

February 6, 2007

## **Important Information Concerning the Meeting of Creditors**

**To the Unsecured Creditors of Retrocom Growth Fund Inc. ("RGFI"):**

**Re: Proposed Adjournment of First Meeting of Creditors**

For the reasons set out below, it is expected that a motion will be made at the outset of the first meeting of creditors in respect of this Proposal (the "Meeting") to adjourn the Meeting to a date to be specified, but not later than May 31, 2007. RSM Richter Inc. (the "Trustee") supports this proposed adjournment. It is also expected that no other business will be conducted at the Meeting, and accordingly you may wish to complete and return the attached Proxy in favour of Mr. R. Orzy of Bennett Jones LLP, counsel to RGFI, rather than attending the Meeting in person. **THE PROXY WILL BE VOTED ONLY FOR THE MOTION TO ADJOURN THE MEETING.** In order for the Proxy to be effective, you will need to file a completed Proof of Claim form, which is also attached.

Since the Proposal, as currently drafted, cannot be completed until the share sale transaction described below is fully negotiated and completed, RGFI and the Trustee expect that the Proposal will need some amendment before it can be submitted for a vote by creditors. Accordingly, RGFI and the Trustee will not seek approval of the Proposal at this meeting.

## **Materials Relating to the Proposal, Including the Proxy**

Enclosed you will find materials relating to the Proposal lodged with the Trustee by RGFI and the Meeting called to consider and vote on that Proposal. As the Trustee has pointed out in its previous communications to creditors, all of the relevant documents filed with the Court in these proceedings are available on the Trustee's website at "[www.rsmrichter.com](http://www.rsmrichter.com)".

## **Share Purchase Agreement**

As discussed in some detail in the previous Court documents (including Trustee's Reports), the primary source of value for the creditors of RGFI is a proposed share purchase transaction. After a lengthy process and negotiations with a significant number of offerors, an agreement in principle (the "Agreement") has been reached with one potential purchaser. The Agreement, if consummated as proposed, will see very substantial additional value (in excess of \$2 million) made available to the creditors of RGFI. Unfortunately, the statutory requirements were such that the filing of the Proposal had to be done by January 31, 2007 and the Agreement has not yet been finalized in terms of execution of binding documentation. It is expected to be completed within the next three weeks.

**Certain Conditions Precedent to the Share Purchase Agreement**

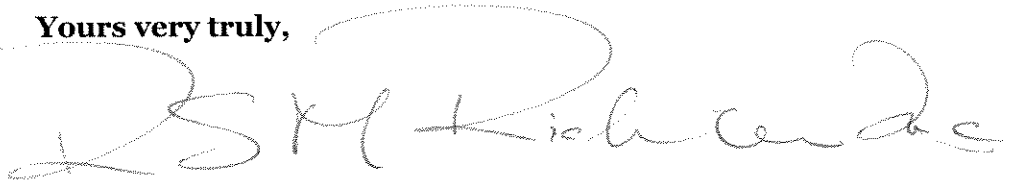
One of the features of the Agreement, which was also a feature of the other serious offers, is a requirement that, prior to the deal going 'firm', RGFI would have to prepare and file tax returns up to and including the 2006 tax year for itself and several of its subsidiaries. That will require a significant amount of time and effort on the part of RGFI and will not be completed before the scheduled date of the Meeting.

In addition, before the transaction under the Agreement can be finalized, these subsidiaries must also prepare and file their own proposals under the *Bankruptcy and Insolvency Act*.

The funding of the Proposal, as currently drafted, is contingent on the completion of the share sale transaction under the Agreement. Since this Agreement cannot be completed prior to the date of the Meeting, the only business which RGFI and the Trustee intend to conduct at the Meeting is to postpone the Meeting until not later than May 31, 2007, to allow time for the completion of the above-noted items, and to facilitate the completion of the share sale transaction under the Agreement.

**We ask that you complete and return to the Trustee the attached Proxy in favour of Mr. R. Orzy of Bennett Jones LLP, to be used only with respect to the motion for adjournment. If you do not wish to complete and return the Proxy, you are entitled to attend the Meeting and vote in person. In order to vote, by Proxy or in person, you are required to file a completed Proof of Claim form prior to the Meeting.**

Yours very truly,

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

**RSM Richter Inc.  
Trustee under the Proposal 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**

**TRUSTEE'S REPORT TO CREDITORS**

**February 5, 2007**

## **1. INTRODUCTION**

Retrocom Growth Fund Inc. (the "Company" or "Retrocom") filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to the provisions of Section 50.4 of the *Bankruptcy and Insolvency Act* ("BIA") with the office of the Superintendent of Bankruptcy on August 1, 2006. RSM Richter Inc. ("Richter" or "Trustee") consented to act as Trustee under the NOI.

The Company was granted four (4) extensions of the time required to file its proposal, ultimately to January 31, 2007, by the *Ontario* Superior Court of Justice (the "Court").

On October 16, 2006, Richter was appointed interim receiver (the "Interim Receiver") of the Company by the Court, 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.

On January 31, 2007, the Company filed a proposal pursuant to the BIA (the "Proposal") with Richter, which was subsequently filed with the office of the Superintendent of Bankruptcy on the same date. A copy of the Proposal is provided in Appendix "A". Richter has consented to act as Trustee under the Proposal.

Included in this package are the following:

- Notice of General Meeting of Creditors;
- Condensed Statement of Financial Position;
- List of creditors with corresponding claim amounts;
- Proof of claim form and proxy; and
- Voting letter.

The information in this report has been obtained from the Company's books and records and from discussions with management. We have not performed an audit or other verification of the information provided by the Company or other parties. Any use which a third party makes of this report, or any reliance or decisions based on this report, are the responsibility of such third party.

## 2. HISTORICAL FINANCIAL INFORMATION AND BACKGROUND

### 2.1 Background

The Company was established to invest in small and medium-sized companies involved in, among other things, 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).

The nature and structure of the Company's investments were subject to various restrictions imposed by federal and provincial tax legislation. In addition, Retrocom primarily invested in companies that engaged or employed members of Retrocom's sponsors' labour unions.

The Company's status as a labour-sponsored investment fund provided that individuals who purchased Class A shares of the Company were eligible for a federal tax credit equal to 15% of the cost of the investment to a maximum credit of \$750 per year (based on an investment of \$5,000). In addition, individuals resident in Ontario or New Brunswick who purchased Class A shares of the Company were also eligible for a provincial tax credit equal to 15% of the cost of the investment to a maximum credit of \$750 per year.

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. RIMI's compensation for its services was calculated as a percentage of the Company's net asset

value (“NAV”) at each month-end. Prior to the filing date, RIMI ceased to provide management services to the Company.

## 2.2 Historical Financial Results

According to the Company’s financial records, its historical financial results are as follows:

	<b>Unaudited (\$000's)</b>		
	<b>Year ended August 31, 2006</b>	<b>Year ended August 31, 2005</b>	<b>Year ended August 31, 2004</b>
Revenue	89,795	477,942	1,014,998
Expenses	4,699,734	5,102,305	4,424,454
Net Investment Income	(4,609,939)	(4,624,363)	(3,409,456)
Realized gain (loss) on sale of investments	(5,894,628)	(4,302,386)	13,198,656
Increase (decrease) in unrealized appreciation of investments	(10,477,348)	(29,481,105)	(19,334,127)
Net Income (loss)	(20,981,915)	(38,407,854)	(9,544,927)

### 2.3 Summary of Selected Significant Assets (unaudited)

<b>Investment</b>	<b>2004 Fair Value per Retrocom Financial Statements</b>	<b>2005 Fair Value per Draft Retrocom Financial Statements (unaudited)</b>	<b>Current Status of Investment</b>
Dundurn Street Loft Debt	\$2,736,863	\$600,000	Property is scheduled to be sold with no proceeds to Retrocom.
Estevan Mall	\$2,830,240	\$1,042,766	Property was sold in 2006 with proceeds to Retrocom of \$391,000.
Finchwood Village Plaza	\$6,583,274	\$3,249,619	Property has been placed into receivership by the first mortgagee. No proceeds are expected to be paid to Retrocom.
Ice Gardens at York University Debt	\$8,891,429	\$2,000,000	Property placed into receivership and sold with no recovery to the Company.
Laurentian Centre	\$2,077,114	\$0	Property was sold via power of sale; no recovery available to the Company.
Lauridon Sports Management Inc. Debt and Common Shares	\$5,651,497	\$650,000	Subject investment has no active business and no tangible assets of value; no proceeds received on this investment.
Newton Building Corporation Debt	\$2,129,274	\$1,400,000	Property is for sale under power of sale by the mortgagee. No proceeds are expected to be paid to Retrocom.
Gateway Business Park Project (Cambridge) Debt	\$4,288,411	\$1,487,000	Property was sold in 2006 with proceeds directed to pay the first mortgage. No proceeds were payable to Retrocom.
Prime Time Bowl Sports and Entertainment Inc. Debt	\$31,685	\$1,450,000	Business has no assets and no active business. No recovery to Retrocom is expected.
Rushview Holdings Inc.	\$4,803,159	\$900,000	Property was sold in 2006 with net proceeds paid to Retrocom of \$385,348.
Sahali Mall	\$2,141,000	\$0	Investment related to right of first refusal to purchase property. The property was sold in 2006 and the right of refusal was waived.
Sarnia Sports and Entertainment Inc. Debt	\$682,324	\$0	Business has no assets and no active business. No recovery to Retrocom is expected.

### 3. PRESENT FINANCIAL POSITION<sup>1</sup>

A summary of the Company's estimated financial position as at January 31, 2007 is as follows:

<b>ASSETS</b>	(\$000's)
Cash <sup>2</sup>	427
Mortgage Receivable <sup>3</sup>	440
Investments <sup>4</sup>	1,055
Total Assets	<u>1,922</u>
<b>LIABILITIES</b>	
Professional fees outstanding	210
Accounts payable and accrued liabilities <sup>5</sup>	1,798
Potential exposure on guarantees	4,380
Total liabilities	<u>6,388</u>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>	
Deficit	<u>(4,466)</u>
	<u>1,922</u>

### 4. CAUSES OF FINANCIAL DIFFICULTIES

Historically, the Company has generated negative cash flows from operations and has incurred net losses for the prior four (4) out of five (5) fiscal years. The Company typically invested funds in real estate ventures by way of secured debt. In numerous cases, the subject investments could not generate cash flows sufficient to service the debt owed to Retrocom. In many of these cases, Retrocom would advance further funds to the subject investment with the view that short term funding would see the project

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<sup>1</sup> As noted in Section 1, we have not performed a detailed review of the Company's accounting records or its accounting practices.

<sup>2</sup> Of the cash on hand as at January 31, 2007, approximately \$202,000 was received by the Company from a Canadian financial institution relating to the proceeds of security held in respect of a letter of credit. A third party has claimed entitlement to the funds and negotiations are ongoing with respect to a potential settlement between the Company and the third party.

<sup>3</sup> Represents the book value of the mortgage receivable.

<sup>4</sup> The value of the investments does not include the amount that may be realized upon the reorganization of the Company as contemplated by the Proposal.

<sup>5</sup> This amount does not include a claim made against the Company, by RIMI, in the amount of approximately \$3.85 million. Note that the Company believes that it is a net creditor of RIMI.



through to completion, at which time Retrocom would see the return of its investment with corresponding interest.

Often when the Company made the determination that an investment could not generate sufficient cash flows to repay its debt, Retrocom would assume ownership of the subject investment by various means, with the hope that the project could be brought to completion/profitability under Retrocom control. As can be seen from the Company's historical financial results, few of Retrocom's investments held over the past several years generated positive cash flows.

In 2005, Ontario Ministry of Finance made the decision to phase out the provincial tax credit program for investors of labour sponsored investment funds. This decision significantly accelerated the rate at which the Company received redemption requests and contributed to the Company's cash flow difficulties. Since the Company received redemption requests by unit-holders of the Company, which it could not meet due to unavailability of cash flows, it began the process of realizing on its assets in light of its mounting cash requirements.

All of these factors, together, have led to the Company's current financial difficulties, the filing of the NOI and ultimately to the filing of the Proposal.

## **5. THE PROPOSAL**

The Proposal contemplates settling the Company's obligations to its Affected Creditors (as defined in the Proposal) ("Creditors") and reorganizing its capital structure. The Proposal also contemplates that a new party would become the sole shareholder of the Company. Existing shareholders would have their shares cancelled for no consideration. The new shareholder would contribute in excess of \$2.0 million, which would be available to the Creditors pursuant to the Proposal.

The Proposal, if accepted and approved, in simple terms would provide the Creditors with a fund in full satisfaction of all claims against the Company, and an approximate expected recovery of \$0.42 on the dollar for known Affected Claims (as defined in the Proposal) based on the Company's records.

The Proposal fund would be comprised of the following:

- The proceeds from the realization of all of the Company's assets, excluding two specific properties, plus;
- The proceeds from the issuance of new shares to the new shareholder; less
- The professional costs of implementing the proposal.

In addition, Creditors would also receive the benefits of any proceeds of any litigation that may be commenced by the Trustee. This is discussed in greater detail in Section 6 of this report. Creditors are urged to read the actual Proposal in order to obtain a detailed understanding of the Proposal.

The agreement with the anticipated new shareholder has not been finalized. The agreement is expected to be finalized within the next three (3) weeks. In finalizing the agreement, the Company may be required to amend the Proposal. Due to the provisions under the BIA, the meeting of creditors was required to be convened by February 21, 2007. It is expected that the February 21, 2007 meeting of creditors will be adjourned to a date to be specified in the future. The meeting of creditors will be convened, with notice to the creditors, after the agreement with the new shareholder has been finalized and the Proposal has been amended, if necessary. It is not expected that the Proposal will be amended in a material or substantive manner.

## **6. APPOINTMENT OF INSPECTORS**

The Proposal allows for the appointment of up to five (5) inspectors by the Creditors. One of the more important powers of the inspectors will be to advise the Trustee on whether to pursue claims against third parties.

As set out in Section 2 of this report, RIMI was paid management fees by the Company based on the NAV of the Company's investment portfolio. Based on a preliminary review, it appears that RIMI may have received management fees which were in excess of what it should have received. To date, the Company has not initiated any litigation against RIMI. This matter will be discussed in greater detail with the inspectors who will be appointed in these proceedings.

## **7. RELEASES**

The Proposal provides for claims to be released against the Company, its officers and directors, as well as certain others. These releases will not preclude pursuance of insurers to the extent of insurance coverage.

## **8. PREFERENTIAL PAYMENTS**

As part of the Trustee's statutory duties under the BIA, a review of the Company's disbursement records must be undertaken to determine if any significant disbursements, during the three-month period prior to the filing of the NOI, could be deemed to be preferential payments, settlements or reviewable transactions in the event of bankruptcy. Our review of the records of the Company has revealed that there were no preference payments for the period from May 1, 2006 to August 1, 2006.

## **9. ESTIMATED DISTRIBUTION IN THE EVENT OF BANKRUPTCY**

Richter prepared a statement of net estimated realization in the event of bankruptcy which indicates that the Company would have approximately \$1,400,000 available for distribution. This analysis was performed in the event the Proposal is not accepted and the Company is deemed bankrupt. In such a case, the estimated projected distribution to unsecured creditors would be approximately \$0.23 per dollar of Affected Claims as compared to the estimated projected distribution of approximately \$0.42 contemplated under the Company's Proposal as described above. It should be noted that the distribution estimates noted above are based on the assumption that RIMI does not have a provable claim against the Company, as previously indicated in Section 3 (note 5) of this report.

## **10. ACCEPTANCE OF THE PROPOSAL**

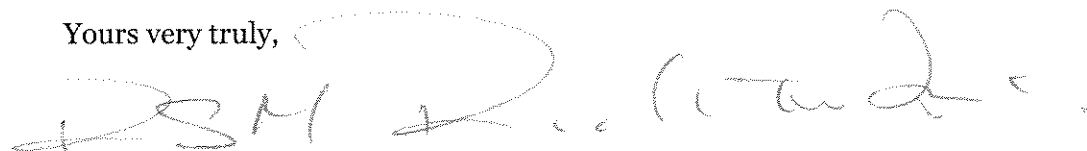
In order for the Proposal to be accepted, two-thirds in dollar value and over 50% in number of the Affected Creditors' class voting must vote in favour of the Proposal. The Proposal must also be approved by the Court. Rejection of the Proposal would result in the Company thereupon being declared bankrupt.

## **11. CONCLUSION**

The Proposal provides for the Creditors to receive proceeds from realization of the Company's assets, which the Creditors would also receive in a bankruptcy, plus the proceeds from the issuance of the new shares. The Proposal requires that the agreement with the anticipated new shareholder be finalized. As a result, the Trustee expects that the meeting to consider the Proposal will be adjourned; the Trustee would support such a motion.

The Trustee's report, as required by Section 50(5) of the BIA, will be tabled at the meeting of creditors to consider the Proposal.

Yours very truly,

A handwritten signature in dark ink, appearing to read "RSM Richter Inc.", written over a dotted line.

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

**In the Matter of the Proposal of Retrocom Growth Fund Inc.,  
a Corporation Duly Incorporated under the Laws of Canada,  
of the City of Toronto, in the Province of Ontario**

**PROPOSAL**

Retrocom Growth Fund Inc. hereby submits the following proposal under Part III, Division I of the *Bankruptcy and Insolvency Act* (Canada).

**ARTICLE I  
DEFINITIONS**

**1.01 Definitions**

In this Proposal:

"**Act**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, B-3, as amended;

"**Administrative Fees and Expenses**" means:

- (a) all proper fees and expenses of the Trustee incurred both before and after the filing by the Debtor of this Proposal pursuant to the Act; and
- (b) all reasonable fees and disbursements of counsel to the Trustee and counsel and financial advisors of the Debtor with respect to any proceedings relating to or arising out of the Proposal, the preparation of the Proposal and negotiations in connection therewith, the performance by the Debtor of its obligations hereunder, and advice to the Debtor with respect thereto, all up to and including the Effective Date;

"**Affected Claim**" means any Claim except for an Unaffected Claim;

"**Affected Creditor**" means any Creditor with an Affected Claim, but only with respect to and to the extent of such Affected Claim;

"**Affected Creditors Class**" means the class of Affected Creditors entitled to vote on this Proposal at the Creditors' Meeting;

"**Affiliate**" means any affiliate body corporate, as that term is defined in the *Canada Business Corporations Act*, of the Debtor. For greater certainty, neither Retrocom REIT nor RIMI shall be treated hereunder as an Affiliate;

"**Articles of Reorganization**" means the articles of reorganization to be filed in respect of the Debtor pursuant to the CBCA to give effect to the Reorganization, substantially in the form attached as Schedule "A" to this Proposal;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

**"Claim"** means any right or claim of any Person that may be made in whole or in part against the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind, which indebtedness, liability or obligation is in existence or which is based on an event, act or omission that occurred, or a condition that existed, in whole or in part prior to the Filing Date or that arises after the Filing Date as a result of or in connection with the repudiation of any Contract and any interest that may accrue thereon up to the Filing Date (or to the date of the repudiation of such Contract, where applicable) for which there is an obligation to pay, and amounts which such Person would be entitled to receive, pursuant to the terms of any Contract with such Person at law or in equity, by reason of the commission of a tort (intentional or unintentional), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) or for any other reason whatsoever against any property or assets, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which existed prior to the Filing Date (or to the date of the repudiation of such Contract, where applicable), together with any other rights or claims not referred to above that, in whole or part, would have been claims provable in bankruptcy had the Debtor become bankrupt at the Filing Date (or the date of the repudiation of such Contract, if applicable), together with any other rights or claims, whether or not asserted, made after the Filing Date in any way, directly or indirectly related to any action taken or power exercised prior to the Filing Date;

**"Contract"** means any contract, agreement, lease (including any lease of personal, real, movable or immovable property), permit, license or arrangement;

**"Court"** means the Ontario Superior Court of Justice (Commercial List);

**"Court Approval Date"** means the date upon which the Court makes an order approving this Proposal;

**"Creditor"** means any Person having a Claim and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of such Person;

**"Debtor"** means Retrocom Growth Fund Inc.;

**"Effective Date"** shall mean the date on which the transactions and agreements provided for in this Proposal, including the Reorganization Steps set out in Schedule "A" hereto, become effective, which shall be the date on which the certificate of the Trustee referenced in Section 2.02 is filed with the Court;

**"Filing Date"** means August 1, 2006, being the date upon which a notice of intention to make a proposal was filed by the Debtor with the Official Receiver in accordance with the Act;

**"Governmental Authority"** means any government, municipality, regulatory authority, governmental department, agency, commission, bureau, official, minister, agent, Court, board, tribunal, dispute settlement panel or body or other law, rule or regulation-making entity:

- (a) having or purporting to have jurisdiction on behalf of any nation, province, state or other geographic or political subdivision thereof; or
- (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

**"Inspector"** means any inspector appointed pursuant to Section 6.01 hereof;

**"Legislation"** means the legislation referred to in subsection 60(1.1) of the Act;

**"Litigation Claims"** means any and all claims, rights or choses in action that the Debtor may have against any Person, including, without limitation, RIMI;

**"Litigation Fund"** means a separate bank account, maintained by the Trustee, comprised of monies set aside from time to time, at the direction of the Inspectors, from the Proposal Fund, provided that sufficient funds are available in the Proposal Fund after reserving for the amounts contemplated in this Proposal;

**"New Shares"** means the new class of common shares in the capital of the Debtor to be created pursuant to the Articles of Reorganization;

**"New Share Purchase Agreement"** means the agreement to be entered into before February 28, 2007 between the Debtor and the New Share Purchaser for the purchase and sale of the New Shares;

**"New Share Purchaser"** means the purchaser of the New Shares pursuant to the New Share Purchase Agreement;

**"Old Equity"** means all of the issued and outstanding equity in the capital of the Debtor, including, without limitation, all issued and outstanding ordinary shares, common shares and preferred shares, and any option, warrant or agreement or right to purchase such equity, save and except for the New Shares;

**"Person"** means any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, corporation, body corporate or Governmental Authority;

**"Preferred Claim"** means a Claim enumerated in Section 136(1) of the Act;

**"Preferred Creditor"** means the holder of a Preferred Claim but only with respect to, and to the extent of, that Preferred Claim;

**"Proposal"** means this Proposal of the Debtor, as may be amended or altered in accordance with the terms hereof;



**"Proposal Fund"** means the fund created pursuant to and described in Article V of this Proposal;

**"Reorganization"** means the reorganization of the Debtor pursuant to Section 191 of the CBCA, for which approval of the Court will be sought on the Court Approval Date, as described in Section 7.01 of this Proposal;

**"Retained Assets"** means the assets of the Debtor to be retained by the Debtor subsequent to the Effective Date pursuant to the terms of the New Share Purchase Agreement, and not transferred to the Trustee;

**"Retrocom REIT"** means Retrocom Mid-Market Real Estate Investment Trust;

**"RIMI"** means Retrocom Investment Management Inc.;

**"Secured Claims"** means any Claim or portion thereof which was, as of the Filing Date, and still is, secured by a validly attached and existing security interest on the real or personal property of the Debtor, including security which was duly and properly perfected under the *Personal Property Security Act* (Ontario) at the Filing Date, to the extent, and only to the extent, of the lesser of: (a) the amount of such Claim as agreed to by the Debtor or as finally determined by a court of competent jurisdiction, and (b) the realizable value of the remaining property of the Debtor subject to such security interest having regard to, among other things, the priority of such security;

**"Secured Creditor"** means a creditor holding a Secured Claim, but only with respect to, and to the extent of, such Secured Claim. For greater certainty, any other claim by such creditor shall be an unsecured claim.

**"Superintendent's Levy"** means the levy payable to Superintendent of Bankruptcy pursuant to Section 147 of the Act;

**"Trustee"** means RSM Richter Inc., in its capacity as trustee in respect of this Proposal;

**"Unaffected Claim"** means only the following Claims and such other Claims as may be designated in this Proposal (or any amendments thereto) as not being affected by this Proposal and which are listed in the books and records of the Debtor or of which the Debtor and the Trustee have received actual notice:

- (i) claims for amounts due for goods or services actually supplied to the Debtor after the Filing Date;
- (ii) Secured Claims;
- (iii) Claims of the Trustee and its counsel, and Claims of the Debtor's counsel; and
- (iv) Crown claims referred to in Section 4.03.

"Unaffected Creditor" means a creditor holding an Unaffected Claim, but only with respect to, and to the extent of such Unaffected Claim.

## **ARTICLE II**

### **CONDITIONS PRECEDENT AND TRUSTEE'S CERTIFICATE**

#### **2.01 Conditions Precedent**

The implementation of this Proposal shall be conditional upon the fulfillment of all of the following conditions:

- (a) The Proposal shall be approved by the Affected Creditors in accordance with the Act; and
- (b) The Proposal and the Reorganization shall be approved by the Court and all appeal periods with respect to the approval orders in respect thereof shall have expired or the Debtor shall have decided to implement and complete the Proposal prior to the expiry of such appeal periods.

#### **2.02 Trustee's Certificate**

Upon the satisfaction (or, where applicable, waiver) of the conditions set out in Section 2.01, the Trustee shall file with the Court a certificate which states that all conditions precedent set out in Section 2.01 of this Proposal have been satisfied, and that the Effective Date has occurred. In so certifying that the conditions precedent set out in Section 2.01 of this Proposal have been satisfied, the Trustee shall be entitled to rely upon certificates, representations and confirmations from the Debtor or any director or officer thereof and the Trustee shall incur no liability in connection with its reliance thereon.

## **ARTICLE III**

### **CLASSES OF CREDITORS**

#### **3.01 Class of Creditors**

There shall be one class of Creditors for the purpose of voting on the Proposal, being the Affected Creditors Class.

## **ARTICLE IV**

### **TREATMENT OF CREDITORS' CLAIMS**

#### **4.01 Preferred Claims**

All proven Preferred Claims, as contemplated by Sections 136(1)(c) to 136(1)(i) of the Act, if any, will be paid without interest from the Filing Date in full from the Proposal Fund in priority to all Unsecured Claims but after reserving for the amounts set out in Section 5.01(b) of

this Proposal, provided however that Preferred Claims of employees and former employees equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the Filing Date, shall be paid by the Trustee from the Proposal Fund immediately after approval of this Proposal by the Court. For greater certainty, amounts due or which may become due pursuant to this paragraph do not include claims for severance or termination.

#### **4.02 Affected Claims**

Affected Claims, other than Preferred Claims shall be dealt with as follows:

Each Affected Creditor who, on the Effective Date, holds Affected Claims shall receive, in full and final satisfaction of its Affected Claims, payment of its *pro rata* share of the Proposal Fund in respect of its proven Affected Claims in accordance with Article V hereof.

#### **4.03 Crown Claims**

After the Court Approval Date, the Trustee shall pay from the Proposal Fund Her Majesty in Right of Canada and in Right of Ontario all amounts of a kind that could be subject to a demand under the Legislation, provided however that any such claims shall be paid from the Proposal Fund within six months after the Court Approval Date.

#### **4.04 Interest on Claims**

Interest shall not accrue or be paid on any Affected Claims after the Filing Date, and holders of Affected Claims shall only be entitled to interest accruing on or before the Filing Date on any such Affected Claims. All Claims in respect of interest on Affected Claims after the Filing Date shall be discharged and extinguished on the Effective Date.

### **ARTICLE V PAYMENT OF DISTRIBUTIONS TO CREDITORS**

#### **5.01 Composition and Distribution of Proposal Fund**

Subject to Section 2.01, the Trustee shall distribute from time to time in accordance with the provisions of this Proposal to each holder of a proven Affected Claim its *pro rata* share of the remaining Proposal Fund, which shall comprise:

- (a) the aggregate of the following amounts:
  - (i) all assets of the Debtor as of the Effective Date, other than the Retained Assets;
  - (ii) payments received by the Trustee pursuant to the New Share Purchase Agreement; and

- (iii) any proceeds received by the Trustee from Litigation Claims pursued by the Trustee for the benefit of the Affected Creditors, including, without limitation, any proceeds resulting from any judgment, order or settlement in respect of such Litigation Claims;

less:

- (b) the aggregate of the following amounts:
  - (i) the amount owing to the holders of Secured Claims with valid and enforceable security over the property of the Debtor, to the extent of such Secured Claims, as may be reduced from time to time by agreement of the holders of such Secured Claims;
  - (ii) a reasonable reserve, in an amount determined by the Trustee, on account of costs and expenses to be incurred by the Trustee after the Effective Date in carrying out the provisions of this Proposal and the Reorganization and including, without limitation, Administrative Fees and Expenses;
  - (iii) a reasonable reserve, in an amount to be determined by the Trustee, on account of goods or services actually supplied to the Debtor after the Filing Date;
  - (iv) the amounts paid pursuant to Section 4.03 hereof;
  - (v) the Litigation Fund, to the extent, if any, determined by the Inspectors to be allocated therefor in accordance with Article VI; and

The Trustee will only make distributions from the Proposal Fund if the amount available to be distributed makes such distributions economically practical, as determined by the Trustee, acting reasonably (having regard to, among any other considerations that the Trustee considers appropriate, the amount of liquid funds available to be distributed, any reserves or prior claims, the number of Persons to whom the distribution is to be made and the time at which further funds are expected to become available for distribution), which determination will be final and non-reviewable.

## **5.02 Disputed Claims**

In the case of any Disputed Claim that has not been finally determined on the date of any distribution to Affected Creditors pursuant to this Proposal, the Trustee will reserve sufficient cash from the Proposal Fund to distribute to the Affected Creditor its pro-rata share in respect of such Disputed Claim in the event that such Disputed Claim becomes a proven Affected Claim. If the Disputed Claim becomes a proven Affected Claim in whole or in part in accordance with the Act after the applicable distribution date, the cash reserved in respect of such Disputed Claim (or an appropriate portion thereof) will be distributed to such Affected Creditor. If the Disputed Claim is ultimately disallowed in whole or in part in accordance with the Act after such distribution date, any cash reserved in respect of such Disputed Claim (or the appropriate portion thereof) will become available again for distribution from the Proposal Fund.

### **5.03 Transfer to Trustee**

On the Effective Date, all assets of the Debtor, including Litigation Claims but excluding the Retained Assets, shall be, and shall be deemed to be, transferred and assigned by the Debtor to the Trustee for the benefit of the holders of proven Affected Claims.

## **ARTICLE VI** **INSPECTORS**

### **6.01 Appointment and Powers of Inspectors**

At any meeting of the Affected Creditors to be held to consider the Proposal, the Affected Creditors may appoint one or more, but not exceeding five, Inspectors whose powers shall include, in addition to the powers conferred to the Inspectors pursuant to the Act:

- (i) advising and directing the Trustee from time to time with respect to any matter that the Trustee may refer to them;
- (ii) advising the Trustee concerning any dispute that may arise as to the validity of claims of the Affected Creditors which the Trustee may refer to them; and
- (iii) considering the Litigation Claims and determining what Litigation Claims, if any, are to be pursued and, in consultation with the Trustee, overseeing and administering any such Litigation Claims, including, without limitation, the following:
  - (A) commencing or continuing any litigation, action, application or other proceeding or any step in connection therewith;
  - (B) retaining any counsel, advisor or professional in connection with the litigation, action, application or proceeding commenced or contemplated, and to instruct such counsel, advisors or professionals;
  - (C) determining the amount of funds that are reasonably required to pursue any step, litigation, action, application or proceeding, including any fees or costs payable to counsel, advisors or professionals in respect thereof, and providing directions to the trustee to retain such funds from the Proposal Fund, if and when such funds become available, for the Litigation Fund;
  - (D) authorizing any settlement, resolution, discontinuance or dismissal of any litigation, action, step or proceeding, whether commenced prior to or after the implementation of this Proposal, in respect of Litigation Claims; and

- (iv) directing the Trustee concerning any matter raised with the Inspectors by the Trustee related to the New Share Purchase Agreement and the Transactions contemplated thereby.

#### **6.02 Referral of Decisions of Inspectors to the Court**

Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

#### **6.03 Directions to Debtor and Trustee**

The Trustee shall be entitled to rely upon the decision of a majority in number of the Inspectors with respect to any direction, including, without limitation, in respect of any matter in relation to the Litigation Claims, and neither the Debtor nor the Trustee nor their respective legal counsel shall have any liability for acting in accordance with the decision of the Inspectors in respect thereof.

#### **6.04 Discharge of Inspectors**

The authority and term of office of the Inspectors shall terminate upon the discharge of the Trustee.

### **ARTICLE VII REORGANIZATION**

#### **7.01 Reorganization**

In order to realize value for Affected Creditors from the remaining property of the Debtor in accordance with the New Share Purchase Agreement, on the Court Approval Date, the Debtor will concurrently seek an Order of the Court to approve and effect the Reorganization in order to, *inter alia*:

- (a) Create the New Shares; and
- (b) cancel all of the issued and outstanding Old Equity in the capital of the Debtor,

all as more particularly set out in the Articles of Reorganization. Holders of Old Equity will not be entitled to any payment or compensation with respect to the cancellation of the Old Equity.

#### **7.02 Coordinated Restructuring, Reorganization and Proposal**

This Proposal contemplates a coordinated reorganization of the Debtor together with a compromise of Affected Claims against the Debtor. Therefore all of the actions, documents, agreements and funding necessary to implement each of the Reorganization and this Proposal must be in place and be final and irrevocable on or prior to the Effective Date.

**ARTICLE VIII**  
**AMENDMENT TO THE PROPOSAL**

**8.01 Amendment, Modification or Restatement of Proposal**

This Proposal and any term hereof may be amended, modified or restated by the Debtor, including, without limitation, to the extent necessary to give effect to or facilitate the New Share Purchase Agreement and the transactions contemplated therein, or by the Affected Creditors with the consent of the Debtor, at or prior to the meeting of Creditors called to consider the same or at or prior to any adjournment thereof or, if made after the meeting of Creditors, any such amendment, restatement or modification may be made unilaterally by the Debtor if, in the opinion of the Debtor and the Trustee, it concerns a matter which is administrative in nature and required to better give effect to the implementation of the Proposal and the Reorganization or to cure any errors, omissions or ambiguities and is not materially adverse to the financial or economic interests of the Affected Creditors, or with the approval of the Court in any other case.

**ARTICLE IX**  
**EFFECT OF PROPOSAL**

**9.01 Binding Effect of Proposal**

On the Effective Date, the Proposal shall be implemented by the Debtor and shall be fully effective and binding on the Debtor and all Persons affected by the Proposal. Without limitation, the treatment of Claims under the Proposal shall be final and binding on the Debtor, the Affected Creditors and all Persons affected by the Proposal and their respective heirs, executors, administrators, legal representatives, successors and assigns. For greater certainty, this Proposal shall not affect the Unaffected Creditors.

**9.02 Amendments to Agreements and Paramountcy of Proposal**

Notwithstanding the terms and conditions of all agreements or other arrangements with Affected Creditors entered into before the Filing Date, for so long as an event of default under this Proposal has not occurred, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern and be paramount.

**9.03 Deemed Consents and Authorizations of Affected Creditors**

Upon approval of this Proposal by Affected Creditors and the Court in accordance with the Act, all Affected Creditors will be deemed to have given such consents and authorizations and to have taken such steps as are necessary to give effect to the terms of this Proposal.

**ARTICLE X**  
**SUPERINTENDENT'S LEVY AND ADMINISTRATIVE FEES AND EXPENSES**

**10.01 Superintendent's Levy**

All monies payable under the Proposal shall be paid by the Debtor to the Trustee and notwithstanding any other provision hereof, all payments or distributions made by the Trustee in respect of Affected Claims pursuant to the terms hereof shall be made net of the Superintendent's Levy required to be paid pursuant to Sections 147 and 60(4) of the Act.

**10.02 Administrative Fees and Expenses**

Administrative Fees and Expenses will be paid from the Proposal Fund in priority to all Claims of Preferred Creditors and Affected Creditors, claims pursuant to Section 4.03, payments to the Litigation Fund, and all other Claims of any Person.

**ARTICLE XI**  
**RELEASE OF CLAIMS**

**11.01 Proposal Releases**

Upon the implementation of this Proposal on the Effective Date, the following Persons (being herein referred to individually as a "**Released Party**"): (i) the Debtor, its Affiliates and their respective various legal counsel; (ii) RSM Richter Inc., in all capacities, and its legal counsel; (iii) present and former directors and officers of the Debtor and its Affiliates in such capacities; (iv) the current legal counsel of the directors and officers of the Debtor; and (v) any Person claimed to be liable derivatively through any or all of the foregoing Persons; shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including, without limitation, any and all Claims in respect of statutory liabilities of present and former directors, officers and employees of any of the Related Entities, and any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Effective Date in any way relating to, arising out of or in connection with Claims, the business and affairs of the Debtor and its Affiliates, this Proposal and the Reorganization to the full extent permitted by law, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Debtor's obligations under the Proposal or any related document), provided that nothing herein:

- (a) shall release or discharge a Released Party from or in respect of its obligations under this Proposal;
- (b) shall affect the right of any Person:



- (i) to recover indemnity from any insurance coverage under which that Person is an insured, or
- (ii) to obtain recovery on a Claim against a Released Party from any insurer that has provided insurance coverage pursuant to which that Released Party is an insured Person, but, for certainty, any Claim to which an insurer is or would otherwise be subrogated is released hereunder such that the insurer shall not have any Claim against a Released Party, and the recovery to which such Person shall be entitled shall be limited to the proceeds of insurance actually paid by the insurer with respect to the Claim;
- (c) shall release or discharge present or former directors of any of the Related Entities with respect to matters set out in section 50(14) of the Act;
- (d) shall release or discharge RIMI or Retrocom REIT or any of their present or former directors or officers, in such capacity; or
- (e) shall release any Claim that the Debtor has or may have against any of its Affiliates.

#### **11.02 Extinguishment of Claims**

As and from the Effective Date, the treatment of Affected Claims under this Proposal shall be final and binding on all Persons affected by this Proposal (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and, upon implementation of this Proposal on the Effective Date, all Affected Claims shall be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in this Proposal.

### **ARTICLE XII**

#### **TRUSTEE, CERTIFICATE OF COMPLETION AND DISCHARGE OF TRUSTEE**

#### **12.01 Proposal Trustee**

RSM Richter Inc., shall be the Trustee pursuant to this Proposal. The Trustee is acting in its capacity as Trustee under this Proposal, and not in its personal capacity and shall not incur any liabilities or obligations in connection with this Proposal or in respect of the business, liabilities or obligations of the Debtor, whether existing as at the Filing Date or incurred subsequent thereto.

#### **12.02 Discharge of Trustee**

Upon completion of the distribution of the Proposal Fund by the Trustee in accordance with this Proposal, this Proposal shall be satisfied and all conditions and requirements fulfilled and met and the Trustee shall be entitled to be discharged.

**ARTICLE XIII**  
**GENERAL**

**13.01 Construction**

In this Proposal, unless otherwise expressly stated or the context otherwise requires:

- (a) the division of the Proposal into Articles and Sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Proposal;
- (b) the words “hereunder”, “hereof” and similar expressions refer to the Proposal and not to any particular Article or Section and references to “Articles” or “Sections” are to Articles and Sections of the Proposal;
- (c) words importing the singular include the plural and vice versa and words importing any gender include all genders;
- (d) the word “including” means “including without limiting the generality of the foregoing”;
- (e) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced and includes any regulation made thereunder;
- (f) references to dollar amounts are to Canadian dollars unless otherwise specified; and
- (g) references to times are to local time in Toronto, Ontario.

**13.02 Valuation**

For purposes of proofs of claim, voting and distribution, all Claims shall be valued as at the Filing Date.

**13.03 Successors and Assigns**

The Proposal shall be binding on and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of each Affected Creditor and each and every other person named in or subject to the Proposal.

**13.04 Governing Law**

The Proposal shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

Dated at Toronto, this 30th day of January, 2007.

**RETROCOM GROWTH FUND INC.**

Per:



Name: JOE FASHION

Title: SIGNING OFFICER,

# SCHEDULE "A"



Industry Canada Industrie Canada  
Canada Business Corporations Act Loi canadienne sur les sociétés par actions

## FORM 14 ARTICLES OF REORGANIZATION (SECTION 191)

## FORMULAIRE 14 CLAUSES DE RÉORGANISATION (ARTICLE 191)

1-- Name of Corporation - Dénomination sociale de la société  RETROCOM GROWTH FUND INC.	2 -- Corporation No. - N° de la société  3751112
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3-- In accordance with the order for reorganization, the articles of incorporation are amended as follows: Conformément à l'ordonnance de réorganisation, les statuts constitutifs sont modifiés comme suit :

A. To create an unlimited number of a new class of shares, designated as ordinary shares, with the rights, privileges, restrictions and conditions attaching thereto as set forth in Schedule "A" hereto;

B. Effective following the issuance of no less than one (1) ordinary share, to cancel all issued Class A Series I Shares, Class A Series II Shares, Class A Series III Shares, Class A Series IV Shares, Class B Shares, Class C Series 1 Shares, Class C Series 2 Shares, Class C Series 3 Shares, Class C Series 4 Shares, Class C Series 5 Shares, Class C Series 6 Shares, Class C Series 7 Shares, Class C Series 8 Shares, Class C Series 9 Shares, Class C Series 10 Shares and Class C Series 11 Shares.

C. Effective following the issuance of no less than one (1) ordinary share, to remove from the Corporation's capital the Class A Series I Shares, Class A Series II Shares, Class A Series III Shares, Class A Series IV Shares, Class B Shares, Class C Series 1 Shares, Class C Series 2 Shares, Class C Series 3 Shares, Class C Series 4 Shares, Class C Series 5 Shares, Class C Series 6 Shares, Class C Series 7 Shares, Class C Series 8 Shares, Class C Series 9 Shares, Class C Series 10 Shares and Class C Series 11 Shares, and all rights, privileges, restrictions and conditions attaching thereto;

D. To cancel all issued and outstanding warrants, options and agreements or other rights granted by the Corporation to purchase Class A Series I Shares, Class A Series II Shares, Class A Series III Shares, Class A Series IV Shares, Class B Shares, Class C Series 1 Shares, Class C Series 2 Shares, Class C Series 3 Shares, Class C Series 4 Shares, Class C Series 5 Shares, Class C Series 6 Shares, Class C Series 7 Shares, Class C Series 8 Shares, Class C Series 9 Shares, Class C Series 10 Shares and Class C Series 11 Shares, whether vested or not; and

E. To declare that the capital of the Corporation after giving effect to the foregoing consists of an unlimited number of ordinary shares with the rights, privileges, restrictions and conditions attaching thereto as set for in Schedule "A".

Signature	Printed Name - Nom en lettres moulées	4 -- Capacity of - En qualité de	5 -- Tel. No. - N° de tél.
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FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT

**SCHEDULE "A"**  
**ORDINARY SHARES**

**Voting Rights**

Each holder of ordinary shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation and to vote thereat, except meetings at which only holders of a specified class of shares (other than the ordinary shares) or specified series of shares are entitled to vote. At all meetings of which notice must be given to the holders of the ordinary shares, each holder of ordinary shares shall be entitled to one vote in respect of each ordinary share held by such holder.

**Dividends**

The holders of the ordinary shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive any dividend declared by the Corporation.

**Liquidation, Dissolution or Winding-up**

The holders of the ordinary shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation on a liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

Estate No.: 31-452496

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

**NOTICE OF PROPOSAL TO CREDITORS (SECTION 51)**

TAKE NOTICE THAT Retrocom Growth Fund Inc. has lodged with the Trustee a proposal under the *Bankruptcy and Insolvency Act*.

A copy of the proposal, a statement of estimated financial position and a list of the creditors affected by the proposal are enclosed herewith.

**A general meeting of the creditors will be held at the offices of the Trustee Under the Proposal, RSM Richter Inc., 200 King Street West, Suite 1100, Toronto, Ontario, on the 21<sup>st</sup> day of February, 2007, at the hour of 11:00 a.m.**

The creditors or any class of creditors qualified to vote at the meeting may by special resolution accept the proposal as made or as altered or modified at the meeting. If so accepted and if approved by the Court, the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with the trustee prior thereto.

DATED at Toronto, this 6<sup>th</sup> day of February, 2007.

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

TO THE AFFIDAVIT OF

ROBERT BLAKELY

SWORN BEFORE ME

EXHIBIT "A"

AT THE City OF Ottawa RETROCOM GROWTH FUND INC.IN THE Province Estimated Statement of Financial PositionOF Ontario As at January 31, 200730th DAY OF January, 2007 (000's)[Signature]  
A COMMISSIONER ETC.

## ASSETS

Cash (Note 1)	\$ 427
Mortgage receivable (Note 2)	440
Investments (Note 3)	1,055
	<u>\$ 1,922</u>

## LIABILITIES

Professional fees outstanding	\$ 210
Accounts payable and accrued liabilities (Note 4)	1,798
Exposure for guarantees	4,380
	<u>6,388</u>

## SHAREHOLDER'S EQUITY (DEFICIT)

Deficit	(4,466)
	<u>\$ 1,922</u>

## Notes:

1. Of the cash on hand as at January 31, 2007, approximately \$202,000 was received by the Company from a Canadian financial institution relating to the proceeds of security held in respect of a letter of credit. A third party has claimed entitlement to the funds and negotiations are ongoing with respect to a potential settlement between the Company and the third party.
2. Represents the book value of the mortgage receivable.
3. The value of the investments does not include the amount that may be realized upon the reorganization of the Company.
4. This amount does not include a claim made against the Company, by Retrocom Investment Management Inc., in the amount of approximately \$3.85 million.

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

## AFFIDAVIT

*NRH 1276* *Albert* *Alberta* *NRH 1273*  
I, Robert Blakely, of the City of ~~Ottawa~~, in the Province of ~~Ottawa~~, make oath and say as follows:

1. That I am a Director of Retrocom Growth Fund Inc. (the "Company") and consequently have knowledge of the matters hereinafter deposed to;
2. Now shown to me and marked Exhibit "A" to this my affidavit is an estimated statement of financial position of Retrocom Growth Fund Inc. as of January 31, 2007;
3. To the best of my knowledge I verily believe that such statement of financial position is correct.

SWORN BEFORE ME at the City  
of ~~Ottawa~~, in the Province of  
Ontario, this ~~30~~ day  
of January, 2007

*[Signature]*  
A Commissioner, etc.

*[Signature]*  
Robert Blakely



Retrocom Growth Fund Inc.  
**Creditors Listing**  
As at January 31, 2007

Company	Contact	Address	Amount Owed
<b><u>Secured:</u></b>			
Fasken Martineau DuMoulin LLP	Anil Aggarwal	66 Wellington St. W., Ste. 4200 Toronto, ON M5K 1N6	50,000
Bennett Jones LLP	S. Richard Orzy	3400 One First Canadian Place, P.O. Box 130 Toronto Ontario, M5X 1A4	106,800
RSM Richter Inc.	Robert Harlang	200 King St. West, Ste. 1100 Toronto, Ontario, M5K 1N6	62,821
Ogilvy Renault LLP	Tony Reyes	200 Bay Street, P.O. Box 84 Royal Bank Plaza, South Tower, Suite 3800 Toronto, Ontario M5J 2Z4	55,000
Piccin Bottos	Frank Piccin	4370 Steeles Ave. W., Ste. 201 Woodbridge, ON L4L 4Y4	1,671,201
<b>Total Secured</b>			<b><u>1,945,822</u></b>
<b><u>Unsecured:</u></b>			
Aylesworth LLP	Trevor Whiffen	P.O. Box 124, 18th Fl., 222 Bay St. Toronto, ON M5K 1H1	64,233
Citigroup Fund Services Canada Inc.	Joe Lacapo	Suite 900, 2920 Matheson Blvd. E. Mississauga, ON L4W 5J4	134,134
Canada Revenue Agency	Brian Webb	Toronto West, 5100 Hurontario Street Mississauga, ON L5A 4E9	
Cole Valuation Partners Limited	Scott Davidson	80 Richmond St. W., Ste. 2000 Toronto, ON M5H 2A4	7,837
Commerce Capital Inc.	Gerald W. Roman	912-294 Portage Ave. Winnipeg, MB R3C 0B9	36,597
Fasken Martineau DuMoulin LLP	Anil Aggarwal	66 Wellington St. W., Ste. 4200 Toronto, ON M5K 1N6	146,509
FundServ Inc.	Ron Taggart	130 King St. W., 17th Fl. Toronto, ON M5X 1E5	3,379
IBEW Local 353	Joe Fashion	1377 Lawrence Ave. E. Toronto, ON M3A 3P8	1,003,373
Loopstra Nixon LLP	John C. Hubble	135 Queens Plate Drive, Ste. 600 Toronto, ON M9W 6V7	4,606
Province of Nova Scotia Dept. of Finance	Kevin Redden	P.O. Box 187 Halifax, NS B3J 2N3	305,610
RBC Dexia Investor Services	Martilena Di Fonzo	20 King St. West, 3rd Floor Toronto, ON M5H 1C4	3,762
Smith, Nixon & Co. LLP	Ken Maiden	390 Bay St., Ste. 1900 Toronto, ON M5H 2Y2	32,614
Stewart McKelvey Stirling Scales	Mark S. Bursey	P.O. Box 977 Halifax, NS B3J 2X2	1,933
Paul F. Black	Paul F. Black	135 Queens Plate Drive, Suite 400 Toronto, ON M9W 6V1	1,000
Victory Vertabim		Ernst & Young Tower, 220 Bay Street Suite 900, Toronto ON M5K 1H6	912
CNW Group	Andrew Collins	20 Bay Street, Suite 1500 Toronto, ON M5J 2N8	1,366
<b>Total Unsecured</b>			<b><u>1,747,863</u></b>
<b><u>Guarantees</u></b>			
Piccin Bottos Barristers and Solicitors (Re: Laurentian Centre)	Frank Piccin	c/o Piccin Bottos 4370 Steeles Ave. W., Ste. 201	1,720,000
IF Propco (Re: Ice Gardens)	Eugene Fraser	83 Campbell Avenue East P.O. Box 487, Campbellville ON, L0P 1B0	2,000,000
RBC Re: (Bowling Equipment Loan - Cornwall)	Mrs. Hetu c/o Kenneth L. Kallish	c/o Minden Gross Grafstein & Greenstein LLP 111 Richmond Street West, Suite 700 Toronto, ON M5H 2H5	660,000
<b>Total Guarantees</b>			<b><u>4,380,000</u></b>
<b><u>Supplementary Mailing List:</u></b>			
Ministry of Finance (Ontario)	Mr. Reed Johnson	33 King Street West, Oshawa, ON L1H 8H5	
Department of Finance (New Brunswick)	Linda Williams, Tax Policy Branch	670 King Street, Fredericton, NB E3B 1G1	
Robert Blakely c/o Bennett Jones LLP			
Ontario Securities Commission	Jody Sikora	20 Queen Street West, 19th Floor Toronto, ON M5H 3S8	
Retrocom Investment Management Inc.	Mike Steplock	135 Queens Plate Drive, Suite 400 Toronto, ON M9W 6V1	
Minister of the Environment	The Honourable Laurel C. Broten	12th Floor, 135 St. Clair Avenue West Toronto, ON M4V 1P5	
Les Terrasses de la Chaudière	The Honourable John Baird	10 Wellington St., 28 <sup>th</sup> Floor Gatineau, QC K1A 0H3	

**Proof of Claim**(Subsections 50(13), 50.1(1) and 65.2(4), paragraphs 51(1)(e)  
and 66.14(b); subsections 81.2(1), 102(2), 124(2) and 128(1) of the Act)(All notices or correspondence regarding this claim must be forwarded to the following address: .....  
.....)In the matter of the bankruptcy (or the proposal, or the receivership) of ..... (name of debtor) of  
..... (city and province) and the claim of ..... creditor.

I, ..... (name of creditor), of ..... (city and province), do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am ..... (state position or title) of  
..... (name of creditor)).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of bankruptcy, or the date of the receivership, or in the case of a proposal, the date of the notice of intention or of the proposal, (if no notice of intention was filed), namely the ..... day of ..... and still is, indebted to the creditor in the sum of \$....., as specified in the statement of account (or affidavit or solemn declaration) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account, or affidavit or solemn declaration must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

**A. UNSECURED CLAIM OF \$ .....**That in respect of this debt, I do not hold any assets of the debtor as security and  
(Check appropriate description.)☐ Regarding the amount of \$ ....., I do not claim a right to a priority.☐ Regarding the amount of \$ ....., I claim a right to a priority under section 136 of the Act.

(Set out on an attached sheet details to support priority claim.)

**B. CLAIM OF LANDLORD FOR DISCLAIMER OF A LEASE \$ .....**

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are set out on the attached sheet(s).

(Give full particulars of the claim, including the calculations upon which the claim is based.)

**C. SECURED CLAIM OF \$ .....**

That in respect of this debt, I hold assets of the debtor valued at \$ ..... as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

**D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ .....**

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ ..... (Attach a copy of sales agreement and delivery receipts.)

**E. CLAIM AGAINST DIRECTOR \$ .....**

(To be filed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are set out on the attached sheet(s).

(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of Section 4 of the Act.

6. That the following are the payments that I have received from, and the credits that I have allowed to, the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments and credits.)

(Applicable only in the case of the bankruptcy of an individual.)

- ☐ I request to be advised of any material change in the financial situation of the bankrupt, pursuant to subparagraph 102(3)(b)(i) of the Act.
- ☐ I request to be advised of any amendment made regarding the amount that the bankrupt is required to pay, pursuant to subsection 68(4) of the Act.
- ☐ I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at ....., this ..... day of .....

Witness

Creditor

Creditor's Phone Number: ..... Fax Number: ..... E-mail Address: .....

**NOTE:** If an affidavit or solemn declaration is attached, it must have been made before a person qualified to take affidavits or solemn declarations.**WARNINGS:** A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

**GENERAL PROXY**

(Paragraphs 51(1)(e) and 66.15(3)(b) and subsection 102(2))

In the matter of the bankruptcy (or proposal or the receivership) of ..... (name of debtor)

I (or We), ..... (name of creditor), of ..... (name of city, town or village), a creditor in the above matter hereby appoint ..... of ..... to be my (or our) proxy in the above matter except as to the receipt of dividends, with (or without) power to appoint another general proxy in his or her place.

DATED AT ..... this ..... day of ....., 19...

Witness

Individual Creditor

OR

Name of Corporate Creditor

Per: .....

Name and Title of Signing Officer

Witness

**DIRECTIONS FOR COMPLETION OF THIS FORM ARE ON THE REVERSE SIDE**

## Checklist for Proofs of Claim

This checklist is provided to assist you in preparing the accompanying proof of claim form and, where required, proxy form in a complete and accurate manner. Please specifically check each requirement.

Under Section 109 of the Bankruptcy and Insolvency Act only those creditors who have filed their claims in the proper form with the trustee before the time appointed for the meeting, are entitled to vote at the meeting.

Section 124 states that every creditor shall prove his claim and the creditor who does not prove his claim is not entitled to share in any distribution that may be made.

### General

- ♦ The signature of a witness is required;
- ♦ The claim must be signed personally by the individual completing this declaration;
- ♦ Give the complete address where all notices or correspondence is to be forwarded;
- ♦ The amount of the statement of account must correspond to the amount indicated on the proof of claim.

### Paragraph 1

- ♦ Creditor must state full and complete legal name of company or firm;
- ♦ If the individual completing the proof of claim is not the creditor himself, he/she must state his/her position or title.

### Paragraph 3

- ♦ The statement of account must be complete;
- ♦ A detailed statement of account must be attached to the proof of claim and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward.

### Paragraph 4

- ♦ An unsecured creditor must complete sub-paragraph 4A and indicate if priority is claimed pursuant to Section 136.
- ♦ Sub-paragraph 4B must be completed by a landlord only in a Proposal, for any claim related to disclaimer of lease. The amount of the claim is to be calculated according to the terms of the proposal. Provide details of calculation.
- ♦ A secured creditor must complete sub-paragraph 4C and provide a certified true copy of the security instrument as registered.
- ♦ A farmer, fisherman or aqua-culturist creditor must complete sub-paragraph 4D and provide a copy of the sales agreement and delivery documents.
- ♦ Sub-paragraph 4E is to be completed only in a Proposal, and only if the Proposal provides for the compromise of claims against Directors. Provide full details including calculations.

### Paragraph 5

- ♦ All claimants must indicate if he or she is related or not to the debtor, as defined in Section 2 of the Bankruptcy and Insolvency Act, by striking out "AM" or "IS" or "AM NOT" or "IS NOT".

### Paragraph 6

- ♦ All claimants must attach a detailed list of all payments or credits received or granted, as follows:
  - a) Within the three (3) months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are not related;
  - b) Within the twelve (12) months preceding the bankruptcy or proposal, in the case where the claimant and the debtor are related.

- PROXY -

Note: The Bankruptcy and Insolvency Act permits a proof of claim to be made by a duly authorized agent of a creditor but this does not give such a person power to vote at the first meeting of creditors or to act as the proxy of the creditor.

### General

- ♦ A creditor may vote either in person or by proxy;
- ♦ A debtor may not be appointed as proxy to vote at any meeting of his creditors;
- ♦ The Trustee may be appointed as a proxy for any creditor;
- ♦ In order for a duly authorized person to have a right to vote he must himself be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.

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

**VOTING LETTER  
*Bankruptcy and Insolvency Act*  
(Paragraphs 51(1)(f) and 66.15(3)(c))**

I/We, \_\_\_\_\_, creditor,  
of \_\_\_\_\_

a creditor in the above matter for the sum of \$\_\_\_\_\_, hereby  
request the trustee acting with respect to the proposal of Retrocom Growth Fund Inc. to  
record my vote

***PLEASE TICK OFF OR INDICATE YOUR VOTE AS FOLLOWS:***

For \_\_\_\_\_

Against \_\_\_\_\_

the acceptance of the proposal as made on the 31<sup>st</sup> day of January, 2007.

DATED at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
(Signature of individual creditor or person  
signing on behalf of corporate creditor)

\_\_\_\_\_  
(Print name and title of person signing on  
behalf of creditor)