

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

BETWEEN:

CENTURION MORTGAGE CAPITAL CORPORATION

Applicant

- and -

TERRASAN 327 ROYAL YORK RD. LIMITED

Respondent

**SUPPLEMENT TO THE FOURTH REPORT
OF BDO CANADA LIMITED, IN ITS CAPACITY
AS COURT APPOINTED RECEIVER**

September 12, 2017

INTRODUCTION AND PURPOSE OF THIS REPORT

Introduction

1. This supplemental report is filed by BDO Canada Limited, in its capacity as Court appointed receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of Terrasan 327 Royal York Rd. Limited.
2. The purpose of this supplemental report dated September 12, 2017 (the "**Supplemental Report**") is to supplement the Fourth Report of the Receiver dated September 8, 2017 (the "**Fourth Report**") and provide the Court with a further update on the closing of the sale pursuant to the 2402871 APA (the "**Transaction**").
3. Capitalized terms not otherwise defined herein are as defined in the Fourth Report.

2402871 APA update

4. On September 11, 2017, the Receiver updated the Court on the status of the closing of the Transaction, as set out in the Fourth Report (the "**September 11 Attendance**"). Since the September 11th Attendance, the Receiver and Purchaser have continued discussions regarding the closing of the Transaction.
5. The Receiver and the Purchaser have now resolved the outstanding matters delaying the closing of the Transaction. In this regard, the Receiver and the Purchaser have negotiated a letter agreement dated September 12, 2017 (the "**Letter Agreement**"). The Letter Agreement, among other things, provides for an adjustment to the purchase price in favour of the Purchaser (the "**Price Adjustment**"). Attached hereto as **Confidential Appendix A** is a copy of the Letter Agreement.
6. The Letter Agreement provides for the closing of the Transaction to be completed on or before September 15, 2017 (5:00 p.m. Toronto time). Additionally, the closing of the Transaction, less the Price Adjustment, still represents the highest and best offer for the subject assets;
7. The Letter Agreement does not amend any other terms or conditions.
8. The Receiver is of the opinion that the Letter Agreement is commercially reasonable and is in the best interest of the creditors as a whole.
9. Given the commercially sensitive information contained in the Letter Agreement and its potential impact on the Receiver's ability to negotiate subsequent transactions in the event that this Transaction fails to close, the Receiver believes that it is appropriate for the Letter Agreement to

remain confidential until the Transaction closes. Accordingly, the Receiver requests an order sealing the Letter Agreement until further order of the Court.

10. The approval and vesting order granted on August 25, 2017 (the "**Approval and Vesting Order**") only allowed the Receiver to make minor amendments to the 2402871 APA. Given that the Letter Agreement contemplates the Price Adjustment, the Receiver is of the view that an Order is required by the Court approving the Letter Agreement, and the Price Adjustment.
11. Based on the foregoing, the Receiver recommends that the Court:
 - (a) approve and authorize the execution by the Receiver the Letter Agreement, and approve the Price Adjustment;
 - (b) amend the Approval and Vesting Order granted on August 25, 2017, such that any reference to "Asset Purchase Agreement", shall be deemed to be a reference to the "Asset Purchase Agreement, as amended by the Letter Agreement"; and
 - (c) seal the Letter Agreement, filed as **Confidential Appendix A** to this Supplemental Report.
12. All of which is respectfully submitted this 12th day of September, 2017.

BDO CANADA LIMITED,
in its capacity as the Court-appointed Receiver of
Terrasan 327 Royal York Rd. Limited, and not in its personal or corporate capacity
Per:



Name: Gary Cerrato, CIRP, LIT
Title: Vice-President