

**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 January 12, 2007)**

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M5X 1A4

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**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)**

I N D E X

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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 January 12, 2007)**

Retrocom Growth Fund Inc. ("Retrocom") will make a motion to a judge of the Superior Court of Justice – Commercial List, on Friday January 12, 2007 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 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
2. extending the time for Retrocom to file a proposal to January 31, 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 continue dealings regarding its real estate properties and further attempts at realizing 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. to manage its affairs.
6. On November 29, 2006, this Honourable Court granted Retrocom a further extension of time to file a proposal until January 15, 2006.

7. Retrocom seeks an extension of time to file a proposal to its creditors so that it can continue realizing maximum value for its creditors through dispositions of assets in a non-bankruptcy context and finalize terms of a proposal.
8. Retrocom has received letters of interest (“LOIs”) from three parties interested in utilizing the benefit of Retrocom’s tax losses. The intent is to reach a definitive deal with one of these three parties by January 22, 2007 in order to file a proposal before the end of January 2007. Retrocom is optimistic that an appropriate deal can be achieved. Such a deal would produce a net financial benefit for Retrocom’s creditors by accessing value otherwise unavailable to them.
9. A bankruptcy of Retrocom at this time would eliminate the possibility of such a deal proceeding.
10. Retrocom has acted and is acting in good faith and with due diligence.
11. It is in the interests of Retrocom’s creditors that this short extension of time be granted so that a definitive deal with one of the three parties to the LOIs can be achieved and the proposal finalized.
12. There will be no prejudice to Retrocom’s creditors if the requested extension of time is granted.
13. Subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada).

14. Rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*.
15. 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 January 9, 2007 and the exhibits attached thereto;
2. The Fourth Report of RSM Richter Inc., dated January 9, 2007; and
3. Such further and other material as counsel may advise and this Honourable Court may permit.

January 10, 2007

BENNETT JONES LLP

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Suite 3400, P.O. Box 130
Toronto, ON M5X 1A4

S. Richard Orzy (LSUC # 23181D)
Tel: 416.777.5737

Robyn M. Ryan Bell (LSUC # 28345F)
Tel: 416.777.4874
Fax: 416.863.1716

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 January 12, 2007)

BENNETT JONES LLP
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ryanbellr@bennettjones.ca

Solicitors for the Moving Party, Retrocom
Growth Fund Inc.

Tab 2

**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 January 9, 2007)**

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 Fourth 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. to manage its affairs.

10. On November 29, 2006, this Honourable Court granted Retrocom a further extension of time to file a proposal until January 15, 2007.

11. From the inception of these proceedings, the main goal has been to realize value for Retrocom's creditors 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.

12. In prior affidavits, I have referred to pending sales of certain of Retrocom's real estate interests. The transaction pertaining to one property, a mall in Belleville, Ontario, closed in early January 2007.

13. The sale of a second property, located in Midland, Ontario, was aborted as a result of the purchaser being unable to obtain financing.

14. A third property, located in Cornwall, Ontario, is scheduled to close on January 29, 2007.

15. The ability to access value through a transaction enabling a third party to utilize the benefit 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 utilizing Retrocom's tax losses have been sought and information has been provided to a number of interested parties.

16. As a result of this process, three letters of interest ("LOIs") have been received. Retrocom, its counsel and the Trustee held separate discussions with the three interested parties in order to clarify the terms and conditions of their respective LOIs. The intent is to reach a definitive deal with one of the three parties to the LOIs by January 22, 2007 in order to file the Proposal before the end of January 2007. It is believed that negotiations with these parties will

continue past January 15, 2007, but Retrocom is optimistic that an appropriate deal can be achieved. Such a deal will produce a net financial benefit for Retrocom's creditors by accessing value otherwise unavailable to them. A bankruptcy of Retrocom would eliminate the possibility of such a deal proceeding.

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

18. I believe that it is in the interest of Retrocom's creditors that this short extension be granted so that a definitive deal with one of the three parties to the LOIs can be achieved and the Proposal finalized.

19. I believe that Retrocom's creditors will not be prejudiced if the short extension being applied for is granted. The Trustee supports Retrocom's request for an extension of time to file its Proposal.

SWORN BEFORE ME at the City of)
Ottawa, in the Province of Ontario, this 9th)
day of January, 2007.)

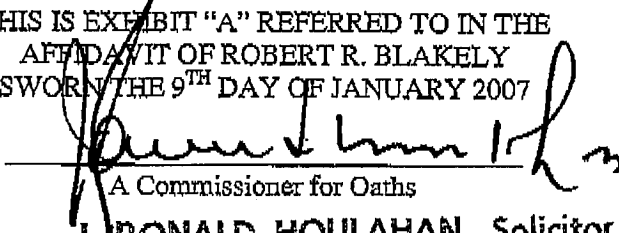
A Commissioner, etc.

J. RONALD HOULAHAN, Solicitor

Robert R. Blakely

Tab A

THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF ROBERT R. BLAKELY
SWORN THE 9TH DAY OF JANUARY 2007



A Commissioner for Oaths

J. RONALD HOULAHAN, Solicitor

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, 2008

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, 6th floor, Toronto, ONTARIO, M4T 1M2, 416/973-6486

Canada

AUG-01-08 19:15

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R-273

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

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H A C L Y N A U U I E

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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 31st 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.**

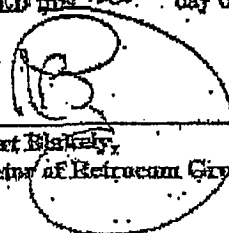
"WHEREAS the Corporation is insolvent and is no longer able to meet its obligations generally as they fall due and, for this reason, it would be in the best interest of the Corporation that it file a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada).

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 26th 2006, which resolution was passed at such meeting and remains in full force and effect, unamended as of the date hereof.

DATED this 25th day of July, 2006.



Robert Blakely,
Director of Retrocom Growth Fund Inc.

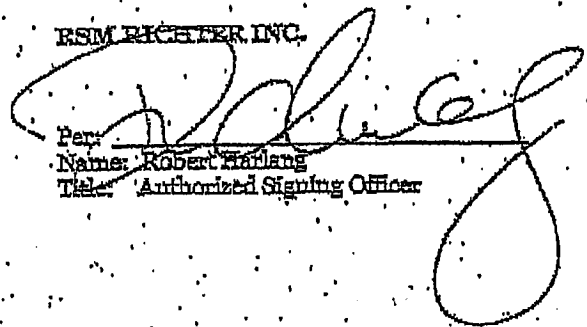
IN THE MATTER OF THE PROPOSAL OF RETROCOM GROWTH FUND
INC., OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

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

Redmond Group Ltd. Real Inc.
Charitable Listing
As at August 1, 2006

Company	Contact	Address	Telephone Numbers	Amount Owed
Secured:				
Forlen Mortgage Underwrite LLP	Andi Apperwal	55 Wellington St. W., Box 4000 Toronto, ON M5G 1B9	Ext 416-556-8281 Fax 416-556-7613	\$0.000
Media Notice	Frank Klein	4375 Steeles Ave. W., Ste. 201 Woodbridge, ON L4L 4T4	Ext 905-850-0555 Fax 905-850-0458	\$772,105
First Capital Mortgage Fund Inc.		c/o First Capital Mortgage Corp. 1004 Catherine Road Toronto, ON M6H 2C8	Ext 416-553-0221 Fax 416-553-0793	\$300,000
Total Secured				<u>\$1,072,105</u>
Unsecured:				
Ashtech LLP	Travis Whiffen	P.O. Box 22, 2287 W. 22nd Ave. Toronto, ON M6K 1H1	Ext 416-777-0101 Fax 416-865-3298	\$25,754
Chigroup Fund Services Canada Inc.	Jon Leung	5000 Hwy 7, 2000 Markham Blvd. E. Markham, ON L3R 9V1	Ext 905-844-3889 Fax 905-844-3800	\$07,608
Chic Valley Partners Limited	Scott Davidson	80 Richmond St. W., Ste. 2000 Toronto, ON M5G 1A4	Ext 416-464-5700 Fax 416-564-5707	\$1,307
Commonwealth Capital Inc.	Geoffrey W. Hurd	300-204 Victoria Ave. Windsor, ON N9A 1G9	Ext 224-252-2500 Fax 224-252-2500	\$5,577
Forlen Mortgage Underwrite LLP	Andi Apperwal	55 Wellington St. W., Ste. 4000 Toronto, ON M5G 1B9	Ext 416-556-8281 Fax 416-556-7613	\$15,508
Ford's Inc.	Ron Thayer	130 King St. W., 10th Fl. Toronto, ON M5X 1C2	Ext 416-590-2336 Fax 416-590-2336	\$375
INW Local 553	Joe Fashley	1377 Lawrence Ave. E. Toronto, ON M3A 3T8	Ext 416-316-2330 Fax 416-316-1418	\$000,372
Loopy's News Ltd.	John C. Fashley	225 Queen's Park Drive, Ste. 400 Toronto, ON M5S 1V7	Ext 416-716-4700 Fax 416-716-4700	\$1,500
Province of New Brunswick Dept. of Finance	Frank Wadell	P.O. Box 607 Bathurst, NS B1A 1X1	Ext 506-424-7377 Fax 506-424-7377	\$05,607
RBC Direct Investor Services	Marlene El Raza	20 King St. West, 9th Floor Toronto, ON M5X 1C4	Ext 416-593-2506	\$12
Smith, Nelson & Co. LLP	Rob Malhotra	300 Bay St. Ste. 1900 Toronto, ON M5H 2Y2	Ext 416-596-1200 Fax 416-597-2238	\$2,514
Stewart MacGillivray Shilling & Miller	Mark S. Shilling	P.O. Box 777 Bathurst, NS B1A 1X1	Ext 506-424-7300 Fax 506-424-7300	\$1,332
Thylor & Co.	Mark Thylor	23 Broadway Church Bathurst, NS B1A 1X1	Ext 416-534-2994	\$1,400
Paul F. Black	Paul F. Black	225 Queen's Park Drive, Ste. 400 Toronto, ON M5S 1V7	Ext 416-716-4700	\$200
Vancor Ventures		1000 Young Towne, 200 Bay Street Toronto, ON M5G 1B9	Ext 416-550-6117 Fax 416-550-6412	\$12
UNY Group	Andrew Collins	30 Bay Street, Suite 1900 Toronto, ON M5H 2Y2	Ext 416-596-2700 Fax 416-596-2714	\$1,366
Total Unsecured				<u>\$1,770,367</u>
Guaranteed:				
First Monor Development and Solutions (Re: Institutional Capital)	Frank Klein	c/o Frank Klein 4375 Steeles Ave. W., Ste. 201	Ext 905-850-0555 Fax 905-850-0458	\$700,000
USC Mortgage Inc. (Re: Refinance)	Maria Acunando	P.O. Box 112 Commercial Court Postal Station Toronto, ON M5L 1E3	Ext 416-596-0411 ext 2249	\$500,000
IF Europe (Re: Int. Finance)	Ernest Fashley	80 Chambers Avenue East P.O. Box 467, Campbellville, ON L0P 1B7	Ext 905-854-4703 Fax 905-854-4703	\$200,000
REO (Re: Reducing Equipment Loan - Cornwall)	Joe Hira c/o Kipras L. Kallik	c/o Kipras L. Kallik 225 Richmond Street West, Suite 200 Toronto, ON M5H 2R5	Ext 416-596-0752 ext 2 Tel: (416) 367-4224 Fax (416) 367-4224	\$50,000
Total Guarantees				<u>\$1,450,000</u>

Page 15/27

RSM Richter

August 1, 2006

RSM Richter Inc.
200 King St. W., P.O. Box 44
Toronto, ON M5H 3T4
Tel: 416.582.8000 Fax: 416.582.8220
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:

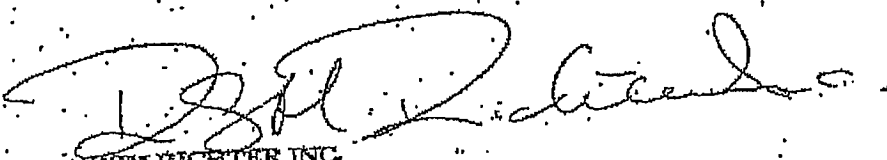
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the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

Page 2

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 1st day of August, 2006.



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

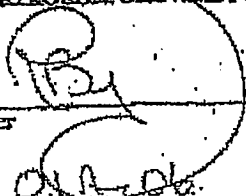
Retrocon Growth Fund Inc.
 Projected Statement of Cash Flow
 For the Period August 1, 2006 through November 3, 2006
 Unaudited
 (\$)

Exhibit "A"

	Notes	Amount
CASH INFLOWS		
Retrocon Mid-Market REIT share sale	2	1,615,000
Retrocon Mid-Market REIT distribution	3	13,560
Sale of Real Estate Interests	4	3,582,500
TOTAL CASH INFLOWS		<u>5,211,060</u>
CASH OUTFLOWS		
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	5,538
TOTAL CASH OUTFLOWS		<u>3,240,289</u>
NET CASH FLOW		<u>1,970,771</u>
OPENING CASH BALANCE		698,709
NET CASH FLOW		<u>1,970,771</u>
ENDING CASH BALANCE		<u>2,669,480</u>

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

RETROCON GROWTH FUND INC.

By 
 Per _____
 Date August 2, 2006

RSM PricewaterhouseCoopers Inc.

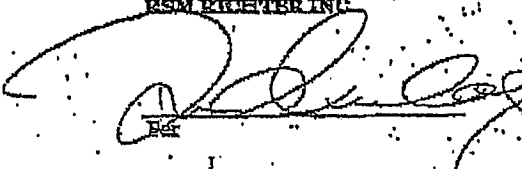

 By _____
 Date August 2, 2006

Exhibit "A-4"

Retrocom Growth Fund, Inc.
Notes to Projected Statement of Cash Flow
For the Period August 1, 2006 through November 2, 2006
Unaudited
(\$)

Purpose and General Assumptions

1. The purpose of the projections is to present a forecast of the cash flow of Retrocom Growth Fund, Inc. (the "Fund") for the period August 1, 2006 to November 2, 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 Retrocom Mid-Market FUND ("RMMF FUND") shares is based on the assumption that the shares will sell for net proceeds of \$5.46 per share which is expected to remain materially consistent through to the time of the sale.

3. Income distributions from RMMF FUND 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 RSP 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 repayments 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 outlined as historical results.

RETROCOM GROWTH FUND INC.

For

Date

RETROCOM GROWTH FUND INC.

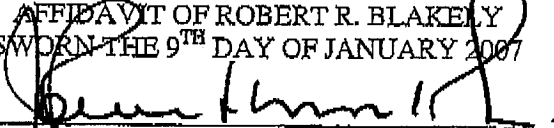
For

Date

August 2, 2006

Tab B

THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF ROBERT R. BLAKELY
SWORN THE 9TH DAY OF JANUARY 2007


A Commissioner for Oaths

J. RONALD HOULAHAN, Solicitor

RSM Richter

Fourth Report of RSM Richter Inc. in its Capacity as Proposal Trustee

Re: Retrocom Growth Fund Inc.

RSM Richter Inc.
Toronto, January 9, 2007

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**

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

January 9, 2007

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 two further extensions of the time required to file its proposal to December 1, 2006 and January 15, 2007 by the Court on October 13, 2006 and November 29, 2006, respectively.

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.

1.1 Purpose of this Report

This report ("Fourth Report") is filed in support of the Company's motion for an extension of the time required to file its proposal for a further fourteen (14) days. This report outlines the activities of the Company and the Interim Receiver since the Trustee's third report dated November 27, 2006 ("Third 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

Background information for the Company is included in the previous three reports of the Trustee. These reports, related motion materials and Court Orders are in the Court record and are available on the Trustee's website, at <http://www.rsmrichter.com/Restructuring/Retrocom.aspx>.

3. ACTIVITIES OF THE COMPANY SINCE THE PREVIOUS ORDER

Since the previous Order was granted on November 29, 2006, the Company's efforts have principally focused on negotiating and finalizing the sale of the Company's real estate interests and tax losses.

3.1 Pending Real Estate Transactions

The Company has negotiated the sale of two of its real estate interests, both of which are scheduled to close in January, 2007.

3.1.1 Cornwall Property

This property is the Bowling Palace of Cornwall, located in Cornwall, Ontario. A conditional purchase and sale agreement was accepted by the Company with a purchase price of \$2 million. As a result of information obtained by the purchaser during the due diligence period, the purchaser revised its offer to reflect a purchase price of \$1.6 million. The Company consulted with its real estate agent regarding the reduced price. If the property were put back on the market, it would likely take three (3) to four (4) months before a new transaction would be completed. In addition, there would be no certainty to the ultimate price that would be achieved. After a series of negotiations, the purchaser and the Company ultimately agreed to a purchase price of \$1.65 million and an unconditional agreement of purchase and sale was accepted by the Company. A closing date for this transaction is scheduled for January 29, 2007. It is expected that the sale will yield approximately \$400,000 to RGF after payment of the mortgage, realty taxes and other adjustments.

3.1.2 Dundurn Property

Negotiations for the disposition of this real estate interest are essentially complete. Upon the completion of this transaction, there would be a \$435,000 reduction in the indebtedness to one of RGF's secured creditors. The property is located at 220 Dundurn Street South, Hamilton, Ontario.

3.1.3 Midland Property

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

An agreement of purchase and sale had previously 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 was delayed several times while the Company considered its various options on how to complete the sale. The Company and the purchaser attempted to restructure the transaction in a manner which would have enabled the sale to be completed in December, 2006. As a result of the purchaser being unable to obtain financing, the transaction has been aborted. The mortgagee has since indicated that it intends to enforce on its security and sell the property under its mortgage.

As additional security for this mortgage, 200,000 shares of the Retrocom Mid-Market Real Estate Investment Trust ("RMMR") were pledged as collateral. Since the filing date, with the authorization of the mortgagee, the Company sold the shares and remitted the funds to the mortgagee to pay down the mortgage. Net proceeds of these share sales were approximately \$1.3 million. Overall, the mortgagee is expected to suffer a shortfall of approximately \$250,000 in respect of the mortgage on the Midland Property and may have an unsecured claim against the Company.

3.2 Completed Asset Disposition

Since the filing of the Third Report the Company has completed the sale of one of its real estate assets. This transaction is discussed below.

3.2.1 Belleville Property

This property is a mall located in Belleville, Ontario. The 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.

Rushview and its co-owner 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 taken the steps necessary to have Rushview's corporate charter reinstated and the closing of the transaction occurred on January 4, 2007. After debt encumbrances RGF received net proceeds of \$385,000 in respect of this transaction.

3.3 Tax Losses

During the time immediately preceding the Filing Date and since that time, the Trustee and counsel to the Company have held discussions with nine (9) 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. In addition, one of the interested parties represents approximately thirty-four (34) other parties that may have an interest in the Company's tax losses.

Each of the interested parties was required to sign a confidentiality agreement before information related to the Company was released. The Company requested that interested parties submit offers for the Company's tax losses and remaining assets by 4:00 p.m. on December 20, 2006. In response to the request for offers, the Company received three letters of interest ("LOI") in respect of its tax losses and remaining assets. The LOI's varied in form but

generally included an up-front cash payment and an earn-out proposal whereby the prospective purchaser would pay additional amounts as the losses are utilized. The LOI's also included several conditions related to the status of the Company's tax filings, restructuring activities, remaining assets and appeal periods related to the tax losses.

The Company, its counsel and the Trustee reviewed the LOI's and held separate discussions with the three interested parties in order to clarify the terms and conditions of the LOI's. The intent is to come to a definitive deal with one of the three parties to the LOI's by January 22, 2007, in order to file the proposal by the end of January, 2007. It is believed that negotiations with these parties will continue past January 15, 2007, but the Company is optimistic that an appropriate transaction can be achieved. A bankruptcy of the Company would eliminate the possibility of such a transaction proceeding.

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 dependent upon a successful proposal being implemented.

4. ACTIVITIES OF RICHTER

Since the commencement of the NOI proceedings and the appointment of the Interim Receiver, Richter's activities in its capacities as Trustee and Interim Receiver have included:

- Assuming the responsibility of administering the Company's receipts and disbursements;
- Arranging for the funds held at the Company's various banking institutions to be transferred to an estate trust account maintained by the Interim Receiver;
- Assisting the Company to complete its various real estate transactions;
- Assisting the Company in its efforts to secure a purchaser for its tax losses and remaining assets;

- Speaking routinely with prospective purchasers for the Company's tax losses;
- Corresponding routinely with counsel for the Company in respect of the Company's tax losses, asset dispositions and various other matters;
- Posting a copy of various Court materials, including the motion materials, the Trustee's reports, and associated Court Orders, on the Trustee's website;
- Responding to numerous inquiries from the Company's unit-holders and creditors in respect of the Company's NOI proceedings; and
- Other matters pertaining to the administration of this mandate.

5. CASH FLOW

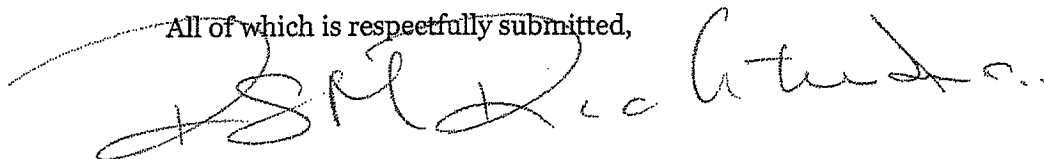
The Company has updated its projected cash flow to March 2, 2007. The updated cash flow is set out in Appendices "1" and "1-1".

6. 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 one of the LOI's. If such a transaction can be negotiated, 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

**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 January 15, 2007 to March 2, 2007.

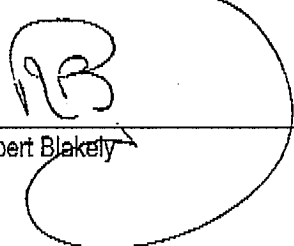
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of RGF and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 2 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 9th day of January, 2007.

RETROCOM GROWTH FUND INC.


Robert Blakely

January 9, 2007

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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 9th day of January, 2007, consisting of a Cash Flow Statement for the period January 15, 2007 to March 2, 2007, 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.

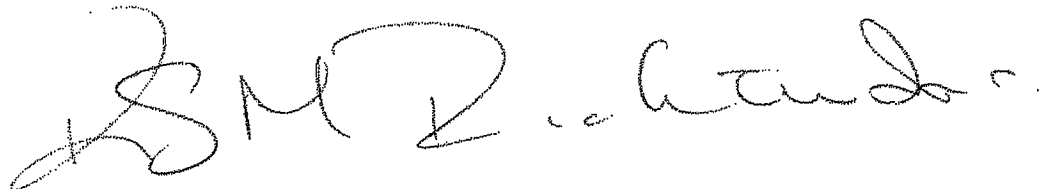
Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (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.

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 9th day of January, 2007.

A handwritten signature in cursive script, appearing to read "RSM Richter Inc.", written in dark ink.

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


Appendix "1"

Retrocom Growth Fund Inc.
Projected Statement of Cash Flow
 For the Period January 15, 2007 through March 2, 2007
 Unaudited
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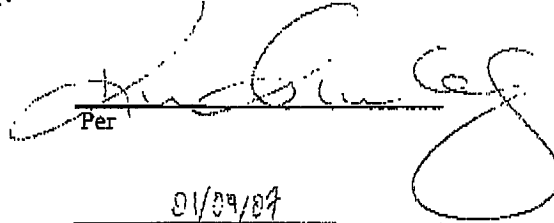
	Notes	Amount
CASH INFLOWS		
Retrocom Mid-Market REIT share sale	2	460,000
Retrocom Mid-Market REIT distribution	3	7,000
Sale of real estate interests	4	1,835,000
TOTAL CASH INFLOWS		<u>2,302,000</u>
CASH OUTFLOWS		
Secured debt repayment	5	1,435,000
Billed and accrued professional fees - Trustee	6	337,000
Projected professional fees - Trustee	6	100,000
Billed and accrued professional fees - Legal	6	310,000
Projected professional fees - Legal	6	140,000
Consulting fees	6	35,000
Miscellaneous	7	12,000
TOTAL CASH OUTFLOWS		<u>2,369,000</u>
NET CASH FLOW		<u>(67,000)</u>
OPENING CASH BALANCE	8	642,000
NET CASH FLOW		<u>(67,000)</u>
ENDING CASH BALANCE		<u>575,000</u>

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

RETROCOM GROWTH FUND INC.

Per 
 Date 09 Jan 07

RSM-RICHTER INC.

Per 
 Date 01/09/07

Appendix "1-1"

Retrocom Growth Fund Inc.
Notes to Projected Statement of Cash Flow
 For the Period January 15, 2007 through March 2, 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 January 15, 2007 to March 2, 2007 (the "Period") in respect of 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 \$4.60 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 interests, one of which is subject to a purchase and sale agreement.

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. Consulting fees include payments to be made to the former personnel of Retrocom Investment Management Inc. that have been 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 December 31, 2006
 Accrued fees to December 31, 2006
 Estimated fees from January 1, 2007 to March 2, 2007
 Total

\$ 287,000
 50,000
 100,000
 \$ 437,000

Legal fees:
 Amount billed and unpaid to November 30, 2006
 Accrued fees from December 1, 2006 to December 31, 2006
 Estimated fees from January 1, 2007 to March 2, 2007
 Total

\$ 240,000
 70,000
 140,000
 \$ 450,000

Consulting Fees:

\$ 95,000

7. Miscellaneous costs are based on historical results.

8. Approximately \$202,000 of the opening cash balance is not available for general corporate purposes.

RETROCOM GROWTH FUND INC.

Per

Date

RSM RICHTER INC.

Per

Date

Court File No. 31-452496

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

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Tab 3

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

THE HONOURABLE)	FRIDAY, THE 12 TH DAY
)	
JUSTICE)	OF JANUARY, 2007

**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 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the affidavit of Robert R. Blakely sworn January 9, 2007 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 to January 31, 2007, pursuant to subsection 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada).

Court File No. 31-452496

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

ORDER
(Extension of Time to File Proposal)

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Court File No. 31-452496

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

**MOTION RECORD OF
RETROCOM GROWTH FUND INC.**
(Motion Returnable January 12, 2007)

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Solicitors for the Moving Party, Retrocom
Growth Fund Inc.