

ONTARIO
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST

THE HONOURABLE MR.)	MONDAY, THE 30 TH DAY
)	
JUSTICE CUMMING)	OF APRIL, 2012.

DUFF & PHELPS CANADA RESTRUCTURING INC. IN ITS
CAPACITY AS LIQUIDATOR OF COVENTREE INC.

Applicant

APPLICATION UNDER SECTION 207 OF THE *BUSINESS
CORPORATIONS ACT*, R.S.C. 1990, c. B.16, AS AMENDED



IN THE MATTER OF THE WINDING-UP OF
COVENTREE INC.

INTERIM DISTRIBUTION ORDER

THIS MOTION, made by the Applicant for an order: (a) authorizing and directing the Applicant to forthwith distribute rateably among the registered shareholders of Coventree Inc., the amount of \$44.5 million together with all of the shares of Xceed Mortgage Corporation which are owned by Coventree Inc. (the "**Interim Distribution**"); (b) authorizing and directing the Applicant to fix the per share value of the shares of Xceed Mortgage Corporation for the purposes of the Interim Distribution as the quoted bid price as at the close of trading on the Toronto Stock Exchange on the business day immediately prior to the date on which the Interim Distribution is made; (c) directing that certain distributions otherwise directly payable to Mr. Dean Tai, Alkyon Corporation or Alkyon Holdings Corporation be paid to McCarthy Tétrault LLP, in trust; (d) approving of the activities of the Applicant as set out in the Report (defined

below); and (e) approving the fees and disbursements of the Applicant and its counsel as set out in the Report, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the second report to this Court of Duff & Phelps Canada Restructuring Inc. in its capacity as the liquidator of Coventree Inc. (the "**Liquidator**") dated April 20, 2012 (the "**Report**"), and on hearing the submissions of counsel for the Applicant, no one appearing for any other person on the service list, although properly served as appears from the Affidavits of Service filed:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

INTERIM DISTRIBUTION

2. THIS COURT ORDERS that the Applicant be and is hereby authorized and directed to forthwith distribute rateably among the registered shareholders of Coventree Inc., the amount of \$44.5 million together with all of the shares of Xceed Mortgage Corporation which are owned by Coventree Inc. (on a no fractional share basis), net of any applicable withholding taxes.

3. THIS COURT ORDERS that the Applicant be and is hereby authorized and directed to record the per share value of the shares of Xceed Mortgage Corporation for the purposes of the Interim Distribution as the quoted bid price as at the close of trading on the Toronto Stock Exchange on the business day immediately prior to the date on which the Interim Distribution is made.

4. THIS COURT ORDERS that all distributions pursuant to the Interim Distribution that would otherwise be made directly to Mr. Dean Tai, Alkyon Corporation or Alkyon Holdings Corporation (the "**Tai Distribution**") shall be made to McCarthy Tétrault LLP, in trust, and that:

- (a) McCarthy Tétrault LLP shall not release or transfer any part of the Tai Distribution without either the joint direction of Mr. Dean Tai and Ms Dora Vell or further Order of this Court;
- (b) McCarthy Tétrault LLP shall forthwith upon receipt of the Tai Distribution report in writing to Mr. Tai's counsel, Paul H. Le Vay of Stockwoods LLP, that the Tai Distribution has been received and shall specify the exact amount (in cash and shares of Xceed Mortgage Corporation) received; and
- (c) as long as it continues to hold the Tai Distribution, McCarthy Tétrault LLP shall report in writing to Mr. Le Vay on the first business day of each calendar month (or, if unable to report on the first business day, as soon as possible thereafter and in no event later than the fifth business day of the month) the exact amount (in cash and shares of Xceed Mortgage Corporation) that it continues to hold.

5. THIS COURT ORDERS that the 44,000 shares in Coventree Inc. and approximately \$25,000 in cash remaining from Coventree Inc.'s realization on the 500,000 shares of Coventree Inc. pledged to Coventree Inc. pursuant to a share pledge agreement between Alkyon Corporation and Coventree Inc. dated December 30, 2004 and a share pledge agreement between Alkyon Holdings Corporation and Coventree Inc. also dated December 30, 2004 (the "**Residual Collateral**") be transferred to McCarthy Tétrault LLP, in trust, and that McCarthy Tétrault LLP shall not release or transfer any part of the Residual Collateral without either the joint direction of Mr. Dean Tai and Ms Dora Vell or further Order of this Court.

ACTIVITIES AND FEES

6. THIS COURT ORDERS that the activities of the Applicant as set out in the Report be and are hereby approved.

7. THIS COURT ORDERS that the fees and disbursements of the Applicant and its counsel as set out in the Report be and are hereby approved.

GENERAL

8. THIS COURT ORDERS that the Liquidator may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

9. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Liquidator and its respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Liquidator, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Liquidator in any foreign proceeding, or to assist the Liquidator and its respective agents in carrying out the terms of this Order.

10. THIS COURT ORDERS that the Liquidator be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

April 30, 2012 *Peter A. Cumming J.*

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

APR 30 2012

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Court File No: CV-12-9594-00CL

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Proceeding Commenced at Toronto

INTERIM DISTRIBUTION ORDER

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