

Court File No. CV-21-00672848-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

THIRD REPORT TO COURT
OF ALVAREZ & MARSAL CANADA INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER
OF IDEAL (BC) DEVELOPMENTS INC.

JULY 7, 2022

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1.0 INTRODUCTION

- 1.1 This report (the “**Third Report**”) is filed by Alvarez & Marsal Canada Inc. (“**A&M**”) in its capacity as Court-appointed receiver and manager (in such capacity, the “**Receiver**”), without security, of all of the assets, undertakings and property of Ideal (BC) Developments Inc. (“**Ideal BC**” or the “**Company**”), including the lands and premises located at 2, 6, and 8 Bond Crescent and 8, 10, 12, 14, 16, and 18 Bostwick Crescent, Richmond Hill, Ontario (collectively, the “**Property**”).
- 1.2 Pursuant to an order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (the “**Court**”) made on December 17, 2021 (the “**Receivership Date**”) upon application by C&K Mortgage Services Inc. (“**C&K**”) and Canadian Western Trust Company (collectively, the “**Applicants**”), A&M was appointed Receiver of Ideal BC. A copy of the Appointment Order is attached hereto as **Appendix “A”**. A copy of the First Report to Court of the Receiver dated January 18, 2022 (the “**First Report**”), without appendices, is attached hereto as **Appendix “B”**; the Second Report to Court of the Receiver dated April 25, 2022 (the “**Second Report**”), without appendices, is attached hereto as **Appendix “C”**; and the Supplement to the Second Report (the “**Second Report Supplement**”), without appendices, is attached hereto as **Appendix “D”**.
- 1.3 Background information with respect to Ideal BC and the circumstances leading to the appointment of the Receiver are included in the First Report and the Second Report.
- 1.4 On January 25, 2022, the Court made an Order (the “**Sale Process Order**”), which, among other things, approved a marketing and sale process for the Property. Copies of the Sale

Process Order and Endorsement of Justice McEwen are attached hereto collectively as **Appendix “E”**.

1.5 On May 3, 2022, the Court made Orders (as amended) (the “**Approval and Vesting Order**” and the “**Distribution Order**”), which among other things:

- (i) approved the transaction (the “**Transaction**”) for the sale of the Property as contemplated by an agreement of purchase and sale between the Receiver and 1000162801 Ontario Corp¹. (the “**Purchaser**”);
- (ii) authorized and directed the Receiver to make distributions in respect of the Receivers Borrowings, the C&K Charge and the Feature \$3M Charge (as defined below); and
- (iii) provided that net proceeds from the sale of the Property shall stand in place of the Property for the purposes of determining the nature and priority of the claims by MarshallZehr under the MZ Writ and Feature under the Feature \$2M Charge (all as defined below).

1.6 Copies of the Amended Approval and Vesting Order of Justice Gilmore dated May 12, 2022 (the “**Amended Approval and Vesting Order**”)² and the Distribution Order dated May 3, 2022 are attached hereto as **Appendix “F”**, and **Appendix “G”**, respectively. A copy of the Endorsement of Justice Gilmore dated May 3, 2022 is attached hereto as **Appendix “H”**.

¹ As described in the Approval and Vesting Order, the Sale Agreement (defined below) was executed on April 22, 2022 between the Receiver and Amercan. The Sale Agreement was later assigned to 1000162801 Ontario Corp.

² The Approval and Vesting Order was amended to correct certain typographical errors.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Third Report, the Receiver has relied upon unaudited financial information, books and records and other documents provided by, and discussions with, the former management of Ideal BC (the “**Information**”).
- 2.2 The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the Information.
- 2.3 This Third Report has been prepared for the use of this Court and Ideal BC’s stakeholders as general information relating to the receivership proceeding (the “**Receivership Proceeding**”) and to assist the Court in making a determination of whether to approve the relief sought herein. Accordingly, the reader is cautioned that this Third Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Third Report different than the provisions of this paragraph.
- 2.4 Unless otherwise stated, all monetary amounts contained in this Third Report are expressed in Canadian dollars.

2.5 Further information about Ideal BC, its background and copies of materials filed in the Proceedings are available on the Receiver's website at: www.alvarezandmarsal.com/idealbc (the "**Case Website**").

3.0 PURPOSE OF THIS REPORT

3.1 The purpose of this Third Report is to:

- (a) report to the Court on the completion of the Transaction;
- (b) provide an update on key aspects of the Receivership Proceeding, and remaining activities of the Receiver;
- (c) report to the Court on the Receiver's activities since the date of the Second Report; and
- (d) support the Receiver's motion for orders, among other things:
 - (i) authorizing the Receiver to make a distribution to Feature Corp. ("**Feature**") in respect of the Feature \$2M Charge (as defined herein); and to MarshallZehr Group Inc. ("**MarshallZehr**") in respect of the MZ Judgment (as defined herein);
 - (ii) authorizing and directing the Receiver to refund to the Purchaser (i) the Estimated Net Purchase Price Adjustment and (ii) the Remaining Funds (both as defined herein);
 - (iii) waiving any and all applicable statutory notice periods to which the Receiver or the Company may be entitled under the Ontario New Home Warranties Plan

Act (Ontario), R.S.O. 1990, c. 0.31, as amended, and the regulations promulgated thereunder (together, the “**ONHWP**”) in respect of any deposit or other warranty claims made to Tarion Corporation (“**Tarion**”) under the ONHWP;

- (iv) approving the fees and disbursements of the Receiver and the fees and disbursements of the Receiver’s independent counsel, Chaitons LLP (“**Chaitons**”);
- (v) approving the discharge of the Receiver upon the filing of the Discharge Certificate in the form substantially as set out as **Appendix “I”**, certifying that the remaining receivership tasks described herein have been completed by the Receiver;
- (vi) approving this Third Report and the activities of the Receiver described herein.

4.0 BACKGROUND IN RESPECT OF PROPERTY CHARGES

- 4.1 As further described in the Second Report, the Receiver obtained a legal opinion from Chaitons confirming that the charges registered against title to the Property as listed below (the “**Charges**”) are valid and enforceable, subject to certain assumptions and qualifications typically included in opinions provided to trustees or receivers in insolvency proceedings.
- 4.2 Relative priorities of the Charges are as follows, based on their order of registration, postponements of interest granted and registered against the Property, and independent

confirmation by each of the Applicants, Amercan Corp. (“**Amercan**”) and Feature (and/or their respective counsel):

- (a) First – the charge in favour of the Applicants in the principal amount of \$15 million (the “**C&K Charge**”);
- (b) Second – the charge in favour of Amercan in the principal amount of USD \$1 million (the “**Amercan \$1M Charge**”);
- (c) Third – the charge in favour of Feature in the principal amount of \$3 million (the “**Feature \$3M Charge**”);
- (d) Fourth – the charge in favour of Feature in the principal amount of \$2 million (the “**Feature \$2M Charge**”); and
- (e) Fifth – the charge in favour of Amercan in the principal amount of \$5 million (the “**Amercan \$5M Charge**”).

4.3 In addition, the Receiver understands that MarshallZehr filed a writ of seizure and sale with the Sheriff of the Regional Municipality of York (Newmarket), effective August 31, 2021, against Ideal BC and related parties (the “**MZ Writ**”) in connection with a judgment against those parties in the amount of \$162,071.09 plus costs of \$30,000, fees and interest accruing from March 11, 2021 (the “**MZ Judgment**”) and pursuant to Section 14 of the Creditors' Relief Act, 2010, an execution creditor has priority over a charge registered subsequent to an execution. As the Amercan \$5M Charge was registered against the Property on November 3, 2021, being after the filing date of the MZ Writ, the Receiver’s

understanding is that MZ is entitled to repayment of the MZ Judgment in priority to the Amercan \$5M Charge.

5.0 SALE OF THE PROPERTY AND DISTRIBUTIONS

5.1 As described further in the Second Report, on April 22, 2022, the Receiver finalized the sale agreement with the Purchaser (the “**Sale Agreement**”). The Transaction closed on May 30, 2022 (the “**Closing Date**”). A copy of the Receiver’s Certificate in respect of the Transaction is attached as **Appendix “J”**. The Distribution Order provided that the Sale Agreement shall be sealed until closing of the Transaction. An unredacted copy of the Sale Agreement is attached as **Appendix “K”**.

5.2 As defined in the Sale Agreement, the Purchase Price was calculated as the sum of (A) the Cash Amount (as defined below) and (B) the Assumed Debt (meaning amounts payable to Amercan pursuant to the Amercan \$1M Charge and the Amercan \$5M Charge).

5.3 The Cash Amount is defined as the greater of (A) \$21,750,000 and (B) the sum of the following amounts:

- (a) all amounts which are secured by liens in favour of a Governmental Authority (including deemed trusts) that encumber the Property and rank in priority to the Receiver’s Charge as defined in the Appointment Order, arising by operation of any applicable statutory law or otherwise, and including all accrued real property taxes;
- (b) real estate commissions due on the sale of the Property;
- (c) amounts payable under the Receiver’s Borrowings Charge (as defined in the Appointment Order);

- (d) the Receiver's costs (including legal expenses) to complete the administration of the receivership;
- (e) amounts payable in respect of the C&K Charge;
- (f) amounts payable to Feature secured by its mortgages against the Property; and
- (g) amounts payable to MarshallZehr in respect of the MZ Judgment.

5.4 As certain costs included in the definition of Cash Amount were estimates as of the Closing Date, the Sale Agreement provided that an estimate of the Cash Amount was to be provided by the Receiver to the Purchaser prior to the Closing Date and that the Purchaser accept this amount as the amount payable on closing (the "**Closing Estimate**"). The Sale Agreement also provides that the Receiver will complete a reconciliation of the Cash Amount as soon as reasonably practicable after closing and will refund any amount properly repayable to the Purchaser.

5.5 On the Closing Date, the Transaction closed based on a Closing Estimate of \$30.84 million. Following closing of the Transaction, the Receiver made distributions to the Applicants in the amount of \$154,579 to fully repay amounts owing under the Receiver's Borrowings, including interest, and to Feature in the amount \$3,479,542 in respect of the Feature \$3M Charge including interest, fees and other recoverable amounts. A summary of the Closing Estimate is attached as **Appendix "L"**.

5.6 The Distribution Order also authorized the Receiver to distribute amounts owing to the Applicants under the C&K Charge. As C&K provided the Purchaser with financing to complete the Transaction, the Receiver, C&K and the Purchaser entered into an agreement

(the “**Acknowledgement of Distribution/Advance**”) whereby the Receiver credited the Purchaser the total amount outstanding under the C&K Charge (the “**C&K Charge Credit**”). A copy of the Acknowledgement of Distribution/Advance is attached as **Appendix “M”**. The C&K Charge Credit provided for a distribution to the Applicants in the amount of \$16,111,685 to fully repay amounts owing under the C&K Charge, including interest, fees and other recoverable amounts, and represented the full and final satisfaction of the Receiver’s obligation under the C&K Charge.

6.0 DISTRIBUTIONS TO FEATURE AND MARSHALLZEHR

6.1 The Receiver’s motion record in respect of the Distribution Order originally contemplated that, upon closing of the Transaction, all amounts owing to the Applicants, Feature and MarshallZehr would be distributed out of net proceeds from the sale of the Property. As further described in the Second Report Supplement, on May 2, 2022, legal counsel to certain Unit Purchasers (“**Certain Unit Purchaser Counsel**”) wrote to Chaitons indicating, among other things, that they “will be asking that the Court decline to order the proposed distribution to Feature [under the Feature \$2M Charge] on the basis of the information presented to date”. The Receiver and Feature agreed that the issue of distribution under the Feature \$2M Charge would be dealt with at a later date and the proposed Distribution Order was amended accordingly.

6.2 The Receiver understands that counsel to Feature subsequently provided additional information and documents to Certain Unit Purchaser Counsel. On June 13, 2022, Certain Unit Purchaser Counsel sent an email to counsel to Feature and Chaitons indicating that its

clients would not oppose a distribution to Feature in respect of the Feature \$2M Charge (a copy of that email message is attached as **Appendix “N”**).

6.3 As the Receiver is not aware of any further opposition to distribution in respect of the Feature \$2M Charge, the Receiver seeks the Court’s approval to make a distribution in respect of same. The Receiver has received an updated copy of Feature’s payout statement (attached as **Appendix “O”**), which indicates a projected outstanding balance of \$2,350,518 as of July 15, 2022. The Receiver is satisfied with the calculations in this payout statement.

6.4 As noted above, the Cash Amount included amounts payable to MarshallZehr in respect of the MZ Judgment, and amount equal to the estimated value of the MZ Judgment was paid by the Purchaser as part of the Cash Amount. The Receiver seeks the Court’s approval to make a distribution in respect of the MZ Judgment. The Receiver has been provided an acknowledgement and release from MarshallZehr confirming a balance outstanding as of July 15, 2022 of \$200,619.72 (the “**MZ Acknowledgement and Release**”). A copy of the MZ Acknowledgement and Release is attached as **Appendix “P”**.

7.0 TRANSACTION PURCHASE PRICE RECONCILIATION

As noted above, the Sale Agreement provides that the Receiver will complete a reconciliation of the Cash Amount as soon as reasonably practicable after the Closing Date and will refund any amount properly repayable to the Purchaser. As set out in the chart

below, the Receiver has calculated that the Purchaser is entitled to an initial refund of approximately \$102,500 (the “**Estimated Net Purchase Price Adjustment**”).

| Purchase Price Reconciliation: CDN (000's) | |
|--|--------------------|
| Purchase Price Estimate as of May 31, 2022 | \$ 30,839.0 |
| Increase in Interest Owing to Feature | 17.0 |
| Increase in Interest Owing to MarshallZehr | 0.8 |
| Decrease in Receiver's Estimate to Complete Receivership Proceedings | (119.2) |
| Other Adjustments | (1.1) |
| <u>Revised Purchase Price</u> | <u>\$ 30,736.5</u> |
| <u>Estimated Net Purchase Price Adjustment</u> | <u>\$ 102.5</u> |

- 7.1 As of the date of this Report, the Receiver has approximately \$2,708,100 of cash on hand (see Section 7 below for an update on the Receiver’s Interim Statement of Receipts and Disbursements). Accordingly, should the proposed Order be granted, the Receiver will distribute approximately \$2,551,100 to Feature and MarshallZehr and in respect of the Feature \$2M Charge and MZ Judgment (“**Remaining Charges**”) and approximately \$102,500 as the Estimated Net Purchase Price Adjustment to the Purchaser. Following such distribution, the Receiver expects to have approximately \$54,500 remaining to complete the administration of these Receivership Proceeding, including for final fees and costs of the Receiver and Chaitons, remaining administrative costs and additional Property sale commissions owing to Marcus & Millichap Real Estate Investment Services Canada Inc. (“**M&M**”)³. In addition, the Receiver has filed certain HST returns in respect of costs incurred during the Receivership Proceeding. Funds remaining from the cost estimates to

³ Interim Property Sale commissions were paid to M&M based on a preliminary estimated purchase price of \$29.4M. Following the purchase price reconciliation, the Receiver has calculated additional Property sale commission owing to M&M of approximately \$23,200 inclusive of HST.

complete the administration of this proceeding (if any) and/or future HST refunds collected by the Receiver (collectively the “**Remaining Funds**”) will reduce the overall costs of this proceeding, and therefore pursuant to the Sale Agreement, represent a future credit in respect of the Purchase Price. The Receiver therefore seeks an order of this Court to distribute to the Purchaser (i) the Estimated Net Purchase Price Adjustment and (ii) the Remaining Funds (if any).

8.0 RECEIVER’S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

8.1 A summary of the Receiver’s Statement of Receipts and Disbursements for the period December 17, 2021 to July 5, 2022 (the “**Reporting Period**”) is provided below:

| Receipts & Disbursements | |
|---|----------------------|
| <i>For the period of 12/17/21 to 07/05/2022</i> | |
| <i>Figures in CAD</i> | |
| Receipts | |
| Sale Proceeds ¹ | \$ 23,230,747 |
| Receiver's Certificate Advances | 150,000 |
| Deposit Interest | 798 |
| Total Receipts | \$ 23,381,545 |
| Disbursements | |
| Property Sale Commission | \$ 440,373 |
| Professional Fees | 331,030 |
| Property Maintenance & Insurance | 27,594 |
| Property Taxes | 23,357 |
| Interest | 7,449 |
| Bank Fees & Other | 122 |
| HST Paid | 102,250 |
| Total Disbursements | \$ 932,176 |
| Net Cash Flow | \$ 22,449,369 |
| Opening Cash Balance | \$ - |
| Net Cash Flow | 22,449,369 |
| Receiver's Certificate Repayment | (150,000) |
| C&K Charge Distribution | (16,111,685) |
| Feature \$3M Charge Distribution | (3,479,542) |
| Ending Cash Balance | \$ 2,708,142 |

1- Gross Sale Proceeds of \$30.8M, less Assumed Debt of \$7.6M.

- 8.2 Disbursements for the period totalled \$932,176 and comprised primarily of:
- (a) interim payment of commission payable to M&M in respect of the Transaction;
 - (b) professional fees of \$331,030 (including fees paid to the Receiver, and the Receiver's independent counsel, Chaitons);
 - (c) HST paid on fees and costs of \$102,250;
 - (d) property taxes of \$23,357;
 - (e) property maintenance and insurance costs of \$27,594; and
 - (f) interest, bank fees and other costs of \$7,571.

9.0 UNIT PURCHASERS & TARION

- 9.1 As further described in the Second Report, the Receiver understands that as of the Receivership Date, Ideal BC is a party to 28 agreements of purchase and sale with unit purchasers ("**Unit Purchasers**"), and has a recorded liability for deposits of \$5,453,510 in respect of same (the "**Purchaser Deposits**").
- 9.2 The Receiver has held discussions with Tarion, through its external counsel, in respect of the Unit Purchasers and Purchaser Deposits and has been provided with a direct contact from Tarion with whom Unit Purchasers can communicate with any questions regarding their deposits and related matters.
- 9.3 The Receiver understands that Unit Purchasers may be eligible to file a claim with Tarion in relation to their respective Purchaser Deposits. To assist in streamlining the process by which eligible Unit Purchasers may be able to receive compensation from Tarion, in

consultation with counsel to Tarion, the Receiver is seeking the approval of the Court to waive statutory notice periods, if any, to which the Receiver or Ideal BC may be entitled to under the ONHWPA.

10.0 FEES OF THE RECEIVER AND ITS LEGAL COUNSEL

10.1 Pursuant to paragraphs 18 and 19 of the Appointment Order, the Receiver and Chaitons are entitled to be paid their reasonable fees and disbursements at their standard rates and charges and are required to pass their accounts from time to time.

10.2 During the period from December 17, 2022 to June 30, 2022 (the “**A&M Application Period**”), the Receiver expended a total of 326.3 hours in connection with this matter, giving rise to fees and disbursements totaling \$237,524.11 (inclusive of disbursements of \$1,505.83 and HST of \$27,325.78). The Receiver estimates that its fees and expenses from June 30, 2022 to its discharge will not exceed \$15,000, plus HST. Details of the hours spent, the hourly rates and total fees and disbursements for the Receiver for the A&M Application Period, are included in the Affidavit of Stephen J. Ferguson sworn on July 6, 2022 and attached hereto as **Appendix “Q”** (the “**Ferguson Affidavit**”).

10.3 The Receiver believes that the invoices attached to the Ferguson Affidavit accurately reflect the work that was done in connection with this matter and that all of the time spent by the Receiver was reasonable and necessary.

10.4 During the period from December 17, 2022 to June 20, 2022 (the “**Chaitons Application Period**”), Chaitons expended a total of 241 hours in connection with this matter, giving rise to fees and disbursements totaling \$137,091.63 (comprised of fees of \$116,947.00, of

disbursements of \$4,563.97, and HST of \$15,580.66). Chaitons estimates that its fees and expenses from June 20, 2022 to its discharge will not exceed \$10,000, plus HST. Details of the hours spent, the hourly rates and total fees and disbursements for the Receiver for the Chaitons Application Period, are included in the Affidavit of Christopher J. Staples sworn on June 28, 2022 and attached hereto as **Appendix “R”** (the “**Staples Affidavit**”).

10.5 The Receiver confirms that the fees and disbursements set out in the Staples Affidavit relate to advice and assistance sought by the Receiver. It is the Receiver’s view that the fees and disbursements of Chaitons are reasonable and appropriate in the circumstances.

10.6 Assuming no unforeseen expenses, the Receiver estimates that total fees and disbursements to conclude the Receivership Proceedings, including the fees and disbursements of the Receiver and Chaitons from the date of this Third Report to the date of discharge, including bank charges and miscellaneous other costs, will not exceed \$30,000 plus HST.

11.0 ACTIVITIES OF THE RECEIVER TO DATE

11.1 In addition to the activities described in detail in this Third Report, the Receiver has conducted the following activities since the date of the Second Report:

- (a) attended to matters related to the Transaction closing;
- (b) assisted the Purchaser with matters in relation to the Property;
- (c) maintained the Case Website;
- (d) managed the Receiver’s trust account;
- (e) corresponded with key stakeholders in these proceedings;

- (f) arranged for cancellation of insurance coverage for the Property upon completion of the Transaction; and
- (g) prepared this Third Report and brought this motion.

12.0 OTHER RECEIVERSHIP MATTERS

12.1 The only remaining anticipated matters to be completed in connection with the administration of the Receivership Proceeding are as follows:

- (a) attending at Court in respect to this distribution, fee approval and discharge motion;
- (b) collecting final HST refunds;
- (c) responding to information requests from creditors, Tarion and other stakeholders;
- (d) preparing the Receiver's final report and statement of accounts as required by s.246(3) of the BIA; and
- (e) other administrative matters related to the Receiver's appointment.

12.2 In the Second Report, the Receiver noted that, following the closing of the Transaction, it would review with the Company's remaining economic stakeholders potential alternatives for additional recoveries to be pursued. As outlined in the Second Report, while the primary asset of the Company was the Property, significant intercompany transactions had been recorded between Ideal BC and related companies. As further described in the Second Report, as of the Receivership Date, companies related to Ideal BC owed Ideal BC in excess of \$6.8 million. On April 8, 2022, the Receiver issued letters to companies related

to Ideal BC demanding repayment of intercompany balances owing to Ideal BC. As of the date of this Third Report, no response to these letters has been received.

- 12.3 The Receiver has consulted with various stakeholders (through their counsel) to provide notification that the Receiver intended to obtain its discharge at this time given that following repayment of amounts in respect of the Remaining Charges, the Estimated Net Purchase Price Adjustment and the Remaining Amounts, there will be no funds available in the estate to pursue remedies against third parties or to fund a bankruptcy proceeding. Following the Receiver's discharge, the stay of proceedings under the Receivership Order will cease to apply, and creditors will be entitled to pursue such remedies as they deem appropriate.

13.0 CONCLUSIONS AND RECOMMENDATIONS

- 13.1 Based on the foregoing, the Receiver respectfully requests that Court make an order granting the relief sought in the Receiver's Notice of Motion and described in paragraph 3.1(d) of this Third Report.

All of which is respectfully submitted this 7th day of July 2022.

**Alvarez & Marsal Canada Inc., in its capacity as Receiver of
Ideal (BC) Developments Inc., and not in its personal capacity**

A handwritten signature in blue ink, appearing to be 'SF', is written above a horizontal line.

Per: Stephen Ferguson
Senior Vice-President

Appendix A

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 C. C.43, AS AMENDED

| | | |
|------------------|---|-----------------------|
| THE HONOURABLE |) | FRIDAY, THE 17th |
| |) | |
| JUSTICE CAVANAGH |) | DAY OF DECEMBER, 2021 |

**C & K MORTGAGE SERVICES INC. and
CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

**ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicants 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 Alvarez & Marsal Canada Inc. as receiver and manager (in such capacities, the “Receiver”) without security, of all of the assets, undertakings and properties of the Respondent, Ideal (BC) Developments Inc. (the “Debtor”) acquired for, or used in relation to a business carried on by the Debtor, was heard this day by Zoom judicial videoconference due to the COVID-19 pandemic.

ON READING the affidavit of Gary Gruneir sworn November 29, 2021 and the Exhibits thereto, the Affidavit of Shajiraj Nadarajalingam sworn December 16, 2021 and the Exhibits thereto and the Reply Affidavit of Gary Gruneir sworn December 17, 2021 and the Exhibits thereto, and on hearing the submissions of counsel for the Applicants and counsel for the Debtor, counsel for Feature Corp., counsel for American Corporation, counsel for certain end purchasers of homes and counsel for Ryan Steckley appearing but not making submissions, no one appearing for Fiera LP Real Estate Financing Ltd., although duly served as appears from the affidavit of service of Michael McNally sworn December 7, 2021 and on reading the consent of Alvarez & Marsal Canada Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Application Record 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, Alvarez & Marsal Canada Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including the lands and premises described in Schedule "A" attached hereto, and all proceeds thereof (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 settle, extend or compromise any indebtedness owing to the Debtor;
- (h) 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;
- (i) 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;

- (j) 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;
- (k) 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 \$200,000, provided that the aggregate consideration for all such transactions does not exceed \$800,000; 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;

- (l) 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;
- (m) 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;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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;
- (p) 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;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) 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.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. 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.

5. 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 5 or in paragraph 6 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.

6. 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.

7. 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

8. 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

9. 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

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, 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 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 a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. 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

13. 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

14. 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

15. 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

16. 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

17. 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

18. 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.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their 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.

20. 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

21. 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 (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.

22. 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.

23. 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.

24. 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.

SERVICE AND NOTICE

25. 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://www.alvarezandmarsal.com/idealbc>.

26. 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

27. 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.

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

29. 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.

30. 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.

31. THIS COURT ORDERS that the Applicants shall have their costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicants' security or, if not so provided by the Applicants' 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.

32. 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.

SCHEDULE "A"

LANDS AND PREMISES

PIN 03196 - 0072 LT *Interest/Estate* Fee Simple
Description PT LT 1 PL 136 KING; PT LT 62 PL 136 KING; PT LT 63 PL 136 KING AS
IN R504810 ;
Address 8 BOSTWICK CR RICHMOND HILL

PIN 03196 - 0073 LT *Interest/Estate* Fee Simple
Description PT LT 63 PL 136 KING AS IN R209240
Address 10 BOSTWICK CRESCENT RICHMOND HILL

PIN 03196 - 0074 LT *Interest/Estate* Fee Simple
Description PT LT 64 PL 136 KING AS IN R530013 ;
Address 12 BOSTWICK CR RICHMOND HILL

PIN 03196 - 0075 LT *Interest/Estate* Fee Simple
Description PT LT 64 PL 136 KING; PT LT 65 PL 136 KING AS IN R406345 ;
RICHMOND HILL
Address 14 BOSTWICK CR RICHMOND HILL

PIN 03196 - 0076 LT *Interest/Estate* Fee Simple
Description PT LT 66 PL 136 KING; PT LT 67 PL 136 KING AS IN R135070 ;
RICHMOND HILL
Address 8 BOND CRESCENT RICHMOND HILL

PIN 03196 - 0077 LT *Interest/Estate* Fee Simple
Description PT LT 66 PL 136 KING; PT LT 67 PL 136 KING AS IN B54438B ;
RICHMOND HILL
Address 6 BOND CRESCENT RICHMOND HILL

PIN 03196 - 0078 LT *Interest/Estate* Fee Simple
Description PT LT 66 PL 136 KING AS IN R690041 ;
Address 16 BOSTWICK CR RICHMOND HILL

PIN 03196 - 0079 LT *Interest/Estate* Fee Simple
Description PT LT 67 PL 136 KING AS IN R601987 ; RICHMOND HILL
Address 18 BOSTWICK CRESCENT RICHMOND HILL

PIN 03196 - 0080 LT *Interest/Estate* Fee Simple
Description PT LT 67 PL 136 KING AS IN KI22033 EXCEPT R135070, B54438B, &
R601987 ;
Address 2 BOND CRESCENT RICHMOND HILL

SCHEDULE “B”
RECEIVER CERTIFICATE

CERTIFICATE NO. •

AMOUNT \$•

1. THIS IS TO CERTIFY that Alvarez & Marsal Canada Inc., the receiver (the “Receiver”) of the assets, undertakings and properties Ideal (BC) Developments Inc. (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 •, 20• (the “Order”) made in an application having Court file number •-CL-•, 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 •, 20•.

ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Receiver of the Property,
and not in its personal capacity

Per:

Name:

Title:

C & K MORTGAGE SERVICES INC. et al.
Applicants

-and- **IDEAL (BC) DEVELOPMENTS INC.**
Respondent

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT
TORONTO

ORDER (APPOINTING RECEIVER)

DICKINSON WRIGHT LLP

Barristers & Solicitors
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Suite 2200, P.O. Box 447
Commerce Court Postal Station
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Lawyers for the Applicants

Appendix B

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

**FIRST REPORT TO COURT
OF ALVAREZ & MARSAL CANADA INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER
OF IDEAL (BC) DEVELOPMENTS INC.**

JANUARY 18, 2022

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1.0 INTRODUCTION

- 1.1 This report (the “**First Report**”) is filed by Alvarez & Marsal Canada Inc. (“**A&M**”) in its capacity as Court-appointed receiver and manager (in such capacity, the “**Receiver**”), without security, of all of the assets, undertakings and properties of Ideal (BC) Developments Inc. (“**Ideal BC**” or the “**Company**”), including the lands and premises located at 2, 6, and 8 Bond Crescent and 8, 10, 12, 14, 16, and 18 Bostwick Crescent, Richmond Hill, Ontario (individually, the “**Properties**”, or collectively, the “**Property**”).
- 1.2 The appointment of the Receiver was made pursuant to an order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (the “**Court**”) made on December 17, 2021 (the “**Receivership Date**”) upon application by C&K Mortgage Services Inc. and Canadian Western Trust Company (the “**Applicants**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this First Report, the Receiver has relied upon unaudited financial information, books and records and other documents provided by, and discussions with, the former management of Ideal BC (the “**Information**”).
- 2.2 The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly,

the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the Information.

2.3 This First Report has been prepared for the use of this Court and Ideal BC's stakeholders as general information relating to the receivership proceeding and to assist the Court in making a determination of whether to approve the relief sought herein. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report different than the provisions of this paragraph.

2.4 The information contained in this First Report is not intended to be relied upon by any investor or purchaser in any transaction with the Receiver.

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

2.6 Further information about Ideal BC, its background and copies of materials filed in the Proceedings are available on the Receiver's website at: www.alvarezandmarsal.com/idealbc (the "**Case Website**").

3.0 PURPOSE OF THIS REPORT

3.1 The purpose of this First Report is to:

- (a) provide background information regarding Ideal BC and the Property;

- (b) describe the Receiver's activities since the making of the Appointment Order and the Receiver's intended course of action in respect of the receivership proceeding (the **"Receivership Proceeding"**);
- (c) support the Receiver's motion for an order (the **"Sale Process Order"**), among other things:
 - (i) authorizing and directing the Receiver to conduct the Sale Process (as defined below) for the Property, including engaging Marcus & Millichap Real Estate Investment Services Canada Inc; and
 - (ii) approving this First Report and the activities of the Receiver described herein.

4.0 BACKGROUND

- 4.1 Further background with respect to Ideal BC, as well as a description of the circumstances leading to the appointment of the Receiver, are contained in the application record (the **"Application Record"**) filed by the Applicants and posted to the Case Website.
- 4.2 Ideal BC is a single purpose entity whose primary asset is the Property. According to the Company, it has no employees and has never had any employees since incorporation.
- 4.3 Ideal BC is part of the broader Ideal group of companies (the **"Ideal Group"**), who appear to have interests in a multitude of development projects across the GTA. Shajiraj Nadarajalingam is the principal of Ideal BC and of the other known companies comprising the Ideal Group.

- 4.4 Between October 27, 2014 and November 13, 2015, companies within the Ideal Group including Ideal BC, 2490564 Ontario Inc. (“**564 Ontario**”), 2490568 Ontario Inc. (“**568 Ontario**”) and Ideal (BC2) Developments Inc. (“**Ideal BC2**”) acquired the Properties. Although the Properties comprise nine separate parcels with separate street addresses, they are an assembly of development land at the northwest corner of Bond Crescent and Yonge Street in Richmond Hill. The Receiver understands that the Properties acquired by 564 Ontario and 568 Ontario were subsequently transferred to Ideal BC, and Ideal BC and Ideal BC2 were amalgamated in September 2020, leaving ownership of all Properties with Ideal BC.
- 4.5 While the primary asset of the Company is the Property, based on the books and records of Ideal BC as of December 30, 2021, as set out in the chart below, significant intercompany transactions have been recorded between the Company and other members of the Ideal Group.

| Ideal (BC) Developments Inc. Intercompany Balances | | | |
|--|----------------|---------------------------|---------------|
| Per Trial Balance as of 12/30/2021 | | | |
| <i>Figures in CAD \$ millions</i> | | | |
| Due from related parties | | Due to related parties | |
| Ideal BC2 ⁽¹⁾ | \$ 4.8 | All other related parties | \$ 7.2 |
| All other related parties | 7.8 | | |
| Total | \$ 12.6 | Total | \$ 7.2 |

(1) Pursuant to articles of amalgamation registered with the Ontario Government, on September 14, 2020 Ideal BC and Ideal BC2 were amalgamated.

- 4.6 Based on information received to date, the Receiver understands that the acquisition costs of each of the Properties as well as technical and feasibility reports and site plan application costs (the “**Development Costs**”) were financed from various sources including:

- (a) several different first mortgages provided by various lenders over time, culminating in the Applicants refinancing Romspen Investment Corporation in August 2020;
- (b) subordinated mortgages, registered on title to the Property between 2018 and 2021 (as described below);
- (c) unsecured funding from entities related to Ideal BC;
- (d) multiple Ideal BC special share subscription agreements entered into between March 3, 2013 and March 15, 2020 for amounts which the Receiver understands total approximately \$2 million as of December 30, 2021; and
- (e) Purchaser Deposits (as defined below) received between 2020 and 2021 (as described in more detail below).

4.7 As of the Receivership Date, charges against the Property¹ included:

- (a) a first-ranking mortgage with a face value of \$15 million, registered by the Applicants on October 30, 2020;
- (b) a second-ranking mortgage with a face value of \$1 million, registered by Amercan Corporation (“**Amercan**”) on August 29, 2019, and transferred to Fiera LP Real

¹ The priority ranking of these charges is based on a preliminary review of title abstracts and is still subject to review by the Receiver and its counsel. The Receiver will report to the Court with respect to the priority of these charges prior to the distribution of funds to creditors.

Estate Financing Ltd (“**Fiera**”). pursuant to a Transfer of Charge registered on August 24, 2020²;

- (c) a third-ranking mortgage with an original face value of \$2 million, registered by Feature Corp. (“**Feature**”) on May 24, 2018, and amended on November 23, 2018 (increased to \$3 million), August 28, 2019 and October 30, 2020;
- (d) a fourth-ranking mortgage with a face value of \$2 million, registered by Feature on March 29, 2019, and amended on August 28, 2019 and October 30, 2020; and
- (e) a fifth-ranking mortgage with a face value of \$5 million, registered by Amercan on November 3, 2021.

4.8 As further described in the Application Record, as a result of to the Company’s default of its obligations under the Applicants’ Mortgage, on November 2, 2021 the Applicants issued notices under Section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) to the Company.

Proposed Development of the Property

4.9 As noted above, the Property is an assembly of development lands, in aggregate measuring 3.55 acres and zoned as Residential Multiple One (RM1) and Commercial (C). The Property is currently vacant except for three derelict homes which are uninhabitable. The

² The Receiver understands from Fiera that it is not claiming an interest in the Property.

Property is protected by modular fencing surrounding the entire property, which the Receiver has maintained in place.

- 4.10 The proposed development of the Property envisions 72 townhome units, including 53 standard townhomes and 19 stacked townhomes, for total residential gross floor area of 171,149 square feet. The Receiver understands that Ideal BC and related entities have completed the majority of the necessary technical and feasibility reports in respect of a development plan and related site plan application (“**SPA**”) in respect of the Property.
- 4.11 In September 2020, Ideal BC submitted an initial SPA to the City of Richmond Hill (the “**City**”). The City provided comments on this first submission on December 9, 2020, which included several required amendments to the SPA as originally submitted. Management of Ideal BC has indicated that, prior to the Receivership Date, the SPA was being modified as required with the intention to be resubmitted. As of the date of this Report, the Receiver understands that a revised SPA has not been submitted.

Townhome Unit Sales

- 4.12 In early 2020, Ideal BC, with the assistance of multiple real estate agencies, began marketing and selling units of Boss Luxury Townhomes. Sample marketing materials are included as **Appendix “B”**. Between May 15, 2020 and June 1, 2021, the Receiver understands that Ideal BC entered into 28 agreements of purchase and sale (each a “**Unit APS**”) with unit purchasers (“**Unit Purchasers**”), and collected \$5,453,510 of deposits (the “**Purchaser Deposits**”) in respect of same. The Purchaser Deposits ranged from 10% to 22% of the sale price of each townhome unit. The Receiver understands that the

Purchaser Deposits were not held in trust by Ideal BC and that no cash currently remains on hand with Ideal BC in respect of same.

- 4.13 As further described in the Application Record, according to the website of the Home Construction Regulatory Authority (the “**HCRA**”), on August 4, 2021, the Company was charged with 10 counts of illegally acting as a builder in Richmond Hill, under section 6 of the Ontario New Home Warranties Plan Act (“**ONHWPA**”) and one count of failing to produce evidence described in a warrant under section 61(10) of the New Home Construction Licensing Act (Ontario) (“**NHCLA**”). On September 9, 2021, the HCRA issued a notice of proposal to refuse to grant a license to Ideal BC, which indicated that Ideal BC is in contravention of the NHCLA by entering into the Unit APSs without a license under the NHCLA.
- 4.14 In an affidavit sworn on December 16, 2021 in this proceeding, Mr. Nadarajalingam deposed that the HCRA charges had been administratively dismissed and alleged that Tarion Corporation (“**Tarion**”) improperly rescinded the Company’s registration under the ONHWPA.
- 4.15 While the Receiver has not independently investigated the above noted matters, the Receiver notes that as of the date of this First Report, the HCRA website still states that Ideal BC “is not licensed with the HCRA and has been charged and/or convicted for operating without a license”.
- 4.16 The Receiver has initiated discussions with Tarion, through its external counsel, in respect of the Unit Purchasers and Purchaser Deposits. The Receiver and Tarion intend to continue to share information in respect of Ideal BC and the Receivership Proceeding. Unit

Purchasers have the option to contact Tarion directly with any questions regarding their deposits or related matters or obtain other information via its website at www.tarion.com.

5.0 SALE OF THE PROPERTY

5.1 Paragraph 3(j) of the Appointment Order authorizes the Receiver 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.

5.2 To assist in marketing the Property, the Receiver requested and received listing proposals from four leading commercial real estate brokerages, including CBRE Limited, Marcus & Millichap Real Estate Investments Services Canada Inc. (“M&M”), Cushman & Wakefield ULC and Colliers International.

5.3 After review of the listing proposals and consultation with the Applicants, the Receiver has proposed to select M&M to assist in development and implementation of the real property sale process for the following reasons:

- (a) M&M is a leading commercial real estate brokerage firm in North America by transaction volume (over 5,600 properties in the past 12 months) with over 2,000 active agents;
- (b) the M&M team managing the mandate has extensive experience buying, selling, underwriting and managing projects involving undeveloped land;
- (c) the proposed commission rate is very competitive based on the Receiver’s experience selling real estate; and

(d) the Applicants support the engagement of M&M.

5.4 A copy of the proposed M&M listing agreement (the “**Listing Agreement**”) is attached hereto as **Appendix “C”**. The Listing Agreement provides that upon the successful completion of sale of the Property, a commission equivalent to 1.15% will be payable to M&M. In the event a cooperating brokerage represents the purchaser (a “**Cooperating Brokerage**”), the commission shall be increased to 1.65% and M&M will pay the Cooperating Brokerage a fee of 0.50%.

5.5 The Receiver seeks the approval of the Court in respect of the following process for the submission of bids and ultimate sale of the Property (the “**Sale Process**”) based on Court approval being granted on January 25, 2022:

Phase 1 – Preparation Phase (approximately two weeks)

The Receiver and M&M will:

- (a) prepare a Confidentiality Agreement (“**CA**”) for distribution to prospective purchasers;
- (b) prepare a teaser letter, advertisements and a confidential information memorandum (“**CIM**”) in respect of the acquisition opportunity;
- (c) correspond with the City and Property consultants to understand current development status/update reports as necessary;
- (d) establish a comprehensive electronic data room (the “**Data Room**”) to aggregate access to confidential information pertaining to the Property; and

- (e) prepare template forms of agreement of purchase and sale (“**APSs**”) for both conditional and unconditional offers.

Phase 2 – Sale Phase (approximately six weeks)

Formal marketing of the property will commence on or before February 8, 2022 and consists of the following steps:

- (a) M&M will target prospective purchasers through a combination of direct contact, email solicitations, advertisements, MLS listing, and physical signage;
- (b) interested parties who have executed a CA will be provided the CIM and access to the Data Room, and the Receiver and M&M will coordinate further due diligence;
- (c) APSs will be provided to prospective purchasers to facilitate a proper comparison of offers that may be received and to minimize the time required to negotiate separate forms of offers with multiple parties, in order to determine the highest and best overall offer on an efficient basis;
- (d) bids in the form of a marked-up APS are to be submitted to M&M no later than 5:00 p.m. (Eastern Time) on Tuesday, March 22, 2022 or such other date or time as may be agreed by the Receiver and M&M (the “**Bid Deadline**”);
- (e) the Receiver and M&M shall evaluate any and all bids on various grounds, including, but not limited to, purchase price, conditionality and certainty of closing; and
- (f) upon selection of a successful bidder, the Receiver will bring a motion to the Court to obtain approval of the successful bid, including approval of the APS and a vesting order in respect of same.

- 5.6 The Receiver, in consultation with M&M, shall have the right to modify and/or adopt such other rules for the Sale Process as it considers appropriate.
- 5.7 The Appointment Order provides that all Persons shall advise the Receiver of the existence of any books, documents, contracts, orders, corporate and accounting records, and any other information related to the business or affairs of the Company, and permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to such documents. As of the date of this Report, management of Ideal BC and the Ideal Group have provided the Receiver with information in respect of the Property's history and proposed development, including but not limited to marketing materials, wind, traffic, geological, and environmental studies, architectural drawings, site plan application information and other information (the "**Property Information**"). The Receiver notes that certain of these documents were commissioned by or prepared for related entities within the Ideal Group, though the information relates to the Property. It is the intent of the Receiver to include the Property Information in the Data Room for prospective purchasers (subject to the prospective purchaser executing a CA).
- 5.8 The Receiver recommends that the Court issue an order approving the Sale Process as it is of the view that it is a fair, open and transparent process intended to canvass the market broadly in order to obtain the highest and best offer for the Property.

6.0 ACTIVITIES OF THE RECEIVER TO DATE

6.1 Following the issuance of the Appointment Order, the Receiver:

- (a) attended at and photographed the Property, secured the premises and posted signage in respect of the Receivership Proceeding;
- (b) opened a trust bank account;
- (c) obtained information regarding the Property including books and records relating to Ideal BC;
- (d) held discussions with the management of Ideal BC and obtained information from Ideal BC in respect of the proposed development of the Property;
- (e) held discussions with various Unit Purchasers and representative legal counsel for others, and obtained information from same regarding Unit APSs entered into and Purchaser Deposits made;
- (f) held preliminary discussions with legal counsel for Tarion in respect of the Purchaser Deposits;
- (g) obtained insurance coverage for the property;
- (h) engaged independent counsel, Chaitons LLP;
- (i) sought a proposal for an independent appraisal of the Property and engaged Avison Young in respect of same;
- (j) solicited proposals from prospective sales agents in respect of the Sale Process;


- (k) arranged for interim funding from the Applicants (through a Receiver's Certificate) in the amount of \$50,000 to fund appraisal, legal and other costs in respect of the Receivership Proceeding;
- (l) registered a copy of the Appointment Order against title to the Property;
- (m) established the Case Website for the Receivership Proceeding and updated it accordingly;
- (n) issued the notice required pursuant to Sections 245 and 246 of BIA to known creditors of Ideal BC and the Property as well as an amended copy of such notice upon receipt of financial information from Ideal BC, copies of which are attached as **Appendix "D"**; and
- (o) prepared this First Report, and brought this motion.

7.0 CONCLUSIONS AND RECOMMENDATIONS

Based on the foregoing, the Receiver respectfully requests that Court make an order granting the relief sought in the Receiver's Notice of Motion and described in paragraph 3.1(c) of this First Report.

All of which is respectfully submitted this 18th day of January, 2022.

**Alvarez & Marsal Canada Inc., in its capacity as Receiver of
Ideal (BC) Developments Inc., and not in its personal capacity**

A handwritten signature in blue ink, appearing to be 'SF', is written over a horizontal line.

Per: Stephen Ferguson
Senior Vice-President

Appendix C

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

**SECOND REPORT TO COURT
OF ALVAREZ & MARSAL CANADA INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER
OF IDEAL (BC) DEVELOPMENTS INC.**

APRIL 25, 2022

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1.0 INTRODUCTION

- 1.1 This report (the “**Second Report**”) is filed by Alvarez & Marsal Canada Inc. (“**A&M**”) in its capacity as Court-appointed receiver and manager (in such capacity, the “**Receiver**”), without security, of all of the assets, undertakings and property of Ideal (BC) Developments Inc. (“**Ideal BC**” or the “**Company**”), including the lands and premises located at 2, 6, and 8 Bond Crescent and 8, 10, 12, 14, 16, and 18 Bostwick Crescent, Richmond Hill, Ontario (collectively, the “**Property**”).
- 1.2 Pursuant to an order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (the “**Court**”) made on December 17, 2021 (the “**Receivership Date**”) upon application (the “**Receivership Application**”) by C&K Mortgage Services Inc. and Canadian Western Trust Company (the “**Applicants**”), A&M was appointed Receiver of Ideal BC. A copy of the Appointment Order is attached hereto as **Appendix “A”**. A copy of the First Report to Court of the Receiver dated January 18, 2022 (the “**First Report**”), without appendices, is attached hereto as **Appendix “B”**.
- 1.3 On January 25, 2022, the Court made an Order (the “**Sale Process Order**”), which, among other things, approved a marketing and sale process for the Property, as described in Section 5 of the First Report, subject to such amendments to the sale process as deemed necessary or appropriate by the Receiver (the “**Sale Process**”), including the engagement of Marcus & Millichap Real Estate Investments Services Canada Inc. (“**M&M**”) to assist in development and implementation of the Sale Process. Copies of the Sale Process Order and Endorsement of Justice McEwen are attached hereto collectively as **Appendix “C”**.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Second Report, the Receiver has relied upon unaudited financial information, books and records and other documents provided by, and discussions with, the former management of Ideal BC (the “**Information**”).
- 2.2 The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the Information.
- 2.3 The Receiver received from Ideal BC its general ledger (the “**GL**”). The Receiver has noted that the detail contained in the GL may not be complete or necessarily reliable due to identified non-balancing entries included in the GL and resulting adjustments to the Company’s retained earnings balance.
- 2.4 This Second Report has been prepared for the use of this Court and Ideal BC’s stakeholders as general information relating to the receivership proceeding and to assist the Court in making a determination of whether to approve the relief sought herein. Accordingly, the reader is cautioned that this Second Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Second Report different than the provisions of this paragraph.

- 2.5 The information contained in this Second Report is not intended to be relied upon by any investor or purchaser in any transaction with the Receiver.
- 2.6 Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.
- 2.7 Further information about Ideal BC, its background and copies of materials filed in the Proceedings are available on the Receiver's website at: www.alvarezandmarsal.com/idealbc (the "**Case Website**").

3.0 PURPOSE OF THIS REPORT

3.1 The purpose of this Second Report is to:

- (a) support the Receiver's motion for orders, among other things:
 - (i) approving the transaction (the "**Transaction**") contemplated by the Offer to Purchase between the Receiver and Amercan Corp. or assignee thereof (the "**Purchaser**"), together with any further minor amendments thereto which may be deemed necessary by the Receiver in its sole opinion (the "**Sale Agreement**");
 - (ii) vesting title to the Property in the Purchaser, free and clear of claims and encumbrances (including the Unit Purchaser Agreements, defined below), other than claims and encumbrances specifically provided for in the Sale Agreement, upon closing of the Transaction and the delivery of a Receiver's certificate to the Purchaser (the "**Vesting Order**");

- (iii) sealing the Confidential Appendices to the Second Report until the closing of the sale of the Property;
 - (iv) authorizing the Receiver to make the Distributions (as defined herein) to the Applicants, Feature Corp (“**Feature**”) and MarshallZehr Group Inc. (“**MarshallZehr**”); and
 - (v) approving this Second Report and the activities of the Receiver described herein;
- (b) report to the Court on the results of the Sale Process;
 - (c) provide a general update on key aspects of the receivership proceeding (the “**Receivership Proceeding**”), including the Receiver’s review of the respective claims of interests registered on title to the Property; and
 - (d) report to the Court on the Receiver’s activities since the date of the First Report.

4.0 BACKGROUND

- 4.1 Ideal BC is an Ontario company whose primary asset is the Property. Shajiraj Nadarajalingam (“**Shajiraj**”) is the sole officer and director of Ideal BC.
- 4.2 The proposed development of the Property envisioned 72 townhome units, including 53 standard townhomes and 19 stacked townhomes, for total residential gross floor area of 171,149 square feet (the “**Project**”).
- 4.3 In early 2020, Ideal BC, with the assistance of multiple real estate agencies, began marketing and selling interests in units branded as “Boss Luxury Townhomes”. As further

described in Section 6 below, the Receiver understands that between May 15, 2020 and June 1, 2021, Ideal BC entered into 28 agreements of purchase and sale with unit purchasers and collected in excess of \$6 million in deposits in respect of same. The Receiver understands that such deposits were not held in trust by Ideal BC and as of the Receivership Date, no cash remained related to the deposits in any Ideal BC bank account.

4.4 As of the Receivership Date, construction of the Project had not advanced beyond aggregation of land and work done to prepare and submit a site plan application. As described in the First Report, according to the website of the Home Construction Regulatory Authority (the “**HCRA**”), on August 4, 2021, the Company was charged with 10 counts of illegally acting as a builder in Richmond Hill, under section 6 of the *Ontario New Home Warranties Plan Act* (“**ONHWPA**”) and one count of failing to produce evidence described in a warrant under section 61(10) of the *New Home Construction Licensing Act (Ontario)* (“**NHCLA**”). On September 9, 2021, the HCRA issued a notice of proposal to refuse to grant a license to Ideal BC, which indicated that Ideal BC is in contravention of the NHCLA by entering into the sale agreements without a license under the NHCLA.

4.5 In an affidavit sworn on December 16, 2021 in this proceeding, Shajiraj deposed that the HCRA charges had been administratively dismissed and alleged that Tarion Corporation (“**Tarion**”) improperly rescinded the Company’s registration under the ONHWPA. While the Receiver has not independently investigated these matters, the Receiver notes that as of the date of this Second Report, the HCRA website still states that Ideal BC “is not

licensed with the HCRA and has been charged and/or convicted for operating without a license”.

5.0 SECURITY REVIEW SUMMARY

5.1 The Receiver has obtained a legal opinion from its independent counsel, Chaitons LLP (“**Chaitons**”) confirming that the charges registered against title to the Property as listed below (the “**Charges**”) are valid and enforceable, subject to certain assumptions and qualifications typically included in opinions provided to trustees or receivers in insolvency proceedings. A copy of the Chaitons opinion dated April 21, 2022 is attached as **Appendix “D”**.

5.2 The Receiver understands that the relative priorities of the Charges are as follows, based on their order of registration, postponements of interest granted and registered against the Property, and independent confirmation by each of the Applicants, Amercan Corp. (“**Amercan**”) and Feature (and/or their respective counsel):

- (a) First – the charge in favour of the Applicants in the principal amount of \$15 million (the “**C&K Charge**”);
- (b) Second – the charge in favour of Amercan in the principal amount of USD \$1 million (the “**Amercan \$1M Charge**”);
- (c) Third – the charge in favour of Feature in the principal amount of \$3 million (the “**Feature \$3M Charge**”);
- (d) Fourth – the charge in favour of Feature in the principal amount of \$2 million (the “**Feature \$2M Charge**”); and

- (e) Fifth – the charge in favour of Amercan in the principal amount of \$5 million (the “**Amercan \$5M Charge**”).

C&K Charge

- 5.3 The Receiver understands that the C&K Charge was granted by Ideal BC in favour of the Applicants in connection with a loan made by the Applicants to Ideal BC pursuant to a commitment letter dated September 29, 2020.
- 5.4 Based on the Receiver’s review of Ideal BC’s books and records, including a statement of advance, the Receiver is satisfied that the Applicants advanced funds pursuant to the commitment letter dated September 29, 2020, in part to refinance an existing mortgage on the Property, prepay interest and fees, and provide other amounts available to the Company.
- 5.5 The Applicants have produced a payout statement that shows that, as of April 18, 2022, the aggregate amount owed by Ideal BC to the Applicants and secured by the C&K Charge was approximately \$15.85 million for principal, interest, fees, and costs. A copy of C&K’s payout statement is attached as **Appendix “E”**. The Receiver is satisfied with the calculations in this payout statement.
- 5.6 As noted on the Applicants’ payout statement, the Applicants have included a credit balance of \$97,686 related to remaining funds held by the Applicants pursuant an amending agreement dated June 11, 2021. The Receiver reviewed the applicable account statements and transactions associated with the balance held by the Applicants and is satisfied with the calculations incorporated therein.

Amercan \$1M Charge

- 5.7 The Receiver understands that the Amercan \$1M Charge was granted by Ideal BC in favour of Amercan in connection with a loan made by Amercan to Ideal BC pursuant to a credit agreement dated August 22, 2019, as amended (the “**Amercan \$1M Commitment**”).
- 5.8 On August 24, 2020, Amercan transferred the Amercan \$1M Charge to Fiera LP Real Estate Financing Ltd. (“**Fiera**”) as security for the obligations of Jefferson Property Limited Partnership, Amercan and others to Fiera. Fiera has informed the Receiver that it is not claiming an interest in the Property in connection with the Amercan \$1M Charge.
- 5.9 Based on evidence provided by Amercan, the Receiver is satisfied that Amercan advanced funds to counsel to Ideal BC on or about August 29, 2019. In addition, the GL indicates that a USD \$1 million amount owing to Amercan was recorded on August 28, 2019.
- 5.10 Amercan has produced a payout statement that shows that, as of April 22, 2022, the aggregate amount owed by Ideal BC to Amercan and secured by the Amercan \$1M Charge was US\$1,714,739 for principal, interest, fees and costs. A copy of Amercan’s payout statement in respect of the Amercan \$1M Charge is attached as **Appendix “F”**. The Receiver is satisfied with the calculations in this payout statement, however notes that it excludes discharge fees, enforcement fees and other fees, costs and expenses that Amercan may be entitled to claim from Ideal BC.

Feature \$3M Charge

- 5.11 The Receiver understands that Ideal BC, Ideal (BC2) Developments Inc. (“**Ideal BC2**”) and 2490564 Ontario Inc. (“**0564 Ontario**”) granted a charge in favour of Feature in

connection with a \$2 million loan made by Feature to those entities pursuant to a commitment letter accepted by the borrowers on May 22, 2018 (the “**Feature Commitment Letter**”). The charge was registered on May 24, 2018, against the Property (other than 18 Bostwick Crescent). At that time, 18 Bostwick Crescent was owned by 2490568 Ontario Inc., which was not a party to the Feature Commitment Letter. The Feature Commitment Letter and charge were amended on various occasions in 2018 and 2019, including to increase the principal amount of the loan and charge to \$3 million.

5.12 The GL indicates that a loan payable was recorded as owing to Feature for \$2 million on May 24, 2018, and a further loan payable was recorded as owing to Feature for \$1 million on November 26, 2018 (collectively the “**Feature Advances**”). Based on evidence provided by Feature, the Receiver is satisfied that the Feature Advances, after adjusting for lender fees and legal fees, were advanced to Ideal BC¹. The GL also indicates that immediately upon receipt of the Feature Advances, Ideal BC advanced a similar amount to IDI Inc. (“**IDI**”), a related party also controlled by Shajiraj.

5.13 In October 2020, Feature, Ideal BC and parties related thereto entered into an Amalgamation, Assumption and Continuing Security Agreement (the “**Amalgamation, Assumption and Continuing Security Agreement**”) which provided, among other things, that a new \$3 million charge was to be registered on the Property on October 30, 2020, to (among other things) address the fact that 18 Bostwick Crescent had previously

¹ The Receiver has been provided with direction letters and trust statements indicating that, net of fees and costs, \$1.89 million and \$0.95 million was paid to Ideal BC’s solicitor, Nava Wilson LLP in respect of the Feature Advances. While the Receiver is not in possession of Ideal BC’s bank statements for the period in question, the GL indicates receipt of similar amounts.

been omitted from the previous charge in favour of Feature. The Feature \$3M Charge was registered on title to the Property on October 20, 2020. A copy of the Amalgamation, Assumption and Continuing Security Agreement is attached as **Appendix “G”**.

- 5.14 Feature has provided a payout statement that shows that, as of April 15, 2022, the aggregate amount owed by Ideal BC to Feature and secured by the Feature \$3M Charge was \$3,441,751 for principal, interest, fees, and costs. A copy of Feature’s payout statement is attached as **Appendix “H”**. The Receiver is satisfied with the calculations in this payout statement in respect of the Feature \$3M Charge.

Feature \$2M Charge

- 5.15 The Receiver understands that Ideal BC, Ideal BC2 and 0564 Ontario granted a charge in favour of Feature in connection with an Assumption and Amendment Agreement dated February 13, 2019 among Feature, Ideal BC and companies related thereto (the “**Assumption and Amendment Agreement**”). The charge was registered on March 29, 2019 against the Property (other than 18 Bostwick Crescent). A copy of the Assumption and Amendment Agreement is attached as **Appendix “I”**.
- 5.16 The Assumption and Amendment Agreement states, among other things, that:
- (a) Ideal (RD) Developments Inc. (“**Ideal RD**”) and Ideal (RD2) Developments Inc. (“**Ideal RD2**”) granted a \$2 million charge in favour of Feature over lands they owned municipally known as 5002 and 5014 14th Avenue, Markham, Ontario;
 - (b) Ideal BC, Ideal BC2, and 0564 Ontario “have received a transfer of” the \$2 million principal amount under the charge granted by Ideal RD and Ideal RD2; and

(c) Ideal BC, Ideal BC2, and 0564 Ontario agreed to assume liability for payment of the \$2 million owed to Feature and to grant the Feature \$2M Charge.

5.17 As with the Feature \$3M Charge, pursuant to the Amalgamation, Assumption and Continuing Security Agreement, a new \$2 million charge was to be registered on the Property on October 30, 2020 to (among other things) address the fact that 18 Bostwick Crescent had previously been omitted from the previous charge in favour of Feature. The Feature \$2M Charge was registered on title to the Property on October 20, 2020.

5.18 There is no indication in the GL that funds were received by Ideal BC from Ideal RD or Ideal RD2 as stated in the Assumption and Amendment Agreement, although the GL reflects that on April 1, 2019, there was a \$2 million increase in a receivable owed to Ideal BC by Ideal RD and a \$2 million payable recorded to Feature. As of the Receivership Date, the GL shows that Ideal RD owes Ideal BC \$2.04 million. The Receiver has demanded payment of that amount from Ideal RD but has had no response as of the date of this Second Report.

5.19 Feature's payout statement referenced in paragraph 5.14 above and Appendix H, shows that, as of April 15, 2022, the aggregate amount owed by Ideal BC to Feature and secured by the Feature \$2M Charge was \$2,290,434 for principal, interest, fees, and costs. The Receiver is satisfied with the calculations in this payout statement in respect of Feature \$2M Charge.

Amercan \$5M Charge

5.20 The Receiver understands that pursuant to an agreement dated October 19, 2015 (the "**Amercan \$5M Agreement**"), Amercan agreed to loan \$5 million to Ideal BC (the

Amercan \$5M Loan”). A copy of the Amercan \$5M Agreement is attached as **Appendix “J”**.

- 5.21 In connection with the Amercan \$5M Agreement: (a) a charge in the principal amount of \$5 million was granted in favour of Amercan and registered against the properties known as 2, 6 and 8 Bond Crescent and 16 and 18 Bostwick Crescent on October 28, 2015; and (b) a charge in the principal amount of \$5 million was granted in favour of Amercan and registered against the properties known as 8, 10, 12 and 14 Bostwick Crescent on January 5, 2016 (collectively, the **“Original Amercan \$5M Charges”**).
- 5.22 While the Receiver has not been able to obtain bank statements from Ideal BC for the period prior to 2019, the GL indicates that Ideal BC recorded a receipt of \$3 million from Amercan on October 26, 2015 and a further receipt of \$2 million from Amercan on November 16, 2015, consistent with the Amercan \$5M Agreement. Based on correspondence reviewed by the Receiver and conversations with Amercan, the Receiver understands that funding was provided by Amercan directly to Ideal BC by cheque. Amercan has provided the Receiver with banking information indicating cheques clearing an Amercan bank account for \$3 million on October 28, 2015 and \$2 million on November 13, 2015, which corresponds with entries in the GL.
- 5.23 The Amercan \$5M Agreement was amended pursuant to a Credit Agreement Amendment dated October 29, 2020 (the **“First Amendment”**) and a Second Credit Agreement Amendment dated March 10, 2021 (the **“Second Amendment”**). Copies of the First Amendment and the Second Amendment are respectively attached as **Appendices “K”** and **“L”**.

5.24 The Second Amendment states, among other things, that:

- (a) the balance owing at February 27, 2021 under the Original Amercan \$5M Charges was \$7,914,383, comprised of \$5,000,000 of principal and \$2,914,383 of accrued interest and fees;
- (b) Ideal (WC) Developments Inc. ("**Ideal WC**") and Ideal (JS) Developments Inc. ("**Ideal JS**") would provide Amercan guarantees of the Amercan \$5M Loan;
- (c) Ideal Developments Inc. ("**Ideal Developments**") and Shajiraj agreed to release and disclaim their right, title and interest in shares in Ideal Beach Property Holdings (PVT) Ltd. ("**Ideal Beach**") and to property owned by Ideal Beach in Sri Lanka;
- (d) Amercan agreed to reduce the amount of the Amercan \$5M Loan by \$3.5 million (the "**Amercan Loan Reduction**");
- (e) Amercan would discharge the Original Amercan \$5M Charges, however Ideal BC would continue to be liable to Amercan under the Amercan \$5M Agreement, as amended; and
- (f) the Ideal parties were to use all reasonable due diligence to obtain a new loan in the amount of at least \$4 million which may be secured against the Property (the "**Replacement Loan**").

5.25 Following the Amercan Loan Reduction, the amount outstanding pursuant to the Original Amercan \$5M Charges was reduced to \$4,414,383.

- 5.26 Counsel for Amercan has confirmed that Amercan received the aforementioned guarantees from Ideal WC and Ideal JS and the aforementioned releases from Ideal Development and Shajiraj. On March 16, 2021, Amercan discharged the Original Amercan \$5M Charges.
- 5.27 Pursuant to a Third Credit Agreement Amendment dated November 1, 2021 (the “**Third Amendment**”), Amercan and Ideal BC agreed (among other things) that, as the Replacement Loan did not materialize subsequent to the discharges of the Original Amercan \$5M Charges, charges substantially similar to the Original Amercan \$5M Charges were to be registered on title to the Property. A copy of the Third Amendment is attached as **Appendix “M”**.
- 5.28 On November 3, 2021, Amercan registered the Amercan \$5M Charge against the Property.
- 5.29 Amercan has produced a payout statement that shows that, as of April 22, 2022, the aggregate amount owed by Ideal BC to Amercan and secured by the Amercan \$5M Charge was \$5,335,273 for principal, interest, fees, and costs. A copy of Amercan’s payout statement is attached as **Appendix “F”**. The Receiver is satisfied with the calculations in this payout statement, however notes that it excludes discharge fees, enforcement fees and other fees, costs and expenses that Amercan may be entitled to claim from Ideal BC.

MarshallZehr Judgement

- 5.30 MarshallZehr filed a writ of seizure and sale with the Sheriff of the Regional Municipality of York (Newmarket), effective August 31, 2021, against Ideal BC and related parties (the “**MZ Writ**”) in connection with a judgment against those parties in the amount of \$162,071.09 plus costs of \$30,000, fees and interest accruing from March 11, 2021 (the “**MZ Judgment**”).

5.31 Pursuant to Section 14 of the *Creditors' Relief Act, 2010*, an execution creditor has priority over a charge registered subsequent to an execution. As the American \$5M Charge was registered against the Property on November 3, 2021, being after the filing date of the MZ Writ, the Receiver's understanding is that MZ is entitled to repayment of the MZ Judgment in priority to the American \$5M Charge.

5.32 In aggregate, as of April 15, 2022, the outstanding balances of the Charges are approximately \$29.5 million and are accruing interest at approximately \$8,850 per day.

6.0 UNIT PURCHASER AGREEMENTS AND RELATED PARTY TRANSACTIONS

6.1 As described above, the Receiver understands that as of the Receivership Date, Ideal BC is a party to 28 agreements of purchase and sale (each a "**Unit Purchaser Agreement**") with unit purchasers ("**Unit Purchasers**"), and has a recorded liability for deposits of \$5,453,510² in respect of same (the "**Purchaser Deposits**"). The Purchaser Deposits ranged from 10% to 22% of the sale price of each townhome unit.

6.2 Attached hereto as **Appendix "N"** is a copy of a Unit Purchaser Agreement, redacted to remove the name of the purchaser. Based on a review of the Unit Purchaser Agreements by Chaitons, it appears that all of the Unit Purchaser Agreements were substantially identical (differences included the lot numbers, purchasers, sale price, deposits and dates).

² Based on a review of the GL, in total it appears that Ideal BC collected \$6,353,510 in Purchaser Deposits and returned or credited \$900,000 for a net total Purchaser Deposit liability of \$5,453,510. The Receiver has not run any form of claims process and, as such, these amounts have not all been verified with Unit Purchasers.

- 6.3 The Receiver understands that the Purchaser Deposits were not held in trust by Ideal BC and, as of the Receivership Date, no cash remained in Ideal BC's bank account in respect of same. The Receiver has conducted a limited review of the cash account activity contained in the GL³ during the two-year period during which Ideal BC collected the Purchaser Deposits.
- 6.4 As summarized below, it appears that a substantial portion of the Purchaser Deposits were indirectly or directly transferred to parties related to Ideal BC.

| Ideal (BC) Developments Inc. | | |
|---|-------------------|------------------|
| Summary of GL Cash Account Details 2020 - 2021 | | |
| | 2020 | 2021 |
| <i>Figures in CAD</i> | | |
| Opening Cash Balance | \$ 140,035 | \$ 46,355 |
| <i>Receipts</i> | | |
| Purchaser Deposits | 4,725,267 | 1,628,243 |
| IDI Inc. | 1,349,550 | 1,650,797 |
| Ideal Properties Inc. | 318,100 | - |
| Ideal (RD) Developments | 66,189 | - |
| Other | 40,002 | 579 |
| <i>Disbursements</i> | | |
| IDI Inc. | (3,892,500) | (1,955,000) |
| Ideal Properties Inc. | (125,650) | - |
| Mortgage interest / financing fees | (2,238,827) | (421,913) |
| Purchaser Deposits returned | - | (700,000) |
| Land development costs | (335,186) | (248,851) |
| Other | (624) | - |
| Net Cash Flow | (93,680) | (46,144) |
| Closing Cash Balance | \$ 46,355 | \$ 211 |

³ The Receiver's review was limited to the cash account activity contained in the GL. The Receiver's review did not include a comprehensive bank account review, invoice review or review of supporting documentation regarding same.

- 6.5 The GL indicates that: (a) in 2020, Ideal BC received over \$4.7 million of Purchaser Deposits, and transferred approximately \$3.9 million to IDI⁴, while receiving approximately \$1.3 million of funds from IDI; and (b) in 2021, Ideal BC received an additional \$1.6 million of Purchaser Deposits but returned \$700,000 of deposits to purchasers⁵ and transferred \$1.9 million to IDI, including \$103,000 two days prior to the Receivership Date.
- 6.6 Since its appointment, the Receiver has had numerous discussions and/or communications with Shajiraj and with counsel to Ideal BC, Freidman Law LLP (“**Freidman**”), in an attempt to understand the quantum and rationale for intercompany transactions, and in particular, details surrounding what appear to be significant transfers of funds from Ideal BC to related companies upon receipt of either loan proceeds or Purchaser Deposits. Among other things, the Receiver has specifically requested the general ledger details of IDI. In response to such requests, Shajiraj only provided limited insight into the use of funds and no specific details of the transactional activity of related parties, including a letter received on February 1, 2022 (the “**February 1st Letter**”) indicating that monies transferred by Ideal BC to IDI were “used to support Ideal Group's operation and also helped other project companies in the way just like Ideal (BC) got help from Ideal's sister

⁴ Amount includes \$500,000 paid by Ideal BC to a third party in respect of a letter of credit. The Receiver understands that, during 2020, the letter of credit was subsequently cancelled and the funds were returned to IDI Inc., not Ideal BC, therefore increasing the amount of net cash IDI Inc. received from Ideal BC.

⁵ The Receiver has not been provided any details in respect of the rationale for refund or return of any purchaser deposits, but notes that \$250,000 was returned in respect of Lot 30 and a subsequent deposit was received in respect of same.

companies when it was firstly set up”. A copy of the February 1st Letter is attached as **Appendix “O”**.

- 6.7 While the primary asset of the Company is the Property, based on the books and records of Ideal BC as of the Receivership Date, significant intercompany transactions have been recorded between Ideal BC and related companies. A summary of related party transactions and balances was provided by Freidman, however the information was not sufficiently detailed to ascertain the true use of funds transferred between Ideal BC and related parties. The below table sets out the balances owing to and from Ideal BC as of the Receivership Date based on information provided by Freidman.

| Ideal (BC) Developments Inc. - Intercompany Balances | | |
|---|-------------------------------|--------------------------|
| As at December 17, 2021 | <u>Receivable From</u> | <u>Payable To</u> |
| <i>Figures in CAD</i> | | |
| Ideal Development Inc | 2,726,802.75 | |
| Ideal Properties Inc | | 4,373,533.00 |
| Ideal (WC) Developments Inc | | 2,485,192.00 |
| Ideal (JS) Developments Inc | | 245,160.00 |
| Ideal Hope Foundation | 4,500.00 | |
| Ideal(MN) Developments Inc | | 49,062.59 |
| Ideal(RD2) Developments Inc | 419,547.03 | |
| Ideal(RD) Developments Inc | 2,043,036.19 | |
| IDI Inc. | 1,620,677.50 | |
| Total: | 6,814,563.47 | 7,152,947.59 |

- 6.8 On April 8, 2022, the Receiver issued letters to Ideal RD, Ideal Developments, IDI, and Ideal RD2 demanding repayment of intercompany balances owing to Ideal BC. Copies of these letters are attached as **Appendix “P”**. As of the date of this Second Report, no response to these letters has been received.

7.0 SALE PROCESS

7.1 In accordance with the Sale Process Order, marketing of the Property commenced on February 8, 2022. Interested parties were informed that the deadline for submission of offers for the Property was 5:00 p.m. on Tuesday, March 22, 2022 (the “**Bid Deadline**”).

7.2 Steps taken by the Receiver and M&M in connection with the marketing of the Property included the following:

- (a) providing email notification of the acquisition opportunity to approximately 2,000 investors / developers;
- (b) placing an advertisement of the acquisition opportunity in the Globe and Mail newspaper on Tuesday, February 15, 2022 and Thursday, February 17, 2022 (the “**Globe Advertisement**”);
- (c) posting the acquisition opportunity on the MLS system (the “**MLS Listing**”);
- (d) advertising the Property for sale in the Insolvency Insider on a weekly basis for the period of February 14, 2022 through March 25, 2022 (the “**Insolvency Insider Advertisement**”);
- (e) preparing a Confidential Information Memorandum (“**CIM**”) to provide to interested parties who entered into a Confidentiality Agreement (“**CA**”) with the Receiver;
- (f) with the assistance of Chaitons, preparing both “conditional” and “unconditional” template agreements of purchase and sale (the “**Template APSs**”) to provide to parties who intended to make an offer to purchase the Property, including specific

indication of whether an interested party was prepared to assume the Unit Purchaser Agreements;

- (g) engaging Evans Planning to assist the Receiver and potential purchasers in understanding the current status of the Property's proposed development;
- (h) engaging Pottinger Gaherty Environmental Consultants Ltd. to prepare an updated Phase I Environmental Site Assessment (the "**Updated Phase I ESA**") for the Property; and
- (i) establishing an online data room (the "**Data Room**") to provide substantial diligence information to parties that signed a CA.

Copies of the Globe Advertisement, the Insolvency Insider Advertisement, and the MLS Listing are attached collectively to this as **Appendix "Q"**.

- 7.3 During the Sale Process, Amercan informed the Receiver that it was considering making an offer for the Property, through a combination of cash and a credit bid of the amounts outstanding under Amercan \$1M Charge and the Amercan \$5M Charge (collectively the "**Amercan Debt**"). The Receiver informed Amercan that it was welcome to participate in the Sale Process, however, must participate through the process undertaken by M&M and would only receive information otherwise available to all potential bidders.
- 7.4 Throughout the Sale Process, 44 groups executed CAs and were provided access to the Data Room, including Amercan.
- 7.5 Six offers were submitted by the Bid Deadline, comprised of five marked up Template APSs and one letter of intent (the "**First Round Offers**"). The Receiver reviewed the First

Round Offers, including a summary prepared by M&M and the form of marked-up Template APSs. All of the First Round Offers required the Property to be conveyed free and clear of the Unit Purchaser Agreements.

- 7.6 After consultation with the Receiver, M&M provided four parties who submitted First Round Offers with the opportunity to resubmit improved offers by 5:00 p.m. on Monday, March 28, 2022 (the “**Second Round Bid Submission Deadline**”).
- 7.7 By the Second Round Bid Submission Deadline, M&M received two amended offers (the “**Second Round Offers**”) in the form of further marked-up Template APSs, while the two remaining bidders maintained their First Round Offers. As with the First Round Offers, all of the Second Round Offers required the Property to be conveyed free and clear of the Unit Purchaser Agreements.
- 7.8 The Second Round Offers included a clearly superior offer from 2011836 Ontario Corporation, a party related to Amercan (the “**Amercan Offer**”), which provided for a \$500,000 deposit, no further diligence or financing conditions, with the only remaining condition to close being the issuance of the Vesting Order. The Amercan Offer contained a significant cash component, and when combined with assumption of the Amercan Debt, results in a strong total valuation for the Property.
- 7.9 After consultation with the Receiver, M&M and the Receiver held further discussions in respect of the Amercan Offer in an effort to clarify and increase the overall value of the Amercan Offer. After extensive discussions, the Receiver selected the Amercan Offer as

the successful bid. On April 22, 2022, Amercan and the Receiver finalized the Sale Agreement⁶, a redacted copy of which is attached hereto as **Appendix “R”**.

7.10 A detailed report of the steps taken by M&M and specific results of the Sale Process, including a summary of Round One Offers and the Round Two Offers, is attached hereto as **Confidential Appendix “1”**.

7.11 An unredacted copy of the Sale Agreement is attached hereto as **Confidential Appendix “2”**. Key Aspects of the Sale Agreement are summarized in the following table (capitalized terms have the meanings ascribed to them in the Sale Agreement):

| | |
|-----------------------------------|--|
| Purchase Price | Sealed pending completion of the Transaction. Details contained in Confidential Appendix “3” . |
| Deposit | A deposit in the amount of Five Hundred Thousand Dollars (\$500,000) (the “ Deposit ”) has been delivered to the Receiver. |
| Purchase Price Adjustments | The Purchase Price for the Property shall be adjusted as of the Closing Date in respect of realty taxes, flat/fixed water and sewer rates and charges, utility deposits, if any, and all other items usually adjusted with respect to Property similar to the Property that apply. Such adjustments shall be pro-rated where appropriate for the relevant period on the basis of the actual number of days elapsed during such period prior to the Closing Date itself to be apportioned to the Purchaser. |
| Approval and Vesting Order | It is a requirement of the Sale Agreement that the Property is conveyed to the Purchaser free and clear of existing mortgages, charges and notices registered against title to the Property, including the Unit Sales Agreements, but excluding Permitted Encumbrances. |

⁶ In finalizing the Sale Agreement, the Purchaser was amended from 2011836 Ontario Corporation to Amercan.

| | |
|---------------------|---|
| Closing Date | Closing shall take place on the date which is fifteen (15) Business Days following the later of the granting of approval of the Sale Agreement by the Court and issuance of the Vesting Order, or such other date as the parties or their respective solicitors may mutually agree upon in writing (the “ Closing Date ”). |
|---------------------|---|

- 7.12 In addition, the Sale Agreement requires that a Vesting Order be granted and contemplates the usual mechanism requiring the Receiver to deliver to the Purchaser a Certificate of the Receiver (in the form attached to the proposed Vesting Order), which will certify that all of the conditions in the Sale Agreement have been satisfied or waived, and that the balance of the Purchase Price (as defined in the Sale Agreement) has been paid in full by the Purchaser.
- 7.13 The Receiver recommends that the Court approve the Sale Agreement for the following reasons:
- (a) the Property was marketed by the Receiver and M&M in accordance with the Sale Process Order;
 - (b) the Sale Process was robust and appropriately exposed the Property to the market on a broad basis to obtain the best transaction capable of being completed;
 - (c) the Purchaser was treated in the same manner as all potential bidders and was not made aware of the number and quantum of any other bids;
 - (d) the Purchaser has provided a material deposit, has demonstrated its financial ability to close transactions of similar size and nature and, based on the Receiver’s understanding, has financing in place to close the transaction by the Closing Date;

- (e) the Purchaser has completed substantial due diligence on the Property and has significant knowledge of the history of the project and has demonstrated a keen understanding of the issues related to future development through significant conversations with both M&M and the Receiver;
- (f) no further diligence is required by the Purchaser to complete the Transaction and the only substantial remaining condition to closing is receipt of the Vesting Order;
- (g) the Purchase Price is in excess of the value ascribed to the Property in an appraisal commissioned by the Receiver and completed by Avison Young in February 2022 and an appraisal commissioned by Ideal BC and completed by Colliers International in March 2021 which are attached hereto as **Confidential Appendix “4”**;
- (h) the Purchase Price represents the highest unconditional bid received during the Sale Process and the only bid which, in the view of the Receiver and M&M, was likely to result in a completed transaction in the near term without reductions to the stated purchase price; and
- (i) while the proceeds from the Transaction are not likely to result in any material recovery for unsecured creditors, sufficient funds will be generated to repay amounts owed under the Charges (other than the debts owed to Amercan which are effectively being assumed by the Purchaser).

8.0 PROPOSED DISTRIBUTIONS

8.1 If the Sale Agreement is approved and the sale of the Property to the Purchaser is completed, the Receiver seeks the Court's approval to make a distribution or distributions upon closing of the Transaction to pay:

- (a) Receiver's Borrowings (defined below) plus interest and other chargeable amounts;
- (b) amounts owing to the Applicants under the C&K Charge, including interest, fees and other recoverable amounts;
- (c) amounts owing to Feature under the Feature \$3M Charge, including interest, fees and other recoverable amounts;
- (d) amounts owing to Feature under the Feature \$2M Charge including interest, fees and other recoverable amounts; and
- (e) amounts owing to MZ in respect of the MZ Judgement.

(collectively the "**Distributions**").

8.2 The below table summarizes amounts owing in respect of the Receiver's Borrowings and the Charges estimated as of April 15, 2022. Per-diem interest after April 15, 2022, the Applicants' legal fees in connection with these Receivership Proceedings and potential enforcement fees and other fees, costs and expenses that Amercan may be entitled to claim from Ideal BC will be in addition to the amounts noted below.

| Ideal BC - Receivers Borrowing & Charges | |
|---|----------------------|
| Estimated Balance at 04/15/2022 | |
| <i>Figures in CAD</i> | |
| Receiver's Borrowings | \$ 153,442 |
| C&K Charge | 15,882,233 |
| Amercan \$1M Charge | 2,171,545 |
| Feature \$3M Charge | 3,441,751 |
| Feature \$2M Charge | 2,290,434 |
| MZ Writ | 192,071 |
| Amercan \$5M Charge | 5,322,400 |
| Balance Due | \$ 29,453,875 |

8.3 As indicated above, the Receiver has obtained a legal opinion from Chaitons confirming that the Charges are valid and enforceable, subject to certain assumptions and qualifications typically included in opinions provided to trustees or receivers in insolvency proceedings.

8.4 The Receiver will retain sufficient funds to complete the Receivership proceeding pending further Order of this Court.

9.0 SEALING ORDER

9.1 The Confidential Appendices contain confidential and commercially sensitive information related to the Sale Process and the Transaction, including information regarding the bids received through the Sale Process, which if disclosed would be harmful and materially prejudicial to the receivership estate and Ideal BC stakeholders in the event of any further marketing of the Property if the Transaction does not close as anticipated.

9.2 The Receiver recommends that this information be sealed pending closing of the Transaction.

10.0 ACTIVITIES OF THE RECEIVER TO DATE

10.1 In addition to the activities described in detail in this Second Report, the Receiver has conducted the following activities since the date of the First Report:

- (a) arranged for a property appraisal and the Updated Phase 1 ESA;
- (b) maintained the Case Website;
- (c) managed the Receiver's trust account;
- (d) corresponded with M&M concerning the Sale Process;
- (e) reviewed information provided by the Company and the Applicants regarding the Property;
- (f) corresponded extensively with stakeholders in this proceeding, including mortgagees and Unit Purchasers;
- (g) carried out the Sale Process in accordance with the Sale Process Order including;
 - (i) reviewed and commented on the Template APSs;
 - (ii) reviewed and commented on the investment summary and CIM prepared by M&M;
 - (iii) assisted in compilation of and reviewed the contents the Data Room prepared by M&M;
 - (iv) reviewed and commented on the Globe Advertisement;
 - (v) reviewed all offers submitted in the Sale Process and consulted with M&M regarding same;

- (vi) negotiated and executed the Sale Agreement;
- (h) attended at Court in connection with obtaining the Sale Process Order;
- (i) arranged for appropriate fencing to remain in place on the Property and for abandoned buildings to be boarded up to comply with requirements of the City of Richmond Hill;
- (j) obtained appropriate insurance coverage for the Property; and
- (k) prepared this Second Report, and brought this motion.

11.0 RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

11.1 A summary of the Receiver's Interim Statement of Receipts and Disbursements for the period December 17, 2021 to April 14, 2022 (the "**Reporting Period**") is provided below:

| Receipts & Disbursements | |
|---|---------------------|
| <i>For the period of 12/17/21 to 04/14/2022</i> | |
| <i>Figures in CAD</i> | |
| Receipts | |
| Receiver's Certificate Advances | \$ 150,000.00 |
| Total Receipts | \$150,000.00 |
| Disbursements | |
| Professional Fees | \$ 99,045.67 |
| Property Maintenance & Insurance | 24,402.11 |
| Interest | 2,869.84 |
| Bank Fees & Other | 104.97 |
| HST Paid | 14,775.57 |
| Total Disbursements | \$141,198.16 |
| Net Cash Flow | \$ 8,801.84 |
| Opening Cash Balance | \$ - |
| Net Cash Flow | 8,801.84 |
| Ending Cash Balance | \$ 8,801.84 |

11.2 Pursuant to the Appointment Order, the Receiver was authorized to borrow up to \$500,000 by way of Receiver's Certificates. As of the date of this Second Report, the Receiver has issued two Receiver's Certificates, totaling \$150,000. The Receiver's Certificates bear interest at 12% per annum and are subject to a 1% commitment fee (the "**Receiver's Borrowings**"). Pursuant to the Appointment Order, the Receiver's Borrowings are secured by the Receiver's Borrowings Charge which ranks in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, but subordinate in priority to the Receiver's Charge and certain other charges as set out in the BIA.

11.3 Disbursements for the period totaled \$140,746 and comprised primarily of:

- (a) professional fees of \$99,046 (including fees paid to the Receiver and the Receiver's independent counsel, Chaitons);
- (b) property maintenance and insurance costs of \$24,002;
- (c) HST paid on fees and costs of \$14,724; and
- (d) Receiver's Certificate interest, bank fees, and other costs of \$2,975

12.0 OTHER MATTERS

12.1 As noted above, the proceeds from the Transaction are not likely to result in any material recovery for unsecured creditors.

12.2 The Receiver has initiated discussions with Tarion, through its external counsel, in respect of the Unit Purchasers and Purchaser Deposits, and has been provided with a direct contact from Tarion with whom Unit Purchasers can communicate with any questions regarding their deposits and related matters. The Receiver and Tarion intend to continue to share

information in respect of Ideal BC and the Receivership Proceeding and the Receiver intends to provide Tarion with copies of the Unit Purchaser Agreements to assist potential Unit Purchaser claims with Tarion.

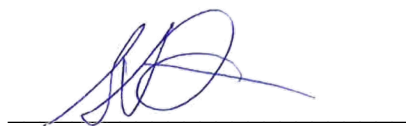
- 12.3 Following the anticipated closing of the Transaction, the Receiver intends to review with the Company's remaining economic stakeholders available alternatives for potential additional recoveries to be pursued, including but not limited to a bankruptcy of the Company and potential remedies against parties related to the Company.

13.0 CONCLUSIONS AND RECOMMENDATIONS

- 13.1 Based on the foregoing, the Receiver respectfully requests that Court make an order granting the relief sought in the Receiver's Notice of Motion and described in paragraph 3.1(a) of this Second Report.

All of which is respectfully submitted this 22nd day of April 2022.

**Alvarez & Marsal Canada Inc., in its capacity as Receiver of
Ideal (BC) Developments Inc., and not in its personal capacity**

A handwritten signature in blue ink, appearing to read 'SF', is written over a horizontal line.

Per: Stephen Ferguson
Senior Vice-President

Appendix D

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

SUPPLEMENT TO THE SECOND REPORT TO COURT
OF ALVAREZ & MARSAL CANADA INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER
OF IDEAL (BC) DEVELOPMENTS INC.

May 2, 2022

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| Appendix B | May 2, 2022 Email from Counsel to Certain Unit Purchasers |

1.0 INTRODUCTION

- 1.1 This report (the “**Supplemental Second Report**”) is filed by Alvarez & Marsal Canada Inc. (“**A&M**”) in its capacity as Court-appointed receiver and manager (in such capacity, the “**Receiver**”) without security, of all of the assets, undertakings and properties of Ideal (BC) Developments Inc. (“**Ideal BC**” or the “**Company**”).
- 1.2 The purpose of this Supplemental Second Report is to provide additional information related to the assignment of the Sale Agreement and correspondence between the Receiver and legal counsel to certain unit purchasers in respect of the proposed distribution sought in connection with the Receiver’s motion returnable on May 3, 2022 (the “**Sale Approval Motion**”).
- 1.3 This Supplemental Report should be read in conjunction with the Second Report and all capitalized terms not defined herein shall have the meaning defined in the Second Report.

2.0 PURCHASER’S ASSIGNMENT OF AGREEMENT OF PURCHASE AND SALE

- 2.1 As indicated in the Second Report, the Sale Agreement provides for a transfer of the Property to Amercan or an assignee thereof.
- 2.2 On April 29, 2022, counsel for Amercan notified the Receiver that Amercan agreed to assign its rights under the Sale Agreement to 1000162801 Ontario Corp. (the “**Assignee**”), a related party, pursuant to a Purchaser’s Assignment of Agreement and Purchase and Sale executed on April 28, 2022 (the “**Assignment Agreement**”). A copy of the Assignment Agreement is attached hereto as **Appendix A**.

2.3 The assignment to the Assignee does not relieve Amercan of any of its obligations under the Sale Agreement.

2.4 The Receiver seeks the Court's approval of the Transaction with the Assignee as Purchaser.

3.0 CORRESPONDENCE WITH COUNSEL FOR CERTAIN UNIT PURCHASERS

3.1 On May 2, 2022, legal counsel to certain Unit Purchasers wrote to Chaitons (the "**May 2nd Letter**") indicating, among other things, that they "will be asking that the Court decline to order the proposed distribution to Feature [under the Feature \$2M Charge] on the basis of the information presented to date". A copy of the May 2nd Letter is attached hereto as **Appendix B**.

3.2 In response to the May 2nd Letter, counsel to Feature has agreed that the issue of distribution under the Feature \$2M Charge can be dealt with at a later date, without affecting court approval of the Transaction and the other proposed distributions.

3.3 The Receiver will be communicating with the relevant parties on an appropriate procedure to deal with any distribution related to the Feature \$2M Charge, including a form of order to be issued on May 3, 2020 in respect thereof.

4.0 CONCLUSIONS AND RECOMMENDATIONS

- 4.1 Based on the foregoing, the Receiver respectfully requests that Court make the orders granting the relief sought in the Sale Approval Motion, other than in respect of a distribution to Feature for amounts owing under the Feature \$2M Charge.

All of which is respectfully submitted this 2nd day of May 2022.

**Alvarez & Marsal Canada Inc., in its capacity as Receiver of
Ideal (BC) Developments Inc., and not in its personal capacity**



Per: Stephen Ferguson
Senior Vice-President

Appendix E

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

| | | |
|--------------------|---|-----------------------------------|
| THE HONOURABLE MR. |) | TUESDAY, THE 25 TH DAY |
| |) | |
| JUSTICE MCEWEN |) | OF JANUARY, 2022 |

BETWEEN:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

ORDER

THIS MOTION, made by Alvarez & Marsal Canada Inc., in its capacity as court-appointed receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties of Ideal (BC) Developments Inc. (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, for an order, *inter alia*: (a) authorizing and directing the Receiver to conduct the sale process described in the First Report of the Receiver dated January 18, 2022 (the “**First Report**”), including the engagement of Marcus & Millichap Real Estate Investment Services Canada Inc. (“**M&M**”); and (b) approving the activities of the Receiver as described in the First Report, was heard this day at Toronto via Zoom videoconference.

ON READING the First Report and on hearing the submissions of counsel for the Receiver and for the Applicants and for such other parties as reflected in the Participant Information Form, filed:

1. THIS COURT ORDERS that the Receiver is hereby authorized and directed to conduct the sale process described in the First Report, including the engagement of M&M.
2. THIS COURT ORDERS that the activities of the Receiver as set out in the First Report are hereby approved.



C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY

-and- IDEAL (BC) DEVELOPMENTS INC.

Applicants

Respondent

Court File No. CV-21-00672848-00CL

25 Jan 22

Order to go as per the draft filed and signed.
The sales process is fair and reasonable. Activities of the Receiver
are approved.
The motion is unopposed.

McE T.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ORDER

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

George Benchetrit
Tel: (416) 218-1141
Email: george@chaitons.com

**Lawyers for Alvarez & Marsal Canada Inc., in its
capacity as Court-Appointed Receiver**

Appendix F

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM) DAY, THE 12th
JUSTICE GILMORE)
DAY OF MAY, 2022

B E T W E E N:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

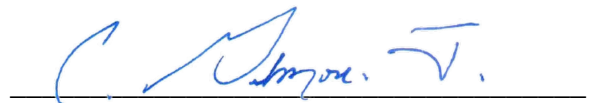
Respondent

ORDER

THIS MOTION, made by Alvarez & Marsal Canada Inc. in its capacity as the Court-appointed receiver of the undertaking, property and assets of Ideal (BC) Developments Inc., for an order amending the Approval and Vesting Order dated May 3, 2022 attached hereto as Schedule "A" (the "**Approval and Vesting Order**") to reflect the correct name of the Purchaser, was submitted in writing and read this day.

ON READING the Supplement to the Second Report dated May 2, 2022:

1. **THIS COURT ORDERS** that the Approval and Vesting Order shall be amended to delete all references to "1000612801 Ontario Corp." and substitute therefor "1000162801 Ontario Corp."



A handwritten signature in blue ink, appearing to read "C. Moore J.", is written over a horizontal line.



Schedule "A"

Court File No. CV-21-00672848-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Electronically issued
Délivré par voie électronique : 09-May-2022
Toronto

THE HONOURABLE MADAM

)

TUESDAY, THE 3RD

JUSTICE GILMORE

)

DAY OF MAY, 2022

)

B E T W E E N:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by Alvarez & Marsal Canada Inc. in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of Ideal (BC) Developments Inc. (the “**Debtor**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an Offer to Purchase (the “**Sale Agreement**”), between the Receiver and Amercan Corporation executed April 22, 2022 and appended as a Confidential Appendix to the Second Report of the Receiver dated April 25, 2022 (the “**Second Report**”), which was later assigned to 1000612801 Ontario Corp. (the “**Purchaser**”), and vesting in the Purchaser the Debtor’s right, title and interest in and to the lands and premises located at 2, 6, and 8 Bond Crescent and 8, 10, 12, 14, 16, and 18 Bostwick Crescent, Richmond Hill, Ontario

and legally described in Schedule “A” hereto (the “**Real Property**”), was heard this day by video conference due to the COVID 19 crisis.

ON READING the Second Report, the Supplement to the Second Report dated May 2, 2022 and the Responding Motion Record of certain Unit Purchasers, and on hearing the submissions of counsel for the Receiver, the Applicants, Amercan Corporation, Feature Corp., and certain Unit Purchasers, and such other parties shown on the Participant Information Form filed with the Court:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Real Property to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as Schedule “B” hereto (the “**Receiver's Certificate**”), the Real Property shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Cavanagh dated December 17, 2021; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule “C” hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule “D”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Real Property are hereby expunged and discharged as against the Real Property.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of York Region No. 65 of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the Real Property in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Encumbrances listed in Schedule “C” hereto.

4. **THIS COURT ORDERS** that the Receiver or Purchaser with the prior written consent of the Receiver shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances.

5. **THIS COURT ORDERS** that, without in any way limiting the efficacy of paragraph 2 of this Order, the Purchaser shall not assume or be deemed to have assumed any obligations in respect of or arising out of any agreements of purchase and sale entered into by the Debtor (“**Unit Sale Agreements**”) prior to the Receivership Order of Justice Cavanagh dated December 17, 2021, the Purchaser has not assumed or been assigned any rights in respect of or arising out of any Unit Sale Agreements, and no party to any Unit Sale Agreement shall have any right, interest or claim arising out of any Unit Sale Agreement as against the Real Property or the Purchaser.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Real Property shall stand in the place and stead of the Real Property, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Real Property with the same priority as they had with respect to the Real Property immediately prior to the sale, as if the Real Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Real Property in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. **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.



Schedule “A” – Real Property

| | |
|--|--|
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0072 LT PT LT 1 PL 136 KING; PT LT 62 PL 136 KING; PT LT 63 PL 136 KING AS IN R504810 8 BOSTWICK CR RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0073 LT PT LT 63 PL 136 KING AS IN R209240 10 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0074 LT PT LT 64 PL 136 KING AS IN R530013 12 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0075 LT PT LT 64 PL 136 KING; PT LT 65 PL 136 KING AS IN R406345 14 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0076 LT PT LT 66 PL 136 KING; PT LT 67 PL 136 KING AS IN R135070 8 BOND CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0077 LT PT LT 66 PL 136 KING; PT LT 67 PL 136 KING AS IN B54438B 6 BOND CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0078 LT PT LT 66 PL 136 KING AS IN R690041 16 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0079 LT PT LT 67 PL 136 KING AS IN R601987 18 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0080 LT PT LT 67 PL 136 KING AS IN KI22033 EXCEPT R135070, B54438B, & R601987 2 BOND CRESCENT RICHMOND HILL |

Schedule “B” – Form of Receiver’s Certificate

Court File No. CV-21-00672848-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (the “**Court**”) dated December 17, 2021, Alvarez & Marsal Canada Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Ideal (BC) Developments Inc. (the “**Debtor**”).

B. Pursuant to an Order of the Court dated May 3, 2022 (“**Approval and Vesting Order**”), the Court approved the Offer to Purchase made as of April ●, 2022 (the “**Sale Agreement**”) between the Receiver and Amercan Corporation (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Real Property, which vesting is to be effective with respect to the Real Property upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Real Property; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Approval and Vesting Order.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Real Property payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ on • _____ , 2022.

**ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Court-Appointed
Receiver and Manager of Ideal (BC)
Developments Inc., and not in its personal
capacity**

Per: _____

Name:

Title:

Schedule “C” – Encumbrances to be deleted and expunged from title to Real Property

| No. | Registration No. | Registration Date | Instrument Type | Parties To | PIN |
|------------|-------------------------|--------------------------|------------------------|--|---|
| 1. | YR2830041 | 2018/05/04 | Charge | Feature Corp | All PINs |
| 2. | YR2830046 | 2018/05/04 | No Assgn Rent Gen | Feature Corp | All PINs |
| 3. | YR2901113 | 2019/11/23 | Notice | Feature Corp | All PINs |
| 4. | YR2944756 | 2019/03/29 | Charge | Feature Corp | All PINs |
| 5. | YR2944763 | 2019/03/29 | No Assgn Rent Gen | Feature Corp | All PINs |
| 6. | YR3001386 | 2019/08/28 | Notice | Feature Corp | All PINs |
| 7. | YR3001387 | 2019/08/28 | Notice | Feature Corp | All PINs |
| 8. | YR3002006 | 2019/08/29 | Postponement | Feature Corp to Amercan Corp | All PINs |
| 9. | YR3002007 | 2019/08/29 | Postponement | Feature Corp to Amercan Corp | All PINs |
| 10. | YR3142297 | 2020/09/18 | Apl Ch Name Owner | Ideal (BC) Developments Inc. | All PINs except 03196- 0072, 03196- 0073, 03196- 0074, and 03196-0075, |
| 11. | YR3162185 | 2020/10/30 | Charge | C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |
| 12. | YR3162186 | 2020/10/30 | No Assgn Rent Gen | C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |

| No. | Registration No. | Registration Date | Instrument Type | Parties To | PIN |
|-----|------------------|-------------------|-------------------|--|----------|
| 13. | YR3163005 | 2020/10/30 | Postponement | Feature Corp in favour of C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |
| 14. | YR3163006 | 2020/10/30 | Postponement | Feature Corp in favour of C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |
| 15. | YR3163010 | 2020/10/30 | Postponement | Fiera FP Real Estate Financing Fund, L.P. in favour of C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |
| 16. | YR3163171 | 2020/10/30 | Charge | Feature Corp. | All PINs |
| 17. | YR3163197 | 2020/10/30 | No Assgn Rent Gen | Feature Corp. | All PINs |
| 18. | YR3163198 | 2020/10/30 | Charge | Feature Corp. | All PINs |
| 19. | YR3163219 | 2020/10/30 | No Assgn Rent Gen | Feature Corp. | All PINs |
| 20. | YR3168055 | 2020/11/12 | Postponement | Feature Corp in favour of C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |

| No. | Registration No. | Registration Date | Instrument Type | Parties To | PIN |
|-----|----------------------|-------------------|-----------------------------------|------------------------------|--|
| 21. | YR3358639 | 2021/12/20 | Apl Court Order | Alvarez & Marsal Canada Inc. | All PINs |
| 22. | Writ – 21-0001648 | 2021/08/30 | Court File No. CV-19-00614363-000 | MarshallZehr Group Inc. | All PINs – filed against, <i>inter alia</i> , Ideal (BC) Developments Inc. |

Reference to ALL PINs means the following PINs:

| Municipal Addresses | PINs |
|---------------------|----------------|
| 8 Bostwick Road | 03196-0072(LT) |
| 10 Bostwick Road | 03196-0073(LT) |
| 12 Bostwick Road | 03196-0074(LT) |
| 14 Bostwick Road | 03196-0075(LT) |
| 6 Bond Crescent | 03196-0077(LT) |
| 16 Bostwick Road | 03196-0078(LT) |
| 2 Bond Crescent | 03196-0080(LT) |
| 8 Bond Crescent | 03196-0076(LT) |
| 18 Bostwick Road | 03196-0079(LT) |

**Schedule “D” – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. Any reservations, restrictions, rights of way, easements or covenants that run with the land;
2. Any registered agreements with a municipality, region or supplier of utility service including, without limitations, electricity, water, sewage, gas, telephone or cable television or other telecommunication services;
3. All laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the Property;
4. Any minor easements for the supply of utility services or other services to the Lands or Buildings, if any, or adjacent properties;
5. Encroachments disclosed by any error or omission in existing surveys of the Lands or neighbouring properties and any title defects, encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Lands and survey of the Lands and survey matters generally;
6. The exceptions and qualifications set forth in the *Registry Act* (Ontario) or the *Land Titles Act* (Ontario), or amendments thereto;
7. Any reservation(s) contained in the original grant from Crown;
8. Subsection 44(1) of the *Land Titles Act* (Ontario) except paragraphs 11 and 14.
9. Provincial succession duties and escheats or forfeiture to the Crown;
10. The rights of any person who would, but for the *Land Titles Act* (Ontario) be entitled to the Lands or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention;
11. Any lease to which subsection 70(2) of the *Registry Act* (Ontario) applies; and

12. The following instruments registered on title to the Premises:

| No. | Registration No. | Registration Date | Instrument Type | Parties To | PIN |
|-----|------------------|-------------------|-----------------|---|----------|
| 1. | IF351 | 1951/02/19 | Bylaw | | All PINs |
| 2. | IF367 | 1952/04/28 | Bylaw | The Corporation of the Township of King | All PINs |
| 3. | YR3002005 | 2019/08/29 | Charge | Amercan Corporation | All PINs |
| 4. | YR2226826 | 2021/11/03 | Charge | Amercan Corporation | All PINs |

C&K MORTGAGE SERVICE INC. et al.

-and- **IDEAL (BC) DEVELOPMENTS INC.**

Applicants

Respondent

Court File No. CV-21-00672848-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

George Benchetrit

Tel: (416) 218-1141

Email: george@chaitons.com

**Lawyers for Alvarez & Marsal Canada Inc., in its capacity
as Court-Appointed Receiver**

C&K MORTGAGE SERVICE INC. et al.

-and- **IDEAL (BC) DEVELOPMENTS INC.**

Applicants

Respondent

Court File No. CV-21-00672848-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER

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Email: george@chaitons.com

**Lawyers for Alvarez & Marsal Canada Inc., in its capacity
as Court-Appointed Receiver**

Appendix G

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

| | | |
|----------------------|---|------------------------------|
| THE HONOURABLE MADAM |) | TUESDAY, THE 3 RD |
| |) | |
| JUSTICE GILMORE |) | DAY OF MAY, 2022 |

B E T W E E N:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondents

ORDER

THIS MOTION, made by Alvarez & Marsal Canada Inc., in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of Ideal (BC) Developments Inc. (the “**Debtor**”), for an order (*inter alia*): (a) authorizing and directing the Receiver to make distributions of funds as described in the Second Report of the Receiver dated April 25, 2022 (the “**Second Report**”); (b) sealing the Confidential Appendices to the Second Report; and (c) approving the activities of the Receiver as described the Second Report, was heard this day at Toronto via Zoom videoconference due to the COVID-19 Pandemic.

ON READING the Second Report, the Supplement to the Second Report dated May 2, 2022 and the Responding Motion Record of certain Unit Purchasers, and on hearing the submissions of counsel for the Receiver, the Applicants, Amercan Corporation, Feature Corp.

and certain Unit Purchasers, and such other parties shown on the Participant Information Form filed with the Court:

1. **THIS COURT ORDERS** that all capitalized terms not defined herein shall have the meaning defined in the Second Report.
2. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to make the distributions described in Section 8.1 of the Second Report in respect of the Receiver's Borrowings, the C&K Charge and the Feature \$3M Charge.
3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of the claims by MarshallZehr under the MZ Writ and Feature under the Feature \$2M Charge (collectively, the "**Preserved Claims**"), the net proceeds from the sale of the Property shall stand in the place and stead of the Property, and that from and after the delivery of the Receiver's Certificate to be issued pursuant to the Approval and Vesting Order made as of this date, the Preserved Claims shall attach to the net proceeds from the sale of the Property with the same priority as they had with respect to the Property immediately prior to the sale, as if the Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
4. **THIS COURT ORDERS** that the activities of the Receiver as set out in the Second Report are hereby approved.
5. **THIS COURT ORDERS** that the Confidential Appendices to the Second Report shall be sealed pending completion of the Transaction.



C&K MORTGAGE SERVICE INC. et al.

-and- IDEAL (BC) DEVELOPMENTS INC.

Applicants

Respondent

Court File No. CV-21-00672848-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER

CHAITONS LLP
5000 Yonge Street, 10th Floor
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George Benchetrit
Tel: (416) 218-1141
Email: george@chaitons.com

**Lawyers for Alvarez & Marsal Canada Inc., in its capacity
as Court-Appointed Receiver**

Appendix H



COUNSEL SLIP

COURT FILE NO.: CV-21-00672848-00CL DATE: 3-May-2022

NO. ON LIST 2

TITLE OF PROCEEDING **C&K MORTGAGE SERVICE INC. AND CANADIAN WESTERN TRUST
COMPANY v. IDEAL (BC) DEVELOPMENTS INC.**

COUNSEL FOR:

George Benchetrit & Laura Culleton (counsel for
☒ Alvarez & Marsal Canada Inc., in its capacity as Court-
Appointed Receiver)

PHONE _____
FAX _____
EMAIL George@chaitons.com
laurac@chaitons.com

COUNSEL FOR:

☒ APPLICANT(S) David Preger (counsel for C&K
Mortgage Services Inc. and Canadian Western Trust
Company)
☐ RESPONDENT(S)

PHONE _____
FAX _____
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COUNSEL FOR:

☐ APPLICANT(S)
☒ RESPONDENT(S) Judy Hamilton (counsel for Ideal
(BC Developments Inc.))

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OTHER PARTIES APPEARING:

Valerie Kluge (counsel for Amercan Corporation)
valerie.pelchat@gowlingwlg.com
Miranda Spence & Samantha Hans (purchasers as
identified in the service list) mspence@airdberlis.com
shans@airdberlis.com
David Meirovici (counsel for Feature Corp.)
dmeirovici@fijlaw.com
Steve Ferguson (Alvarez & Marsal Canada Inc., Court-
Appointed Receiver)
sferguson@alvarezandmarsal.com
Stephen Turk (counsel for Ryan Steckle)
sturk@stephenturklaw.com

JUDICIAL NOTES:

Endorsement of Gilmore, J.

This is the Receiver's motion for a Distribution Order and an Approval and Vesting Order. Specifically, the Receiver seeks an Order to approve a sale transaction between the Receiver and American Corp. dated April 22, 2022, an Order vesting



the subject property in the Purchaser, approving the activities of the Receiver as set out in its Second Report, and distributing funds in accordance with section 8.1 of the Second Report.

As a result of certain enquiries by Ms. Spence on behalf of the unit holders and agreement by the 4th mortgagee, certain claims will be preserved pending a determination of nature and priority of claims by MarshallZehr and Feature.

I have reviewed the draft Orders and the confidential appendices and am satisfied that the Orders are appropriate and required to carry out the terms of Receivership and the Sales Order.

The signed Orders are attached.

May 3, 2022



Justice C. Gilmore

Appendix I

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

BE T W E E N:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

DISCHARGE CERTIFICATE

Pursuant to an Order dated July 15, 2022, the Ontario Superior Court of Justice (Commercial List) (the "**Discharge Order**"), Alvarez & Marsal Canada Inc. was discharged as the court-appointed receiver (the "**Receiver**") of the assets, undertakings and property of Ideal (BC) Developments Inc., with such discharge to be effective upon the Receiver filing a certificate with this Court certifying that the Receiver has completed all activities required to administer the receivership.

THE UNDERSIGNED HEREBY CERTIFIES as follows:

In accordance with Paragraph ● of the Discharge Order, the Receiver certifies that it has completed all activities required to administer the receivership.

DATED at Toronto, Ontario this ____ day of _____, 2022

**ALVAREZ & MARSAL CANADA INC. in
its capacity as Court-Appointed Receiver**

By: _____
Name:
Title:

C&K MORTGAGE SERVICE INC. et al.

Applicants

and

IDEAL (BC) DEVELOPMENTS INC.

Respondent

Court File No. CV-21-00672848-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at TORONTO

DISCHARGE CERTIFICATE

CHAITONS LLP

Barristers and Solicitors
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

George Benchetrit (LSO #34163H)

Tel: (416) 218-1141

Email: george@chaitons.com

**Lawyers for Alvarez & Marsal Canada
Inc., in its capacity as Court-Appointed
Receiver**

Appendix J

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (the “**Court**”) dated December 17, 2021, Alvarez & Marsal Canada Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Ideal (BC) Developments Inc. (the “**Debtor**”).

B. Pursuant to an Order of the Court dated May 3, 2022, as amended by Amending Orders dated May 12, 2022 and May 18, 2022 (collectively, the “**Approval and Vesting Order**”), the Court approved the Offer to Purchase made as of April 22, 2022 (the “**Sale Agreement**”) between the Receiver and Amercan Corporation and provided for the vesting in 1000162801 Ontario Corp. (the “**Purchaser**”) of the Debtor’s right, title and interest in and to the Real Property, which vesting is to be effective with respect to the Real Property upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Real Property; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Approval and Vesting Order.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has satisfied its obligation to pay the Purchase Price for the Real Property payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at 10:46 a.m. on May 30, 2022.

**ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Court-Appointed
Receiver and Manager of Ideal (BC)
Developments Inc., and not in its personal
capacity**

Per:



Name: Stephen Ferguson

Title: Senior Vice President

Appendix K

OFFER TO PURCHASE

TO: ALVAREZ & MARSAL CANADA INC. (the “**Vendor**” or “**Receiver**”) in its capacity as receiver and manager of all of the assets, undertakings and properties of Ideal (BC) Developments Inc. (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, appointed pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice dated December 17, 2021 in Court File No. CV-21-00672848-00CL at Toronto (the “**Appointment Order**”), and not in its personal capacity or corporate capacity.

1. Offer to Purchase

The undersigned, Amercan Corp. (the “**Purchaser**”), hereby offers to purchase from and through the Vendor all of the right, title and interest in and to the Property (hereinafter defined) which the Vendor is entitled to sell at the purchase price set out herein and upon and subject to the terms hereof.

2. Definitions

In this Offer and the Agreement arising from the acceptance hereof, the following terms have the meanings respectively ascribed to them:

“**Agreement**”, “**the Agreement**” or “**this Agreement**” means the agreement of purchase and sale resulting from the acceptance of this Offer by the Vendor.

“**Appointment Order**” has the meaning ascribed thereto in the addressee line hereof.

“**Approval and Vesting Order**” means an order of the Court in accordance with the provisions of the standard model approval and vesting order, in registrable form, with amendments as are agreed by counsel for the Purchaser and the Receiver acting reasonably, upon a motion brought by the Vendor, approving this Agreement and vesting in the Purchaser all the right, title and interest of the Debtor in the Property, free and clear of and from any and all security interests, hypothecs, mortgages, trusts or deemed trusts, liens, executions, levies, charges, or other financial or monetary claims, but subject to the Permitted Encumbrances.

“**Business Day**” means a day other than Saturday, Sunday or a statutory holiday in the Province of Ontario or any other day upon which the Vendor is not open for the transaction of business throughout normal business hours at its principal office.

“**Closing**” or “**Closing Date**” has the meaning ascribed thereto in Section 17 hereof.

“Court” means the Ontario Superior Court of Justice and includes a judge, master or registrar of that court and any appellate court judge having jurisdiction in any particular matter.

“Debtor” has the meaning ascribed thereto in the addressee line hereof.

“Deposit” has the meaning ascribed thereto in Section 3 hereof.

“Environmental Laws” mean all requirements under or prescribed by common law and all federal, provincial, regional, municipal and local laws, rules, statutes, ordinances, regulations, guidelines, directives, notices and orders from time to time with respect to the discharge, generation, removal, storage or handling of any Hazardous Substances.

“Hazardous Substances” means any contaminant, pollutant, dangerous substance, potentially dangerous substances, noxious substance, toxic substance, hazardous waste, flammable material, explosive material, radioactive material, urea-formaldehyde foam insulation, asbestos, PCBs radiation and any other substance, material, effect, or thing declared or defined to be hazardous, toxic, a contaminant, or pollutant, in or pursuant to any Environmental Laws.

“HST” has the meaning ascribed thereto in Section 16 hereof.

“Indemnitees” has the meaning ascribed thereto in Section 24 hereof.

“Listing Broker” means Marcus & Millichap Real Estate Investment Services Canada Inc.;

“Material Documents” includes copies of all architectural drawings, site plans relating to the Property, existing plans of survey, if any, to the extent that such Material Documents are in the possession of the Vendor.

“Offer”, “the Offer” or “this Offer” means the offer to purchase the Property made by the Purchaser and contained in and comprised of this document.

“Permitted Encumbrances” has the meaning ascribed thereto in Section 11 hereof.

“Property” means the lands legally described in Schedule “A” attached hereto.

“Purchase Price” has the meaning ascribed thereto in Section 3 hereof.

“Purchaser” has the meaning ascribed thereto in Section 1 hereof.

“Receiver” has the meaning ascribed thereto in the addressee line hereof.

“TERS” has the meaning ascribed thereto in Section 17 hereof.

“Unit Sales Agreements” means any and all offers, agreements and all amendments, extensions and related agreements for the sale of units to be constructed in the residential project previously planned by the Debtor.

“Vendor” has the meaning ascribed thereto in the addressee line hereof.

3. Purchase Price

The purchase price for the Property shall be the sum of: (A) the Cash Amount; and (B) the Assumed Debt (the **“Purchase Price”**). The Purchase Price shall be payable by the Purchaser to the Vendor in lawful money of Canada, subject to the adjustments hereinafter referred to in Section 8 hereof, as follows:

- (a) a deposit in the amount of Five Hundred Thousand Dollars (\$500,000), which shall be delivered with submission of this Offer by irrevocable wire transfer, or certified cheque or bank draft drawn on an account at a Canadian chartered bank or trust company payable to the Vendor, to be held by the Receiver in trust and credited toward the Purchase Price upon Closing (the **“Deposit”**);
- (b) the Cash Amount, less the Deposit, to the Vendor on the Closing Date by irrevocable wire transfer. An estimate of the Cash Amount will be provided by the Vendor to the Purchaser no less than 3 Business Days prior to the Closing Date, and the Purchaser shall accept this amount as the amount payable on Closing. The Vendor will complete a reconciliation of the Cash Amount as soon as reasonably practicable after Closing and will refund any amount properly repayable to the Purchaser; and
- (c) the balance of the Purchase Price shall be paid by the full assumption of the Assumed Debt.

The **“Cash Amount”** shall mean the greater of (A) TWENTY-ONE MILLION, SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS (\$21,750,000) and (B) the sum of the following amounts:

- (a) all amounts which are secured by liens in favour of a Governmental Authority (including deemed trusts) that encumber the Property and rank in priority to the Receiver’s Charge established under the Appointment Order, arising by operation of any applicable statutory law or otherwise, and including all accrued real property taxes;
- (b) real estate commissions due on the sale of the Property;
- (c) amounts payable under the Receiver’s Borrowings Charge established under the Appointment Order;

- (d) the Receiver's costs (including legal expenses) to complete the administration of the receivership;
- (e) amounts payable to C & K Mortgage Services Inc. secured by its mortgage against the Property;
- (f) amounts payable to Feature Corp secured by its mortgages against the Property; and
- (g) amounts payable to MarshallZehr Group Inc. under its writ of seizure and sale filed with the Sheriff of the Regional Municipality of York (Newmarket).

"Assumed Debt" shall be the sum of the amounts payable to American Corp. secured by is mortgages against the Property.

"Governmental Authority" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

4. Deposit

The Deposit shall be held in trust by the Vendor and shall be:

- (a) returned to the Purchaser without interest or deduction if the Vendor does not accept this Offer;
- (b) credited to the Purchaser as an adjustment against the Purchase Price on the Closing Date if the purchase and sale of the Property is completed pursuant to the Agreement;
- (c) returned to the Purchaser without interest and without deduction if the purchase and sale of the Property is not completed pursuant to the Agreement, provided that the Purchaser is not in default under this Offer or under the Agreement; or
- (d) retained by the Vendor as a genuine pre-estimate of liquidated damages and not as a penalty, in addition to any other rights and remedies that the Vendor may have under this Offer, the Agreement and at law, including offering the Property for sale to another person, if the purchase and sale of the Property is otherwise not completed pursuant to this Offer and the Agreement, as a result of the Purchaser's breach hereunder.

5. Acceptance of Offer

The Purchaser agrees that no agreement for the purchase and sale of the Property shall result from this Offer unless and until this Offer has been accepted by the Vendor and the Approval and

Vesting Order has been obtained. The Purchaser agrees that this Offer shall be irrevocable by the Purchaser and open for acceptance by the Vendor until 5:00 o'clock p.m. (Toronto time) on April 22, 2022, after which time, if not accepted by the Vendor, this Offer shall be null and void and the Deposit shall be returned to the Purchaser in accordance with Section 4(a) hereof. The Vendor shall indicate the date on which it has accepted this Offer in the space provided on the execution of this Offer.

6. Court Approval

The Purchaser hereby acknowledges and agrees that the sale of the Property is subject to issuance of the Approval and Vesting Order. The Vendor shall bring a motion to the Court for the Approval and Vesting Order as soon as reasonable possible following acceptance of this Offer by the Vendor. The Purchaser, at its own expense, shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably require to obtain the Approval and Vesting Order.

7. Capacity of Receiver

The Vendor, by acceptance of the Offer, is entering into the Agreement solely in its capacity as the Court-appointed Receiver of all of the Debtor's assets, undertakings and properties and not in its personal, corporate or any other capacity. Any claim against the Receiver shall be limited to and only enforceable against the assets, undertakings and properties then held by or available to it in its said capacity as Receiver and shall not apply to its personal property and/or any assets held by it in any other capacity. The Vendor shall have no personal or corporate liability of any kind, whether in contract or in tort or otherwise. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Property.

8. Adjustments

The Purchase Price for the Property shall be adjusted as of the Closing Date in respect of realty taxes, flat/fixed water and sewer rates and charges, utility deposits, if any, and all other items usually adjusted with respect to properties similar to the Property that apply. Such adjustments shall be pro-rated where appropriate for the relevant period on the basis of the actual number of days elapsed during such period prior to the Closing Date itself to be apportioned to the Purchaser.

9. Conditions for Benefit of the Vendor

The obligation of the Vendor to complete the Agreement is subject to the satisfaction of the following terms and conditions on or prior to the Closing Date, which conditions are for the sole benefit of the Vendor and which may be waived by the Vendor in its sole discretion:

- (a) the representations and warranties of the Purchaser herein being true and accurate as of the Closing Date;

- (b) no action or proceeding at law or in equity shall be pending or threatened by any person, firm, government, government authority, regulatory body or agency to enjoin, restrict or prohibit the purchase and sale of the Property;
- (c) the Property shall not have been removed from the control of the Vendor by any means or process; and
- (d) the Court shall have granted the Approval and Vesting Order.

10. Purchaser's Acknowledgements

The Purchaser hereby acknowledges and agrees with, and to be subject to, the following:

- (a) it is responsible for conducting its own searches and investigations of the current and past uses of the Property;
- (b) the Vendor makes no representation or warranty of any kind that the present use or future intended use by the Purchaser of the Property is or will be lawful or permitted;
- (c) it is satisfied with the Property and all matters and things connected therewith or in any way related thereto;
- (d) it is relying entirely upon its own investigations and inspections in entering into this Agreement;
- (e) it is purchasing the Property on an "as is, where is" and "without recourse" basis including, without limitation, outstanding work orders, deficiency notices, compliance, requests, development fees, imposts, lot levies, sewer charges, zoning and building code violations and any outstanding requirements which have been or may be issued by any governmental authority having jurisdiction over the Property;
- (f) it relies entirely on its own judgment, inspection and investigation of the Property and acknowledges that any documentation relating to the Property obtained from the Vendor has been prepared or collected solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and is not part of this Offer;
- (g) it will provide the Vendor with all requisite information and materials, including proof respecting source or funds, at any time or times within forty-eight (48) hours of request by the Vendor so that the Vendor may determine the creditworthiness of the Purchaser and any related parties thereto;
- (h) the Vendor shall have no liability or obligation with respect to the value, state or condition of the Property, whether or not the matter is within the knowledge or imputed knowledge or the Vendor, its officers, employees, directors, agents, representations and contractors;

- (i) the Vendor has made no representations or warranties with respect to or in any way related to the Property, including without limitation, the following: (a) the title, quality, quantity, marketability, zoning, fitness for any purpose, state, condition, encumbrances, description, present or future use, value, location or any other matter or thing whatsoever related to the Property, either stated or implied; and (b) the environmental state of the Property, the existence, nature, kind, state or identity of any Hazardous Substances on, under, or about the Property, the existence, state, nature, kind, identity, extent and effect of any administrative order, control order, stop order, compliance order or any other orders, proceedings or actions under the *Environmental Protection Act* (Ontario), or any other statute, regulation, rule or provision of law now in existence, or the state, nature, kind, identity, extent and effect of any liability to fulfill any obligation to compensate any third party for any costs incurred in connection with or damages suffered as a result of any discharge of any Hazardous Substances whether on, under or about the Property or elsewhere;
- (j) the Material Documents are being provided to the Purchaser merely as a courtesy and without any representations or warranties whatsoever; and
- (k) it will ensure that any environmental and/or structural reports on behalf of the Purchaser shall also be addressed to the Vendor and a copy of each such report shall be delivered to the Vendor promptly after the completion thereof, regardless of whether the transaction contemplated by this Offer closes. If for any reason such transaction is not consummated, the Purchaser agrees to deliver promptly to the Vendor any and all reports and other data pertaining to the Property and any inspections or examinations conducted hereunder.

11. Title to the Property

The Purchaser agrees that the Approval and Vesting Order will vest title to the Property free from all restrictions, charges, liens, claims and encumbrances, save and except for the following (collectively, the **"Permitted Encumbrances"**):

- (a) any reservations, restrictions, rights of way, easements or covenants that run with the land;
- (b) any registered agreements with a municipality, region or supplier of utility service including, without limitations, electricity, water, sewage, gas, telephone or cable television or other telecommunication services;
- (c) all laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the Property;
- (d) any minor easements for the supply of utility services or other services to the Lands or Buildings, if any, or adjacent properties;

- (e) encroachments disclosed by any error or omission in existing surveys of the Lands or neighbouring properties and any title defects, encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Lands and survey of the Lands and survey matters generally;
- (f) the exceptions and qualifications set forth in the *Registry Act* (Ontario) or the *Land Titles Act* (Ontario), or amendments thereto;
- (g) any reservation(s) contained in the original grant from Crown;
- (h) subsection 44(1) of the *Land Titles Act* (Ontario) except paragraphs 11 and 14;
- (i) provincial succession duties and escheats or forfeiture to the Crown;
- (j) the rights of any person who would, but for the *Land Titles Act* (Ontario) be entitled to the Lands or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention;
- (k) any lease to which subsection 70(2) of the *Registry Act* (Ontario) applies; and
- (l) those registrations set out in Schedule "C" attached hereto.

Notwithstanding the foregoing, the Approval and Vesting Order shall provide for the deletion of the instruments or registrations listed in Schedule "B" attached hereto, and for the deletion of any filings under the *Personal Property Security Act* (Ontario), as they affect the Property. The Approval and Vesting Order shall also provide that the Property is free and clear of the Unit Sales Agreements and that the purchasers thereunder shall have no right to register a certificate of pending litigation on title to the Property or make any other claim against title to the Property.

12. Authorizations

The Purchaser shall assume, at its cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Property and the use thereof by the Purchaser. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Vendor's right, title and interest, if any, in the Property.

13. As Is Where Is

For greater certainty, the Purchaser acknowledges that the Vendor is selling and the Purchaser is purchasing the Property on an "as is, where is" basis subject to whatever defects, conditions, impediments, Hazardous Substances or deficiencies which may exist on the Closing Date, including, without limiting the generality of the foregoing, any latent or patent defects in the Property. The Purchaser further acknowledges that it has entered into this Agreement on the basis

that the Vendor does not guarantee title to the Purchased Assets, and that the Purchaser shall have conducted such inspections of the condition and title to the Property as it deems appropriate and shall have satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrance, description, fitness for purpose, the existence or non-existence of Hazardous Substances, compliance with any or all Environmental Laws, legality of rents, merchantability, condition, quantity or quality, or in respect of any other matter or thing whatsoever concerning the Property, or the right of the Vendor to sell same, save and except as expressly provided for in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply hereto and have been waived by the Purchaser. The descriptions of the Property contained in this Agreement are for the purposes of identification only and no representation, warranty or condition has or will be given by the Vendor concerning the accuracy of such descriptions.

14. Risk of Loss

The Property shall be and remain until Closing at the risk of the Vendor. The Property shall thereafter be at the risk of the Purchaser. The Purchaser agrees that all the insurance maintained by the Vendor shall be cancelled on the Closing Date and that the Purchaser shall be responsible for placing its own insurance thereafter.

15. Planning Act

This Agreement is subject to the express condition that if the provisions of Section 50 of the *Planning Act* (Ontario) apply to the sale and purchase of the Lands, then this Agreement shall be effective to create an interest in the Lands only if such provision is complied with.

16. Harmonized Sales Tax

The Purchaser hereby represents and warrants to the Vendor that it is or will become registered for the purposes of Part IX of the *Excise Tax Act* (Canada) in accordance with the requirements of Subdivision (d) of Division V thereof and it will continue to be so registered as of the Closing Date. The Purchaser covenants to deliver to the Vendor drafts not less than five (5) Business Days before the Closing Date and originals upon Closing of: (i) a notarial copy of the certificate evidencing its registration for purposes of the goods and services tax / harmonized sales tax ("HST"), including the registration number assigned to it; and (ii) a declaration and indemnity of the Purchaser confirming the accuracy, as at Closing, of the representations and warranties set out herein and agreeing to indemnify the Vendor for any amounts for which the Vendor may become liable as a result of any failure by the Purchaser to pay the HST payable in respect of the sale of the Property under Part IX of the *Excise Tax Act* (Canada) and that the Purchaser is buying for its own account and not as trustee or agent for any other party. Provided that the Purchaser delivers a notarial copy of the certificate and the declaration and indemnity as set out above, the Purchaser shall not be required to pay to the Vendor, nor shall the Vendor be required to collect from the Purchaser, the HST in respect of the Property. In the event that the Purchaser shall fail to deliver

the notarial copy of the certificate and the declaration and indemnity as set out above, then the Purchaser shall pay to the Vendor, in addition to the Purchase Price, in pursuance of the Purchaser's obligation to pay and the Vendor's obligation to collect HST under the provisions of the *Excise Tax Act* (Canada), an amount equal to thirteen (13%) percent of the Purchase Price, or such rate due and owing at the time of Closing.

17. Closing

Closing shall take place on the date which is fifteen (15) Business Days following the later of the granting of the Approval and Vesting Order, or such other date as the parties or their respective solicitors may mutually agree upon in writing (the "**Closing Date**"). Each party covenants and agrees to proceed expeditiously to complete the transaction of purchase and sale contemplated herein ("**Closing**"). If, prior to the Closing, the Approval and Vesting Order shall have been appealed or a proceeding shall have been commenced to restrain or prevent the completion of the transaction under this Agreement, then the Closing Date may be extended by the Vendor or the Purchaser, in which case the Closing Date shall mean the day that is fifteen (15) Business Days after the date on which any such appeals and/or proceedings are dismissed.

The Vendor and the Purchaser acknowledge that the Teraview Electronic Registration System ("**TERS**") is operative and mandatory in the Land Titles Division for the Land Registry Office of York Region (No. 65). The Purchaser and Vendor shall each retain legal counsel who are authorized TERS users and who are in good standing with The Law Society of Upper Canada. The Vendor and Purchaser shall each authorize their respective legal counsel to enter into a document registration agreement in the form as adopted by the joint LSUC-CBAO Committee of documents and closing funds and the release thereof to the Vendor and Purchaser, as the case may be:

- (a) shall not occur contemporaneously with the registration of the Transfer/Deed of Land or Application to Register the Approval and Vesting Order, and Receiver's certificate required by the Approval and Vesting Order (and other registerable documentation, if any) to be registered by the Purchaser's solicitor; and,
- (b) shall be governed by the document registration agreement pursuant to which legal counsel receiving any documents or funds will be required to hold same in escrow and will not be entitled to release except in strict accordance with provisions of the document registration agreement and the Purchaser shall be required to deliver the balance due on closing on the Closing Date to the Vendor's solicitors, to be held in escrow by them, whereupon the Vendor's solicitors shall after payment forthwith attend to have the signed Receiver's Certificate filed with the Court, which signed and entered Receiver's Certificate and Approval and Vesting Order shall form part of the Application to Register the Approval and Vesting Order, and which shall be delivered by the Vendor's solicitors to the Purchaser's solicitors for immediate registration by the Purchaser's solicitors. Upon registration of the Application to Register the Approval and Vesting Order, the Vendor shall release possession of the Property to the Purchaser and the balance due on closing shall be released from escrow.

18. Vendor's Closing Deliveries

The Vendor shall execute and deliver or cause to be executed and delivered to the Purchaser on the Closing Date, against payment of the Purchase Price, the following:

- (a) a statement of adjustments;
- (b) a direction for the payment of the balance of the Purchase Price due on Closing;
- (c) an undertaking by the Vendor to readjust all items on the statement of adjustments within forty-five (45) days from the date of Closing on written demand;
- (d) a certificate of the Vendor to the effect that it is not at the Closing Date a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act*;
- (e) a copy of the Approval and Vesting Order;
- (f) keys and combination lock codes that may be in the possession of the Vendor, if any;
- (g) copies of all Material Documents, if not already in the possession of the Purchaser; and
- (h) any other documents relative to the completion of this Agreement as may reasonably be required by the Purchaser or its solicitors.

19. Purchaser's Closing Deliveries

The Purchaser shall execute and deliver to the Vendor on the Closing Date the following:

- (a) wire transfer for the balance of the Purchase Price and any other monies required to be paid by the Purchaser pursuant to the Agreement, or the adjustments, including all applicable federal and provincial taxes, duties and registration fees unless the applicable exemption certificates in a form acceptable to the Vendor are presented to the Vendor on or before the Closing Date to exempt the Purchaser therefrom;
- (b) all certificates, indemnities, declarations and other evidences contemplated hereby in form and content satisfactory to the Vendor's solicitors, acting reasonably;
- (c) an undertaking by the Purchaser to readjust all items on the statement of adjustments;
- (d) a notarial copy of its HST registration and HST certificate and indemnity as required pursuant to this Agreement; and
- (e) any other documents relative to the completion of this Agreement as may reasonably be required by the Vendor or its solicitors.

20. Inspection

Without limitation, all of the Property shall be as it exists on the Closing Date with no adjustments to be allowed to the Purchaser for changes in conditions or qualities from the date hereof to the Closing Date. The Purchaser acknowledges and agrees that the Vendor is not required to inspect the Property or any part thereof and the Purchaser shall be deemed, at its own expense to have relied entirely on its own inspection and investigation. The Purchaser acknowledges that no warranties or conditions, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in other jurisdictions apply hereto and all of the same are hereby waived by the Purchaser.

21. Encroachments

The Purchaser agrees that the Vendor shall not be responsible for any matters relating to encroachments on or to the Property, if any, or encroachments of the Property onto adjoining lands, or to remove same, or for any matters relating to any applicable zoning regulations or by-laws in existence now or in the future affecting the Property.

22. Purchaser's Warranties

The Purchaser represents and warrants that:

- (a) it is a corporation duly incorporated, organized and subsisting under the laws of Canada, Ontario or another province of Canada;
- (b) it has the corporate power and authority to enter into and perform its obligations under the Agreement and all necessary actions and approvals have been taken or obtained by the Purchaser to authorize the creation, execution, delivery and performance of the Offer and resulting Agreement and the Offer has been duly executed and delivered by the Purchaser, and the resulting Agreement is enforceable against the Purchaser in accordance with its terms; and
- (c) it is not a non-Canadian for the purpose of the *Investment Canada Act* (Canada) and it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).
- (d) neither the entering into nor the delivery of this Agreement nor the completion by the Purchaser of the transaction contemplated hereby will conflict with, or constitute a default under, or result in a violation of: (i) any of the provisions of the constating documents or by-laws of the Purchaser; or (ii) any applicable laws., and
- (e) the Purchaser: (i) is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Winding-up and Restructuring Act* (Canada); (ii) has not made an assignment in favour of its creditors or a proposal to its creditors or any class thereof; (iii) has not had any application for a bankruptcy order filed or presented in respect

of it; and (iv) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution.

23. Confidentiality

The Purchaser agrees that all information and documents supplied by the Vendor or anyone on its behalf to the Purchaser or anyone on the Purchaser's behalf (including but not limited to information in the schedules hereto) shall, unless and until Closing occurs, be received and kept by the Purchaser and anyone acting on the Purchaser's behalf on a confidential basis and shall not without the Vendor's prior written consent be disclosed to any third party. If for any reason Closing does not occur, all such documents (including without limitation, the Material Documents) shall forthwith be returned intact to the Vendor and no copies or details thereof shall be retained by the Purchaser or anyone acting on its behalf. The Purchaser further agrees that the Purchaser shall keep the terms of this Offer and Agreement confidential and shall not disclose the same to anyone except the Purchaser's solicitors, agents or lenders acting in connection herewith and then only on the basis that such persons also keep such terms confidential as aforesaid.

24. Indemnification

The Purchaser shall indemnify and save harmless the Vendor and its directors, officers, employees and agents (collectively, the "**Indemnitees**") from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the operations of the Purchaser on the Property or any order, notice, directive, or requirement under, or breaches, violations or non-compliance with any Environmental Laws after the Closing Date or as a result of the disposal, storage, release or threat of release or spill on or about the Property of any Hazardous Substance after the Closing Date. The obligation of the Purchaser hereunder shall survive the Closing Date.

The Purchaser shall indemnify the Vendor and save harmless the Indemnitees from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the failure of the Purchaser to pay any taxes, duties, fees and like charges exigible in connection with the Offer or Agreement. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining, any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Property.

25. Release

The Purchaser agrees to release and discharge the Vendor together with its officers, employees, agents and representatives from every claim of any kind that the Purchaser may make, suffer, sustain or incur in regard to any Hazardous Substance relating to the Property. The Purchaser

further agrees that the Purchaser will not, directly or indirectly, attempt to compel the Vendor to clean up or remove or pay for the cleanup or removal of any Hazardous Substance, remediate any condition or matter in, on, under or in the vicinity of the Property or seek an abatement in the Purchase Price or damages in connection with any Hazardous Substance. This provision shall not expire with, or be terminated or extinguished by or merged in the Closing of the transaction of purchase and sale, contemplated by this Offer and the Agreement, and shall survive the termination of this Offer and the Agreement for any reason or cause whatsoever and the closing of this transaction.

26. Commission

The Vendor represents and warrants that other than the Listing Broker, the Vendor has not retained any agent in regard to the sale of the Property to the Purchaser. The Purchaser agrees that it shall be responsible for paying any commission or other remuneration payable to any agent retained by the Purchaser in connection with its purchase of the Property and the Purchaser agrees to indemnify and save harmless the Vendor from and against any claim for such commission or other remuneration.

27. Non-Registration

The Purchaser hereby covenants and agrees not to register this Offer or the Agreement or notice of this Offer or the Agreement or a caution, certificate of pending litigation, or any other document providing evidence of this Offer or the Agreement against title to the Property. Should the Purchaser be in default of its obligations under this Section, the Vendor may (as agent and attorney of the Purchaser) cause the removal of such notice of this Offer or the Agreement, caution, certificate of pending litigation or other document providing evidence of this Offer or the Agreement or any assignment of this Offer or the Agreement from the title to the Property. The Purchaser irrevocably nominates, constitutes and appoints the Vendor as its agent and attorney in fact and in law to cause the removal of such notice of this Offer or the Agreement, any caution, certificate of pending litigation or any other document or instrument whatsoever from title to the Property.

28. Assignment

The Purchaser shall not have the right to assign its rights under this Agreement without the Vendor's prior written consent, which consent may be unreasonably withheld. If the Vendor consents to such an assignment by the Purchaser, the Purchaser shall not be relieved of any of its obligations under this Offer and Agreement, including but not limited to the obligation to pay the Purchase Price to the Vendor.

29. Notices

Any notice to be given or document to be delivered to the parties pursuant to this Agreement shall be sufficient if delivered personally or sent by email or sent by facsimile or mailed by prepaid registered mail at the following addresses:

To Vendor:

Alvarez & Marsal Canada Inc.
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1

Attention: Stephen Ferguson
Email: sferguson@alvarezandmarsal.com

Attention: Nate Fennema
Email: nfennema@alvarezandmarsal.com

with a copy to (which shall not constitute notice):

Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto ON M5M 2X2

Attention: George Benchetrit
Email: george@chaitons.com

and in the case of a notice to the Purchaser, to:

Amercan Corp.
980 Yonge Street, Suite 1001,
Toronto, ON M4W 3V8

Attention: Fansey Wang
Email: fanseywang@gmail.com

with a copy to the Purchaser's solicitors (which shall not constitute notice):

Gowling WLG (Canada) LLP
1 First Canadian Place
100 King Street West,
Toronto, Ontario M5X 1G5

- 16 -

Attention: Susan D. Rosen and Nick Kluge
Email: susan.rosen@gowlingwlg.com Nicholas.Kluge@ca.gowlingwlg.com

Any written notice or delivery of documents given in this manner shall be deemed to have been given and received on the day of delivery if delivered personally or sent by email or sent by facsimile or, if mailed, three (3) Business Days after the deposit with the post office.

30. Entire Agreement

The Agreement shall constitute the entire agreement between the parties to it pertaining to the subject matter thereof and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there shall be no agreements or understandings between the parties in connection with the subject matter thereof except as specifically set forth herein. No party hereto has relied on any express or implied representation, written or oral, of any individual or entity as an inducement to enter into the Agreement.

31. Amendment

No supplement, modification, waiver or termination of the Agreement shall be binding, unless executed in writing by the parties to be bound thereby, provided that the time provided for doing any matter or thing contemplated herein may be abridged or extended by written agreement, in letter form or otherwise, executed by the duly authorized solicitors for the parties.

32. Time of Essence

Time shall be of the essence in this Agreement in all respects and any waiver of any time provision shall not be effective unless in writing and signed by both parties.

33. Binding Agreement

This Offer, when accepted, shall constitute a binding agreement of purchase and sale subject to its terms. It is agreed that there is no representation, warranty, collateral agreement or condition affecting the Agreement or the Property supported hereby other than as expressed herein in writing.

34. Governing Law

This Offer and the Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

35. Gender, Interpretive Matters

This Offer and the Agreement shall be read with all changes of gender or number required by the context. The titles to provisions do not form part of this Offer or the Agreement and are inserted

for reference purposes only. Preparation and submission of the form of this Offer or any other material by the Vendor shall not constitute an offer to sell.

36. Severability

Any provision of this Agreement which is determined to be void, prohibited or unenforceable shall be severable to the extent of such avoidance, prohibition or unenforceability without invalidating or otherwise limiting or impairing the other provisions of this Agreement.

37. Non-Merger

The provisions of this Agreement (including, without limitation, the representations and warranties of the Purchaser), shall survive Closing and shall not merge in the Approval and Vesting Order or in any other documents delivered hereunder.

38. Counterparts

The parties hereto agree that this Agreement may be executed in counterparts and by facsimile transmission and each such counterpart so executed by facsimile transmission shall be deemed to be an original and when taken together shall constitute as one and the same Agreement.

[SIGNATURE PAGE FOLLOWS]

- 18 -

IN WITNESS WHEREOF the Purchaser has executed this Offer this 22nd day of April, 2022.

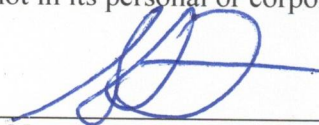
PURCHASER: AMERICAN CORP.

DocuSigned by:

By: 14670F1160DF4B2...
Name: **Fanseay Wang**
Title: **Director**
I have authority to bind the corporation.

Subject to the approval of the Court, the undersigned hereby accepts the foregoing Offer this 22 day of April, 2022.

ALVAREZ & MARSAL CANADA INC.
in its capacity as court-appointed Receiver of all
of the Debtor's assets, undertakings and properties
and not in its personal or corporate capacity

By: 
Name: **Stephen Ferguson**
Title: **Senior Vice President**
I have authority to bind the corporation.

SCHEDULE "A"

| | |
|--|--|
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0072 LT PT LT 1 PL 136 KING; PT LT 62 PL 136 KING; PT LT 63 PL 136 KING AS IN R504810 8 BOSTWICK CR RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0073 LT PT LT 63 PL 136 KING AS IN R209240 10 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0074 LT PT LT 64 PL 136 KING AS IN R530013 12 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0075 LT PT LT 64 PL 136 KING; PT LT 65 PL 136 KING AS IN R406345 14 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0076 LT PT LT 66 PL 136 KING; PT LT 67 PL 136 KING AS IN R135070 8 BOND CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0077 LT PT LT 66 PL 136 KING; PT LT 67 PL 136 KING AS IN B54438B 6 BOND CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0078 LT PT LT 66 PL 136 KING AS IN R690041 16 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0079 LT PT LT 67 PL 136 KING AS IN R601987 18 BOSTWICK CRESCENT RICHMOND HILL |
| <i>PIN</i> <i>Description</i> <i>Address</i> | 03196 - 0080 LT PT LT 67 PL 136 KING AS IN KI22033 EXCEPT R135070, B54438B, & R601987 2 BOND CRESCENT RICHMOND HILL |

SCHEDULE "B"
REGISTRATIONS TO BE DELETED

| No. | Registration No. | Registration Date | Instrument Type | Parties To | PIN |
|-----|------------------|-------------------|----------------------|--|---|
| 1. | YR2830041 | 2018/05/04 | Charge | Feature Corp | All PINs |
| 2. | YR2830046 | 2018/05/04 | No Assgn Rent Gen | Feature Corp | All PINs |
| 3. | YR2901113 | 2019/11/23 | Notice | Feature Corp | All PINs |
| 4. | YR2944756 | 2019/03/29 | Charge | Feature Corp | All PINs |
| 5. | YR2944763 | 2019/03/29 | No Assgn Rent Gen | Feature Corp | All PINs |
| 6. | YR3001386 | 2019/08/28 | Notice | Feature Corp | All PINs |
| 7. | YR3001387 | 2019/08/28 | Notice | Feature Corp | All PINs |
| 8. | YR3002006 | 2019/08/29 | Postponement | Feature Corp to Amercan Corp | All PINs |
| 9. | YR3002007 | 2019/08/29 | Postponement | Feature Corp to Amercan Corp | All PINs |
| 10. | YR3142297 | 2020/09/18 | Apl Ch Name Owner | Ideal (BC) Developments Inc. | All PINs except 03196- 0072, 03196- 0073, 03196- 0074, and 03196-0075, |
| 11. | YR3162185 | 2020/10/30 | Charge | C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |
| 12. | YR3162186 | 2020/10/30 | No Assgn Rent Gen | C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |

| No. | Registration No. | Registration Date | Instrument Type | Parties To | PIN |
|-----|------------------|-------------------|-------------------|--|----------|
| 13. | YR3163005 | 2020/10/30 | Postponement | Feature Corp in favour of C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |
| 14. | YR3163006 | 2020/10/30 | Postponement | Feature Corp in favour of C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |
| 15. | YR3163010 | 2020/10/30 | Postponement | Fiera FP Real Estate Financing Fund, L.P. in favour of C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |
| 16. | YR3163171 | 2020/10/30 | Charge | Feature Corp. | All PINs |
| 17. | YR3163197 | 2020/10/30 | No Assgn Rent Gen | Feature Corp. | All PINs |
| 18. | YR3163198 | 2020/10/30 | Charge | Feature Corp. | All PINs |
| 19. | YR3163219 | 2020/10/30 | No Assgn Rent Gen | Feature Corp. | All PINs |
| 20. | YR3168055 | 2020/11/12 | Postponement | Feature Corp in favour of C & K Mortgage Services Inc. and Canadian Western Trust Company | All PINs |
| 21. | YR3358639 | 2021/12/20 | Apl Court Order | Alvarez & Marsal Canada Inc. | All PINs |

| No. | Registration No. | Registration Date | Instrument Type | Parties To | PIN |
|-----|----------------------|-------------------|--|----------------------------|---|
| 22. | Writ – 21-0001648 | 2021/08/30 | Court File No. CV-19- 00614363- 000 | MarshallZehr Group Inc. | All PINs – filed against, <i>inter alia</i> , Ideal (BC) Developments Inc. |

Reference to ALL PINs means the following PINs:

| Municipal Addresses | PINs |
|---------------------|----------------|
| 8 Bostwick Road | 03196-0072(LT) |
| 10 Bostwick Road | 03196-0073(LT) |
| 12 Bostwick Road | 03196-0074(LT) |
| 14 Bostwick Road | 03196-0075(LT) |
| 6 Bond Crescent | 03196-0077(LT) |
| 16 Bostwick Road | 03196-0078(LT) |
| 2 Bond Crescent | 03196-0080(LT) |
| 8 Bond Crescent | 03196-0076(LT) |
| 18 Bostwick Road | 03196-0079(LT) |

SCHEDULE "C"**OTHER PERMITTED REGISTRATIONS**

| No. | Registration No. | Registration Date | Instrument Type | Parties To | PIN |
|------------|-------------------------|--------------------------|------------------------|---|------------|
| 1. | IF351 | 1951/02/19 | Bylaw | | All PINs |
| 2. | IF367 | 1952/04/28 | Bylaw | The Corporation of the Township of King | All PINs |
| 3. | YR3002005 | 2019/08/29 | Charge | Amercan Corporation | All PINs |
| 4. | YR2226826 | 2021/11/03 | Charge | Amercan Corporation | All PINs |

Appendix L

Purchase Price Closing Estimate

The purchase price for the Property shall be the sum of: (A) the Cash Amount; and (B) the Assumed Debt

**Estimated as
of May 30,
2022**

Figures in CAD (000's)

(A) the Cash Amount

Definition: the greater of (i) (\$21,750,000) and (ii) the sum of the following amounts:

Amount

| | | |
|-----|---|----------|
| (a) | all amounts which are secured by liens in favour of a Governmental Authority (including deemed trusts) that encumber the Property and rank in priority to the Receiver's Charge established under the Appointment Order, arising by operation of any applicable statutory law or otherwise, and including all accrued real property taxes | \$ 27.0 |
| (b) | real estate commissions due on the sale of the Property | 522.3 |
| (c) | amounts payable under the Receiver's Borrowings Charge established under the Appointment Order | 154.4 |
| (d) | the Receiver's costs (including legal expenses) to complete the administration of the receivership | 402.4 |
| (e) | amounts payable to C & K Mortgage Services Inc. secured by its mortgage against the Property | 16,111.7 |
| (f) | amounts payable to Feature Corp secured by its mortgages against the Property | |
| | i. Feature \$3M Charge | 3,479.5 |
| | ii. Feature \$2M Charge | 2,333.6 |
| (g) | amounts payable to MarshallZehr Group Inc. under its writ of seizure and sale filed with the Sheriff of the Regional Municipality of York (Newmarket) | 199.8 |

Total \$ 23,230.7

(A) Cash Amount Total - The Greater of \$21,750,000 and the above

\$ 23,230.7

(B) the Assumed Debt

Amount

| | | |
|-----|---|------------|
| (a) | the sum of the amounts payable to Amercan Corp. secured by its mortgages against the Property | \$ 7,608.2 |
|-----|---|------------|

(B) Assumed Debt Total

\$ 7,608.2

Purchase Price (A+B)

\$ 30,839.0

Appendix M

ACKNOWLEDGEMENT of Distribution/Advance

Re: Purchase, Sale and Mortgage of
8-18 Bostwick Crescent, 2, 6 & 8 Bond Crescent, Richmond Hill, Ontario
(collectively, the “**Lands**”)

The Undersigned hereby acknowledge and agree that:

1. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Purchase Agreement (as hereinafter defined).
2. Pursuant to the terms of an offer to purchase dated April 22, 2022, as assigned to 1000162801 Ontario Corp. (the “**Purchaser**”) on April 28, 2022 (collectively, the “**Purchase Agreement**”), the Vendor, in its capacity as the Court-appointed receiver of the undertaking, property and assets of Ideal (BC) Developments Inc., agreed to sell and the Purchaser agreed to purchase the Lands in accordance with the terms and conditions thereof.
3. The Purchase Agreement was approved by the Honourable Madam Justice Gilmore pursuant to the Approval and Vesting Order dated May 3, 2022, as amended by Amending Orders dated May 12, 2022 and May 18, 2022 (collectively, the “**Approval and Vesting Order**”).
4. C & K Mortgage Services Inc. (“**C & K**”) has agreed to provide a first mortgage loan to the Purchaser in the principal amount of Twenty-Two Million (\$22,000,000.00) Dollars (the “**New Mortgage Principal**”) to facilitate the completion of the transaction contemplated by the Purchase Agreement (the “**Sale**”).
5. C & K and Canadian Western Trust Company (“**CWTC**”) have an existing first mortgage registered against the Lands as Instrument No. YR3162185 (the “**Old Mortgage**”) and the parties hereto acknowledge and agree that all principal, interest, costs and expenses outstanding under the Old Mortgage, totaling the sum of Sixteen Million One Hundred Eleven Thousand Six Hundred Eighty-Four Dollars (\$16,111,684.89) and Eighty-Nine Cents (collectively, the “**Old Mortgage Obligations**”) shall be repaid in full in accordance with the terms hereof.
6. The parties hereto acknowledge and agree that, concurrently upon Closing, C & K shall pay to CWTC the total sum of One Million Twenty-Three Thousand Nine Hundred Twenty-Two Dollars (\$1,023,922.66) and Sixty-Six Cents (the “**CWTC Payout Amount**”). C & K represents and warrants that payment of the CWTC Payout Amount shall constitute the full and final satisfaction of CWTC’s share of the Old Mortgage Obligations as of the Closing Date.
7. The parties hereto acknowledge and agree that, prior to the Sale, the Vendor shall credit the Purchaser in the total amount of the Old Mortgage Obligations (the “**Old Mortgage Obligations Credit**”) on the Statement of Adjustments, such that (i) the Old Mortgage

Obligations Credit shall represent the full and final satisfaction by the Vendor of its obligations in relation to the Old Mortgage Obligations and (ii) the Cash Amount shall be reduced by the Old Mortgage Obligations Credit.

8. The parties hereto acknowledge and agree that, in financing the Sale on the Closing Date, the Lender shall only be obligated to advance the total sum of Five Million Eight Hundred Eighty-Eight Thousand Three Hundred Fifteen Dollars (\$5,888,315.11) and Eleven Cents to the Purchaser, representing the difference between the Old Mortgage Obligations Credit and the New Mortgage Principal.

[remainder of page intentionally blank. Signature page follows]

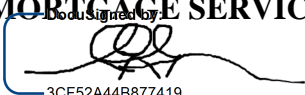
DATED at TORONTO, as of the 25 day of May, 2022.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Court-Appointed
Receiver of the assets, undertakings and
properties of Ideal (BC) Developments
Inc., and not in its personal or corporate
capacity**

Per: _____
Name: Stephen Ferguson
Title: Senior Vice President

I have authority to bind the Receiver.

C & K MORTGAGE SERVICES INC.,

Per:  _____
Name: Gary Grunier
Title: President

I have authority to bind the Corporation.

1000162801 ONTARIO CORP.

Per: _____
Name: Lichen Xu
Title: President

I have authority to bind the Corporation.

- 3 -

DATED at TORONTO, as of the 25 day of May, 2022.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Court-Appointed
Receiver of the assets, undertakings and
properties of Ideal (BC) Developments
Inc., and not in its personal or corporate
capacity**

Per: _____
Name: Stephen Ferguson
Title: Senior Vice President

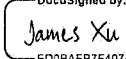
I have authority to bind the Receiver.

C & K MORTGAGE SERVICES INC.,

Per: _____
Name: Gary Grunier
Title: President

I have authority to bind the Corporation.

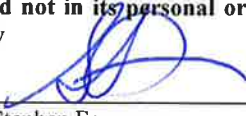
1000162801 ONTARIO CORP. .

DocuSigned by:

Per: _____
Name: Lichen Xu
Title: President

I have authority to bind the Corporation.

DATED at TORONTO, as of the 25 day of May, 2022.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Court-Appointed
Receiver of the assets, undertakings and
properties of Ideal (BC) Developments
Inc., and not in its personal or corporate
capacity**

Per: 
Name: Stephen Ferguson
Title: Senior Vice President

I have authority to bind the Receiver.

C & K MORTGAGE SERVICES INC.,

Per: _____
Name: Gary Grunier
Title: President

I have authority to bind the Corporation.

1000162801 ONTARIO CORP.

Per: _____
Name: Lichen Xu
Title: President

I have authority to bind the Corporation.

Appendix N

From: Miranda Spence <mspence@airdberlis.com>
Sent: Monday, June 13, 2022 4:20 PM
To: Robert Izsak <rizsak@fijlaw.com>
Cc: George Benchetrit <George@chaitons.com>; Liliana Ferreira <lferreira@fijlaw.com>
Subject: RE: Feature Corp and Ideal

CAUTION: [External]

Robert, Liliana,

Thanks again for your letter. I confirm my clients will not oppose a distribution to Feature Corp. in respect of its fourth charge. Please advise if you require anything further.

Best,
Miranda

Miranda Spence
Aird & Berlis LLP

T 416.865.3414
E mspence@airdberlis.com

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error.
If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Miranda Spence
Sent: June 10, 2022 9:00 AM
To: Robert Izsak <rizsak@fijlaw.com>
Cc: George Benchetrit <George@chaitons.com>; Liliana Ferreira <lferreira@fijlaw.com>
Subject: RE: Feature Corp and Ideal

Good morning Robert,

I thank you and Liliana for the detailed letter. I will get back to you on Monday.

Best regards,
Miranda

Miranda Spence
Aird & Berlis LLP

T 416.865.3414
E mspence@airdberlis.com

From: Robert Izsak <rzsak@fijlaw.com>

Sent: June 8, 2022 9:56 AM

To: Miranda Spence <mshence@airdberlis.com>

Cc: George Benchetrit <George@chaitons.com>; Liliana Ferreira <lferreira@fijlaw.com>

Subject: Feature Corp and Ideal

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Good morning, Miranda.

My associate, Liliana Ferreira forwarded correspondence to your attention on May 25, 2022.

Can you please provide a response or otherwise, can you provide an assurance that we may have your response no later than this Friday June 10th?



Robert Izsak
FIJ Law LLP
Barristers & Solicitors

50 West Pearce Street, Suite 10
Richmond Hill, ON L4B1C5

+1 (905) 763-3770 x211
+1 (905) 763-3772 - fax

e-mail: rzsak@fijlaw.com
www.fijlaw.com

This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. Any unauthorized disclosure, copying, other distribution of this communication or taking any action on its contents is strictly prohibited. If you have received this message in error, please notify us immediately and delete this message without reading, copying or forwarding it to anyone.

Appendix O



June 29, 2022

Our File: 21-0885

DELIVERED BY E-MAIL: george@chaitons.com

George Benchetrit
Chaitons LLP
5000 Yonge St, 10th Floor
Toronto, ON, M2N 7E9

RE: Feature Corp. and Ideal (BC) Developments Inc.
\$3,000,000.00 Loan to Ideal (BC) Developments Inc. (3rd Charge, YR2830041 as amended)
\$2,000,000.00 Loan to Ideal (BC) Developments Inc. (4th Charge, YR2944756 as amended)

Further to your request, please be advised that the balance due and owing to Feature Corp. with respect to the above mortgage loans is as follows:

\$2,000,000.00 Loan to Ideal (BC) Developments Inc. ("4th Charge", YR2944756 as amended):

| | |
|--|----------------|
| Principal balance as of October 16, 2020 | \$2,000,000.00 |
| Interest at 10% per annum from October 16 – 31, 2020 | \$8,767.12 |
| Interest at 10% per annum from November 1, 2020 – March 31, 2021 | \$83,333.33 |
| Interest at 7% per annum from April 1, 2021 – September 30, 2021 | \$70,000.00 |
| Interest at 10% per annum from October 1, 2021 – June 30, 2022 | \$150,000.00 |
| Interest at 10% per annum from July 1, 2022 – July 15, 2022 | \$8,219.18 |
| Extension and Monitoring Fee | \$20,000.00 |
| Interest at 10% per annum from April 15 th , 2022 – July 15, 2022 | \$498.63 |
| Legal Fees | \$9,700.00 |

TO REPAY 4TH CHARGE/MORTGAGE at July 15, 2022 **\$2,350,518.26**

The per diem rate of interest is \$547.95

Yours truly,

FIJ LAW LLP

Per:

Liliana Ferreira

Appendix P

ACKNOWLEDGMENT AND RELEASE

From: MarshallZehr Group Inc. (“MZ”)

To: Alvarez & Marsal Canada Inc. (“A&M”), as court-appointed receiver and manager (the “**Receiver**”) in the receivership of Ideal (BC) Developments Inc. (“**Ideal BC**”)

Re: Payment of Claims by MZ against Ideal BC

WHEREAS:

1. On December 17, 2021, A&M was appointed by the Superior Court of Justice (Ontario) of Ideal BC.
2. MZ filed a writ of seizure and sale with the Sheriff of the Regional Municipality of York (Newmarket), effective August 31, 2021, against Ideal BC and other related parties (the “**MZ Writ**”) in connection with a Judgment against those parties in the amount of \$162,071.09 plus costs of \$30,000, fees and interest accruing from March 11, 2021 (the “**MZ Judgment**”).
3. As at July 15, 2022, \$200,619.72 will be owed to MZ pursuant to the MZ Judgment, with an additional amount owed of \$15.79 accruing each day until the date of payment (the “**Judgment Amount**”).
4. MZ has agreed to the terms set out below in exchange for payment of the Judgment Amount.

IN CONSIDERATION OF the payment to MZ by the Receiver on the terms set out below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged:

1. MZ acknowledges that the recitals set out above are accurate.
2. Upon receipt of the Judgment Amount, MZ fully releases, remises and forever discharges A&M, in its personal capacity and in its capacity as Receiver, from any and all claims, actions, causes of action, demands for monies, losses, damages, indemnity or injuries howsoever arising which heretofore may have been or may hereafter be sustained by them in relation to any and all matters related to the MZ Judgment.
3. MZ irrevocably represents and warrants that it has not assigned to any party any of the claims, actions, causes of action, demands for monies, losses, damages, indemnity or injuries which it has released by this Acknowledgment and Release.
4. MZ agrees and understands that this Acknowledgment and Release shall bind it and all of its subsidiaries, affiliates and related companies, present and former directors, officers,

shareholders, employees, servants and agents, administrators, trustees, successors and assigns, and any party or parties who claim a right or interest through them.

5. MZ acknowledges that this Acknowledgment and Release shall enure to the benefit of A&M, in its personal capacity and in its capacity as Receiver, and all of its subsidiaries, affiliates and related companies, present and former directors, officers, shareholders, employees, servants, agents, legal counsel, administrators, trustees, successors and assigns.
6. This Acknowledgment and Release may be electronically signed, and any electronic signatures appearing on this Acknowledgment and Release shall have the same validity, enforceability, and admissibility as handwritten signatures.

DATED at Waterloo, Ontario, this 4th day of July, 2022.

MARSHALLZEHR GROUP INC.

Per:



Chief Financial Officer & Principal Broker

I have authority to bind the corporation

Appendix Q

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

**AFFIDAVIT OF STEPHEN J. FERGUSON
(Sworn July 6, 2022)**

I, STEPHEN J. FERGUSON, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Senior Vice-President of the financial advisory firm Alvarez & Marsal Canada Inc. (“**A&M**”), the Court appointed receiver and manager (in such capacity, the “**Receiver**”) without security, of all of the assets, undertakings and properties of Ideal (BC) Developments Inc. (“**Ideal BC**”). As such, I have knowledge of the matters hereinafter deposed to.
2. A&M was appointed as Receiver pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated December 17, 2021 (the “**Appointment Order**”). The Receiver retained Chaitons LLP (“**Chaitons**”) as its independent counsel in these proceedings.
3. Pursuant to paragraphs 18 and 19 of the Appointment Order, the Receiver and its legal counsel are entitled to be paid their reasonable fees and disbursements at their standard rates and charges, and are required to pass their accounts from time to time.

4. The efforts and activities of the Receiver are described in the First Report and Second Report that the Receiver has filed with the Court prior to the date hereof in these proceedings, as well as the Receiver's Third Report to be filed in respect of the within motion for the passing of accounts.

5. Attached hereto and marked as **Exhibit "1"** to this Affidavit is a summary (the "**A&M Accounts Summary**") of the invoices rendered by A&M (the "**A&M Accounts**", and collectively, the "**A&M Fees and Disbursements**") in respect of these proceedings for the period December 17, 2021 to June 30, 2022 (the "**A&M Application Period**"). The A&M Accounts include itemization and totals for services rendered by A&M personnel, a summary of which personnel and their hourly rates is attached hereto and marked as **Exhibit "2"** to this Affidavit. Copies of the A&M Accounts are attached hereto and marked as **Exhibit "3"**.

6. A&M expended a total of 326.3 hours in connection with this matter during the A&M Application Period, giving rise to fees and disbursements totalling \$237,524.11 comprised of fees of \$208,692.50, disbursements of \$1,505.83 and HST of \$27,325.78, all of which are outlined in the A&M Accounts Summary.

7. Chaitons, counsel to the Receiver ("**Receiver's Counsel**"), has rendered services throughout these proceedings in a manner consistent with the instructions of the Receiver.

8. The total fees for services and disbursements provided by Receiver's Counsel during the period December 17, 2021 to June 20, 2022 are \$137,091.63 (the "**Receiver's Counsel Fees and Disbursements**"). The services rendered by Receiver's Counsel are more particularly described in the affidavit of Christopher Staples (and the Exhibits thereto) sworn June 28, 2022 in support of the Receiver's request for approval of the Receiver's Counsel Fees and Disbursements.

9. In addition to the foregoing, each of A&M and Chaitons estimate that their fees and disbursements through to conclusion of these proceedings, beyond the Application Periods described above, will not exceed \$15,000 and \$10,000 respectively, excluding disbursements and HST.

10. To the best of my knowledge, the rates charged by the Receiver and Receiver's Counsel are comparable to the rates charged for the provision of similar services by other large restructuring firms and law firms, and are fair and reasonable.

11. This Affidavit is sworn in connection with a motion by the Receiver to have the Receiver's fees and disbursements in relation to these proceedings approved by this Court.

SWORN BEFORE ME VIA
VIDEOCONFERENCE, the affiant being
located in the City of Toronto, and
the Commissioner being located in the
City of Toronto on July 6, 2022 in
accordance with O. Reg. 431/20,
Administering Oath or Declaration
Remotely.



A Commissioner for taking affidavits
Name: Laura Culleton



STEPHEN J. FERGUSON

This is Exhibit "1" referred to in the Affidavit of Stephen J. Ferguson sworn by Stephen J. Ferguson at the City of Toronto, in the Province of Ontario, before me on July 6, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

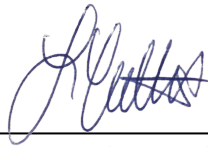
A handwritten signature in blue ink, appearing to read "J. H. [unclear]", is positioned above a horizontal line.

A Commissioner for Taking Affidavits (or as may be)

EXHIBIT "I"
ALVAREZ & MARSAL CANADA INC., COURT-APPOINTED RECEIVER OF
IDEAL (BC) DEVELOPMENTS INC.
(December 17, 2021 to June 30, 2022)

| Invoice No. | Invoice Date | Invoice Period / Description | Total Hours | Fees | Disbursements | HST | Invoice Total (\$CAD) |
|-------------|------------------|--|-------------|--------------|---------------|-------------|-----------------------|
| Invoice #1 | January 18, 2022 | December 17, 2021 to December 31, 2021 | 39.1 | \$26,557.00 | \$ 75.52 | \$ 3,462.23 | \$30,094.75 |
| | | Stephen Ferguson | 17.9 | 15,215.00 | | | |
| | | Nate Fennema | 21.2 | 11,342.00 | | | |
| Invoice #2 | February 8, 2022 | January 1, 2022 to January 31, 2022 | 74.1 | \$48,117.00 | \$ 0.00 | \$ 6,255.21 | \$54,372.21 |
| | | Stephen Ferguson | 26.9 | 22,865.00 | | | |
| | | Nate Fennema | 47.2 | 25,252.00 | | | |
| Invoice #3 | March 9, 2022 | February 1, 2022 to February 28, 2022 | 29.8 | \$19,376.50 | \$ 400.00 | \$ 2,570.95 | \$22,347.45 |
| | | Stephen Ferguson | 10.9 | 9,265.00 | | | |
| | | Nate Fennema | 18.9 | 10,111.50 | | | |
| Invoice #4 | April 18, 2022 | March 1, 2022 to March 31, 2022 | 52.1 | \$31,746.50 | \$ 139.40 | \$ 4,145.17 | \$36,031.07 |
| | | Stephen Ferguson | 23.2 | 19,720.00 | | | |
| | | Nate Fennema | 6.0 | 3,210.00 | | | |
| | | Andrew Sterling | 22.9 | 8,816.50 | | | |
| Invoice #5 | May 6, 2022 | April 1, 2022 to April 30, 2022 | 86.7 | \$50,316.00 | \$ 890.91 | \$ 6,656.90 | \$57,863.81 |
| | | Stephen Ferguson | 33.1 | 28,135.00 | | | |
| | | Nate Fennema | 10.3 | 5,510.50 | | | |
| | | Andrew Sterling | 43.3 | 16,670.50 | | | |
| Invoice #6 | June 22, 2022 | May 1, 2022 to May 31, 2022 | 21.1 | \$16,354.00 | \$ 0.00 | \$ 2,126.02 | \$18,480.02 |
| | | Stephen Ferguson | 17.7 | 15,045.00 | | | |
| | | Andrew Sterling | 3.4 | 1,309.00 | | | |
| Invoice #7 | July 5, 2022 | June 1, 2022 to June 30, 2022 | 23.4 | \$16,225.50 | \$ 0.00 | \$ 2,109.32 | \$18,334.82 |
| | | Stephen Ferguson | 12.8 | 10,880.00 | | | |
| | | Nate Fennema | 1.3 | 695.50 | | | |
| | | Skylar Rushton | 9.3 | 4,650.00 | | | |
| TOTAL | | | 326.3 | \$208,692.50 | \$ 1,505.83 | \$27,325.78 | \$237,524.11 |

This is Exhibit “2” referred to in the Affidavit of Stephen J. Ferguson sworn by Stephen J. Ferguson at the City of Toronto, in the Province of Ontario, before me on July 6, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in blue ink, appearing to be 'J. Ferguson', is written above a horizontal line.

A Commissioner for Taking Affidavits (or as may be)

EXHIBIT "2"
ALVAREZ & MARSAL CANADA INC., COURT-APPOINTED RECEIVER OF
IDEAL (BC) DEVELOPMENTS INC.
(December 17, 2021 to June 30, 2022)

| Staff Member | Title | Total Hours | Rate (\$CAD) | Amount Billed (\$CAD) |
|---|-------------------|--------------------|---------------------------|------------------------------|
| Stephen Ferguson | Managing Director | 142.5 | 850.00 | \$121,125.00 |
| Nate Fennema | Director | 104.9 | 535.00 | 56,121.50 |
| Skylar Rushton | Senior Associate | 9.3 | 500.00 | 4,650.00 |
| Andrew Sterling | Associate | 69.6 | 385.00 | 26,796.00 |
| Total Fees (excl. Disbursements and HST) | | 326.3 | Avg Rate \$640 | \$208,692.50 |

Appendix R

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**C&K MORTGAGE SERVICE INC.
and CANADIAN WESTERN TRUST COMPANY**

Applicants

- and -

IDEAL (BC) DEVELOPMENTS INC.

Respondent

AFFIDAVIT OF CHRISTOPHER STAPLES

**I, Christopher Staples, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY AS FOLLOWS:**

1. I am a partner with the law firm of Chaitons LLP (“**Chaitons**”), lawyers for Alvarez & Marsal Canada Inc., the court-appointed receiver (the “**Receiver**”) of the undertakings, properties and assets of Ideal (BC) Developments Inc. (the “**Debtor**”), and as such have knowledge of the matters to which I hereinafter depose.

2. Attached hereto and marked as **Exhibit “A”** are true copies of the accounts issued by Chaitons to the Receiver totalling \$136,324.47 (comprised of fees of \$116,294.50, disbursements of \$4,537.57 and HST of \$15,492.40) with respect to this proceeding for the period commencing on the date of the Receiver’s appointment (December 17, 2021) to May 31, 2022 (the “**Accounts**”).

3. Attached hereto and marked as **Exhibit “B”** is a statement showing the work in process (“**WIP**”) of Chaitons with respect to this proceeding for the period to June 1 to 20, 2022, totalling \$767.16 (comprised of fees of \$652.50, disbursements of \$26.40 and HST of \$88.26).

4. Attached hereto as **Exhibit “C”** is a summary of additional information with respect to the Accounts and WIP referred to in paragraphs 2 and 3 above, indicating all members of Chaitons who have worked on this matter, their year of call to the bar, total time charged and hourly rates, and I hereby confirm that this list represents an accurate account of such information.

5. I confirm that the accounts and statements described in paragraphs 2 and 3 above accurately reflect the services provided by Chaitons in this matter and the fees and disbursements claimed by it to and including June 20, 2022.

6. I estimate that a reserve in the amount of \$10,000 will suffice for our fees and disbursements to complete the administration of the estate, including the motion to discharge the Receiver.

SWORN BEFORE ME VIA VIDEOCONFERENCE, the affiant being located in the City of Toronto, and the Commissioner being located in the City of Toronto on June 28, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Sam Rappos

A Commissioner, etc.



Christopher J. Staples

SUMMARY

| Lawyer | Year of Call | Hours | Hourly Rate | Amount |
|-------------------------|---------------------|--------------|--------------------|---------------------|
| George Benchetrit | 1993 | 8.10 | \$695.00 | \$5,629.50 |
| George Benchetrit | 1993 | 96.00 | \$725.00 | \$69,600.00 |
| Sam Rappos | 2005 | 15.20 | \$600.00 | \$9,120.00 |
| Darren Marr | 2020 | .30 | \$350.00 | \$105.00 |
| Andrew Di Marco | 2021 | 49.10 | \$275.00 | \$13,502.50 |
| Laura Culleton | 2021 | 50.50 | \$275.00 | \$13,887.50 |
| Lian Scanlon | Articling Student | 9.20 | \$200.00 | \$1,840.00 |
| Amy Casella | Legal Assistant | 2.00 | \$225.00 | \$450.00 |
| Camila Singh | Law Clerk | 9.60 | \$225.00 | \$2,160.00 |
| | | | | |
| Total Hours and Amounts | | 240.00 | | \$116,294.50 |
| Average Hourly Rate | | | \$485.00 | |
| Total Costs | | | | \$4,537.57 |
| Total Taxes (HST) | | | | \$15,492.40 |
| TOTAL | | | | \$136,324.47 |

C&K MORTGAGE SERVICE INC. et al
Applicants

-and-

IDEAL (BC) DEVELOPMENTS INC.
Respondent

Court File No. CV-21-00672848-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO

**AFFIDAVIT OF CHRISTOPHER
STAPLES**

CHAITONS LLP
5000 Yonge Street, 10th Floor
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George Benchetrit
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Laura Culleton
Tel: (416) 218-1128
Email: laurac@chaitons.com

**Lawyers for Alvarez & Marsal Canada Inc., in
its capacity as Court-Appointed Receiver**