

ONTARIO

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SAPHIRE TOWER DEVELOPMENT CORP.

APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,
C. C-36, AS AMENDED

EIGHTH REPORT OF THE MONITOR AND INTERIM RECEIVER
BDO DUNWOODY LIMITED
MAY 8, 2008

A. INTRODUCTION

1. On July 20, 2007, Sapphire Tower Development Corp. (the "**Applicant**") filed for and obtained protection from its creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985, c.C-36, as amended ("**CCAA**") pursuant to an order of this Honourable Court dated July 20, 2005 (the "**Initial Order**").
2. Pursuant to the Initial Order, BDO Dunwoody Limited ("**BDO**") was appointed Monitor of the Applicant (the "**Monitor**").
3. By order dated August 16, 2007 an extension of the CCAA proceedings was granted to September 4, 2007. At the same time BDO was appointed as Interim Receiver (the "**Interim Receiver**") with a mandate to prepare a marketing and sale process, to disseminate it to stakeholders and to bring the same before the Court for approval on September 4, 2007. As part of the extension motion BDO filed its First Report dated August 14, 2007 ("**First Report**").
4. By Order dated September 4, 2007 an extension of the CCAA proceedings was granted to November 9, 2007. As part of the extension motion BDO filed its Second Report, dated

2.

August 30, 2007 (“**Second Report**”). As part of the Order, the Court approved a marketing and sale process as set out in Schedule “A” to the Second Report, and instructed the Monitor and Interim Receiver to direct all known creditors, in writing, to review the materials regarding the marketing and sale process on the Sapphire Website, and to invite interested parties to apply to the Court by September 11, 2007 to vary or amend the sale process, such Motion to be returnable on September 24, 2007. No party brought such a motion. On November 7, 2007, the Court granted an extension of the Stay Period as defined in the Initial Order (the “**Stay Period**”) to December 14, 2007, to allow for the completion of the Sale Process. On December 14, 2007 the Court granted a further extension of the Stay Period to January 31, 2008. On January 30, 2008 the Court granted a further extension of the Stay Period to March 28, 2008 (the “**January 30 Order**”). On March 26, 2008 the Court extended the Stay Period to June 30, 2008 as part of the Claims Order (the “**Claims Order**”).

5. The purpose of this, the Eighth Report of the Interim Receiver (“**Eighth Report**”) is to:
- (a) Report on the outcome of the claims process established by the Claims Order for determining amounts owing to the creditors of the Applicant;
 - (b) Approve distributions to:
 - (i) Oro Properties Limited (“**Oro**”);
 - (ii) the Mortgagees of the WBM Mortgage (the “**WBM Mortgagees**”);
 - (iii) Turner Fleischer Architects Inc. (“**TFA**”);
 - (c) determine whether certain provisions of the GA Mortgage (as defined below) granting additional penalty interest after default, violate the provisions of s.8 of the *Interest Act* R.S.C. 1985 c.I-15; and
 - (d) request the approval of the fees and costs of the Monitor/Interim Receiver and its counsel, as well as for Representative Counsel (as defined below), as set out herein, and to approve the conduct of the Monitor/Interim Receiver as set out in the Seventh and Eighth Reports.
6. Capitalized terms not defined in this Eighth Report are as defined in the Initial Order.

B. TERMS OF REFERENCE

7. In preparing this Eighth Report, the Interim Receiver has relied upon unaudited financial information, company records, claims submitted by creditors, and discussions with

management of the Applicants, various stakeholders and consultants and advisors. The Monitor and Interim Receiver has not performed an audit, review or other verification of such information.

8. The Monitor and Interim Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, re-production or use of this report. Any use which any party, other than the Court, makes of this report, or any reliance on or decision based on it, is the responsibility of such party.

C. BACKGROUND

9. The Applicant is a single purpose entity incorporated and resident in the Province of Ontario, that owned the Property, which was a single parcel of undeveloped real estate located at 66 Temperance Street, Toronto in the core downtown area of Toronto. This Property was sold by the Interim Receiver with the transaction closing on January 14, 2008. The site had been leased out as a parking lot. The Applicant had no active employees other than Harry Stinson (“**Stinson**”), the sole officer, shareholder and director of the Applicant, and at the time of filing was resident in Toronto. The Applicant had been pursuing the development of this site as a high rise condominium project of 50 or more stories in height.
10. The stakeholders in this matter are various parties holding mortgages or liens on the property, trade creditors, and various individuals who appear to be unsecured creditors who had advanced money in arrangements which included alleged purchases of interests in the prospective development.

D. POSTING OF ORDERS AND REPORTS OF THE MONITOR AND INTERIM RECEIVER

11. The Monitor and Interim Receiver has posted all court material on its website at <http://www.bdo.ca/Sapphire>, as required by the Order of the Honourable Mr. Justice Cumming, dated September 4, 2007.

E. POSSESSION OF ASSETS

12. Immediately following its appointment as Interim Receiver, the Monitor and Interim Receiver took possession of all of the personal property and books and records of the Applicant. The Monitor and Interim Receiver took steps to ensure that the rental

payments by the tenant of the company's real property were made to the Monitor and Interim Receiver. The Monitor and Interim Receiver did not go into possession of the real property owned by the Applicant as it did not believe that there was any necessity to do so.

F. CONSULTATION WITH INVESTORS/UNSECURED CREDITORS

13. Following its appointment, the Monitor and Interim Receiver had various discussions and meetings with stakeholders with a view to soliciting their input and views. In particular, the Monitor and Interim Receiver met with certain creditors whose advances included a contracted interest in units which were to be built in the contemplated condominium project.
14. In addition, persons in this group raised the issue of wishing to have legal representation for this group, to be funded out of the proceeds of the sale of the Property. The Monitor/ Interim Receiver was supportive of this group obtaining representation, and supported the concept of a charge in favour of counsel for this group, so long as such a charge ranked immediately behind the interests of the secured creditors.
15. Accordingly, by the endorsement of the Honourable Mr. Justice Cumming dated October 19, 2007, the Court appointed Page, Martin LLP as representative counsel (the "**Representative Counsel**") for all unsecured creditors, and Page, Martin LLP was granted a charge on the assets ranking immediately behind the administrative charges and the interest of the valid secured creditors, in accordance with paragraph 12 of the Monitor's Second Report.

G. STATUS OF SALE OF PROPERTY TO SKYLINE

16. On December 14, 2007 Justice Cumming granted a Sale Approval and Vesting Order approving the sale of the Property to Skyline-66 Temperance Inc. ("**Skyline**"). The Interim Receiver and its counsel completed the transaction with Skyline and fulfilled all conditions to completing the APS. The transaction closed on January 14, 2008 as anticipated, and the Interim Receiver received sale proceeds of approximately \$24,000,000, net of closing adjustments (the "**Sale Proceeds**"). The only distributable assets of the Applicant are these Sale Proceeds.

H. CLAIMS PROCEDURE FOR SECURED CREDITORS

17. As noted in the Fifth Report of the Interim Receiver dated January 10, 2008 (the “**Fifth Report**”) and the Supplement to the Fifth Report dated January 11, 2008 (the “**Supplement**”), in order to implement a distribution to the secured creditors of the Applicant, on December 21, 2007 the Interim Receiver sent a form of proof of claim by mail to all creditors of the Applicant known to the Interim Receiver, including those who had registered claims against the Property. The instruction sheet sent along with the proof of claim form requested that all proofs of claim be submitted to the Interim Receiver by January 4, 2008 to enable the Interim Receiver to report to the Court by January 8, 2008, and to enable a distribution on or about the closing date for the transaction with Skyline of January 14, 2008.
18. As a result of the request for claims, 45 secured creditors submitted claims. As noted in the Fifth Report and the Supplement, the Trustee requested that distributions be made to certain secured creditors in order to maximize realization to unsecured creditors. These distributions were approved by the Order of Justice Spence dated January 14, 2008 (the “**Interim Distribution Order**”). Attached as Appendix “A” to this Eighth Report is a copy of the Interim Distribution Order.

I. SUMMARY OF DISTRIBUTION TO SECURED CREDITORS

19. In accordance with the Interim Distribution Order, the Interim Receiver distributed the following aggregate amounts to the secured creditors of the Applicant out of the Sale Proceeds:

Graphic Arts	\$ 11,473,963.01
Syndicated Mortgage (in amounts set out at Appendix “G” in the Fifth Report) (Note 1)	\$ 6,842,869.89
Shibley Righton LLP	\$ 627,356.41
Page Martin LLP	\$ 8,663.66
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	\$ 18,952,852.97
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Note 1: The Interim Receiver had not initially paid the sum of \$254,654.24 indicated as owing to two separate investors in the Syndicated Mortgage as these two individuals had not submitted proofs of claim. These individuals have since been located, have filed

proofs of claim, and have been paid in full in accordance with the Interim Distribution Order.

J. SUMMARY OF RESERVES MAINTAINED

20. In accordance with the Interim Distribution Order, the Interim Receiver reserved the following aggregate amounts out of the Sale Proceeds:

<u>Reserves</u>	
Graphic Arts	\$ 236,250.00
Syndicated Mortgage – 1% Admin Fee	\$ 1,123,500.00
Syndicated Mortgage, reserve creditors	\$ 890,860.27
TFA	\$ 56,474.04
Oro	\$ 286,775.73
WBM	\$ 177,868.69
Rayan	\$ 630,000.00
	\$3,401,728.73
	\$3,401,728.73

Note: Pursuant to the January 30th Order, and the Claims Order, these reserved amounts have been revised to appear as follows:

<u>Reserves</u>	
Graphic Arts	\$ 236,250.00
Syndicated Mortgage – 1% Admin Fee (see para. 36)	\$ 1,123,500.00
Syndicated Mortgage, reserve creditors	.00
TFA	\$ 56,474.04
Oro	\$ 286,775.73
WBM	\$ 177,868.69
Rayan	\$ 630,000.00
	\$2,510,868.46
	\$2,510,868.46

K. GRAPHIC ARTS BUILDING INC. MORTGAGE INTEREST PENALTY ISSUE

21. As noted in the Fifth Report and the Supplement, the first charge that had been registered on title to the Property was a mortgage in favour of Graphic Arts Building Incorporated (“Graphic Arts”) which was registered on May 5, 2005 in the amount of \$10,500,000 (the “GA Mortgage”).

22. The GA Mortgage was a “vendor take back mortgage” granted to Graphic Arts by the Applicant as part payment of the purchase price of \$14,500,000 for the purchase of the Property by the Applicant in May of 2005. The balance was due under the GA Mortgage on December 1, 2006. The GA Mortgage has a rate of interest of 9%, compounded monthly, not in advance. The monthly payments, as stipulated in the mortgage, were \$78,750.00, on account of interest only. The GA Mortgage could be renewed at the sole discretion of Graphics Arts. To the knowledge of the Interim Receiver, the GA Mortgage was not renewed and matured on December 1, 2006. Graphic Arts issued a notice of sale on June 12, 2007. Attached as Appendix “B” to this Eighth Report is a copy of the GA Mortgage.
23. Graphic Arts filed a proof of claim for amounts owing under the GA Mortgage in response to the call for claims by the Interim Receiver (the “GA Claim”). In the GA Claim, Graphic Arts claimed that it was owed \$11,703,125.51, as at December 24th, 2007, with per diem interest of \$2,736.38 after January 14, 2008. As part of its claim for interest, Graphic Arts attached to the GA Claim the Notice of Sale setting out an interest calculation which states:

“\$236,250.00...3-month pre-payment penalty as per mortgage terms.”

Attached as Appendix “C” to this Eighth Report is a copy of the GA Claim.

24. The Interim Receiver reviewed the GA Claim and the calculation of the amounts owing as at January 14, 2008 declared therein, compared the claim to the books and records of the Applicant, and recommended that principal and interest in the amount of \$11,473,963.01 be distributed to Graphic Arts out of the proceeds of sale. The Interim Receiver disputed the entitlement of Graphic Arts to the additional \$236,250.00 of interest claimed in the GA Claim, pursuant to the “penalty interest” provisions of the default clause in the GA Mortgage (the “**Penalty Interest Clause**”).
25. Under the terms of the Interim Distribution Order a payment to Graphic Arts in the amount of \$11,473,963.01 was approved, and the Court directed the Interim Receiver to establish a reserve for the claim by Graphic Arts to additional “penalty” interest payable. An additional payment of \$39,215.70 was made to Graphic Arts as approved by the Order of Justice Spence dated January 30th, 2008 (the “**January 30th Order**”) to remedy

an arithmetical error made by Graphic Arts in the calculation of interest under the GA Mortgage made by Graphic Arts. Attached as Appendix "D" to this Eighth Report is a copy of the January 30th Order.

26. The remaining issue involving the GA Mortgage is the issue of whether a clause in the GA Mortgage that imposes a penalty of three months' interest upon the issuance of a Notice of Sale, violates s.8 of the *Interest Act*.
27. The "default clause" of the GA Mortgage which contains the Penalty Interest Clause reads:

Upon default of any payment of interest and/or principal secured by the Charge/mortgage the principal amount secured by the Charge/mortgage shall, at the option of the Mortgagee, immediately become payable, and upon default of payment of instalments of principal promptly as the same mature, the balance of the principal and interest secured by the Charge/mortgage shall, at the option of the Mortgagee, immediately become due and payable. The Mortgagee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. For each Notice of Sale under Mortgage issued by the Mortgagee there shall be a charge of Fifteen Hundred Dollars (\$1,500.00) by the mortgagee to the mortgagor. In addition, on the issuing of a Notice of Sale, the Mortgagee shall be entitled to collect a penalty from the Mortgagor equal to the payment of three (3) months' interest. The Mortgagee shall also be entitled to charge a monthly charge equal to any late payment charge provided for in this mortgage from the date of default until the date that the mortgagor otherwise redeems the mortgage or the date that the property is sold under Power of Sale.

In addition, for each Notice of Sale under Mortgage issued by the Mortgagee there shall be a charge of Fifteen Hundred Dollars (\$1,500.00) plus GST and Disbursements payable by the Mortgagor to the Mortgagee's lawyer for the preparation and issuing of the Notice of Sale under Mortgage. These fees shall be in addition to any legal fees or other costs associated with the mortgagee herein asserting its rights under this mortgage upon any default by the mortgagor. The Mortgagor shall also be liable for the mortgagee's legal fees, disbursements and GST on a solicitor-client basis for any steps taken after the issuing of the Notice of Sale including but not limited to any negotiations, court applications, eviction proceedings, listing and sale of the property.

(emphasis added).

28. The “interest” clause in the GA Mortgage reads:

PROVIDED that the monthly interest payment shall be due on the 1st day of each month. Interest shall be calculated on a monthly basis, not in advance and shall be payable at the rate as set out in this mortgage before and after maturity until the principal is paid in full. (emphasis added).

29. The “Late Payment Charge” clause in the GA Mortgage reads:

\$350.00 N.S.F. and LATE PAYMENT CHARGE

PROVIDED further that there will be a Three Hundred and Fifty Dollar (\$350.00) charge to the Mortgagors for each Mortgage payment that is missed or any payment that is not honoured by the Mortgagors bank or any post-dated cheques not deposited at the request of the Mortgagors on the day the said post-dated cheques are due or any payment not delivered to the Mortgagee on the date it is due before or after maturity of the mortgage. (emphasis added).

30. By definition a Notice of Sale under the *Mortgages Act* can only be issued after a default has occurred under the mortgage. Failure to pay the amount secured under the GA Mortgage on maturity is an event of default under the GA Mortgage. Graphic Arts issued a Notice of Sale on June 12, 2007. The GA Mortgage matured on December 1, 2006. Graphic Arts requests that the payment of \$236,250.00, representing a “three-month pre-payment penalty”, be paid out of the Sale Proceeds pursuant to this clause. For the reasons set out in the Factum of the Interim Receiver, it is the position of the Monitor/Interim Receiver that this “penalty” payment violates the provisions of s.8 of the *Interest Act*, and is therefore unenforceable. Consequently, it is the position of the Monitor/Interim Receiver that Graphic Arts has been paid all amounts properly owing under the GA Mortgage.

L. CLAIMS PROCEDURE

31. As noted above, the Interim Receiver had previously requested that secured creditors of Sapphire file Proofs of Claim with the Interim Receiver in order to expedite the payment of the secured creditors, and thereby minimize the payment of interest and maximize recoveries to the unsecured creditors. As it appeared that sufficient sale proceeds remained to provide a significant distribution to the unsecured creditors of Sapphire, the

Interim Receiver obtained the Claims Order to conduct a claims procedure to determine the claims of the unsecured creditors of Sapphire.

32. The unsecured creditors are divisible into two groups: the trade creditors; and those persons that claim that Sapphire purportedly sold one or more “units” in the Sapphire Tower, and signed promissory notes as evidence of this indebtedness for the purchase of the “units”.
33. Pursuant to the Claims Order the Interim Receiver:
 - a. mailed a notice of the Claims Order to all known creditors by the Interim Receiver;
 - b. published a notice of the claims procedure in the *Globe and Mail* on April 4, 2008;
 - c. reviewed prior proofs of claim filed by the secured creditors and contacted known creditors to remind them to file proofs of claim by April 30, 2008 (the “**Claims Bar Date**”).
34. Attached as Appendix “E” to this Report is a listing of each of the claims filed and the amounts of the claims, as well as a division of the claims into the categories of claims by secured creditors, “Special Investor” claims and the claims of ordinary trade creditors. Twenty-eight Special Investors filed claims totalling \$8,916,886.15. In addition, seventeen trade creditors filed claims totalling \$460,092.65.
35. In addition, Canada Revenue Agency has also filed a deemed trust claim for unremitted GST in the amount of \$1.00, and the Ontario Ministry of Finance has filed a claim for corporate tax in the amount of \$1.00. After the CRA and Ontario Ministry of Finance have completed their audits of the records of the Applicant, the Interim Receiver will advise the Court of the specifics of the claims of CRA and Ministry of Finance.
36. As a result of the Claims Procedure, the Interim Receiver has received further secured claims filed by some of the individual mortgagees under the Syndicated Mortgage claiming the 1% administration fee described in the Seventh Report. The Interim Receiver is currently reviewing these claims with a view to determining whether they should be disallowed as violating the provisions of s.8 of the *Interest Act*. Pending the determination of these claims, the Interim Receiver recommends that the reserve established with respect to the 1% administration fee be maintained.

M. CONSTRUCTION LIEN CLAIM BY TFA

37. The third charge that was registered on title to the Property was a construction lien which was registered by TFA on January 15, 2007 in the amount of \$93,889.26. Attached as Appendix "F" to this Eighth Report is a copy of the claim for lien as registered.
38. TFA filed a proof of claim for amounts owing under the lien claim in response to the call for claims by the Interim Receiver. Attached as Appendix "G" to this Eighth Report is a copy of the TFA Proof of Claim (the "**TFA Claim**"). TFA claims that it is owed \$56,474.04. This reflects a reduction from the original amount claimed under the claim for lien after receipt of payments of \$65,000.00 made by the Applicant to TFA prior to the CCAA filing. However, TFA also claimed additional amounts due; in particular, interest of \$6,136.02, and legal fees of \$21,448.76.
39. The Interim Receiver reviewed the TFA Claim and the calculation of the amounts owing as at January 14, 2008 declared therein, and compared the claim to the records of the Applicant. Counsel for the Interim Receiver requested that counsel for TFA provide further particulars of the work done by TFA with respect to the Property. This further documentation was provided on May 2, 2008. The Interim Receiver recommends that TFAI be paid the amount of \$56,474.04 in full payment of the amounts claimed under the TFA Claim.

N. PAYMENT OF MORTGAGE GRANTED TO ORO PROPERTIES LIMITED (THE "ORO MORTGAGE") AND MORTGAGE TO WALMSLEY, BELL AND MATTSON (THE "WBM MORTGAGE")**i) Oro Mortgage**

40. The fifth charge that was registered on title to the Property was a mortgage in favour of Oro Properties Limited ("**Oro**") which was registered on May 23, 2007 in the amount of \$250,000. Attached as Appendix "H" to the Eighth Report is a copy of the Oro Mortgage.
41. The balance was due under the Oro Mortgage 18 months from the date of the mortgage, or on the sale of the Property. The Oro Mortgage, as registered, has a rate of interest of 16%, compounded quarterly, not in advance.

42. Oro has filed a proof of claim for amounts owing under the Oro Mortgage in response to the call for claims by the Interim Receiver. Attached as Appendix "I" to this Eighth Report was a copy of the Oro Proof of Claim (the "**Oro Claim**"). Oro claims that it is owed \$250,000.00 of unpaid principal, \$33,111.11 of unpaid interest, and legal costs of \$3,664.62 for a total claim of \$286,775.73, with per diem rate of interest of \$111.11.
43. The Interim Receiver has reviewed the Oro Claim and the calculation of the amounts owing as at January 14, 2008 declared therein, and has compared the claim to the records of the Applicant. The Interim Receiver recommends that the amount of \$300,220.04 (which figure includes *per diem* interest calculated to May 14, 2008) be paid to Oro.

ii) The WBM Mortgage

44. The seventh charge that was registered on title to the Property is a mortgage in favour of Peter Walmsley, Glenda Bell and Roberta Mattson (the "**WBM Mortgagees**") which was registered on June 19, 2007 in the amount of \$155,000. Attached as Appendix "J" to this Eighth Report is a copy of the WBM Mortgage.
45. The balance was due under the WBM Mortgage 18 months after registration of the Mortgage or on the sale of the Property. The WBM Mortgage has a rate of interest of 16%, compounded quarterly, not in advance.
46. The mortgagees under the WBM Mortgage have filed proofs of claim for amounts owing under the WBM Mortgage in response to the call for claims by the Interim Receiver. Attached as Appendix "K" to this Eighth Report are copies of the WBM Proofs of Claim (the "**WBM Claims**"). In them, they jointly claim that they are owed a total of \$155,000.00 of unpaid principal, \$22,868.69 of unpaid interest, but no costs, for a total claim of \$177,868.69. Two of the claims were calculated at an interest rate of 16% while the largest was calculated at 20%. The mortgage document was registered at 16%, however, and therefore the Monitor/Interim Receiver is of the view the secured claim should be limited to the 16% interest rate in the mortgage, as registered.
47. The Interim Receiver has reviewed the WBM Claims and the calculations of the amounts owing as at January 14, 2008 declared therein, compared the claims to the records of the Applicant, and recalculated the mortgage at the rate of 16% for a total outstanding balance at May 14, 2007 of \$184,467.54. The Interim Receiver recommends the

payment of the amount of \$184,467.54 to Walmsley, Bell and Mattson as follows, which figure includes per diem interest to May 14th, 2008 calculated at a rate of 16%:

	January 14	Per diem	May 14, 2008
Walmsley	113,762.70	43.72	\$119,052.32
Bell	5,668.41	2.19	\$5,932.89
Mattson	56,837.52	21.86	\$59,482.33

48. The Oro Mortgage and the WBM Mortgage were mortgages that were granted by the Applicant to Oro and to the WBM Mortgagees to secure amounts advanced by these parties to the Applicant to fund the marketing of the Project. The Claims Procedure did not identify any other persons who also had advanced money for this purpose and therefore it is appropriate to make these distributions at this time.

O. MONITOR'S AND INTERIM RECEIVER'S COSTS

49. BDO as Interim Receiver has incurred time charges of \$31,876.25, calculated at the normal billing rates of its personnel involved, for the period from March 18, 2008 to May 8, 2008, plus \$889.12 for out of pocket disbursements, for total fees and disbursements of \$34,403.64, including GST. The Interim Receiver seeks the approval of this Honourable Court for the payment of these fees and disbursements, plus applicable GST. Additional costs will need to be incurred to finalize the Interim Receivership.
50. Fraser Milner Casgrain LLP, counsel to BDO, charged fees to the Interim Receiver in the period March 20, 2008 to April 22nd, 2008, in the amount of \$36,750.00 calculated at the normal billing rates of its personnel involved, as well as \$127.00 for out of pocket disbursements, for total fees and disbursements to \$37,447.37 including GST. The Interim Receiver seeks the approval of the Honourable Court for the payment of these fees and disbursements, plus applicable GST. Additional costs will need to be incurred to finalize the interim receivership.
51. Page Martin LLP, representative counsel, charged fees pursuant to their charge in the period March 18, 2008 to May 8, 2008, in the amount of \$6,300.00 calculated at the normal billing rates of its personnel involved, as well as \$4.99 for out of pocket disbursements, for total fees and disbursements to \$6,304.99 including GST. The Interim Receiver seeks the approval of the Honourable Court for the payment of these fees and

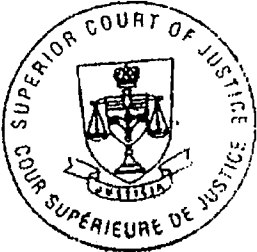
disbursements, plus applicable GST. Additional costs will need to be incurred to finalize the interim receivership.

52. The Monitor/Interim Receiver also requests that the Court approve the actions of the Interim Receiver, as set out in the Seventh Report, and this Report.

All of which is respectfully submitted this 8th day of May, 2008.

BDO DUNWOODY LIMITED
In its capacity as Court Appointed
Monitor and Interim Receiver of the Applicant





ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)
JUSTICE SPENCE)
MONDAY, THE 14TH DAY
OF JANUARY, 2008

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF SAPPHIRE TOWER DEVELOPMENT CORP.

APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C 1985, c. C-36, AS AMENDED

ORDER

THIS MOTION, made by BDO Dunwoody Limited ("BDO"), the Monitor and Interim Receiver (the "Interim Receiver") of Sapphire Tower Development Corp. (the "Applicant") for an order approving an interim distribution of the proceeds of sale of the Property of the Applicant, having made an application under the provisions of the *Companies' Creditors Arrangement Act* (the "CCAA") and for other relief as set out in its Notice of Motion, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fifth Report of the Interim Receiver (the "Fifth Report"), the Supplement to the Fifth Report (the "Supplement"), BDO Dunwoody Limited ("BDO"), relating to the completion of the sale of the 66 Temperance Street Property (the "Property"), the

Initial Order, the Interim Receivership Order dated August 16, 2007 (the “**Interim Receivership Order**”), and on hearing the submissions of counsel for BDO, the Applicant, Stinson Financial Corporation, Graphic Arts Building Incorporated (“**Graphic Arts**”), Jeffrey Family Trust, the Substituted Trustee of the Stinson Financial Corporation Mortgage, Turner Fleischer Architects Inc. (“**TFA**”), and Page Martin LLP, representative counsel for the unsecured creditors;

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.

2. **THIS COURT ORDERS** that the actions and activities of BDO as Interim Receiver, and as Monitor, as set out in the Fifth Report, and the Supplement, are hereby authorized and approved.

3. **THIS COURT ORDERS** that the Interim Receiver shall proceed to make the distributions and set aside the reserves recommended by the Interim Receiver in the Fifth Report, and in the Supplement with respect to the claim of Graphic Arts, to those secured creditors of the Applicant set out below.

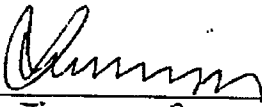
- i) The Interim Receiver shall distribute the following aggregate amounts to the secured creditors of the Applicant out of the Sale Proceeds:

Graphic Arts	\$ 11,473,963.01
Syndicated Mortgage (in amounts set out at Appendix “G” in the Fifth Report)	\$ 6,842,869.89
Shibley Righton LLP	\$ 627,356.41
Page Martin LLP	\$ 8,663.66
	<hr/>
	\$ 18,952,852.97

- ii) The Interim Receiver shall reserve the following aggregate amounts out of the Sale Proceeds:


Graphic Arts	\$	236,250.00
Syndicated Mortgage – 1% Admin Fee	\$	1,123,500.00
Syndicated Mortgage, reserve creditors, paragraph 27	\$	890,860.27
TFA	\$	56,474.04
Oro	\$	286,775.73
WBM	\$	177,868.69
Rayan	\$	630,000.00
	\$	<u>\$3,401,728.73</u>

4. **THIS COURT ORDERS** that the distribution to Shibley Righton LLP, as noted above, shall be deemed to be payment in full for all amounts now or hereafter due under the Shibley Mortgages which shall no longer bind the proceeds of sale and for all work done on behalf of the Applicant to January 14, 2008 and claimed by Shibley Righton LLP under the Administrative Charge, each as defined in the Fifth Report.



 C. Irwin, Registrar

JAN 14 2008



**IN THE MATTER OF the Companies' Creditors Arrangement Act, R.S.C. 1985, c.C-36, as amended
AND IN THE MATTER OF the Plan of Compromise and Arrangement of SAPPHIRE TOWER DEVELOPMENT CORP.
Interim Receiver**

Court File No. 07-CL-7109

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings Commenced at Toronto

ORDER

**FRASER MILNER CASGRAIN LLP
BARRISTERS AND SOLICITORS
1 First Canadian Place
100 King Street West,
Toronto, Ontario
MSX 1B2**

Daniel R. Dowdall
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Solicitors for the Monitor BDO DUNWOODY
LIMITED

Properties

Pin 21403 -- 0059 LT *Estate/Qualifier* Fee Simple Absolute
Description PART OF TOWN LOTS 5 & 6, SOUTH SIDE OF RICHMOND STREET WEST, TOWN OF YORK PLAN, DESIGNATED AS PART 2, PLAN 66R19771, CITY OF TORONTO.; S/T EASEMENT IN FAVOUR OF ROGERS CABLE INC. AS SET OUT IN CA749455; T/W RIGHT-OF-WAY OVER THE COMMON ELEMENTS OF TORONTO STANDARD CONDOMINIUM PLAN NO. 1509 AS DESCRIBED IN AT138798.; THE EASTERLY LIMIT OF SHEPPARD STREET HAS BEEN CONFIRMED BY BA-1786 AS INST. CT431216.
Address CITY OF TORONTO

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name SAPPHIRE TOWER DEVELOPMENT CORP.
Address for Service 73 Richmond Street West, Suite 100,
Toronto, Ontario M5H 4E8

I, Harry Stinson, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Chargee(s)

Capacity

Share

Name GRAPHIC ARTS BUILDING INCORPORATED
Address for Service 50 Weybright Court
Unit 1
Toronto, Ontario
M1S 5A8

Statements

Schedule: See Schedules

Provisions

<i>Principal</i>	\$10,500,000.00	<i>Currency</i>	CDN
<i>Calculation Period</i>	Monthly		
<i>Balance Due Date</i>	2006/12/01		
<i>Interest Rate</i>	9.0%		
<i>Payments</i>	\$78,750.00		
<i>Interest Adjustment Date</i>	2005 05 01		
<i>Payment Date</i>	1st day of each month		
<i>First Payment Date</i>	2005 06 01		
<i>Last Payment Date</i>	2006 12 01		
<i>Standard Charge Terms</i>	200033		
<i>Insurance Amount</i>	Full insurable value		
<i>Guarantor</i>			

Additional Provisions

Monthly payments are of interest only.

It is a term of this mortgage that the Chargor shall make a payment of \$2,000,000.00 on or before November 1, 2005 said payment shall be paid towards a reduction of the principal amount of the mortgage. Any failure of the Chargor to make this payment shall be considered to be a default under the terms of this mortgage.

LRO # 80 Charge/Mortgage
The applicant(s) hereby applies to the Land Registrar.

Registered as AT786778 on 2005 05 05 at 13:15
yyyy mm dd Page 2 of 9

Signed By

Gary Donald Goldfarb 5001 Yonge St., suite 301 acting for Chargor(s) Signed 2005 05 05
Toronto M2N 6P6

Tel 416-223-9191
Fax 4162239405

Submitted By

MEYER, WASSENAAR & BANACH 5001 Yonge St., suite 301 2005 05 05
Toronto M2N 6P6

Tel 416-223-9191
Fax 4162239405

Fees/Taxes/Payment

Statutory Registration Fee \$60.00
Total Paid \$60.00

File Number

Chargor Client File Number : 05-1876

The following terms of the mortgage are in addition to any terms of the mortgage as set out in Standard Charge Terms No. 200033 and shall form a part of this mortgage. Should there be any conflict between the following provisions and those contained in Standard Charge Terms No. 200033 or the mortgage commitment the following provisions shall apply.

INTEREST

PROVIDED that the monthly interest payment shall be due on the 1st day of each month. Interest shall be calculated on a monthly basis, not in advance and shall be payable at the rate as set out in this mortgage before and after maturity until the principal is paid in full.

OPEN MORTGAGE

PROVIDED that the Mortgagors when not in default hereunder, shall have the privilege of prepaying the whole or any part of the principal sum hereby secured on any payment date.

SALE CLAUSE

PROVIDED that should the Mortgagors sell, convey, transfer or further encumber the property by a lien, mortgage, execution or otherwise, then the amount of principal then outstanding shall, at the option of the mortgagee, immediately become due and payable, together with any penalties set out herein.

12 POST-DATED CHEQUES

PROVIDED that the Mortgagors shall provide to the Mortgagee twelve (12) post-dated cheques at the time of the first advance hereunder.

\$350.00 N.S.F. and LATE PAYMENT CHARGE

PROVIDED further that there will be a Three Hundred and Fifty Dollar (\$350.00) charge to the Mortgagors for each Mortgage payment that is missed or any payment that is not honoured by the Mortgagors bank or any post-dated cheques not deposited at the request of the Mortgagors on the day the said post-dated cheques are due or any payment not delivered to the Mortgagee on the date it is due before or after maturity of the mortgage.

RENEWAL

This mortgage/charge does not automatically renew on its expiry. However, at the expiry of the mortgage term the Mortgagee (at the mortgagee's sole option) may grant the Mortgagor a term of renewal or extension of this mortgage on such terms, as the Mortgagor and Mortgagee shall agree upon in writing. Mortgagor shall pay a renewal fee equal to the original lender's fee charged at the time of the first advance of this mortgage however where the lenders fee was less than \$750.00 there shall be minimum renewal fee of \$750.00 to the Mortgagee for each term of renewal or extension of this mortgage. On each renewal the Mortgagor shall also pay the Lenders legal fees, GST and disbursements totalling \$633.70 for the preparation and registration of a renewal agreement and shall execute such agreement at the time of said renewal. Any subsequent mortgagee shall be considered to have postponed their mortgage with regard to any change in the interest rate, principal amount or other terms of the mortgage and shall not be entitled to any notice of any change in the interest rate, principal amount or other terms of the mortgage.

Should the parties not renew the Mortgage prior to the maturity date and the balance of the principal is not paid on the maturity date of the mortgage, an additional Three Hundred and Fifty Dollar (\$350.00) charge for each month or part thereof shall be payable to the Mortgagees in addition to any interest due until the date the mortgage is paid off and discharged.

PAYOUT AFTER 2:00 p.m. and PAYOUT ON A FRIDAY AFTER 2:00 P.M.

PROVIDED further that there will be a charge of three (3) days' interest should payout of the within Mortgage be received on a Friday later than 2:00 p.m. Should the mortgage be paid on any weekday other than a Friday later than 2:00 p.m. then a charge of one (1) days' interest will be added to the amount required to payout of the mortgage.

INSURANCE DEFAULT FEE

PROVIDED further that should the mortgagor be in breach of its obligation to insure as set out in Standard Charge Terms No. 200033 the mortgagee shall, in addition to the remedies he is entitled to pursuant to Standard Charge Terms No. 200033 be entitled to charge a default fee of \$250.00 for

each notice of default received and should the mortgagee place insurance on the property the mortgagee shall be entitled to an insurance Placement fee of \$250.00 in addition to the insurance premium.

NOTICE OF SALE UNDER MORTGAGE OR NOTICE OF LIEN

PROVIDED further that there will be a charge of Fifteen Hundred Dollar (\$1,500.00) plus GST and disbursements to the Mortgagors for each Notice Of Sale under Mortgage received by the Mortgagee from any party whose encumbrance is in priority to this mortgage or any Municipal Work Order or Notice of Lien received under the Construction Lien Act, R.S.O. 1990, C.30, the Condominium Act 1998, S.O.1998 c. 19 or any other relevant Federal, Provincial or Municipal Act.

In addition, at the sole option of the Mortgagee, the loan amount will become payable immediately upon receipt of a Notice of Sale under Mortgage received by the Mortgagee from any party whose encumbrance is in priority to this mortgage or any Municipal Work Order or Notice of Lien received under the Construction Lien Act R.S.O. 1990, C.30, the Condominium Act 1998, S.O.1998 c. 19 or any other relevant Federal, Provincial or Municipal Act.

DEFAULT OF PAYMENT AND ISSUING OF NOTICE OF SALE

Upon default of any payment of interest and/or principal secured by the Charge/mortgage the principal amount secured by the Charge/mortgage shall, at the option of the Mortgagee, immediately become payable, and upon default of payment of instalments of principal promptly as the same mature, the balance of the principal and interest secured by the Charge/mortgage shall, at the option of the Mortgagee, immediately become due and payable. The Mortgagee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. For each Notice of Sale under Mortgage issued by the Mortgagee there shall be a charge of Fifteen Hundred Dollar (\$1,500.00) by the mortgagee to the mortgagor. In addition, on the issuing of a Notice of Sale, the Mortgagee shall be entitled to collect a penalty from the Mortgagor equal to the payment of three (3) months' interest. The Mortgagee shall also be entitled to charge a monthly charge equal to any late payment charge provided for in this mortgage from the date of default until the date that the mortgagor otherwise redeems the mortgage or the date that the property is sold under Power of Sale.

In addition, for each Notice of Sale under Mortgage issued by the Mortgagee there shall be a charge of Fifteen Hundred Dollar (\$1,500.00) plus GST & Disbursements payable by the Mortgagor to the Mortgagee's lawyer for the preparation and issuing of the Notice of Sale under Mortgage. These fees shall be in addition to any legal fees or other costs associated with the mortgage herein asserting its rights under this mortgage upon any default by the mortgagor. The Mortgagor shall also be liable for the mortgagee's legal fees, disbursements and GST on a solicitor-client basis for any steps taken after the issuing of the Notice of sale including but not limited to any negotiations, court applications, eviction proceedings, listing and sale of the property.

TAX/WATER STATUS INQUIRY

Should the Mortgagee, for any reason at his sole discretion, during the term of this mortgage make any inquiry as to the status of the property tax and/or local improvement rates or water account due on the property the mortgage the mortgagor shall pay the mortgagee the sum of \$200.00 plus the cost imposed by the municipality for a tax or water certificate.

POSTPONEMENT TO NEW FIRST CHARGE

PROVIDED that the Mortgagor(s) shall have the right from time to time to renew or replace the existing First Charge on the said lands in priority to this Mortgage/Charge upon terms satisfactory to the Mortgagor and at the then current rate of interest for First Mortgages/Charges, and the Mortgagee herein, his heirs, executors, administrators and assigns, shall execute all necessary postponement agreements provided that any increase in the principal amount of the First Mortgage/Charge shall be applied to reduce the principal hereby secured. There shall be a \$250.00 charge for each postponement plus the Mortgagee's reasonable legal fees, disbursements and GST for the preparation and registration of each postponement. Where any Mortgage/Charge is registered in priority to this Mortgage/Charge is being advanced in stages the Mortgagor shall pay the Mortgagee the sum of \$250.00 for each approval requested prior to the advance plus the Mortgagee's legal fees of \$250.00 plus GST.

PARTIAL ADVANCES

Should this Mortgage/Charge not be fully advanced at the time of its registration the Mortgagor shall pay the Mortgagee an inspection fee of \$300.00 for each advance and shall pay the Mortgagee's Legal fees and disbursements to sub-search the title of the property said fees amounting to approximately \$300.00 plus GST and disbursements of approximately \$75.00 plus GST. The Mortgagor acknowledges that any fees payable under this paragraph shall be deducted from the advance requested and that the Mortgagor shall be liable to repay the full amount of the advance requested despite the deduction of the fees and disbursements incurred.

DEFAULT LETTERS

Should the mortgagee or his solicitor be required to send the mortgagor a default letter as to any dishonoured cheque, late payment or default of any other term of this mortgage an additional fee of Three Hundred and Fifty Dollars (\$350.00) plus GST may be charged by the mortgagee and/or his solicitor for each letter sent.

STATEMENT FEE

PROVIDED that the Mortgagee/Chargee is required to provide a Mortgage Statement, for discharge or any other purpose, there shall be an administration fee of \$250.00 plus GST for each such Statement.

DISCHARGE FEE

PROVIDED that on the payment of the mortgage the Mortgagor shall pay the Mortgagee(s) legal fees and costs to prepare the discharge of Mortgage in the amount of \$350.00 plus GST and should the discharge be registered electronically the mortgagor shall be liable to pay any registration fees plus GST payable for the registration of the discharge by the Mortgagee in addition to the legal fees.

IMPROVEMENTS TO PROPERTY

The mortgagor warrants that the purpose of this charge is not to finance an improvement on the herein described lands. An improvement means any alteration, addition or repair to any building on the herein described lands or any construction, erection or installation of any building or other structure on the herein described lands. The mortgagee hereby expressly does not consent to any work being performed on the property that may be contemplated by the Construction Lien Act, R.S.O. 1990, CHAPTER C.30 as amended from time to time.

RIGHT OF INSPECTION

Should the mortgagor be in default under any term of the mortgage the mortgagee may exercise a right to enter the property at any time without notice prior to the default being cured by the mortgagor in order to inspect the property and any buildings or other structures thereon. Should the mortgagee exercise this right of inspection he shall be entitled to an inspection fee of \$300.00 per inspection.

TAKING OF POSSESSION

Should the Mortgagee take possession of the property as part of any default proceedings or otherwise he shall be entitled to a fee of \$500.00 for taking possession an additional fee of \$1,000.00 per day that he is in possession of the property said fee being for the mortgagee's administering, maintaining and the securing property.

FEES

Any fees charged by the mortgagee shall be due and payable immediately by the mortgagor. Should said charges not be paid within ten days of the mortgagee giving notice to the mortgagor of the default and the amount of the fees and other costs which are due, said fees, costs and disbursements may be added to the principal due under the mortgage and interest shall be due and payable on the said fees, costs and disbursements at the rate as set out in the mortgage from the date of the default or other event for which the fee is chargeable to the mortgagor by the mortgagee.

At the option of the Chargee the Chargee may declare this mortgage in default and the whole amount of this mortgage shall immediately become due and payable if any payment required under this section has not been made within the time period set out in the previous paragraph.

In addition to any other fees charged by the mortgagee, should the Mortgagee be a Bank or Trust Company holding this mortgage in trust for an RRSP the Mortgagor shall pay any set-up fee, annual fee or other fee charged by the Bank or Trust Company to the RRSP for administering this mortgage

ENVIRONMENTAL WARRANTY

The Chargor covenants, represents and warrants that no Hazardous Materials have been released into the environment, or deposited, discharged, placed, located, incorporated, or stored in, at, on, under or near the Charged Premises or any buildings, chattels or improvements thereon, and that it and its tenants have at all times received, handled, stored, treated, shipped and disposed of all Hazardous Materials in strict compliance with all applicable federal, provincial, municipal or local laws, guidelines, requirements and regulations.

For the aforesaid purposes, the term "Hazardous Materials" means:

- a. any radioactive material;
- b. urea formaldehyde foam insulation;
- c. asbestos;
- d. polychlorinated biphenyls (PCBs);
- e. any explosive;
- f. any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
- g. any solid, liquid, gas or odour or combination of any of them that, if emitted or released into the natural environment (including the air), would create or contribute to the creation of a condition of the air that endangers the health, safety or welfare of person or persons or the health of animal life, interferes with normal enjoyment of life or property, or causes damage to plant life or to property, or is likely to cause, at some time, harm or degradation to the natural environment or risk to human health;
- h. any hazardous or toxic substance, material, waste, contaminant or pollutant;
- i. any substance declared from time to time to be hazardous, dangerous or toxic under any law, by-law, regulation or other enactment now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Chargor, the Chargee or the charged property, including but not limited to waste, hazardous or toxic materials, pollutants and contaminants as defined in or regulated by the Environmental Protection Act (or any other applicable federal, provincial, municipal or local law, guideline or regulation); or
- j. any other substance which is or may become hazardous, dangerous or toxic to persons or property.

RECEIVER

At any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, with or without entry into possession of the Charged Premises or any part thereof, and whether before or after such entry into possession, appoint a receiver or manager (herein called the "Receiver") of the Charged Premises or any part thereof and of the rents and profits thereof or of only the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any Receiver with or without appointing another in his stead and, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. Upon the appointment of any Receiver or Receivers from time to time, the following provisions shall apply:

- a. a statutory declaration of the Chargee as to default under the Charge shall be conclusive evidence thereof for the purposes of the appointment of a Receiver;
- b. every Receiver shall be the agent or attorney of the Chargor (whose appointment as such shall be revocable only by the Chargee) for the collection of all rents and profits falling due and becoming payable in respect of the Charged Premises or any part thereof whether in respect of any tenancies created in priority to the Charge or subsequent thereto, or otherwise;
- c. every Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee;
- d. the rights and powers conferred herein in respect of the Receiver are supplemental to and not in substitution of any rights and powers which the Chargee may have;

- e. the Chargee may from time to time fix the remuneration for every Receiver, who shall be entitled to deduct the same out of revenue or sale proceeds of the Charged Premises;
- f. every Receiver shall so far as concerns responsibility for its acts or omissions, be deemed the agent or attorney of the Chargor and in no event the agent of the Chargee;
- g. the appointment of every Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver or to the Chargor or to any other person in any respect, and such appointment or anything which may be done by any Receiver or the removal of any Receiver or the termination of any receivership shall not have the effect of constituting the Chargee a chargee or mortgagee-in-possession in respect of the Charged Premises or any part thereof;
- h. every such Receiver shall from time to time have the power to lease any portion of the Charged Premises which may become vacant, for such term and subject to such provisions as it may deem advisable or expedient, subject to the restrictions on leasing contained in any existing leases or agreements to lease affecting any of the Charged Premises, and in so doing, every Receiver shall act as the attorney or agent of the Chargor and shall have authority to execute under seal any lease of any such premises in the name of and on behalf of the Chargor, and the Chargor agrees to ratify and confirm whatever any Receiver may do in the Charged Premises;
- i. every Receiver may make such arrangements, at such time or times as it may deem necessary without the concurrence of any other persons, for the repairing, finishing, adding to, or putting in order of the Charged Premises, including without restricting the generality of the foregoing, completing the construction of any building or buildings, structures, services or improvements on the Charged Premises left in an unfinished state, and constructing or providing for leasehold improvements notwithstanding that the resulting cost may exceed the Adjusted Principal Amount;
- j. every Receiver shall have full power to manage, operate, amend, repair or alter the Charged Premises and the buildings and improvements thereon or any part thereof in the name of the Chargor for the purpose of obtaining rental and other income from the Charged Premises or any part thereof;
- k. no Receiver shall be liable to the Chargor to account for monies other than monies actually received by it in respect of the Charged Premises and out of such monies so received from time to time every Receiver shall, in the following order pay:
- i. its remuneration;
 - ii. all obligations, costs and expenses made or incurred by it, including but not limited to, any expenditures in connection with the management, operation, amendment, repair, construction or alteration of the Charged Premises or any part thereof;
 - iii. interest, principal and other monies which may, from time to time, be or become charged upon the Charged Premises in priority to the Charge, including all taxes;
 - iv. to the Chargee, all indebtedness, to be applied in such order as the Chargee in its discretion shall determine; and
 - v. subject to subparagraph (iv) above, at the discretion of the Receiver, interest, principal and other monies which may from time to time constitute a charge or encumbrance on the Charged Premises subsequent in priority or subordinate to the interest of the Chargee under Charge,
- and every Receiver may in its discretion retain reasonable reserves to meet accruing amounts and anticipated payments in connection with any of the foregoing and farther any surplus remaining in the hands of every Receiver, after payments made and such reasonable reserves retained as aforesaid, shall be payable to the Chargor;
- l. the Chargee may at any time and from time to time terminate any receivership by notice in writing to the Chargor and to any Receiver; and
- m. save as to monies payable to the Chargor pursuant to subparagraph (k) of this paragraph, the Chargor hereby releases and discharges the Chargee and every Receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any person claiming through or under it by reason or as a result of anything done by the Chargee or any Receiver under the

provisions of this paragraph, unless such claim be the direct and proximate result of bad faith or gross neglect.

CONDOMINIUM OR CO-OP

In this Schedule "the Act" means the Condominium Act or similar Act governing condominiums in the province of registration (as from time to time amended or replaced) and "Condominium Corporation" means the corporation created by the registration of a Declaration under the Act.

In the event the property is a condominium unit or a unit in a Co-op form of ownership, in addition to all other provisions of this Charge, the Chargor agrees to comply with the following provisions.

- (a) The Chargor will comply with the Act and with the Declaration, by-laws and rules and regulations of the condominium corporation, as they exist from time to time.
- (b) The Chargor will pay all amounts required by the Act and by the Declaration and by-laws of the condominium corporation on or before they are due and if required by the Chargee, will provide evidence of such payment. If any such payments are not made when required, the Chargee may make such payments on behalf of the Chargor and thereafter declare the Charge to be in default.
- (c) The Chargor will mail or deliver to the Chargee, by prepaid registered mail, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand for the Chargor to consent to any matter, and every other communication relating to the charged unit or the common elements of the condominium corporation so that they are received at least 5 days before any claim or demand is payable or response required, or in the case of other communications, within 5 days of the date they are received by the Chargor.
- (d) The Chargee is hereby authorized, whether or not the Charge is in default, to exercise the right of the Chargor under the Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation.
- (e) The Chargee may elect not to exercise its right to vote or consent and may so notify the condominium corporation, in which case the Chargor may vote or consent on its own behalf. The election by the Chargee not to vote or consent can be for a limited period of time or for a particular meeting or matter. Should the Chargee exercise such right to vote or consent for the Chargor, it shall not then become a chargee in possession and shall not be responsible to protect the interest of the Chargor or for the way it shall vote or consent or for any failure to do so.
- (f) At the option of the Chargee, the loan amount will become payable immediately if:
 - (i) government of the property of the condominium corporation under the Act is terminated;
 - (ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
 - (iii) the condominium corporation fails to comply with the Act, Declaration, by-laws or rules and regulations;
 - (iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost; or
 - (v) the condominium corporation fails, in the opinion of the Chargee, to manage the condominium property and assets in a careful way or to maintain its assets in good repair.
- (g) In addition to the insurance maintained by the condominium corporation pursuant to the requirements of the Act, the Chargor will insure all improvements which at any time are made to the condominium unit and, as well, insure against such additional risks as may be required by the Chargee, will provide the Chargee certified copies of every such insurance policy naming the Chargee as loss payee and, not less than 5 days before any policy expires, evidence of its renewal. If any loss or damage occurs the Chargor will immediately, at its expense, do everything necessary to enable the Chargee to obtain the insurance proceeds. If permitted by law, these proceeds may, at the option of the Chargee, be applied in whole or in part to repair the damage, be paid to the Chargor, or be applied to reduce any part of the loan amount whether or not yet due. The obligation to insure the condominium building may be performed by the condominium corporation and the proceeds of insurance may be payable in the accordance with the Declaration and by-laws of the condominium corporation. Upon the occurrence of a loss or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of such Declaration and by-laws.

STANDARD CHARGE TERMS

The Mortgagor(s) acknowledges receipt and having read of a copy these terms and of Standard Charge Terms No. 200033 and acknowledges that these terms form a material part of the mortgage documentation and that they are bound by them.

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SAPPHIRE TOWER DEVELOPMENT CORP.**

**APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

SECURED CREDITOR PROOF OF CLAIM

A. DETAILS OF SECURED CREDITOR:

- (1) Full Legal Name: GRAPHIC ARTS BUILDING INCORPORATED
- (2) Full Mailing Address: c/o T.S. Reiber Professional Corporation, 121 Richmond Street W.,
Ste. 1100, Toronto, Ontario, M5H 2K1
- (3) Telephone Number (mandatory): 416-927-9841 attn: Terrence S. Reiber, Barrister &
Solicitor
- (4) Facsimile Number: 416-975-1531
- (5) E-mail Address (preferable): terry@reiber.ca
- (6) Attention (Contact Person): Terrence S. Reiber, Barrister & Solicitor

II. ~~5~~ MILLION SYNDICATED MORTGAGE IN FAVOUR OF STINSON FINANCIAL CORPORATION AS TRUSTEE (THE "SYNDICATED MORTGAGE"):

I, _____, [name of Secured Creditor or authorized representative of the Secured Creditor], of the City of _____ in the Province of _____ make oath and say as follows:

(a) I hold an interest in the Syndicated Mortgage (the "Interest Holder") granted in favour of Stinson Financial Corporation as Trustee by Sapphire Tower Development Corp. (the "Company") [or I hold the position of _____ of such Mortgage Holder] and have knowledge of all the circumstances connected with the Mortgage Holder described herein; and

(b) the Mortgage Holder makes a Secured Creditor Claim with respect to the Syndicated Mortgage granted by the Company as follows:

1) Principal amount of interest in the Syndicated Mortgage claimed as at January 14th, 2008 _____

2) Interest:

- simple interest
 compound interest

method of calculating _____

Rate: _____ % per annum

Total unpaid interest claimed as owing at January 14th: _____

Per diem interest after January 14th _____

3) Costs payable referable to your interest in the Syndicated Mortgage:

Total

Attach proof of costs paid (such as legal bills) and proof of funds advanced under the Syndicated Mortgage as exhibits to this Proof of Claim

III. \$155,000 MORTGAGE TO WALMSLEY, BELL AND MATTSON (THE "\$155,000 MORTGAGE")

I, _____ [name of Secured Creditor or authorized representative of the Secured Creditor], of the City of _____ in the Province of _____ make oath and say as follows:

(a) I hold an interest in the \$155,000 Mortgage (the "Mortgage Holder") granted by Sapphire Tower Development Corp. (the "Company") [or I hold the position of _____ of such Mortgage Holder] and have knowledge of all the circumstances connected with the Mortgage Holder described herein; and

(b) the Mortgage Holder makes a Secured Creditor Claim based on the \$155,000 Mortgage granted by the Company as follows:

1) Principal amount of interest in the \$155,000 Mortgage claimed as at January 14th, 2008 _____

2) Interest:

simple interest

compound interest

method of calculating _____

Rate: _____ % per annum

Total unpaid interest claimed as owing at January 14th: _____

Per diem interest after January 14th _____

3) Costs payable under \$155,000 Mortgage

Total

Attach proof of costs paid (such as legal bills) and proof of advances under the \$155,000 Mortgage as exhibits to this Proof of Claim

IV. MORTGAGE GRANTED TO ORO PROPERTIES LIMITED (THE "ORO MORTGAGE")

I, _____ [name of Secured Creditor or authorized representative of the Secured Creditor], of the City of _____ in the Province of _____ make oath and say as follows:

(a) I hold an interest in the Oro Mortgage (the "Mortgage Holder") granted by Sapphire Tower Development Corp. (the "Company") [or I hold the position of _____ of such Mortgage Holder] and have knowledge of all the circumstances connected with the Mortgage Holder described herein; and

(b) the Mortgage Holder makes a Secured Creditor Claim based on the Oro Mortgage granted by the Company as follows:

1) Principal amount of interest in the Oro Mortgage claimed as at January 14th, 2008 _____

2) Interest:

simple interest

compound interest

method of calculating _____

Rate: _____ % per annum

Total unpaid interest claimed as owing at January 14th: _____

Per diem interest after January 14th _____

3) Costs payable under Oro Mortgage

Total

Attach proof of costs paid (such as legal bills) and proof of advances under the Oro Mortgage as exhibits to this Proof of Claim

V. MORTGAGES GRANTED TO LESLIE STEVEN MASON (THE "SHIBLEY MORTGAGES")

I, _____, [name of Secured Creditor or authorized representative of the Secured Creditor], of the City of _____ in the Province of _____ make oath and say as follows:

(a) _____ hold mortgages (the "Mortgage Holder") granted by Sapphire Tower Development Corp. (the "Company") [or I hold the position of _____ of such Mortgage Holder] and have knowledge of all the circumstances connected with the Mortgage Holder described herein; and

(b) the Mortgage Holder makes a Secured Creditor Claim based on the Shibley Mortgages granted by the Company as follows:

1) Principal amount of the Shibley Mortgages claimed as at January 14th, 2008

2) Interest:

simple interest

compound interest

method of calculating _____

Rate: _____ % per annum

Total unpaid interest claimed as owing at January 14th: _____

Per diem interest after January 14th _____

3) Costs payable under the Shibley Mortgages

Total

Attach proof of costs paid (such as legal bills) as well as proof of legal costs secured under the Shibley Mortgages including itemized dockets of work done referable to the Company as exhibits to this Proof of Claim

VI. CONSTRUCTION LIEN CLAIM BY TURNER FLEISCHER ARCHITECTS INC. (THE "LIEN CLAIM")

I, _____, [name of Secured Creditor or authorized representative of the Secured Creditor], of the City of _____ in the Province of _____ make oath and say as follows:

(a) I hold the position of _____ of Turner Fleischer Architects Inc. ("TFAI") which has made the Lien Claim against Sapphire Tower Development Corp. (the "Company") and have knowledge of all the circumstances connected with the Lien Claim described herein; and

(b) TFAI makes a Secured Creditor Claim under the Lien Claim as follows:

1) Amount owing under the Lien Claim as at January 14th, 2008

Amounts previously paid by the Company referable to the Lien Claim _____

2) Interest:

simple interest
 compound interest method of calculating _____

Rate: _____ % per annum

Total unpaid interest claimed as owing at January 14th: _____

Per diem interest after January 14th.

3) Costs payable referable to the Lien Claim

Total

Attach proof of costs paid (such as legal bills) as well as the Claim for lien, Certificate of Action and evidence substantiating amounts payable under Lien Claim as exhibits to this Proof of Claim

VII. CLAIMS UNDER ADMINISTRATIVE CHARGES

I, _____, [name of Secured Creditor or authorized representative of the Secured Creditor], of the City of _____ in the Province of _____ make oath and say as follows:

(a) I hold the position of _____ of _____ (the "Administrative Charge Claimant") and have knowledge of all the circumstances connected with the Administrative Charge Claim described herein; and

(b) The Administrative Charge Claimant makes the following claim(s)

1) Claims under Administrative Charge in Initial Order of Justice Cumming dated July 20th, 2007 as at January 14th, 2008

Amounts secured under Charge \$ _____

2) Claims under Administrative Charge in the Interim Receivership Order of Justice Cumming dated August 14th, 2007 as at January 14, 2008:

Amount Claimed \$ _____

3) Claims under Order of Justice Cumming granting charge to Page, Martin LLP as counsel to the unsecured creditors as at January 14th, 2008:

Amount Claimed \$ _____

Itemized accounts of amounts claimed under these charges must be included as exhibits to your affidavit.

The Secured Creditor hereby authorizes the Interim Receiver to contact any Person to confirm that the information set out above conforms to the information contained in their records.

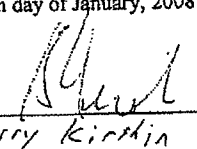
VIII. DETAILS OF SECURED CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE

- (1) Have you acquired this claim by Assignment or Transfer? (if yes, attach Copies of documents evidencing Assignment or transfer) Yes [] No [X]
- (2) Is the Assignment or Transfer absolute or Intended as security Absolute [] Intended as security []
- (3) Full Legal Name of original Secured Creditor _____

The Proof of Claim must be provided to and received by the Interim Receiver on or before January 4th, 2008, at the following address:

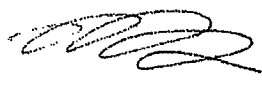
BDO Dunwoody
 Limited BCE Place
 123 Front St. W., Ste.
 1200 Toronto Ontario
 M5J 2M2
 Bruno Suppa
 Tel: (416) 865-0210 Ext.
 3465 Fax: (416) 865 0904
 Email: BSuppa@bdo.ca

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, This 4th day of January, 2008



 Barry Kirshin

A Commissioner for taking Affidavits



 Terrence S. Reiber
 Solicitor for Graphic Arts Building
 Incorporated

MORTGAGE DISCHARGE STATEMENT

File No. 05-1876

TO: BDO Dunwoodey Limited attn: Bruno Suppa - Monitor and Interim Receiver in the matter of Sapphire Tower Ltd

RE: Graphic Arts Building Incorporated - Vendor Takeback Mortgage from Sapphire Tower Development Corp
66 Temperance Street, Toronto, Ontario

The amount outstanding on the First Mortgage as of January 14, 2008 will be as follows:

DESCRIPTION	AMOUNT
Amount due as per Notice of Sale dated June 12, 2008 - Copy attached hereto	11,097,528.47
Interest to From January 1, 2008 to January 14, 2008	38,309.28
Interest from June 12, 2007 to June 30, 2007	51,991.18
Interest Due on the first day of August, Sept., Oct, Nov. & Dec. 07 @\$78,750.00 per mo	393,750.00
Interest Due on the first day of January 2008 @\$78,750.00 per mo	78,750.00
NSF/Late Payment Charges @ \$350.00 as per mortgage terms	2,100.00
Legal Fees incurred to review and attend all Stinson Receivership applications and related legal proceedings with regard to this property per account dated Dec 24, 2007	37,100.00
Statement Fee & GST as per mortgage terms *2	530.00
Discharge Fee & GST as per mortgage terms	371.00
Teranel Registration fees	70.60
Anticipated legal fees & GST to attend final court hearings and wind up matter	2,625.00
Total Payable to Terrence Reiber, in trust *	11,703,125.51

E. O.E. Per diem interest rate is after January 14, 2008 \$2,736.38
In addition to the per diem rate and additional \$350.00 per month is due on the first day of each month.

* All funds must be paid by certified cheque. Payment must be received by 2:00 p.m. on a banking business day or per diem interest must be added to the next banking business day. There will be a charge of three (3) days' interest should payout of the within Mortgage be received on a Friday later than 2:00 p.m.

This Discharge Statement expires at the end of the month for which the payment is to be made after which a new statement must be ordered and an Additional Statement fee will be charged.

Dated at Toronto this 24th day of December, 2007.


 Graphic Arts Building Incorporated
 by its Solicitor Terrence S. Reiber

NOTICE OF SALE UNDER MORTGAGE

TO: SBE SCHEDULE "A"

TAKE NOTICE that default has been made in payment of the moneys due under a certain mortgage dated the 5th day of May, 2005 made between:

SAPPHIRE TOWER DEVELOPMENT CORP. as Mortgagor,
and GRAPHIC ARTS BUILDING INCORPORATED as Mortgagee,

upon the following property namely:

PART OF TOWN LOTS 5 & 6, SOUTH SIDE OF RICHMOND STREET WEST, TOWN OF YORK PLAN, DESIGNATED AS PART 2, PLAN 66R19771, CITY OF TORONTO.; S/T EASEMENT IN FAVOUR OF ROGERS CABLE INC. AS SET OUT IN CA749455; T/W RIGHT-OF-WAY OVER THE COMMON ELEMENTS OF TORONTO STANDARD CONDOMINIUM PLAN NO. 1509 AS DESCRIBED IN AT138798.; THE EASTERLY LIMIT OF SHEPPARD STREET HAS BEEN CONFIRMED BY BA-1786 AS INST. CT431216. being all of PIN No. 21403-0099 and municipally known as 66 Temperance Street, Toronto, Ontario

Which Charge/Mortgage of land was registered on the 5th day of May, 2005 in the Land Registry Office for the Land Titles Division of Toronto as No. AT795778.

AND I/WE hereby give you notice that the amount now due on the mortgage for principal money, interest, 3 month pre-payment penalty, late payment charges, statement fee and costs respectively, is \$11,097,528.47 made up as follows:

\$10,500,000.00	for principal
\$10,000.00	for outstanding interest due February 1, 2007
\$315,000.00	for interest due March 1, 2007 to June 1, 2007
\$31,068.48	for interest from June 1, 2007 to June 12, 2007
\$236,250.00	3 month pre-payment penalty as per mortgage terms
\$1,750.00	for late payment charges @ \$350.00
\$265.00	for statement fee & GST
\$1,500.00	for Lender's administration fee on power of sale as per mortgage terms
\$1,694.99.....	for costs & GST (such amount for costs being up to and including the service of this notice only, and thereafter such further costs and disbursements will be charged as may be proper), together with interest at the rate of nine (9%) per cent, per annum on the principal and interest hereinbefore mentioned, from the 12th day of June, 2007, to the date of payment.

AND unless the said sums are paid on or before the 20th day of July, 2007, I/We shall sell the property covered by the said mortgage under the provisions contained in it.

THIS notice is given to you as you appear to have an interest in the mortgaged property and may be entitled to redeem the same.

DATED the 12th day of June, 2007.

GRAPHIC ARTS BUILDING INCORPORATED
by its solicitor herein
Terrence S. Reiber



Terrence S. Reiber, Barrister & Solicitor
T.S. Reiber Professional Corporation
121 Richmond St. W., Ste. 1100
Toronto, Ontario, M5H 2K1
TEL: 416.927.9841 FAX: 413.975.1531

SCHEDULE "A"

1. Sapphire Tower Development Corp.
73 Richmond St. West, Suite 100
Toronto, Ontario, M5H 4E4
2. Stinson Financial Corporation
73 Richmond Street West
Toronto, Ontario, M5H 4E8
3. Turner Fleischer Architects Inc.
67 Lesmill Road
Toronto, Ontario, M3B 2T8
4. Turner Fleischer Architects Inc.
c/o Leon Gavendo
Barrister & Solicitor
Ste 2000 - 393 University Avenue
Toronto, Ontario, M5G 1E6
5. Leslie Steven Mason
Suite 700 - 250 University Avenue
Toronto, Ontario, M5H 3E5
6. Jay Rayan and Usha Ryan
c/o Goldman Sloan Nash & Haber
480 University Avenue
Suite 1600
Toronto, Ontario, M5G 1V6
7. Oro Properties Limited
194 Richard Clark Drive
Toronto, Ontario, M3M 1V8

IN ACCOUNT WITH
T.S. REIBER PROFESSIONAL CORPORATION

121 Richmond St. W. Ste. 1100, Toronto, Ontario, M5H 2K1
Telephone: (416) 927-9841, Facsimile: (416) 975-1531, E-mail: terry@reiber.ca

Terrence S. Reiber, B.A., LL.B., LL.M.
Barrister & Solicitor

GST REGISTRATION NO. 886481401RT0001

TO: Graphic Arts Building Incorporated
30 Weybright Court
Unit 1
Scarborough, Ontario,
M1S 5A8

Attn: Mr. Tim Kwan

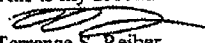
RE: Graphic Arts Building Inc. power of sale on Sapphire Tower Development Corporation
re: Vendor Takeback Mortgage on 66 Temperance Street Toronto
Date: December 24, 2007

FOR PROFESSIONAL SERVICES rendered in the above noted matter including the following:

To all services rendered with regard to Issuing and serving Notice of Sale on the above noted property on the mortgagee and to review of all materials related to court proceedings initiated by Sapphire Tower Development Corp., Architects' lien claim and other claimant's motions and to attendances of either Terrence S. Reiber or Michael Title at all necessary court hearings.

Total for this account (87.505 billable hours)	\$35,000.00
GST @6%	\$2,100.00
	<hr/>
Total now due	\$37,100.00

This is my account


Terrence S. Reiber
TSR: tr
E. & O.E.

All accounts are due when rendered.
Pursuant to the Solicitors Act, Interest will be charged on this account until paid at the rate of 11% per annum, commencing one month from the delivery of this account.



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.
JUSTICE SPENCE

)
)
)

WEDNESDAY, THE 30TH DAY
OF JANUARY, 2008

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF SAPPHIRE TOWER DEVELOPMENT CORP.

APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C 1985, c. C-36, AS AMENDED

ORDER

THIS MOTION, made by BDO Dunwoody Limited ("BDO"), the Monitor and Interim Receiver (the "Interim Receiver") of Sapphire Tower Development Corp. ("Sapphire") for an order extending the "Stay Period" under the Initial Order made herein dated July 20, 2007 ("Initial Order") including without limitation the stay of proceedings granted under the Initial Order (the "Stay of Proceedings") under the provisions of the *Companies' Creditors Arrangement Act* (the "CCAA") and for other relief as set out in its Notice of Motion, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Sixth Report of the Interim Receiver (the "Sixth Report"), BDO Dunwoody Limited ("BDO"), the Initial Order, the Interim Receivership Order dated August 16, 2007 (the "Interim Receivership Order"), the Affidavit of Uwe Manski sworn January 28th, 2008, the Affidavit of Daniel R. Dowdall sworn January 28th, 2008, and on hearing

**SAPPHIRE TOWER DEVELOPMENT CORPORATION
CLAIMS BAR**

Claims Summary

Secured Creditor Claims:

<u>Creditor</u>	<u>Claim</u>
68 Araneta, Juanito	\$59,084.69
69 Arora, Arlene & Deepak	66,502.33
70 Barlow, Jane Dixon	9,712.30
71 Connally, Catherine	127,265.75
72 Leong, Henry	70,393.38
73 Rejman, Elzbieta	951.68
74 Student Guide Corporation (Anges Wong)	63,632.88
75 Graphic Arts Building Incorporated	236,350.00
13 CRA - GST	1.00
	<u>\$633,894.01</u>

General Creditor Claims:

<u>Creditor</u>	<u>Claim</u>
5 Altus Derbyshire	\$8,292.85
7 Arc Design Group	17,442.40
8 Bateman MacKay	3,460.73
10 Bousfields Inc.	12,169.01
11 CRA -Corporate Tax	1.00
20 FedEX	171.03
25 H.H. Angus & Associates Limited	17,120.00
27 Homes For Sale Magazine	4,063.80
29 Larden Muniak Consulting Inc.	6,134.58
30 Lasso Data Systems Inc.	2,703.00
32 Leipziger Kaminker	60,993.00
39 Myer Wassenaar Banch LLP	112,275.07
48 R. J. Burnside & Associates Ltd	10,702.02
53 RWDI	5,300.00
55 Sweetland, Jim	9,964.00
59 Wier Foulds	36,899.85
66 Yolles Partnership Inc.	134,880.06
76 Cassius Adams	17,521.25
	<u>\$460,093.65</u>

Special Investor Claims:

<u>Creditor</u>	<u>Claim</u>
1 1049237 Ontario Ltd.	\$369,800.00
2 1579295 Ontario Inc.	566,950.00
4 The Raymond Aaron Group	100,000.00
6 Dr. Saira Ansari/Atique Ansari	132,450.00
9 Glenda Margaret Bell	5,698.49
17 Lloyd Arthur Courtney	233,700.00
18 Eric H. Cox	140,008.00
21 Fieldston Traders Limited	400,000.00
24 Grange Investment Club	364,000.00
34 Lincoln Lin	402,670.00
35 Liu - Chou Management	142,450.00
36 Cheryl Patricia Marshall	132,450.00
41 Trevor Orville Moo	619,728.50
43 Nawrocki Elizabeth	531,019.52
45 Oro Properties Limited	424,750.00
46 Parvez Patel	736,414.33
47 Prestige Corporation	545,471.59
50 Jay Rayan & Usha Rayan	630,000.00
52 Eyal Reingold	1,235,918.00
54 Wissam Shaia	151,538.00
56 Sheila Tedford / Peter Richardson	4,995.00
58 Tony Tullot	570,000.00
60 The Classic Organ Company Ltd.	182,450.00
61 Wilbert Willcott	58,625.00
62 Yvon Willcott	58,625.00
63 Wilcox Sign Company Inc.	3,844.62
65 WJW Venture 2000 Inc.	117,250.00
67 Roberta Mattson	56,080.10
	<u>\$8,916,886.15</u>

Grand Total \$10,010,873.81

Properties

PIN 21403 - 0099 LT
Description PART OF TOWN LOTS 5 & 6, SOUTH SIDE OF RICHMOND STREET WEST, TOWN OF YORK PLAN, DESIGNATED AS PART 2, PLAN 66R19771, CITY OF TORONTO, ; S/T EASEMENT IN FAVOUR OF ROGERS CABLE INC. AS SET OUT IN CA749455 ; T/W RIGHT-OF-WAY OVER THE COMMON ELEMENTS OF TORONTO STANDARD CONDOMINIUM PLAN NO. 1509 AS DESCRIBED IN AT138798. ; THE EASTERLY LIMIT OF SHEPPARD STREET HAS BEEN CONFIRMED BY BA-1788 AS INST. CT431216.
Address 68 TEMPERANCE STREET
CITY OF TORONTO

Consideration

Consideration \$93,889.16

Claimant(s)

Name TURNER FLEISCHER ARCHITECTS INC.
Address for Service 67 Leasmill Road
Toronto, Ontario
M3B 2T8

I, Peter Turner - President, am the agent of the lien claimant and have informed myself of the facts stated in the claim for lien and believe them to be true.

I, Peter Turner - President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Statements

Name and Address of Owner :Sapphire Tower Development Corp., 1 King Street West, Toronto, Ontario, M5H 1A1. Name and address of person to whom lien claimant supplied services or materials :Sapphire Tower Development Corp., 1 King Street West, Toronto, Ontario, M5H 1A1. Time within which services or materials were supplied from 2003/12/20 to 2007/01/15 Short description of services or materials that have been supplied Architectural services, plans, signs, drawings, and other goods and services, all in connection with improvements to the premises herein described. Contract price or subcontract price \$ 565,330.16 Amount claimed as owing in respect of services or materials that have been supplied \$ 93,889.26

The lien claimant claims a lien against the interest of every person identified as an owner of the premises described in said PIN to this lien

Signed By

Bart Lipsitt 40 Dundas St. W. acting for Applicant(s) Signed 2007 01 15
Toronto M5G 2C2
Tel 4184084663
Fax 4184084087

Submitted By

THE CLOSING CENTRE INC 40 Dundas St. W. 2007 01 15
Toronto M5G 2C2
Tel 4184084663
Fax 4164084087

Fees/Taxes/Payment

Statutory Registration Fee \$60.00
Total Paid \$60.00