
First Report of
Duff & Phelps Canada Restructuring Inc.
as Receiver of Burlington Group Inc.

December 14, 2012

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Court File No.: CV-12-9604-00CL

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

Royal Bank of Canada

Applicant

-and-

Burlington Group Inc.

Respondent

**FIRST REPORT OF DUFF & PHELPS CANADA RESTRUCTURING INC.
AS RECEIVER OF
BURLINGTON GROUP INC.**

December 14, 2012

1.0 Introduction

1. This report is filed by Duff & Phelps Canada Restructuring Inc. ("D&P") in its capacity as receiver ("Receiver") of the property, assets and undertaking of Burlington Group Inc. (the "Company").
2. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated February 17, 2012 (the "Receivership Order"), D&P was appointed Receiver of the Company. A copy of the Receivership Order is attached as Appendix "A".

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
 - a) Provide background information about the Company and these proceedings;
 - b) Summarize the Receiver's sale process ("Sale Process") for the Company's real property located at 1670 Bishop Street North, Cambridge, Ontario (the "Property");
 - c) Summarize a transaction for the Property between the Receiver and Kinetics Noise Control Holding Inc. (the "Purchaser") pursuant to an

Agreement of Purchase and Sale dated November 2, 2012 (the “APS”) (the “Transaction”);

- d) Provide background for the Receiver’s recommendation to distribute the realizations in these proceedings to the Company’s senior ranking secured creditors, being FirstOntario Credit Union Limited (“FirstOntario”) and Royal Bank of Canada (“RBC”), both of which are mortgagees;
- e) Detail the contemplated process for the Receiver’s discharge;
- f) Describe the Receiver’s activities since the date of its appointment; and
- g) Recommend that this Honourable Court issue an Order:
 - i. Approving the APS and all other ancillary documents and agreements required to complete the Transaction;
 - ii. Vesting the Company’s right, title and interest in and to the Property in the Purchaser upon the filing of a Receiver’s certificate;
 - iii. Authorizing and directing the Receiver to make distributions to FirstOntario and RBC, including any future distributions up to the full amount of the Company’s indebtedness to each creditor, without further order of this Honourable Court;
 - iv. Approving the fees and disbursements of the Receiver for the period February 13, 2012 to October 31, 2012 and the fees and disbursements of Aird & Berlis LLP (“A&B”), the Receiver’s counsel, for the period February 14, 2012 to November 21, 2012, plus an accrual of \$50,000 (the “Fee Accrual”) to cover the fees and disbursements of the Receiver and A&B up to the filing of a certificate with this Honourable Court (the “Discharge Certificate”);
 - v. Discharging the Receiver upon the filing of the Discharge Certificate;
 - vi. Sealing the Confidential Appendices to this Report until this Court issues an order unsealing it; and
 - vii. Approving the Receiver’s activities as described in this Report.

1.2 Currency

1. All currency references in this report are to Canadian dollars, unless otherwise noted.

2.0 Background

1. The Company is a privately-owned real estate holding company. Until September 30, 2012, the Company's tenant at the Property was Revstone Industries Burlington Inc. ("RIBI"), a manufacturer which supplied high pressure aluminum die-casting products to the automotive industry. Pursuant to a Court order made on January 5, 2012, D&P was appointed Receiver of RIBI's business and assets. The operations of RIBI have been discontinued and its business and assets were sold in its receivership proceedings. RIBI had acquired its business and assets from Burlington Technologies Inc. ("BTI") in May, 2009, in BTI's proceedings under the *Companies' Creditors Arrangement Act*.

3.0 Assets under Administration

1. The only known assets of the Company are cash and the Property.

3.1 Cash

1. As at the date of this Report, there is approximately \$170,000 on deposit in the receivership account.

3.2 The Property

1. The Property is comprised of a production facility and office space of approximately 57,000 and 4,000 feet, respectively. In February, 2012, Jacob Ellens & Associates ("Jacob") appraised the Property at \$3.2 million. A copy of Jacob's appraisal is attached as Appendix "B".
2. Throughout most of 2011, the Property was listed for sale with Coldwell Banker for \$3.35 million. Having RIBI as a tenant impaired the Company's efforts to sell the Property. The Receiver understands that prospective purchasers were concerned with RIBI's financial position which made it an unattractive tenant.

4.0 Secured Creditors

1. The Company's secured creditors are:
 - a) FirstOntario - the Company's indebtedness to FirstOntario is approximately \$2.275 million.
 - b) RBC - the Company's indebtedness to RBC is approximately \$2.7 million; and

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- c) Export Development Canada (“EDC”), another mortgagee - the Company’s indebtedness to EDC is approximately \$1.4 million.
 2. Based on the projected funds available for distribution, FirstOntario is expected to be repaid in full. RBC is projected to incur a shortfall. The Receiver does not anticipate that there will be funds available for distribution to EDC or subsequent ranking creditors. The Receiver has served EDC with its motion materials.

4.1 Security Opinion

1. A&B provided the Receiver with an opinion on the validity and enforceability of the security held by FirstOntario and RBC. A copy of A&B’s opinion dated November 28, 2012, is attached as Appendix “C”. The opinion provides that, subject to the standard assumptions and qualifications contained therein, FirstOntario and RBC hold valid and perfected security interests in the Property as set out in their respective security documents.
2. The opinion also states that FirstOntario’s charge is registered as a first charge in the amount of \$2.567 million and that RBC’s charge is registered as a second charge in the amount of \$4 million.

5.0 Sale Process

5.1 Overview

1. Paragraph 3(j) of the Receivership Order authorizes the Receiver to market the Property for sale. In this regard, immediately following the issuance of the Receivership Order on February 17, 2012, the Receiver commenced the following Sale Process:
 - On February 17, 2012, the Receiver sent a letter to all prospective purchasers participating in the RIBI sale process. The purpose of the letter was to advise purchasers that the Receiver would consider offers for the Property should purchasers wish to include the Property in their bids for the business and assets of RIBI. The hope was that a going concern buyer may take advantage of a turnkey operation. A copy of the February 17th letter is attached as Appendix “D”.
 - The offer deadline in the RIBI sale process was March 5, 2012. The RIBI sale process resulted in a liquidation services agreement for its fixed assets and inventory with Corporate Assets Inc., a liquidator. The Receiver was unable to complete a transaction for the Property.
 - The Receiver subsequently sought listing proposals from four commercial real estate brokerage firms, being Avison Young

Commercial Real Estate (Ontario) Inc. (“Avison”), CB Richard Ellis, Cushman & Wakefield and Colliers International.

- Based on the terms of the listing proposals, including the marketing program, experience in the Cambridge marketplace and commission structure, the Receiver determined that Avison should be retained to list the Property. The Receiver consulted with FirstOntario and RBC at that time, both of which consented to Avison’s retention.
- Avison’s marketing of the Property commenced immediately upon execution of a listing agreement dated May 10, 2012, which included:
 - Listing the property for sale at \$3.699 million;
 - Circulating a brochure and a detailed information package to prospective purchasers, including targets in the Cambridge and surrounding areas and to the industrial brokerage community in Avison’s network;
 - Listing the Property for sale on the MLS network; and
 - Placing a “for sale” sign on the Property.
- In accordance with the Receivership Order, the Receiver instructed Avison to advise prospective purchasers that a transaction for the Property would be subject to Court approval.

5.2 Results

1. The results of the Sale Process are provided in Confidential Appendix “1”. The Receiver is of the view that the results of the Sale Process, including the number and value of the offers received for the Property, should be filed with the Court on a confidential basis until the Transaction closes.

6.0 Transaction

1. A summary of the Transaction is as follows:
 - The Purchaser has paid a deposit representing 10% of the purchase price. The deposit is only refundable if the Court decides not to approve the Transaction;
 - The APS contemplates a completion date the day following the issuance of a Vesting Order, should the Court grant the proposed Vesting Order;

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- The terms of the Transaction are consistent with standard insolvency transactions, i.e., to be completed on an “as is, where is” basis without material representations and warranties; and
 - The Transaction is subject only to the approval of this Honourable Court.
2. A copy of the APS is filed as Confidential Appendix “2”. The Receiver is proposing to file the APS on a confidential basis in order to prevent the purchase price acceptable to the Receiver from being made public.

6.1 Avison’s Recommendation

1. The Receiver consulted with Avison prior to accepting the Purchaser’s offer. Avison recommended the Transaction for the following reasons:
- The selling price is consistent with recent sales for comparable properties in the Cambridge area; and
 - Should the Transaction not be accepted, there is a risk of a protracted marketing period, causing the funds in the estate to be depleted due to ongoing occupancy costs (\$12,500 per month).

6.2 Receiver’s Recommendation

1. The Receiver recommends that the Court approve the Transaction and vest clean title to the Property in the Purchaser for the following reasons:
- In the Receiver’s view, the Sale Process was commercially reasonable. The Property was marketed with the assistance of a professional real estate firm with experience in the market using traditional methods for selling real estate;
 - Avison is familiar with the local real estate market and recommends that the Transaction be accepted;
 - Estimated monthly occupancy costs for the Property total approximately \$12,500, including insurance, utilities and property taxes. These costs will increase during the winter months. Entering into the Transaction will eliminate ongoing occupancy costs and will enable the Receiver to complete its administration, which would eliminate ongoing professional fees;
 - FirstOntario and RBC, the only stakeholders with an economic interest in the Transaction, have consented to the Transaction. RBC will incur a shortfall on its advances to the Company;

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- Absent the Transaction, it will be necessary to continue to market the Property for an uncertain period. Accordingly, the monthly occupancy costs could materially erode recoveries to RBC; and
 - The value of the Transaction represents the highest and best offer received and, other than the need for Court approval, the offer is unconditional.
2. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court issue an order authorizing and directing the Receiver to complete the Transaction as set out in the APS, as well as executing any other documents or agreements necessary to give effect to the Transaction.

7.0 Proposed Distributions to FirstOntario and RBC

1. Subject to completion of the Transaction, the Receiver is seeking the approval of this Court to distribute:
- Approximately \$2.275 million to FirstOntario (plus per diem interest of \$405.83), representing payment in full of the Company's indebtedness owing to FirstOntario; and
 - The balance of the funds available for distribution to RBC (in one or more distributions, without further order of this Honourable Court).
2. It is contemplated that these proposed distributions would be funded from the proceeds of the Transaction and the cash on hand, net of professional fees owing to the Receiver and A&B and other unpaid occupancy costs accruing up to the closing of the Transaction.
3. The Receiver is not aware of any claim that may rank in priority to the Company's secured creditors. In this regard:
- The Receivership Order provides for a charge on the Property in favour of the Receiver and its counsel for their fees and disbursements (the "Receiver's Charge"). The Receiver is satisfied that the proceeds of the Transaction and the funds on hand are sufficient to fully satisfy the professional fees;
 - The Receivership Order authorizes the Receiver to borrow up to \$100,000 and provides for a corresponding charge on the Property in favour of the Receiver (the "Receiver's Borrowings Charge"). No amounts have been borrowed by the Receiver during these proceedings nor does the Receiver anticipate borrowing any funds; and

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- Based on the Company's books and records and monthly filings with Canada Revenue Agency ("CRA") over the course of the receivership, the Receiver understands that there are no potential deemed trust amounts for employee claims (as the Company had no employees during the receivership period) or HST relating to the pre-filing and/or post-filing periods.
4. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court authorize it to make the proposed distributions to FirstOntario and RBC.

8.0 Discharge of the Receiver

1. Following the distribution of the proceeds from the Transaction, the Receiver will have completed substantially all of its duties and obligations under the Receivership Order. The Receiver is requesting that it be discharged once it files the Discharge Certificate.
2. The Receiver believes the discharge mechanism will avoid the costs of a subsequent motion solely for discharge purposes. Minimizing costs is a significant issue for RBC, which will suffer a shortfall on its advances to the Company. The Receiver intends to file the Discharge Certificate once substantially all sundry post-closing matters have been resolved, including final distributions to the creditors.

9.0 Overview of the Receiver's Activities

1. The following is a summary of the Receiver's activities since its appointment:
 - Carrying out the Receiver's duties and responsibilities in accordance with the Receivership Order;
 - Arranging with TD Canada Trust the transfer of all funds to the receivership bank account;
 - Safeguarding the Property, including controlling access to the Company's premises and arranging for insurance coverage during the receivership proceedings;
 - Paying post-filing expenses from the receivership account, principally occupancy expenses;
 - Carrying out the Receiver's statutory obligations, including drafting and filing the Receiver's notice and statement and interim reports in accordance with subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*;

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- Carrying out the Sale Process on the basis detailed herein;
 - Corresponding routinely with FirstOntario and RBC concerning the Property and the Sale Process and seeking their consent to certain activities of the Receiver;
 - Arranging for an appraisal of the Property;
 - Arranging for four listing proposals from commercial real estate brokerage firms;
 - Coordinating appointments with prospective purchasers to view the Property prior to Avison's engagement;
 - Negotiating a listing agreement and dealing with Avison in connection therewith;
 - Negotiating the APS and dealing with Avison in respect of the Transaction;
 - Filing with CRA the Company's monthly HST returns;
 - Drafting this Report; and
 - Other matters pertaining to the administration of this mandate.

10.0 Professional Fees

1. The fees and disbursements of the Receiver and A&B are provided in the table below. Detailed invoices in respect of the fees and disbursements of the Receiver and A&B are provided in appendices to the affidavits filed by D&P and A&B in the accompanying motion materials. A summary of the invoices is as follows:

Duff & Phelps Canada Restructuring Inc.

Period	Fees (\$)	Disbursements (\$)	HST (\$)	Total (\$)
February 13, 2012 to April 30, 2012	10,341.25	186.82	1,368.65	11,896.72
May 1, 2012 to October 31, 2012	11,443.75	266.97	1,522.39	13,233.11
Total	21,785.00	453.79	2,891.04	25,129.83

2. The Receiver's average hourly rate for the referenced billing period was \$386.94.

Aird & Berlis LLP

Period	Fees (\$)	Disbursements (\$)	HST (\$)	Total (\$)
February 14, 2012 to May 7, 2012	4,001.00	319.20	561.63	4,881.83
May 8, 2012 to November 21, 2012	2,795.00	3.25	363.77	3,162.02
Total	6,796.00	322.45	925.40	8,043.85

3. A&B's average hourly rate for the referenced billing period was \$379.66.
4. The Receiver is of the view that the hourly rates charged by A&B are consistent with the rates charged by law firms practicing in the area of insolvency in the Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.
5. The Receiver believes that the Fee Accrual should be sufficient to cover its fees and the fees of A&B to the completion of these proceedings, including finalizing the Transaction and its documentation, preparing this Report and the accompanying motion materials, facilitating the payment of the proposed distributions and dealing with sundry issues, if any.

11.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 of this Report.

* * *

All of which is respectfully submitted,

Duff & Phelps Canada Restructuring Inc.

**DUFF & PHELPS CANADA RESTRUCTURING INC.
IN ITS CAPACITY AS RECEIVER OF
BURLINGTON GROUP INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**THE HONOURABLE
JUSTICE D. BROWN**

**FRIDAY, THE 17TH DAY
OF FEBRUARY, 2012**



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

BURLINGTON GROUP INC.

Respondent

**APPLICATION UNDER section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43**

APPOINTMENT ORDER

THIS APPLICATION made by the Applicant, Royal Bank of Canada (“RBC” or the “Applicant”) for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “CJA”) appointing Duff & Phelps Canada Restructuring

Inc. ("**D&P**") as receiver (in such capacity, the "**Receiver**") without security, of all of the assets, undertakings and properties of Burlington Group Inc. ("**BGI**" or the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Linda Vanderburgt sworn February 13, 2012 and the Exhibits thereto (the "**Vanderburgt Affidavit**"), and on hearing the submissions of counsel for RBC, no one appearing for any other party although duly served as appears from the affidavit of service of Alma Cano sworn February 15, 2012 and on reading the consent of D&P to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion 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, D&P 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 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, with the approval of this Court and in such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, and/or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (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.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **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

8. **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

9. **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

10. **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

11. **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

12. **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

13. **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

14. **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

15. **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

16. **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

17. **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.

18. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. **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

20. **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 \$100,000 (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.

21. **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.

22. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.

23. **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

24. **THIS COURT ORDERS** that the Receiver be at liberty to serve 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 electronic 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 notice by courier, personal delivery or electronic 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.

25. **THIS COURT ORDERS** that the Plaintiff, the Receiver, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Receiver may post a copy of any or all such materials on its website at <http://www.duffandphelps.com>.

GENERAL

26. **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.

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

28. **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.

29. **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.

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

31. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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

FEB 17 2012



SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. ●

AMOUNT \$ ●

1. THIS IS TO CERTIFY that Duff & Phelps Canada Restructuring Inc., the receiver (the "Receiver") of the assets, undertakings and properties Burlington Group Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ● day of ●, 20● (the "**Order**") made in an action 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●.

Duff & Phelps Canada Restructuring Inc., solely in
its capacity as Receiver of the Property, and not in
its personal capacity

Per: _____
Name:
Title:

<p>ROYAL BANK OF CANADA</p>	<p>Court File No. : CV-12-9604-00CL</p> <p>- and -</p> <p>BURLINGTON GROUP INC.</p>
	<p>ONTARIO</p> <p>SUPERIOR COURT OF JUSTICE</p> <p>(PROCEEDING COMMENCED AT TORONTO)</p>
	<p>APPOINTMENT ORDER</p>
	<p>GOWLING LAFLEUR HENDERSON LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 TORONTO, Ontario M5X 1G5</p> <p>Clifton P. Prophet / Vukica Djuric LSUC No.: 34345K / 57395I</p> <p>Telephone: (416) 862-3509 / (416) 36-4609 Facsimile: (416) 862-7661</p> <p>Solicitors for the Applicant, Royal Bank of Canada</p>

Appendix “B”

SUMMARY APPRAISAL REPORT

of

1670 Bishop Street North
Cambridge, Ontario

Prepared For:

Duff & Phelps Canada, Restructuring Inc.

Prepared By:

JACOB ELLENS & ASSOCIATES INC.

Suite 2220, 25 Main Street West

Hamilton, Ontario

L8P 1H1



Real Estate Appraisers & Consultants

February 29, 2012

Duff & Phelps Canada, Restructuring Inc.
200 King Street West, Suite 1002
Toronto, ON M5H 3T4
Phone: (416) 932-6018
Fax: (647) 497-9474
E-mail: javed.rasool@duffandphelps.com

Attention: Javed Rasool

Dear Mr. Rasool:

**RE: Request for Appraisal of 1670 Bishop Street North, Cambridge, Ontario
Property of Burlington Group Inc.
Our File No. 12-6092D**

In accordance with your recent request, we submit a Summary Appraisal Report of the property known as **1670 Bishop Street North, Cambridge, Ontario.**

We have inspected the property hereinafter known as the subject property for the purpose of estimating the **current** market value of the said property as at the effective date being February 24, 2012.

We draw your attention to the following:

Certification	Page 47
Assumptions and Limiting Conditions	Page 2 – 6
Definitions / Explanations	Appendix “A”

We also draw your attention to the Extraordinary Assumptions and Limiting Conditions as follows:

- *The building size of the structure has been obtained for the subject property from multiple sources, including the Municipal Property Assessment Corporation as well as from architectural drawings of the structure. Should an architects' calculation of building area vary from that as contained herein, we reserve the right to revisit our valuation of the subject to adjust it as required.*

/...2

OFFICES

BRANTFORD
TEL (519) 754-0850

HAMILTON
25 Main Street West, Suite 2220
Hamilton, Ontario L8P 1H1
TEL (905) 577-0403 FAX (905) 577-0481

NIAGARA
TEL (905) 577-0403

Mr. Javed Rasool
February 29, 2012

page 2

As a result of our investigations and analysis, it is our considered opinion that the market value estimate of the subject property, as at February 24, 2012, is:

\$3,200,000

Details of our investigation and analysis are set out in the report following. If further information is required we shall be pleased to furnish it upon request.

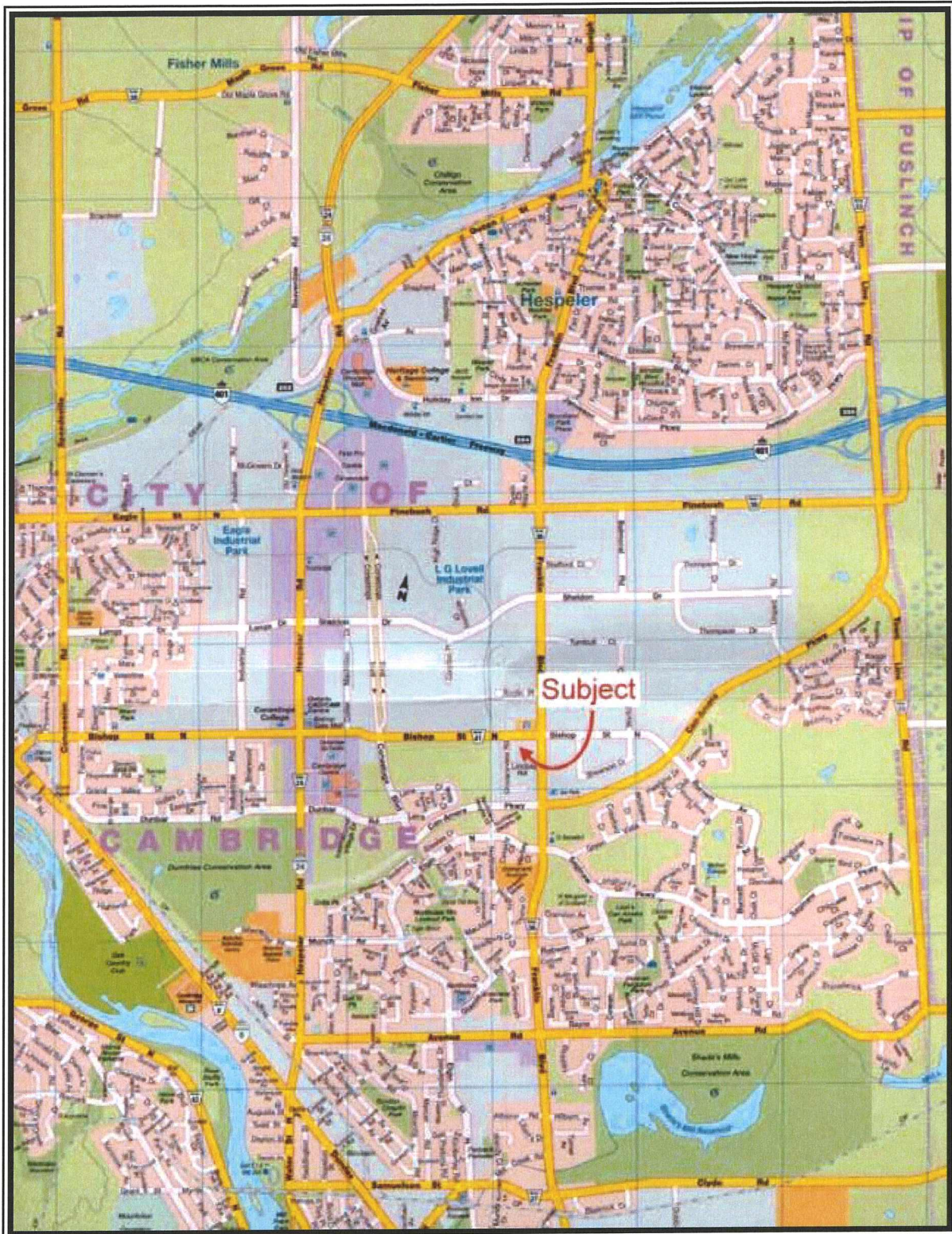
Respectfully submitted,

JACOB ELLENS & ASSOCIATES INC.

A handwritten signature in blue ink, appearing to read "David deVries", is written over the company name.

David deVries, B.A., AACI, P.App

LOCATION MAP



PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Subject Looking Southerly



View of Subject Looking Southwesterly

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Subject Looking Westerly



View of Subject Looking Westerly

CLIENT & MANDATE

We have been requested by the client, Duff & Phelps Canada, Restructuring Inc., to undertake a **Summary Appraisal Report** for the subject property. The appraisal assignment that is the focus of this engagement has been discussed and defined with the client. Upon agreement with the client, the appraisal report is a Summary Appraisal Report and is intended for use only by the client. Use of this report by others is not intended by the appraiser and any liability in this respect is strictly denied.

INTRODUCTION

The appraisal report has been developed in accordance with the Canadian Uniform Standards of Professional Appraisal Practice ("The Standards") as developed by the Standards Board of the Appraisal Institute of Canada. The Appraisal Institute of Canada requires that all real estate appraisers, who are members of the Institute, conform to "The Standards" which were implemented by the Institute on January 1, 2001, and is amended annually.

APPRAISAL REPORT TYPE

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Appraisal Standards Rule of the Canadian Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents concise and brief description of the appraisal process. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. Definitions of Appraisal Terms and Explanations are included in the Addenda as **Appendix "A"**. The depth of discussion contained in this report is specific to the needs of the client and for the intended use as stated in the report. The report can only be relied upon by the client.

ASSUMPTIONS AND LIMITING CONDITIONS

Limited Use/Reliability

This report was prepared by Mr. David deVries of Jacob Ellens & Associates Inc. at the request of Duff & Phelps Canada, Restructuring Inc., for the purpose of an estimate of market value. The material in it reflects Mr. deVries' best judgment in light of the information available to him at the time of preparation. It is not reasonable for any other person or corporation, other than Duff & Phelps Canada, Restructuring Inc., to rely upon this appraisal. Any use which a third party makes of this report, or any reliance on or decision to be made based on it, are the responsibility of such third parties. Mr. David deVries and Jacob Ellens & Associates Inc. accept no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based upon this report.

This appraisal is to be used in its entirety and not in part or segmented for any purpose. No part of it shall be used in conjunction with any other appraisal or market study.

Right of Publication

Neither possession of this report nor a copy of it carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of the appraiser. This is subject only to confidential review by the Appraisal Institute of Canada as provided in the Ethics Standard of the Canadian Uniform Standards of Professional Appraisal Practice.

Legal Aspects

While experts in appraisal matters, the author is not qualified and does not purport to give legal advice. It is assumed that:

- (a) a legal description as set out herein is correct;
- (b) title to the property is good and marketable;

- (c) there are no encroachments, encumbrances, restrictions, leases or covenants that would in any way affect the valuation, except as expressly noted herein;
- (d) the existing use is a legally conforming use which may be continued by any purchaser from the existing owner;
- (e) rights of way, easements, or encroachments over other real property and leases or other covenants noted herein are legally enforceable.

Because these assumptions have been made, no investigation, legal or otherwise, has been undertaken which would verify these assumptions, except as expressly noted herein. It is assumed that title to the property is good and marketable and that there are no encumbrances which cannot be cleared through the regular processes. The appraiser cannot accept any responsibility for matters which are of a legal nature, nor is any opinion on the title of the property rendered herewith.

Surveys / Drawings

The author is not a qualified surveyor. Sketches, drawings, diagrams, photographs, etc., are presented in this report for the limited purpose of illustration and are not to be relied upon in themselves, unless stated otherwise.

Building Size

It is assumed that the building size as provided in the report is accurate. The building size is typically established by the appraiser based upon one or more sources of information such as measurements taken by the appraiser, information provided by the client including surveys or engineering / architectural drawings, or data obtained from the Municipal Property Assessment Corporation (MPAC). For certainty, the reader is advised to obtain precise confirmation of the building size from a qualified professional. Any variation in the actual size of the building from that reported herein would directly affect the value reported herein and we reserve the right to adjust the value accordingly.

Environmental

The appraiser has no knowledge of the existence of hazardous substances and is not qualified to comment on environmental issues that may affect the market value of the property appraised including without limitation toxic wastes, polychlorinated biphenyls, petroleum leakage, agricultural chemicals, Radon gas, pollution or contamination of land, buildings, water, groundwater or air, which may be present on or in the property, or other environmental conditions.

Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

Municipal Data

No investigation has been undertaken with the local zoning office, the fire department, the building inspection department, the health department, the municipal tax department or any other government regulatory agency unless such investigations are expressly represented to have been made in this report. The subject property must comply with such government regulations and, if it does not comply, its non-compliance may affect market value. To be certain of compliance, further investigations may be necessary.

Archeological

It is assumed for the purposes of this appraisal that there is no archeological significance to the subject property and that there are no costs or delays in relation to archeological investigations or matters.

Native Claims

It is assumed that there are no First Nation Aboriginal People Claims to the property.

Market Data

Market data has been obtained, in part, from documents at the Land Registry Office, or as reported by the real estate board. As well as using such documented and generally reliable evidence of market transactions, it was also necessary to rely on hearsay evidence. Except as noted herein, a reasonable attempt has been made to verify all such information.

Market Conditions

Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the market value expressed as at the date of this appraisal cannot be relied upon to estimate the market value as at any other date except with further advice of the appraiser.

Compensation

The compensation for services rendered in this report does not include a fee for court preparation or court appearance, which must be negotiated separately. However, neither this nor any other of these limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of the report which best serves the administration of justice.

Engineering & Construction

The author is not qualified to give engineering advice. It is assumed that there are no patent or latent defects in the subject improvements. The physical condition of any improvements described herein was based on visual inspection only. It is not possible for practical reasons to inspect those parts of the building which are inaccessible or covered; therefore, no opinion can be expressed as to the physical condition of these areas. Electrical, heating, cooling, plumbing, sewer and/or septic system, mechanical equipment and water supply were not specifically tested, but were assumed to be in good

working order, and adequate, unless otherwise specified. No liability is assumed for the soundness of structural members, since no engineering tests were made of same. The roof(s) of structures described herein are assumed to be in good repair unless otherwise noted. The existence of potentially hazardous material used in the construction or maintenance of the building or deposited, such as urea formaldehyde foam insulation and/or asbestos insulation, which may or may not be present in the property(s), has not been considered. The appraiser is not qualified to detect such substances and suggests the client seek an expert opinion, if desired.

Fire & Smoke Detection

It is imperative that the reader or any other interested party be aware that the Appraiser did not inspect the premises for fire detection or smoke detection systems, or for the presence of carbon monoxide detectors, nor did the Appraiser inspect the condition of such equipment, if present. The Appraiser takes no responsibility whatsoever for the lack of, or condition of, detection devices that may be located on the premises, nor does the Appraiser warrant legal compliance in any manner of such equipment, if present.

Financing

You should be aware that when preparing an appraisal for financing purposes, appraisers do not investigate if the prospective loan and applicant satisfy prudent loan underwriting criteria. Consequently, we assume no responsibility for losses on loans involving our appraisal efforts that result from the lender's failure to do proper due diligence regarding creditworthiness of the borrower or their ability to service or repay the loan.

Validity

This report is only valid if it bears the original signature of the author(s).

SCOPE OF THE APPRAISAL

The Scope of the Appraisal encompasses the necessary research and analysis to prepare a report in accordance with the “Canadian Uniform Standards of Professional Appraisal Practice” of the Appraisal Institute of Canada. Each appraisal assignment is unique, depending upon the type and size of property being appraised, the complexity and significance of the appraisal problem, and the intended use of the appraisal.

In regard to the subject property, the appraisal process involved the following steps:

1. Inspected and photographed the subject property on February 24, 2012.
2. Property data including site and building areas was obtained by a personal inspection of the subject, review of the assessment roll and examination of any drawings or reports provided by the owner/client.
3. Considered the development trends, economic and real estate market conditions in relation to the subject existing as at the effective date; reviewed and analyzed the sales history of the subject.
4. Considered the physical, functional and economic characteristics of the subject property.
5. Municipal data is based on information obtained from various sources including government publications, municipal economic development departments and real estate publications.
6. Completed a subsearch of the subject property via Teraview to examine the public Land Registry Office record of the property.
7. Reviewed the appropriate documents including current zoning and official plan designation and if necessary discussed the land use controls with planning department officials.
8. Considered and analyzed the Highest and Best Use of the property.
9. Conducted market research with regard to comparable sales, market rents, vacancy rates and overall capitalization rates pertaining to industrial property types.

10. Sales data was obtained from the Multiple Listing Service for the Kitchener Waterloo Association of Realtors, GeoWarehouse, the Municipal Property Assessment Corporation, the RealTrack Commercial Sales Listing Service, through discussions with local ICI realtors and from information maintained in our files.
11. In considering the purpose and intended use of the appraisal, we have relied upon the "Income" and "Direct Comparison" approaches to value. The "Cost" Approach has not been included in the report being that the approach is most applicable to new construction and/or specialty purpose properties. Buyers and sellers for this type of property would most often base their purchasing decisions on the income, investment and comparison aspects of the property. The "Income" and "Direct Comparison" approaches are typically relied on by buyers, sellers and agents and are most applicable in the appraisal of the subject.
12. After assembling and analyzing the data defined, a final estimate of value was made.

PURPOSE OF APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property known as 1670 Bishop Street North, Cambridge, Ontario.

INTENDED USE OF APPRAISAL

The intended use of this appraisal is for conventional first mortgage financing of the subject property.

PROPERTY RIGHTS APPRAISED

The subject property has been appraised in "Fee Simple" as if free and clear of all encumbrances, subject nevertheless to powers of Expropriation, Police, Taxation and Escheat all of which are government controlled, assuming normal financing and competent management.

INSPECTION DATE OF PROPERTY

The subject property was inspected on February 24, 2012.

EFFECTIVE DATE OF APPRAISAL

The appraisal is a current valuation, with an effective date of the value estimate being February 24, 2012. The appraisal was made in accordance with conditions pertaining at that date.

REASONABLE EXPOSURE TIME

Based on the property type, its price range and analysis of relevant sales leading up to the effective date, the Reasonable Exposure Time for the subject is estimated to be approximately 6 - 12 months.

MUNICIPAL DATA

An overview of the City of Cambridge can be obtained from the City's website at www.cambridge.ca

NEIGHBOURHOOD DATA

The subject property is located on the southerly side of Bishop Street North, west of the intersection of Bishop Street North and Franklin Boulevard. The attributes of the subject property neighbourhood are best characterized as an industrial neighbourhood located north and northwest of the Can-Amera Parkway, west of Hespeler Road, south of the limited access major 401 highway. With the subject property neighbourhood land uses are predominantly light industrial having some manufacturing uses interspersed throughout.

More recently, a trend has been noticed where older, former manufacturing uses are converted to accommodate light and/or less obnoxious industrial uses. For example, in the immediate vicinity of the subject, at the southeast intersection of Franklin Boulevard and Bishop Street North, is a property that has recently been extensively renovated in order to accommodate a change in use from its former tire recycling use to that of a more desirable and less obnoxious light industrial use. The subject property neighbourhood is not yet entirely built out and there are vacant parcels available for development especially within the northeast of the subject property neighbourhood.

East of the subject property is Franklin Boulevard, a prominent roadway running north and south through the centre of the neighbourhood, intersecting with the Can-Amera Parkway to the south and the limited access major 401 Highway to the north.

LOCATION

As indicated previously, the subject property is located southwest of the intersection of Franklin Boulevard and Bishop Street North, on the southerly side of Bishop Street North.

PROPERTY TYPE

The subject property is improved with an industrial facility; as such the property type of the subject is industrial.

PARCEL IDENTIFICATION NUMBER

The subject property is identified as PIN 03794-0024 (LT).

LEGAL DESCRIPTION

The property under appraisal is legally described as Part Lot 15, RCP 1378, Cambridge, designated as Part 1 on Reference Plan 62R-1585 subject to rights-of-way and / or easements as described in Instrument No. WS593827; City of Cambridge.

EASEMENTS & RIGHTS OF WAY

To our knowledge there are no easements or rights-of-way that would have a negative impact on value of the subject property.

OWNERSHIP

The following Table summarizes the more recent transactions with respect to the subject property.

Registration Number	Date	Instrument Type	Parties	Consideration
1575712	April 16, 2003	Transfer	Burlington Technologies Inc. TO Burlington Group Inc.	\$2,500,000
WR332494	Oct 1, 2007	Charge	Burlington Group Inc. TO FirstOntario Credit Union Limited	\$2,567,000
WR433380	Dec 9, 2008	Charge	Burlington Group Inc. TO Royal Bank of Canada	\$4,000,000
WR443998	Feb 10, 2009	Charge	Burlington Group Inc. TO Export Development Canada	\$1,356,388

A copy of the Abstract and latest Transfer has been included in the Addenda of this report as **Appendix “B”**.

This data has been included for information purposes only and is not to be construed as a legal opinion or statement on the title of the subject property. This report assumes that the title is good and marketable.

SALES HISTORY

The above Table indicates the Sales History of the subject property. The latest transfer of the property occurred on April 16, 2003, for consideration in the amount of \$2,500,000 per Instrument No. 1575712, as registered. The transfer of the property appears to be a non-arms' length transaction between related parties. The remarks indicate the consideration is to consist of a \$1,000,000 allocation of preferred shares and a promissory note in the amount of \$1,500,000. The address for service for both parties is identical further supporting our assessment that the indicated transfer represents a non-arms' length transaction.

ASSESSMENT AND TAXES

The subject property, according to the Assessment Roll of the City of Cambridge, is assessed as follows:

Assessment Roll Number	:	3006 150 015 01025 0000
Assessed Property	:	1670 Bishop Street North
Assessed Owner	:	Burlington Group Inc.
Current Value Assessment	:	\$3,306,000
2012 Taxation Year Phased-in Assessment	:	\$3,306,000
2011 Taxation Year Phased-in Assessment	:	\$2,903,000
Current Taxes (2011)	:	\$118,314.03 (\$1.93 per sq. ft. of building)

Assessment data has been included for information purposes only and is not to be construed as indicative of the property's market value. A copy of the Property Tax Information, as provided by the tenant, and the Assessment information of the subject has been included in the Addenda as **Appendix "C"**.

FRACTIONAL INTEREST

We have been instructed by the client to appraise the property in its entirety. The Appraisal of Fractional Interest in this instance is not required.

DESCRIPTION OF SITE

Shape and Size

The subject site is rectangular in shape having a frontage of 391.19 feet along Bishop Street North, and an overall area of 3.55 acres, per assessment information.

Access

Vehicular access to the subject site is from Bishop Street North.

Topography

The topography of the subject site is generally on the same plane as the abutting roadway and properties.

Soil Condition - "Hazardous Substances"

The appraiser has no knowledge of the existence of hazardous materials on or in the property unless otherwise stated. Further, the appraiser is not qualified to test such substances or conditions. If the presence of such substances affects the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

Building Coverage

The building coverage has been calculated at 40% (building footprint 61,250 sq. ft. divided by site area of 3.55 acres).

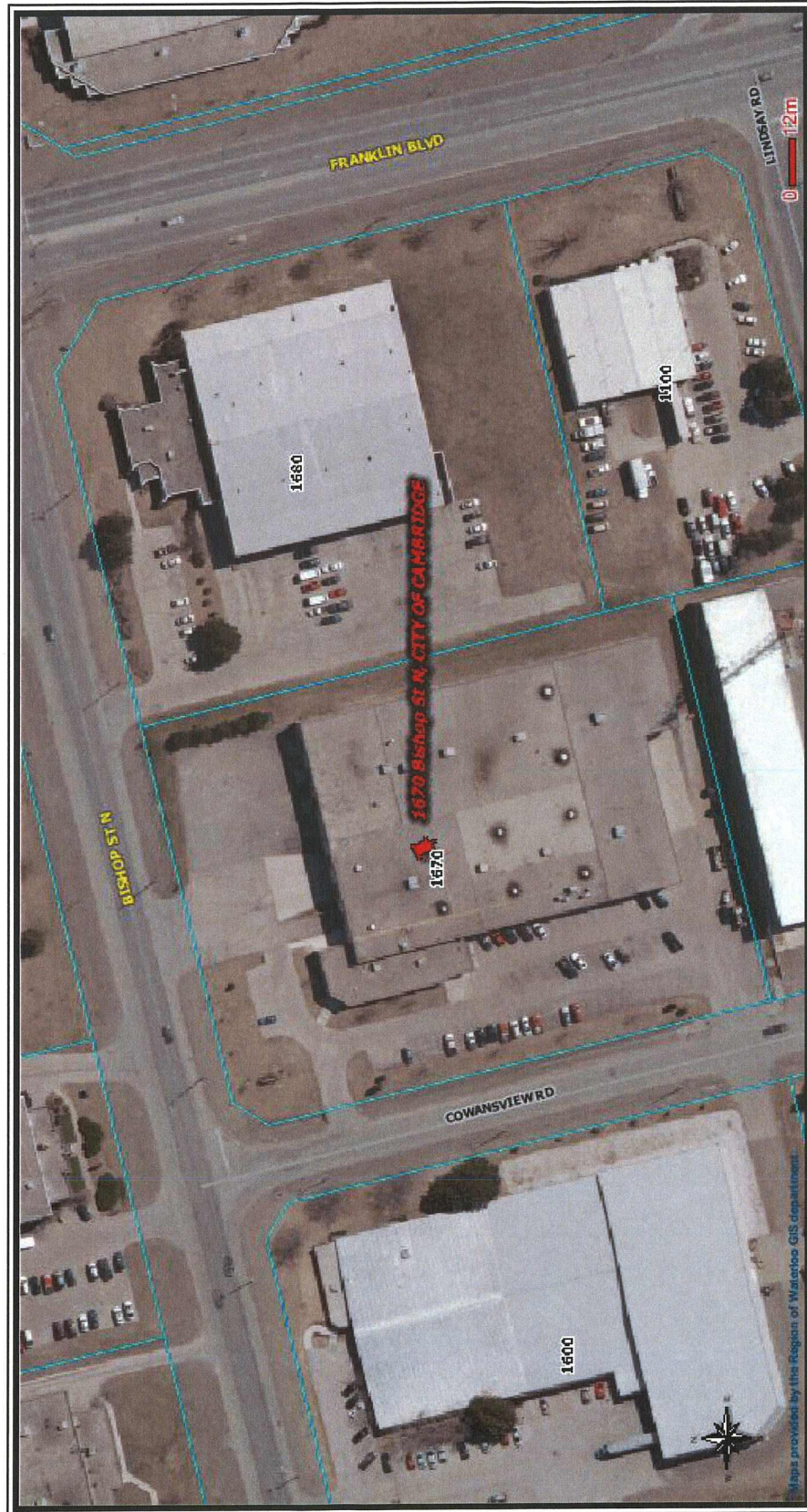
Site Improvements

The site is improved with an asphalt surfaced parking area between the building improvements and the streetfront. The portion of the site north and west of the improvements has a compacted gravel surface with some greenspace.

Services

The subject property is expected to be fully serviced with hydro, natural gas and telephone services as well as municipal water, sanitary and storm water services. Storm drainage is provided along Bishop Street North in the form of enclosed sewers. Bishop Street North is a two-lane, lit roadway. Services such as fire and police protection are provided by the City of Cambridge and the Waterloo Regional Police Service.

AERIAL PHOTOGRAPH



DESCRIPTION OF THE IMPROVEMENTS

General

The subject site is improved with a single-storey industrial facility which had been constructed in three stages. The original structure was constructed in 1980 with a large addition in 1999 followed by a similar size addition in 2001. The structure is well situated on the site being fully accessible from two sides.

Size

The provided CAD drawing of the building indicates the overall building area to be 58,420 square feet including an office area of 4,147 square feet on one level and a shipping / receiving area of 4,243 square feet. The production area and is reported to be 50,030 square feet.

The Municipal Property Assessment Corporation indicates the overall building area of the structure to be 61,250 square feet. The provided CAD drawings seem to exclude from the overall building area, an equipment area with mezzanine compressor room above. For the purposes of this assignment, we have relied upon the building areas provided by the Municipal Property Assessment Corporation which is indicated to be 61,250 square feet. MPAC reports the office component of the property to have a gross floor area of 4,164 square feet.

Structure / Exterior

The building is expected to have poured concrete foundation with reinforced concrete floors. The superstructure of the building is steel framed having 50 foot bays, per the property owner.

The exterior of the building is composed of metal clad sandwich panels attached to the outside of the steel frame. The shipping area contained one grade level and two dock level loading doors. The manufacturing/ fabricating area was improved with three drive-in doors. There was a second receiving area at the west of the structure containing two dock level loading doors.

The roof is assumed to be tar and gravel composite; however, the roof was not inspected by the appraiser and its condition, as at the effective date, is assumed to be good.

Interior - Office Area

The office area of the structure encompasses approximately 4,147 square feet. There is a secured entry area through the office component. To the right of the entry area is a boardroom, improved with supplemental baseboard heat, vinyl tiled flooring, paint over drywalled walls and T-bar acoustic tiled ceiling. Across from the boardroom are male and female restrooms with sink and toilet, ceramic tile flooring, paint over drywalled walls and ceilings. Next to the office area is a quality lab as well as a number of private offices which make up the remainder of this portion of the office component.

Moving to the west is a card access door and the plant employee's facilities including a large cafeteria with vinyl tile flooring, paint over drywall walls and acoustic tile ceiling. Improvements in this area include a single stainless steel sink and countertop having cabinets above and below. Next to this area is an outside entry area for the plant employees as well as male and female restroom and changeroom facilities. The female facilities contain two toilet stalls, one stand-up shower and two sinks. The men's is improved with a communal wash basin, two urinals, two toilet stalls and one stand-up shower. As we move towards the plant in this area there are additional private offices for the plant component of the building.

Interior - Plant Area

The interior demising walls are either painted concrete block or steel framed metal clad. There are two small office areas, the first being a shipping / receiving office, the other a production office located within the plant. An equipment area with a compressor room above, as well as a maintenance area with a steel framed mezzanine above for product storage.

The shipping / receiving area is segregated from the production areas via drive-through overhead sectional doors. The interior finish within the shipping areas is composed of reinforced concrete flooring with open steel framed walls and ceiling, having metal clad on both the exterior walls and ceiling.

The shipping / receiving area is improved with three loading doors, two being at dock level, one at grade. In the production area, there are three drive-in doors with there being another drive-in door on the west side of the structure. On the west side of the structure, facing Bishop Street North, are two dock level receiving doors. The ceiling heights of the structure are reported to be 18 feet, 6 inches clear, measured from the top side of the floor to the underside of the ceiling joists. The Municipal Property Assessment Corporation report the ceiling heights to be 21½ feet.

Components

The electrical service indicates a 600 volt, 2,000 amp electrical service. The heating needs of the plant are handled by gas-fired radiant tube heating systems. The heating and cooling needs of the office area are expected to be handled by a gas-fired forced air HVAC unit. The details of this unit were not made available to the appraiser. The appraiser did note that there was supplemental electric baseboard heat available in the boardroom area.

Overall Condition

The subject structure was well constructed and in good condition; likely the result of an effective maintenance program. The improvements of the property were functional throughout with there being no obvious signs of functional obsolescence. The structure in our opinion could accommodate a modern and / or light industrial process.

REVSTONE
REVSTONE TOOL AND DIE MFG. CO. INC.
1000 W. 10th St.
Tulsa, OK 74103

PLANT LAYOUT

DEPT.	AREA	AREA	AREA
OFFICES	4147 sq. ft.	SHIPPING	4243 sq. ft.
PRODUCTION	50550 sq. ft.	INSPECTION/ERROR PROOFING	HOLD REJECTS
			SCRAP REJECTS

SHIPPING AREA

INSPECTION/ERROR PROOFING

HOLD REJECTS

SCRAP REJECTS

OFFICES

SHIPPING

PRODUCTION

INSPECTION/ERROR PROOFING

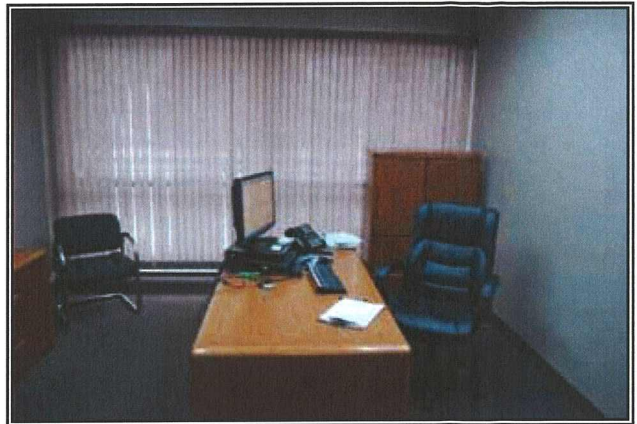
HOLD REJECTS

SCRAP REJECTS

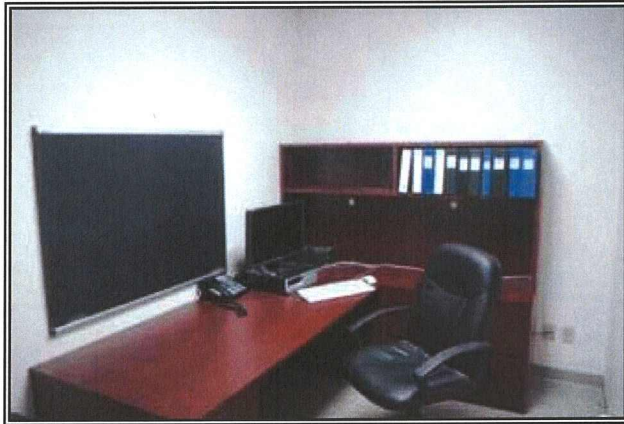
INTERIOR PHOTOGRAPHS OF THE SUBJECT PROPERTY



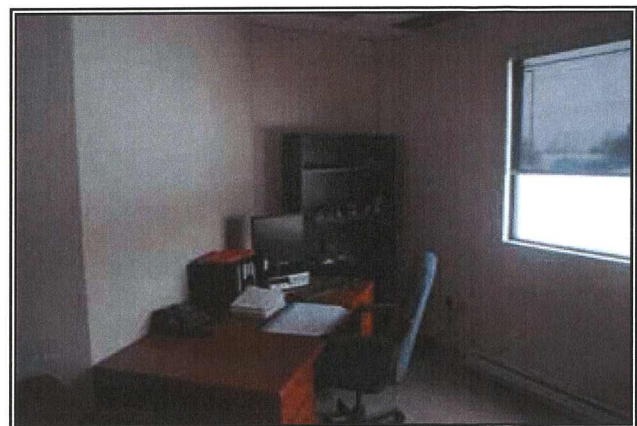
Boardroom



Private Office



Private Office

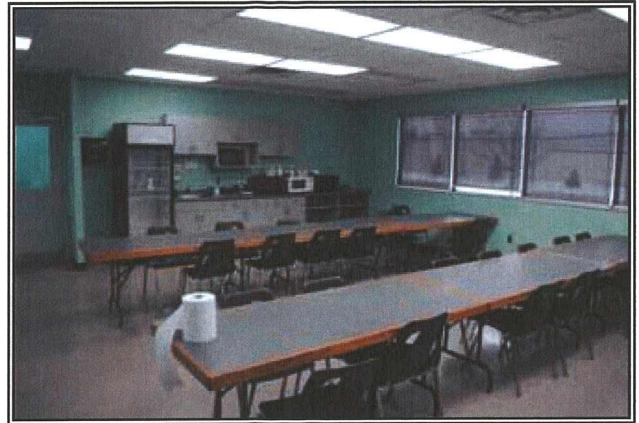


Private Office

INTERIOR PHOTOGRAPHS OF THE SUBJECT PROPERTY



Meeting Room



Lunch Room



Maintenance



Plant

INTERIOR PHOTOGRAPHS OF THE SUBJECT PROPERTY



Plant



Plant



Plant



Plant

INTERIOR PHOTOGRAPHS OF THE SUBJECT PROPERTY



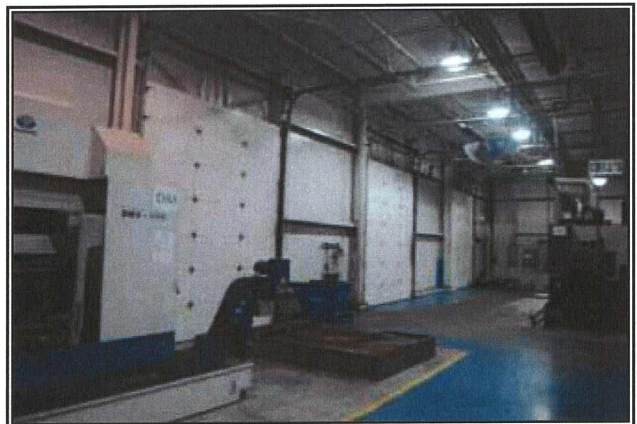
Drive in Door (West side)



Mezzanine Compressor Room



Receiving (Plant)



Shipping / Receiving

OFFICIAL PLAN

The current Official Plan for the City Of Cambridge was adopted by Municipal Council on September 22, 1997 via By-Law Number 177-97. The Regional Municipality of Waterloo further approved the Official Plan on July 14, 1999 with modifications. The City of Cambridge is in the process of adopting a new Official Plan of which the draft has been completed for public consultation.

The current Official Plan designates the subject beneath its “**Class II (General) Industrial Districts**”. The Class II (General) Industrial Districts permits the development and use of lands for industrial purposes as well as, “offices required for an administration of an industrial activity, or for the provision of technical and professional services to an industrial activity; the retail sales of products manufactured on the same sites; small equipment and business machine sales and service and photocopying service establishments; etc...” For a complete listing of all the uses permitted beneath a Class II (General) Industrial Districts please see the relevant sections of the Official Plan which have been included in the Addenda of this report as **Appendix “D”**.

The use of the property appears to comply with the overall intent of the City of Cambridge’s present Official Plan.

ZONING

The City of Cambridge Zoning By-Law 150-85, enacted October 27, 1986, is in effect and applies to the subject property. The By-Law has zoned the property beneath its “**Industrial Use Class (M3) Zones**”.

The By-Law permits general industrial uses as well as office uses in accordance with Section 3.4.1.2. This portion of the By-Law generally specifies, in relation to the subject, that office uses within this zone, including office uses for executive and administrative purposes or to accommodate in-house technical and professional services, may be located in the same building as the industrial use. There does not appear to be any regulations as to the overall size of the office area in proportion to that of the industrial areas of the building.

General Industrial uses are permitted within an M3 Zone. The current use of the subject appears to be permitted beneath the General Industrial uses permitted within an Industrial Use Class (M3) Zone. For a complete listing of the permitted uses and zoning regulations for the subject property please see the relevant sections of the Zoning By-Law which have been included in the Addenda of this report as **Appendix “E”**.

It is beyond the scope of this report to determine if all regulations as set forth by the Zoning By-Law have been met. This report assumes the existing use of the property as developed may legally continue in perpetuity.

EXISTING USE

The subject is improved with a light industrial facility containing an extensive two-storey office component; as such, the existing use of the property is industrial.

HIGHEST AND BEST USE

The principle of Highest and Best Use is fundamental to the concept of value and real estate. *It is defined as that use which is most likely to produce the greatest net return over a given period of time.* The Highest and Best Use must be examined in the light of its legality, uses within the realm of probability, demand for another use, and whether or not an other use may provide a higher net return to the land. Consideration must be given to the existing or reasonably anticipated demand or competition for such use, as well as the physical and geographical suitability of the property for such a use.

As Vacant

We must first consider the Highest and Best Use of the subject property as if vacant and available for development. Considering the legal uses permitted under the Official Plan and Zoning, as well as the size of the land, its location, neighbourhood and amenities, it is our opinion that the site is suited for industrial purposes. It is therefore our opinion that as at the effective date, the Highest and Best Use of the subject site, as if vacant, is industrial.

As Improved

The subject has been improved with a well constructed, modern, industrial facility containing a single-storey office component. The improvements of the property contribute significantly to the value estimate of the property over and above that of the value estimate of the site, as if vacant. It is therefore our opinion that as at the effective date, the Highest and Best Use of the subject, as improved, is **a continuation of its current industrial use.**

ESTIMATE OF MARKET VALUE

The appraisal process involves a systematic analysis of factors that bear upon the value of real estate. The conventional methods of appraisal are normally the Cost Approach, Income Approach, and Direct Comparison Approach. Any one or combination of these approaches may be used depending on the type of property being appraised and the data available, as well as the reliability of the data to support such an approach.

In the appraisal of the subject property, we have relied upon the "Income" and "Direct Comparison" approaches to value. The "Cost" Approach has not been included in the report being that the approach is most applicable to new construction and/or specialty purpose properties. Buyers and sellers for this type of property would most often base their purchasing decisions on the income, investment and comparison aspects of the property. The "Income" and "Direct Comparison" approaches are typically relied on by buyers, sellers and agents and are most applicable in the appraisal of the subject.

ESTIMATE OF VALUE BY INCOME APPROACH

The Income Approach involves a conversion of anticipated future benefits to be derived from the ownership of property into a value estimate through a capitalization process which converts the anticipated future income and or reversions to a present worth estimate. In order to arrive at estimated value by means of the Income Approach, the potential annual gross income is estimated from which is deducted any vacancy loss or bad debt in order to arrive at the effective gross income. The total annual operating expenses which are the responsibility of the owner are deducted from the effective gross income in order to arrive at the net operating income. The net operating income is capitalized into value using an appropriate capitalization rate or rates.

Contract Rent

The subject property, as at the effective date of the report, is not subject to contractual lease agreements and was vacant.

Market Rent

In order to establish the potential gross income for the subject property, we have gathered and analyzed market derived industrial lease rates from the City of Cambridge. As mentioned in the foregoing, it is necessary to adjust these lease rates to account for time, differing locations, quality and age of building, as well as the motivations of leasee and lessor. The market lease transactions selected for being most applicable to that of the subject are summarized in the following table:

Midsize Industrial Lease Rates, City of Cambridge							
Municipal Address	GLA	Lease Rate	Est TMI	Office	Height	Sale Date and Term	
140 Turnbull Crt	51,786	\$5.00 psf net	\$2.50 psf	17%	21-23 ft	Leased Sept 2011, w escalations, 5 yrs	
255 Pinebush (Unit 1)	76,689	\$4.13 psf net	\$3.25 psf	10%	26.0 ft	Leased Aug 2011, 7 year term	
201 Sheason Cres	26,665	\$4.95 psf net	\$3.25 psf	2%	22.0 ft	Leased Aug 2011, w escalations, 7 yrs	
275 Industrial Road	60,303	\$4.80 psf net	\$2.50 psf	17%	18.0 ft	Leased July 2011, w escalations, 10 yrs	
1144 Industrial (Unit 2)	24,213	\$5.05 psf net	NA psf	NA	14-17 ft	Leased Aug 2010, w escalations, 10 yrs	
140 Turnbull Crt	56,466	\$4.00 psf net	\$2.50 psf	16%	21-23 ft	Leased July 2010, w escalations, 10 yrs	
539 Collier Macmillan	60,991	\$4.50 psf net	\$1.90 psf	16%	18.5 ft	Available as at effective date	
575 Conestoga Blvd	87,523	\$4.50 psf net	\$2.74 psf	9%	18 ft	Available as at effective date	
455 Dobbie Dr (Unit 2)	40,110	\$3.95 psf net	\$2.00 psf	10%	16 ft	Available as at effective date	
100 Pinebush Road	31,020	\$4.25 psf net	\$2.50 psf	7%	18-21 ft	Available as at effective date	
181 Pinebush Road	42,936	\$5.50 psf net	\$2.50 psf	15%	17-20 ft	Available as at effective date	
* all above as reported by the MLS service for the Kitchener Waterloo Association of Realtors and parties to the above noted transactions							

The lease rates for industrial space with somewhat similar characteristics to that of the subject within the City of Cambridge range from a low of \$3.95 per square foot to a high of \$5.50 per square foot on a triple net basis with the average being in the area of \$4.60 per square foot triplet net. The triple net basis implies that the tenant would be entirely responsible for their proportionate share of all expenses associated with the operation of the property. These expenses include, but are not limited to, the realty taxes applicable to the property as well as the common area maintenance, management and insurance.

The improvements of the subject property would be most similar to the comparables at the upper end of the indicated range. This is largely due to the fact that the subject property is in good condition, has been well constructed and well maintained. Following the necessary adjustments we have selected a net lease rate for the subject of between \$4.50 to \$5.00 per square foot on a triple net basis with the selected rate being \$4.75 per square foot.

Vacancy and Bad Debt Allowance

C. B. Richard Ellis Waterloo Region Industrial Report from the second quarter of 2011 indicates that vacancy rates for industrial space within the City of Cambridge are approximately 5.1%. Overall vacancy in the region, which included the Cities of Kitchener, Waterloo, Cambridge, Guelph, Brantford and Stratford, was reported to be in the area of 5.3%. Colliers International Waterloo

Region Industrial Market Report suggests that overall vacancy in the Regions of Waterloo and Wellington was in the area of 6.6% in the first quarter of 2011.

Vacancy and bad debt allowances for mid-size industrial facilities within the market are expected to be similar to that as reported in the first and second quarters of 2011. There is a continuous supply of mid sized space available in the market and an almost equal demand for this type of space suggesting that there would be little, if any, change in the overall vacancy within this segment of the market. Overall vacancy for the mid-size industrial segment of the market is in the area of 5% to 7.5%. For the purposes of this assignment we have selected an overall vacancy and bad debt allowance of 5.0% of the subject property's potential gross income.

Expenses

The leases will be entirely net to the owner, and therefore we have calculated recoverables including estimated charges for realty taxes and common area maintenance. Our survey of industrial facilities within the local market suggests that typical combined recoverables including both common area maintenance and realty tax portions range from a low of \$1.90 to a high of \$3.25 per square foot(see chart on previous page). The average combined common area maintenance and realty tax amounts from the market, based on the previous transactions was \$2.33 per sq. ft. with the median being \$2.50 per square foot. For the purposes of this assignment we have selected a recoverable rate of \$2.50 per square foot.

In estimating the realty tax recoverable and expense portions related to the subject we have taken the 2011 realty tax amounts for the subject and multiplied this amount by 1.5% to account for any increases in taxation over the 2012 calendar year. The calculated realty tax amount is estimated to be \$120,089 or approximately \$1.96 per square foot of building up from \$1.93 per square foot in 2011. The common area maintenance recoverable expense amounts have been estimated by subtracting the subject's estimated realty tax amount on a square foot basis from that of the market derived common area maintenance and realty tax recoverable amounts as summarized above. The common area maintenance expense recoverable amounts is calculated by taking the combined

recoverable amounts of \$2.50 per sq. ft. less the estimated realty tax component of \$1.96 per sq. ft. indicating a common area maintenance expenditure of approximately \$0.54 per sq. ft. of building area. The common area maintenance amount, as estimated, includes an allotment for management.

In addition to the previously indicated expenses, a 2% structural or replacement allowance was included for non-recoverable items such as structural expenses, tenant inducements and improvement allowances. This expense is theoretically seen as contributing to an overall fund which is responsible for the facilitation of capital maintenance and repair expenditures throughout the structure.

Calculation of Net Operating Income

The following table summarizes the calculation of net annual income for the subject property based on the total gross annual income for the property, plus additional recoverables, less the applicable vacancy and bad debt which is realistic for this type of property, as well as deductions for non-recoverable structural and / or replacement allowances and other expenditures.

Calculation of Net Operating Income					
Income					
Rental Income	\$ 4.75	per sq ft		\$ 290,938	
(61,250 sf total with 4,164 sf office)					
Realty Recoverables	\$ 1.96	per sq ft		\$ 120,089	
CAM Recoverables	\$ 0.54	per sq ft		\$ 33,036	
Potential Gross Income	\$ 7.60	per sq ft		\$ 444,063	
Less: Vacancy and Bad Debt Allowance	5.00%		\$ 22,203		
Effective Gross Income	\$ 7.22	per sq ft		\$ 421,859	
Less: Expenses					
Realty Taxes 2012 (est)	\$ 1.96	per sq ft	\$ 120,089	2011 X 1%	
Common Area Maintenance	\$ 0.54	per sq ft	\$ 33,036	Market Est	
Replacement Allowance	2%	of EGI	\$ 8,437		
Total Expenses	\$ 2.77	per sq ft		\$ 161,562	
Net Operating Income	\$ 4.46	per sq ft		\$ 260,297	

The net operating income is then converted into value through a process of capitalization.

Selection of Capitalization Rate

The overall capitalization rates for investment industrial type properties within the Regions of Waterloo and Wellington have generally ranged between 7% and 9%.

Waterloo / Wellington Industrial CAP Rates					
Address	Closing Date	Sale Price	Bldng Size	SP per Sq Foot	CAP Rate
135 Dundas St North	01-Apr-11	\$ 9,800,000	279,000	\$ 35.13	8.22%
1 Rutherford Ct	11-Mar-11	\$ 6,050,000	101,310	\$ 59.72	7.25%
500 Pinebush Road	19-Jan-11	\$ 9,000,000	122,571	\$ 73.43	7.06%
295 Pinebush Road	14-Dec-10	\$ 3,825,000	65,400	\$ 58.49	8.98%
33 Raglin Place	Not Closed	\$ 1,675,000	24,892	\$ 67.29	7.80%

The properties which produce capitalization rates at the lower end of the indicated range are typically of more recent construction, containing modern building designs, good ceiling heights and higher percentages of office area. The subject property's attributes are most similar to that of the comparable's midpoint of the indicated range with the selected range being from 8.22 to 8.98%. For the purposes of this assignment, we are relying on an overall capitalization rate of 8.5% based on the capitalization rate indicators as noted above.

Summary

It is therefore our opinion that the market value estimate of the subject, as indicated by the Income Approach to Value, as at February 24, 2012, is:

N.O.I.	O.C.R.	VALUE
\$260,297	8.5%	\$3,062,320

Rounded to:

\$3,100,000

DIRECT COMPARISON APPROACH

The Direct Comparison Approach studies the interaction of buyers and sellers in the marketplace. This approach has also been traditionally referred to as the comparative approach and involves a process of comparing the subject property in all respects to similar properties. Sales of comparable properties are gathered, analyzed and adjusted to reflect value to the subject. Adjustments are made for differences such as market conditions, size, location and condition of properties.

We have analyzed sales of similar industrial properties within the City of Cambridge. The following sales were selected as being most comparable. Details of those sales are as follows:

ID #10151

280 Holiday Inn Drive, Cambridge



LEGAL DESCRIPTION : Pt Lt 12, Plan 907; Cambridge, Pt 1, Plan 67R-2812; Cambridge

REFERENCE NUMBER : PIN 03766-0117 (LT)

DATE OF REGISTRATION : January 18, 2010

VENDOR : Pride Leasing Ltd.

PURCHASER : Enervac Holdings Ltd.

ZONING : Industrial Class Use (M1) Zone

LAND SIZE : 4.61 acres

BUILDING SIZE : 56,756 square feet

SITE COVERAGE : 26%

PURCHASE PRICE : \$2,600,000

UNIT RATE : \$45.81 / sq. ft. of building area

REMARKS :

This property is located north of the limited access major 401 Highway, west of Franklin Boulevard, east of Hespeler Road. The property is improved with a single-storey industrial building with two-storey office component of 3,873 square feet (7% of the entire building area), ceiling heights of 24.6 feet (22 feet clear), and adequate loading facilities including four 8 x 8 loading doors and three 12 x 16 drive-in doors. The improvements were noted to be in average condition at sale. The layout of the existing improvements on the site was such that an expansion of the existing structure would be quite difficult considering the limited accessibility to the rear of the site.

ID #10152

12 Raglin Place, Cambridge



LEGAL DESCRIPTION : Pt Lt 30 RCP 1379, Cambridge, Pt 8 & 9, Plan 67R-1472; S/T WS664158; Cambridge

REFERENCE NUMBER : PIN 03790-0052 (LT)

DATE OF REGISTRATION : June 1, 2010

VENDOR : Ganahl Canada Ltd.

PURCHASER : Slotegraaf Limited

ZONING : Industrial Class Use (M3) Zone

LAND SIZE : 2.99 acres

BUILDING SIZE : 49,804 square feet

SITE COVERAGE : 38%

PURCHASE PRICE : \$2,100,000 (Adjusted)

UNIT RATE : \$42.17 / sq. ft. of building

REMARKS :

This property is located on the northerly side of Raglin Place, at the northwest intersection of Raglin Place and Franklin Boulevard. The property is improved with a single-storey industrial building which was originally constructed in 1980 with an addition in 1986. Building improvements included an office area of approximately 5,700 sq. ft. (11% of the entire building area). Ceiling heights within the structure were reported at 16 ft clear. The loading facilities of the plant were considered to be poor in comparison to that of similar facilities within the market, containing one dock level door and three drive-in doors. The condition of the property was thought to be good at time of sale. The registered sale price of the property was \$1,700,000; however the selling agent for the property indicated that as part of the sale, tenant had vacated the premises and bought out the remaining terms of their lease agreement, at approximately \$300,000 plus the applicable taxes. Per the listing agent, the adjusted price for the property was \$2,100,000. The property had been listed on the market for 352 days prior to sale.

ID #10013

28 Cherry Blossom Road, Cambridge



LEGAL DESCRIPTION : Part Lots 21 & 22, Beasley's BFC; Twp of Waterloo, being Parts 1 & 2, Plan 58R-10927; Part 1, Plan 58R-8974; S/T Interest in 1205138; 1356769; 1441863; Cambridge

REFERENCE NUMBER : PIN 22628-0026 (LT); PIN 22628-0074 (LT)

DATE OF REGISTRATION : October 1, 2010

VENDOR : BLD Investments Inc.

PURCHASER : 28 Cherry Blossom Inc.

ZONING : General Industrial (M3)

LAND SIZE : 4.01 acres

BUILDING SIZE : 60,516 square feet (including 3,204 sq. ft. on 2nd floor)

SITE COVERAGE : 33%

PURCHASE PRICE : \$2,885,000

UNIT RATE : \$47.67 / sq. ft. of building

REMARKS :

This property is located on the northeast corner of Cherry Blossom Road and Saltsman Drive in the northwesterly part of the city. The original building was constructed in 1994 but additions were completed in 1997, 2000 and 2005. Office areas reportedly total approximately 7,000 square feet on two floors (12% of the entire building). The building includes one 40 ton, two 25, five 10, one 6.5, one 3, and one 2 ton cranes. There are reportedly 2 dock level and 2 drive-in overhead doors. Ceiling heights range from 23 to 39 feet. The improvements were reported to be in poor to average condition at sale. The property had excellent curb appeal, however the interior of the property was considered to be in only fair condition at time of sale.

ID #10153

295 Pinebush Road, Cambridge



LEGAL DESCRIPTION : Pt Lt 16 RCP 1384 Cambridge, Pt 1, Plan 58R-8983; Cambridge

REFERENCE NUMBER : PIN 03796-0038 (LT)

DATE OF REGISTRATION : December 14, 2010

VENDOR : Shred-Tech Holdings Ltd

PURCHASER : ST Investments Inc.

ZONING : Industrial Class Use (M3) Zone

LAND SIZE : 5.07 acres

BUILDING SIZE : 65,400 square feet

SITE COVERAGE : 30%

PURCHASE PRICE : \$3,825,000

UNIT RATE : \$58.48 / sq. ft. of building

REMARKS :

This comparable is located at the southeast intersection of Balmoral Road and Pinebush Road, south of the limited access major 401 Highway, east of Franklin Boulevard. It is improved with a single-storey industrial building, originally constructed in 1979, with an addition in 1999 and again in 2009. The ceiling heights of the structure were reported to be between 25 and 28 feet (24 ft clear). The office area being composed of 15% of the entire building area. Loading facilities include five truck level and seven drive-in doors. The facility was reported to be in good condition at sale. The transaction represents a sale and lease-back of the property.

ID #10154

1225 Franklin Boulevard, Cambridge



LEGAL DESCRIPTION : Pt Lt 9, RCP 1384, Cambridge, Pt 8, Plan 67R-1352; Cambridge

REFERENCE NUMBER : PIN 03796-0032 (LT)

DATE OF REGISTRATION : January 31, 2011

VENDOR : Liberty Tire Recycling Canada Ltd.

PURCHASER : 1333911 Ontario Limited

ZONING : Industrial Class Use (M3) Zone

LAND SIZE : 4.0 acres

BUILDING SIZE : 32,340 square feet

SITE COVERAGE : 18%

PURCHASE PRICE : \$1,500,000 (January, 2011)
: \$1,630,000 (May, 2010)

UNIT RATE : \$46.38 / sq. ft. of building (January, 2011)
: \$50.40 / sq. ft. of building (May, 2010)

REMARKS :

This comparable is located on the easterly side of Franklin Boulevard, at the southeast intersection of Franklin Boulevard and Stafford Court. The property was improved with a single-storey industrial building which had been utilized for heavy industrial purposes and was considered to be in fair condition at the time of sale. The property had been purchased by a tire recycler in 2010 and was re-sold in January of 2011. The purchaser of the property has extensively renovated the existing building in order to accommodate a light, less obnoxious industrial use. Building improvements included 3,942 sq. ft. of office areas on two levels (12% of the entire building area), having reported ceiling heights of 17 to 22 feet clear, and adequate loading facilities including two truck level and four drive-in doors. The comparable had excellent exposure to Franklin Boulevard. The low site coverage suggests that an expansion of the existing building would be possible.

ID #10155

1050 Fountain Street North, Cambridge



LEGAL DESCRIPTION : Pt Lt 21, Conc Beasley's Broken Front, Twp of Waterloo being Pts 1 to 4 on Plan 58R-11236; S/T interest in 1376242; S/T 1214325, B34117, WS664409; Cambridge

REFERENCE NUMBER : PIN 22628-0033 (LT)

DATE OF REGISTRATION : September 1, 2011

VENDOR : 1271246 Ontario Limited

PURCHASER : 1584434 Ontario Inc.

ZONING : Industrial Class Use (M3) Zone

LAND SIZE : 3.26 acres

BUILDING SIZE : 49,539 square feet

SITE COVERAGE : 34%

PURCHASE PRICE : \$3,100,000

UNIT RATE : \$62.58 / sq. ft. of building

REMARKS :

This property is located on the easterly side of Fountain Street North, across from Toyota, north of the limited access major 401 Highway. The property was improved with a single-storey industrial building constructed in 1998, which was noted to be in average to good condition at time of sale. Building improvements included an office area of approximately 6,353 sq ft (13% of the entire building area), ceiling heights of 25.5 ft (23-25 ft clear), and adequate loading facilities including two truck level and two drive-in loading doors. The interior of the building was clean, with the office area containing modern improvements as of the date of sale.

Sales Summary

The above-noted transactions have been summarized as follows:

Sale No.	Location	Reg'n / Sale Date	Sale Price	Lot Size Coverage	Bldg Size Yr Built	Ceiling % Office	Price/sf Bldg
1	280 Holiday Inn Dr Cambridge	Jan 18/10	\$2,600,000	4.61 ac (26%)	56,756 sf (1999)	22 ft (7%)	\$45.81
2	12 Raglin Place Cambridge	Jun 1/10	\$2,100,000	2.99 ac (38%)	49,804 sf (1980-1986)	16 ft (11%)	\$42.17
3	28 Cherry Blossom Rd Cambridge	Oct 1/10	\$2,885,000	4.01 ac (33%)	60,516 sf (1994-2000)	23-29 ft (12%)	\$47.67
4	295 Pinebush Rd Cambridge	Dec 14/10	\$3,825,000	5.07 ac (30%)	65,400 sf (1979-2009)	24 ft (15%)	\$58.48
5	1225 Franklin Blvd Cambridge	Jan 31/11	\$1,500,000	4.0 ac (18%)	32,340 sf (1980)	17-22 ft (12%)	\$46.38 - \$50.40
6	1050 Fountain St N Cambridge	Sept 1/11	\$3,100,000	3.26 ac (34%)	49,539 sf (1998)	23-25 ft (13%)	\$62.58

Subject Property	Lot Size Coverage	Bldg Size Yr Built	Ceiling % Office
1670 Bishop St N	3.55 ac 40%	61,250 sf (1980-2001)	18.5 ft 7% office

THE ADJUSTMENT PROCESS

As mentioned previously, when estimating the market value of properties, adjustments must be made to the sale price for each of the comparable properties to account for differences between the comparable and the subject. Most weight is given to comparable properties requiring the least adjustment.

Factors for which adjustments are commonly made are Property Rights if the subject or comparables are an interest less than a fee simple; Motivation of either the Vendor or the Purchaser including favourable financing arrangements; Market Conditions; Location; Physical Factors such as Building Size and Shape and Land Size and Shape, and Zoning, as well as Physical Condition and any Special Amenities. The adjustments are made in order to attempt to measure the reaction of the market in terms of differences between the comparable properties and the subject. It is therefore necessary for the appraiser to take care in selecting properties that are truly comparable, that is those that are similar in type, use, location and in the event of improvements to the land the condition of the buildings as well as their size. Adjustments ought to be kept to a minimum if at all possible since those properties requiring the least number and amount of adjustments would be considered most comparable to the subject.

Summary

We have selected six sales that are similar to the subject property, and the detailed adjustments to each comparable sale are discussed.

Market Conditions

Property values for industrial property types have not notably increased as a result of an economic recessionary period which began to have an effect on real estate markets in mid to late 2008. Since the recessionary period, markets have shown some signs of recovery; however, property value appreciation rates have not rebounded to pre-recessionary period levels.

Based on the above, it is our opinion that upward time adjustments are required to comparable Sales 1 and 2 being that these sales were listed in 2009 with their respective sales occurring in January and June of 2010. The effects of the economic recessionary period were very much evident in late 2009, early 2010, further supporting our assertion that an upward time adjustment to these two comparables is necessary.

No time adjustments have been applied to the remaining comparables considering their most recent sale dates to that of the effective date of this report.

Sale No.	Location	Reg'n / Sale Date	Sale Price	Lot Size Coverage	Bldg Size Yr Built	Ceiling % Office	Price/sf Bldg
1	280 Holiday Inn Dr Cambridge	Jan 18/10	\$2,600,000	4.61 ac (26%)	56,756 sf	22 ft (7%)	\$45.81

The attributes of this comparable were quite similar to the subject being in similar condition, of similar size, having a similar percentage of office area, and being in similar condition. The layout of the comparable improvements on the site were such that the site coverage of the property was considered to be similar to the subject; no further adjustments are necessary. Following an upward time adjustment, this comparable is considered to be a good indicator of value in relation to the subject.

Sale No.	Location	Reg'n / Sale Date	Sale Price	Lot Size Coverage	Bldg Size Yr Built	Ceiling % Office	Price/sf Bldg
2	12 Raglin Place Cambridge	Jun 1/10	\$1,700,000	2.99 ac (38%)	49,804 sf	16 ft (11%)	\$34.13

This comparable is located immediately north of the subject, fronting Raglin Place, having exposure to Franklin Boulevard. The comparable structure was similar in size, having a similar percentage of office area, being in similar condition. The loading facilities and ceiling heights of the comparable were inferior to the subject, suggesting that upward adjustments be applied. Overall, the attributes of this comparable were somewhat inferior to the subject.

Sale No.	Location	Reg'n / Sale Date	Sale Price	Lot Size Coverage	Bldg Size Yr Built	Ceiling % Office	Price/sf Bldg
3	28 Cherry Blossom Rd Cambridge	Oct 1/10	\$2,885,000	4.01 ac (33%)	60,516 sf (1994)	23-29 ft (12%)	\$47.67

The attributes of this comparable were quite similar to the subject with the exception of the fact that the interior of the structure was noted to be in fair to average condition at sale. An upward adjustment for property condition is necessary and has been applied.

Sale No.	Location	Reg'n / Sale Date	Sale Price	Lot Size Coverage	Bldg Size Yr Built	Ceiling % Office	Price/sf Bldg
4	295 Pinebush Rd Cambridge	Dec 14/10	\$3,825,000	5.07 ac (30%)	65,400 sf (1979)	24 ft (15%)	\$58.48

The attributes of this property are not all that dissimilar to the subject with the exception of the site coverage of the property which is superior. As well, the percentage of the overall building area which is improved as office area is superior to the subject. These two attributes of this comparable would suggest that downward adjustments are necessary.

Sale No.	Location	Reg'n / Sale Date	Sale Price	Lot Size Coverage	Bldg Size Yr Built	Ceiling % Office	Price/sf Bldg
5	1225 Franklin Blvd Cambridge	Jan 31/11	\$1,500,000	4.0 ac (18%)	32,340 sf	17-22 ft (12%)	\$46.38

This comparable is located immediately east of the subject property across Franklin Boulevard. The comparable contained a superior site coverage and a slightly greater percentage of office area. The upward adjustments required for these aspects of the comparable would largely be mitigated by the fact that the comparable was in poor condition at sale. The purchaser of the property has since extensively renovated the property to accommodate a lighter or less obnoxious industrial use.

Sale No.	Location	Reg'n / Sale Date	Sale Price	Lot Size Coverage	Bldg Size Yr Built	Ceiling % Office	Price/sf Bldg
6	1050 Fountain St N Cambridge	Sept 1/11	\$3,100,000	3.26 ac (34%)	49,539 sf (1998)	23-25 ft (13%)	\$62.58

The attributes of this comparable were superior to the subject with the property containing higher ceiling heights and a greater percentage of office area. Overall, downward adjustments to the unit rate indicated by this comparable has merit.

Conclusion

Based on the above analysis and following the necessary adjustments, it is our therefore our opinion that the market value estimate of the subject property, relying upon the Direct Comparison Approach to value, as at February 24, 2012, is in the area of \$50 to \$55 per square foot of building area. Since the subject building contains a gross floor area of 61,250 square feet, the value estimate is:

Rate / Sq. Ft.	Size (sf)	Value
\$50.00	61,250 sf	\$3,062,500
\$52.50	61,250 sf	\$3,215,625
\$55.00	61,250 sf	\$3,368,750

Rounded to:

\$3,200,000

RECONCILIATION AND FINAL ESTIMATE OF VALUE

<i>Estimates of Value</i>	
The Income Approach	\$3,100,000
Direct Comparison Approach	\$3,200,000

The estimate obtained by the Income Approach to value is considered to be a good check in value against the value estimate obtained in the Direct Comparison analysis. Reliable evidence as to income and expenses was available from the market. The capitalization rate was extracted from the market and is thought to be reliable. The subject is designed to accommodate a single user and in our opinion, is most likely to be user-occupied. As such, the value estimate obtained in the Income Approach to value is relied upon as a check against the value estimate obtained in the Direct Comparison analysis.

The value estimate obtained by the Direct Comparison Approach was determined following analysis of comparable sales. The comparables chosen were the most similar in relationship to the subject, and these sales were adjusted for differences that were observed at the time of inspection.

Therefore, it is our opinion that the final estimate of value as at February 24, 2012, is:

\$3,200,000

CERTIFICATION

Based upon the data, analysis and conclusions contained herein, the market value of the interest in the property described as 1670 Bishop Street North, Cambridge, Ontario, as at February 24, 2012, is estimated at:

\$3,200,000

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the "Canadian Uniform Standards of Professional Appraisal Practice" of the Appraisal Institute of Canada.
- No one provided significant professional assistance to the person signing this report.
- As at the date of this report, the undersigned has fulfilled the requirements of the Appraisal Institute of Canada Continuing Professional Development Program for designated members.
- I have the knowledge and experience to complete the assignment competently.
- I have made a personal inspection of the property that is the subject of this report on February 24, 2012.

Dated at HAMILTON, ONTARIO, CANADA
This 29th day of February, 2012



.....
David deVries, B.A., AACI, P.App.

ADDENDA

Appendix A - Definitions of Appraisal Terms & Explanations

Appendix B - Copy of Latest Transfer of Subject

Appendix C - Property Tax Information

Appendix D - Excerpts from Official Plan

Appendix E - Excerpts from Zoning By-Law

APPENDIX A

MARKET VALUE DEFINED

The Canadian Uniform Standards of Professional Appraisal Practice ("The Standards") as developed by the Standards Board of the Appraisal Institute of Canada define MARKET VALUE as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their best interest;
- reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and,
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

MARKET VALUE - Expropriations Act

Market Value is also defined by the Expropriations Act R.S.O. 1990 as follows:

14(1)

- (1) The term "Market Value" of land expropriated is defined as the amount that the land might be expected to realize if sold in the open market by a willing seller to a willing buyer.
- (2) Where the land expropriated is devoted to a purpose of such nature that there is no general demand or market for land for that purpose, and the owner genuinely intends to relocate in similar premises, the market value shall be deemed to be the reasonable cost of equivalent reinstatement.
- (3) Where only part of the land of an owner is taken and such part is of a size, shape or nature for which there is no general demand or market, the market value and the injurious affection caused by the taking may be determined by determining the market value of the whole of the owner's land and deducting therefrom the market value of the owner's land after the taking.

- (4) In determining the market value of land, no account shall be taken of,
- (a) the special use to which the expropriating authority will put the land;
 - (b) any increase or decrease in the value of the land resulting from the development or the imminence of the development in respect of which the expropriation is made or from any expropriation or imminent prospect of expropriation; or
 - (c) any increase in the value of the land resulting from the land being put to use that could be restrained by any court or is contrary to law or is detrimental to the health of the occupants of the land or to the public health.

Market Value, as estimated in this report, reflects cash and/or terms or financial arrangements equivalent to cash.

VALUE-IN-CONTRIBUTION

The amount that the property/easement to be conveyed (a) contributes to / detracts from the market value of the subject property and (b) contributes to the market value of the applicant's property / ownership, (including savings in development costs / enhanced development, if applicable).

EFFECTIVE DATE OF VALUE OPINION

A **current** value opinion refers to an effective date that is contemporaneous with the date of the report, or a date that is within a reasonable period of the date of inspection.

A **retrospective** value opinion refers to an effective date that is prior to the date of the report. Since the client has requested a retrospective value, the appraiser will gather and analyze market data pertinent to the retrospective date.

The **prospective** value opinion refers to an effective date following the date of the report. The prospective value opinion is intended to reflect the current perceptions of market participants as to the future. The appraisal is made in accordance to conditions pertaining at the date of the inspection.

It is assumed that no significant changes in economic / real estate conditions would occur between now and the estimated effective date of this report, that would have any impact on value therefore the appraiser is not responsible for unforeseeable events that alter market conditions prior to the effective date.

REASONABLE EXPOSURE TIME

Exposure time precedes the effective date of the appraisal. It may be defined as:

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. This estimate is based upon an analysis of past events assuming a competitive and open market.

The estimated time may be expressed as a range and can be based on one or more of the following:

- Statistical information about days on market;
- Information gathered through sales verification; and
- Interviews of market participants.

The reasonable exposure period is a function of price, time and use, not an isolated estimate of time alone. Exposure time is different for various types of real estate and under various market conditions.

ASSESSMENT & TAXES

The Provincial Government, through the Ministry of Revenue, Assessment Division, has the authority to administer and establish the assessed value of all properties in Ontario. All municipalities in the Province are now assessed on a "Current Value" basis.

The amount of realty taxes levied against a property is calculated using the assessment, multiplied by the locally established appropriate tax rate (Residential, Multi-Residential, Commercial or Industrial):

$$\text{\$ Assessment} \times \text{Tax Rate} = \text{Property Taxes}$$

Assessment Data has been included for information purposes only and is not to be construed as indicative of the property's market value.

OFFICIAL PLAN

The Official Plan is defined in the Planning Act as follows:

"A document approved by the Minister of Municipal Affairs and Housing, containing objectives and policies established primarily to provide guidance for the physical development of a municipality while having regard to relevant social, economic and environmental matters."

The Purpose of the Official Plan is to provide a formally adopted text of public policies and standards as guidelines for the future development of the community. It is a projection of anticipated growth and planning needs.

The Official Plan consists of the texts and maps describing such programs and policies, approved by the Minister of Municipal Affairs from time to time as provided in The Planning Act.

Requirements change from year to year and it is often necessary for the municipality to reassess the relevance of their plan to the supply and demand situation. There is, therefore, provision for amendments to the Official Plan, where reasonable grounds exist.

The Official Plan does not directly regulate the use of private lands and therefore must be supported by Zoning By-Laws. The Zoning By-Laws implement the policies established by the Official Plan.

ZONING

While the Official Plan sets out the framework for future change and development, Zoning By-Laws put such plans into effect and provide for the day-to-day administration of planning.

A Zoning By-Law defines what can take place on an area of land and how structures are to be located on a property. Restrictions on use are designed to separate incompatible uses, for instance, prohibiting factories in residential areas.

In Zoning By-Laws, zone regulations normally include:

The height, floor area and location of any building or structure, the floor area ratio, the size, frontage and depth of the lot on which the buildings or structures are located, the front, side and rear yards on such lots, the maximum coverage and the number and location of off-street parking spaces.

HIGHEST AND BEST USE

The principle of Highest and Best Use is fundamental to the concept of value and real estate. It is defined as that use which is most likely to produce the greatest net return over a given period of time.

Several factors affect the Highest and Best Use of a property and therefore it is necessary to examine their influence on the property. The use must not merely be conjectural nor dependent upon the uncertain act of another person and one which will be subject to limitations of the rezoning process.

Consideration must be given to existing or reasonably anticipated demand and competition for such use as well as the physical and geographical suitability of the property for such a use. Whether a property is vacant land or improved with buildings and structures the Highest and Best Use of the site must be determined. Determination of the Highest and Best Use of the site is an integral part of the process of estimating the value of the property. While the existing use of a given parcel can quite often be the Highest and Best Use, the use of the site must be re-examined in light of its legality, uses within the realm of probability, demand for another use and whether or not another use may provide a higher net return to the land. When the integrated unit, that is the land and the building is not necessarily the Highest and Best Use, the existing use of the improvement must be continued until such time that it becomes economically sound and feasible to replace existing improvements with those which form the Highest and Best Use.

As mentioned previously, one of the factors in estimating the Highest and Best Use for property is the existing or reasonably anticipated legislation which affects it.

APPENDIX B



ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND

REGISTRY

OFFICE #58

PAGE 1 OF 2

PREPARED FOR Jacob001

ON 2012/02/24 AT 11:31:48

03794-0024 (LT)

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT LT 15 RCP 1378 CAMBRIDGE PT 1, 67R1585 S/T RIGHT IN W5593827; CAMBRIDGE

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

BURLINGTON GROUP INC.

RECENTLY:

RE-ENTRY FROM 03794-0362

CAPACITY SHARE

BENO

PIN CREATION DATE:

2003/08/18

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHENTS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 2003/08/18 **						
67R1485	1979/07/04	PLAN REFERENCE				C
67R1585	1980/03/20	PLAN REFERENCE				C
WS593827Z	1980/05/30	REST COV APL ANNEX				C
67R1713	1981/04/27	PLAN REFERENCE				C
1422280	1999/06/23	AGREEMENT		THE CORPORATION OF THE CITY OF CAMBRIDGE	BURLINGTON TECHNOLOGIES INC.	C
1575712	2003/04/16	TRANSFER	\$2,500,000	BURLINGTON TECHNOLOGIES INC.	BURLINGTON GROUP INC.	C
WR332494	2007/10/01	CHARGE	\$2,567,000	BURLINGTON GROUP INC.	FIRSTONTARIO CREDIT UNION LIMITED	C
WR332495	2007/10/01	NO ASSON RENT GEN		BURLINGTON GROUP INC.	FIRSTONTARIO CREDIT UNION LIMITED	C
REMARKS: WR332494						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Ontario ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #58

PAGE 2 OF 2

PREPARED FOR Jacob001
CN 2012/02/24 AT 11:31:48

03794-0024 (LT)

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
WR332496	2007/10/01	NOTICE OF LEASE	\$2	BURLINGTON GROUP INC.	BURLINGTON TECHNOLOGIES INC.	C
WR332497	2007/10/01	NO ASSG LESSOR INT REMARKS: WR332496		BURLINGTON GROUP INC.	FIRSTONTARIO CREDIT UNION LIMITED	C
WR433380	2005/12/09	CHARGE	\$4,000,000	BURLINGTON GROUP INC.	ROYAL BANK OF CANADA	C
WR443998	2009/02/10	CHARGE	\$1,356,398	BURLINGTON GROUP INC.	EXPORT DEVELOPMENT CANADA	C
WR443999	2009/02/10	POSTPONEMENT REMARKS: WR332496 TO WR443998		BURLINGTON TECHNOLOGIES INC.	EXPORT DEVELOPMENT CANADA	C
WR470893	2009/06/26	NOTICE OF LEASE	\$2	BURLINGTON GROUP INC.	REVSTONE INDUSTRIES BURLINGTON INC.	C
WR471012	2009/06/26	NO ASSG LESSOR INT REMARKS: WR470893.		BURLINGTON GROUP INC.	FIRSTONTARIO CREDIT UNION LIMITED	C
WR473622	2009/07/09	NO ASSGN RENT GEN REMARKS: WR443998.		BURLINGTON GROUP INC.	EXPORT DEVELOPMENT CANADA	C
WR475450	2009/07/16	NOTICE REMARKS: WR443998	\$2	BURLINGTON GROUP INC.	EXPORT DEVELOPMENT CANADA	C
WR610528	2011/04/28	API COURT ORDER		SUPERIOR COURT OF JUSTICE	CARPENTER, LYNDIA LOUISE	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



Transfer/Deed of Land

Do Process Software Ltd. • (416) 322-6111
Form 1 — Land Registration Reform Act File No. 0306059

A

<div>FOR OFFICE USE ONLY</div> <div>1575712</div> <div>CERTIFICATE OF REGISTRATION WATERLORD (L-2)</div> <div>03 APR 16 PM 2 19</div> <div>QSK</div>		(1) Registry <input checked="" type="checkbox"/> Land Titles <input type="checkbox"/>		(2) Page 1 of 2 pages	
		(3) Property Identifier(s) Block Property 03794 - 0024 (R)		Additional: See Schedule <input type="checkbox"/>	
		(4) Consideration TWO MILLION FIVE HUNDRED THOUSAND Dollars \$ 2,500,000.00			
		(5) Description This is a: Property Division <input type="checkbox"/> Property Consolidation <input type="checkbox"/> Part Lot 15, Registrar's Compiled Plan 1378 being Part 1 on Plan 67R1585, City of Cambridge, Regional Municipality of Waterloo as previously described in Deed No. 1231780			
(6) This Document Contains New Property Identifiers Executions		(a) Redescription New Easement Plan/Sketch <input type="checkbox"/> (b) Schedule for: Description <input type="checkbox"/> Additional Parties <input type="checkbox"/> Other <input type="checkbox"/>		(7) Interest/Estate Transferred Fee Simple	
(8) Transferor(s) The transferor hereby transfers the land to the transferee					
Name(s) BURLINGTON TECHNOLOGIES INC.		Signature(s) Per: <u>Kenn Carpenter</u> Kenneth William Carpenter I have the authority to bind the Corporation		Date of Signature Y M D 2003 04 16	
(9) Spouse(s) of Transferor(s) I hereby consent to this transaction					
Name(s)		Signature(s)		Date of Signature Y M D	
(10) Transferor(s) Address for Service 3267 Mainway, Burlington, Ontario, L7M 1A6					
(11) Transferee(s) BURLINGTON GROUP INC.					
(12) Transferee(s) Address for Service 3267 Mainway, Burlington, Ontario, L7M 1A6					
(13) Transferor(s) The transferor verifies that to the best of the transferor's knowledge and belief, this transfer does not contravene section 50 of the Planning Act.					
Signature Solicitor for Transferor(s) I have explained the effect of section 50 of the Planning Act to the transferor and I have made inquiries of the transferor to determine that this transfer does not contravene that section and based on the information supplied by the transferor, to the best of my knowledge and belief, this transfer does not contravene that section. I am an Ontario solicitor in good standing.		Signature		Date of Signature Y M D	
Name and Address of Solicitor		Signature		Date of Signature Y M D	
(14) Solicitor for Transferee(s) I have investigated the title to this land and to abutting land where relevant and I am satisfied that the title records reveal no contravention as set out in subclause 50 (22) (c) (ii) of the Planning Act and that to the best of my knowledge and belief this transfer does not contravene section 50 of the Planning Act. I act independently of the solicitor for the transferor(s) and I am an Ontario solicitor in good standing.					
Name and Address of Solicitor		Signature		Date of Signature Y M D	
(16) Assessment Roll Number of Property City: 30 Mun: 06 Map: 150 Sub: 015 Per: 01025					
(18) Municipal Address of Property 1670 Bishop Street Cambridge, Ontario N1R 7J3		(17) Document Prepared by: John S. Hall Ross & McBride LLP 10th Floor, 1 King Street West P.O. Box 907 Hamilton, Ontario L8N 3P6		Fees and Tax Registration Fee Land Transfer Tax Total	

Refer to all instructions on reverse side.

IN THE MATTER OF THE CONVEYANCE OF (insert brief description of land) **Part Lot 15, Registrar's Compiled Plan 1378, being Part 1 on Plan 67R1585, as previously described in Deed No. 1231780**BY (print names of all transferors in full) **Burlington Technologies Inc.**TO (see instruction 1 and print names of all transferees in full) **Burlington Group Inc.**I, (see instruction 2 and print name(s) in full) **Kenneth William Carpenter**

MAKE OATH AND SAY THAT:

1. I am (place a clear mark within the square opposite that one of the following paragraphs that describes the capacity of the deponent(s)): (see instruction 2)

- ☐ (a) A person in trust for whom the land conveyed in the above-described conveyance is being conveyed;
- ☐ (b) A trustee named in the above-described conveyance to whom the land is being conveyed;
- ☐ (c) A transferee named in the above-described conveyance;
- ☐ (d) The authorized agent or solicitor acting in this transaction for (insert name(s) of principal(s))

described in paragraph(s) (a), (b), (c) above; (strike out references to inapplicable paragraph(s))

- ☒ (e) The President, Vice-President, Manager, Secretary, Director or Treasurer authorized to act for (insert name(s) of corporation(s))

BURLINGTON GROUP INC.

described in paragraph(s) (a), (b), (c) above; (strike out references to inapplicable paragraph(s))

- ☐ (f) A transferee described in paragraph () (insert only one of paragraph (a), (b) or (c) above, as applicable) and am making this affidavit on my own behalf and on behalf of (insert name of spouse) who is my spouse described in paragraph () (insert only one of paragraph (a), (b) or (c) above, as applicable) and as such, I have personal knowledge of the facts herein deposed to.

2. (To be completed where the value of the consideration for the conveyance exceeds \$400,000).

I have read and considered the definition of "single family residence" set out in clause 1(1)(j) of the Act. The land conveyed in the above-described conveyance

☐ contains at least one and not more than two single family residences.☒ does not contain a single family residence.☐ contains more than two single family residences. (see instruction 3)

Note: Clause 2(1)(d) imposes an additional tax at the rate of one-half of one per cent upon the value of consideration in excess of \$400,000 where the conveyance contains at least one and not more than two single family residences.

3. I have read and considered the definitions of "non-resident corporation" and "non-resident person" set out respectively in clauses 1(1)(f) and (g) of the Act and each of the following persons to whom or in trust for whom the land is being conveyed in the above-described conveyance is a "non-resident corporation" or a "non-resident person" as set out in the Act. (see instructions 4 and 5) **None**

4. THE TOTAL CONSIDERATION FOR THIS TRANSACTION IS ALLOCATED AS FOLLOWS:

(a) Monies paid or to be paid in cash	\$	Nil
(b) Mortgages (i) Assumed (show principal and interest to be credited against purchase price)	\$	Nil
(ii) Given back to vendor	\$	Nil
(c) Property transferred in exchange (detail below)	\$	Nil
(d) Securities transferred to the value of (detail below)	\$	1,000,000.00
(e) Liens, legacies, annuities and maintenance charges to which transfer is subject	\$	Nil
(f) Other valuable consideration subject to land transfer tax (detail below)	\$	1,500,000.00
(g) VALUE OF LAND, BUILDING, FIXTURES AND GOODWILL SUBJECT TO LAND TRANSFER TAX (Total of (a) to (f))	\$	2,500,000.00 ; 2,500,000.00
(h) VALUE OF ALL CHATTELS - items of tangible personal property (Retail Sales Tax is payable on the value of all chattels unless exempt under the provisions of the "Retail Sales Tax Act", R.S.O. 1980, c.454, as amended)	\$	Nil
(i) Other consideration for transaction not included in (g) or (h) above	\$	Nil
(j) TOTAL CONSIDERATION	\$	2,500,000.00

All Blanks
Must Be
Filled In.
Insert "Nil"
Where
Applicable

5. If consideration is nominal, describe relationship between transferor and transferee and state purpose of conveyance. (see instruction 6)

n/a6. If the consideration is nominal, is the land subject to any encumbrance? **n/a**7. Other remarks and explanations, if necessary. **Consideration made up of \$1,000,000.00 in allocation of Preference Shares and a Promissory Note in the amount of \$1,500,000.00**Sworn before me at the **City of Burlington**
in the **Regional Municipality of Halton**this **16** day of **April** 2003

A Commissioner for Taking Affidavits, etc.

Property Information Record

A. Describe nature of instrument: **Transfer/Deed of Land**

B. (i) Address of property being conveyed (if available)

1670 Bishop Street, Cambridge, Ontario, N1R 7J3(ii) Assessment Roll No. (if available) **30 06 150 015 01025**

C. Mailing address(es) for future Notices of Assessment under the Assessment Act for property being conveyed (see instruction 7)

3267 Mainway, Burlington, Ontario, L7M 1A6D. (i) Registration number for last conveyance of property being conveyed (if available) **1231780**

(ii) Legal description of property conveyed: Same as in D.(i) above.

Yes ☒ No ☐ Not known ☐

E. Name(s) and address(es) of each transferee's solicitor

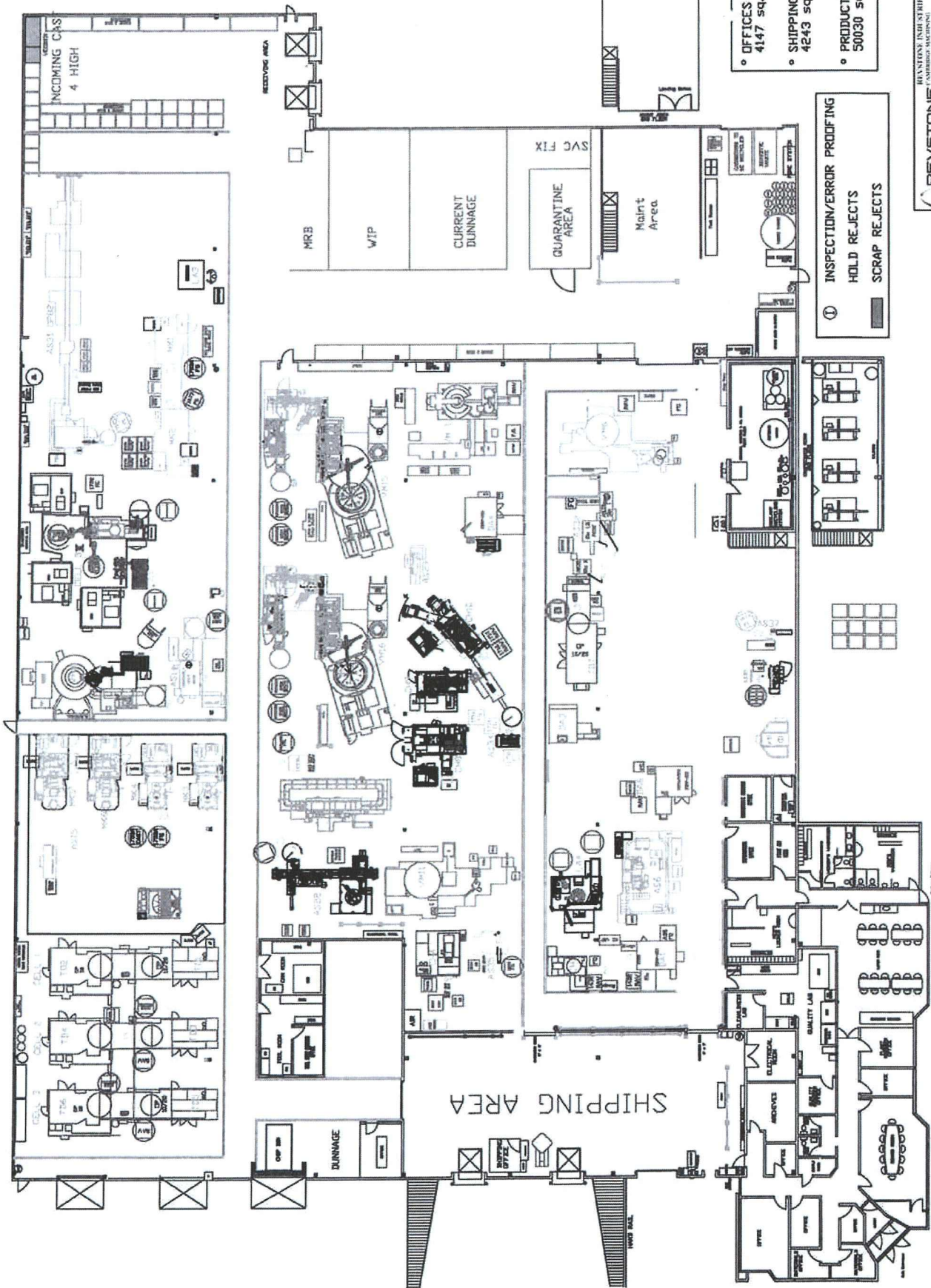
John S. Hall, Ross & McBride LLP**10th Floor, 1 King Street West, P.O. Box 907, Hamilton, Ontario L8N 3P6****File No. 0306059**

School Tax Support (Voluntary Election) See reverse for explanation

(a) Are all individual transferees Roman Catholic? Yes ☐ No ☐(b) If Yes, do all individual transferees wish to be Roman Catholic Separate School Supporters? Yes ☐ No ☐(c) Do all individual transferees have French Language Education Rights? Yes ☐ No ☐(d) If Yes, do all individual transferees wish to support the French Language School Board (where established)? Yes ☐ No ☐

NOTE: As to (c) and (d) the land being transferred will be assigned to the French Public School Board or Sector unless otherwise directed in (a) and (b).

04480 (90-09)



- OFFICES
4147 sq. ft
- SHIPPING
4243 sq. ft
- PRODUCTION
50030 sq. ft

① INSPECTION/ERROR PROOFING
HOLD REJECTS
SCRAP REJECTS

[illegible]

APPENDIX C



TAX/WATER DIVISION
50 DICKSON STREET 4TH FLOOR
P.O. BOX 669
CAMBRIDGE, ONTARIO N1R 5W8
TELEPHONE: 519.740.4524
www.cambridge.ca

TAX BILL

2011 FINAL TAX BILLING

Billing Date Aug. 05, 2011

Roll No.	150 015 01025 0000	Group Code	
Mortgage Company		Mortgage Account #	
Mailing Information	BURLINGTON GROUP INC 1670 BISHOP ST CAMBRIDGE ON N1R 7J3	Legal Owner and Legal Description	BURLINGTON GROUP INC 1670 BISHOP ST N PLAN 1378 PT LOT 15 RP 67R1585 PART 1 IRREG 3.55AC 319.19FR D

Assessments		Municipal			Education	
Tax Class	Value	Municipal Levies	Tax Rate %	Amount	Tax Rate %	Amount
ITN	2,903,000	City	.859620	24,954.77	1.930000	56,027.90
ITN	2,903,000	Region	1.256680	36,481.42		

Sub Totals		Municipal Levy	61,436.19	Education Levy	56,027.90
------------	--	----------------	-----------	----------------	-----------

SPECIAL CHARGES / CREDITS	SUMMARY	
	Tax Levy Sub-total (Municipal + Education)	117,464.09
	Special Charges/Credits	.00
		.00
	2011 Tax Cap Adjustment	849.94
	Final 2011 Taxes	118,314.03
	Less Interim Billing	60,802.50
	Past Due / Credit (as of Aug. 05, 2011)	.00
Total	0.00	Total Amount Due 57,511.53

1st INSTALLMENT Sep. 01, 2011	57,511.53	2nd INSTALLMENT	0.00
-------------------------------	-----------	-----------------	------

AUG 10 2011

THIS TAX BILL IS FOR INFORMATION ONLY as you are already on our Pre-Authorized Chequing Plan. On

September 1, October 3, and November 1, 2011 the following amount will be withdrawn

\$ 9,139.00

Your December 1, 2011 withdrawal will be for approximately the same amount.



Corporation of the City of **CAMBRIDGE**
TAX/WATER DIVISION
50 DICKSON STREET 4TH FLOOR
P.O. BOX 669
CAMBRIDGE, ONTARIO N1R 5W8
TELEPHONE: 519.740.4524
www.cambridge.ca

PAYMENTS MAY BE MADE ON THE FIRST FLOOR
RETURN THIS PORTION WITH YOUR PAYMENT
ADDITIONAL INFORMATION ON BACK
PAYABLE AT MOST FINANCIAL INSTITUTIONS

YOUR PAYMENT MUST BE RECEIVED IN OUR OFFICE
BY THE DUE DATE

BURLINGTON GROUP INC

First Installment	
Roll No.	150 015 01025 0000
Due Date	Sep. 01, 2011
Current Amount Due	
Past Due/Credit	
Total Amount Due	
PAP	
Amount Paid	

0265



1500015010250000

96



Corporation of the City of **CAMBRIDGE**
TAX/WATER DIVISION
50 DICKSON STREET 4TH FLOOR
P.O. BOX 669
CAMBRIDGE, ONTARIO N1R 5W8
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ADDITIONAL INFORMATION ON BACK
PAYABLE AT MOST FINANCIAL INSTITUTIONS

YOUR PAYMENT MUST BE RECEIVED IN OUR OFFICE
BY THE DUE DATE

BURLINGTON GROUP INC

Second Installment	
Roll No.	150 015 01025 0000
Due Date	
Current Amount Due	
Past Due/Credit	
Total Amount Due	
PAP	
Amount Paid	



1500015010250000

96

SCHEDULE 3 Explanation of Property Tax Calculations			
2011 Taxation Year			
	Commercial	Industrial	MultiRes
Total 2011 CVA Taxes	.00	117,464.09	.00
2011 Adjusted Taxes	.00	118,314.03	.00
2011 CVA Taxes	.00	117,464.09	.00
*2010 Annualized Taxes	.00	122,634.29	.00
2011 Tax Cap Amount	.00	1,227.58-	.00
2011 Provincial Education Levy Change	.00	4,542.98-	.00
2011 Municipal Levy Change	.00	1,450.30	.00
** 2011 Adjusted Taxes	.00	118,314.03	.00
* An annualized tax figure is used in this analysis to compensate for mid-year adjustments in tax treatment or assessment value.			
** Adjusted tax amount applies only to the property or portion(s) of property referred to in this notice and may not include some special charges and credit amounts or levies that are not part of the capping calculation.			

APPENDIX D

1670 Bishop St, N, Cambridge Official Plan

Searches

Tools

Property Search

Parcels

☒ Check All

1 ☒ 1670 BISHOP ST N - 0379-0016

Total: 1 items

General Map

More Information

Attribute Details For Official plan general land use

1 feature(s) found. Displaying 1 to 1

Attribute		Value
Map Label	INDUSTRIAL CLASS 2	
Objectid	32	
Area	4,757.344,36075832	

Print

1670

BISHOP ST N

COWANSVIEW RD

Scale 1: 1,059,12

powered by GO OnPoint

- a retail/wholesale business in which no sales are offered on site;
 - a service industry specifically limited to construction, transportation, communication and utilities uses;
- e) a hotel or motel in which at least 50 guest rooms are provided;
- f) in the Pinebush Road Special District shown in Figure 4, the uses specified in Policy 17.3;
- g) in the Dunbar Road Special District shown in Figure 5, the uses specified in Policy 17.4;
- h) any use permitted in all Districts in accordance with the provisions of Policy 11.2 of this plan.

13.4.2.2 Notwithstanding the provisions of Policy 13.4.2.1 of this plan, it is the policy of the *City* that the following sites designated as Class 1 Industrial Districts in this plan may be used for the retail sale, service, rental and storage of truck, trailer and parts where *Council* has made specific provision in the *City's* Zoning By-law:

- a) Lot 17, Registered Plan 1427, McGovern Drive.

13.4.3 Class 2 (General) Industrial Districts

13.4.3.1 Subject to the provisions of Section 2 of this plan, *Council* may pass by-laws, acquire and develop lands or otherwise facilitate or encourage the *development* and use of lands in a Class 2 Industrial District for the following purposes:

- a) any industrial activity which complies with the provisions of the Environmental Protection Act and is not prohibited by Policy 11.3 of this plan;
- b) the retail sales of products manufactured on the same site;
- c) offices required for the administration of an industrial activity or for the provision of technical and professional services to an industrial activity;
- d) any other business office or professional office only where it is located in an industrial mall, a local shopping centre or a strip commercial area as defined or shown in this plan;
- e) display, sales and service of industrial or commercial motor vehicles or motorized equipment having a Gross Vehicle Weight of at least 5,600 kg. and for the retail sale of replacement parts for such vehicles and equipment;

City of Cambridge Official Plan

- f) small equipment and business machine sales and service and photocopying service establishments;
- g) fitness clubs and health centres, including employee rehabilitation facilities;
- h) landscaping and garden centre sales and service, builders and contractors' yards;
- i) veterinary offices;
- j) establishments for the instruction, development, application or use of computer-based technologies and related services as well as industrial research, development or quality control;
- k) printing and/or publishing establishments;
- l) dry cleaning plants;
- m) restaurants or caterers' establishments where such uses are not free standing;
- n) propane transfer facilities;
- o) courier or delivery services;
- p) training facilities, including industrial trades, instruction in arts and crafts and craftpersons shops;
- q) public garages excluding the retail sale of gasoline and other petroleum fuels, car washes, taxi dispatching offices, sales of automotive parts and equipment parts;
- r) "Rent-All" establishments;
- s) security or janitorial services;
- t) indoor recreational amusement facilities, where extensive floor areas are required;
- u) recycling facilities which conform to the provisions of the Fire Code and other applicable law and are approved by the City of Cambridge Fire Chief;
- v) a commercial use specified in, and in accordance with the provisions of Policies 13.3.7.1, 13.3.7.2, 13.3.7.3, 13.3.7.6, and 13.3.7.7;
- w) banks, trust companies or credit unions;
- x) in the East Main Street Special District shown in Figure 6, the additional uses specified in Policy 17.5; and

- y) any use permitted in all Districts in accordance with the provisions of Policy 11.2 of this plan.

13.4.3.2 It is the policy of the *City* to further regulate industrial uses through the *City's* Zoning By-law.

13.4.4 Truck Terminals and Courier Depots

13.4.4.1 It is the policy of the *City* to permit the use of lands designated on Map 15 as Class 2 Industrial Districts for the purposes of a transport terminal, terminal warehouse, bonded or customs warehouse or courier depot, and to permit the extension or enlargement of such existing use, without amending this plan, in accordance with the following provisions:

- a) the zoning classification of the lands used or proposed to be used for such purposes generally permits the establishment of heavy industrial uses or, alternatively, the by-law proposed to be enacted to permit lands to be used for such purposes is specific to such lands;
- b) vehicular access to the lands used or proposed to be used for such purposes may be obtained exclusively from a major arterial road shown on Map 6 or from a road serving a Class 2 Industrial District designated on Map 15 and, where a *Regional* road is involved, the *Region* has issued the appropriate road entrance permits;
- c) the roads required to provide vehicular access to the lands used or proposed to be used for such purposes are, in the opinion of the appropriate authority, adequate in terms of both load-bearing construction and traffic-carrying capacity to accommodate such use; and
- d) adequate provision is made for the protection of other activities on adjoining lands from the negative effects of stormwater drainage, noise, dust, lighting and unsightly storage on the site used or proposed to be used for such purposes.

13.4.4.2 For the purposes of Policy 13.4.4.1 a), it is the policy of the *City* that special consideration shall be given to sites adjacent to a railway facility which is proposed to be used; provided, however, that the other criteria of Policy 13.4.4.1 can also be met.

13.4.4.3 Notwithstanding the provisions of Policies 13.4.4.1 and 13.4.4.2, it is the policy of *City* that no new transport terminal, terminal warehouse, bonded or customs warehouse or courier depot shall be located near a Residential District designated on Map 15 or in a location which requires vehicular access to be obtained from a road which passes through any such Residential District if it is intended that such facility shall be used to receive, store or ship materials which in the opinion of the Fire Chief or designate for the City of Cambridge would constitute a hazard to life or property in the event of an accident.

APPENDIX E

Tools ▾ | ☒ 1670 BISHOP ST N - 037940016
Total: 1 items

Property Search

NIM3

More Information

Attribute Details For: **Zoning** ▾
1 feature(s) found. Displaying 1 to 1

Attribute	Value
Zoning Code	M3
Zoning Type	INDUSTRIAL
Site Specific1	
Site Specific2	G12
Map	
Map Detail	
Bylaw Number1	
Bylaw Number2	
Comments	

[Print](#)

Scale 1:109,130 powered by GO OnPoint™

Scale 1: 1.059.13 powered by GO OnPoint

3.4 Industrial Use Class Zones

3.4.1 Regulations Applicable in All Industrial Use Class Zones

1. Factory Sales Outlets

Notwithstanding the provisions of section 3.4.3 of this by-law, any manufacturing industry established in any industrial use class zone may sell to the general public at retail the products manufactured or assembled by the establishment on the premises from a factory sales outlet located within the building in which such products are manufactured if the *gross leasable floor area* of such factory sales outlet does not exceed 20% of the total floor area of the building.

2. Offices in Industrial Zones

The office floor area required by an industrial use specified in section 3.4.2 for its own executive and administrative purposes or to accommodate in-house technical and professional services may be located:

- (a) in the same building as the industrial use;
- (b) in a separate building on the same *lot* as the building occupied by such industrial use provided that all buildings on the same *lot* are held in single ownership or by participants in a *condominium* corporation or cooperative;
- (c) in an *industrial mall*;
- (d) in an office building permitted in an M1 zone;
- (e) in a *trailer* located on the same *lot* and situated on such *lot* in accordance with the regulations prescribed in section 3.4.3.2 of this by-law; provided, however, that any *trailer* used for the purposes of providing office accommodation for an industrial use shall be considered as an expedient and temporary use pending the completion of construction of permanent office accommodation within a building on the *lot*.

3. Special Regulations for *Motor Vehicle Repair Shops* and *Auto Body Repair Shops*

Notwithstanding section 3.4.3.1(c) of this by-law, in an industrial use class zone no land shall be used and no building or structure shall be erected, located or used for the purposes of a *motor vehicle repair shop* or *auto body repair shop* except in accordance with the regulations prescribed in sections 2 and 3.4.1.4 and 3.4.3.2 of this by-law and the following regulations:

- (a) no *derelict motor vehicle* shall be parked or stored on the *lot* unless screened from view by a solid fence or wall not less than 2.0 m in height;
- (b) no fuel shall be sold at retail from a *motor vehicle repair shop* or *auto body repair shop*;
- (c) used motor vehicles may be sold at a *motor vehicle repair shop* or *auto body repair shop* provided:
 - (i) not more than two vehicles per service bay shall be sold from the site;
 - (ii) the sale of used motor vehicles is an *accessory use* to such *motor vehicle repair shop* or *auto body repair shop*.

4. Location and Screening of Outdoor Storage Areas

- (a) subject to clause (b), no outdoor storage of equipment, goods and materials shall be provided in any M-class zone:
 - (i) between the *street line* and *regulatory building line* and, if provided between the *regulatory building line* and *established building line*, shall be screened from view along the *regulatory building line*;
 - (ii) within the minimum *exterior side yard* required by this by-law and, if provided in any part of an *exterior side yard* which is greater than the minimum required by this by-law, shall be screened from view along the line of the *exterior side yard* required by this by-law;
- (b) any outdoor storage of equipment, goods or materials in an M7 zone shall be screened from view by one or any combination of a solid fence or wall or earth berm not less than 2.5 m in height erected around the entire perimeter of the outside storage area.

5. Use of Vacant Industrial Lands for Non-Industrial Purposes

Notwithstanding the provisions of section 3.4.3.1 of this by-law, vacant lands in any industrial use class zone may be used for one or more of the following purposes provided that no building or structure is erected, located or used in conjunction therewith:

- (a) *farming* where no intensive animal operation, fur farming or fish farming is involved;
- (b) market gardening;
- (c) landscape gardening;

- (d) non-commercial recreational use.

6. Core Areas Industrial Development

The commercial site development specifications prescribed for the C1 zone in section 3.3.3.2 of this by-law may be substituted for the site development specifications prescribed in section 3.4.3.2 for M-class zones where an industrial use is located in an M2, M3 or M4 zone within the area shown outlined by a heavy black line on Special Area Zoning Maps Z4, Z5 and Z6 attached to and forming part of this by-law; provided, however, that all of the other provisions of this by-law applicable to development in an M2, M3 or M4 zone shall continue to apply.

7. Front Yard and Exterior Side Yard Requirements in Industrial Use Class Zones

Subject to section 3.4.1.6, a *front yard* and *exterior side yard* of at least 6.0 m shall be provided in any industrial use class zone except in the following locations where a minimum *front yard* and *exterior side yard* of 12.0 m are required:

- (a) in an M1 zone;
- (b) within the area north of Highway 401 and west of Speedsville Road;
- (c) within the area bounded by Highway 401, Hespeler Road, Eagle Street and the CN railway tracks;
- (d) within the area bounded by Highway 401, the easterly city limits, the proposed east-west arterial road and Hespeler Road, save and except the area abutting the east side of Hespeler Road between the proposed east-west arterial road and Dunbar Road;
- (e) within the area bounded by Dundas Street, Elgin Street North, Samuelson Street, Clyde Road, the easterly city limits and Moffatt Creek;
- (f) within the area bounded by the north side of Maple Grove Road on the east side of Fountain Street and south and west of Middle Creek.

8. Yards Required for Hotels

A minimum *side* or *rear yard* of 7.5 m shall be provided for any *hotel* erected, located or used in an M1 zone where:

- (a) the principal entrance to such *hotel* is obtained through such *side yard* or *rear yard*;

- (b) a wall of such *hotel* contains a window to a *habitable room* facing such *side yard* or *rear yard*.

9. Auto Service Malls in Industrial Zones

- (a) subject to clause (b) of this subsection, *auto service malls* may be established in the following locations:
 - (b) (i) the site is located in an M3, M4, M5, M6 or M7 zone;
 - (ii) the regulations prescribed in section 3.4.3.2 shall apply to an *auto service mall* located in an industrial zone;
 - (iii) notwithstanding section 3.4.1.9(b)(ii), the *gross leasable commercial floor area* for such *auto service mall* shall not be less than 500 m² or greater than 5000 m²;
 - (iv) no single establishment in an *auto service mall* shall have a *gross leasable commercial floor area* less than 75 m²;
 - (v) off-street parking shall be provided in accordance with sections 2.2.1;
 - (vi) planting strips and fencing shall be provided in accordance with section 2.4.

10. Special Regulations for Drive-Through Facilities

A *drive-through facility* must be a minimum distance of 30 m from the boundary of an abutting residential or institutional zone, minus the minimum distance required for an *interior side yard* or *rear yard* of such abutting R-class zone or an N-class zone, except where there is a *noise barrier wall* having a minimum height of 1.8 m or a building wall located between the *drive-through facility* and a *dwelling* or institutional use, the minimum distance shall be 15 m from the boundary of an abutting residential or institutional zone, minus the minimum distance required for an *interior side yard* or *rear yard* of such abutting R-class zone or an N-class zone.

3.4.2 Industrial Uses

For the purposes of section 3.4.3 and the other provisions of this by-law,

1. Industrial Business Park Uses

Include:

- (a) a general industrial use as described in section 3.4.2.2 where no outdoor storage is provided and all operations are conducted within wholly enclosed buildings but do not include a *motor vehicle repair shop*, or *auto body repair shop*, an *auto service mall*, an establishment for display, sales and service of motor vehicles and motorized equipment, a bonded customs warehouse or a courier or delivery service;
- (b) an office building in which at least 1,860 m² of *gross floor area* are provided for occupancy by one or more of the following uses:
 - (i) printing, publishing or broadcasting facilities;
 - (ii) a data services establishment;
 - (iii) a branch bank or trust company;
 - (iv) a *food services establishment* which occupies not more than 500 m² of the *gross floor area* of the building and which is not freestanding on the site;
 - (v) the offices of a professional business consultant, architectural, engineering, town planning, land surveying, market research, management, industrial design, legal services or health care services;
 - (vi) the executive and/or administrative or business offices of one or more of the following:
 - (1) an industrial enterprise whose industrial activities may be conducted off-site elsewhere but not necessarily within the City of Cambridge;
 - (2) a financial, insurance or real estate establishment;
 - (3) a religious or non-profit institution;
 - (4) a retail/wholesale business in which no sales are offered on site; and
 - (5) a service industry specifically limited to construction, transportation, communication and utilities uses;
- (c) a *hotel* in which at least 50 guest rooms are provided.

2. General Industrial Uses

Include:

- (a) the manufacture, processing, production, fabrication, packaging, assembly, sub-assembly, stamping, treating, finishing, refining, distilling, testing, warehousing including a bonded customs warehouse, storage and stockpiling of products, goods, materials, patterns, tools and dies, but do not include a heavy industrial use as described below, an *impounding yard*, *transport terminal* uses as described below, an *asphalt* or *concrete batching plant*, a *builder's* or *building contractor's yard*, a *wrecker's* or *salvage yard* or a *junk yard*;
- (b) a computer programming, data processing or other data services establishment;
- (c) an establishment for the development of and/or instruction in, computer assisted design and computer assisted manufacturing;
- (d) an establishment for the development, application and use of cybernetics, telecommunications or other advanced technological equipment, processes or programs, or in providing advanced technological services to other industry;
- (e) an establishment for industrial research and development;
- (f) a laboratory for quality control or product development;
- (g) a printing and/or publishing establishment;
- (h) a dry cleaning plant in which a depot for the receipt and delivery of dry cleaned articles may also be provided;
- (i) a *motor vehicle repair shop* or *auto body repair shop* (not permitted in an M1 or M2 zone: see section 3.4.3.1(b));
- (j) a *caterer's establishment*;
- (k) a *lumber yard* in conjunction with which an establishment for the storage and sale of *home improvement supplies* may also be provided as an *accessory use*;
- (l) a contractor's establishment, which may include a plumbing, heating, air conditioning, electrical or other related general contractor's but does not include a *contractor's yard* or a retail sales office;
- (m) a courier or delivery service (not permitted in an M1 or M2 zone: see section 3.4.3.1(b));
- (n) a *propane transfer facility* or *private propane transfer facility* (see section 2.5.1);
- (o) training and recreation facilities for the employees of the industry located on the same site;

- (p) one or more of the following uses if located in an *industrial mall*; provided, however, that not more than 2500 m² of *gross leasable commercial floor area* shall be used by any single establishment in the *industrial mall* for such purposes:
 - (i) the executive and administrative offices of any industrial use located off-site elsewhere but not necessarily in the City of Cambridge, including the floor space required to accommodate the in-house technical and professional services of such industry;
 - (ii) the offices of a professional business consultant such as architectural, engineering, town planning, land surveying, market research, management and industrial design;
 - (iii) the offices of a place of worship or a non-profit institution;
 - (iv) a *food services establishment*, travel agency, fitness club (including the instruction of dance, martial arts and wrestling), bank, trust company, credit union, legal services or health care service and sports training and development but not including a commercial recreational establishment or place of amusement which all above uses may not occupy more than 25% of the *gross leasable commercial floor area* of the entire building, and must be an integral part of a building containing other permitted uses;
- (q) a trade union hall;
- (r) an establishment for the display, sales and services of industrial and commercial motor vehicles and motorized equipment having a Gross Vehicle Weight of at least 5600 kg and, as an *accessory use* to the principal use, for the retail sale of replacement parts for such vehicles and equipment, but not including the display, sales or service of, or sale of replacement parts for, a passenger vehicle, *recreational vehicle*, bus, pickup truck, panel truck, van, or other motor vehicle or motorized equipment having a Gross Vehicle Weight of less than 5600 kg (not permitted in an M1 or M2 zone; see section 3.4.3.1(b));
- (s) training facilities for industrial trades, including employee rehabilitation facilities;
- (t) an *auto service mall*, but does not include an *auto body repair shop*, automobile sales, *automobile service station* or *gas bar*, in accordance with section 3.4.1.9;
- (u) an establishment for the storage and recycling of tires which is not closer than 500 m to a residential zone and approved by the City of Cambridge Fire Department for compliance with the regulations of the Ontario *Fire Code*;
- (v) an establishment for the sales, rental, leasing and service of small equipment and business machines;

- (w) a landscaping and gardening centre sales and service;
- (x) a veterinary clinic, boarding, training and grooming of household pets;
- (y) an establishment for the instruction in arts and crafts and a *craftsperson* shop;
- (z) a *rental establishment*;
- (aa) a security or janitorial service;
- (bb) a public beverage making establishment;
- (cc) an establishment for lease or rental of motor vehicles but does not include the lease or rental of trailers and transport trailers (not permitted in the M1 or M2 zone);
- (dd) an establishment for the sale of automotive parts and equipment parts;
- (ee) a photocopying service establishment;
- (ff) a recording studio;
- (gg) a *call centre*.

3. Heavy Industrial Uses

Include:

- (a) an abattoir;
- (b) an establishment for the slaughter and dressing of poultry;
- (c) a meat packing establishment, or establishment for the production or processing of sausages, smoked meat or fish;
- (d) a tannery;
- (e) a sugar refinery;
- (f) an establishment for the rendering of fat or tallow;
- (g) an establishment for curing tobacco;
- (h) an establishment for the cultivation of yeast;

- (i) an establishment for nitrating cotton or other materials;
- (j) an establishment for the storage or distribution of inorganic liquids or gases in a battery or *tank farm* at low or atmospheric pressure;
- (k) an establishment for curing rubber;
- (l) an establishment for the production or pulverizing of charcoal;
- (m) a coke oven;
- (n) an establishment for the extraction, refining or smelting of metals;
- (o) an establishment for the production of metal ingots, billets or bars;
- (p) an establishment for the extrusion or rolling of metals;
- (q) a blooming operation;
- (r) an establishment for refining, distilling, separating or cracking petroleum, tar or petrochemicals;
- (s) an establishment for the production of hydrocarbon gases;
- (t) an establishment for mixing or blending tar or petroleum products in the production of paving, roofing or water proofing materials, or for the incorporation of tar or petroleum products in roofing or water proofing materials, or for the storage of petroleum, tar or other petrochemicals in a battery or *tank farm* at low or atmospheric pressure;
- (u) an establishment for the bulk storage of fuels or fuel oils, other than an *automobile service station* or *gas bar*;
- (v) an establishment for the manufacture or processing of gypsum, lime, Plaster of Paris or calcimine;
- (w) an establishment for the manufacture of:
 - (i) beet sugar;
 - (ii) bleaching compound;
 - (iii) bricks, tiles or clay products where no *asphalt or concrete batching plant* is used on the site of the manufacturing operation;

- (iv) calcium carbide as part of an operation for the production of acetylene gas;
- (v) casein;
- (vi) caustic soda or sodium hydroxide;
- (vii) coal tar distillates or products;
- (viii) coal or wood distillates;
- (ix) creosote;
- (x) explosives, fireworks, ammunition, matches, acetylene, ammonia, chlorine or hydrogen; of hydrochloric, nitric, picric or sulphuric acid or their derivatives, with the prior approval of council;
- (xi) glue or glue size;
- (xii) graphite;
- (xiii) lampblack;
- (xiv) organic fertilizers;
- (xv) paint, varnish, shellac or turpentine;
- (xvi) paper or paper board;
- (xvii) potash;
- (xviii) synthetic resins;
- (x) transport uses as described in section 3.4.2.4.

4. Transport Uses

Include:

- (a) a *transport terminal*;
- (b) a cartage company;
- (c) a *builder's yard* or *contractor's yard*;

- (d) an establishment for the lease or rental of motor vehicles and/or *trailers* and *transport trailers*;
- (e) a transport driver training school;
- (f) a *transportation depot*;
- (g) sales and service of *transport trailers*.

3.4.3 Regulations Applicable in M-Class Zones

In an M-class zone, no land shall be used and no building or structure shall be erected, located or used except in accordance with the provisions of sections 1, 2 and 3.4.1 of this by-law and the following regulations:

1. Permitted Uses

Uses Permitted		In Zone						
		M1	M2	M3	M4	M5	M6	M7
(a)	industrial business park uses	•						
(b)	general industrial uses (<u>other than</u> a <i>motor vehicle repair shop</i> , or <i>auto body repair shop</i> , an <i>auto service mall</i> , an establishment for the display, sales and service of motor vehicles and motorized equipment, a bonded customs warehouse or a courier or delivery service) where no outdoor storage is provided and all operations are entirely conducted within wholly enclosed buildings	•	•					
(c)	general industrial uses			•	•	•	•	•
(d)	heavy industrial uses				•			

Uses Permitted		In Zone						
		M1	M2	M3	M4	M5	M6	M7
(e)	transport uses, including				•	•		
	(i) a <i>transport terminal</i> ;							
	(ii) a cartage company;							
	(iii) a <i>builder's yard</i> or <i>contractor's yard</i> ;							
	(iv) an establishment for the lease or rental of motor vehicles and/or <i>trailers</i> and <i>transport trailers</i> ;							
	(v) a transport driver training school;							
	(vi) a <i>transportation depot</i>							
	(vii) sales and service of <i>transport trailers</i>							
(f)	an <i>asphalt</i> or <i>concrete batching plant</i>						•	
(g)	a <i>junk yard</i> , <i>salvage yard</i> or <i>wrecker's yard</i>							•
(h)	an <i>impounding yard</i>				•	•	•	•
(i)	a <i>public storage unit</i>			•	•	•	•	•
(j)	a factory sales outlet in accordance with section 3.4.1.1	•	•	•	•	•	•	•
(k)	offices in accordance with section 3.4.1.2	•	•	•	•	•	•	•
(l)	a <i>day nursery</i> or <i>day care centre</i>	•	•	•	•	•	•	•
(m)	a use permitted in all industrial zones in accordance with section 2.1.1	•	•	•	•	•	•	•
(n)	an <i>accessory use</i> , <i>building</i> or <i>structure</i>	•	•	•	•	•	•	•

2. Site Development Specifications

		Zone		
		M1	M2 & M3	All Other M-Class Zones
(a)	minimum <i>lot frontage</i> (metres)	50	15	15
(b)	minimum <i>lot area</i> (square metres)	5000	450	450
(c)	minimum <i>front yard</i>	in accordance with section 3.4.1.7		
(d)	minimum <i>interior side yard</i> (metres)	5	3.5	3.5
(e)	minimum <i>exterior side yard</i>	in accordance with section 3.4.1.7		
(f)	minimum <i>side yard</i> abutting a residential use class zone (metres) (see section 2.4)	7.5	7.5	14
(g)	minimum <i>rear yard</i> (metres)	7.5	3.5	3.5
(h)	minimum <i>rear yard</i> abutting a residential use class zone (metres) (see section 2.4)	7.5	7.5	14
(i)	minimum <i>side or rear yard</i> abutting Highway 401 (metres)	14	14	14
(j)	minimum <i>side or rear yard</i> abutting a railway line or spur (metres)	nil	nil	nil
(k)	planting strips and fencing	in accordance with section 2.4		
(l)	propane storage, transfer or dispensing facilities	in accordance with section 2.5		

Appendix “C”

AIRD & BERLIS LLP

Barristers and Solicitors

Randy T. Hooke
Direct: 416-865-7784
Email: rhooke@airdberlis.com

November 28, 2012

VIA EMAIL

Duff & Phelps Canada Restructuring Inc.
333 Bay Street, 14th Floor
Toronto, ON M5H 2RZ

Attention: Mr. David Sieradzki, Managing Director, Restructuring

Dear Sir:

Re: Royal Bank of Canada (the "Bank") loan to Burlington Technologies Inc. ("Burlington Technologies"), as guaranteed by Burlington Group Inc. ("Burlington Group")

And Re: FirstOntario Credit Union Limited (the "FirstOntario") loan to Burlington Group

We confirm that we have reviewed the real property security detailed on Schedule A hereto (collectively, the "**Security**") held by the Royal Bank and FirstOntario Credit Union Limited given by Burlington Group in respect to the property municipally known as 1670 Bishop Street, Cambridge, Ontario. We hereby provide you with a summary concerning the validity and enforceability of the Security.

To summarize our conclusions which are detailed below, the Security appears to be duly executed, delivered, and registered as required under the appropriate legislation in Ontario, except as noted below. In addition, the Security appears to constitute a good, valid and enforceable security interest over the real property described herein.

A. BURLINGTON TECHNOLOGIES AND BURLINGTON GROUP

1. We have reviewed the Province of Ontario Ministry of Government Services Corporate Profile Report search for Burlington Technologies, and note that the search indicates the following:
 - (a) Burlington Technologies was incorporated under the *Business Corporations Act* (Ontario) on October 1, 1990;
 - (b) the registered office of Burlington Technologies is 123 Front Street, Suite 1200, Toronto, Ontario, M5J 2M2;

- (c) the company was in existence at the time the Security was given and has not been dissolved.
- 2. We have reviewed the Province of Ontario Ministry of Government Services Corporate Profile Report search for Burlington Group and note that the search indicates the following:
 - (a) Burlington Group was incorporated under the *Business Corporations Act* (Ontario) on April 5, 2000;
 - (b) the registered office of Burlington Group is 3267 Mainway, Burlington, Ontario L1M 1A6;
 - (c) the company was in existence at the time the Security was given and has not been dissolved.

B. ROYAL BANK OF CANADA CHARGE/MORTGAGE

We have reviewed the Acknowledgment and Direction dated December 9, 2008, authorizing the registration of the Collateral Charge/Mortgage in the amount of \$4,000,000.00 (the "**RBC Charge**") in respect of the real property known municipally as 1670 Bishop Street, Cambridge, Ontario (the "**Property**"). The RBC Charge appears to have been properly acknowledged and delivered on behalf of the Burlington Group by Ken Carpenter, in his capacity as President of Burlington Group. The RBC Charge is subject to Standard Charge Terms 20015. The RBC Charge was registered in the Land Registry Office for the Land Title Division of Waterloo (No. 58) on December 9, 2008, as Instrument No. WR433380. We see no irregularity in the RBC Charge and expect that it is enforceable in accordance with its terms.

We have sub-searched title to the Property on November 22, 2012. We confirm that the RBC Charge is registered as a second charge in the amount of \$4,000,000 in favour of the Bank. Burlington Group remains the registered owner of the Property.

C. FIRSTONTARIO CREDIT UNION LIMITED CHARGE/MORTGAGE

We have reviewed the Acknowledgment and Direction dated September 27, 2007, authorizing the registration of the Collateral Charge/Mortgage in the amount of \$2,567,000.00 (the "**FirstOntario Charge**") in respect of Property. We have also reviewed two additional Acknowledgements and Directions authorizing the registration of Notice of Assignment of Rent – General and Notice of Assignment of Lessor Interest in Lease each dated September 27, 2007. Each of the FirstOntario Charge, General Assignment of Rents and Assignment of Lessor Interest in Lease appear to have been properly acknowledged and delivered on behalf of the Burlington Group by Ken Carpenter, in his capacity as President and by Mary van Santvoort, in her capacity as secretary of Burlington Group. The FirstOntario Charge is subject to Standard Charge Terms 200028. The FirstOntario Charge was registered in the Land Registry Office for the

Land Title Division of Waterloo (No. 58) on October 1, 2007, as Instrument No. WR332494. We see no irregularity in the FirstOntario Charge and expect that it is enforceable in accordance with its terms. The General Assignment of Rents – General and Notice of Assignment of Lessor Interest in Lease were also registered on October 1, 2007 as Instrument Nos. WR332495 and WR332497 respectively.

We have sub-searched title to the Property on November 22, 2012. We confirm that the FirstOntario Charge is registered as a first charge in the amount of \$2,567,000.00 in favour of the FirstOntario.

D. ASSUMPTIONS AND QUALIFICATIONS

1. In connection with the review we have conducted and expressed in this letter, we have assumed the following:
 - (a) the entering into, execution and delivery of the Security to the Bank and FirstOntario has been duly authorized by all necessary resolutions and other corporate actions on the part of Burlington Group;
 - (b) the Security has been executed and delivered to the Bank and FirstOntario by an officer of Burlington Group duly authorized to execute and deliver those documents, and the signatures on the copies of the Security examined by us is that of the duly authorized officer of Burlington Group;
 - (c) the Security constitutes valid and enforceable obligations of Burlington Group to the Bank and FirstOntario as security for Burlington Technologies's obligations to the Bank and FirstOntario, subject to the requirements of the PPSA, the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"), the *Mortgages Act* (Ontario) and the *Planning Act* (Ontario);
 - (d) the Security has been unconditionally delivered by Burlington Group to the Bank and FirstOntario;
 - (e) the Security has not been assigned, released, discharged or otherwise impaired, either in whole or in part;
 - (f) Burlington Group is indebted to the Bank and FirstOntario and received adequate consideration for the grant of the Security;
 - (g) the genuineness of the signatures and the conformity to authentic original documents of the documents submitted to us as photocopies, electronic copies or fax copies, and that all documents were fully completed prior to signature;
 - (h) Burlington Group were valid and subsisting corporation at the time of execution and delivery of the Security;

- (i) Burlington Group and the Bank and FirstOntario intended the security interests created by the Security to attach, value has been given and Burlington Group obtained rights in the collateral secured by the Security; and
 - (j) all facts set forth in official public records and other documents supplied by public officials or otherwise conveyed to us by public officials are complete, true and accurate.
2. The review that we have conducted and expressed in this letter is further subject to the following qualifications:
- (a) we express no opinion as to the right, title or interest of Burlington Group in or to the Property or any of the assets, undertakings and properties of Burlington Group;
 - (b) we express no opinion as to the ranking or priority of any of the Security in relation to the security interests, liens or trust claims of any other party, if any;
 - (c) the validity, binding effect and enforceability of the Security may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium, or other similar laws affecting the enforceability of creditors' rights generally;
 - (d) the rights and remedies of the Bank and FirstOntario contained in the Security may be subject to and affected by general principles of equity;
 - (e) no opinion is given regarding any provision in the Security which purports to relieve a person from a liability or duty otherwise owed or to require compliance regardless of law;
 - (f) we express no opinion as to the effect of those provisions of the Security which purport to allow the severance of invalid, illegal or unenforceable provisions or restricting their effect;
 - (g) enforcement of the Security may be affected or limited by any collateral agreements or arrangements relating thereto entered into between the parties thereto, of which we are not aware;
 - (h) enforcement of the rights to indemnity, contribution and waiver of contribution may be limited or voided by applicable law and may not be ordered by a court on grounds of public policy;
 - (i) the enforceability of the Security is subject to the *Limitations Act, 2002* (Ontario), and we express no opinion as to whether a court may find that

any provision of the Security will be unenforceable as an attempt to vary or exclude a limitation period under that statute;

- (j) we express no opinion as to the enforceability of any provision of the Security which may be characterized by a court as an unenforceable penalty and not as a genuine pre-estimate of damages;
- (k) we express no opinion as to the application of the *Securities Act* (Ontario);
- (l) we express no opinion as to the enforceability of any provision of the Security:
 - (i) which purports to waive all defences which might be available to, or constitute a discharge of the liability of Burlington Group;
 - (ii) to the extent it purports to exculpate, or provide indemnity to, the Bank and FirstOntario, its agents or any receiver, manager or receiver – manager appointed by it from liability in respect of acts or omissions which may be illegal, fraudulent or involve wilful misconduct; or
 - (iii) which states that amendments or waivers of or with respect to the Security that are not in writing will not be effective;
- (m) we express no opinion as to any provision of the Security which states that any failure to exercise, or any delay in exercising, any right or remedy shall not operate as a waiver thereof;
- (n) we have not explored and express no opinion as to whether the Security may be successfully attacked as a preference under section 95 of the BIA or any similar provincial legislation;
- (o) any provision which is considered to offend public policy or to contravene laws of public order may not be enforceable;
- (p) to the extent that the Security purports to extend the benefit thereof to persons who are not parties to the Security, those persons may be unable to enforce that benefit;
- (q) no opinion is given as to security interests which are not registered on title to the Property;
- (r) the enforceability of the charges may be subject to the terms of any instruments or encumbrances registered on title to the Property in priority to the charges or any instruments or encumbrances to which the Bank and FirstOntario has agreed to postpone registered on title to the Property subsequent to the charges; and

- (s) we have not conducted any title or off-title searches in connection with the Property other than a review of the parcel pages. Without limiting the generality of the foregoing, we have not conducted any searches for compliance of the Charge or title to the Property with the terms of the *Planning Act* (Ontario).

If you have any further questions arising from the items set forth in this report please contact me at your convenience.

Yours truly,

A handwritten signature in dark ink, appearing to read "Aird & Berlis LLP", written in a cursive, flowing style.

SCHEDULE A

SECURITY REVIEWED

1. Charge/Mortgage registered October 1, 2007, granted by Burlington Group in respect of the Property in favour of FirstOntario Credit Union Limited in the original principal amount of \$\$2,567,000.00.
2. Notice of General Assignment of Rents registered October 1, 2007 in favour of FirstOntario Credit Union Limited.
3. Notice of Assignment of Lessor Interest in Lease registered October 1, 2007 in favour of FirstOntario Credit Union Limited.
4. Charge/Mortgage registered December 9, 2008, granted by Burlington Group in respect of the Property in favour of Royal Bank of Canada in the original principal amount of \$\$4,000,000.

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Appendix “D”

February 17, 2012

**TO: PROSPECTIVE PURCHASERS OF THE BUSINESS AND ASSETS
OF REVSTONE BURLINGTON INDUSTRIES INC.**

Dear Sirs:

**Re: Revstone Industries Burlington, Inc. (the "Company")
Our File No.: 12-0101**

Duff & Phelps Canada Restructuring Inc. ("D&P") was appointed receiver ("Receiver") of the Company's property, assets and undertaking on January 5, 2012 and is presently carrying out a sale process ("Sale Process") for the Company's business and assets pursuant to a Court order made on January 30, 2012. The deadline to submit offers is March 5, 2012.

On February 17, 2012, D&P was appointed Receiver of Burlington Group Inc., the entity which owns the real property on which the Company's "Dexcam" facility is located (1670 Bishop Street North, Cambridge, Ontario) (the "Cambridge Property"). This letter is to advise that the Receiver will consider offers for the Cambridge Property should you wish to bid on that property as part of your bid.

Should you have any questions with respect to the Cambridge Property or the Sale Process generally, please contact the undersigned.

Yours very truly,

**DUFF & PHELPS CANADA RESTRUCTURING INC.
IN ITS CAPACITY AS RECEIVER OF
REVSTONE INDUSTRIES BURLINGTON, INC.
AND NOT IN ITS PERSONAL CAPACITY**



Per: David Sieradzki

DS:rk