

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

BETWEEN:

CENTURION MORTGAGE CAPITAL CORPORATION

Applicant

- and -

TERRASAN 327 ROYAL YORK RD. LIMITED

Respondent

**MOTION RECORD
(Returnable April 3, 2017)**

DATE: March 27, 2017

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Toronto, Ontario M5K 0A1

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(as at March 27, 2017)

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(as at March 27, 2017)

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AND TO:	BLUESCAPE CONSTRUCTION MANAGEMENT INC. 468 Queen Street East, Suite 212 Toronto, ON M5A 1T7 Louis J. Hack

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TAB 1

Court File No.: CV-17-11679-00CL

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

BETWEEN:

CENTURION MORTGAGE CAPITAL CORPORATION

Applicant

- and -

TERRASAN 327 ROYAL YORK RD. LIMITED

Respondent

**NOTICE OF MOTION
(Returnable April 3, 2017)**

BDO Canada Limited (“**BDO**”), in its capacity as the Court-appointed receiver and manager (the “**Receiver**”) of the assets, undertakings and properties of Terrasan 327 Royal York Rd. Limited (“**Terrasan**”), will make a motion to a judge presiding over the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on April 3, 2017, at 10:00 a.m., or as soon after that time as the motion may be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order, substantially in the form attached hereto as **TAB 3** to the Motion Record, for the following relief (the “**Sale Process Order**”):
 - (a) abridging the time for service of the Notice of Motion herein, Motion Record and First Report of BDO, in its capacity as Receiver, dated March 27, 2017 (the “**First Report**”) so that this Motion is properly returnable on April 3, 2017, and dispensing with further service thereof;
 - (b) approving the First Report to the Court and the activities of the Receiver as described therein, together with the fees and disbursements of the Receiver as set out in the Affidavit of Josie Parisi, sworn March 27, 2017;
 - (c) approving the sale process described in the First Report and appended as **Schedule “A”** to the Sale Process Order (the “**Sale Process**”);
 - (d) authorizing and directing the Receiver to do all things as are reasonably necessary to conduct and give full effect to the Sale Process, subject to any amendments or modifications to the Sale Process that the Receiver considers to be appropriate and necessary to carry out its obligations set out therein; and
 - (e) such further and other relief as counsel may request and this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. On application by Centurion Mortgage Capital Corporation for the appointment of a receiver and manager over the assets, undertakings and properties of Terrasan (the “Assets”), on February 24, 2017, BDO was appointed as Receiver by the Ontario Superior Court of Justice (Commercial List) (the “Receivership Order”);
2. Pursuant to the Receivership Order, the Receiver is authorized to sell, convey, transfer, lease or assign the Assets of Terrasan.
3. The proposed Sale Process is intended to solicit interest in the sale of all or part of the Assets, as outlined in the First Report.
4. The Sale Process will be undertaken and implemented by the Receiver. The Sale Process also sets out key milestones in terms of receiving bids and ultimately the process of selecting a successful bid (subject to the approval of this Court):

Milestone	Deadline
Non-Binding APA Deadline	May 12, 2017
Binding APA Deadline	July 28, 2017
Sale Approval Motion	August 18, 2017
Closing Date	August 25, 2017

5. The proposed Sale Process represents a reasonable and commercially efficient process which allows a sufficient opportunity to optimize the Receiver’s ability of securing the best possible purchase price for the Assets for the benefit of the stakeholders as a whole, in the circumstances.

6. The Receiver believes that it is in the best interests of all Terrasan stakeholders to promptly proceed with the Sale Process.
7. Rules 1.04, 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure* (Ontario);
8. Section 243 of the *Bankruptcy and Insolvency Act* (Canada);
9. Such further and other grounds as counsel may advise and this Honourable Court may permit;

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

1. The First Report of BDO, in its capacity as Receiver dated March 27, 2017, filed; and
2. Such further and other material as counsel may advise and this Honourable Court may permit.

DATE: March 27, 2017

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Lawyers for the Receiver

TO: SERVICE LIST

CENTURION MORTGAGE CAPITAL CORPORATION

and

TERRASAN 327 ROYAL YORK RD. LIMITED

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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**NOTICE OF MOTION
(Returnable April 3, 2017)**

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CENTURION MORTGAGE CAPITAL CORPORATION

and

TERRASAN 327 ROYAL YORK RD. LIMITED

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**ONTARIO
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(Returnable April 3, 2017)**

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TAB 2

Court File No. CV-17-11679-00CL

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

B E T W E E N:

CENTURION MORTGAGE CAPITAL CORPORATION

Applicant

- and -

TERRASAN 327 ROYAL YORK RD. LIMITED

Respondent

**FIRST REPORT OF BDO CANADA LIMITED, IN ITS CAPACITY
AS COURT APPOINTED RECEIVER**

March 27, 2017

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- A** Receivership Order dated February 24, 2017
- B** Legal Description of 327 Royal York Road, Toronto, ON
- C** Description of the anticipated development
- D** Affidavit of Ryan Buzzell sworn January 27, 2017 (without appendices)
- E** Proposed Marketing and Sale Process Overview and Timelines
- F** BDO Canada Limited Fee Affidavit sworn March 27, 2017

INTRODUCTION AND PURPOSE OF THIS REPORT

Introduction

1. By Order of the Honourable Mr. Justice Wilton-Siegel dated February 24, 2017 (the “Receivership Order”), BDO Canada Limited (“BDO”) was appointed as the Court-appointed receiver (in such capacity, the “Receiver”) of all of the assets, undertakings and properties (collectively, the “Property”) of Terrasan 327 Royal York Rd. Limited (“Terrasan” or the “Company”), pursuant to the application made by Centurion Mortgage Capital Corporation (“Centurion”). A copy of the Receivership Order is annexed hereto as Appendix A.

2. The Company’s principal asset is a partially constructed residential condominium development located at 327 Royal York Rd., Toronto, ON known as the “On the Go Mimico” residential condominium development (the “Project”). A legal description of the Project lands, municipally known as 327 Royal York Rd., Toronto, ON (the “Real Property”), is included hereto as Appendix B.

3. Pursuant to Paragraph 3(k) and (l) of the Receivership Order, the Receiver is authorized to sell, convey, transfer, lease or assign any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver, in its discretion, may deem appropriate.

Purpose of this Report

4. The purpose of this report dated March 27, 2017 (the “First Report”) is to provide information to the Court with respect to:

(a) the activities of the Receiver since its appointment pursuant to the Receivership Order;

(b) the status of the Payout (as defined herein);

(c) the Receiver's motion for an order of this Court:

- a. approving the Receiver's proposed marketing and sale process for the Project (the "Sale Process"), as set out in this First Report; and
- b. approving the activities of the Receiver, and seeking approval of the Receiver's interim fees and disbursements, as set out in this First Report.

Disclaimer

5. In preparing this First Report and conducting its analysis and recommendations, the Receiver has obtained and relied upon information provided to it by the officers and directors of the Company, which included construction, environmental and other reports, unaudited financial statements and internal financial reporting. The Receiver's procedures did not constitute an audit or review engagement of the Company's financial reporting or other verification of such information. The Receiver has relied upon the financial statements and financial and other records of the Company in reaching the conclusions set out in this First Report.

6. Unless otherwise stated, all monetary amounts contained in this First Report are expressed in Canadian dollars.

Background

7. The Receiver understands that Terrasan is a single purpose entity incorporated in Ontario for the purpose of the development of the Project. The Project is currently under construction and was to be developed into 242 suites ranging from 537 sq. ft. to 2,700 sq. ft. including two levels of penthouses. Additionally, the Project was to include 193 residential parking stalls, 116 lockers and 8,245 sq. ft. of retail/commercial space.

8. According to the Corporate Profile Report of Terrasan, Luigi Santaguida is listed as the sole officer and director of Terrasan. Mr. Santaguida is the acting President and Secretary of

Terrasas. To the Receiver's knowledge, Terrasan has no other employees other than Mr. Santaguida. The Project is marketed by Stanton Renaissance Limited ("Stanton"), which also is the marketing banner for two other construction developments managed by Mr. Santaguida. Terrasan presently employs 3 independent contractors through another entity known as Santerra Asset Management And Development Inc. ("Santerra"), to provide management, accounting, administration and support for the Project.

9. The Company's marketing materials indicate that the Project was to be the City of Toronto's only residential condominium with access to the GO Transit service just steps from the Property, although the Receiver understands Metrolinx has since terminated its partnership with Terrasan. The marketing materials further indicate that the condominium was to have stunning, contemporary designs with unobstructed views of the lake and city, the latest finishing features, large stylish balconies, Italian designed and manufactured gourmet kitchens and one of the most exciting new technologies that would save residents significant money on heating and cooling costs. For example, the condominium was to be Toronto's first high rise with integrated GeoExchange and Cogeneration technology that works with nature to borrow energy from the earth in the winter and put it back in the summer, redirecting and recycling energy to where it is needed thereby providing savings on utility costs and monthly condo fees. Attached as **Appendix C**, is a description of the Project available on the Stanton website.

Centurion - Other Secured Parties

10. As noted in the Affidavit of Ryan Buzzell sworn on January 27, 2017 (the "Buzzell Affidavit") and filed in support of the application for the Receivership Order, Centurion agreed to loan the principal sum of \$21.8 million to Terrasan in the form of a demand, non-revolving construction credit facility (the "Loan"). The purpose of the Loan was to finance the construction of the Project.

11. As security for the Loan indebtedness and obligations to Centurion, Terrasan delivered the following security which includes, without limitation (collectively, the “Security”): (i) a mortgage in the amount of \$21.8 million, (ii) a general assignment of rents, (iii) a general security agreement, and (iv) an absolute and unconditional guarantee from Mr. Santaguida.

12. On April 14, 2016, Duca Financial Services Credit Union Ltd. (“Duca”) registered a first Charge/Mortgage on title to the Real Property as Instrument No. AT4192670 (the “Duca Mortgage”).

13. On or about January 3, 2017, Centurion paid out the loan secured by the Duca Mortgage and Centurion added the amounts it paid in respect of the Duca Mortgage of approximately \$576,944 to its indebtedness under the Loan.

14. For ease of reference, set out below is a summary of the charges that are registered against the Real Property:

Creditor	Instrument Number	Charge Amount
Centurion	AT4192730	\$21,800,000
Diversified Capital Inc.	AT3235332 and AT4035434 (Transfer of Charge)	\$7,700,000
The Guarantee Company of North America (“GCNA”)	AT3841250	\$15,053,500
Olympia Trust Company/John Fletcher/Community Trust Company	AT3539503 and AT4464383 (Transfer of Charge)	\$10,000,000

15. According to the Buzzell Affidavit, Centurion is owed in excess of \$11,747,220.99 as at January 24, 2017, together with accruing interest and costs.

16. Additional background information relating to the Company and the events leading to the issuance of the Receivership Order can be found in paragraphs 11 to 26 of the Buzzell Affidavit, a copy of which is annexed hereto (without appendices) as **Appendix D**

ACTIVITIES OF THE RECEIVER SINCE ITS APPOINTMENT

Statutory Duties

17. The Receiver has prepared and issued the prescribed Notice and Statement of the Receiver pursuant to sections 245 (1) and 246 (1) of the *Bankruptcy and Insolvency Act*, which was forwarded to the Office of the Superintendent of Bankruptcy and the Company's creditors.

The Project

18. Immediately following its appointment, the Receiver attended at the Real Property and changed the locks to the gates at the construction site.

19. The Receiver has held meetings with representatives from Stanton and Terrasan to obtain marketing, financial and other information required to conduct a fulsome sale process as described below.

20. The Receiver, through its counsel, Dentons Canada LLP, registered the Receivership Order against title to the Real Property at the land registry office.

21. The Receiver has communicated with the insurance broker, Marsh Canada, to confirm that the existing insurance policy was effective and adequate in the circumstances, and also to have the Receiver be included as an "additional insured" and "loss payee" under the Company's existing insurance policy.

22. Pursuant to paragraph 3(g) of the Receivership Order, the Receiver has taken possession of the Company's bank accounts with the Bank of Montreal and Duca. The Receiver seized bank account funds of approximately \$286,178 and \$1,095,910 from the Bank of Montreal and Duca

bank accounts, respectively. Additionally, the Receiver is advised of an irrevocable standby letter of credit issued in favour of the City of Toronto in the amount of \$173,535 as a landscaping deposit which amount is being held in a term deposit, earning interest 0.3% until the maturity date of April 3, 2017, at Duca.

23. The Receiver has also reviewed certain appraisals, construction, environmental and consultant's reports obtained from Terrasan to better understand the Project and the progress of construction of the condominium.

24. The Receiver has reviewed the latest report on the progress of the Project dated November 29, 2016 (the "Progress Report"). The Progress Report indicated that the "hard costs" associated with the actual construction of the condominium were approximately 13.6% complete as of the date of the Progress Report. The Receiver understands that the condominium foundation has been poured, the "slab on grade" is complete, a partial pouring of parking level 2 has been done and certain foundation walls are completed. Site servicing connections remain incomplete.

25. The Receiver has held meetings with Empire Communities Management Inc. ("ECMI LP"), the construction management company engaged prior to the appointment of the Receiver, to understand the day-to-day maintenance and associated costs required to effectively maintain and preserve the construction site.

26. In order to safely maintain the construction site and preserve and protect the value of the construction completed to date until a sale of the Project is completed, the Receiver will incur costs associated with, but not limited to, the following:

- (1) construction management services provided by ECMI LP to care for the construction site;

- (2) dewatering services (continuous) to protect the foundation, “slab on grade” and foundation walls that have been poured;
- (3) utility services; and
- (4) trade services of electricians and other labourers to ensure that electrical connections are safe, pumps are working, general maintenance is continued and overall safety of the construction site is maintained.

27. The Receiver has obtained and reviewed a cash flow forecast prepared by ECMI LP which shows that the Receiver will incur in the range of \$70,000 to \$110,000 in costs on a monthly basis to maintain, preserve and protect the construction site. The reported high range figure of \$110,000 includes provision for an estimated \$20,000 per month payable to Santerra for overall project management and assistance with the Sale Process, if required (the “Carrying Costs”).

Terrasas Payout

28. Pursuant to paragraph 4 of the Receivership Order, Terrasan was provided until March 24, 2017 to payout all amounts outstanding to Centurion under the Loan (the “Payment”). Upon Terrasan delivering the Payment, and upon payment of the Receiver’s fees, the Receivership Order would be discharged.

29. In the interim period, the Receivership Order directed that the Receiver shall not market or solicit offers, or negotiate terms and conditions of sale in respect of the Property. The Receivership Order did authorize the Receiver to take all steps necessary to perform due diligence on the Property, gather relevant documentation for a sale process, and prepare and develop sale process materials.

30. As of the date of this First Report, the Receiver has not received the Payment. Additionally, the Receiver understands from Centurion that it has not received the Payment.

PROPOSED MARKETING AND SALE PROCESS

31. The Receiver is seeking this Court's approval of the Receiver's proposed Sale Process, the details of which are set out in detail below.

32. The Receiver has developed the proposed Sale Process to solicit bids by a set bid deadline. The Receiver is of the view that the proposed Sale Process balances the need to have a sale accomplished in a reasonable time frame to limit the Carrying Costs with the desire to properly expose the Project to the marketplace to maximize recovery for the creditors.

Overview

33. The proposed Sale Process, including the proposed timelines, is annexed hereto as Appendix E, and will consist of the following steps:

- (a) preparing a list of developers and other identified potential strategic buyers, who will be contacted by telephone or email with a "teaser letter" describing the development/investment opportunity;
- (b) creating a website promoting the Sale Process, which will be accessed through the website that the Receiver created to provide access to all public Court documents in these proceedings, namely, www.extranets.bdo.ca/terrasan;
- (c) advertising the development/investment opportunity in the national edition of the Globe & Mail on two separate occasions;
- (d) advertising the development/investment opportunity in the "Daily Commercial News" construction gazette;
- (e) advertising the development/investment opportunity in the NRU GTA Weekly Newsletter;

- (f) advertising the development/investment opportunity on the MLS and/or ICX website through a third party provider;
- (g) posting the “teaser letter” on the Axial website, thereby promoting the development/investment opportunity to private market professionals;
- (h) preparing a form of confidentiality agreement and a confidential information memorandum (the “CIM”) to invite offers to purchase the Project, which will include a summary of the opportunity and the terms and conditions of sale (the “**Terms and Conditions**”);
- (i) the Terms and Conditions included in the CIM will request that non-binding bids be submitted no later than 5:00 pm (Toronto time) on Friday, May 12, 2017 (the “**Non-Binding APA Deadline**”) in accordance with the proposed Sale Process, which will require the following:
 - the identity of the purchaser;
 - the total dollar value of the bid submitted;
 - a deposit equal to 5% of the offer price; and
 - evidence of financial wherewithal to complete the transaction.
- (j) pre-qualifying bidders and ensuring they execute the confidentiality agreement prior to being granted access to the Receiver’s encrypted virtual electronic data room (the “**Data Room**”), which will contain, among other things: (i) the CIM and financial information relevant to the Project; (ii) other pertinent site and development information relevant to the Project, and (iii) a template asset purchase agreement;
- (k) coordinating site visits to the Property;
- (l) responding to additional information requests and questions regarding the Project;

- (m) receiving and refining bids and selecting a winning bidder;
- (n) allowing qualified bidders a limited due diligence period; and
- (o) finalizing an agreement of purchase and sale and preparing to seek Court approval of the selected bid.

Proposed Sale Process Timeline

34. Set out below is the proposed Sale Process timeline (capitalized terms are as defined in the Sale Process):

Date(s)	Summary of Sale Process Step(s)
February 24, 2017 to Monday, April 3, 2017 <i>(5 weeks)</i>	Set up encrypted virtual data room and website Complete CIM Prepare marketing materials and teaser letter Assemble target lists
Monday April 3, 2017	Court approval of the proposed Sale Process
Tuesday April 4, 2017 to Friday, May 12, 2017 <i>(6 weeks)</i>	Contact interested parties and distribute teaser letter Delivery of executed confidentiality agreements and grant access to encrypted data room Marketing efforts as set out in paragraph 34 (c) to (i) above Potential Bidder meetings Co-ordinate site visits
Friday, May 12, 2017	Non-Binding APA Deadline - 5:00 pm (Eastern Standard Time)
Monday, May 15, 2017 to Friday, May 26, 2017 <i>(2 weeks)</i>	Review and evaluate Non-Binding APAs Negotiate Non-binding APAs Qualify Phase II Qualified Bidders
Monday, May 29, 2017 to Friday, July 28, 2017 <i>(9 weeks)</i>	Phase II Qualified Bidder due diligence period Co-ordinate any legal and tax issues Assist in any reasonable diligence requests
Friday, July 28, 2017	Binding APA Deadline - 5:00 pm (Eastern Standard Time)
Monday, July 31, 2017 to	Selection of Successful APA, and finalization and

Date(s)	Summary of Sale Process Step(s)
Monday August 7, 2017 <i>(1 week)</i>	execution of Successful APA
Friday August 18, 2017 <i>(2 weeks)</i>	Court approval of Successful APA and transaction
Friday, August 25, 2017 <i>(1 week)</i>	Closing

35. The proposed Sale Process is expected to take 21 weeks or just over 5 months to complete should the Court approve the Sale Process. The Carrying Costs that are expected to be paid by the Receiver from the date of its appointment to completion of the Sale Process are in the range of \$455,000 and \$715,000, excluding professional fees of the Receiver and its counsel, and providing there are no extraordinary issues that surface during the Sale Process period.

36. Although the Receiver's intended course of action is to run its Sale Process with a bid deadline, the Receiver also seeks the flexibility to be able to accept any bid received at any time, terminate the proposed Sale Process at any time and immediately enter into discussions with a bidder with a view to finalizing the transaction contemplated by such bid.

37. The market of likely buyers for the Project may be relatively limited to residential property developers in this instance and can be readily identified by the Receiver. The Project's attributes do not appear to lend themselves to being simply listed on MLS alone as would be the case if selling the Real Property through a real estate broker. The Receiver's proposed Sale Process provides for the comparison of multiple offers inherently maximizing asset value. The Receiver's proposed Sale Process will also set to limit the due diligence period required by prospective purchasers during which time the property would essentially be "off the market" if being sold by a real estate broker.

38. The Receiver is of the view that the proposed Sale Process represents a reasonable and commercially efficient process which allows a sufficient opportunity to optimize the chances of

securing the best possible price for the Project for the benefit of the Company's creditors as a whole.

FEES AND DISBURSEMENTS

39. Pursuant to the Receivership Order, the Receiver has provided services and incurred disbursements, which are described in the affidavit of Josie Parisi sworn March 27, 2017, and the detailed invoices attached thereto, a copy of which is annexed hereto as Appendix F.

40. The detailed time descriptions contained in the invoices provide a fair and accurate description of the services provided and the amounts charged by BDO as Receiver. Included with the invoices is a summary of the time charges of partners and staff, whose services are reflected in the invoices, including the total fees and hours billed.

41. The Receiver requests that the Court approve its interim accounts from January 10, 2017 to March 17, 2017 in the amount of \$25,773.43, inclusive of HST of \$2,965.08.

42. Additional time will be required to complete the Receiver's mandate under the Receivership Order.

SUMMARY AND RECOMMENDATIONS

43. The Receiver is satisfied that the proposed Sale Process represents the most efficient and fair process to be administered in the circumstances, that will sufficiently expose the Project for sale to the marketplace to generate the maximum value for the Project. Furthermore, the Receiver's recommendation is supported by the Company's secured lenders, Centurion and GCNA.

44. Accordingly, the Receiver respectfully requests an order:
- (a) approving this First Report and Receiver's activities as set out herein;
 - (b) approving the Receiver's proposed Sale Process as described herein; and
 - (c) approving the professional fees and disbursements of the Receiver, as set out herein.

All of which is respectfully submitted this 27th day of March, 2017.

**BDO CANADA LIMITED,
in its capacity as the Court-appointed Receiver of
Terrasan 327 Royal York Rd. Limited, and not in its personal
or corporate capacity**

Per:



Name: Gary Cerrato, CIRP
Title: Vice-President

TAB A

Court File No. CV-17-11679-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF Section 101 of the
Courts of Justice Act and Section 243 of the *Bankruptcy and Insolvency Act*

THE HONOURABLE JUSTICE WILTON-SIEGEL)))	FRIDAY, THE 24TH DAY OF FEBRUARY, 2017
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B E T W E E N:

CENTURION MORTGAGE CAPITAL CORPORATION

Applicant

- and -

TERRASAN 327 ROYAL YORK RD. LIMITED

Respondent

ORDER
(Appointing Receiver)

THIS APPLICATION made by the Applicant, Centurion Mortgage Capital Corporation (the "Applicant") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing BDO Canada Limited as receiver and manager (the "Receiver") without security, of all of the assets, undertakings and properties of the Respondent, Terrasan 327 Royal York Rd. Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Ryan Buzzell sworn January 27, 2017, and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, the Debtor and The

Guarantee Company of North America, no one appearing for any other interested party, although duly served and on reading the consent of BDO Canada Limited to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties, including the lands and premises legally described in Schedule "A", of the Debtor, (the "Project") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (and together with the Project, the "Property").

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver 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 Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect 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;

- (c) to manage, operate, and carry on the business of the Debtor, 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, or cease to perform any contracts of the Debtor;
- (d) 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 Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to take possession and control of all bank accounts in the name of the Debtor, including without limitation, Account no. 914670.2-1 with DUCA Financial Services Credit Union Ltd. (the "Project Bank Account"), and including the ability to use and apply any funds on deposit for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures and the costs of caring for and maintaining the Project;
- (h) to settle, extend or compromise any indebtedness owing to the Debtor;
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

- (j) 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 Debtor, the Property or the Receiver, 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;
 - (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;
- (m) 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;
 - (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the

Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) 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 Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person, save and except with respect to the powers enumerated in sub paragraph 3(1) above, the Receiver shall consult with the secured creditors to the Debtor prior to selling, conveying, transferring, leasing or assigning the Property or any part or parts thereof out of the ordinary course of business, including any steps to be taken in respect thereof.

4. **THIS COURT ORDERS** that notwithstanding any other provision of this Order, that:

- (a) the Receiver shall not market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof or negotiate terms and conditions of sale or sell, convey,

transfer, lease or assign the Property or any part or parts thereof until March 24, 2017;

- (b) the Debtor shall have until March 24, 2017 to pay out to the Applicant the amounts owing under the Applicant's Mortgage including all principal and interest due and owing under the Applicant's Mortgage along with legal fees together with payment of the Receiver's Accounts. ("Payment");
- (c) the payment of the Receiver's Accounts shall be in an amount as provided for in paragraphs 21, 22 and 23 hereof; and
- (d) should the Debtor make such Payment and upon payment of the Receiver's fees, the Applicant's Mortgage shall be assigned as the Debtor may direct in writing, the Receiver shall be discharged and this Receivership Order shall also be discharged.

5. **THIS COURT ORDERS** that the restrictions set out in paragraph 4 above, shall not preclude the Receiver from taking any and all steps in the time period commencing on the date of this Order until March 24, 2017 that are necessary to:

- (a) perform its due diligence to obtain a greater understanding of the Property;
- (b) gather relevant documentation for inclusion in a virtual data-room;
- (c) prepare marketing materials including but not limited to a confidential information memorandum;
- (d) prepare listing of potential buyers; and
- (e) prepare a standard form of confidentiality agreement and standard offer form with relevant terms and conditions.

6. **THIS COURT ORDERS** that in the event the Payment is not made on or before March 24, 2017 as contemplated in paragraph 4 above, that the Receiver shall proceed with its motion to approve a sales process for the Property by no later than March 31, 2017.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

7. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

8. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver 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 Debtor, 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 Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 8 or in paragraph 9 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 Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

9. **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 Receiver for the purpose of allowing the Receiver 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 Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

10. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

11. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

12. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property, shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

13. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, including without limitation the right of Tarion to terminate registrations held by the Debtors, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph or in paragraph 12, above, shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor 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 or perfection of a claim for lien, including a claim for lien under the *Construction Lien Act*, R.S.O. 1990 c.C30, as amended.

NO INTERFERENCE WITH THE RECEIVER

14. **THIS COURT ORDERS** that no Person, including without limitation, Tarion, 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 Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

15. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor 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 Debtor 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's 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 Receiver in accordance with normal payment practices of the Debtor or

such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

16. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver 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 one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

17. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

18. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all

such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

19. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver'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, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

20. **THIS COURT ORDERS** that the Receiver 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, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

21. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge 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, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver 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 Receiver 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 standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

24. **THIS COURT ORDERS** that the Receiver 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 \$500,000.00 (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 Receiver 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 "Receiver'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 Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA. For greater certainty, the Receiver shall utilize first all amounts in the Project Bank Account for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures, and shall utilize amounts borrowed under this paragraph only upon the full depletion of the amounts in the Project Bank Account.

25. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

26. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "Receiver'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 Receiver pursuant to this Order or any further order of this Court and any and all Receiver'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 Receiver's Certificates.

28. **THIS COURT ORDERS** that notwithstanding paragraphs 24-27 inclusive, the Receiver is hereby authorized to borrow money to fund the exercise of its powers and duties hereunder by way of advances from the Applicant, which advances shall be secured by the Applicant's security on the Property (including without limitation the Centurion Mortgage as defined and attached as an exhibit to the Affidavit of Ryan Buzzell), with the same priority that may attach to such security. For greater certainty, the Receiver shall utilize first all amounts in the Project Bank Account for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures, and shall utilize amounts borrowed under this paragraph or under paragraph 24 only upon the full depletion of the amounts in the Project Bank Account. The principal amount borrowed by the Receiver under this paragraph and under paragraph 24 shall not exceed \$500,000.00 in the aggregate (or such greater amount as this Court may by further Order authorize) at any time.

SERVICE AND NOTICE

29. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://extranets.bdo.ca/terrasan/>

30. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

31. **THIS COURT ORDERS** that, subject to any further order of this Court, the Receiver shall provide not less than ten (10) days' notice to the secured creditors of the Debtor of any motion for an order to approve:

- (a) a marketing or sales process for the Property; or
- (b) the sale, conveyance, transfer, lease or assignment of the Property or any part or parts thereof out of the ordinary course of business.

32. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

35. **THIS COURT ORDERS** that the Receiver 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, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

36. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

37. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver 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.

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



FEB 24 2017

PER / PAR:



SCHEDULE "A"

LEGAL DESCRIPTION OF THE LANDS

P.I.N. 07617-0889 (LT)

Description: LOTS 159, 160 & 161 PLAN 164 EXCEPT PART LOTS 160 & 161 PLAN 164, PART 2 66R28185; ETOBICOKE; TOGETHER WITH AN EASEMENT OVER PART LOTS 160 & 160 PLAN 164, PART 2 66R28185 AS IN AT4215400; SUBJECT TO AN EASEMENT IN GROSS AS IN AT4264438; SUBJECT TO AN EASEMENT IN GROSS AS IN AT4274323; CITY OF TORONTO

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited, the receiver (the "Receiver") of the assets, undertakings and properties of Terrasan 327 Royal York Rd. Limited acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 2017 (the "Order") made in an action having Court file number CV-17-11679-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2017.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

CENTURION MORTGAGE -and-
CAPITAL CORPORATION

TERRASAN 327 ROYAL YORK RD.
LIMITED

Applicant

Respondent

Court File No. CV-17-11679-00CL

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

IN THE MATTER OF Section 101 of
the *Courts of Justice Act* and Section of the
243 of the *Bankruptcy and Insolvency Act*

PROCEEDING COMMENCED AT TORONTO

**ORDER
(Appointing Receiver)**

ROBINS APPLEBY LLP

Barristers + Solicitors
2600 - 120 Adelaide Street West
Toronto ON M5H 1T1

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Ellad Gersh LSUC #58579S

egersh@robapp.com
Tel: (416) 360-3740
Fax: (416) 868-0306

Lawyers for the Applicant

TAB B

P.I.N. 07617-0889 (LT)

Description: LOTS 159, 160 & 161 PLAN 164 EXCEPT PART LOTS 160 & 161 PLAN 164, PART 2 66R28185; ETOBICOKE; TOGETHER WITH AN EASEMENT OVER PART LOTS 160 & 160 PLAN 164, PART 2 66R28185 AS IN AT4215400; SUBJECT TO AN EASEMENT IN GROSS AS IN AT4264438; SUBJECT TO AN EASEMENT IN GROSS AS IN AT4274323; CITY OF TORONTO

TAB C



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On The Go Mimico Residential Condos

VISION

On The Go Mimico offers the city's ONLY residential condominium with access to the GO Transit service just steps from its property. You can work and play downtown and return home to your comfy Mimico neighbourhood with the GO station quickly accessible. But that's not all this trendsetting condominium has to offer. Stunning, contemporary design with unobstructed views of the lake and city, the latest finishing features, large stylish balconies, Italian designed and manufactured gourmet kitchens and one of the most exciting new technologies that will save residents significant money on heating and cooling costs. On The Go Mimico will incorporate Toronto's first high rise integrated GeoExchange and Cogeneration technology that works with nature to borrow the energy from the earth in the winter and put it back in the summer, redirecting and recycling to where it is needed. In fact residents at On The Go Mimico will save on utility costs and on monthly condo fees because of this progressive and innovative technology. The condominium features 242 suites from 537 sq. ft. to 2,700 sq. ft. including two levels of penthouses.



Mimico Is One Of The 10 Best Places To Live in The GTA!

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Surrounded by the warm and friendly community of Mimico, (identified as Toronto's top emerging community and one of the ten best places to live in the GTA) residents will enjoy an eclectic variety of shops, bakeries, cafes and restaurants as well as lush parks and lakefront trails. Mimico is a grand old neighbourhood with big old trees, big box stores and now a big opportunity to own a cutting edge condo - all just 15 minutes from Union Station!!

Local Amenities

IT'S IN YOUR NEIGHBOURHOOD



SHOPS & RESTAURANTS

- Canadian Tire
- Costco
- KEA
- Home Depot
- Jojoba Hair Studio
- Sherway Gardens
- Sanamo Bakery
- The Blue Goose Tavern
- Everest Indian
- Maurya Roti
- Sweet Oleola's
- Postbino Ristorante



SCHOOLS

- École Ste Marguerite d'Youville
- Etobicoke School of the Arts
- Fr. John Radmond Catholic Senior
- George R. Gould Junior
- High Park/Cantara @ Montessori
- Humber College
- John English Junior Middle
- Karen Klein School of the Arts
- Lakeshore Collegiate Institute
- Mimico Adult Centre
- Royal House of Music
- St. Leo Catholic



COMMUNITY CENTRES

- Assembly Hall Community Cultural Centre
- Etobicoke Yacht Club
- Gus Ryder Pool
- John English Community Centre
- Ken Cox Community Centre
- Mastercard Centre Arena
- Mimico Arena
- Mimico Tennis Club
- Mimico Centennial Public Library
- Ourland Community Centre - Pool



TRANSIT

- Mimico Go Station
- TTC Bus Stop
- TTC Street Car
- Royal York Subway Station
- Gardiner Expressway / QEW
- Highway 401
- Highway 427
- Lake Shore Boulevard
- The Queensway



SERVICES

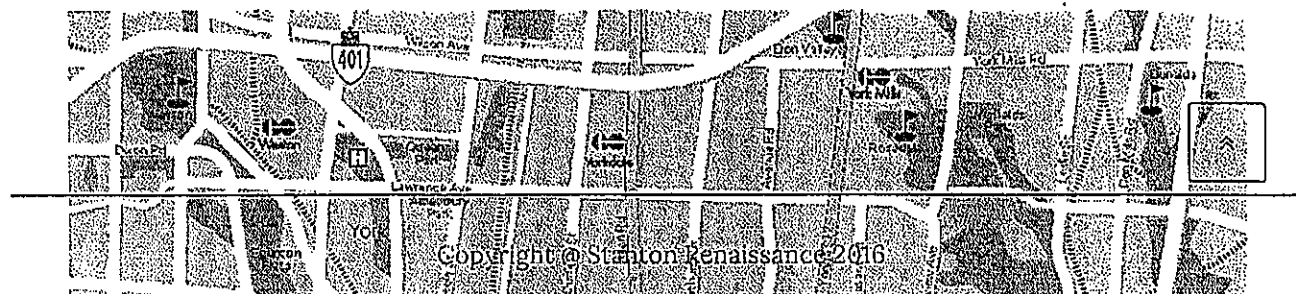
- BMO Bank of Montreal
- Dr. A. Hoer Family Dental
- Kassels Pharmacy
- Mimico Medical Centre
- Mimico Dental Care
- State Farm Insurance

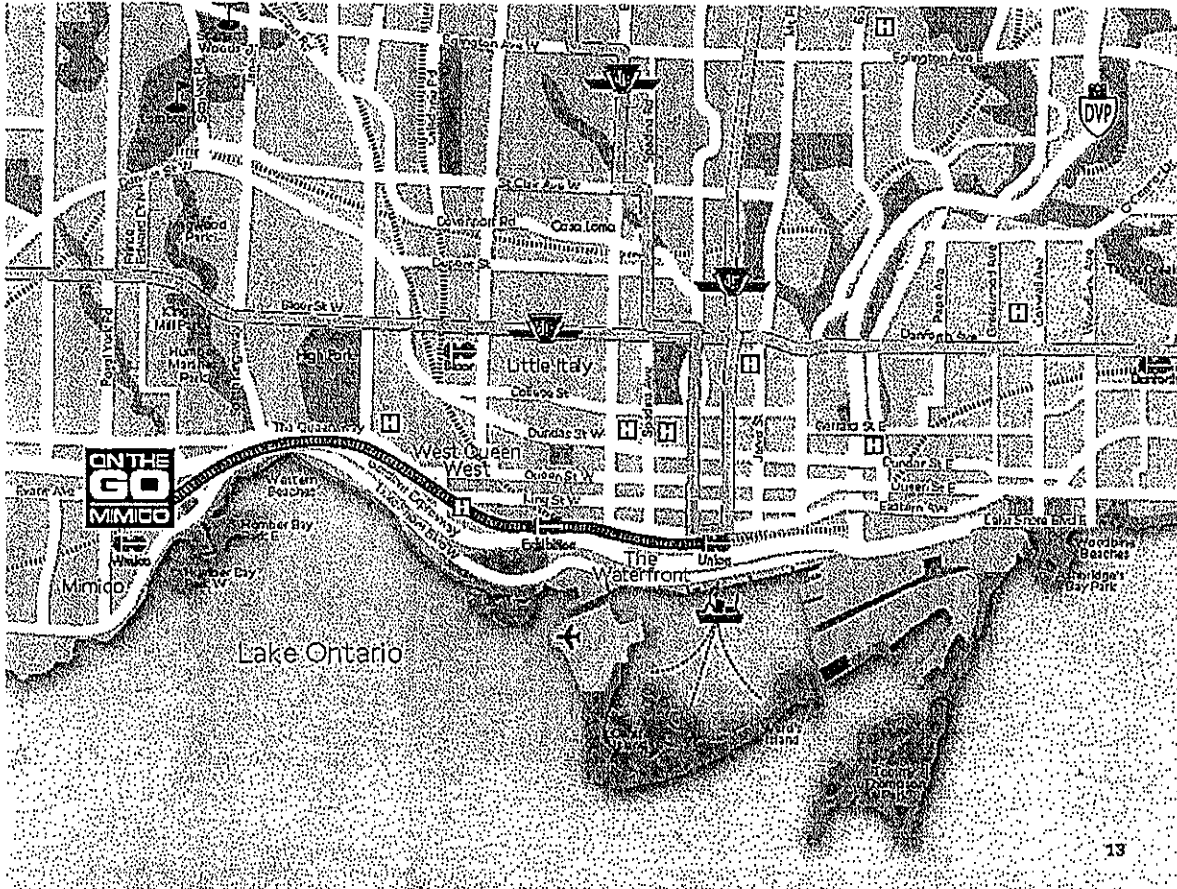


PARKS & TRAILS

- Compton Park
- Christ Church Memorial Garden
- Mimico Waterfront Linear Park
- Amos Walks Park
- Mimico Square
- Mimico Memorial Park
- Prince of Wales Park
- Cl Lumsden Park
- Colonel Samuel Smith Park
- Ice Skating Trail

12





LIFESTYLE

LOCATION

DESIGN



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TAB D

Court File No. CV-17-11679-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF Section 101 of the
Courts of Justice Act and Section 243 of the *Bankruptcy and Insolvency Act*

B E T W E E N:

CENTURION MORTGAGE CAPITAL CORPORATION

Applicant

-and-

TERRASAN 327 ROYAL YORK RD. LIMITED

Respondent

AFFIDAVIT OF RYAN BUZZELL

I, RYAN BUZZELL, of the City of Toronto, in the Province of Ontario MAKE OATH
MAKE OATH AND SAY:

1. I am the Director of Mortgage Investments and Joint Ventures of the Applicant, Centurion Mortgage Capital Corporation (the "Lender") and, as such, have knowledge of the matters contained in this Affidavit.

2. I am making this affidavit in support of an application by the Lender for the appointment of a BDO Canada Limited (the "Receiver"), as receiver over the assets, undertakings and property of the Respondent, Terrasan 327 Royal York Rd. Limited (the "Borrower"). Where this affidavit is based on information received from others, I verily believe that information to be true.

Parties

3. The Borrower is an Ontario corporation and the registered owner of those lands and premises located at 327 Royal York Road, Toronto, Ontario, legally described in **Exhibit "A"** attached hereto. (the "**Property**"). The Property is currently under construction, and was to be developed into a 242 residential condominium units, 193 residential parking stalls, 116 lockers and 8,245 square feet of retail/commercial space project located at the Property known as On the GO Mimico Condos (the "**Project**"). Attached as **Exhibit "B"** is a description of the anticipated development of the Project available on the Stanton Renaissance website.

4. To the best of my knowledge, the Borrower is a single purpose entity incorporated for the purposes of the development of the Project and has no other business. Attached as **Exhibit "C"** is a corporation profile report for the Borrower.

5. The Lender is an Ontario Corporation, carrying on business in Ontario as, *inter alia*, a commercial mortgage lender. Attached as **Exhibit "D"** is a corporate profile report for the Lender.

Credit Facility and Security

6. The Borrower is indebted to the Lender pursuant to the terms of the Commitment Letter dated March 23, 2016 (the "**Commitment**"), in which the Lender agreed to loan the principal sum of \$21,800,000.00 to the Borrower in the form of a demand, non-revolving construction credit facility. (the "**Loan**") The purpose of the Loan was to finance the construction of the Project. A copy of the Commitment Letter under which the Loan was advanced is attached as **Exhibit "E"**.

7. As security for its indebtedness and obligations to the Lender under the Loan, the Borrower delivered, *inter alia*, the following security without limitation to the Lender:

- (a) A second Charge/Mortgage in the amount of \$21,800,000.00 registered on title to the Property on April 14, 2016, as instrument number AT4192730 (the "**Centurion Mortgage**") including a Schedule which formed part of the Centurion Mortgage;
- (b) a General Notice of Assignment of Rents registered on title to the Property on April 4, 2016, as instrument number AT4192731 (the "**Assignment of Rents**");
- (c) a General Security Agreement dated March 30, 2016 (the "**GSA**"); and
- (d) the Guarantee (defined below).

(collectively the "**Security**").

Copies of these Security documents are attached as **Exhibit "F"**, **"G"**, **"H"** and **"I"** respectively.

8. On March 30, 2016, the Lender made a registration pursuant to the *Personal Property Security Act* (the "**PPSA**"), with respect to all present and future security interests with respect to the Property. A copy of the PPSA is attached as **Exhibit "J"**.

9. On March 30, 2016, the Borrower also signed and delivered in favour of the Lender:

- (a) an acknowledgement that Standard Charge Terms No. 201418 (the "**Standard Charge Terms**") was included in a Charge between the Borrower and Lender and that the Borrower received a copy of those Standard Charge Terms before signing the Centurion Mortgage, a copy of which is attached as **Exhibit "K"**; and
- (b) an Undertaking and Agreement to Complete, Fund Cost Overruns and Debt Service Agreement (the "**Undertaking and Agreement**") a copy of which is attached as **Exhibit "L"**.

10. The principal of the Borrower, Luigi Santaguida (the "**Guarantor**"), also provided the

Lender an absolute and unconditional guarantee in respect of the full amount of the indebtedness under the Loan, dated March 30, 2016 (the "Guarantee").

11. The Borrower is in default of the terms of the Loan, the particulars of which are described below. As at January 24, 2017, the Borrower owed the Lender \$11,747,220.99, plus per diem interest rate of \$3,205.52, plus costs, including the legal fees, disbursements and other expenses that have been incurred by the Lender to date. A copy of the Lender's mortgage statement dated January 24, 2017 is attached as Exhibit "M".

12. The terms of the Centurion Mortgage and the GSA permit the Lender to appoint a receiver, in the event that the Borrower is in default of the Loan. Paragraph 35 of the Standard Charge Terms states as follows:

35. APPOINTMENT OF A RECEIVER

IT IS DECLARED and agreed that at any time and from time to time when there shall be default under the provisions of this Charge, the Chargee may at such time and from time to time and with or without entering into possession of the Charged Lands appoint in writing a Receiver, or a Receiver and Manager, or a Receiver-Manager, or a Trustee (the "Receiver") of the Charged Lands, or any part thereof; and of the rents and profits thereof, if any, and with or without security and may from time to time by similar writing remove any such Receiver and appoint another in its place and 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. The Chargor hereby irrevocably agrees and consents to the appointment of such Receiver of the Chargee's choice and without limitation whether pursuant to this Charge, the Mortgages Act, the Construction Lien Act, or pursuant to the Trustees Act (as the Chargee may at its sole option require). Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the Charged Lands or any part thereof and the Chargor hereby consents to a Court Order for the appointment of such Receiver, if the Chargee in its discretion chooses to obtain such order, and on such terms and for such purposes as the Chargee in its sole discretion may require, including, without limitation, the power to manage, charge, pledge, lease and/or sell the Charged Lands and/or complete or partially complete any construction thereon and to receive advances of monies pursuant to any charges, pledges and/or loans entered into by the Receiver or the Chargor, and if required by the Chargee, in priority to any existing encumbrances affecting the Charged Lands, including without limitation, charges and construction lien claims.

UPON the appointment of any such Receiver from time to time the following provisions shall apply:

(a) A Statutory Declaration of the Chargee or an Officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;

(b) Every such Receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents falling due in respect to the Charged Lands, or any part thereof, whether in respect of any tenancies created in priority to this Charge or subsequent thereto and with respect to all responsibility and liability for its acts and omissions;

(c) The Chargee may from time to time fix the remuneration of every such Receiver which shall be a charge on the Charged Lands, and may be paid out of the income therefrom or the proceeds of sale thereof;

(d) The appointment of every such Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect and such appointment or anything which may be done by any such Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Chargee a chargee in possession in respect of the Charged Lands or any part thereof;

(e) The Receiver shall have the power to rent any portion of the Charged Lands for such term and subject to such provisions as it may deem advisable or expedient and shall have the authority to execute any lease of the Charged Lands or any part thereof in the name and on behalf of the Chargor and the Chargor undertakes to ratify and confirm, and hereby ratifies and confirms whatever acts such Receiver may do on the Charged Lands;

(f) In all instances, the Receiver shall be acting as the attorney or agent of the Chargor;

(g) Every such Receiver shall have full power to complete any unfinished construction upon the Charged Lands;

(h) Such Receiver shall have full power to manage, operate, amend, repair, or alter the Charged Lands or any part thereof in the name of the Chargor;

(i) The Receiver shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the lands including, without limiting the generality of the foregoing, increasing, extending, renewing or amending all charges which may be registered against the lands from time to time, whether or not such charges are prior to the interest of the Chargee in the Charged Lands; sale of the Charged Lands; borrowing money on the security of the Charged Lands; applying for and executing all documents in any way related to any re-zoning applications, severance of lands pursuant to the provisions of the Planning Act, as amended, subdivision agreements and development agreements and agreements for the supply or maintenance of utilities or services to the lands, including grants of lands or easements or rights of way necessary or incidental to any such agreements; executing all grants, documents, instruments and agreements related to compliance with the requirements of any competent governmental authority, whether pursuant to a written agreement or otherwise and applying for and executing all documents in any way related to registration of the lands as a condominium; completing any application for first registration pursuant to the provisions of the Land Titles Act of Ontario or pursuant to the Certification of Titles Act of Ontario; and for all and every of the purposes aforesaid the Chargor does hereby give and grant unto the Receiver full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done as aforesaid in and about the Charged Lands, and to commence, institute and prosecute all actions, suits and other proceedings

which may be necessary or expedient in and about the Charged Lands, as fully and effectually to all intents and purposes as the Chargor could do if personally present and acting therein; and

(j) The Receiver shall not be liable for any loss howsoever arising and the Receiver shall not be liable to the Chargor to account for monies received other than cash received by it in respect to the Charged Lands or any part thereof and out of such cash so received, every such Receiver shall pay in the following order: its remuneration; all payments made or incurred by it in the exercise of its powers hereunder; any payment of interest, principal and other money which may from time to time be or become charged upon the Charged Lands in priority to the monies owing hereunder and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect to the Charged Lands or any part thereof.

THE CHARGOR hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Charged Lands in the same manner as if such documentation was duly executed by the Chargor himself.

13. Further, paragraph 13 of the GSA states as follows:

Upon default, the Secured Party may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Secured Party or not, to be a receiver (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of the Collateral (Including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not the Secured Party, and the Secured Party shall, not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any Receiver his servants, agents or employees. Subject to the provisions of the instrument appointing him, any Receiver shall have power to take possession of the Collateral, to preserve the Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral. To facilitate the foregoing powers, any Receiver may, to the exclusion of all others including the Debtor, enter upon by peaceable or forcible means at any time of the day or night, use and occupy all premises owned or occupied by the Debtor wherein the Collateral may be situated, maintain the Collateral upon such premises, borrow money on a secured or unsecured basis and use the Collateral directly in carrying on the Debtor's business or as security for loans or advances to enable him to carry on the Debtor's business or otherwise, as the Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Secured Party, all monies received from time to time by any Receiver in carrying out his appointment shall be received in trust for and paid over the Secured Party. Every Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.

The Defaults and Demands made by the Lender

14. The Borrower breached the terms of the Commitment and the Security, *inter alia* by:
- (a) defaulting under the Duca Mortgage (defined below), for which a Notice of Intention to Enforce Security and demand for repayment on the First Mortgage was delivered on December 12, 2016, in favour of Duca, copies of which are attached collectively as **Exhibit "N"**;
 - (b) through the unauthorized use of \$2,395,509.00 in loan funds previously advanced by Diversified, originally earmarked for payment of Project development charges, as part of the Borrower's required equity under the Commitment, which instead were paid to:
 - (i) Santerra Asset Management and Development Company in the amount of \$1,634,200 which did not pay or reimburse Project costs; and
 - (ii) Diversified in the amount of \$761,309.00 in respect of interest costs under their subordinate mortgage, which was not a permitted Project cost; and
 - (c) failure on the part of the Borrower to fund immediately upon demand by the Lender from equity, "Cost-Overruns", as defined in the Undertaking and Agreement, in the total amount of \$2,714,053 as at December 19, 2016, in breach of the terms of the Undertaking and Agreement and which constitutes an event of default of the covenants and obligations under the Loan.
- (collectively, the "**Defaults**").
15. As a result of the Defaults, the Lender demanded repayment of the Loan on the Borrower and the Guarantor by letters dated December 19, 2016 (collectively the "**Demand Notice**"). A copy of the Demand Notice is attached as **Exhibit "O"**.
16. The Lender also served a Notice of Intention to Enforce Security pursuant to the provisions of the *Bankruptcy and Insolvency Act* on December 19, 2016 (the "**BIA Notice**"), a copy of which is attached as **Exhibit "P"**.

Payout of Duca Mortgage to Lender

17. On April 14, 2016, Duca Financial Services Credit Union Ltd. ("Duca"), registered a first Charge/Mortgage on title to the Property as Instrument No. AT4192670 (the "Duca Mortgage"), a copy of which is attached as Exhibit "Q".

18. On or about January 3, 2017, the Lender paid out the Duca Mortgage and it was discharged from title to the Property. The Lender added the amounts it paid in respect of the Duca Mortgage to the indebtedness under the Centurion Mortgage. A copy of the discharge of the Duca Mortgage is attached as Exhibit "R".

Subsequent Encumbrancers

19. Set out below is a summary of the charges that are registered against the Property, and the corresponding ranking priority:

Creditor	Instrument Number	Amount of Charge Against the Properties
Lender	AT4192730	\$21,800,000
Diversified Capital Inc. ("Diversified")	AT3235332 and AT4035434 (Transfer of Charge)	\$7,700,000
The Guarantee Company of North America ("GCNA")	AT3841250	\$15,053,500
Olympia Trust Company/John Fletcher /Community Trust Company ("CTC")	AT3539503 and AT4464383 (Transfer of Charge)	\$10,000,000

Attached as Exhibits "S", "T" and "U" are copies of the subsequent charges.

20. Aside from the Lender's PPSA registration, as at January 25, 2017, the only other subsequent PPSA registration against the Borrower was registered by Diversified and GCNA. A copy of the January 25, 2017, PPSA search is attached as Exhibit "V".

21. As of January 26, 2017, there were no writs of execution issued against the Borrower in Toronto. A copy of the January 26, 2017 execution search is attached as **Exhibit "W"**.

22. As of January 26, 2017, the following construction liens were registered on title to the Property:

- (a) CRH Canada Group Inc., in the amount of \$435,519 and registered as Instrument No. AT4455871;
- (b) Summit Concrete & Drain Ltd., in the amount of \$111,313 and registered as Instrument No. AT4458595;
- (c) Roni Excavating Limited, in the amount of \$504,413 and registered as Instrument No. AT4459539;
- (d) Bluescape Construction Management Inc., in the amount of \$469,827 and registered as Instrument No. AT4462727;
- (e) Mansteel Rebar Ltd., in the amount of \$228,336 and registered as Instrument No. AT4464740;
- (f) Desrosiers Geothermal Corporation in the amount of \$285,237 and registered as Instrument No. AT4467005;
- (g) R. Mancini and Associates Ltd. in the amount of \$34,881 and registered as Instrument No. AT4468556; and
- (h) R. Mancini and Associates Ltd. in the amount of \$29,826 and registered as Instrument No. AT4468557.

A copy of an updated parcel registrar of the Property reflecting the registration of these construction liens is attached as **Exhibit "X"**.

23. The Lender entered into Subordination, Assignment, Postponement and Standstill Agreements with Diversified and CTC in March 2016 as well as a Priority Agreement with GCNA. Copies of those agreements are attached collectively as **Exhibit "Y"**.

24. By letters dated January 20, 2017 (the "Payout Notice"), the Lender provided notice to Diversified, GCNA and CTC that it had paid out the Duca Mortgage and that the Centurion Mortgage will become the first mortgage once the Duca Mortgage was discharged. The letters also advised of the Lender's intention to appoint a receiver in respect of the Borrower as a result of the defaults of the Borrowers. Copies of the Payout Notice are collectively attached as Exhibit "Z".

Agreements with Purchasers

25. I am advised by the Borrower that there are 208 agreements of purchase and sale that have been entered into with purchasers of units for the Project (the "Purchase Agreements"). The Lender is not able to confirm the status of each of the Purchase Agreements. It is anticipated that the Receiver will be able to further investigate and report on the Purchase Agreements following its appointment.

The Need for a Court Appointed Receiver

26. The Lender brings this application for the Court appointment of the Receiver in order to maximize the recovery for all of the Borrower's creditors and other stakeholders through a Court supervised sale of the Property. I believe that the appointment of the Receiver is just and convenient in the circumstances because:

- (a) the sale of the Property may result in a shortfall for the third and fourth mortgagees and the Court supervised process will ensure that the interests of all creditors and other stakeholders of the Borrower, including the Unit Purchasers, are considered with a view to minimizing the shortfall and achieving the maximum realization on the Property;
- (b) the appointment of the Receiver will avoid any potential dispute regarding expenses incurred in relation to the sale of the Property and the value ultimately obtained for the Property;

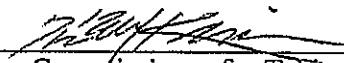
- (c) ECMI, LP has been engaged by the Borrower to conduct, among other work, maintenance work at, and site monitoring/security of the Property, which is ongoing. The maintenance work includes dewatering of the Property in order to keep the excavated area dry. The Receiver, if appointed, will ensure that the maintenance work is completed, including the dewatering (which must be completed on an ongoing basis to avoid irreparable structural damage), continue with the site monitoring/security of the Property and commence the sale process as soon as possible; and
- (d) a court appointed receivership process will provide the best forum to deal with any priority issues as between the mortgagees, lien claimants and the unit purchasers.

27. Following its Court appointment, the Receiver will return to Court with recommendations on commencing a sales process for the Property.


28. The Receiver has consented to its Court appointment. A copy of the executed consent is attached as Exhibit "AA".

29. I make this affidavit in support of the within application to appoint a Receiver and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on January 27, 2017



 Commissioner for Taking Affidavits
(or as may be)

} 

 RYAN BUZZELL

Derek Kim

Keun Tae Kim, a Commissioner, etc.,
 Province of Ontario, while a Student-at-Law.
 Expires August 16, 2018.

TAB E

Sale Process

Set forth below is the sale process (the **"Sale Process"**) to be employed with respect to the proposed sale of all or substantially all of the business and assets (the **"Assets"**) of Terrasan 327 Royal York Rd. Limited (**"Terrasan"**).

On February 24, 2017, the Ontario Superior Court of Justice (the **"Court"**) issued an order (the **"Receivership Order"**), appointing BDO Canada Limited as the receiver and manager (the **"Receiver"**) of all of the assets, undertakings and properties of Terrasan.

Pursuant to the Receivership Order, the Receiver is authorized to market, advertise and solicit offers in respect of the sale, in whole or in part, of the Assets.

The Sale Process is intended to solicit interest in an acquisition of the Assets, under a fair and competitive sale process pursuant to which all qualified interested parties will be provided with a fair and equal opportunity to participate in the Sale Process.

Notwithstanding anything contained herein, the Receiver shall have the right to enter into an exclusive transaction for the sale of the Assets, or any portion thereof, outside of the Sale Process prior to the selection of a Successful Bidder (as defined herein).

Timeline

The following table sets out the key milestones under the Sale Process:

Milestone	Deadline
Non-Binding APA Deadline	May 12, 2017
Binding APA Deadline	July 28, 2017
Sale Approval Motion	August 18, 2017
Closing Date	August 25, 2017

Subject to the terms contained herein and any order of the Court, the dates set out in the Sale Process may be extended by the Receiver, in its sole discretion acting reasonably, all with a view of maximizing the value of the Assets.

Sale Process

The Sale Process set forth herein describes, among other things: (i) the Assets available for sale, (ii) the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Assets, (iii) the manner in which bidders can be determined to be a Phase 1 Qualified Bidder (as defined herein), (iv) the timing of delivering a Non-Binding APA (as defined herein), (v) the manner in which bids are to be received and negotiated, (vi) the ultimate selection of any Successful Bidder (as defined herein) and the process leading up to that selection, and (vii) the approval thereof by the Court.

Assets To Be Sold

The Receiver, in accordance with this Sale Process, is offering for sale, in one or more transactions, the Assets. The Receiver reserves the right to eliminate certain assets available for sale pursuant to the Sale Process prior to the Non-Binding APA Deadline (as defined below).

“As Is, Where Is”

The sale of the Assets will be on an “as is, where is” basis without representations or warranties of any kind, nature or description by the Receiver, or any of their respective directors, officers, partners, employees, agents, advisors or estates, except to the extent as may be set forth in a Binding APA (as defined herein), and approved by the Court. By submitting a bid, each Potential Bidder (as defined herein) shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Assets or the completeness of any information provided in connection therewith, except as expressly stated in this Sale Process or as set forth in a Binding APA and approved by the Court.

Free Of Any And All Claims And Interests

Except as may otherwise be provided in the Successful Bidder’s Binding APA, all of the rights, title and interests of Terrasan in and to the Assets, or any portion thereof, will be sold free and clear of all liens and claims (which may be defined in an Approval and Vesting Order (as defined herein)), subject to any permitted encumbrances (which may be defined in an Approval and Vesting Order), pursuant to an order by the Court approving the sale of the Assets, or a portion thereof, and vesting in the Successful Bidder all of Terrasan’s rights, title and interests in and to such Assets, or a portion thereof, by way of an approval and vesting order (the “**Approval and Vesting Order**”). For greater certainty, such liens and claims are to attach to the net proceeds of the sale of such Assets following the granting of the Approval and Vesting Order.

Publication Notice

Within seven (7) business days of the granting of the Sale Process order by the Court (the “**Sale Process Order**”), or as soon as practicable thereafter the Receiver shall publish notice of this Sale Process: (i) in The Globe and Mail (National Edition), the Daily Commercial News, the NRU GTA Weekly Newsletter, the MLS and / or ICX (through a third party provider), (ii) in any other relevant publication that may advertise and potentially solicit interest in the Assets, and (iii) by posting a copy of the Teaser Letter (as defined herein) on the Axial website.

Solicitation of Interest

As soon as reasonably practicable after the granting of the Sale Process Order, the Receiver will prepare an initial offering summary (the “**Teaser Letter**”) notifying prospective purchasers of the existence of the Sale Process and inviting prospective purchasers to express their interest in making an offer for the Assets pursuant to the terms of the Sale Process.

Participation Requirements

Unless otherwise ordered by the Court or as otherwise determined by the Receiver, each person who wishes to participate in the Sale Process, (a “**Potential Bidder**”) must deliver to the Receiver, an executed non-disclosure agreement (“**NDA**”), in the form attached herein as **Schedule “A”**, prior to the distribution of any confidential information by the Receiver.

If it is determined by the Receiver, in its reasonable business judgment, that a Potential Bidder: (i) has a *bona fide* interest in an acquisition of the Assets; and (ii) has delivered the NDA, then such Potential Bidder will be deemed by the Receiver to be a “**Phase 1 Qualified Bidder**”.

The Receiver will prepare and send to each Phase 1 Qualified Bidder, as soon as reasonably practicable, a confidential information memorandum which will provide, among other things, information considered relevant to the Sale Process.

Due Diligence

The Receiver, in its reasonable business judgment, and subject to competitive and other business considerations, may give each Phase 1 Qualified Bidder, such access to due diligence materials and information relating to the Assets as the Receiver deems appropriate. Due diligence access may include access to an electronic data room (a "**Data Room**"), on-site inspections, and other matters which a Phase 1 Qualified Bidder may reasonably request and as to which the Receiver, in its reasonable business judgment, may agree. The Receiver may designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such requests must be communicated. Neither the Receiver nor any of its affiliates (or any of its respective representatives) will be obligated to furnish any information relating to the Assets to any person, in its discretion. The Receiver makes no representation or warranty as to the information to be provided through this due diligence process or otherwise, except as may be set forth in a Binding APA with the Successful Bidder.

Non-Binding APA Deadline

A Phase 1 Qualified Bidder that desires to make a bid shall deliver written copies of its bid, in the form of the template asset purchase agreement located in the Data Room (the "**APA**"), together with a blackline outlining all changes made to the APA (a "**Non-Binding APA**"), to the Receiver as follows: Attn: Gary Cerrato, e-mail gcerrato@bdo.ca, fax (416) 865-0904, so as to be received by the Receiver no later than May 12, 2017 at 5:00 p.m. (ET) (as may be extended as set out below, the "**Non-Binding APA Deadline**"). The Receiver, may extend the Non-Binding APA Deadline, once or successively, but is not obligated to do so. If the Non-Binding APA Deadline is extended, the Receiver will promptly notify all Phase 1 Qualified Bidders.

Qualified APA

A Non-Binding APA will be considered a qualified APA only if the Non-Binding APA is submitted by a Phase 1 Qualified Bidder and complies with all of the following (a "**Qualified APA**"):

- (a) the bid (either individually or in combination with other bids that make up one Qualified APA) is an offer to purchase some or all of the Assets on terms and conditions reasonably acceptable to the Receiver;
- (b) it is duly authorized and executed, and includes a purchase price for the Assets expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits, schedules and all applicable ancillary agreements thereto;
- (c) it includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Receiver to make a reasonable determination as to the Phase 1 Qualified Bidder's financial and other capabilities to consummate the proposed sale and pay the Purchase Price;
- (d) it provides all of the conditions associated with unperformed due diligence that is required to be conducted in order to proceed with a Binding APA. For greater certainty, such conditions cannot relate to any financing condition;
- (e) it fully discloses the identity of each entity that will be bidding for the Assets or otherwise sponsoring, financing, participating or benefiting from such bid;

- (f) it includes an acknowledgement and representation of the Phase 1 Qualified Bidder that:
 - (i) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and (ii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Assets or the completeness of any information provided in connection therewith;
- (g) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Phase 1 Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Qualified APA submitted by the Phase 1 Qualified Bidder;
- (h) provides a deposit in the amount of not less than 5% of the Purchase Price offered by the Phase 1 Qualified Bidder (the "**Deposit**"); and
- (i) it is received by the Receiver by the Non-Binding APA Deadline.

The Receiver may determine whether to entertain bids for the Assets that do not conform to one or more of the requirements specified herein and deem such bids to be a Qualified APA.

The Receiver shall notify each Phase 1 Qualified Bidder in writing as to whether such Phase 1 Qualified Bidder's APA constituted a Qualified APA within five (5) business days following the expiration of the Non-Binding APA Deadline, or at such later time as the Receiver deems appropriate. If such notification is provided, then such Phase 1 Qualified Bidder will be deemed to be a "**Phase 2 Qualified Bidder**".

If the Receiver is not satisfied with the number or terms of bids submitted by the Non-Binding APA Deadline, the Receiver may extend the Non-Binding APA Deadline or cancel the Sale Process.

Binding APA Deadline

The Receiver will take all reasonable steps to negotiate and assist Phase 2 Qualified Bidder(s) in completing its unperformed due diligence, or any other bid matters including any discussions or negotiations required to be completed with any stakeholders in the receivership proceedings of Terrasan, with a view of submitting: (i) a further binding APA (a "**Binding APA**") on or before July 28, 2017 (the "**Binding APA Deadline**"), and (ii) a blackline outlining all changes made to the APA, for consideration by the Receiver. For greater certainty, a Binding APA shall:

- (a) be delivered to the Receiver prior to the Binding APA Deadline;
- (b) replace and supersede the Non-Binding APA submitted by a Phase 2 Qualified Bidder;
- (c) comply with all of the requirements set forth in respect of a Qualified APA;
- (d) include a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable and open for acceptance until the Successful APA (as defined herein) is selected by the Receiver;
- (e) include written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Receiver to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
- (f) not to be conditioned on: (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, and/or (ii) obtaining financing;

- (g) fully disclose the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;
- (h) provide the Deposit (as may be adjusted);
- (i) include acknowledgments and representations of the Phase 2 Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Assets and Terrasan prior to making its bid, (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Assets or the completeness of any information provided in connection therewith; and
- (j) the bid contemplates closing the transaction set out therein on or before August 25, 2017 (the "**Closing Date**").

The Receiver may determine whether to entertain bids for the Assets that do not conform to one or more of the requirements specified herein and deem such bids to be a Binding APA.

Evaluation of Binding APA

A Binding APA will be valued based upon several factors including, without limitation, items such as the Purchase Price and the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the counterparties to such transactions, the proposed transaction documents, other factors affecting the speed and certainty of the closing of the transaction, the value of the transaction, the assets included or excluded from the bid, the transition services required from the Receiver (if any), any related transaction costs, and the likelihood and timing of consummating such transactions, each as determined by the Receiver.

Each Phase 2 Qualified Bidder shall comply with all reasonable requests for additional information by the Receiver regarding the Phase 2 Qualified Bidder or the Binding APA. Failure of a Phase 2 Qualified Bidder to comply with requests for additional information will be a basis for the Receiver to reject a Binding APA.

Selection of Successful APA

The Receiver will review and evaluate each Binding APA. Each Binding APA may be negotiated by the Receiver and the applicable Phase 2 Qualified Bidder submitting the Binding APA (the "**Unconditional Bidder**"), and may be amended, modified or varied to improve such Binding APA and as a result of such negotiations, the Receiver may: (i) identify the highest or otherwise best offer for the Assets (the "**Successful APA**", and the Unconditional Bidder making such Successful APA, the "**Successful Bidder**"), or (ii) in the event no Successful Bidder is declared, reject each Binding APA and may ask any Unconditional Bidder to resubmit a revised Binding APA. The determination of a Successful APA by the Receiver, shall be subject to approval by the Court.

Notwithstanding the foregoing, a Binding APA may not be withdrawn, modified or amended without the written consent of the Receiver prior to the Successful APA being determined. Any such withdrawal, modification or amendment made without the written consent of the Receiver prior to the Successful APA being determined shall result in the forfeiture of such Unconditional Bidder's deposit as liquidated damages and not as a penalty.

In the event an Unconditional Bidder is not selected as a Successful Bidder, the Deposit shall be returned to the Unconditional Bidder as soon as reasonably practicable.

The Receiver shall have no obligation to select a Successful APA, and it reserves the right to reject any or all Binding APAs.

Sale Approval Motion Hearing

The motion for an order of the Court approving any Successful APA (the "**Sale Approval Motion**") shall be sought and include, among other things, the approval from the Court to consummate the Successful APA. The Sale Approval Motion shall be heard on or before August 18, 2017.

All of the Binding APAs other than the Successful APA, if any, shall be deemed rejected by the Receiver on and as of the date of closing of the transaction contemplated by the Successful APA.

Reservation of Rights

The Receiver may: (a) determine which Binding APA, if any, is the highest or otherwise best offer; (b) reject at any time before the issuance and entry of an order approving a Binding APA, any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Sale Process or any order of the Court, or (iii) contrary to the best interests of the receivership estate, and (c) may modify the Sale Process or impose additional terms and conditions on the sale of the Assets.

Miscellaneous

This Sale Process is solely for the benefit of the Receiver and nothing contained in the Sale Process Order or this Sale Process shall create any rights in any other person or bidder (including without limitation rights as third party beneficiaries or otherwise).

Except as provided in the Sale Process Order and Sale Process, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Sale Process Order and the Sale Process.

Limitation of Liability

The Receiver shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Terrasan, or any creditor or other stakeholder, for any act or omission related to the Sale Process. By submitting a bid, each Potential Bidder shall be deemed to have agreed that it has no claim against the Receiver for any reason whatsoever.

Schedule "A"
Non-Disclosure Agreement

PRIVATE & CONFIDENTIAL

► [Potential Bidder Organization Name and Address]

Dear Sirs:

Re: Confidential Information with respect to Terrasan 327 Royal York Rd. Ltd. (the "Debtor")

In accordance with the terms of the Sale Process approved by the Ontario Superior Court of Justice (Commercial List) on _____ (the "**Sale Process**") you have requested access to due diligence and other materials relating to the business and assets (the "**Assets**") of the Debtor, such access to be coordinated by BDO Canada Limited, in its capacity as the Court-appointed Receiver in the receivership proceedings (the "**Receivership Proceedings**") of the Debtor (the "**Receiver**"). You will treat confidentially any information the Receiver or its representatives furnish to you in connection with the Assets (the "**Evaluation Material**"), provided, however, that the term "Evaluation Material" does not include information that: (a) was or becomes generally available to the public or to you on a non-confidential basis through no fault or breach of this agreement on your part or on the part of any of your directors, officers, employees or agents (including investment bankers, financing sources, accountants, and attorneys) (all such directors, officers, employees or agents referred to collectively as, "**Representatives**"); (b) was independently developed by you or your affiliates without reference to the Evaluation Material; or (c) was provided to you by a third party not known to you, after due inquiry, to be subject to confidentiality obligations.

You shall use the same degree of care as you use to protect your own confidential information of a similar nature, but not less than reasonable care, to prevent the unauthorized use, dissemination or publication of the Evaluation Material.

You agree that you will not use the Evaluation Material for any purpose other than evaluating your interest in purchasing some or all of the Assets; provided, however, that you may disclose any Evaluation Material to your Representatives who need to know such information for the purpose of evaluating the possible purchase of the Assets (it being understood that you shall inform such Representatives of the confidential nature of such information and that, by receiving such information, they agree to abide by the terms this Agreement), provided that you will be responsible for any breach of the provisions of this Agreement by any such Representatives.

Upon gaining access to the Evaluation Material, you will not contact any director, officer, employee or stakeholder of the Debtor or its affiliates with respect to the Evaluation Material or any other matter contemplated in this Agreement, without the express consent of the Receiver. In the event you are deemed a "Phase 2 Qualified Bidder" in accordance with the terms of the Sale Process, the Receiver may assist and coordinate meetings, discussions, and other communications between you and the

above-mentioned parties, all with a view of assisting you in submitting a "Binding APA" pursuant to the Sale Process.

In the event that you are required by applicable law or legal process or regulatory body or agency to disclose any part of the Evaluation Material, you will, to the extent permitted by law, give the Receiver prompt notice of such request so that the Receiver may seek an appropriate protective order. If in the absence of a protective order you are nonetheless compelled to disclose any part of the Evaluation Material, you may disclose such information (but only to the extent necessary to comply with your legal obligations) without liability hereunder, provided, however, that you give the Receiver written notice of the information to be disclosed as far in advance of its disclosure as is practicable and legally permitted. Upon the Receiver's request, you will use your commercially reasonable efforts to obtain assurances that confidential treatment will be accorded to such information.

Upon the Receiver's written request, you shall return promptly to the Receiver or destroy all copies of the Evaluation Material and you shall provide promptly a written certificate to the Receiver confirming your compliance with this Agreement. Notwithstanding the foregoing, on written notice to the Receiver concurrently with the provision of the above-mentioned written certificate, you may retain a copy of the Evaluation Material to the extent required in order to comply with regulatory and internal record retention requirements.

You agree that (a) the Receiver reserves the right, in its reasonable business judgment, and subject to competitive and other business considerations, to decline access to all or part of the Evaluation Material, and (b) the Receiver reserves the right to reject any and all offers for the Assets or to terminate discussions and negotiations with you at any time all in accordance with the terms of the Sale Process. The exercise by the Receiver of these rights shall not affect the enforceability of any provision of this Agreement.

You acknowledge and agree that neither the Debtor nor the Receiver nor their representatives have made or make any representation or warranty as to the accuracy or completeness of the Evaluation Material. You agree that neither the Debtor nor the Receiver nor their representatives shall have any liability to you or any of your Representatives resulting from the use of, or reliance on, the Evaluation Material. You agree that if you determine to engage in a transaction with the Receiver, such determination will be based solely on the terms of any definitive written agreement covering that transaction and on your own investigation, analysis and evaluation of the transaction.

You agree that damages may not be a sufficient remedy for any breach of this Agreement by you or your Representatives, and that in addition to all other remedies, the Receiver shall be entitled to seek specific performance, injunctive relief or other equitable relief as a remedy for any such breach.

You agree that this Agreement, and any rights of the Debtor or Receiver hereunder, shall inure to the benefit of any party that enters into a transaction contemplated by the Sale Process.

The Receiver may disclose the existence of this agreement, the identities of the parties hereto and any other information in respect of this agreement, or a transaction proposed by any party hereto, to the extent required in connection with the Receivership Proceedings or applicable laws, to any other person.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. This Agreement and the rights and obligations of the parties will terminate two years from the date hereof.

Please indicate your agreement with the foregoing by signing and returning one copy of this agreement to:

[NTD]

Yours very truly,

**TERRASAN 327 ROYAL YORK RD. LIMITED , by
its court appointed receiver BDO Canada
Limited., and not in any other capacity**

Per: _____

Name:

Title:

Confirmed and agreed to this _____ day of _____, 2017

▶ [Potential Bidder Organization Name]

Per: _____

Name:

Title:

(I have the authority to bind the corporation)

TAB F

Court File No. CV-17-11679-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

CENTURION MORTGAGE CAPITAL CORPORATION

Applicant

- and -

TERRASAN 327 ROYAL YORK RD. LIMITED

Respondent

AFFIDAVIT OF JOSIE PARISI


I, **JOSIE PARISI**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Partner of BDO Canada Limited, and as such have personal knowledge of the matters referred to herein.
2. By Order of the Honourable Mr. Justice Wilton Siegel, dated February 24, 2017 (the "Order"), BDO Canada Limited was appointed as Court-appointed Receiver (the "Receiver") of Terrasan 327 Royal York Rd. Limited.

- 3. Pursuant to the Order, the Receiver has provided services and incurred disbursements which are more particularly described in the detailed accounts attached hereto and marked as Exhibit "A".
- 4. The time shown in the detailed accounts attached as Exhibit "A" are a fair and accurate description of the services provided and the amounts charged by the Receiver, which reflect the Receiver's time as billed at its standard billing rates.
- 5. The Receiver requests that the Court approve its fees and disbursements for the period from 10 January 2017 to 17 March 2017 in the amount of \$22,808.34 plus HST of \$2,965.08 for a total of \$25,773.43, for the services set out in Exhibit "A".
- 6. This affidavit is sworn in support of the Receiver's motion for, among other things, approval of its fees and disbursements and those of its legal representatives and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto,)
 in the Province of Ontario, this)
 27th day of March 2017)

 Commissioner for Taking Affidavits, etc)



 Jodie Parisi, CPA, CA, CBV, CIRP, LIT)



Mark Goodfellow Chow, a Commissioner, etc.,
 Province of Ontario, for BDO Canada LLP and BDO
 Canada Limited, Trustee in Bankruptcy, and their
 subsidiaries, associates and affiliates.
 Expires May 13, 2018.

This is Exhibit "A" referred to in the affidavit of

Josie Parisi

Sworn before me this 27th day of March 2017



A COMMISSIONER FOR TAKING AFFIDAVITS



Tel: 416 865 0210
 Fax: 416 865 0904
 www.bdo.ca

BDO Canada Limited
 123 Front Street W, Suite 1100
 Toronto ON M5J 2M2 Canada

Terrasas 327 Royal York Rd. Limited
 c/o BDO Canada Limited
 123 Front Street West, Suite 1100
 Toronto, ON
 M5J 2M2

Date	Invoice
24 March 2017	#Terrasan-001

RE TERRASAN 327 ROYAL YORK RD. LIMITED

TO OUR FEE FOR PROFESSIONAL SERVICES rendered from 10 January 2017 to 17 March 2017 in connection with our Receivership Engagement of the above-noted, as described below:

Date	Professional	Description	Hrs.
10-Jan-17	Chow, Mark	Update memo from L. Margulies re file status.	0.3
18-Jan-17	Chow, Mark	Attend to update memo from L. Margulies at Robins Appleby; discussion with D. Michaud re file status and issues; discussion with J. Parisi re same and proposal; review proposal and discussion with J. Parisi.	1.0
23-Jan-17	Parisi, Josie	Call with Lender and with Robins Appleby re proposal and proposed plan to sell property.	0.5
27-Jan-17	Chow, Mark	Review draft order and discuss with J. Parisi.	1.0
27-Jan-17	Marchand, Matthew	Review email from J. Parisi re website; draft email to IT re same.	0.1
31-Jan-17	Chow, Mark	Discussion with D. Michaud re amendments to draft Order and related issues.	0.5
1-Feb-17	Chow, Mark	Update from D. Michaud re court proceedings.	0.2
3-Feb-17	Chow, Mark	Discussion with B. Courage re file and enquiry on listing.	0.3
17-Feb-17	Chow, Mark	Review correspondence from D. Michaud and discuss with J. Parisi.	0.3
21-Feb-17	Chow, Mark	Discussion with J. Parisi re suggested wording on Order.	0.4

Date	Professional	Description	Hrs.
21-Feb-17	Parisi, Josie	Conference call with BLG and Robins Appleby; draft proposed wording for Order.	0.8
22-Feb-17	Chow, Mark	Review correspondence from J. Parisi re suggested wording on the order; review correspondence from D. Michaud; discussion with J. Parisi re independent counsel.	0.4
23-Feb-17	Chow, Mark	Review draft court order and changes suggested by BLG and discussion with D. Michaud at Robins Appleby; discuss independent counsel with J. Parisi and D. Michaud re additional edit by BLG and respond to same.	0.8
24-Feb-17	Chow, Mark	Review correspondence from D. Michaud and Order issued; discussion with J. Parisi; discussion with D. Michaud re call to discuss next steps and independent counsel.	0.5
27-Feb-17	Chow, Mark	Discussion with D. Michaud re creditor lists and statutory reporting; discussion with discussion with A. McFarland at BLG re meeting and discuss with J. Parisi; discussion with D. Michaud re meeting with Centurion.	0.5
27-Feb-17	Parisi, Josie	Call with D. Michaud and Centurion re go forward plan and creditors.	0.4
28-Feb-17	Parisi, Josie	Call with A. McFarland re second secured's position; attend at 327 Royal York to take possession of the premises; discussions with Empire re plan of action; discussions with Lockit Key & Security re change of locks, prepare receiver's notice.	2.1
28-Feb-17	Chow, Mark	Review PPSA and PIN reports; attend conference call with J. Parisi, D. Michaud, R. Buzzell and M. Accomando to discuss receivership issues and next steps and structured sales process; discuss creditor lists; discuss independent counsel; review further correspondence on site costs estimates from CB Ross; review correspondence from D. Michaud on creditors; discussion with D. Michaud re independent counsel; discussion with R. Kennedy re clearing conflicts; discussion with K. Leung re statutory notices.	1.5
1-Mar-17	Chow, Mark	Discussion with J. Parisi re file status; discussion with K. Leung re creditor list in Ascend; discussion with D. Michaud re DUCA; discussion with A. Gazetti at Empire regarding ongoing maintenance and related issues; discussion with B. Lynch at Murray & Co re interest in acquiring the property; call to B. Moldaver re creditor information required; discussion with R. Kennedy re status of conflict check; discussion with R. Buzzell re DUCA contact information.	1.5

Date	Professional	Description	Hrs.
1-Mar-17	Leung, Kevin	Review PPSA, PIN search and application; summarize list of creditors; set up estate in Ascend; prepare list of creditors for Receivership notice.	3.5
2-Mar-17	Chow, Mark	Review correspondence from C. Applegath; discussion with J. Parisi re DUCA and taking possession of cash; discuss taking possession of site and call to A. Guizzetti re same; attend call with A. MacFarlane re receivership proceedings and related issues; update discussion with R. Kennedy at Dentons; discussion with J. Parisi re statutory notices and file issues; forward motion materials to R. Kennedy and K. Groulx at Dentons.	1.0
2-Mar-17	Montesano, Tony	Contact Sergiu Cosmin from DUCA Financial Services Credit Union Ltd. regarding send the funds on hand to the Receiver's account; drafted e-mail, along with the wire transfer information, e-mailed to same along with copy of Order.	1.0
3-Mar-17	Marchand, Matthew	Email correspondence with J. Parisi re receiver's website; email correspondence with IT re same.	0.2
3-Mar-17	Parisi, Josie	Call with Dentons re appointment (receiver's counsel), call with BLG (counsel to second secured), call with M. Luna bookkeeper for Terrasan, call with T. Scetti property manager, call with Rocco re securing property and T. Scetti's requirements; finalize receiver's notice.	2.1
3-Mar-17	Cerrato, Gary	Discussions re file with J. Parisi; review of background materials received.	1.5
3-Mar-17	Chow, Mark	Discussion with J. Parisi re file status; attend conference call with Dentons with R. Kennedy and K. Groulx to discuss file status and issues; review correspondence from K. Groulx re GCNA; attend conference call with A. MacFarlane and Dentons to discuss claim of GCNA and related issues.	1.5
6-Mar-17	Chow, Mark	Attend to review and execution of Denton's engagement letter.	0.2
7-Mar-17	Chow, Mark	Discussion with J. Parisi re status of bank accounts and books and records; discuss ongoing maintenance and use of funds; review cash flow budget from Empire; attend to creditor correspondence; discussion with G. Cerrato re file status and issues; discussion with R. Kennedy at Dentons re status of accounting records and related issues.	1.2

Date	Professional	Description	Hrs.
8-Mar-17	Cerrato, Gary	Review of receivership application motion record; call with M. Luna, bookkeeper, to obtain certain financial records; call with DUCA credit union to determine what happened to the \$1.0 million cash collateral; call with R. Buzzell from Centurion to discuss disbursement approval procedures prior to receivership; review of cash flow forecast provided by Empire; call with J. DaRe counsel for Resform Construction to discuss his client's lien claim and the equipment on site, including the crane; review of financial information received; arrange to seize \$280K in the BMO operating bank account; strategize on administration with M. Chow.	2.8
8-Mar-17	Chow, Mark	Discussion with J. Parisi re file status and issues; discussion with G. Cerrato re administrative issues and books and records and assets; discussion with D. Michaud re operational issues; discussion with R. Buzzell re operational issues and procedures; discuss status of assets; review correspondence from L. Santiguida re draft cash flow budget and related costs; discussion with G. Cerrato re file issues and operational issues.	1.3
9-Mar-17	Chow, Mark	Discussion with G. Cerrato re operational issues, cash flow budget, assets, and meeting with debtor.	0.5
9-Mar-17	Cerrato, Gary	Call with creditor re lien claim and lifting stay; review of financial information; call with L. Santiguida re various issues and arrange for a meeting to discuss and obtain marketing information; review of other correspondence.	1.0
9-Mar-17	Parisi, Josie	Call with G. Cerrato and L. Santiguida regarding Terrasan; gathering information; update, status of refinancing.	2.4
10-Mar-17	Chow, Mark	Call to P. Pellegrino; discussion with G. Cerrato re file issues; discuss meeting with L. Santiguida; discuss operational issues; discuss sales process and related issues.	0.8
13-Mar-17	Chow, Mark	Discussion with P. Pellegrino re cash flow budget and invoice approval process; review correspondence from same re expenses to be paid.	0.5
14-Mar-17	Chow, Mark	Discussion with G. Cerrato re operations and procedural issues for paying expenses; fwd. invoices received to G. Cerrato; discuss operational expenditures and context of the court order; review cash flow and additions to same; discussion with R. Kennedy at Dentons re operational issues and sales process issues.	1.5

Date	Professional	Description	Hrs.
14-Mar-17	Cerrato, Gary	Call with R. Kennedy together with M. Chow to discuss upcoming motion and discuss cash flow projection; review of emails from Melvin re additions to cash flow; call with P. Pellegrino re cash flow projection and process to obtain approvals for disbursements; review of disbursement requests.	2.4
15-Mar-17	Cerrato, Gary	Call with J. Parisi to discuss cash disbursements and cash flow projection; call with L. Santiguida re same.	1.0
15-Mar-17	Chow, Mark	Review update memo from P. Pellegrino; discussion with J. Parisi re file status and issues.	0.3
16-Mar-17	Cerrato, Gary	Conference call with J. Parisi together with L. Santiguida to discuss funding requirements and access to marketing materials; discussions with J. Parisi re same and other issues.	1.5
16-Mar-17	Parisi, Josie	Call with L. Santiguida and G. Cerrato.	0.6
16-Mar-17	Montesano, Tony	Contact M. Gendron at BMO regarding update request to freeze company's account and forward balance of funds in account to receiver; advised to contact M. Rocha bank manager at BMO branch where account is held; Ms. Rocha advised that our request was forwarded to their head office for processing.	0.2
17-Mar-17	Marchand, Matthew	Discussion with R. Farkas re data room; discussion with M. Siha re same; correspondence with G. Cerrato re same.	0.3
17-Mar-17	Parisi, Josie	Review various emails from Melvin re payments. Discussions with G. Cerrato re process for payments going forward; calls from various creditors regarding the receivership.	1.4



Our Fee	\$ 21,931.10
Disbursements	
Administrative Fee - 4%	<u>877.24</u>
Subtotal	22,808.34
HST - 13.00% (#R101518124)	<u>2,965.08</u>
TOTAL	<u><u>\$ 25,773.43</u></u>

Summary of Time Charges:

	Hours	Rate	Amount
M. Chow, Partner	18.00	595.00	10,710.00
J. Parisi, Partner	10.30	495.00	5,098.50
G. Cerrato, Senior Manager	10.20	465.00	4,743.00
M. Marchand, Manager	0.60	305.00	183.00
T. Montesano, Administrator	1.20	198.00	237.60
K. Leung, Administrator	3.50	175.00	612.50
Administrative Support	2.40		346.50
Total	<u>46.20</u>		<u>\$ 21,931.10</u>

TAB 3

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

THE HONOURABLE JUSTICE)
)
)

MONDAY, THE 3rd DAY OF
APRIL, 2017

BETWEEN:

CENTURION MORTGAGE CAPITAL CORPORATION

Applicant

and

TERRASAN 327 ROYAL YORK RD. LIMITED

Respondent

SALE PROCESS ORDER

THIS MOTION, made by BDO Canada Limited, in its capacity as Court appointed receiver and manager (the “**Receiver**”) of the assets, undertakings and properties of Terrasan 327 Royal York Rd. Limited (“**Terrasan**”) for an order approving the sale process, set out in **Schedule “A”** hereto (the “**Sale Process**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report of the Receiver dated March 27, 2017 (the “**First Report**”), and on hearing the submissions of counsel for the Receiver, and any such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Amanda Campbell sworn March 28, 2017, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is abridged and validated such that this Motion is properly returnable today, and further service of the Notice of Motion and the Motion Record is hereby dispensed with.

RECEIVER'S ACTIVITIES

2. **THIS COURT ORDERS** that the First Report is approved and the activities of the Receiver as described therein.

3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver, as set out in the First Report, be and are hereby approved.

SALE PROCESS

4. **THIS COURT ORDERS** that the Sale Process be and is hereby approved and that the Receiver is authorized and directed to commence the Sale Process for the purpose of soliciting interest in and opportunities for a sale of the property and assets of Terrasan.

5. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to perform its obligations under the Sale Process, and to do all things reasonably necessary to do so.

6. **THIS COURT ORDERS** the Receiver and its respective affiliates, partners, employees and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from gross negligence or wilful misconduct of the Receiver in performing its obligations under the Sale Process (as determined by this Court).

GENERAL

7. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions on the discharge of its duties and powers hereunder.

Schedule “A” – Sale Process

Sale Process

Set forth below is the sale process (the “**Sale Process**”) to be employed with respect to the proposed sale of all or substantially all of the business and assets (the “**Assets**”) of Terrasan 327 Royal York Rd. Limited (“**Terrasan**”).

On February 24, 2017, the Ontario Superior Court of Justice (the “**Court**”) issued an order (the “**Receivership Order**”), appointing BDO Canada Limited as the receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties of Terrasan.

Pursuant to the Receivership Order, the Receiver is authorized to market, advertise and solicit offers in respect of the sale, in whole or in part, of the Assets.

The Sale Process is intended to solicit interest in an acquisition of the Assets, under a fair and competitive sale process pursuant to which all qualified interested parties will be provided with a fair and equal opportunity to participate in the Sale Process.

Notwithstanding anything contained herein, the Receiver shall have the right to enter into an exclusive transaction for the sale of the Assets, or any portion thereof, outside of the Sale Process prior to the selection of a Successful Bidder (as defined herein).

Timeline

The following table sets out the key milestones under the Sale Process:

Milestone	Deadline
Non-Binding APA Deadline	May 12, 2017
Binding APA Deadline	July 28, 2017
Sale Approval Motion	August 18, 2017
Closing Date	August 25, 2017

Subject to the terms contained herein and any order of the Court, the dates set out in the Sale Process may be extended by the Receiver, in its sole discretion acting reasonably, all with a view of maximizing the value of the Assets.

Sale Process

The Sale Process set forth herein describes, among other things: (i) the Assets available for sale, (ii) the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Assets, (iii) the manner in which bidders can be

determined to be a Phase 1 Qualified Bidder (as defined herein), (iv) the timing of delivering a Non-Binding APA (as defined herein), (v) the manner in which bids are to be received and negotiated, (vi) the ultimate selection of any Successful Bidder (as defined herein) and the process leading up to that selection, and (vii) the approval thereof by the Court.

Assets To Be Sold

The Receiver, in accordance with this Sale Process, is offering for sale, in one or more transactions, the Assets. The Receiver reserves the right to eliminate certain assets available for sale pursuant to the Sale Process prior to the Non-Binding APA Deadline (as defined below).

“As Is, Where Is”

The sale of the Assets will be on an “as is, where is” basis without representations or warranties of any kind, nature or description by the Receiver, or any of their respective directors, officers, partners, employees, agents, advisors or estates, except to the extent as may be set forth in a Binding APA (as defined herein), and approved by the Court. By submitting a bid, each Potential Bidder (as defined herein) shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Assets or the completeness of any information provided in connection therewith, except as expressly stated in this Sale Process or as set forth in a Binding APA and approved by the Court.

Free Of Any And All Claims And Interests

Except as may otherwise be provided in the Successful Bidder’s Binding APA, all of the rights, title and interests of Terrasan in and to the Assets, or any portion thereof, will be sold free and clear of all liens and claims (which may be defined in an Approval and Vesting Order (as defined herein)), subject to any permitted encumbrances (which may be defined in an Approval and Vesting Order), pursuant to an order by the Court approving the sale of the Assets, or a portion thereof, and vesting in the Successful Bidder all of Terrasan’s rights, title and interests in and to such Assets, or a portion thereof, by way of an approval and vesting order (the “**Approval and Vesting Order**”). For greater certainty, such liens and claims are to attach to the net proceeds of the sale of such Assets following the granting of the Approval and Vesting Order.

Publication Notice

Within seven (7) business days of the granting of the Sale Process order by the Court (the “**Sale Process Order**”), or as soon as practicable thereafter the Receiver shall publish notice of

this Sale Process: (i) in The Globe and Mail (National Edition), the Daily Commercial News, the NRU GTA Weekly Newsletter, the MLS and / or ICX (through a third party provider), (ii) in any other relevant publication that may advertise and potentially solicit interest in the Assets, and (iii) by posting a copy of the Teaser Letter (as defined herein) on the Axial website.

Solicitation of Interest

As soon as reasonably practicable after the granting of the Sale Process Order, the Receiver will prepare an initial offering summary (the “**Teaser Letter**”) notifying prospective purchasers of the existence of the Sale Process and inviting prospective purchasers to express their interest in making an offer for the Assets pursuant to the terms of the Sale Process.

Participation Requirements

Unless otherwise ordered by the Court or as otherwise determined by the Receiver, each person who wishes to participate in the Sale Process, (a “**Potential Bidder**”) must deliver to the Receiver, an executed non-disclosure agreement (“**NDA**”), in the form attached herein as **Schedule “A”**, prior to the distribution of any confidential information by the Receiver.

If it is determined by the Receiver, in its reasonable business judgment, that a Potential Bidder: (i) has a *bona fide* interest in an acquisition of the Assets; and (ii) has delivered the NDA, then such Potential Bidder will be deemed by the Receiver to be a “**Phase 1 Qualified Bidder**”.

The Receiver will prepare and send to each Phase 1 Qualified Bidder, as soon as reasonably practicable, a confidential information memorandum which will provide, among other things, information considered relevant to the Sale Process.

Due Diligence

The Receiver, in its reasonable business judgment, and subject to competitive and other business considerations, may give each Phase 1 Qualified Bidder, such access to due diligence materials and information relating to the Assets as the Receiver deems appropriate. Due diligence access may include access to an electronic data room (a “**Data Room**”), on-site inspections, and other matters which a Phase 1 Qualified Bidder may reasonably request and as to which the Receiver, in its reasonable business judgment, may agree. The Receiver may designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such requests must be communicated. Neither the Receiver nor any of its affiliates (or any of its respective representatives) will be obligated to furnish any information relating to the Assets to any person, in its discretion. The Receiver makes no representation or warranty as to the information to be

provided through this due diligence process or otherwise, except as may be set forth in a Binding APA with the Successful Bidder.

Non-Binding APA Deadline

A Phase 1 Qualified Bidder that desires to make a bid shall deliver written copies of its bid, in the form of the template asset purchase agreement located in the Data Room (the “**APA**”), together with a blackline outlining all changes made to the APA (a “**Non-Binding APA**”), to the Receiver as follows: Attn: Gary Cerrato, e-mail gcerrato@bdo.ca, fax (416) 865-0904, so as to be received by the Receiver no later than May 12, 2017 at 5:00 p.m. (ET) (as may be extended as set out below, the “**Non-Binding APA Deadline**”). The Receiver, may extend the Non-Binding APA Deadline, once or successively, but is not obligated to do so. If the Non-Binding APA Deadline is extended, the Receiver will promptly notify all Phase 1 Qualified Bidders.

Qualified APA

A Non-Binding APA will be considered a qualified APA only if the Non-Binding APA is submitted by a Phase 1 Qualified Bidder and complies with all of the following (a “**Qualified APA**”):

- (a) the bid (either individually or in combination with other bids that make up one Qualified APA) is an offer to purchase some or all of the Assets on terms and conditions reasonably acceptable to the Receiver;
- (b) it is duly authorized and executed, and includes a purchase price for the Assets expressed in Canadian dollars (the “**Purchase Price**”), together with all exhibits, schedules and all applicable ancillary agreements thereto;
- (c) it includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Receiver to make a reasonable determination as to the Phase 1 Qualified Bidder’s financial and other capabilities to consummate the proposed sale and pay the Purchase Price;
- (d) it provides all of the conditions associated with unperformed due diligence that is required to be conducted in order to proceed with a Binding APA. For greater certainty, such conditions cannot relate to any financing condition;
- (e) it fully discloses the identity of each entity that will be bidding for the Assets or otherwise sponsoring, financing, participating or benefiting from such bid;
- (f) it includes an acknowledgement and representation of the Phase 1 Qualified Bidder that: (i) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and (ii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise,

regarding the Assets or the completeness of any information provided in connection therewith;

- (g) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Phase 1 Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Qualified APA submitted by the Phase 1 Qualified Bidder;
- (h) provides a deposit in the amount of not less than 5% of the Purchase Price offered by the Phase 1 Qualified Bidder (the "**Deposit**"); and
- (i) it is received by the Receiver by the Non-Binding APA Deadline.

The Receiver may determine whether to entertain bids for the Assets that do not conform to one or more of the requirements specified herein and deem such bids to be a Qualified APA.

The Receiver shall notify each Phase 1 Qualified Bidder in writing as to whether such Phase 1 Qualified Bidder's APA constituted a Qualified APA within five (5) business days following the expiration of the Non-Binding APA Deadline, or at such later time as the Receiver deems appropriate. If such notification is provided, then such Phase 1 Qualified Bidder will be deemed to be a "**Phase 2 Qualified Bidder**".

If the Receiver is not satisfied with the number or terms of bids submitted by the Non-Binding APA Deadline, the Receiver may extend the Non-Binding APA Deadline or cancel the Sale Process.

Binding APA Deadline

The Receiver will take all reasonable steps to negotiate and assist Phase 2 Qualified Bidder(s) in completing its unperformed due diligence, or any other bid matters including any discussions or negotiations required to be completed with any stakeholders in the receivership proceedings of Terrasan, with a view of submitting: (i) a further binding APA (a "**Binding APA**") on or before July 28, 2017 (the "**Binding APA Deadline**"), and (ii) a blackline outlining all changes made to the APA, for consideration by the Receiver. For greater certainty, a Binding APA shall:

- (a) be delivered to the Receiver prior to the Binding APA Deadline;
- (b) replace and supersede the Non-Binding APA submitted by a Phase 2 Qualified Bidder;
- (c) comply with all of the requirements set forth in respect of a Qualified APA;

- (d) include a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable and open for acceptance until the Successful APA (as defined herein) is selected by the Receiver;
- (e) include written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Receiver to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
- (f) not to be conditioned on: (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, and/or (ii) obtaining financing;
- (g) fully disclose the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;
- (h) provide the Deposit (as may be adjusted);
- (i) include acknowledgments and representations of the Phase 2 Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Assets and Terrasan prior to making its bid, (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Assets or the completeness of any information provided in connection therewith; and
- (j) the bid contemplates closing the transaction set out therein on or before August 25, 2017 (the "**Closing Date**").

The Receiver may determine whether to entertain bids for the Assets that do not conform to one or more of the requirements specified herein and deem such bids to be a Binding APA.

Evaluation of Binding APA

A Binding APA will be valued based upon several factors including, without limitation, items such as the Purchase Price and the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the counterparties to such transactions, the proposed transaction documents, other factors affecting the speed and certainty of the closing of the transaction, the value of the transaction, the assets included or excluded from the bid, the transition services required from the Receiver (if any), any related transaction costs, and the likelihood and timing of consummating such transactions, each as determined by the Receiver.

Each Phase 2 Qualified Bidder shall comply with all reasonable requests for additional information by the Receiver regarding the Phase 2 Qualified Bidder or the Binding APA. Failure of a Phase 2 Qualified Bidder to comply with requests for additional information will be a basis for the Receiver to reject a Binding APA.

Selection of Successful APA

The Receiver will review and evaluate each Binding APA. Each Binding APA may be negotiated by the Receiver and the applicable Phase 2 Qualified Bidder submitting the Binding APA (the “**Unconditional Bidder**”), and may be amended, modified or varied to improve such Binding APA and as a result of such negotiations, the Receiver may: (i) identify the highest or otherwise best offer for the Assets (the “**Successful APA**”, and the Unconditional Bidder making such Successful APA, the “**Successful Bidder**”), or (ii) in the event no Successful Bidder is declared, reject each Binding APA and may ask any Unconditional Bidder to resubmit a revised Binding APA. The determination of a Successful APA by the Receiver, shall be subject to approval by the Court.

Notwithstanding the foregoing, a Binding APA may not be withdrawn, modified or amended without the written consent of the Receiver prior to the Successful APA being determined. Any such withdrawal, modification or amendment made without the written consent of the Receiver prior to the Successful APA being determined shall result in the forfeiture of such Unconditional Bidder’s deposit as liquidated damages and not as a penalty.

In the event an Unconditional Bidder is not selected as a Successful Bidder, the Deposit shall be returned to the Unconditional Bidder as soon as reasonably practicable.

The Receiver shall have no obligation to select a Successful APA, and it reserves the right to reject any or all Binding APAs.

Sale Approval Motion Hearing

The motion for an order of the Court approving any Successful APA (the “**Sale Approval Motion**”) shall be sought and include, among other things, the approval from the Court to consummate the Successful APA. The Sale Approval Motion shall be heard on or before August 18, 2017.

All of the Binding APAs other than the Successful APA, if any, shall be deemed rejected by the Receiver on and as of the date of closing of the transaction contemplated by the Successful APA.

Reservation of Rights

The Receiver may: (a) determine which Binding APA, if any, is the highest or otherwise best offer; (b) reject at any time before the issuance and entry of an order approving a Binding APA, any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Sale Process or any order of the Court, or (iii) contrary to the best interests of the receivership estate, and (c) may modify the Sale Process or impose additional terms and conditions on the sale of the Assets.

Miscellaneous

This Sale Process is solely for the benefit of the Receiver and nothing contained in the Sale Process Order or this Sale Process shall create any rights in any other person or bidder (including without limitation rights as third party beneficiaries or otherwise).

Except as provided in the Sale Process Order and Sale Process, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Sale Process Order and the Sale Process.

Limitation of Liability

The Receiver shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Terrasan, or any creditor or other stakeholder, for any act or omission related to the Sale Process. By submitting a bid, each Potential Bidder shall be deemed to have agreed that it has no claim against the Receiver for any reason whatsoever.

Schedule "A"
Non-Disclosure Agreement

PRIVATE & CONFIDENTIAL

► [Potential Bidder Organization Name and Address]

Dear Sirs:

Re: Confidential Information with respect to Terrasan 327 Royal York Rd. Ltd. (the "Debtor")

In accordance with the terms of the Sale Process approved by the Ontario Superior Court of Justice (Commercial List) on _____ (the "**Sale Process**") you have requested access to due diligence and other materials relating to the business and assets (the "**Assets**") of the Debtor, such access to be coordinated by BDO Canada Limited, in its capacity as the Court-appointed Receiver in the receivership proceedings (the "**Receivership Proceedings**") of the Debtor (the "**Receiver**"). You will treat confidentially any information the Receiver or its representatives furnish to you in connection with the Assets (the "**Evaluation Material**"), provided, however, that the term "Evaluation Material" does not include information that: (a) was or becomes generally available to the public or to you on a non-confidential basis through no fault or breach of this agreement on your part or on the part of any of your directors, officers, employees or agents (including investment bankers, financing sources, accountants, and attorneys) (all such directors, officers, employees or agents referred to collectively as, "**Representatives**"); (b) was independently developed by you or your affiliates without reference to the Evaluation Material; or (c) was provided to you by a third party not known to you, after due inquiry, to be subject to confidentiality obligations.

You shall use the same degree of care as you use to protect your own confidential information of a similar nature, but not less than reasonable care, to prevent the unauthorized use, dissemination or publication of the Evaluation Material.

You agree that you will not use the Evaluation Material for any purpose other than evaluating your interest in purchasing some or all of the Assets; provided, however, that you may disclose

any Evaluation Material to your Representatives who need to know such information for the purpose of evaluating the possible purchase of the Assets (it being understood that you shall inform such Representatives of the confidential nature of such information and that, by receiving such information, they agree to abide by the terms this Agreement), provided that you will be responsible for any breach of the provisions of this Agreement by any such Representatives. Upon gaining access to the Evaluation Material, you will not contact any director, officer, employee or stakeholder of the Debtor or its affiliates with respect to the Evaluation Material or any other matter contemplated in this Agreement, without the express consent of the Receiver. In the event you are deemed a "Phase 2 Qualified Bidder" in accordance with the terms of the Sale Process, the Receiver may assist and coordinate meetings, discussions, and other communications between you and the aforementioned parties, all with a view of assisting you in submitting a "Binding APA" pursuant to the Sale Process.

In the event that you are required by applicable law or legal process or regulatory body or agency to disclose any part of the Evaluation Material, you will, to the extent permitted by law, give the Receiver prompt notice of such request so that the Receiver may seek an appropriate protective order. If in the absence of a protective order you are nonetheless compelled to disclose any part of the Evaluation Material, you may disclose such information (but only to the extent necessary to comply with your legal obligations) without liability hereunder, provided, however, that you give the Receiver written notice of the information to be disclosed as far in advance of its disclosure as is practicable and legally permitted. Upon the Receiver's request, you will use your commercially reasonable efforts to obtain assurances that confidential treatment will be accorded to such information.

Upon the Receiver's written request, you shall return promptly to the Receiver or destroy all copies of the Evaluation Material and you shall provide promptly a written certificate to the Receiver confirming your compliance with this Agreement. Notwithstanding the foregoing, on written notice to the Receiver concurrently with the provision of the aforementioned written certificate, you may retain a copy of the Evaluation Material to the extent required in order to comply with regulatory and internal record retention requirements.

You agree that (a) the Receiver reserves the right, in its reasonable business judgment, and subject to competitive and other business considerations, to decline access to all or part of the Evaluation Material, and (b) the Receiver reserves the right to reject any and all offers for the Assets or to terminate discussions and negotiations with you at any time all in accordance with the terms of the Sale Process. The exercise by the Receiver of these rights shall not affect the enforceability of any provision of this Agreement.

You acknowledge and agree that neither the Debtor nor the Receiver nor their representatives have made or make any representation or warranty as to the accuracy or completeness of the

Evaluation Material. You agree that neither the Debtor nor the Receiver nor their representatives shall have any liability to you or any of your Representatives resulting from the use of, or reliance on, the Evaluation Material. You agree that if you determine to engage in a transaction with the Receiver, such determination will be based solely on the terms of any definitive written agreement covering that transaction and on your own investigation, analysis and evaluation of the transaction.

You agree that damages may not be a sufficient remedy for any breach of this Agreement by you or your Representatives, and that in addition to all other remedies, the Receiver shall be entitled to seek specific performance, injunctive relief or other equitable relief as a remedy for any such breach.

You agree that this Agreement, and any rights of the Debtor or Receiver hereunder, shall inure to the benefit of any party that enters into a transaction contemplated by the Sale Process.

The Receiver may disclose the existence of this agreement, the identities of the parties hereto and any other information in respect of this agreement, or a transaction proposed by any party hereto, to the extent required in connection with the Receivership Proceedings or applicable laws, to any other person.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. This Agreement and the rights and obligations of the parties will terminate two years from the date hereof.

Please indicate your agreement with the foregoing by signing and returning one copy of this agreement to:

[NTD]

Yours very truly,

**TERRASAN 327 ROYAL YORK RD.
LIMITED , by its court appointed receiver
BDO Canada Limited., and not in any other
capacity**

Per:

_____ Name:

Title:

Confirmed and agreed to this _____ day of _____, 2017

► **[Potential Bidder Organization Name]**

Per: _____

Name:

Title:

(I have the authority to bind the corporation)

CENTURION MORTGAGE CAPITAL CORPORATION

and

TERRASAN 327 ROYAL YORK RD. LIMITED

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

ORDER
(Sale Process)

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: 416-863-4592

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Counsel to the Receiver

CENTURION MORTGAGE CAPITAL CORPORATION and **TERRASAN 327 ROYAL YORK RD. LIMITED**

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

MOTION RECORD
(Returnable April 3, 2017)

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, Ontario M5K 0A1

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Lawyers for the Receiver