

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

CHINA MACHINERY ENGINEERING CORPORATION

Applicant

-and-

**2284649 ONTARIO INC., 2270613 LIMITED PARTNERSHIP
and 2270613 ONTARIO INC.**

Respondents

Application Under Section 101 of the *Courts of Justice Act*, R.S.O. 1990,
c.C.43, as amended, and Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, as amended

**AFFIDAVIT OF PETER ZIVONTSIS
(sworn July 26, 2018)**

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2270613 Limited Partnership and 2270613 Ontario Inc.

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**AFFIDAVIT OF PETER SPEROS ZIVONTSIS
(sworn July 26, 2018)**

I, PETER SPEROS ZIVONTSIS, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY AS FOLLOWS:

1. I am the Principal Broker and President of Business Financial Mortgage Corp. (FSCO Brokerage lic # 13021), advisors to JD Development Group including the Respondent, 2284649 Ontario Inc. (formerly known as “JD Development Phillip Street Limited”) (the “Debtor”), and as such, I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true.

2. This Affidavit is filed in response to the Second Report of the KSV Kofman Inc. as Receiver and Manager of the Property of the Respondents (the “**Receiver**”) dated June 25, 2018 (the “**Second Report**”) and in support of the Motion by the Debtor for an Order, among other things, lifting the stay of proceedings in order to allow the Debtor to redeem the Mortgage and otherwise deal with outstanding amounts reasonably necessary to justify a termination of the Receivership Proceeding. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the affidavit of Yueqing Zhang sworn on July 19, 2018. All monetary amounts are in Canadian dollars unless otherwise indicated.

I. IMC’S ABILITY TO FUND THE AMOUNTS UNDER THE COMMITMENT LETTERS

3. I am advised by Kyla Mahar, counsel to the Respondents that, on the morning of July 25, 2018, she spoke with counsel for the Receiver and during that telephone call advised counsel for the Receiver that she could seek to coordinate a call with counsel for IMC to answer any questions on the Commitment Letters the Receiver or its counsel may have. Ms. Mahar has advised me that she did not receive a request from the Receiver or its counsel to set us a call with counsel for IMC.

4. Upon review of the Respondents the Second Report, the Respondents learned that the Receiver may have a concern about the Commitment Letters stemming from the fact that it believes that IMC has to syndicate the loans thereby suggesting that IMC would have to raise the funds first to conclude the financing transaction to allow for the redemption. Specifically, the Second Report states:

The commitment letters provide that the Facilities will be made available to the Company by the Lender for itself and on behalf of investors in the Facilities. The commitment letters appear to indicate that the Facilities are syndicated loans and it is common with such facilities that they are in respect of specific projects and that the funds needed to fund them must first be raised, unlike a conventional mortgage lender.

5. After reviewing the Second Report and sharing it with IMC, I had a call with IMC and confirmed the following:
- (a) the financings are not subject to syndication;
 - (b) the word ‘syndication’ is internal to IMC on how IMC desires to allocate the loan(s) to the various discretionary funds it manages; and
 - (c) IMC has sufficient funds on hand to fund the loans.
6. I swear this Affidavit in support of the Debtor’s Motion and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 26th day of
July, 2018.

Commissioner for Taking Affidavits

PETER SPEROS ZIVONTSIS

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

Proceedings commenced at Toronto

**AFFIDAVIT OF PETER SPEROS ZIVONTSIS
(Sworn July 24, 2018)**

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