

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

**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

**MOTION RECORD OF  
RETROCOM GROWTH FUND INC.  
(Motion Returnable November 29, 2006)**

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**ONTARIO  
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**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

**I N D E X**

<b><u>Document</u></b>	<b><u>Tab No.</u></b>
Notice of Motion returnable November 29, 2006	1
Affidavit of Robert R. Blakely sworn November 27, 2006	2
Exhibit "A"      Certificate of Filing of a Notice of Intention to Make a Proposal dated August 1, 2006 with attachments	A
Exhibit "B"      Third Report of RSM Richter Inc. dated November 27, 2006	B
Third Report of RSM Richter Inc. dated November 27, 2006	3
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# **TAB 1**

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

**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

**NOTICE OF MOTION  
(Motion Returnable November 29, 2006)**

Retrocom Growth Fund Inc. ("Retrocom") will make a motion to a judge of the Superior Court of Justice – Commercial List, on Wednesday November 29, 2006 (standby) at 10:00 a.m., or as soon after that time as the motion can be heard, at 393 University Avenue, Toronto, Ontario.

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

**THE MOTION IS FOR:**

An Order:

1. abridging the time for service of the Notice of Motion and Motion Record; and
2. extending the time for Retrocom to file a proposal by 45 days to January 15, 2007 pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada).

**THE GROUNDS FOR THIS MOTION ARE:**

1. Retrocom is insolvent and unable to meet its liabilities as they become due.

2. On August 1, 2006, Retrocom filed a notice of intention to make a proposal under section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada), naming RSM Richter Inc. ("Richter") as the proposal trustee (the "Trustee").
3. On August 30, 2006, this Honourable Court granted Retrocom an extension of time to file a proposal pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) until October 16, 2006, so that the Trustee and Retrocom could continue to deal with certain of Retrocom's assets, including by completing various purchase and sale agreements and examining options to realize additional value.
4. On October 13, 2006, this Honourable Court granted Retrocom a further extension of time to file a proposal until December 1, 2006, so that Retrocom could complete the sale of its real estate properties and to further its attempts to realize value from its significant tax losses.
5. On October 13, 2006, this Honourable Court also appointed the Trustee as limited Interim Receiver of Retrocom, for the limited purpose of supervising and controlling Retrocom's receipts and disbursements, books, records and documents, and proceeds of sale from Retrocom's properties, and associated matters thereto. Retrocom had, until mid-2006, relied on Retrocom Investment Management Inc. ("RIMI") to manage its affairs.
6. Retrocom seeks an extension of time to file a proposal to its creditors so that it can continue towards its goal of realizing maximum value for its creditors through dispositions of assets in a non-bankruptcy context and through the realization of certain

value that would not be available if Retrocom were bankrupt, particularly in the form of tax losses.

7. Retrocom has successfully negotiated the sale of three of its real estate interests, two of which are scheduled to close in December 2006 and one is scheduled to close in January 2007. A fourth real estate transaction will close in tandem with one of the properties being sold in December 2006.
8. Retrocom is also engaged in negotiations with Retrocom REIT with respect to possible additional asset sales and the settlement of various outstanding issues that could have a material impact on realization available to creditors.
9. The ability to access value through the sale of Retrocom's tax losses is central to any Proposal in this matter. The process of soliciting potentially interested parties and those parties determining whether they are indeed interested has been time-consuming. The Trustee has had meetings and/or discussions with six potentially interested parties. Discussions are still ongoing with one party who has expressed serious interest in Retrocom's tax losses. Those discussions are expected to continue beyond December 1, 2006. More recently, further efforts were made to seek potentially interested parties. As a result, three additional parties have expressed interest. Each expects to be able to provide a letter on intent prior to December 15, 2006.

10. It is expected that it will be possible to determine whether a binding agreement for Retrocom's tax losses can be negotiated before December 20, 2006, and then to proceed to finalize such arrangement and to prepare and file a Proposal early in January 2007.
11. Retrocom has acted and is acting in good faith and with due diligence.
12. It is in the interests of Retrocom's creditors that an additional extension be granted in order to provide the time necessary to attempt to finalize an agreement with one of the parties interested in acquiring Retrocom's tax losses and to move to the presentation of a Proposal to consummate such a transaction to obtain greater value for the creditors.
13. Efforts to realize value from the remaining assets under the supervision of the Trustee will continue and there will be no prejudice to the creditors of Retrocom if the requested extension of time is granted.
14. Subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada).
15. Rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*.
16. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

1. The affidavit of Robert R. Blakely, sworn November 27, 2006 and the exhibits attached thereto;
2. The Third Report of Richter as Trustee, dated November 27, 2006; and
3. Such further and other material as counsel may advise and this Honourable Court may permit.

November 27, 2006

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Solicitors for the Moving Party, Retrocom  
Growth Fund Inc.



Court File No. 31-452496

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
(Commercial List)

**NOTICE OF MOTION**  
(Returnable November 29, 2006)

**BENNETT JONES LLP**  
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Solicitors for the Moving Party, Retrocom  
Growth Fund Inc.

# **TAB 2**

Court File No. 31-452496

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
(Commercial List)

**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE BANKRUPTCY AND INSOLVENCY ACT (CANADA)**

**AFFIDAVIT OF ROBERT R. BLAKELY**  
(Sworn November 27, 2006)

I, Robert R. Blakely, of the City of St. Albert, in the Province of Alberta, **MAKE OATH**  
**AND SAY:**

1. I have been a member of the board of directors (the "Board") of Retrocom Growth Fund Inc. ("Retrocom") since September 2001, and have been the Chairman of the Board since February 2006. As such, I have knowledge of the matters set forth below. Where I have obtained information from third parties, I state the source of that information and believe it to be true.

2. This affidavit is filed in support of a motion for an extension of the time by Retrocom to file a proposal pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA").

**Background**

3. Retrocom is a corporation amalgamated under the laws of Canada. Retrocom is registered as a labour-sponsored investment fund corporation under the *Community Small Business Investments Funds Act* (Ontario) and a labour-sponsored venture capital corporation

under the *Income Tax Act* (Canada) and is a prescribed labour-sponsored venture capital corporation by regulation under the *New Brunswick Income Tax Act*.

4. Retrocom is insolvent and unable to meet its liabilities as they become due.

5. On August 1, 2006, Retrocom filed a notice of intention to file a proposal under section 50.4(1) of the *BIA*, naming RSM Richter Inc. as the proposal trustee (the "Trustee"). Attached as Exhibit "A" to my affidavit is a copy of the certificate of filing with attachments.

6. A copy of the Trustee's Third Report is attached as Exhibit "B" to my affidavit.

7. On August 30, 2006, this Honourable Court granted Retrocom an extension of time to file a proposal pursuant to subsection 50.4(9) of the *BIA* until October 16, 2006, so that Retrocom, with the guidance of the Trustee, could continue to deal with certain of its assets, including by completing various purchase and sale agreements and examining options to realize additional value, such as potential mergers, sale of the business and the like.

8. On October 13, 2006, this Honourable Court granted Retrocom a further extension of time until December 1, 2006 to complete the sale of its real estate properties and to further its attempts at realizing value from its tax losses in order to enable it to formulate a Proposal that will be of greater benefit to its creditors than a bankruptcy.

9. On October 13, 2006, this Honourable Court also appointed the Trustee as limited Interim Receiver of Retrocom for the limited purpose of supervising and controlling Retrocom's receipts and disbursements, books, records and documents, and proceeds of sales from Retrocom's properties and other assets, and associated matters thereto. Retrocom had, until mid-2006, relied on Retrocom Investment Management Inc. ("RIMI") to manage its affairs.

10. From the inception of these proceedings, the main goal has been to realize value for the creditors of Retrocom through dispositions of assets in a context other than "bankruptcy sales" and through the realization of value that would otherwise be unavailable if Retrocom were bankrupt. An example of the latter is through tax losses owned by Retrocom – those tax losses are expected to have significant value to third parties in certain circumstances.

#### **Sale Process**

11. The process of realizing value from the assets through sales is ongoing and continues to be monitored closely by the Trustee. Retrocom has succeeded in negotiating the sale of three of its real estate interests. Two of these sales are scheduled to close in December 2006 and one is scheduled to close in January 2007.

12. The first property is a mall in Belleville, Ontario. Title to the property is held by a wholly-owned subsidiary of Retrocom. Retrocom's interest is part of a co-ownership. The closing of this transaction has been delayed because Retrocom's former manager, RIMI, allowed the subsidiary to be dissolved as a result of the non-filing of corporate tax returns. Unfortunately, that fact came to light only days before the scheduled closing. Retrocom's counsel is taking the necessary steps to have Articles of Revival filed and approved. The closing is now scheduled for December 12, 2006.

13. The second property is located in Midland, Ontario and is also owned by a wholly-owned subsidiary of Retrocom. The closing of this transaction has also been delayed for the same reason as the Belleville closing – RIMI allowed the subsidiary to be dissolved as a result of the non-filing of corporate tax returns. The Company's former outside counsel attempted to take the steps necessary to seek revival, but there were problems in that regard. In the interim, other steps

have been taken which should permit the closing of the transaction to occur in early December 2006.

14. The third property is located in Cornwall, Ontario. This transaction was originally scheduled to close in early November 2006 provided that the purchaser waived conditions by October 18, 2006. One condition relating to the tenant's lease commitment was not satisfied before closing. The purchaser now has until December 15, 2006 to waive conditions, including completion of a Phase I environmental assessment. If the conditions are waived, the sale is expected to close early in January 2007.

15. In addition to these three transactions, negotiations for the disposition of a property located in Hamilton, Ontario are essentially complete. It is anticipated that this transaction will close in tandem with the Midland property in early December 2006.

16. Retrocom is also engaged in negotiations with Retrocom REIT (unrelated) with respect to possible additional asset sales and the settlement of various outstanding issues that could have a material impact on realization available to creditors.

#### **Potential Legal Proceedings**

17. Retrocom has also explored the possibility of commencing proceedings against certain persons in order to recover damages and/or repayment of fees that were not earned.

18. To that end, Retrocom's counsel have prepared potential legal proceedings that may be commenced. However, no such proceedings have been commenced because pursuing the litigation would involve significant expenditure of funds. In light of the proposal process in which Retrocom now finds itself, Retrocom determined that it was not appropriate to embark on

a course of action that would use significant funds otherwise available to the creditors without their input and direction. Accordingly, Retrocom intends to make that issue/decision part of the Proposal that it expects to produce to be voted upon by its creditors.

#### **Attempt to Realize Additional Value Through Tax Losses**

19. The ability to access value through the sale of Retrocom's tax losses is central to any Proposal in this matter. Retrocom, with the assistance of the Trustee, has conducted a process by which expressions of interest in acquiring Retrocom's tax losses have been sought and information has been provided to a number of interested parties. The information a party requires to determine its interest in the tax losses is quite extensive and complicated. Accordingly, the process has been time-consuming.

20. The Trustee contacted a significant number of potential persons that might be interested in acquiring the tax losses. Most of those potentially interested parties had been approached because they had some prior knowledge of Retrocom or because they were thought to be in a similar business.

21. The Trustee has had meetings and/or discussions with six potentially interested parties. For various reasons, a number of them advised that they were not interested in proceeding with such a transaction at this time. However, discussions are still ongoing with one party who has expressed serious interest in Retrocom's tax losses. These discussions are expected to continue beyond December 1, 2006.

22. More recently, further efforts were made on behalf of Retrocom to seek potentially interested parties from other areas. Those efforts have resulted in expressions of interest from three additional parties. Each of those parties has advised that it expects to be in a position to

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provide letters of intent prior to December 15, 2006. Each of those parties apparently is known to be reputable in its community and is aware of the timing constraints involved in this situation.

23. The type of transaction that is being proposed (although each proposal being discussed has different permutations) is, in essence, one in which the interested party would inject funds into Retrocom for purposes of funding the Proposal in two ways: first, an upfront payment for equity upon closing and second, additional payments tied to Retrocom's ability after emerging from the Proposal to realize value from its existing tax losses in a manner similar to an "earnout".

24. From the expressions of interest that have been received and based upon the amounts of available losses as estimated by Management Personnel (as defined in the Trustee's Third Report), it would appear that a transaction of this type could yield Retrocom's creditors significant additional value, well into the millions of dollars. These funds would not be available to Retrocom's creditors in a bankruptcy.

25. I believe that it will be possible to determine whether a binding agreement can be negotiated with one of these parties before December 20, 2006, and then to proceed to finalize such arrangement and to prepare and file a Proposal early in January, 2007. Retrocom anticipates that any such agreement would deal with realization of value of Retrocom's remaining assets, other than those currently under contract for sale (the more likely scenario), or that those remaining assets would be sold in the interim as was intended.

#### **Extension of Time**

26. Retrocom has acted and is acting in good faith and with due diligence.



28. In any event, since efforts to realize value from the remaining assets under the supervision of the Trustee will continue, I believe that there will be no prejudice to the creditors of Retrocom if the extension being applied for is granted. The Trustee supports Retrocom's request for an extension of time to file its Proposal.

**A Notary Public**

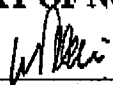
**WILLIAM A. DUSHENSKI  
BLAKELY & DUSHENSKI**  
Barristers - Solicitors - Notaries  
310 First Edmonton Place  
10665 Jasper Avenue  
Edmonton, Alberta T5J 3S9  
Ph: 425-7200 Fax: 425-7202

Robert R. Blakely

# EXHIBIT A

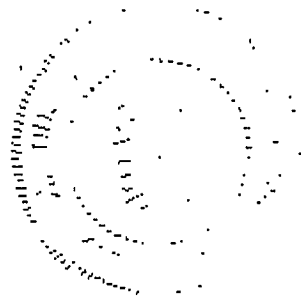
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**THIS IS EXHIBIT "A" REFERRED TO IN THE  
AFFIDAVIT OF ROBERT R. BLAKELY  
SWORN THE 27<sup>TH</sup> DAY OF NOVEMBER 2006**



**A Notary Public**

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& DUSHENSKI**  
Solicitors - Notaries  
310 First Edmonton Place  
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Edmonton, Alberta T5J 3S9  
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Office of the Superintendent of Bankruptcy Canada      Bureau du surintendant des faillites Canada

An Agency of Industry Canada

Un organisme d'Industrie Canada

District of ONTARIO  
Division No. 09 - Toronto  
Court No. 31-452486  
Estate No. 31-452486

In the Matter of the Notice of Intention  
to make a proposal of:

RETROCOM GROWTH FUND INC.

Insolvent Person

RSM RICHTER INC.

Trustee

Date of the Notice of Intention: August 1, 2006

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.



ANDY THADANI

Official Receiver

25 St. Clair Avenue East, 8th floor, Toronto, ONTARIO, M4T 1M2, 416/973-6486

Canada

AUG-01-08 16:15

4168325200

P.02

R-272

Job-583

AUG-01-08 04:10pm From: RSM RICHTER INC.

4168325200

T-880 P.003/006 F-210

07/28/2006 08:52

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## FORM 33

Notice of Intention to Make a Proposal  
[Subsection 50.4(1)]IN THE MATTER OF THE PROPOSAL OF RETROCOM GROWTH FUND  
INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

## TAKE NOTICE THAT:

1. RETROCOM GROWTH FUND INC., an insolvent person, pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, intends to make a proposal to its creditors.
2. RSM RICHTER INC. of 200 King Street West, Suite 1100, Toronto, Ontario, a Licensed Trustee, has consented to act as trustee under the proposal and a copy of the consent is attached hereto.
3. A list of the names of the known creditors with claims amounting to \$250 or more and the amounts of their claims is attached.
4. Pursuant to Section 69 of the *Bankruptcy and Insolvency Act*, all proceedings against Retrocom Growth Fund Inc. are stayed as of the date of filing this notice with the Official Receiver in its locality.

DATED at Toronto, Ontario this 31<sup>st</sup> day of July, 2006

RETROCOM GROWTH FUND INC.

Per:

Name: Robert Blakely

Title: Director

Filing Date: Aug 1, 2006



OFFICIAL RECEIVER

**CERTIFIED COPY OF A RESOLUTION OF THE DIRECTORS OF  
RETROCOM GROWTH FUND INC.**

"WHEREAS the Corporation is insolvent and is no longer able to meet its obligations generally as they fall due and, for this reason, it would be in the best interest of the Corporation that it file a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada).

**BE IT RESOLVED THAT:**

The Corporation file a Notice of Intention to Make a Proposal and such ancillary documentation thereto as may be or become necessary, with RSM Richter Inc. as Trustee thereunder, to file, if appropriate for an extension and to file, if appropriate, a Proposal to the creditors of the Corporation and for all the foregoing purposes does hereby authorize Robert Blakely or such other person as he may direct to sign all documents necessary to give effect to the foregoing, all in accordance with arrangements to be finalized by Robert Blakely in consultation with Bennett Jones LLP and RSM Richter Inc."

I, Robert Blakely, Director of the Corporation, do hereby certify that the foregoing resolution is an extract from the minutes of a meeting of the board of directors of the Corporation, at which I acted as Chairman of the meeting, held on July 26<sup>th</sup> 2006, which resolution was passed at such meeting and remains in full force and effect, unamended as of the date hereof.

DATED this 28<sup>th</sup> day of July, 2006.

  
\_\_\_\_\_  
Robert Blakely,  
Director of Retrocom Growth Fund Inc.

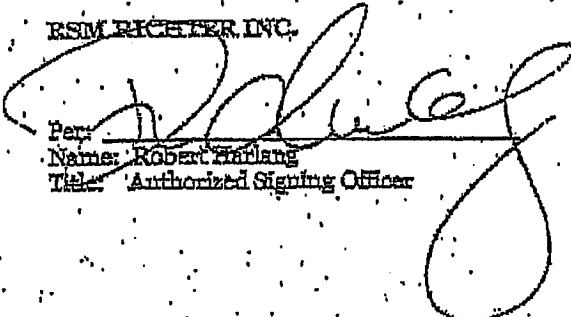
IN THE MATTER OF THE PROPOSAL OF RETROCOM GROWTH FUND  
INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

CONSENT

RSM RICHTER INC. hereby consents to act as Trustee under the Notice of Intention,  
to Make a Proposal and/or Proposal to be filed by Retrocom Growth Fund Inc.

DATED at Toronto, Ontario this 26th day of July, 2006.

RSM RICHTER INC.

Per:   
Name: Robert Harlan  
Title: Authorized Signing Officer





RSM Richter

August 1, 2006

RSM Richter Inc.  
200 King St. W., P.O. Box 48  
Toronto, ON M5H 3P4  
Tel: 416.532.8000 Fax: 416.532.8200  
www.rsmrichter.com

**Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)**

The attached statement of projected cash flow of Retrocom Growth Fund Inc., as of the 1st day of August, 2006, consisting of a Cash Flow Statement for the period August 1, 2006 to November 3, 2006, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 8.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

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The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated this 1<sup>st</sup> day of August, 2006.

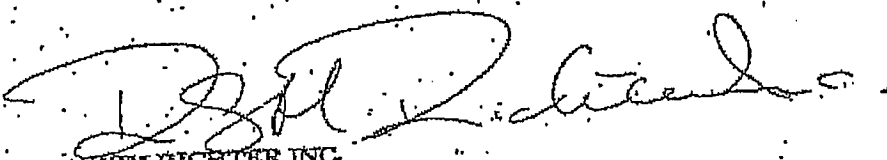
  
RSM RICHTER, INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
RETROCOM GROWTH FUND INC.  
AND NOT IN ITS PERSONAL CAPACITY

Exhibit "A"

Retrocom Growth Fund Inc.  
 Projected Statement of Cash Flow  
 For the Period August 1, 2006 through November 3, 2006  
 Unaudited  
 (\$)

	Notes	Amount
<b>CASH INFLOWS</b>		
Retrocom Mid-Market REIT share sale	2	1,615,000
Retrocom Mid-Market REIT distribution	3	13,560
Sale of Real Estate Interests	4	3,582,500
<b>TOTAL CASH INFLOWS</b>		<u>5,211,060</u>
<b>CASH OUTFLOWS</b>		
Interest payments	5	47,473
Scheduled Debt Repayment	6	2,862,589
Professional Fees - Trustee	7	174,750
Professional Fees - Legal	7	150,000
Miscellaneous	8	5,593
<b>TOTAL CASH OUTFLOWS</b>		<u>3,240,389</u>
<b>NET CASH FLOW</b>		<u>1,970,671</u>
<b>OPENING CASH BALANCE</b>		693,709
<b>NET CASH FLOW</b>		<u>1,970,671</u>
<b>ENDING CASH BALANCE</b>		<u>2,664,380</u>

The above financial projections are based on management's assumptions detailed in Exhibit "A-1".  
 The notes referenced correspond to the assumption numbers shown in Exhibit "A-1".

RETROCOM GROWTH FUND INC.

Per

Date

RSM RECEIVER INC.

Per

Date

August 2, 2006

Exhibit "A-4"

**Retrocon Growth Fund, Inc.**  
**Notes to Projected Statement of Cash Flow**  
**For the Period August 1, 2006 through November 28, 2006**  
**Unaudited**  
**(\$)**

**Forecast and General Assumptions**

1. The purpose of the projections is to present a forecast of the cash flow of Retrocon Growth Fund, Inc. (the "Fund") for the period August 1, 2006 to November 28, 2006 (the "Period") in regard to its proposed proceedings under the Bankruptcy and Insolvency Act. The projected cash flow reflects the Fund's planned course of action during the Period. The underlying assumption is that the Fund will attempt to realize on its remaining investments via a sale process. The investments will be closely monitored to ensure that further deterioration does not occur.

The projected cash flow statement has been prepared based on assumptions developed and prepared by the Fund which are normally categorized into two groups:

- Hypothetical assumptions; and
- Most probable assumptions.

**Hypothetical Assumptions**

2. The sale of the Retrocon Mill-Market FET ("RMMF FET") shares is based on the assumption that the shares will sell for net proceeds of \$6.46 per share which is expected to remain materially consistent through to the time of the sale.

3. Income distributions from RMMF FET shares are based on the scheduled sale dates and current income distribution levels which are expected to remain materially consistent through to the time of the share sale.

**Most Probable Assumptions**

4. Amount reflects the net proceeds of the sale of three RCF real estate properties, two of which are subject to purchase and sale agreements.

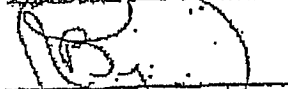

5. Interest payments are estimated based on the schedule of repayments of secured debt. The dates of these payments are subject to minor changes based on negotiations between the Fund and the Purchaser of the investments.

6. Secured debt will be repaid as the proceeds from the sale of the investments become available.


7. Professional fees include the fees of the Proposed Trustee, and legal fees associated with the Fund's restructuring proceedings.

8. Miscellaneous costs are based on historical results.

**RETROCON GROWTH FUND, INC.**

  
 Per \_\_\_\_\_  
  
 Date \_\_\_\_\_

**REYNOLDS & CO.**

  
 Per \_\_\_\_\_  
 August 2, 2006  
 Date \_\_\_\_\_

# **EXHIBIT B**

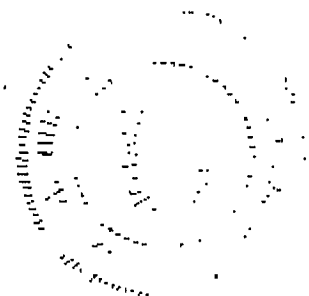
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**THIS IS EXHIBIT "B" REFERRED TO IN THE  
AFFIDAVIT OF ROBERT R. BLAKELY  
SWORN THE 27<sup>TH</sup> DAY OF NOVEMBER 2006**



**A Notary Public**

**WILLIAM A. DUSHENSKI  
BLAKELY & DUSHENSKI**  
Barristers - Solicitors - Notaries  
310 First Edmonton Place  
10665 Jasper Avenue  
Edmonton, Alberta T5J 3S9  
Ph: 425-7200 Fax: 425-7202



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**Third Report of RSM Richter Inc.  
In its Capacity as Proposal Trustee**

**Re: Retrocom Growth Fund Inc.**

RSM Richter Inc.  
Toronto, November 27, 2006

RSM Richter is an independent member firm of RSM International,  
An affiliation of independent accounting and consulting firms.

DOCSTOR: 120499212

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Court File No. 31-452496

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE  
PROPOSAL OF RETROCOM GROWTH FUND INC.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**THIRD REPORT OF  
RSM RICHTER INC.  
AS PROPOSAL TRUSTEE**

**November 27, 2006**

**1. INTRODUCTION**

This report is filed by RSM Richter Inc. ("Richter") in its capacity as Proposal Trustee ("Trustee") of Retrocom Growth Fund Inc. (the "Company" or "RGF"), pursuant to the Company's Notice of Intention to Make a Proposal ("NOI") filed by the Trustee with the Office of the Superintendent of Bankruptcy on August 1, 2006 ("Filing Date") under the *Bankruptcy and Insolvency Act* ("BIA"). The Company was granted an initial extension of the time required to file its proposal to October 16, 2006 by the Ontario Superior Court of Justice (the "Court") on August 30, 2006. The Company was granted a further extension of the time required to file its proposal to December 1, 2006 by the Court on October 13, 2006.

On October 13, 2006 Richter was appointed interim receiver (the "Interim Receiver") of the Company pursuant to Section 47.1 of the BIA, with its powers limited to controlling the Company's receipts and disbursements, controlling the Company's books and records and engaging certain management personnel.

RSM Richter is an independent member firm of RSM International,  
An affiliation of independent accounting and consulting firms.



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### 1.1 Purpose of this Report

This report ("Third Report") is filed in support of the Company's motion for an extension of the time required to file its proposal for a further forty-five (45) days. This report outlines the background information of the Company; the activities of the Company and the Interim Receiver since the Trustee's second report dated October 10, 2006 ("Second Report"); and the anticipated transactions of the Company involving assets that are either directly or indirectly owned by the Company.

## 2. BACKGROUND OF THE COMPANY

The Company was established to invest in small and medium-sized companies involved in innovative building technologies and construction and real estate development. The Company is amalgamated under the laws of Canada and is registered as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario), and as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada).

In lieu of hiring its own employees, the Company has relied on third parties to manage its affairs. As such, the Company previously entered into a management agreement with Retrocom Investment Management Inc. ("RIMI"), under which RIMI was engaged to manage the Company and to provide, among other things, investment and project advisory services and monitoring and promotional services to the Company.

## 3. ACTIVITIES OF THE COMPANY SINCE THE FILING DATE

Since the Filing Date, the Company has worked towards realizing on its various investments. Efforts have been made to secure purchasers for the Company's real estate interests. The Company has also been in the process of updating its records to determine the quantum of its

RSM Richter

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3

non-capital tax losses and to restore the operating status of two of its wholly-owned subsidiaries to facilitate the sale of two of its real estate interests.

On September 18, 2006, the RIMI personnel who were providing the management and administration services for the Company were terminated by RIMI. The RIMI personnel were Paul Black Jr. and Jackie Loynd who were employees, and Blair Taylor who was an independent contractor (collectively referred to as "Management Personnel"). The Management Personnel are considered to be valuable to the Company as it continues to realize on its investments, in particular as a result of their familiarity with the Company's investments and ability to provide ongoing valuable services to the Company such as the compilation of information on the Company's tax losses.

Subsequent to the termination of the Management Personnel by RIMI, Richter retained the Management Personnel as independent contractors to assist in the Company's administration. It is likely that had the Company previously become bankrupt, the trustee in bankruptcy would have retained the services of the Management Personnel in similar fashion. Since the filing of the Second Report, Blair Taylor has terminated his services with the Company and Richter.

#### **4. ACTIVITIES OF THE INTERIM RECEIVER**

Since the appointment of the Interim Receiver on October 13, 2006, the Interim Receiver has assumed the responsibility of administering the Company's receipts and disbursements. In that regard, the Interim Receiver has contacted the Company's various banking institutions and arranged for the funds held at the banking institutions to be transferred to an estate account maintained on behalf of the Company by the Interim Receiver.

RSM Richter

## 5. PENDING REAL ESTATE DISPOSITIONS

The Company has negotiated the sale of three of its real estate interests, the sales of which are currently scheduled to close in December, 2006 and January, 2007.

### The Belleville Property

This property is a mall located in Belleville, Ontario. This property is a co-ownership with title to the property held by a wholly-owned subsidiary of the Company, Rushview Holdings Inc. ("Rushview"), on behalf of itself and its co-owner.

To date, Rushview and its co-owner have negotiated and executed an agreement of purchase and sale with a purchase price of \$13.3 million. The closing of the sale was previously scheduled to take place on October 16, 2006; however, due to various complications including the fact that Rushview's corporate charter had lapsed, the closing of this transaction has been delayed several times. The Company has now taken the steps necessary to have Rushview's corporate charter reinstated. The closing is now expected to occur on December 12, 2006. Upon completion of this sale, the Company expects to receive approximately \$1.2 million after discharging encumbrances on the property.

### The Midland Property

Located in Midland, Ontario (the "Midland Property"), this property owned by Newton Building Corporation ("Newton") (a wholly-owned subsidiary of the Company). The Midland Property consists of 38 serviced lots for residential development.

To date, an agreement of purchase and sale has been executed with a purchase price of \$1.9 million. A closing date for this sale was originally scheduled for June 17, 2006; however, due to the non-filing of corporate tax returns in prior years, Newton's corporate charter had

lapsed. As a result, the closing of this transaction has been delayed several times while the Company considered its various options on how to complete the sale. The Company and the purchaser have now restructured the transaction in a manner which will likely enable the sale to be completed in early December, 2006. As a result of the delay, the purchaser has negotiated a price abatement of \$300,000. This abatement represents the carrying cost of the property to the purchaser through the winter months, during which development of the property cannot occur.

#### The Cornwall Property

This property is the Bowling Palace of Cornwall, located in Cornwall, Ontario. A conditional agreement of purchase and sale has been accepted by the Company in the amount of \$2 million. A closing date was scheduled for November 2, 2006; however, a condition of the purchase and sale agreement relating to the tenant's lease commitment was not satisfied before the closing date and, as such, an amendment was made to the purchase and sale agreement to extend the closing date. The Purchaser now has until December 15, 2006 to waive conditions. The sale is currently conditional upon the purchaser successfully completing a Phase 1 environmental assessment which it indicated would not commence until the tenant lease condition was satisfied. The sale is expected to close on or around January 3, 2007 if the purchaser waives the condition. At the moment, it is anticipated that the proceeds of this sale will be paid to the mortgage and tax arrears related to the property. It is expected that the sale will yield RGF approximately \$600,000 that can be used for general corporate purposes.

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Other Property

Negotiations for the disposition of one additional real estate interest are essentially complete. It is anticipated that this transaction will close in tandem with the Midland Property in early December, 2006. Upon the completion of this transaction, there would be a \$450,000 reduction in the indebtedness to one of RGF's secured creditors. The property is located at 220 Dundurn Street South, Hamilton, Ontario

**6. TAX LOSSES**

During the time immediately preceding the Filing Date and since that time, the Trustee has held several discussions with six parties that have expressed interest in the Company's tax losses through an acquisition of the Company. The tax losses are estimated to be approximately \$63 million. Discussions are still ongoing with one party who has expressed serious interest in the Company's tax losses and it is believed that discussions will continue past December 1, 2006. In addition, three other parties have expressed interest, to the Company's counsel, in the Company's tax losses. A bankruptcy of the Company would eliminate the possibility of a third party utilizing the tax losses.

If the Company is able to realize value with respect to the tax losses, there is likely to be significant additional value ultimately available to creditors; the realization of such value is dependant upon a successful proposal being implemented.

**7. SECURED CREDITORS**

A number of the Company's assets are expected to be realized during the next forty-five days. There are a number of parties who appear to have secured interests in the assets that are expected to be sold or otherwise realized. Counsel for the Company and the Interim Receiver are reviewing the security held by the various parties to determine their validity.

RSM Richter

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Set out in Appendix "1" is a listing of the various registrants under the *Personal Property Security Act* (Ontario).

## 8. CASH FLOW

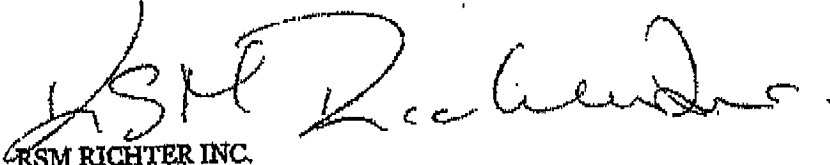
The Company has updated its projected cash flow to January 19, 2007. The updated cash flow is set out in Appendices "2" and "2-1".

## 9. CONCLUSION AND RECOMMENDATION

The Company is acting in good faith and with due diligence in taking steps to deal with its assets and put together a viable proposal to its creditors. It is the Trustee's view that an extension will not adversely affect any group of creditors. The extension would afford interested parties the time necessary to negotiate a transaction in respect of the Company's tax losses. If a transaction can be negotiated for the tax losses, there would be an enhanced recovery for the Company's creditors.

Accordingly, the Trustee supports the Company's motion for an extension of the time required to file its proposal.

All of which is respectfully submitted,



RSM RICHTER INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
RETROCOM GROWTH FUND INC.  
AND NOT IN ITS PERSONAL CAPACITY

RSM Richter

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**Report on Cash Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of Retrocom Growth Fund Inc. ("RGF") has developed the assumptions and prepared the attached statement of projected cash flow of RGF for the period December 1, 2006 to January 19, 2007.

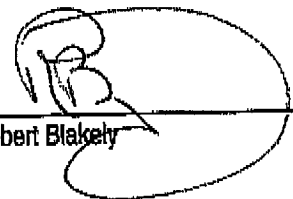
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of RGF and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 2 to 8.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in Notes 2 to 8. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, this 27th day of November, 2006.

RETROCOM GROWTH FUND INC.

  
Robert Blakely

Appendix "1"

**REGISTERED SECURITY INTERESTS IN THE**  
**ASSETS OF RETROCOM GROWTH FUND INC.**

	Secured Party(ies)	Debtor(s)	Collateral Classification	General Collateral Description	Reference File No. & Registration Number(s)	Comments
1.	1313263 Ontario Limited The Canada Trust Company Trustee for the self-directed retirement savings plan of Glanville G. Piccin The Canada Trust Company Trustee for the self-directed retirement savings plan of Elizabeth Bettos	Retrocom Growth Fund Inc.	Inventory, Equipment, Accounts, Other	Guarantee and pledge of 200,000 units of Retrocom Mid-Market Real Estate Investment Trust	619395174 20051003 1619 1862 7135	Renewal five years
2.	1578312 Ontario Inc.	Retrocom Growth Fund Inc.	Inventory, Equipment, Accounts, Other	Guarantee and assignment and postponement of claim.	As amended by: 20051005 1221 1862 7241 611500464 20041220 1641 1862 9994	To add additional Secured Party/s Renewal five years
3.	Firm Capital Mortgage Fund Inc.	Retrocom Growth Fund Inc.	Inventory, Equipment, Accounts, Other	Pledge of units of Retrocom Mid-Market Real Estate Investment Trust	609919704 20041019 1603 1862 5513	Renewal five years
4.	Royal Bank of Canada	Retrocom Growth Fund Inc.	Accounts, Other		895874391 20030627 1907 1531 7997	Renewal five years

DOCSTOR: 11992721

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	Secured Party(ies)	Debtor(s)	Collateral Classification	General Collateral Description	Reference File No. & Registration Number(s)	Comments
5.	Striker Bowling Solutions Inc.	Retrocom Growth Fund Inc.	Equipment, Other	10-G8 98 Pinsetters 5-G8 98 Kickbacks 10-Schmidt CA-1 Pinsetters with dropwarp and track 5 framework interfaces for framework scores	891658602 20030213 1132 1489 0243	Renewal five years
					As amended by: 20030213 1535 1489 0244	Assignment of interest in collateral from 1588817 Ontario Inc. to Retrocom Growth Fund Inc.
					As amended by: 20040521 1100 1489 0342	To correct the corporation number
6.	Bank of Montreal	Retrocom Growth Fund Inc.	Accounts, Other	LF 198 pledge of fluctuating cash collateral LF 269 pledge of instrument and assignment of proceeds	849226518 19990317 1036 1529 6482	Renewal five years
					As amended by: 20040202 1948 1531 4827	Renewal five years
					As amended by: 20050603 1459 1530 7371	To add accounts to collateral classification and to add to general classification

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	Secured Party(ies)	Debtor(s)	Collateral Classification	General Collateral Description	Reference File No. & Registration Number(s)	Comments
7.	Royal Bank of Canada	The Bowling Palace of Cornwall Inc. Retrocom Growth Fund Inc. 1490546 Ontario Inc. Primo Time Bowl Sports & Entertainment Centre Inc.	Equipment	Debtor's additional addresses are - 1108 Brookdale Road, Cornwall, Ontario H4G 1C2 10, Tollgate East, Cornwall, Ontario	841659858 19980611 1442 1530 9532	Renewal ten years
					As amended by: 20010605 1455 1590 6434	To add a Debtor
					As amended by: 20011019 1811 1862 1245	To add a Debtor
					As amended by: 20040909 1543 1862 2832	To add a Debtor
8.	Optus Capital Corporation	Retrocom Growth Funds Inc.	Inventory, Equipment, Accounts, Other	General Security Agreement	081412866 19971021 1140 0043 5256	Renewal two years
					As amended by: 19991019 1726 0043 2438	Renewal three years
					As amended by: 20021001 1535 1793 5292	Renewal five years
					As amended by: 20051216 1449 1590 9040	Transfer from Morgan Wilshire Finchwood Limited to Retrocom Growth Funds Inc.
9.	Optus Capital Corporation	Retrocom Growth Fund Inc.	Accounts, Other	General assignment of accounts receivable	081412884 19971021 1140 0043 5254	Renewal 2 years
					As amended by: 19991019 1726 0043 2439	Renewal three years

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Secured Party(ies)	Debtor(s)	Collateral Classification	General Collateral Description	Reference Filing No. & Registration Number(s)	Comments
				As amended by: 20021001 1528 1793 5290	Renewal five years
				As amended by: 20051216 1450 1590 9041	Transfer from Morgan Wilshire Finchwood Limited to Retrocom Growth Fund Inc.
10.	Optus Capital Corporation	Accounts, Other	Assignment of material contracts	081412893 19971021 1140 0043 5253	Renewal two years
				As amended by: 19991019 1226 0043 2440	Renewal three years
				As amended by: 20021001 1522 1793 5288	Renewal five years
				As amended by: 20051216 1450 1590 9043	Transfer from Morgan Wilshire Finchwood Limited to Retrocom Growth Fund Inc.
11.	Bennett Jones LLP RSM Richer Inc. G Park Consulting Inc. Pasken Marineau Dul/Moulin LLP	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		625504734 20060525 1541 1862 2492	625504734 20060525 1541 1862 2492 Renewal two years

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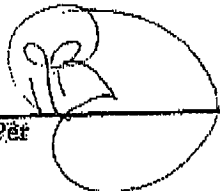
Appendix 2

**Retrocom Growth Fund Inc.**  
**Projected Statement of Cash Flow**  
**For the Period December 1, 2005 through January 19, 2006**  
**Unaudited**

	Notes	Amount
<b>CASH INFLOWS</b>		
Retrocom Mid-Market REIT share sale	2	\$12,000
Retrocom Mid-Market REIT distribution	3	7,000
Sale of real estate interests	4	3,855,000
<b>TOTAL CASH INFLOWS</b>		<u>4,674,000</u>
<b>CASH OUTFLOWS</b>		
Secured debt repayment	5	2,135,000
Billed and accrued professional fees - Trustee	6	210,000
Projected professional fees - Trustee	7	170,000
Billed and accrued professional fees - Legal	8	192,000
Projected professional fees - Legal	9	75,000
Consulting fees	10	35,000
Miscellaneous	11	2,000
<b>TOTAL CASH OUTFLOWS</b>		<u>2,821,000</u>
<b>NET CASH FLOW</b>		<u>1,853,000</u>
<b>OPENING CASH BALANCE</b>	12	77,000
<b>NET CASH FLOW</b>		<u>1,930,000</u>
<b>ENDING CASH BALANCE</b>		<u>2,621,000</u>

The above financial projections are based on management's assumptions detailed in Exhibit "2-1".  
The note references correspond to the assumption numbers shown in Exhibit "2-1".

RETROCOM GROWTH FUND INC.

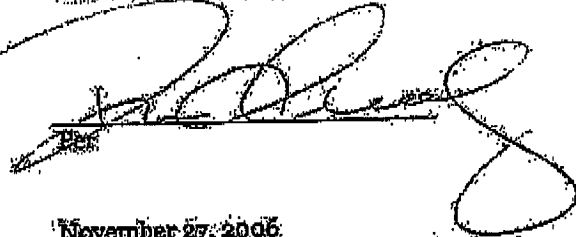


Per

November 27, 2005

Date

RSM RICHTER INC.



November 27, 2005

Date

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Appendix 2a

**Retrocom Growth Fund Inc.**  
**Notes to Projected Statement of Cash Flow**  
**For the Period December 1, 2006 through January 19, 2007**  
**Unaudited**

**Purpose and General Assumptions**

1. The purpose of the projection is to illustrate the cash flow of Retrocom Growth Fund Inc. (the "Fund" or "RGR") for the period December 1, 2006 to January 19, 2007 (the "Period") in regard to its proposed proceedings under the Bankruptcy and Insolvency Act. The projected cash flow reflects the Fund's planned course of action during the Period. The underlying assumption is that the Fund will attempt to realize on its remaining investments in a timely process. The investments will be closely monitored to ensure that further deterioration does not occur.

The projected cash flow statement has been prepared based on assumptions developed and approved by the Fund which are generally categorized into two groups:

- Hypothetical assumptions; and
- Most probable assumptions.

**Hypothetical Assumptions**

2. The sale of the Retrocom Mid-Market Real Estate Trust (the "Trust") is based on the assumption that the Trust will sell for net proceeds of \$250,000 which is expected to remain materially consistent through to the time of the sale.
3. Income distribution from RGR's US funds is based on the scheduled sale dates and current income distribution levels which are expected to remain materially consistent through to the time of the sale.

**Most Probable Assumptions**

4. Amount reflects net proceeds of the sale of three RGR real estate properties, two of which are subject to purchase and sale agreements.
5. Secured debt will be repaid from proceeds from the sale of the investments becoming available.
6. From interest in the sale of the Trust and legal fees associated with the Fund's restructuring proceedings, legal fees include the fees of the Company's counsel and the fees of the proposed Trustee's counsel. Estimated fees for legal fees to be made to the former personnel of Retrocom Investment Management Inc. to be retained by RGR on behalf of RGR. The fees of the proposed Trustee's counsel and the fees of the Company's counsel are secured liabilities of the Company pursuant to a general security agreement between, and on behalf of the Company, Bennett Jones LLP and RGR, dated June 7, 2006.

The components of these fees are as follows:

Treasury fees (including trustee's legal counsel):	\$ 110,000
Amount billed and unpaid to October 31, 2006	100,000
Accrued fees from November 1, 2006 to November 19, 2006	375,000
Estimated fees from December 1, 2006 to January 19, 2007	200,000
<b>Total</b>	<b>485,000</b>

Legal fees:	127,000
Amount billed and unpaid to October 31, 2006	60,000
Accrued fees from November 1, 2006 to November 19, 2006	75,000
Estimated fees from December 1, 2006 to January 19, 2007	25,000
<b>Total</b>	<b>160,000</b>

Consulting fees:	\$ 375,000
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7. Miscellaneous costs are based on historical results.

8. Approximately \$500,000 of the opening cash balance is pledged to support guarantees and is not available for general corporate purposes.

**RETROCOM GROWTH FUND INC.**

Per

November 27, 2006

Date

**REM RICHIE INC.**

November 27, 2006

Date

Court File No. 31-452496

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

**AFFIDAVIT OF ROBERT R. BLAKELY**

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One First Canadian Place  
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**Robyn Ryan Bell (LSUC #28345F)**  
(416) 777-4874  
[ryanbellr@bennettjones.ca](mailto:ryanbellr@bennettjones.ca)

# **TAB 3**

**Third Report of RSM Richter Inc.  
In its Capacity as Proposal Trustee**

**Re: Retrocom Growth Fund Inc.**

RSM Richter Inc.  
Toronto, November 27, 2006

RSM Richter is an independent member firm of RSM International,  
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DOCSTOR: 1204992\2



Court File No. 31-452496

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE  
PROPOSAL OF RETROCOM GROWTH FUND INC.  
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**THIRD REPORT OF  
RSM RICHTER INC.  
AS PROPOSAL TRUSTEE**

**November 27, 2006**

**1. INTRODUCTION**

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## **2. BACKGROUND OF THE COMPANY**

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This property is the Bowling Palace of Cornwall, located in Cornwall, Ontario. A conditional agreement of purchase and sale has been accepted by the Company in the amount of \$2 million. A closing date was scheduled for November 2, 2006; however, a condition of the purchase and sale agreement relating to the tenant's lease commitment was not satisfied before the closing date and, as such, an amendment was made to the purchase and sale agreement to extend the closing date. The Purchaser now has until December 15, 2006 to waive conditions. The sale is currently conditional upon the purchaser successfully completing a Phase 1 environmental assessment which it indicated would not commence until the tenant lease condition was satisfied. The sale is expected to close on or around January 3, 2007 if the purchaser waives the condition. At the moment, it is anticipated that the proceeds of this sale will be paid to the mortgage and tax arrears related to the property. It is expected that the sale will yield RGF approximately \$600,000 that can be used for general corporate purposes.

### Other Property

Negotiations for the disposition of one additional real estate interest are essentially complete. It is anticipated that this transaction will close in tandem with the Midland Property in early December, 2006. Upon the completion of this transaction, there would be a \$450,000 reduction in the indebtedness to one of RGF's secured creditors. The property is located at 220 Dundurn Street South, Hamilton, Ontario

## **6. TAX LOSSES**

During the time immediately preceding the Filing Date and since that time, the Trustee has held several discussions with six parties that have expressed interest in the Company's tax losses through an acquisition of the Company. The tax losses are estimated to be approximately \$63 million. Discussions are still ongoing with one party who has expressed serious interest in the Company's tax losses and it is believed that discussions will continue past December 1, 2006. In addition, three other parties have expressed interest, to the Company's counsel, in the Company's tax losses. A bankruptcy of the Company would eliminate the possibility of a third party utilizing the tax losses.

If the Company is able to realize value with respect to the tax losses, there is likely to be significant additional value ultimately available to creditors; the realization of such value is dependant upon a successful proposal being implemented.

## **7. SECURED CREDITORS**

A number of the Company's assets are expected to be realized during the next forty-five days. There are a number of parties who appear to have secured interests in the assets that are expected to be sold or otherwise realized. Counsel for the Company and the Interim Receiver are reviewing the security held by the various parties to determine their validity.

RSM Richter

Set out in Appendix "1" is a listing of the various registrants under the *Personal Property Security Act* (Ontario).

## 8. CASH FLOW

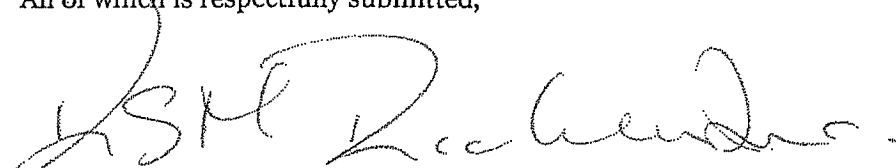
The Company has updated its projected cash flow to January 19, 2007. The updated cash flow is set out in Appendices "2" and "2-1".

## 9. CONCLUSION AND RECOMMENDATION

The Company is acting in good faith and with due diligence in taking steps to deal with its assets and put together a viable proposal to its creditors. It is the Trustee's view that an extension will not adversely affect any group of creditors. The extension would afford interested parties the time necessary to negotiate a transaction in respect of the Company's tax losses. If a transaction can be negotiated for the tax losses, there would be an enhanced recovery for the Company's creditors.

Accordingly, the Trustee supports the Company's motion for an extension of the time required to file its proposal.

All of which is respectfully submitted,



RSM RICHTER INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
RETROCOM GROWTH FUND INC.  
AND NOT IN ITS PERSONAL CAPACITY

**Report on Cash Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of Retrocom Growth Fund Inc. ("RGF") has developed the assumptions and prepared the attached statement of projected cash flow of RGF for the period December 1, 2006 to January 19, 2007.

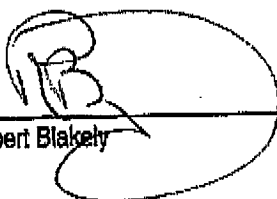
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of RGF and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 2 to 8.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in Notes 2 to 8. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, this 27th day of November, 2006.

RETROCOM GROWTH FUND INC.

  
Robert Blakely



**REGISTERED SECURITY INTERESTS IN THE**  
**ASSETS OF RETROCOM GROWTH FUND INC.**

	Secured Party(ies)	Debtor(s)	Collateral Classification	General Collateral Description	Reference File No. & Registration Number(s)	Comments
1.	1313263 Ontario Limited The Canada Trust Company Trustee for the self-directed retirement savings plan of Gianfranco G. Piccin The Canada Trust Company Trustee for the self-directed retirement savings plan of Elizabeth Bottos	Retrocom Growth Fund Inc.	Inventory, Equipment, Accounts, Other	Guarantee and pledge of 200,000 units of Retrocom Mid-Market Real Estate Investment Trust	619395174 20051003 1619 1862 7135	Renewal five years
					As amended by: 20051005 1221 1862 7241	To add additional Secured Party's
2.	1578312 Ontario Inc.	Retrocom Growth Fund Inc.	Inventory, Equipment, Accounts, Other	Guarantee and assignment and postponement of claim.	611500464 20041220 1641 1862 9994	Renewal five years
3.	Firm Capital Mortgage Fund Inc.	Retrocom Growth Fund Inc.	Inventory, Equipment, Accounts, Other	Pledge of units of Retrocom Mid-Market Real Estate Investment Trust	609919704 20041019 1603 1862 5513	Renewal five years
4.	Royal Bank of Canada	Retrocom Growth Fund Inc.	Accounts, Other		895874391 20030627 1907 1531 7997	Renewal five years

	Secured Party(ies)	Debtor(s)	Collateral Classification	General Collateral Description	Reference File No. & Registration Number(s)	Comments
5.	Striker Bowling Solutions Inc.	Retrocom Growth Fund Inc.	Equipment, Other	10-GS 98 Pinsetters 5-GS 98 Kickbacks 10-Schmidt CA-1 Pinsetters with dropsweep and track 5 frameworx interfaces for frameworx scorers	891658602 20030213 1132 1489 0243	Renewal five years
					As amended by: 20030213 1535 1489 0244	Assignment of interest in collateral from 158817 Ontario Inc. to Retrocom Growth Fund Inc.
					As amended by: 20040521 1100 1489 0342	To correct the corporation number
6.	Bank of Montreal	Retrocom Growth Fund Inc.	Accounts, Other	LF 198 pledge of fluctuating cash collateral LF 269 pledge of instrument and assignment of proceeds	849226518 19990317 1036 1529 6482	Renewal five years
					As amended by: 20040202 1948 1531 4827	Renewal five years
					As amended by: 20050603 1459 1530 7371	To add accounts to collateral classification and to add to general classification

	Secured Party(ies)	Debtor(s)	Collateral Classification	General Collateral Description	Reference File No. & Registration Number(s)	Comments
7.	Royal Bank of Canada	The Bowling Palace of Cornwall Inc. Retrocom Growth Fund Inc. 1490546 Ontario Inc. Prime Time Bowl Sports & Entertainment Centre Inc.	Equipment	Debtor's additional addresses are - 1108 Brookdale Road, Cornwall, Ontario H4G 1C2 10, Tollgate East, Cornwall, Ontario	841659858 19980611 1442 1530 9532	Renewal ten years
					As amended by: 20010605 1455 1590 6434	To add a Debtor
					As amended by: 20011019 1811 1862 1245	To add a Debtor
					As amended by: 20040909 1543 1862 2832	To add a Debtor
8.	Optus Capital Corporation	Retrocom Growth Funds Inc.	Inventory, Equipment, Accounts, Other	General Security Agreement	081412866 19971021 1140 0043 5256	Renewal two years
					As amended by: 19991019 1226 0043 2438	Renewal three years
					As amended by: 20021001 1535 1793 5292	Renewal five years
					As amended by: 20051216 1449 1590 9040	Transfer from Morgan Wilshire Finchwood Limited to Retrocom Growth Funds Inc.
9.	Optus Capital Corporation	Retrocom Growth Fund Inc.	Accounts, Other	General assignment of accounts receivable	081412884 19971021 1140 0043 5254	Renewal 2 years
					As amended by: 19991019 1226 0043 2439	Renewal three years

	Secured Party(ies)	Debtor(s)	Collateral Classification	General Collateral Description	Reference File No. & Registration Number(s)	Comments
					As amended by: 20021001 1528 1793 5290	Renewal five years
					As amended by: 20051216 1450 1590 9041	Transfer from Morgan Wilshire Finchwood Limited to Retrocom Growth Fund Inc.
10.	Optus Capital Corporation	Retrocom Growth Fund Inc.	Accounts, Other	Assignment of material contracts	081412893 19971021 1140 0043 5253	Renewal two years
					As amended by: 19991019 1226 0043 2440	Renewal three years
					As amended by: 20021001 1522 1793 5288	Renewal five years
					As amended by: 20051216 1450 1590 9043	Transfer from Morgan Wilshire Finchwood Limited to Retrocom Growth Fund Inc.
11.	Bennett Jones LLP RSM Richter Inc. G Park Consulting Inc. Fasken Martineau DuMoulin LLP	Retrocom Growth Fund Inc.	Inventory, Equipment, Accounts, Other, Motor Vehicle Included		625504734 20060525 1541 1862 2492	625504734 20060525 1541 1862 2492 Renewal two years

Retrocom Growth Fund Inc.  
**Projected Statement of Cash Flow**  
 For the Period December 1, 2006 through January 19, 2007  
 Unaudited  
 (\$)

	Notes	Amount
<b>CASH INFLOWS</b>		
Retrocom Mid-Market REIT share sale	2	812,000
Retrocom Mid-Market REIT distribution	3	7,000
Sale of real estate interests	4	3,855,000
<b>TOTAL CASH INFLOWS</b>		<u>4,674,000</u>
<b>CASH OUTFLOWS</b>		
Secured debt repayment	5	2,137,000
Billed and accrued professional fees - Trustee	6	210,000
Projected professional fees - Trustee	6	170,000
Billed and accrued professional fees - Legal	6	192,000
Projected professional fees - Legal	6	75,000
Consulting fees	6	35,000
Miscellaneous	7	2,000
<b>TOTAL CASH OUTFLOWS</b>		<u>2,821,000</u>
<b>NET CASH FLOW</b>		<u>1,853,000</u>
<b>OPENING CASH BALANCE</b>	8	771,000
<b>NET CASH FLOW</b>		<u>1,853,000</u>
<b>ENDING CASH BALANCE</b>		<u>2,624,000</u>

The above financial projections are based on management's assumptions detailed in Exhibit "2-1"  
 The note references correspond to the assumption numbers shown in Exhibit "2-1"

**RETROCOM GROWTH FUND INC.**

**RSM RICHTER INC.**

"Bob Blakely"  
 Per

"Robert Harlang"  
 Per

November 27, 2006  
 Date

November 27, 2006  
 Date

Retrocom Growth Fund Inc.  
Notes to Projected Statement of Cash Flow  
For the Period December 1, 2006 through January 19, 2007  
Unaudited  
(\$)

**Purpose and General Assumptions**

1. The purpose of the projection is to present a forecast of the cash flow of Retrocom Growth Fund Inc. (the "Fund" or "RGF") for the period December 1, 2006 to January 19, 2007 (the "Period") in regard to its proposal proceedings under the *Bankruptcy and Insolvency Act*. The projected cash flow reflects the Fund's planned course of action during the Period. The underlying assumption is that the Fund will attempt to realize on its remaining investments via a sale process. The investments will be closely monitored to ensure that further deterioration does not occur.

The projected cash flow statement has been prepared based on assumptions developed and prepared by the Fund which are normally categorized into two groups:

- Hypothetical assumptions; and
- Most probable assumptions.

**Hypothetical Assumptions**

2. The sale of the Retrocom Mid-Market REIT ("RMMR.UN") shares is based on the assumption that the shares will sell for net proceeds of \$5.60 per share which is expected to remain materially consistent through to the time of the sale.
3. Income distributions from RMMR.UN shares are based on the scheduled sale dates and current income distribution levels which are expected to remain materially consistent through to the time of the share sale.

**Most Probable Assumptions**

4. Amount reflects the net proceeds of the sale of three RGF real estate properties, two of which are subject to purchase and sale agreements.
5. Secured debt will be repaid as the proceeds from the sale of the investments become available.
6. Professional fees include the fees of the Proposal Trustee, and legal fees associated with the Fund's restructuring proceedings. Legal fees include the fees of the Company's counsel and the fees of the Proposal Trustee's counsel. Consulting fees include payments to be made to the former personnel of Retrocom Investment Management Inc. to be retained by Richter on behalf of RGF. The fees of the Proposal Trustee, its counsel, and the fees of the Company's counsel are secured liabilities of the Company pursuant to a general security agreement between, *inter alia*, the Company, Bennett Jones LLP and RSM Richter Inc. dated June 7, 2006.

The components of these fees are as follows:

Trustee's fees (including Trustee's legal counsel):	
Amount billed and unpaid to October 31, 2006	\$ 110,000
Accrued fees from November 1, 2006 to November 30, 2006	100,000
Estimated fees from December 1, 2006 to January 19, 2007	170,000
Total	<u>380,000</u>
Legal fees:	
Amount billed and unpaid to October 31, 2006	127,000
Accrued fees from November 1, 2006 to November 30, 2006	65,000
Estimated fees from December 1, 2006 to January 19, 2007	75,000
Total	<u>267,000</u>
Consulting Fees:	<u>\$ 35,000</u>

7. Miscellaneous costs are based on historical results.
8. Approximately \$500,000 of the opening cash balance is pledged to support guarantees and is not available for general corporate purposes.

RETROCOM GROWTH FUND INC.

RSM RICHTER INC.

"Bob Blakely"  
Per \_\_\_\_\_

"Robert Harlang"  
Per \_\_\_\_\_

November 27, 2006  
Date \_\_\_\_\_

November 27, 2006  
Date \_\_\_\_\_

# TAB 4

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

THE HONOURABLE	)	WEDNESDAY, THE 29 <sup>TH</sup> DAY
	)	
JUSTICE	)	OF NOVEMBER, 2006

**IN THE MATTER OF THE PROPOSAL OF  
RETROCOM GROWTH FUND INC. PURSUANT  
TO THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

**ORDER  
(Extension of Time to File Proposal)**

THIS MOTION made by Retrocom Growth Fund Inc. ("Retrocom") was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Robert R. Blakely sworn November 27, 2006 and the exhibits thereto, and upon hearing the submissions of counsel for Retrocom and counsel for RSM Richter Inc.:

1. THIS COURT ORDERS THAT the time for service of the Notice of Motion is hereby abridged.
2. THIS COURT ORDERS THAT the time by which Retrocom may file a proposal to its creditors is hereby extended by 45 days from December 1, 2006 to January 15, 2007, pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada).

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Court File No. 31-452496

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**ORDER**  
(Extension of Time to File Proposal)

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*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

**MOTION RECORD OF  
RETROCOM GROWTH FUND INC.**  
(Motion Returnable November 29, 2006)

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Solicitors for the Moving Party, Retrocom  
Growth Fund Inc.