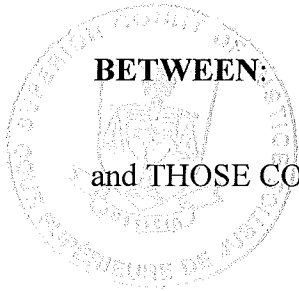


**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
MR. JUSTICE BROWN

)
)
)

TUESDAY, THE 10TH
DAY OF JUNE, 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

(30-34 Meridian Road, 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 Skyway Holdings Ltd. ("**Skyway**") 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 Part of Lot 20, Concession 3 Fronting the Humber, City of Toronto, designated as Parts 1, 3, 4 and 8 on Plan 66R27316 (the "**Meridian Lands**") between the Manager and Munikoti Holdings Inc. (the "**Purchaser**") dated March 22, 2013 as amended by

first amendment to agreement of purchase and sale made as of the March 22, 2013 as amended March 14, 2014 and appended to the Eleventh Report of the Manager dated June 5, 2014 (the "**Report**"), and vesting in the Purchaser Skyway's right, title and interest in and to the Meridian 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, 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 Meridian Lands to the Purchaser or whomever the Purchaser directs 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 Meridian Certificate**") and the registration of this Order on title to the Meridian Lands, all of Skyway's right, title and interest in and to the Meridian Lands, together with an easement for servicing and maintenance of an existing sanitary line over Parts 5 and 6 on Plan 66R27316, 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 "**Meridian 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 “**Meridian 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 Meridian Encumbrances affecting or relating to the Meridian Lands are hereby expunged and discharged as against the Meridian Lands. Notwithstanding the vesting of the Meridian Lands in the Purchaser, the Court hereby confirms and orders that Skyway and its successors and assigns of Part of Lot 20, Concession 3 Fronting the Humber, City of Toronto, designated as Parts 2, 5, 6 and 7 on Plan 66R27316, will retain an easement for servicing and maintenance of an existing gas line over Part 8 on Plan 66R27316.

4. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Land Titles Division of Toronto of an Application for Vesting Order with respect to the Meridian 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 Meridian Lands in fee simple, and is hereby directed to delete and expunge from title to the Meridian Lands all of the Meridian Claims listed in Schedule D hereto.

5. THIS COURT ORDERS that for the purposes of determining the nature and priority of the Meridian Claims, the net proceeds from the Transaction (the “**Net Proceeds**”) shall stand in the place and stead of the Meridian Lands, and that from and after the delivery of the Manager’s Meridian Certificate all Meridian Claims and Meridian Encumbrances shall attach to the Net Proceeds with the same priority as they had with respect to the Meridian Lands immediately prior to the sale, as if the Meridian 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 distributed as follows:

- (a) an amount sufficient to satisfy the claims asserted by the Lien Claimants (as defined below) plus 25% in respect of costs (the “**Lien Holdback**”) shall be held in trust by the Manager or its counsel pending further Order of this Court; and

- (b) the balance of the proceeds of the Transaction, net of closing costs, shall be paid to 368230 Ontario Limited (the “**Mortgagee**”) in satisfaction of the charge registered as AT3225777 (the “**Mortgage**”).

7. THIS COURT ORDERS that the validity and priority the encumbrances registered on behalf of Macnaughton Hermson Britton Clarkson Planning Limited and Laser Heating & Air Conditioning Inc. (collectively, the “**Lien Claimants**”) in respect of the liens set out in Schedule D hereto, as that priority relates to the Lien Holdback, shall be determined in the claims process to be conducted by the Manager following approval of such claims process by this Court. For greater certainty, the amount, if any, owed to the Lien Claimants by Skyway shall also be determined in the claims process.

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

9. 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 Skyway and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of Skyway;

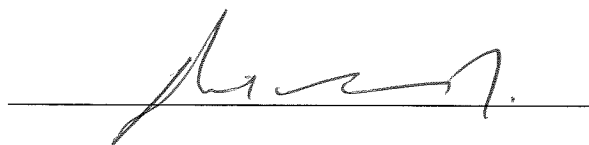
the vesting of the Meridian Lands in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Skyway and shall not be void or voidable by creditors of Skyway, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, 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.

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

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

12. THIS COURT ORDERS that the Meridian Confidential Appendices A and B to the Report contained in the Meridian 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.

13. 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 "J. M. M.", is written over a horizontal line.

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

A handwritten mark or signature in black ink, consisting of several loops and a vertical stroke.

JUN 13 2014

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.

**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 Skyway Holdings Ltd. (“**Skyway**”) and others.

B. Pursuant to an Order of the Court dated June 10, 2014 (the “**Approval and Vesting Order**”), the Court approved the agreement of purchase and sale made as of March 22, 2013, as amended by first amendment to agreement of purchase and sale made as of March ●, 2014 and as further amended from time to time (collectively, the “**Sale Agreement**”) between the Manager and Munikoti Holdings Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser of Skyway’s right, title and interest in and to the lands legally described as Part of Lot 20, Concession 3 Fronting the Humber, City of Toronto, designated as Parts 1, 3, 4 and 8 on Plan 66R27316 (the “**Meridian Lands**”), which vesting is to be effective with respect to the Meridian 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 Meridian Lands; (ii)

that the conditions to Closing as set out in Sections 1, 2 and 3 on Schedule A 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 of the Approval and Vesting Order on title to the Meridian 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 Meridian Lands payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Sections 1, 2 and 3 on Schedule A 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 March ____, 2014.

SCHONFELD INC., in its capacity as Court appointed Manager of **SKYWAY HOLDINGS LTD.** and not in its personal capacity

Per: _____

Harlan Schonfeld
President

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

1. Charge in the original principal amount of \$2,800,000 in favour of 368230 Ontario Limited registered on January 28, 2013 as Instrument No. AT3225777;
2. Notice of Assignment of Rents General in favour of 368230 Ontario Limited registered on January 28, 2013 as Instrument No. AT3225785;
3. Construction Lien by Laser Heating & Air Conditioning Inc. registered on December 2, 2013 as Instrument No. AT3467620;
4. Construction Lien by MacNaughton Hermsen Britton Clarkson Planning Limited registered on December 6, 2013 as Instrument No. AT3472526;
5. Certificate by Laser Heating & Air Conditioning Inc. registered on December 24, 2013 as Instrument No. AT3487265;
6. Certificate by MacNaughton Hermsen Britton Clarkson Planning Limited registered on January 20, 2014 as Instrument No. AT3502090;
7. Construction Lien by Laser Heating & Air Conditioning Inc. registered on April 14, 2014 as Instrument No. AT3557727; and
8. Certificate by Laser Heating & Air Conditioning Inc. registered on May 21, 2014 as Instrument No. AT3585392.

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

(unaffected by the Vesting Order)

1. Agreement registered May 16, 1968 as Instrument No. EB343331;
2. Agreement registered May 16, 1968 as Instrument No. EB343332;
3. Transfer Easement registered August 20, 1969 as Instrument No. EB361656;
4. Notice registered January 29, 1973 as Instrument No. EB412063;
5. Notice registered April 28, 2000 as Instrument No. CA662395; and
6. Notice registered March 21, 2006 as Instrument No. AT1090598.

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

Brian Empey LSUC#: 30640G
Mark Dunn LSUC#: 55510L
Tel: 416.979.2211
Fax: 416.979.1 234

Lawyers for the Manager