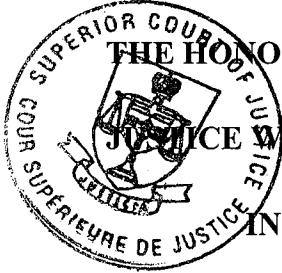


ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)



THE HONOURABLE MR.)

THURSDAY, THE 20th DAY OF

JUDGE WILTON-SIEGEL)

SEPTEMBER, 2018

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF 2301132 ONTARIO INC., OF THE CITY OF PORT
PERRY, IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF 2309840 ONTARIO INC., OF THE CITY OF PORT
PERRY, IN THE PROVINCE OF ONTARIO**

ORDER

THIS MOTION, made by 2301132 Ontario Inc. ("**2301132**") and 2309840 Ontario Inc. ("**2309840**", and together with 2301132, the "**Companies**"), pursuant to Sections 50.4(9) and 64.2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), for an order, *inter alia*, extending the time for filing a proposal with the Official Receiver until November 8, 2018, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Companies, the first report of KSV Kofman Inc., in its capacity as proposal trustee of each of the Companies (the "**Proposal Trustee**"), dated September 13, 2018 (the "**First Report**") and the appendices thereto, and on hearing the submissions of counsel for the Companies, counsel for the Proposal Trustee, and those other parties listed on the counsel slip, no one else appearing for any other person although duly served as appears from the Affidavit of Service of Danny M. Nunes sworn September 19, 2018, filed.

SERVICE

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

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the proposal proceedings of each of 2309840 (Estate File No. 31-2313442) and 2301132 (Estate File No. 31-2313445) (together, the “**Proposal Proceedings**”) are hereby administratively consolidated and the Proposal Proceedings are hereby authorized and directed to continue under the following joint title of proceedings:

Court File No. 31-2413442
Estate File No. 31-2413442

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF 2301132 ONTARIO INC. AND 2309840
ONTARIO INC., OF THE CITY OF PORT PERRY, IN THE
PROVINCE OF ONTARIO

3. **THIS COURT ORDERS** that all further materials in the Proposal Proceedings shall be filed with the Commercial List Office only in the 2309840 court and estate file, under Court File No. 31-2413442 and Estate File No. 31-2413442.

SERVICE AND NOTICE

4. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceedings, 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://ksvadvisory.com/insolvency-cases/2301132-ontario-inc-and-2309840-ontario-inc/>>.

EXTENSION OF TIME TO FILE PROPOSAL

5. **THIS COURT ORDERS** that, pursuant to Section 50.4(9) of the BIA, the time for the Companies to file a proposal with the Official Receiver be and is hereby extended to November 7, 2018.

ACTIVITIES OF THE PROPOSAL TRUSTEE

6. **THIS COURT ORDERS** that the actions and activities of the Proposal Trustee, as described in the First Report, be and are hereby approved.

ADMINISTRATIVE CHARGE

7. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Companies shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the current and future assets, undertakings and properties of each of the Companies of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”), which charge shall not exceed the amount of \$450,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 8 and 9 hereof.

8. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

9. **THIS COURT ORDERS** that the Administrative Charge shall rank subordinate to the real property mortgages granted by the Companies to and registered in favour of Home Trust Company (Instrument No. HR923507), 2413349 Ontario Inc. and Derek Martin (Instrument No. HR985367) and Harbouredge Mortgage Investment Corporation (Instrument No. HR1071229) (the “**Priority Charges**”). With the exception of the Priority Charges, the Administrative Charge shall rank in priority as against all other valid perfected security interests, trusts, liens, charges and encumbrances, including the real property mortgage granted by 2301132 in favour of Stasis Group Inc. and 2561388 Ontario Inc. (Instrument No. HR1384990), claims of secured creditors, statutory or otherwise, granted by each of the Companies or to which each of the Companies is subject (together, the “**Encumbrances**”) as of the date of this Order.

10. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by further order of this Court, the Companies shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge.

11. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (the “**Chargees**”) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (together, the “**Agreements**”) which binds the Companies, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Companies of any Agreement to which either of them is a party;

- (b) none of the Chargees shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
- (c) the payments made by the Companies pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

12. **THIS COURT ORDERS** that the Administration Charge created by this Order over leases of real property in Canada shall only be an Administration Charge in the Companies' interest in such real property leases.

SEALING

13. **THIS COURT ORDERS** that the correspondence between Colliers International Valuation & Advisory Services and the Proposal Trustee, attached as Confidential Appendix "1" to the First Report, is hereby sealed and shall not form part of the public record pending further Order of this Court.

GENERAL

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States, to give effect to this Order and to assist the Companies, the Proposal Trustee and their respective 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 Companies and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Companies and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

15. **THIS COURT ORDERS** that each of the Companies and the Proposal Trustee shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or

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IN BANKRUPTCY AND INSOLVENCY**

PROCEEDINGS COMMENCED AT TORONTO

ORDER

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Lawyers for 2309840 Ontario Inc. and 2301132 Ontario Inc.

Sept 20/18

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 2301132 ONTARIO INC.

Sept 20/18

E. Lamek for the Debtor Companies

S. Zurek for the Proposal Trustee

D. Augrino for Pascan Capital and as

agent for Harbour Edge Mortgage Corporation

J. Erickson for FAAN Mortgage Administrators

Inc., Trustee of ISDMC.

All parties have been served and no objections received.

The evidence entails the fact that the debtor companies are acting in good faith and with due diligence, that they will likely be able to make a viable proposal and that no creditor will be materially prejudiced by the extension. Other to go in the form attached. The order includes a meeting of creditors that are commencing to the properties and are sensitive regarding to the subject of that are expected to be the subject of an or more transaction. In the M.T.

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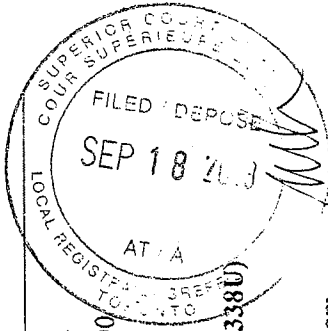
MOTION RECORD
(returnable September 20, 2018)

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AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 2309840 ONTARIO INC.

Sept 20/18
see the order issued today in the
company - proceedings under court
file 31-2413445. J. G. G. G. G.

ONTARIO
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