgagees; telephone call with client re: notice, funding and meetings; draft memo re: issues for discussion with the parties; e-mails with F. Myers re: next steps.
11/18/13	KEH	3.60	Reviewing and revising Property Management Agreement; exchange emails with H. Schonfeld re: same; finalizing first draft for review by property manager; conference call with G. Lauzon and solicitor for vendor re: 9/11 City View Dr. e-mail to H. Schonfeld setting out issues; telephone call with H. Schonfeld re: Property Management Agreement; revise same.
11/18/13	GLL	2.50	Numerous email and conversations; subsearch title to various properties and update property and agreement chart;
11/19/13	ABO	.70	Reviewing chart of mortgagees; preparing of notice letters, orders and endorsements to be mailed to mortgagees; drafting email to G. Lauzon re: preparation of chart denoting title holders.
11/19/13	LD	.10	Receipt and review Writ of Execution as issued and filed; memo to M. Dunn.
11/19/13	KEH	2.40	Pursuant to discussions with H. Schonfeld re-circulate revised Property Management Agreement; meeting with H. Schonfeld; participate in conference call with H. Schonfeld and property manager; review and revise Property Management Agreement and circulate to working group; receipt of emails from H. Schonfeld and colleague with respect to real property ownership; discussion with G. Lauzon re: same; discussions with F. Myers re: status of file; discussions with B. Empey re: status of file; revising list of real property pursuant to information provided by client; e-mail to solicitor for Rose & Thistle re: existing closing matters.
11/19/13	GLL	4.50	Numerous email and discussions; subsearch title to all interim properties and prepare table of outstanding mortgages and liens; revisions to schedule to Property Management Agreement; meeting H. Schonfeld, M. Dunn, K. Herlin, G. Lauzon;

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Date	TKID	Hours	Description
11/20/13	MSD	2.20	Telephone calls with mortgagees and counsel; telephone calls with client re: meetings, lenders and inspector mandate; meeting and telephone call with B. Empey re: update and lender requests.
11/20/13	KEH	2.40	Review and revise property management agreement and exchange emails and telephone discussions with H. Schonfeld re: same; participate in conference call with T. Holmes and solicitor for purchaser re: 1911 City View Drive, Toronto, Ontario property; conference call with T. Holmes re: 1185 Eglinton Ave. property; arrange conference call with municipal lawyer re: same; exchange emails with J. Drake re: Section 37 agreement; briefly review her comments.
11/20/13	GLL	2.80	Numerous email; telephone conference call K. Herlin, G. Lauzon, T. Holmes, G. Siskind; subsearch title to obtain copies of registered charges and prepare table of chargee addresses; review parcel registers and update property table;
11/21/13	MSD	4.50	Telephone call with Midland re: Leslie property; prepare for and attend meeting with applicants and their counsel; update telephone call with F. Myers; telephone call with K. Crofoot, D. Gormley and J. Carfagnini.
11/21/13	KEH	1.80	Participate in conference call with A. Brown and T. Holmes with respect to 1185 Eglinton Ave. E.; e-mail to working group in connection therewith; exchange emails re: City View Drive correspondence.
11/21/13	GLL	2.50	Numerous email and discussions; subsearch title; review instruments and update property and mortgagee table;
11/22/13	ABO	1.70	Preparing notice letters to be sent to mortgagees re: order from Justice Newbould; preparing e-mail to M. Dunn re: same; drafting notice letter to lien claimants.
11/22/13	MSD	1.80	Call with F. Myers re: update and next steps; call with J. Merryweather re: new construction liens; call with McCarthy Tetrault re: proceedings and next steps.
11/22/13	KEH	1.20	Telephone discussions and exchange of emails with solicitor for Rose & Thistle with respect to 32-34 Meridan Road and 115 Skyway; discussions with H. Shonfeld and receipt of letter from solicitor for purchaser of 115 Skyway Ave. property in connection with water purification equipment; exchange emails with F. Myers and M. Dunn re: same.
11/22/13	GLL	1.60	Numerous email and conversations; review agreements of purchase and sale (2) and update table;

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Date	TKID	Hours	Description
11/22/13	FMS	.40	Telephone conference with P. Griffin and reporting to client.

OUR FEE	\$74,225.50
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TKID	NAME	HOURS	RATE	TOTAL
BFE	Empey, Brian F.	0.30 hrs	\$825.00	\$247.50
FMS	Myers, Frederick	14.10 hrs	\$875.00	\$12,337.50
KEH	Herlin, Ken	18.90 hrs	\$835.00	\$15,781.50
ALS	Sarabura, Alexander	0.60 hrs	\$405.00	\$243.00
MSD	Dunn, Mark	63.50 hrs	\$530.00	\$33,655.00
GLL	Lauzon, Gloria	18.90 hrs	\$415.00	\$7,843.50
LD	Dagg, Linda	2.90 hrs	\$365.00	\$1,058.50
ABO	Bettello, Andrea	8.70 hrs	\$280.00	\$2,436.00
DED	Dionne, Deidra	0.80 hrs	\$280.00	\$224.00
WPEC	Clinton, Elizabeth	2.00 hrs	\$70.00	\$140.00
WPHO	Ostapuk, Helen	3.10 hrs	\$70.00	\$217.00
WPJB	Bennett, Jayne	0.40 hrs	\$70.00	\$28.00
WPSM	Murphy, Sheenagh	0.20 hrs	\$70.00	\$14.00
				\$74,225.50

DISBURSEMENTS

Parking/ Cab / Mileage	29.46
Copies	923.50
Computer Searches - QL System	44.89
Certificate - Execution	11.00
Conference Calls	8.19
Issue Writ of Seizure	155.00
Delivery - Courier	33.00
Search - Sub	30.00

TOTAL DISBURSEMENTS	\$1,235.04
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TOTAL FEES ON THIS INVOICE	\$74,225.50
HST ON FEES	9,649.32
NON TAXABLE DISBURSEMENTS	155.00
TAXABLE DISBURSEMENTS	1,080.04
TOTAL DISBURSEMENTS ON THIS INVOICE	\$1,235.04
HST ON TAXABLE DISBURSEMENT	140.41
TOTAL THIS INVOICE (CANADIAN DOLLARS)	\$85,250.27

THIS IS OUR ACCOUNT HEREIN
GOODMANS LLP

E. & O. E.
FMS /

This invoice may not reflect all time and disbursements incurred on this matter to date. It is payable upon receipt and in accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 1.30% per annum on unpaid fees, charges or disbursements calculated one month from the date this invoice is delivered.

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STATEMENT OF ACCOUNTS RECEIVABLE (Does not include current invoice amount)

DATE	NUMBER	INVOICE AMT	TOTAL PAID/CR	BALANCE DUE
10/31/13	612578	\$60,975.94	\$0.00	\$60,975.94
TOTAL OUTSTANDING INVOICES (IN CDN)				\$60,975.94

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PAYMENT OPTIONS

**Cheque payable to GOODMAN'S LLP - mailed to our office; OR
by Wire Transfer - to Goodmans account:**

Canadian \$ General Account

<u>Beneficiary Bank:</u>	TD Canada Trust 394 Bay Street Toronto, ON M5H 2Y3
<u>Swift Code:</u>	TDOMCATTTOR
<u>Beneficiary:</u>	Goodmans LLP 333 Bay Street, Suite 3400 Toronto, ON M5H 2S7
<u>Beneficiary Bank:</u>	0004
<u>Beneficiary Transit:</u>	12162
<u>Beneficiary Account:</u>	0552488
<u>Payment Details:</u>	Re: Frederick Myers, Matter # 132838, Invoice # 614458 (Please include all invoice numbers)

*****Please also email Wire Payment Details to: collections@goodmans.ca***

DBDC SPADINA LTD., - and - NORMA WALTON , et al.
et al

Court File No.: CV-13-1 0280-00CL

Applicants

Respondents

6286137

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

MOTION RECORD
(RETURNABLE JANUARY 16, 2014)

Goodmans LLP

Barristers & Solicitors

Bay Adelaide Centre

333 Bay Street, Suite 3400

Toronto, ON M5H 2S7

Fred Myers LSUC#: 26301A

Brian Empey LSUC #30640G

Mark Dunn LSUC#: 55510L

Tel: 416.979.2211

Fax: 416.979.1234

Lawyers for the Manager