

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEDNESDAY, THE 20th
MR. JUSTICE NEWBOULD)
) DAY OF AUGUST, 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

(1 City View Drive, Toronto, Ontario)

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 Cityview Industrial Ltd. ("**Cityview**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale for the lands and building legally described as Part of Lot 22, Concession 2 Fronting the Humber, Part 1, Plan 66R-26674, Etobicoke, City of Toronto, being all of PIN 07416-0035 (LT) (the "**Lands**") between the Manager and Cyclone Creative Inc. (the "**Purchaser**") dated May 27, 2014 and accepted May 29, 2014, as amended by agreement dated June 13, 2014 and as revived and amended by agreements dated June 23, 2014 and July

14, 2014 (collectively, the "Sale Agreement") and appended to the Fifteenth Report of the Manager dated August 18, 2014 (the "Report"), and vesting in the Purchaser all of Cityview's right, title and interest in and to the Lands, was heard this day at 330 University Avenue, Toronto, Ontario.

285 ✓ ON READING the Report and on hearing the submissions of counsel for the Manager, ~~no one appearing for any other person on the service list:~~ ✓ and of counsel for the ✓
✓ ~~lien claimants Fox and Lee and of Mr. Brown in behalf of them~~ ✓

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 the Purchaser, ✓
✓ 207 ✓ *subject to the terms of my endorsement of August 20, 2014.*

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 of this Order on title to the Lands, all of Cityview's right, title and interest in and to the Lands shall vest absolutely in the Purchaser free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), 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; 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 in the Land Registry Office for the Land Titles Division of Toronto (No. 66) 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 the Purchaser 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 Transaction (the “**Net Proceeds**”) 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 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 conveyance and sale, respectively.

6. THIS COURT ORDERS that the proceeds of the Transaction, net of closing costs shall be paid to 368230 Ontario Limited (the “**Mortgagee**”) in satisfaction of the first ranking charge registered as AT3123206 (the “**First Mortgage**”) and in satisfaction of the second ranking charge registered as AT3271120 (the “**Second Mortgage**”).

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 Cityview and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of Cityview;

the vesting of the Lands in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Cityview and shall not be void or voidable by creditors of Cityview, 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 in connection with any of such Encumbrances following delivery of the Manager's Certificate in accordance with paragraph 3 hereof.

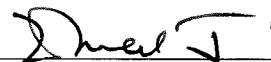
11. THIS COURT ORDERS that the Confidential Appendices to the Report contained in the Cityview Confidential Appendix Brief (as defined in the Report) be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from the contents of the Court file, 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.

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

AUG 20 2014

NB



Schedule A Companies

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

Schedule B Companies

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

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

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, RONALD 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 Cityview Industrial Ltd. (“**Cityview**”) and others.

B. Pursuant to an Order of the Court dated ●, 2014 (the “**Approval and Vesting Order**”), the Court approved the agreement of purchase and sale dated May 27, 2014 and accepted May 29, 2014, as amended by agreement dated June 13, 2014 and as revived and amended by agreements dated June 23, 2014 and July 14, 2014, and as may be further amended and/or assigned from time to time (collectively, the “**Sale Agreement**”) between the Manager and Cyclone Creative Inc. (the “**Purchaser**”) and provided for: (A) the vesting in the Purchaser of Cityview’s right, title and interest in and to the lands legally described as Part of Lot 22, Concession 2 fronting the Humber, Part 1, Plan 66R26674, Etobicoke, City of Toronto, being all of PIN 07416-0035 (LT) (the “**Lands**”), which vesting is to be effective with respect to the Lands upon: (1) 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 (2) the registration 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.

This Certificate was delivered by the Manager at Toronto, Ontario on _____, 2014.

SCHONFELD INC., in its capacity as Court
appointed Manager of **CITYVIEW**
INDUSTRIAL LTD. 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 \$4,000,000.00 in favour of 368230 Ontario Limited registered on September 7, 2012 as Instrument No. AT3123206;
2. Notice of Assignment of Rents – General in favour of 368230 Ontario Limited registered on September 7, 2012 as Instrument No. AT3123219;
3. Charge in the original principal amount of \$650,000.00 in favour of 368230 Ontario Limited registered on April 5, 2013 as Instrument No. AT3271120;
4. Notice of Assignment of Rents – General in favour of 368230 Ontario Limited registered on April 5, 2013 as Instrument No. AT3271124;
5. Construction Lien by Gemtec Wall & Ceiling Systems Ltd. registered on October 9, 2013 as Instrument No. AT3426580;
6. Construction Lien by Fox Contracting Ltd. registered on October 9, 2013 as Instrument No. AT3426936;
7. Certificate by Fox Contracting Ltd. registered on November 26, 2013 as Instrument No. AT3461899;
8. Construction Lien by Laser Heating & Air Conditioning Inc. registered on November 27, 2013 as Instrument No. AT3463067;
9. Certificate by Gemtec Wall & Ceiling Systems Ltd. registered on November 28, 2013 as Instrument No. AT3463563;
10. Construction Lien by MacNaughton Hermsen Britton Clarkson Planning Limited registered on December 6, 2013 as Instrument No. AT3472538;
11. Certificate by Laser Heating & Air Conditioning Inc. registered on December 24, 2013 as Instrument No. AT3487262; and
12. Certificate by MacNaughton Hermsen Britton Clarkson Planning Limited registered on January 20, 2014 as Instrument No. AT3502096.

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

(unaffected by the Vesting Order)

1. Notice registered on June 17, 1959 as Instrument No. EB216574;
2. Notice registered on March 13, 1962 as Instrument No. EB255931;
3. Notice registered on January 29, 1973 as Instrument No. EB412063; and
4. Notice registered on March 27, 2000 as Instrument No. E317117.

DBDC SPADINA LTD. ET AL and **NORMA WALTON ET AL**

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

Applicants Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at TORONTO

APPROVAL AND VESTING ORDER

GOODMANS LLP
Barristers & Solicitors
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Lawyers for the Manager