Court File No. CL-26-00000424-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

- and -

488 DUPONT STREET LTD. and 1140 DUPONT STREET LTD.

Respondents

FACTUM OF THE PROPOSED RECEIVER (488 DUPONT STREET AND 1140 DUPONT STREET SALES)

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TO: THE SERVICE LIST

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FACTUM OF THE PROPOSED RECEIVER

PART I – OVERVIEW

1. This Factum is filed by AlixPartners Restructuring, Inc. ("**AlixPartners**"), in its capacities as proposed court-appointed receiver and manager of all present and future assets, undertakings and properties of 1140 Dupont Street Ltd. ("**1140 Ltd**.") and 488 Dupont Street Ltd. ("**488 Ltd**.", and together with 1140 Ltd., the "**Debtors**") (in such capacities, the "**Proposed Receiver**", and upon its appointment, the "**Receiver**"), in support of: (i) the application brought by Cameron Stephens Mortgage Capital Ltd. ("Cameron Stephens") for an approval and vesting order in respect of the real property municipally known as 1140 Dupont Street, Toronto, Ontario (the "**1140 Real Property**") (the "**1140 AVO**"); and (ii) the motion brought by Cameron Stephens for an approval and vesting order in respect of the real properties municipally known as 488 Dupont Street, Toronto, Ontario ("**488 Dupont**") and 1120 Bathurst Street, Toronto, Ontario (collectively, the "**488 Real Property**") (the "**488 AVO**", and together with the 1140 AVO, the "**AVOs**"), *inter alia*:

(a) approving: (i) the sale transaction (the "**1140 Transaction**") contemplated by the agreement of purchase and sale dated August 11, 2026 (the "**1140 Sale Agreement**") between the Proposed Receiver and 2734098 Ontario Inc. ("**273**"); and (ii) the sale transaction (the "**488 Transaction**", and together with the 1140 Transaction, the "**Transactions**", and each a "**Transaction**") contemplated by the agreement of purchase and sale dated August 11, 2026 (the "**488 Sale Agreement**") between the Proposed Receiver and SFM Holdings Inc. ("**SFM**"), as assigned by SFM to 488 Dupont Street GP Inc. ("**488 GP**");

(b) authorizing and directing the Receiver to complete each of the Transactions and take such additional steps and execute such additional documents as may be necessary or desirable for their completion;

(c) vesting: (i) all of 1140 Ltd.'s right, title and interest in and to the Purchased Assets (as defined in the 1140 Sale Agreement) in 273, free and clear of all encumbrances other than the Permitted Encumbrances (as defined in the 1140 Sale Agreement), upon delivery of a certificate by the Receiver confirming, among other things, completion of the 1140 Transaction (the "**1140 Receiver's Certificate**"); and (ii) all of 488 Ltd.'s right, title and interest in and to the Purchased Assets (as defined in the 488 Sale Agreement) in 488 GP, free and clear of all encumbrances other than the Permitted Encumbrances (as defined in the 488 Sale Agreement), upon delivery of a certificate by the Receiver confirming, among other things, completion of the 488 Transaction (the "**488 Receiver's Certificate**");

(d) sealing (i) Confidential Appendices "1" and "2" to the Pre-Filing Report of the Proposed Receiver dated September 21, 2026 (the "**Pre-Filing Report**")

(collectively, the "**1140 Confidential Appendices**") until completion of the Transactions; and (ii) Confidential Appendices "1" and "2" to the Supplemental Report of the Proposed Receiver dated October 28, 2026 (the "**Supplemental Report**") (collectively, the "**488 Confidential Appendices**", and together with the 1140 Confidential Appendices, the "**Confidential Appendices**") until completion of the 488 Transaction or further Order of the Court.

(e) granting an order (the "**Ancillary Relief Order**"), *inter alia*:

(i) lifting the stay of proceedings against each of 1140 Ltd. and 488 Ltd. imposed pursuant to the order appointing the Receiver (the "**Receivership Order**"), following completion of the applicable Transaction, to permit the filing of an assignment in bankruptcy on behalf of the applicable Debtor;

(ii) authorizing and directing the Receiver to file assignments in bankruptcy on behalf of each of 1140 Ltd. and 488 Ltd. pursuant to section 49 of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), and authorizing AlixPartners to act as trustee in bankruptcy of each Debtor following the filing of the applicable assignment; and

(iii) authorizing and directing the Receiver, following the respective assignments in bankruptcy, to transfer $50,000 plus HST from the net sale proceeds realized in the receivership estate of each Debtor to AlixPartners, in its capacity as trustee in bankruptcy of such Debtor, to fund the administration of the applicable bankrupt estate.

PART II – FACTS

Background

2. Cameron Stephens carries on business as a commercial mortgage lender. The Debtors are Ontario-incorporated real estate holding companies.[1]

3. 488 Ltd. is the registered owner of the 488 Real Property, which comprises an approximately 0.45-acre site including a two-storey commercial building at 488 Dupont occupied by Noble Corporation ("**Noble**") pursuant to a lease dated May 9, 2008, as amended, which currently expires on July 31, 2028 and provides Noble with two five-year renewal options at fair market rent, and an above-ground parking lot at 1120 Bathurst Street. 1140 Ltd. is the registered owner of the 1140 Real Property, which is improved with an approximately 15,561 square foot commercial building occupied by Next Plumbing & Hydronics Supply Inc. ("**Next Plumbing**") pursuant to a lease dated January 12, 2017, which currently expires on August 31, 2027 and provides Next Plumbing with one seven-year renewal option at fair market rent. The 488 Real Property and 1140 Real Property are collectively referred to as the "**Properties**".[2]

4. Pursuant to a letter of commitment dated June 29, 2020, Cameron Stephens advanced a first mortgage loan to the Debtors in the principal amount of $15,250,000 (the "**CS Loan**"). As security for the CS Loan, the Debtors granted Cameron Stephens, among other things, a first-ranking mortgage registered against the Properties in the principal amount of $16,775,000, assignments of rents and leases and a general security agreement (collectively, the "**CS Security**").

[1] Affidavit of Mark O'Duffy sworn September 22, 2026 (the "**O'Duffy Affidavit**") at paras. 3–4 and 6; Pre-Filing Report at section 2.0, para. 1
[2] O'Duffy Affidavit at paras. 5 and 7–9; Pre-Filing Report at section 2.0, paras. 2–3.

The Debtors' obligations were further guaranteed by Odette Bitton and the Estate of Claude Bitton.[3]

5. PPSA searches disclose subsequent registrations against each Debtor in favour of The Toronto-Dominion Bank. The Canada Revenue Agency ("**CRA**") also registered liens against the Properties in respect of unpaid goods and services tax/harmonized sales tax ("**GST/HST**"), including a lien against 488 Dupont Street in the amount of $307,449.48 and a lien against the 1140 Real Property in the amount of $274,874.32.[4]

The Debtors' Defaults and Enforcement Proceedings

6. The Debtors defaulted under the CS Loan, including by failing to pay municipal property taxes in respect of the Properties. Cameron Stephens issued demands for payment and Notices of Intention to Enforce Security pursuant to section 244 of the BIA on May 13, 2025. The statutory notice period expired on May 25, 2025.[5]

7. The Debtors failed to repay the CS Loan upon its maturity on August 1, 2025. Since August 2025, the tenants of the Properties have remitted rent directly to Cameron Stephens. Cameron Stephens has also advanced funds to satisfy outstanding municipal property taxes and protect the CS Security. As of September 17, 2026, the amount owing under the CS Loan was $13,923,625.08, with per diem interest accruing at $1,257.49. The Debtors have not demonstrated a viable refinancing or repayment proposal.[6]

Sale and Marketing Process

[3] O'Duffy Affidavit at paras. 10–13.
[4] O'Duffy Affidavit at paras. 14–17; Pre-Filing Report at section 2.1, paras. 2–4.
[5] O'Duffy Affidavit at paras. 18–19.
[6] O'Duffy Affidavit at paras. 20–28.

8. Prior to the commencement of these proceedings, Cameron Stephens exercised its rights and remedies under the CS Security and retained CBRE Limited ("**CBRE**") to market the Properties for sale pursuant to a power of sale process (the "**Sale Process**").[7]

i. *The 488 Real Property*

9. CBRE commenced marketing the 488 Real Property on January 12, 2026. The Sale Process included, among other things, distributing marketing materials to approximately 1,960 qualified prospective purchasers, listing the property on the Multiple Listing Service, conducting direct outreach, establishing a virtual data room and arranging property tours.[8]

10. The Proposed Receiver independently reviewed the Sale Process and CBRE's sale process summary letter dated September 4, 2026 and is of the view that the Sale Process was commercially reasonable, provided sufficient exposure to the market and was conducted in a manner consistent with a sale process undertaken in a Court-supervised receivership.[9]

ii. *The 1140 Real Property*

11. Before formally marketing the 1140 Real Property, CBRE received preliminary interest from a self-storage developer at a value above CBRE's broker opinion of value. The prospective purchaser did not proceed due to Next Plumbing's renewal rights, which limited the near-term redevelopment potential of the 1140 Real Property.[10]

12. CBRE commenced marketing the 1140 Real Property on March 2, 2026. The marketing campaign generated approximately 1,137 unique views, 3,600 total views and 24 executed

[7] O'Duffy Affidavit at para. 33; Pre-Filing Report at section 1.0, para. 4 and section 3.1, para. 1
[8] Pre-Filing Report at section 3.1, paras. 2–4.
[9] Pre-Filing Report at section 3.2, paras. 1–3.
[10] Pre-Filing Report at section 3.1, para. 5.

confidentiality agreements. CBRE received three bids by the April 22, 2026 bid deadline. Market feedback reflected concerns regarding Next Plumbing's renewal rights and required structural and capital repairs. The highest bid was submitted by 273, an affiliate of Next Plumbing.[11]

13. The Proposed Receiver is of the view that the Sale Process was commercially reasonable, provided sufficient exposure to the market and was conducted in a manner consistent with a sale process undertaken in a Court-supervised receivership, and that a further marketing process would not reasonably be expected to generate a superior result and could result in additional costs and delay.[12]

The 1140 Transaction

14. Following the Sale Process, AlixPartners, in its capacity as Proposed Receiver, entered into the 1140 Sale Agreement with 273 on August 11, 2026. All of 273's diligence conditions have been satisfied or waived, and the 1140 Transaction remains subject to Court approval and certain customary closing conditions.[13]

15. The purchase price under the 1140 Sale Agreement is confidential. The Purchased Assets include 1140 Ltd.'s right, title and interest in the 1140 Real Property and related assets and are being sold on an "as is, where is" and "without recourse" basis. Closing is to occur on the first Business Day that is eleven days following issuance of the 1140 AVO, subject to the terms of the 1140 Sale Agreement.[14]

16. The Proposed Receiver recommends approval of the 1140 Transaction. It is satisfied that the 1140 Real Property was adequately exposed to the market, 273 submitted the highest offer

[11] Pre-Filing Report at section 3.1, paras. 6–8.
[12] Pre-Filing Report at section 3.2, paras. 1–3.
[13] Pre-Filing Report at section 1.0, para. 7 and section 3.1, para. 8; Appendix "B" to the Pre-Filing Report.
[14] Pre-Filing Report at section 4.1, para. 1; Appendix "B" to the Pre-Filing Report.

received, the purchase price is consistent with CBRE's broker opinion of value and the 1140 Transaction represents the highest available realization for stakeholders. Cameron Stephens supports the 1140 Transaction.[15]

The Waiver and 488 Transaction

17. On October 16, 2026, SFM, Cameron Stephens and the Proposed Receiver entered into a Waiver and Amending Agreement (the "**Waiver**"). SFM had proposed a four percent reduction to the purchase price and additional closing obligations relating to outstanding Technical Standards and Safety Authority ("**TSSA**") orders. The Proposed Receiver rejected those amendments, with the support of Cameron Stephens.[16]

18. The Proposed Receiver agreed only to an amendment to the timing of the second deposit (the "**Deposit Timing Amendment**"). Pursuant to the Deposit Timing Amendment, the second deposit is payable within two Business Days of SFM's receipt of the issued Receivership Order and becomes non-refundable when the Receivership Order is issued. The Proposed Receiver considered the amendment reasonable because the 488 Sale Agreement remains conditional on Court approval.[17]

19. Pursuant to a Notice of Assignment of Purchase Agreement and Direction dated October 28, 2026, SFM assigned the 488 Sale Agreement to 488 GP, a company controlled by SFM and incorporated for the purpose of completing the 488 Transaction.[18]

20. The purchase price under the 488 Sale Agreement is confidential. The Purchased Assets include 488 Ltd.'s right, title and interest in the 488 Real Property and related assets and are being

[15] Pre-Filing Report at section 4.2, para. 1; O'Duffy Affidavit at paras. 35–36.
[16] Supplemental Report at section 2.1, paras. 1–3.
[17] Supplemental Report at section 2.1, para. 4; Appendix "A" to the Supplemental Report.
[18] Supplemental Report at section 2.1, para. 5; Appendix "C" to the Supplemental Report.

sold on an "as is, where is" and "without recourse" basis. Closing is to occur on the first Business Day that is eleven days following issuance of the 488 AVO, subject to the terms of the 488 Sale Agreement.[19]

21. The Proposed Receiver recommends approval of the 488 Transaction. It is satisfied that the 488 Real Property was adequately exposed to the market, SFM submitted the highest bid received, the purchase price is consistent with CBRE's broker opinion of value and the 488 Transaction represents the highest available realization for stakeholders. Cameron Stephens supports the 488 Transaction.[20]

The Confidential Appendices and Sealing

22. The 1140 Confidential Appendices contain a summary of the offers received in the Sale Process for the Properties (the "**Offer Summary**") and an unredacted copy of the 1140 Sale Agreement. The 488 Confidential Appendices contain unredacted copies of the Waiver and the 488 Sale Agreement. Redacted versions of the applicable transaction documents are included in the public reports.[21]

23. If either Transaction is not completed, disclosure of the confidential bid information and purchase prices could prejudice subsequent efforts to remarket the applicable Property by revealing confidential indications of value to prospective purchasers. The Proposed Receiver therefore seeks to seal the 1140 Confidential Appendices until completion of both Transactions

[19] Supplemental Report at section 2.2, para. 1; Appendix "B" to the Supplemental Report.
[20] Supplemental Report at section 2.3, para. 1.
[21] Pre-Filing Report at section 3.1, para. 9 and section 5.0, para. 1; Supplemental Report at section 2.1, para. 6 and section 2.2, para. 2.

and the 488 Confidential Appendices until completion of the 488 Transaction or further Order of the Court.[22]

The Proposed Bankruptcies of the Debtors

24. The anticipated net proceeds from the realization of the Properties will be insufficient to repay the indebtedness owing to Cameron Stephens under the CS Loan in full. 1140 Ltd. is indebted to the CRA in respect of unremitted GST in the amount of $274,874.32, while 488 Ltd. is indebted to the CRA in respect of unremitted GST/HST in the amount of $307,449.48.[23]

25. Each Debtor is an "insolvent person" within the meaning of the BIA. Each has failed to repay the matured CS Loan, has outstanding obligations to the CRA and has not demonstrated a viable refinancing or repayment proposal.

26. Following completion of the applicable Transaction, the Proposed Receiver seeks authority to file an assignment in bankruptcy on behalf of each Debtor, for AlixPartners to act as trustee in bankruptcy of each Debtor, and to transfer $50,000 plus HST from each receivership estate to fund the administration of the applicable bankrupt estate.[24]

PART III – ISSUES

27. This application and motion raise the following main legal issues:

(a) Should the Court approve the 1140 Transaction and grant the 1140 AVO, and approve the 488 Transaction and grant the 488 AVO?

[22] Pre-Filing Report at section 5.0, paras. 1–3; Supplemental Report at section 3.0, paras. 1–3; proposed 1140 AVO at para. 7; proposed 488 AVO at para. 7.
[23] Pre-Filing Report at section 1.0, para. 8 and section 6.0, paras. 1–3; O'Duffy Affidavit at paras. 16, 37 and 40; Supplemental Report at section 4.0, paras. 1–3.
[24] Pre-Filing Report at section 6.0, paras. 3–4; Supplemental Report at section 4.0, paras. 3–4; proposed Ancillary Relief Order at paras. 1–3.

(b) Should the Court seal the 1140 Confidential Appendices and the 488 Confidential Appendices for the periods sought?

(c) Should the Court grant the Ancillary Relief Order authorizing the assignments in bankruptcy of the Debtors and authorizing AlixPartners to act as trustee in bankruptcy of each Debtor?

(d) Should the Court authorize the Receiver to transfer $50,000 plus HST from each receivership estate to fund the administration of the applicable bankrupt estate?

PART IV – LAW AND ARGUMENT

The Transactions Should Be Approved and the AVOs Should Be Granted

28. Pursuant to subsection 243(1)(c) of the BIA, this Court has jurisdiction to authorize a receiver to take such action as the Court considers advisable. Section 100 of the *Courts of Justice Act* (Ontario) ("**CJA**") further authorizes this Court to vest in any person an interest in property that the Court has authority to order be conveyed. In *Third Eye Capital Corporation v. Ressources Dianor Inc.*, the Court of Appeal for Ontario confirmed that section 243 of the BIA authorizes a Court-appointed receiver to seek approval of a sale transaction and a vesting order to give effect to that sale.[25]

29. The following criteria are to be considered by the Court when asked to approve a sale of assets in a receivership context, as articulated by the Court of Appeal for Ontario in *Royal Bank of Canada v. Soundair Corp.* ("***Soundair***"):[26]

[25] BIA, s. 243(1)(c); *Courts of Justice Act*, RSO 1990, c. C.43, s. 100; *Third Eye Capital Corporation v. Ressources Dianor Inc.*, 2019 ONCA 508 at paras. 76–77.
[26] *Royal Bank of Canada v. Soundair Corp.* (1991), 4 OR (3d) 1 at para. 16 (ONCA); *Elleway Acquisitions Limited v. 4358376 Canada Inc.*, 2013 ONSC 7009 at para. 31.

(a) whether the party made a sufficient effort to obtain the best price and to not act improvidently;

(b) the interests of all parties;

(c) the efficacy and integrity of the process by which the party obtained offers; and

(d) whether the working out of the process was unfair.

30. Deference is to be afforded to a receiver in respect of its proposed sale transaction. Absent a violation of the *Soundair* principles or other exceptional circumstances, the Court should give effect to the business judgment of the Receiver as an officer of the Court.[27]

31. Where Court approval is sought for a transaction negotiated prior to the appointment of a receiver, commonly referred to as a "quick flip" transaction, the *Soundair* principles continue to apply. In *Elleway Acquisitions Limited v. 4358376 Canada Inc.* ("**Elleway**"), the Court confirmed that those principles must be considered in light of the economic realities of the debtor and the particular transaction, including whether a further marketing process would realistically improve recoveries for stakeholders. [28]

32. In *Romspen Investment Corporation v. Tung Kee Investment Canada Ltd.*, the Court approved a sale transaction negotiated following a marketing process undertaken by a secured creditor prior to the appointment of a receiver. The Court determined that a further marketing process was unnecessary where the property had been extensively exposed to the market, the

[27] *Crown Trust Co. et al. v. Rosenberg et al.* (1986), 60 OR (2d) 87 at paras. 83–84.
[28] *Elleway*, *supra* note 26 at paras. 33–34.

proposed receiver supported the transaction, and the risks of additional costs and reduced recoveries outweighed the potential benefit of further marketing.[29]

i. *The 1140 Transaction*

33. It is respectfully submitted that the *Soundair* principles are satisfied in the circumstances and that the 1140 Transaction should be approved for the following reasons[30]:

(a) CBRE conducted a comprehensive Sale Process that generated 24 executed confidentiality agreements and three bids;

(b) 273 submitted the highest bid received for the 1140 Real Property, and the purchase price under the 1140 Sale Agreement is consistent with CBRE's broker opinion of value;

(c) the Proposed Receiver does not reasonably expect that conducting another marketing process would generate a superior result, while further marketing would result in additional costs and delay and could jeopardize the 1140 Transaction;

(d) 273 has paid the $500,000 deposit, all of its diligence conditions have been satisfied or waived, and the 1140 Transaction remains subject to Court approval and customary closing conditions; and

(e) Cameron Stephens, as the senior secured creditor of 1140 Ltd., supports the 1140 Transaction.

[29] *Romspen Investment Corporation v. Tung Kee Investment Canada Ltd.*, 2023 ONSC 5911 at paras. 50–52 and 83–86.
[30] Pre-Filing Report at section 3.1, paras. 6–8, section 3.2, paras. 1–3 and section 4.2, para. 1.

34. Although the Sale Process was conducted by CBRE on behalf of Cameron Stephens prior to the commencement of these proceedings, the Proposed Receiver independently reviewed the Sale Process and CBRE's sale process summary letter dated September 4, 2026. The Proposed Receiver is satisfied that the Sale Process was commercially reasonable and provided a sufficient basis upon which to assess the value of the 1140 Real Property.[31]

35. The circumstances surrounding 273's offer further support approval of the 1140 Transaction. Although 273 is affiliated with Next Plumbing, the existing tenant of the 1140 Real Property, its offer was obtained following a competitive marketing process and was the highest of three bids received. The Proposed Receiver considered the tenant's renewal option and the structural and capital repairs identified during the Sale Process, which affected the value attributed to the 1140 Real Property by prospective purchasers. The Proposed Receiver is satisfied that the terms of the 1140 Sale Agreement are commercially reasonable.[32]

36. Further, the Proposed Receiver and CBRE do not believe that remarketing the 1140 Real Property would result in a higher purchase price. CBRE has advised that market conditions have not changed materially since the Sale Process was conducted and that the 1140 Transaction represents the highest and best transaction presently available. Requiring another marketing process would therefore expose the estate to additional costs and delay without any corresponding anticipated benefit to stakeholders.[33]

37. The proposed 1140 AVO provides that, upon delivery of the 1140 Receiver’s Certificate, the Purchased Assets will vest in 273 free and clear of encumbrances other than the Permitted Encumbrances, with the claims and encumbrances affecting the Purchased Assets attaching to the

[31] Pre-Filing Report at section 3.1, para. 1 and section 3.2, paras. 1–3; Appendix “A” to the Pre-Filing Report.
[32] Pre-Filing Report at section 3.1, paras. 5 and 7–8 and section 4.2, para. 1(b)–(f).
[33] Pre-Filing Report at section 3.2, paras. 1(g) and 3 and section 4.2, para. 1(d).

proceeds of the 1140 Transaction in accordance with the 1140 AVO. This mechanism is consistent with the Court's jurisdiction to approve a receivership sale and grant a vesting order to give effect to that sale.[34]

38. Accordingly, the Proposed Receiver respectfully submits that the 1140 Transaction should be approved and the 1140 AVO should be granted.

ii. The 488 Transaction

39. It is respectfully submitted that the *Soundair* principles are satisfied in the circumstances and that the 488 Transaction should be approved for the following reasons:

(a) CBRE conducted a comprehensive Sale Process for the 488 Real Property, including direct marketing to approximately 1,960 qualified prospective purchasers, listing the property on the Multiple Listing Service, establishing a virtual data room and arranging property tours;

(b) the Sale Process generated meaningful market interest, including 30 executed confidentiality agreements, approximately a dozen property tours and four qualified bids;

(c) SFM submitted the highest bid received for the 488 Real Property, and the purchase price under the 488 Sale Agreement is consistent with CBRE's broker opinion of value;

[34] Proposed 1140 AVO at paras. 2–4; *Third Eye Capital Corporation v. Ressources Dianor Inc.*, *supra* note 25 at paras. 76–77 and 87.

(d) the Proposed Receiver independently reviewed the Sale Process and concluded that it was commercially reasonable, provided sufficient exposure to the market and was consistent with a process that would have been undertaken in a Court-supervised receivership;

(e) the Proposed Receiver does not reasonably expect that conducting another marketing process would generate a superior result, while further marketing would result in additional costs and delay and could jeopardize the 488 Transaction;

(f) SFM has paid the first deposit, all of its diligence conditions have been satisfied or waived, and the 488 Transaction remains subject to Court approval and certain customary closing conditions; and

(g) Cameron Stephens, as the senior secured creditor of 488 Ltd., supports the 488 Transaction.[35]

40. Although the Sale Process was conducted by CBRE on behalf of Cameron Stephens prior to the commencement of these proceedings, the Proposed Receiver independently reviewed the Sale Process and CBRE's sale process summary letter dated September 4, 2026. The Proposed Receiver is satisfied that the Sale Process was commercially reasonable and provided a sufficient basis upon which to assess the value of the 488 Real Property.[36]

41. The subsequent Waiver also supports approval of the 488 Transaction. When SFM sought a four percent reduction to the purchase price and additional obligations relating to the outstanding TSSA orders, the Proposed Receiver rejected those amendments. The Proposed Receiver agreed

[35] Pre-Filing Report at section 3.1, paras. 2–4 and section 3.2, paras. 1–3; Supplemental Report at section 2.3, para. 1.
[36] Pre-Filing Report at section 3.1, para. 1 and section 3.2, paras. 1–3; Appendix "A" to the Pre-Filing Report.

only to the Deposit Timing Amendment, which it considered reasonable given that the 488 Sale Agreement remains conditional on Court approval. Cameron Stephens supported the Proposed Receiver's position.[37]

42. Further, the Proposed Receiver and CBRE do not believe that remarketing the 488 Real Property would result in a higher purchase price. CBRE has advised that market conditions have not changed materially since the Sale Process was conducted and that the 488 Transaction represents the highest and best transaction presently available. Requiring another marketing process would therefore expose the estate to additional costs and delay without any corresponding anticipated benefit to stakeholders.[38]

43. The proposed 488 AVO provides that, upon delivery of the 488 Receiver's Certificate, the Purchased Assets will vest in 488 GP free and clear of encumbrances other than the Permitted Encumbrances, with the claims and encumbrances affecting the Purchased Assets attaching to the proceeds of the 488 Transaction in accordance with the 488 AVO. This mechanism is consistent with the Court's jurisdiction to approve a receivership sale and grant a vesting order to give effect to that sale.[39]

44. Accordingly, the Proposed Receiver respectfully submits that the 488 Transaction should be approved and the 488 AVO should be granted.

[37] Supplemental Report at section 2.1, paras. 2–4.
[38] Pre-Filing Report at section 3.2, paras. 1(g) and 3; Supplemental Report at section 2.3, para. 1(c)–(e).
[39] Proposed 488 AVO at paras. 2–4; *Third Eye Capital Corporation v. Ressources Dianor Inc.*, supra note 25 at paras. 76–77.

The Confidential Appendices Should Be Sealed

45. In *Sierra Club of Canada v. Canada (Minister of Finance)*, the Supreme Court of Canada held that a sealing order may be granted where[40]:

(a) it is necessary to prevent a serious risk to an important interest, including a commercial interest, in the context of litigation because reasonable alternative measures will not prevent the risk; and

(b) the salutary effects of the confidentiality outweigh its deleterious effects, including the effects on the right to free expression, which includes public interest in open and accessible court proceedings.

46. In *Sherman Estate v. Donovan* ("***Sherman Estate***"), the Supreme Court of Canada held that a person asking a court to exercise discretion in limiting the 'open court' presumption must establish that:[41]

(a) court openness poses a serious risk to an important public interest;

(b) the order sought is necessary to prevent the risk to the identified interest because reasonable alternative measures will not prevent this risk; and

(c) as a matter of proportionality, the benefits of the order outweigh its negative effects.

47. Confidential Appendix "1" to the Pre-Filing Report contains the Offer Summary, which summarizes and compares the key economic and transaction terms of the offers received in the Sale Process for the Properties. Confidential Appendix "2" contains the unredacted 1140 Sale

[40] *Sierra Club of Canada v. Canada (Minister of Finance)*, 2002 SCC 41 at para. 53.
[41] *Sherman Estate v. Donovan*, 2021 SCC 25 at para. 38.

Agreement. If either the 1140 Transaction or the transaction contemplated by the 488 Sale Agreement is not completed, disclosure of that commercially sensitive information could impair the Receiver's ability to remarket the Properties and negotiate with prospective purchasers.[42]

48. The proposed sealing relief is narrowly tailored and limited in duration, as the Confidential Appendices will remain sealed only until completion of the transactions contemplated by the 1140 Sale Agreement and the 488 Sale Agreement. In the circumstances, the Proposed Receiver submits that preserving the confidentiality of the information is necessary to protect the integrity of any further sale process and the interests of stakeholders, and that the benefits of the temporary sealing order outweigh its limited negative effects on the open court principle.[43]

49. Confidential Appendix "1" to the Supplemental Report contains the unredacted Waiver and Confidential Appendix "2" contains the unredacted 488 Sale Agreement. If the 488 Transaction is not completed, disclosure of the commercially sensitive pricing information contained therein could impair the Receiver's ability to remarket the 488 Real Property and negotiate with prospective purchasers.[44]

50. The proposed sealing relief in respect of the Confidential Appendices to the Supplemental Report is narrowly tailored and limited in duration, as the Confidential Appendices will remain sealed only until completion of the 488 Transaction or further Order of the Court. Redacted copies of the Waiver and 488 Sale Agreement will remain available on the public record. In the circumstances, the Proposed Receiver submits that preserving the confidentiality of the purchase price is necessary to protect the integrity of any further sale process and the interests of

[42] Pre-Filing Report at section 3.1, para. 9 and section 5.0, para. 1.
[43] Pre-Filing Report at section 5.0, paras. 1–3; proposed 1140 AVO at para. 7.
[44] Supplemental Report at section 3.0, paras. 1–2.

stakeholders, and that the benefits of the temporary sealing order outweigh its limited negative effects on the open court principle.[45]

51. Accordingly, the Proposed Receiver respectfully submits that the requested sealing relief is consistent with the principles articulated in *Sherman Estate* and that the Confidential Appendices should be sealed for the periods sought.

The Proposed Assignments of the Debtors into Bankruptcy Should Be Authorized

52. Pursuant to subsection 49(1) of the BIA, an insolvent person may make an assignment of its property for the general benefit of its creditors. Section 2 of the BIA defines an "insolvent person" as a person who is not bankrupt, who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under the BIA amount to at least $1,000, and[46]:

(a) who is unable to meet its obligations as they generally become due;

(b) who has ceased paying its current obligations in the ordinary course of business as they generally become due; or

(c) whose property, at a fair valuation or if disposed of at a fairly conducted sale under legal process, would be insufficient to satisfy all its obligations, due and accruing due.

[45] Supplemental Report at section 3.0, paras. 1–3; proposed 488 AVO at para. 7.
[46] BIA, s. 2, definition of "insolvent person" and s. 49(1).

53. In *CIBC Mortgages Inc. (Firstline Mortgages) v. Chartrand*, the Court of Appeal for Ontario confirmed that a mortgagee's desire to reverse the CRA's priority in respect of unpaid GST/HST is a legitimate reason to seek the bankruptcy of the mortgagor debtor.[47]

54. Pursuant to section 222 of the *Excise Tax Act* (Canada) (the "**ETA**"), certain unremitted GST/HST amounts may be subject to a deemed trust in favour of the Crown that ranks ahead of secured creditors. However, subsection 222(1.1) provides that the deemed trust does not apply, at or after bankruptcy, to amounts collected or collectible before bankruptcy. The claims and priorities of creditors are thereafter determined in accordance with the BIA.[48]

55. In *Grant Forest Products Inc. v. The Toronto-Dominion Bank*, the Court of Appeal for Ontario confirmed that a creditor may seek bankruptcy relief for the purpose of altering priorities in its favour. The fact that bankruptcy may change the priority of competing claims does not, in itself, disentitle a party from obtaining the requested relief.[49]

i. 1140 Ltd.

56. In the present case, 1140 Ltd. satisfies the statutory definition of an insolvent person. It is an Ontario corporation that owns property in Canada and has liabilities to Cameron Stephens substantially exceeding $1,000. The CS Loan matured on August 1, 2025 and remains unpaid, 1140 Ltd. has outstanding GST obligations to the CRA, and the Debtors have not demonstrated any viable refinancing or repayment proposal. Further, the anticipated net proceeds from the realization of the Properties will be insufficient to repay the CS Loan in full. These circumstances

[47] *CIBC Mortgages Inc. (Firstline Mortgages) v. Chartrand*, 2010 ONCA 456 at para. 8.
[48] ETA, ss. 222(1), (1.1), (3) and (4); BIA, s. 67(2)–(3).
[49] *Grant Forest Products Inc. v. The Toronto-Dominion Bank*, 2015 ONCA 570 at para. 118.

support the conclusion that 1140 Ltd. is unable to meet its obligations as they generally become due.[50]

57. The proposed bankruptcy will provide an orderly statutory process for determining and administering the claims and priorities of 1140 Ltd.'s creditors, including the CRA. Although the bankruptcy will affect the statutory treatment of any GST/HST deemed trust, the validity and priority of the CRA's separately registered lien will remain subject to the applicable provisions of the BIA. The Proposed Receiver does not seek a determination of the CRA's priority on this application.[51]

58. The Ancillary Relief Order provides that the stay of proceedings imposed by the Receivership Order against 1140 Ltd. will be lifted following completion of the 1140 Transaction to permit the Receiver to file an assignment in bankruptcy on behalf of 1140 Ltd. This will permit the 1140 Transaction to be completed before the commencement of the bankruptcy proceedings.[52]

59. The Proposed Receiver also seeks authority for AlixPartners to act as trustee in bankruptcy of 1140 Ltd. AlixPartners' involvement in the receivership will facilitate continuity in the administration of the bankrupt estate. Its appointment as trustee in bankruptcy will remain subject to the applicable requirements of the BIA, including subsection 49(4), pursuant to which the official receiver appoints the trustee upon filing of an assignment.[53]

60. Accordingly, the Proposed Receiver respectfully submits that the proposed assignment in bankruptcy is appropriate in the circumstances and that the Ancillary Relief Order should be granted.

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[50] O'Duffy Affidavit at paras. 6–7, 10–11, 23, 26–28, 37 and 40; Pre-Filing Report at section 1.0, para. 8 and section 6.0, paras. 1–3; BIA, s. 2, definition of "insolvent person".
[51] Pre-Filing Report at section 6.0, paras. 1–3; BIA, ss. 86 and 87.
[52] Proposed Ancillary Relief Order at paras. 1–2; Pre-Filing Report at section 6.0, para. 3.
[53] Pre-Filing Report at section 6.0, para. 3; BIA s.49(3)–(4).

ii. 488 Ltd.

61. 488 Ltd. likewise satisfies the statutory definition of an insolvent person. It is an Ontario corporation that owns property in Canada and has liabilities to Cameron Stephens substantially exceeding $1,000. The CS Loan matured on August 1, 2025 and remains unpaid, 488 Ltd. has outstanding GST/HST obligations to the CRA, and the Debtors have not demonstrated any viable refinancing or repayment proposal. Further, the anticipated net proceeds from the realization of the Properties will be insufficient to repay the CS Loan in full. These circumstances support the conclusion that 488 Ltd. is unable to meet its obligations as they generally become due.[54]

62. The proposed bankruptcy will provide an orderly statutory process for determining and administering the claims and priorities of 488 Ltd.'s creditors, including the CRA. Although the bankruptcy will affect the statutory treatment of any GST/HST deemed trust, the validity and priority of the CRA's separately registered lien will remain subject to the applicable provisions of the BIA. The Proposed Receiver does not seek a determination of the CRA's priority in either the application or the motion.[55]

63. The Ancillary Relief Order provides that the stay of proceedings imposed by the Receivership Order against 488 Ltd. will be lifted following completion of the 488 Transaction to permit the Receiver to file an assignment in bankruptcy on behalf of 488 Ltd. This will permit the 488 Transaction to be completed before the commencement of the bankruptcy proceedings.[56]

64. The Proposed Receiver also seeks authority for AlixPartners to act as trustee in bankruptcy of 488 Ltd. AlixPartners' involvement in the receivership will facilitate continuity in the

[54] O'Duffy Affidavit at paras. 4–5, 10–11, 16, 23 and 26–28; Pre-Filing Report at section 1.0, para. 8; Supplemental Report at section 4.0, paras. 1–3; BIA, s. 2, definition of "insolvent person".
[55] Supplemental Report at section 4.0, paras. 1–3; BIA, ss. 86 and 87.
[56] Supplemental Report at section 4.0, para. 3; proposed Ancillary Relief Order at paras. 1–2.

administration of the bankrupt estate. Its appointment as trustee in bankruptcy will remain subject to the applicable requirements of the BIA, including subsection 49(4), pursuant to which the official receiver appoints the trustee upon filing of an assignment.[57]

65. Accordingly, the Proposed Receiver respectfully submits that the proposed assignment in bankruptcy is appropriate in the circumstances and that the Ancillary Relief Order should be granted.

The Proposed Transfers to Fund the Bankruptcies Should Be Approved

66. Pursuant to subsection 243(1)(c) of the BIA, this Court has broad jurisdiction to authorize a receiver to take such action as the Court considers advisable. Subsection 101(2) of the CJA further provides that an order appointing a receiver may include such terms as the Court considers just.[58]

67. The Proposed Receiver seeks authority to transfer $50,000 plus HST from the net sale proceeds of the 1140 Transaction to AlixPartners, in its capacity as trustee in bankruptcy of 1140 Ltd., following the assignment in bankruptcy. The Proposed Receiver considers this amount reasonable having regard to the anticipated costs of administering the bankrupt estate. The proposed transfer will provide funding for the orderly administration of the bankruptcy and the determination of creditors' claims.[59]

68. The Proposed Receiver seeks authority to transfer $50,000 plus HST from the net sale proceeds of the 488 Transaction to AlixPartners, in its capacity as trustee in bankruptcy of 488 Ltd., following the assignment in bankruptcy. The Proposed Receiver considers this amount

[57] Supplemental Report at section 4.0, para. 3; BIA, s.49(3)–(4).
[58] BIA, s. 243(1)(c); *Courts of Justice Act*, RSO 1990, c. C.43, s. 101(2).
[59] Pre-Filing Report at section 6.0, para. 4; proposed Ancillary Relief Order at para. 3.

reasonable having regard to the anticipated costs of administering the bankrupt estate. The proposed transfer will provide funding for the orderly administration of the bankruptcy and the determination of creditors' claims.[60]

69. Accordingly, the Proposed Receiver respectfully submits that the proposed transfers are reasonable and appropriate in the circumstances and should be authorized under the Ancillary Relief Order.

PART V – RELIEF SOUGHT

70. For the foregoing reasons, the Proposed Receiver respectfully requests that this Court grant the 1140 AVO, the 488 AVO and the Ancillary Relief Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 5th day of November, 2026.



CHAITONS LLP
Lawyers for the Proposed Receiver,
AlixPartners Restructuring Inc.

[60] Supplemental Report at section 4.0, para. 4; proposed Ancillary Relief Order at para. 3.

SCHEDULE "A"

TABLE OF AUTHORITIES

Case law

1	*CIBC Mortgages Inc. (Firstline Mortgages) v. Chartrand*, 2010 ONCA 456	8
2	*Crown Trust Co et al v Rosenberg et al, 60 OR (2d) 87*	83- 84
3	*Elleway Acquisitions Limited v 4358376 Canada Inc*, 2013 ONSC 7009	31, 33-34
4	*Grant Forest Products Inc. v. The Toronto-Dominion Bank*, 2015 ONCA 570	118
5	*Romspen Investment Corporation v. Tung Kee Investment Canada Ltd., 2023 ONSC 5911*	50-52, 83-86
6	*Royal Bank of Canada v Soundair Corp*, 4 OR (3d) 1	16
7	*Sherman Estate v Donovan*, 2021 SCC 25	38
8	*Sierra Club of Canada v Canada (Minister of Finance)*, 2002 SCC 41	53
9	*Third Eye Capital Corporation v. Ressources Dianor Inc.*, 2019 ONCA 508	76-77, 87

I certify that I am satisfied as to the authenticity of every authority.

Note: Under the Rules of Civil Procedure, an authority or other document or record that is published on a government website or otherwise by a government printer, in a scholarly journal or by a commercial publisher of research on the subject of the report is presumed to be authentic, absent evidence to the contrary (rule 4.06.1(2.2)).

Date November 5, 2026

Signature

SCHEDULE "B"

STATUTORY AUTHORITIES

Bankruptcy and Insolvency Act, RSC 1985, c. B-3

Section 2 — Definition of "insolvent person"

2 In this Act,

insolvent person means a person who is not bankrupt and who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under this Act amount to one thousand dollars, and

(a) who is for any reason unable to meet his obligations as they generally become due,

(b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or

(c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due; (personne insolvable)

Assignment for general benefit of creditors

49 (1) An insolvent person or, if deceased, the executor or administrator of their estate or the liquidator of the succession, with the leave of the court, may make an assignment of all the insolvent person's property for the general benefit of the insolvent person's creditors.

Appointment of trustee

49 (4) Where the official receiver files the assignment made under subsection (1), he shall appoint as trustee a licensed trustee whom he shall, as far as possible, select by reference to the wishes of the most interested creditors if ascertainable at the time, and the official receiver shall complete the assignment by inserting therein as grantee the name of the trustee.

Court may appoint receiver

243 (1) Subject to subsection (1.1), on application by a secured creditor, a court may appoint a receiver to do any or all of the following if it considers it to be just or convenient to do so:

[...]

(c) take any other action that the court considers advisable.

***Courts of Justice Act*, RSO 1990, c C.43**

Vesting orders

100 A court may by order vest in any person an interest in real or personal property that the court has authority to order be disposed of, encumbered or conveyed. R.S.O. 1990, c. C.43, s. 100.

Injunctions and receivers

101 (1) In the Superior Court of Justice, an interlocutory injunction or mandatory order may be granted or a receiver or receiver and manager may be appointed by an interlocutory order, where it appears to a judge of the court to be just or convenient to do so.

Terms

(2) An order under subsection (1) may include such terms as are considered just. R.S.O. 1990, c. C.43, s. 101 (2).

***Excise Tax Act,* RSC 1985, c E-15**

Trust for amounts collected

222 (1) Subject to subsection (1.1), every person who collects an amount as or on account of tax under Division II is deemed, for all purposes and despite any security interest in the amount, to hold the amount in trust for Her Majesty in right of Canada, separate and apart from the property of the person and from property held by any secured creditor of the person that, but for a security interest, would be property of the person, until the amount is remitted to the Receiver General or withdrawn under subsection (2).

Amounts collected before bankruptcy

(1.1) Subsection (1) does not apply, at or after the time a person becomes a bankrupt (within the meaning of the *Bankruptcy and Insolvency Act*), to any amounts that, before that time, were collected or became collectible by the person as or on account of tax under Division II.

CAMERON STEPHENS MORTGAGE CAPITAL LTD.	**-and-**	**488 DUPONT STREET LTD. and 1140 DUPONT STREET LTD.**
Applicant		Respondents

Court File No. CL-26-00000424-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced in Toronto

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