

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

B E T W E E N:

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

Applicants

and

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

Respondents

and

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

Responding Motion Record of the Manager, Schonfeld Inc.
(Motion of Norma Walton purportedly returnable January 6, 2014)

Date: January 6, 2014

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1.	First Report of the Manager, Schonfeld Inc.
A.	Order dated November 5, 2013
B.	Letter from Schonfeld Inc. Receivers and Trustees dated December 27, 2013
C.	Letter from Cohen, Sabsay LLP dated December 30 th , 2013
D.	E-mail from Brian Empey to Howard Cohen dated December 30, 2013
E.	E-mail chain between Norma Walton and Harlan Schonfeld ending January 2, 2014
F.	Order dated December 24, 2013

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

BETWEEN:

DBDC SPADINA LTD., and
THOSE CORPORATIONS LISTED ON
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and

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FIRST REPORT OF THE MANAGER, SCHONFELD INC.

I. Introduction

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

2. 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"). The circumstances giving rise to the appointment of the Manager are described in the November 5 Endorsement.

I. Purpose of this Report

3. The Manager's Order requires that the parties give seven days' notice of any motion in these proceedings. However, at 5:21 p.m. on Sunday January 5, 2014, without any prior notice (formal or informal), Norma Walton served a motion record purportedly returnable on January 6, 2014 for an Order:

- (a) imposing a moratorium on sales of the Properties;
- (b) granting Ms. Walton permission to solicit offers to purchase some or all of the Properties from four potential purchasers; and
- (c) requiring that the Manager only enter into non-exclusive listing agreements with real estate sales agents.

4. This Report is not a complete summary of the Manager's activities to date. The Manager is in the process of preparing a detailed report on all of its activities since its appointment. This report will be served and filed in the near future. The purpose of this Report is to provide a very brief summary of the Manager's position in respect of Ms. Walton's motion and to respectfully request an adjournment of that motion so that the Manager (and any other interested stakeholders) can respond to it appropriately.

5. Nothing proposed by the Manager in the interim (including the execution of a listing agreement with respect to certain Properties as described below) will prevent it from receiving and dealing with expressions of interest in any of the Properties that may be delivered, including those described by Ms. Walton in her affidavit. In the Manager's view, this is sufficient reason to decline to entertain Ms. Walton's motion today. The following is a brief outline of some of the issues that the Manager has been able to complete in the past few hours, which will be expanded upon in its full report as contemplated above.

II. Sales process to date

6. The Manager has solicited proposals to market nine of the Properties from the five largest commercial real estate brokerage firms in the Greater Toronto Area. These nine Properties were selected for immediate marketing because they are at a state of development, that, in the Manager's view, makes them readily saleable. The third party lenders having registered mortgages against these Properties have also supported an early sale.

7. The Manager received five responses to its request for proposals and scored each proposal based on team qualifications and experience, remuneration, marketing timeline and marketing approach. Based on this analysis, CBRE achieved the highest score. Accordingly, by letter dated December 27, 2013 (which is attached as Appendix "B"), the Manager advised the Applicants, Respondents and interested mortgagees of the results of the request for proposals, invited comments and advised that it intended to enter into a listing agreement with CBRE on January 7, 2014. Apart from Ms. Walton's motion, the Manager has not received any comments on this proposal.

8. Once the listing agreement with respect to the first nine Properties is complete, the Manager intends to list the balance of the Properties for sale as their individual circumstances allow in the Manager's judgment.

III. The purported portfolio sale

a. Background

9. On December 30, 2013, the Applicants' counsel, Peter Griffin, forwarded to the Manager a letter from Howard Cohen, counsel to the Respondents other than Norma Walton, to Tim Bristow of Colliers. Mr. Cohen's letter, which is attached as Appendix "C" purported to confirm

that Ms. Walton was authorized to discuss the sale of 13 Properties notwithstanding the Manager's Order. This is not correct. By e-mail dated December 30, 2013, the Manager's counsel advised Mr. Cohen that Ms. Walton was not authorized to negotiate on behalf of the any of the Companies and that all inquiries should be directed to the Manager. This exchange is appended as Appendix "D". As will be expanded upon in the Manager's more detailed report, this is not the first time Ms. Walton has been advised of this issue.

10. Messrs. Schonfeld and Merryweather of the Manager met with Ms. Walton on December 31, 2013 to discuss a potential sale of 13 Properties. Ms. Walton e-mailed Mr. Schonfeld later on December 31, 2013 setting out a proposed process to solicit a portfolio sale. Mr. Schonfeld replied by e-mail dated January 2, 2014 that the Manager did not agree that the proposed listing of the Properties should be abandoned to pursue the process proposed by Ms. Walton and that the Manager believed that any interest that existed from the parties identified could be advanced through a fair, open, transparent and court-based process. The e-mail exchange between Ms. Walton and Mr. Schonfeld is attached as Appendix "E".

11. Despite the requests from the Manager and its counsel that any inquiries be directed to the Manager, none of the proposed bidders identified by Ms. Walton have contacted the Manager to discuss their interest in any of the Properties.

b. Recommendation

12. In her affidavit sworn January 5, 2013, Ms. Walton described discussions with certain potential bidders for 23 of the Properties (the "Portfolio Properties"). The Manager does not oppose a portfolio sale and does not intend to foreclose the possibility of a portfolio sale. However, the Manager believes that the best way to maximize realization in the best interest of the Companies is through an open and transparent process. The purchasers that have contacted Ms. Walton will be free to bid to purchase some or all of the Properties as part of any sale process.

13. The Manager does not believe that the best way to maximize realization in the best interest of the Companies and their various stakeholders is to grant any potential purchaser or group of purchasers exclusivity at this stage or to prevent any sale of the Properties while a select group of potential purchasers evaluate the Portfolio Properties. Among other things:

- (a) the process by which interest was solicited from potential portfolio purchasers lacks transparency. It is not clear what information was provided to these entities or how the proposed sale price was calculated. Accordingly, it is not possible to accurately evaluate the likelihood that a transaction along the lines proposed in the letter of intent from Evton Capital Partners ("Evton") appended as Exhibit C to Ms. Walton's affidavit will pass muster;
- (b) the fact that Ms. Walton has publicized Evton's letter of intent before the other allegedly interested parties have submitted offers and in the face of an apparent confidentiality obligation in the letter of intent itself raises the prospect of issues with the integrity of the process. Part of the role of Manager is to run the sales processes in the manner that will meet the appropriate tests for approval of any sale. Neither a limited, opaque market canvas to call for a very few opening non-binding bids nor the violation of confidentiality is helpful in the Manger's judgment;
- (c) the relief sought by Ms. Walton would effectively grant one of the potential portfolio purchasers that she has identified an exclusive non-binding due diligence period. Evton's letter of intent, for example, contemplates an Agreement of Purchase and Sale that would allow termination in its sole discretion during a 30 day due diligence period; and
- (d) the \$1 million deposit contemplated by Evton's letter of intent is relatively small compared to the proposed purchase price and, in any event, is fully refundable if Evton decides to terminate the transaction for any reason in its sole discretion months from now.

14. In all, the Manager welcomes the involvement of potential portfolio purchasers in a sales process but does not recommend that the sales process be put on hold while these potential purchasers determine whether they will make expressions of interest.

15. The Applicants and the Manager have engaged in significant discussions with various third party mortgagees with respect to the timeline for, and conduct of, a sales process for the Properties. These discussions have already resulted in the consent order dated December 24,

2013 (the "December 24 Order"), which is attached as Appendix "F". The relief sought by Ms. Walton is inconsistent with the terms of the December 24 Order as it would interfere with the sale process timelines provided for in that Order.

IV. Summary

As set out above, the Manager intends to pursue a transparent sale process beginning with the listing of nine Properties while preserving the ability to deal appropriately with any proposals to several Properties *en bloc*. Accordingly, the Manager recommends that Ms. Walton's motion be adjourned to provide the parties, Manager, mortgagees and other affected stakeholders with an opportunity to present a complete record to this Honourable Court.

All of which is respectfully submitted this 6th day of January, 2014.

Schonfeld Inc.

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

Per: _____

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.
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. Dewhurst Development Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.

A



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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)
) FRIDAY, THE 5th DAY
)
)
) OF NOVEMBER, 2013
JUSTICE NEWBOULD)

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and THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO
Applicants

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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

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;~~ ✓ 205
- (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;~~ ✓ 205
- (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

(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;

- (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").

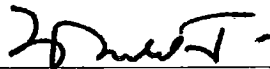
22. THIS COURT ORDERS that the Manager and its legal counsel, if any, shall pass their accounts from time to time, and for this purpose the accounts of the Manager and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.
23. THIS COURT ORDERS 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.:

NOV 18 2013

NB

SCHEDULE "A" COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investment 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 Inc.
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 Industrial Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.

B

Schonfeld Inc.
Receivers + Trustees

December 27, 2013

BY EMAIL

To the Mortgagees of:

241 Spadina Ave

18 Wynford Dr

32 Atlantic Ave

5770/5780 Highway #7

1131A Leslie St

1450 Don Mills Rd

1500 Don Mills Rd

295 The West Mall

165 Bathurst/620-624 Richmond St W

And To the Applicants and Respondents in these Proceedings

**RE: MANAGER'S RECOMMENDATION FOR THE SELECTION OF A LISTING BROKER
TO LIST MARKET AND SELL THE PROPERTIES AT THE ADDRESSES ABOVE**

As you know, Schonfeld Inc. is the Court appointed Manager of the Schedule "B" Companies in DBDC Spadina Ltd., et al and Norma Walton et al , Court File No.: CV-13-10280-00CL.

Following our Request for Proposals from 5 of the largest members of the GTA brokerage community the Manager recommends that CBRE be selected to list, market and sell the 9 properties referred to above that were the subject of the RFP.

On December 5, 2013 the Manager sent the RFP to Avison Young, CBRE, Colliers, DTZ Barnicke and Cushman Wakefield. A sample copy of the letter is attached to this email for your reference.

The brokers were asked to reply by December 20, 2013 with information about their qualifications, preliminary marketing plan, and remuneration. All 5 brokers submitted proposals in accordance with our request.

Tel. 416.862.7785 Fax. 416.862.2136
info@schonfeldinc.com

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

As part of our review of the proposals we prepared Evaluation and Compensation summaries to score the proposals. Each proposal was reviewed and scored based on team qualifications and experience, remuneration, marketing timeline, and marketing approach.

Qualifications and remuneration were scored with the same weighting. Based on this analysis **CBRE achieved the highest score**. CBRE was not the lowest cost team but had a superior level of expertise and well thought out market strategy.

The summaries are attached to this letter for your review.

The Manager recommends that CBRE be retained to immediately list and market the properties in accordance with their plan; subject to the consent of the mortgagees.

It is appropriate that the listing and marketing of these properties begin as soon as possible.

Please provide your consent, or reasoned objection, to the appointment of CBRE by Tuesday, January 7, 2014. If we do not hear from you by the end of that day we will treat your silence as consent.

Yours truly,

SCHONFELD INC., solely in its capacity
as Court appointed Manager without
security and not in its personal capacity,

S Harlan Schonfeld

S. Harlan Schonfeld, CPA, President

encls.

C



Barristers & Solicitors
357 Bay Street
Suite 901
Toronto, Ontario
M5H 2T7

Website: www.cohensabsay.com

Telephone: 416-364-7436
Fax: 416-364-0083

Howard C. Cohen, B.A., J.D., LL.M., C.S.
e-mail: cohen@cohensabsay.com

Lorne Sabsay, B.A., LL.B., C.S.
e-mail: sabsay@cohensabsay.com

Désirée D. B. Lessard, B.A. (Hons.), LL.B.
e-mail: lessard@cohensabsay.com

December 30th, 2013

Via E-mail: Tim.Bristow@colliers.com

Tim Bristow
Colliers International
1 Queen Street East, Suite #2200
Toronto, ON M5C 2Z2

Dear Mr. Bristow:

Re: Properties located at 1500 Don Mills, 1450 Don Mills, 7-15 Fraser, 30 Fraser, 1131A Leslie, 165 Bathurst / 620 Richmond, 1 Royal Gate, 5770-5780 Highway 7 West, 32 Atlantic, 47 Jefferson, 241 Spadina, 18 Wynford, 1185 Eglinton

- *Our File No.: 867-006*

I am counsel to the Rose & Thistle Group and Ronauld Walton. I am liaising with Peter Griffin, counsel to Dr. Bernstein; I rely upon Mr. Griffin to advise counsel to the manager of the properties in respect of ongoing developments and discussions. As such, I can confirm that the negotiations with the Rose & Thistle Group do not contravene any existing court orders, insofar as the discussions and negotiations do not conflict with the manager's mandate and are made upon the understanding that all counsel are properly advised. I cannot foresee any impediment to pursuing negotiations for the 13 above-mentioned properties to intersect.

If you have any inquiries or concerns in respect of this matter, please do not hesitate to contact me. As I will be out of the office until Thursday, January 2nd, 2014, you may contact me via my mobile telephone number at (647) 822-9232.


Thank you.

Yours very truly,

COHEN, SABSAY LLP

Per:



 Howard C. Cohen, C.S.
HCC/ll

cc: Peter Griffin
Lenczner Slaght LLP
130 Adelaide Street West, Suite 2600
Toronto, Ontario M5H 3P5

D

Dunn, Mark

From: Empey, Brian
Sent: Monday, December 30, 2013 3:00 PM
To: Howard Cohen
Cc: Mr. Peter H. Griffin; Myers, Fred; Dunn, Mark; Mr. Harlan S. Schonfeld; James Merryweather; 'Shara N. Roy'
Subject: DBDC Spadina et al v Norma Walton et al

Dear Howard,

Peter Griffin has forwarded to us your letter of even date to Mr. Bristow of Colliers.

It is not clear from your letter what "developments and discussions" have occurred between your clients (whether or not that includes Ms Walton) and Colliers concerning the properties you have identified.

However, let me be perfectly clear, your clients have no authority to instruct Colliers nor to deal with or even communicate with anyone other than the Manager with respect to any aspect of marketing or selling or leasing of any of the properties that are the subject of the Appointment Order. Any such dealings could be considered to be interference with the Manager's duties which is of course forbidden by the Order.

Please copy me on your correspondence to Mr. Bristow when you withdraw today's letter.

Please also remind yourself and your clients of the terms of the order. To help her understand, and hopefully avoid any further issues going forward, here are two practical examples:

1. Any offer that comes to the attention of your clients should be forwarded to the Manager immediately without further communication with the offeror other to advise them that the only party authorized to deal with the offer is the court-appointed Manager.
2. There must be no communication with purported brokers - instead, if they make contact with your clients they should be asked to contact the Manager.

I trust this is of assistance and look forward to seeing your next correspondence to Mr. Bristow.

Yours very truly,

Brian F. Empey
416.597.4194
bempey@goodmans.ca

December 30, 2013

Peter Griffin
Direct line: 416-865-2921
Direct fax: 416-865-3558
Email: pgriffin@litigate.com

Sent via Email

Howard Cohen
Cohen, Sabsay LLP
Barristers & Solicitors
Suite 901
Toronto, ON M5H 2T7

Dear Mr. Cohen:

RE: Dr. Stanley Bernstein and Norma Walton et al
Our File No.: 44696

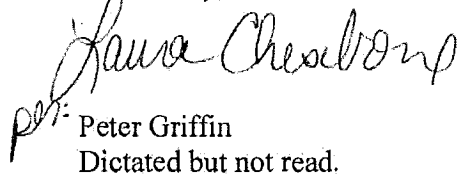
I saw your letter sent just now to Mr. Bristow.

I had not yet received instructions on your letter of late last week nor do I agree that your client is in any position at this point to negotiate within the Manager's mandate.

When I have instructions I will let you know.

In the meantime please let Mr. Bristow know of this letter so that you can withdraw your authority.

Yours truly,


per: Peter Griffin
Dictated but not read.

PHG/lc

E

Dunn, Mark

Subject: FW: Draft LOI and CA

From: Norma Walton [<mailto:nwalton@roseandthistle.ca>]
Sent: Thursday, January 02, 2014 10:56 PM
To: Harlan Schonfeld
Cc: James Merryweather; Empey, Brian
Subject: RE: Draft LOI and CA

Dear Harlan,

Thanks for advising. I do not agree that is the best course forward, but appreciate your candour.

Regards,
Norma

From: Harlan Schonfeld [<mailto:harlan@schonfeldinc.com>]
Sent: Thursday, January 02, 2014 9:04 PM
To: Norma Walton
Cc: James Merryweather; Empey, Brian
Subject: Re: Draft LOI and CA

Norma:

On Tuesday we met and you presented Jim and me with information about possible interest from up to 4 groups to sign LOI's to advance their interest in acquiring 13 properties in a portfolio purchase.

As you know 5 brokerage firms in GTA were asked to submit proposals to list, market and sell 9 of the properties. I recommended to the mortgagees that CBRE be selected to do so.

Today you and I talked about the LOI and your request that I deliver it to Colliers to begin the process of papering any interest that may exist from these 4 identified parties. I informed you in our recent telephone call, and confirm here in writing, that I will not comply with your request.

I am not going to alter, delay or amend the broker selection process that will lead to the properties being listed and widely marketed for sale next week. Further you also know that I am signing back the offer for 1 Royal Gate tomorrow. I also intend to list the remaining properties for sale.

Any interest that exists from these or other parties can be advanced through an open and transparent marketing plan.

May I suggest any interested parties be presented to me rather than through any other channel.

▪

S. Harlan Schonfeld CPA, CA, CIRP

SCHONFELD INC. Receivers + Trustees

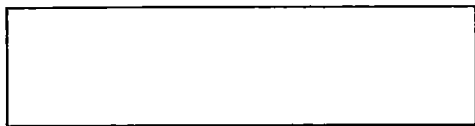
438 University Avenue, 21st Floor

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 Tue, Dec 31, 2013 at 2:40 PM, Norma Walton <nwalton@roseandthistle.ca> wrote:

Dear Harlan,

Pursuant to our meeting, I am attaching the draft LOI and CA for your review prior to the meeting being arranged for Thursday. As discussed, there are four groups that are interested in signing the LOI and of the four I believe we'll receive LOIs from at least one and most likely two or three of them. The objective in my view would be to have at least one LOI signed before Monday's motion so we can advise the court and OTERA that we have a large well-financed party interested in assuming their mortgage, with closing to occur March 31, 2014. I suspect that would go a long way towards calming OTERA down and also give Justice Newbould a strong basis for delaying OTERA's motion until we determine which LOI turns into a firm deal.

I have structured it such that we can receive as many LOIs as we wish; once the parties have signed the LOI and provided the good faith deposit, we would deliver due diligence to each of those parties; then we would look to paper a conditional deal within 15 business days of them receiving due diligence material or frankly ideally a firm deal. We would contract via APS with only one party... the one we think is most likely to firm up without trying to negotiate down the price. We would provide a short window for final due diligence including environmental of 15 business days to enable us to go back to one of the other bidders if the contracting party did not step up or wanted too much of a price reduction.

Also note the CA is for the three groups brought in by Colliers. We would remove Colliers' name from the one with The Madison Group.

I welcome your thoughts on structuring this. The ideal is a firm deal by February, closing March. Please advise your thoughts on improving the process.

Thanks,

Norma

F

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE NEWBOULD

)
)
)

WEDNESDAY, THE 24TH
DAY OF DECEMBER, 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 third party mortgagees 165 Bathurst Financial Inc. and Computershare Trust Company of Canada, the latter as custodian, nominee and agent for and on behalf of Investors in a Canadian commercial mortgage securitization known as Institutional Mortgage Securities Canada, Commercial Mortgage Pass Through Certificates, Series 2012-2 (each, a "Mortgagee"), for an Order in respect of the Schedule "B" Properties municipally known

as 620 Richmond Street West (as it related to 165 Bathurst Financial Inc.) and 1131A Leslie Street in Toronto, Ontario (as it relates to Computershare Trust Company of Canada);

ON READING the affidavits of James Reitan sworn October 1, October 3, October 24 and December 9, 2013 the affidavit of Dr. Stanley K. Bernstein sworn October 1, 2013, the affidavits of Norma Walton sworn October 3 and October 31, 2013, the affidavit of Harlan Schonfeld sworn October 1, 2013, the affidavit of Marvin Pernica sworn December 5, 2013, the affidavit of Jean Monardo sworn December 16, 2013 and the Exhibits attached 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 facts and books of authorities, filed, and upon hearing counsel for the Applicants, the Respondents, the Manager and the Mortgagees and/or the consent of the Mortgagees.

SERVICE

1. THIS COURT ORDERS that the time for service of the Notices of Motion and the Motion Records is hereby abridged so that the motions are 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 (the "October 4 Order"), October 25, 2013 and November 5, 2013 (the "November 5 Order") continue in full force and effect except as modified by this Order in respect of the Schedule "B" Properties municipally known as 620 Richmond Street West and 1131A Leslie Street in Toronto, Ontario together with all related rents, revenues and personal property, (the "Carve-Out Properties").

3. THIS COURT ORDERS that the Manager's Borrowing Charge and the Manager's Charge shall rank in subsequent priority to any all security interests, trusts, liens, charges, mortgages and encumbrances, statutory or otherwise, in favour of any Mortgagee or any other Person validly registered on title of the Carve-Out Properties or against the respective Borrower as of December 24, 2013. The Manager's Borrowing Charge and the Manager's Charge shall not be registered on title to the Carve-out Properties and shall not, in the event the stay of proceedings is lifted in accordance with paragraphs 8 and 13 hereof, otherwise impair the relevant Mortgagees' ability to sell or lease the Carve-Out Property.

4. THIS COURT ORDERS that the rents, revenues and other income of each Carve-Out Property and respective Borrower shall be used only to fund the obligations of that Carve-Out Property and for greater certainty shall not be used to fund the obligations of any other Schedule "B" Property.

5. THIS COURT ORDERS that the proceeds of any borrowing under the Manager's Borrowing Charge (as defined in the November 5 Order) in respect of a Carve-Out Property be used only to fund the obligations of that Carve-Out Property.

COSTS

6. THIS COURT ORDERS that the costs of the Applicants and Respondents of this Application and the costs of the Inspector (as defined in the October 4 Order) shall not form part of the Manager's Charge or the Manager's Borrowing Charge and shall be borne by the Applicants or the Respondents, as may be determined by this Court from time to time.

COMPLIANCE WITH THE MORTGAGES

7. THIS COURT ORDERS that the mortgagors of the Carve-Out Properties shall hereafter comply with the terms of the respective mortgages, charges and other related loan and security documents, including any general security agreements (collectively, the "Mortgages") in favour of each Mortgagee from and after the date of this amending Order. For greater certainty, nothing in this paragraph 7 requires the mortgagors of the Carve-Out Properties or the Manager to cure the existing or continuing events of default as of the date of this Order listed in Schedules "C" and "D" hereto. Nothing in this paragraph prejudices the right of the Mortgagees to rely on such existing or continuing defaults if the stay of proceedings is lifted in accordance with paragraph 8, 13 or 14 hereof. Nothing in this Order prejudices the rights of a Mortgagee to add any costs, fees or other amounts arising from the existing defaults under its Mortgage and/or these proceedings to the indebtedness secured by its Mortgage as permitted by the Mortgage or applicable laws.

alleged
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8. THIS COURT ORDERS that there shall be an automatic lifting of the stay imposed by paragraphs 12 and 13 of the November 5 Order on a Carve-Out Property and the Mortgagee of the Carve-Out Property may enforce its rights under and in accordance with its respective Mortgage in the event of any breach of paragraph 7 above, including without limitation, any failure to pay any monthly payment of principal, interest and all reserves when due.

9. THIS COURT ORDERS that the Manager shall provide each Mortgagee with notice of any breach of paragraph 7 of which it becomes aware in respect of the respective Carve-Out Property and shall, on a monthly basis, provide each Mortgagee with a certificate confirming that it is not aware of any breach of paragraph 7 in respect of the Carve-Out Property.

the applicants and respondents,
25

the applicants and respondents
25

10. THIS COURT ORDERS that in the event the stay is lifted in accordance with paragraph 8 hereof, the relief granted herein is without prejudice to the right of the Mortgagee to bring any action, proceeding or claim against the Borrower or any guarantor under the Mortgage or guarantee, or to the right of the Mortgagee to raise any existing, continuing or future events of default in these proceedings.

11. THIS COURT ORDERS that subsection 5(l) and (m) of this Court's Order dated November 5, 2013 is modified to require the consent of the respective Mortgagee(s) for any further steps to market, list for sale, sell, convey, lease, rent, transfer or assign any Carve-Out Properties from and after the date of this amending Order, in accordance with the respective Mortgages. Furthermore, nothing in the Order dated November 5, 2013 or this Order shall prejudice the right of the Mortgagees to object to a prepayment of their respective Mortgages or to claim the prepayment charge provided for under the respective Mortgages.

12. THIS COURT ORDERS that the Manager shall report to the Mortgagees ^{the applicants and respondents} on the status of the respective Carve-Out Properties, including but not limited to providing timely reports in respect of leasing or sales activity, copies of any appraisals of the Carve-Out Properties and any offers for the sale or lease of the respective Carve-Out Property in the possession of the Manager from time to time, subject to the ^{recipient} ~~Mortgagee~~ executing a confidentiality agreement in a form acceptable to the Manager and the Mortgagee, acting reasonably. ₂₀₁

13. THIS COURT ORDERS that there shall be an automatic lifting of the stay imposed by paragraphs 12 and 13 of the November 5 Order on a Carve-Out Property permitting any Mortgagee to move to enforce any and/or all of its rights under its respective Mortgage if: (i) by January 31, 2014, the Manager's plans to sell the relevant Carve-Out Property has not been approved by the

respective Mortgagee acting reasonably, the Manager has not commenced the sale process by retaining a reputable real estate agent and listed the property for sale, or has not commenced to actively market the property for sale; (ii) by January 31, 2014, with respect to 1131A Leslie Street, the Manager's plan to lease the vacant space in such property has not been approved by the relevant Mortgagee acting reasonably, the Manager has not commenced the leasing process by retaining a reputable leasing agent on market terms and listed such space for lease, or has not commenced to actively market the property for lease; or (iii) in respect of each Carve-Out Property, at any time after February 1, 2014, the Manager fails to diligently, continuously and prudently market such property for sale and lease, unless the Manager and the relevant Mortgagee have all agreed in writing to extend the deadlines provided in this paragraph 13.

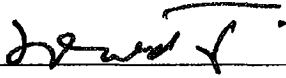
14. THIS COURT ORDERS that there shall be an automatic lifting of the stay imposed by paragraphs 12 and 13 of the November 5 Order on a Carve-Out Property if the sale of the Carve-Out Property is not fully completed by July 31, 2014 (whether or not the relevant Mortgagee is in good standing), unless the Manager and the relevant Mortgagee have all agreed in writing to extend the deadline provided in this paragraph 14.

OTHER RELIEF

15. 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.

16. 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.

17. 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 activities of the Manager 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.



ENCLERK
OFFICE OF THE CLERK OF THE COURT
LEEDS AND BRISTOL

DEC 24 2013

MB

SCHEDULE "A" COMPANIES

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investment 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 Inc.
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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 Industrial 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.
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. Dewhurst Developments Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.
31. El-Ad Limited
32. 165 Bathurst Inc.

SCHEDULE "C"

The following potential events of default as of the date of this Order under the Mortgage on the Schedule "B" Property at 1131A Leslie Street in Toronto, Ontario with Computershare Trust Company of Canada, as custodian, nominee and agent for and on behalf of Investors in a Canadian commercial mortgage securitization known as Institutional Mortgage Securities Canada, Commercial Mortgage Pass Through Certificates, Series 2012-2 are subject to paragraph 7 of this Order:

- a) The Order of this Court dated November 5, 2013;
- b) This Order of the Court; and
- c) Any representation made at the time the Mortgage was entered into regarding the ownership of the Mortgagor/Borrower.

SCHEDULE "D"

The following potential events of default as of the date of this Order under the Mortgage on the Schedule "B" Property at 620 Richmond Street West, Toronto, Ontario with 165 Bathurst Financial Inc. are subject to paragraph 7 of this Order:

- a) The Order of this Court dated November 5, 2013;
- b) This Order of the Court; and
- c) Any representation made at the time the Mortgage was entered into regarding the ownership of the Mortgagor/Borrower; and
- d) The non-payment of utilities, taxes and other obligations prior to the date of this Order.

DBDC SPADINA LTD., et al
Applicants

-and- NORMA WALTON et al.
Respondents

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

ORDER

**LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP**

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

Peter H. Griffin (19527Q)

Tel: (416) 865-2921

Fax: (416) 865-3558

Email: pgriffin@litigate.com

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THOSE CORPORATIONS LISTED ON
SCHEDULE A HERETO**
Applicants

and

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)
Proceeding commenced at Toronto

RESPONDING MOTION RECORD
(RETURNABLE JANUARY 6, 2014)

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