

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**THE HONOURABLE
MR. JUSTICE BROWN**

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TUESDAY, THE 1ST
DAY OF APRIL, 2014

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

APPROVAL AND VESTING ORDER

(Twin Dragons Corporation Lands (as defined below))

THIS MOTION, made by Schonfeld Inc. in its capacity as the Court-appointed manager (the "**Manager**"), without security, of all of the assets, undertakings and properties of Twin Dragons Corporation ("**TDC**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") for the lands and building legally described as Lot 4 on Plan D60 Toronto designated as Part 2 on Plan 63R4828, City of Toronto, being all of PIN 21206-0253 (LT) (the "**Lands**") between the Manager and Allied Properties REIT Acquisition Corporation (the "**Purchaser**") dated March 20, 2014 and appended to the Fourth Report of the Manager dated March 24, 2014 and the Supplemental

Report to the Fourth Report of the Manager dated March 31, 2014 (collectively, the “**Report**”), and vesting in the name of 241 Spadina Avenue Inc., as directed in writing by the Purchaser, all of TDC’s right, title and interest in and to the Lands, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Manager, counsel to ACM CMF Services Ltd., no one appearing for any other person on the service list:

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Manager is hereby authorized and approved, with such minor amendments as the Manager may deem necessary. The Manager is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Lands to 241 Spadina Avenue Inc. as directed by the Purchaser in writing.
3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Manager’s certificate to the Purchaser substantially in the form attached as Schedule C hereto (the “**Manager’s Certificate**”) and the registration and/or recordation of this Order on title to the Lands, all of TDC’s right, title and interest in and to the Lands shall vest absolutely in 241 Spadina Avenue Inc., free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), purchase options, liens, executions, writs of seizure and sale, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated November 5, 2013; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system including, without limiting the generality of the foregoing, the registrations under Reference File No. 684971703; and (iii) those claims listed on Schedule D hereto (all of which items (i), (ii) and (iii) are

collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule E) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Lands are hereby expunged and discharged as against the Lands.

4. THIS COURT ORDERS that upon the registration and/or recordation in the Land Registry Office for the Land Titles Division of Toronto of an Application for Vesting Order with respect to the Lands, in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter 241 Spadina Avenue Inc. as the owner of the Lands in fee simple, and is hereby directed to delete and expunge from title to the Lands all of the Claims listed in Schedule D hereto.

5. THIS COURT ORDERS that for the purposes of determining the nature and priority of the Claims, the net proceeds from the sale of the Lands shall stand in the place and stead of the Lands, and that from and after the delivery of the Manager’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Lands with the same priority as they had with respect to the Lands immediately prior to the sale, as if the Lands had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. THIS COURT ORDERS that the proceeds of the Transaction, net of closing costs (the “Proceeds”), shall be distributed as follows:

- (a) all amounts due to ACM CMF Services Ltd. ITF ACM Commercial Mortgage Fund (“ACM”) in satisfaction of the first ranking charge registered as AT3250646 (the “First Mortgage”) shall be paid to ACM; and
- (b) the balance of the Proceeds shall be held in trust by the Manager or its counsel pending further Order of the Court.

7. THIS COURT ORDERS AND DIRECTS the Manager to file with this Court a copy of the Manager’s Certificate, forthwith after delivery thereof.

8. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of TDC and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of TDC;

the vesting of the Lands in 241 Spadina Avenue Inc. pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of TDC and shall not be void or voidable by creditors of TDC, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

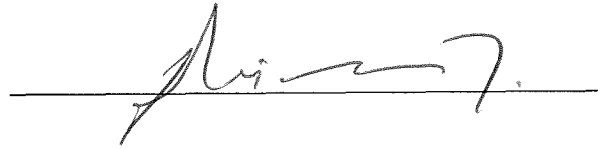
9. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

10. THIS COURT ORDERS that no holder of any Encumbrances shall take any steps or proceedings, or make any filings or claims in connection therewith, against the Lands or against the Purchaser and/or 241 Spadina Avenue Inc. in connection with any of such Encumbrances following delivery of the Manager's Certificate in accordance with paragraph 3 hereof.

11. THIS COURT ORDERS that confidential appendices A, B, C, D and E to the Report contained in the Confidential Appendix Brief be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from the contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

12. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the 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.

A handwritten signature in black ink, appearing to be "M. Smith", written over a horizontal line.

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

APR - 1 2014

Handwritten initials "MB" in black ink.

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 Donalds Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Lands Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings Ltd.
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.

Schedule B Companies

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

32. Richmond Row Holdings Ltd.
33. El-Ad (1500 Don Mills) Limited
34. 165 Bathurst Inc.

Schedule C – Form of Manager’s Certificate

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

- and -

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

MANAGER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (the “**Court**”) dated November 5, 2013, Schonfeld Inc. was appointed as the Manager (the “**Manager**”), without security, of all of the assets, undertakings and properties of Twin Dragons Corporation (“**TDC**”) and others.

B. Pursuant to an Order of the Court dated April ●, 2014 (the “**Approval and Vesting Order**”), the Court approved the agreement of purchase and sale made as of March 20, 2014, as amended from time to time (collectively, the “**Sale Agreement**”) between the Manager and Allied Properties REIT Acquisition Corporation (the “**Purchaser**”) and provided for the vesting in 241 Spadina Avenue Inc., as directed in writing by the Purchaser, of TDC’s right, title and interest in and to the lands legally described as Lot 4 on Plan D60 Toronto designated as Part 2 on Plan 63R4828, City of Toronto, being all of PIN 21206-0253 (LT) (the “**Lands**”), which vesting is to be effective with respect to the Lands upon: (A) the delivery by the Manager to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Lands; (ii) that the conditions to Closing as set out in Section 7

on Schedule B to the Sale Agreement have been satisfied or waived by the Manager and the Purchaser; and (iii) the transaction has been completed to the satisfaction of the Manager; and (B) the registration and/or recordation of the Approval and Vesting Order on title to the Lands.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MANAGER CERTIFIES the following:

1. The Purchaser has paid and the Manager has received the Purchase Price for the Lands payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Section 7 on Schedule B to the Sale Agreement have been satisfied or waived by the Manager and the Purchaser; and
3. The transaction contemplated in the Sale Agreement has been completed to the satisfaction of the Manager.
4. This Certificate was delivered by the Manager at Toronto, Ontario on April ____, 2014.

SCHONFELD INC., in its capacity as Court appointed Manager of **TWIN DRAGONS CORPORATION** and not in its personal capacity

Per: _____

Harlan Schonfeld
President

Schedule D –Claims to be deleted and expunged from title to the Lands

1. Charge in the original principal amount of \$8,300,000.00 in favour of Computershare Trust Company of Canada registered on March 6, 2013 as Instrument No. AT3250646;
2. Notice of Assignment of Rents – General in favour of Computershare Trust Company of Canada registered on March 6, 2013 as Instrument No. AT3250647;
3. Notice of Assignment of Lessor Interest in favour of Computershare Trust Company of Canada registered on March 6, 2013 as Instrument No. AT3250663; and
4. Notice of Assignment of Lessor Interest in favour of Computershare Trust Company of Canada registered on March 6, 2013 as Instrument No. AT3250664.

Schedule E – Permitted Encumbrances, Easements and Restrictive Covenants related to the Lands

(unaffected by the Vesting Order)

1. Agreement registered June 21, 1984 as Instrument No. CT668429;
2. Bylaw registered February 25, 1986 as Instrument No. CT771551;
3. Agreement registered April 15, 1986 as Instrument No. CT781066;
4. Agreement registered February 3, 1987 as Instrument No. CT846621;
5. Notice registered July 8, 2011 as Instrument No. AT2746448;
6. Bylaw registered May 23, 2012 as Instrument No. AT3024512;
7. Notice of Lease registered February 27, 2013 as Instrument No. AT3245339; and
8. Notice of Lease registered February 27, 2013 as Instrument No. AT3245340.

DBDC SPADINA LTD. ET AL

NORMA WALTON ET AL

and

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

Applicants

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at TORONTO

APPROVAL AND VESTING ORDER

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