

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 SAPPHIRE TOWER DEVELOPMENT CORP.

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

NOTICE OF MOTION
(Returnable December 14th, 2007)

BDO Dunwoody Limited ("BDO"), the Monitor and Interim Receiver (the "Interim Receiver") of Sapphire Tower Development Corp. ("Sapphire") will make a motion to the Honourable Mr. Justice Cumming, sitting as a Judge of the Commercial List, on Friday the 14th day of December, 2007 at 9:30 A.M. in the forenoon, or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard

- in writing under subrule 37.12.1(1) because it is on consent or unopposed or made without notice
- in writing as an opposed motion under subrule 37.12.1(4)
- orally.

1. THE MOTION IS FOR ORDERS:

- a. abridging the time for, and validating the service of this Notice of Motion and the materials filed in support thereof;

- b. extending the “stay period” described in paragraph 11 of the Initial Order of Mr. Justice Cumming dated July 20, 2007 (the “Initial Order”) to January 31, 2008;
- c. approving the sale of the real property municipally known as 66 Temperance Street, Toronto by the Interim Receiver (the “Property”) and granting a vesting Order;
- d. approving the Fourth Report of the Interim Receiver dated December 12, 2007 (the “Fourth Report”) and approving the conduct of the Interim Receiver and the Monitor to date;
- e. allowing the Interim Receiver to provide the Confidential Supplement to the Fourth Report (the “Confidential Supplement”) to those stakeholders who agree to be bound by an Order requiring them to keep the information contained therein confidential;
- f. approving the fees and disbursements of BDO and its counsel; and
- g. such further and other relief as this Honourable Court as the Interim Receiver may request and that this Honourable Court may deem just.

2. THE GROUNDS FOR THE MOTION ARE:

- (a) pursuant to paragraph 2 of the Initial Order, the Applicant was declared to be a company to which the Companies Creditors’ Arrangement Act (the “CCAA”) applies;
- (b) pursuant to paragraph 11 of the Initial Order, all proceedings in respect of the Applicant were stayed until August 19, 2007 (the “Stay”), which Stay was extended to September 4, 2007 by the Order of Justice Cumming dated August 16, 2007, at which time the Monitor was also appointed as Interim Receiver of the Applicant, and the Stay was further extended to November 9, 2007;
- (c) the Interim Receiver has negotiated an agreement of purchase and sale (the “APS”) for the sale of the Property as set out in the Fourth Report and Court approval of the sale and the granting of a Vesting Order is a condition of the APS;
- (d) in the view of the Interim Receiver, there is utility to continuing the CCAA proceedings and therefore the CCAA proceedings should be extended to January 31st, 2008;
- (e) the provisions of the CCAA, including without limitation, Section 11;
- (f) Rules 3.02 and 14.05(2) of the *Rules of Civil Procedure*;
- (g) the Interim Receiver has prepared the Fourth Report, and the Confidential Supplement, which provide, *inter alia*, an update on the Interim Receiver’s activities and a summary of the sale process; and

- (h) such further grounds as counsel may advise and this Honourable Court may permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

- (a) the Fourth Report;
- (b) the Confidential Supplement to the Fourth Report;
- (c) any other documents as counsel may advise and this Honourable Court may permit.

Date: December 12, 2007

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