Court File No. CV-13-10362-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Applicants

FIRST REPORT TO COURT OF GRANT THORNTON LIMITED, MONITOR OF THE APPLICANTS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

JANUARY 14, 2014

GrantThornton

Grant Thornton Limited,
Monitor of the Applicants under the *Companies' Creditors Arrangement Act*

Royal Bank Plaza
200 Bay Street, South Tower, 19th Floor
Toronto, Ontario, M5J 2P9

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INTRODUCTION

1. Silver Streams Homes Inc. ("**Silver Streams**") is a residential home builder in the Greater Toronto Area.

2. Silver Streams Homes (Puccini) Inc. ("**Puccini**") was incorporated in October 2008 for the purpose of developing and selling homes in a development located at Bathurst St. and King Rd. in Richmond Hill, Ontario (the "**Puccini Project**"). Puccini is registered with Tarion and is the vendor under agreements of purchase and sale for homes in the Puccini Project.

3. Title to the some (but not all) of the lands in phases II and III of the Puccini Project is held by 2148993 Ontario Inc. ("**2148993**"), 2148990 Ontario Inc. ("**2148990**"), 2147681 Ontario Inc. ("**2147681**") and 2147650 Ontario Inc. ("**2147650**" and, collectively, the "**Title Holders**"). Silver Streams, Puccini

and the Title Holders are collectively referred to as the "**Companies**" or the "**Applicants**".

4. The affidavit of Imran Jinnah, the sole director/shareholder of the Applicants, sworn on December 11, 2013 (the "**Initial Jinnah Affidavit**") describes, *inter alia*, the Companies' background and present circumstances.

5. On December 17, 2013, the Companies made an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"). On that date, the Court issued an order (the "**Initial Order**"), *inter alia*, granting the Companies' the protection of a stay of proceedings until January 16, 2014 and appointing Grant Thornton Limited ("**GTL**") as the Companies' monitor under the CCAA (the "**Monitor**"). A copy of the Initial Order is attached as **Appendix "1"**. The Initial Order also:

   i) authorized the Companies to complete the sale of two Presold Homes, as detailed in the Initial Jinnah Affidavit;

   ii) authorized the Monitor to, among other things, control the receipts and disbursements of the Applicants and collect funds arising from the realization of the Companies' assets;

   iii) granted an administrative charge for certain professional fees and disbursements incurred in connection with these proceedings; and

iv) authorized the Companies to obtain interim financing and granted a charge to secure such interim financing.

6. This report (the "**First Report**") has been prepared by Grant Thornton Limited in its capacity as Monitor.

PURPOSE OF THE FIRST REPORT

7. The purpose of this First Report is to advise the Court with respect to:

   i) the status of the CCAA Proceedings, including the details of the activities of the Monitor and the Companies since the issuance of the Initial Order;

   ii) the Companies' request for an Order approving a claims process (the "**Claims Process**") for the review and determination of the validity, quantum and priority of secured claims (the "**Secured Claims**") against the property of the Applicants, including the establishment of a committee (the "**Vetting Committee**") to review these claims;

   iii) the Companies' revised cash flow projection to May 2, 2014 (the "**Cash Flow Projection**");

   iv) the Companies' receipts and disbursements since December 17, 2013;

   v) the Companies' request for an Order approving an interim distribution to Bank of Montreal ("**BMO**"), subject to BMO entering into a reimbursement agreement with the Monitor;

vi) the Companies' request for an Order extending the stay of proceedings from January 16, 2014, the date that the stay of proceedings currently expires, to April 18, 2014; and

vii) the Monitor's request for an Order approving the First Report, the R&D and the report of GTL as proposed Monitor dated December 13, 2013 (the "**Proposed Monitor's Report**"), and the Monitor's activities as described in such reports.

8. Detailed background information concerning the Companies and their stakeholders is provided in the Initial Jinnah Affidavit and the affidavit of Imran Jinnah sworn January 10, 2014 (the "**January Jinnah Affidavit**"), which have been filed with the Court. Accordingly, the Monitor has not repeated information to this effect in this First Report.

SCOPE AND TERMS OF REFERENCE

9. In preparing this First Report, the Monitor has relied upon unaudited financial information, the Companies' records, financial information and projections and discussions with the Companies' management and employees. While the Monitor reviewed various documents provided by the Companies and believes that the information therein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards

("**IFRS**"). Accordingly, the Monitor expresses no opinion or other form of assurance pursuant to GAAP or IFRS with respect to such information.

10. Some of the information used in preparing this First Report consists of financial projections, including the Cash Flow Projection. The Monitor cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Companies' actual results may vary from the Cash Flow Projection, even if the hypothetical and probable assumptions contained therein materialize, and the variations could be significant. The Monitor's review of the future oriented information used to prepare this First Report did not constitute an audit of such information under GAAP or IFRS.

11. In the course of its mandate, the Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by the Companies and their management, within the context in which such information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of these assumptions. The Monitor has requested that management bring to its attention any significant matters which were not addressed in the course of the Monitor's specific inquiries. Accordingly, this First Report is based solely on the information (financial or otherwise) made available to the Monitor by the Companies.

12. This First Report has been prepared for the use of this Court and the Companies' stakeholders as general information relating to the Companies.

Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Monitor will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

13. All references to dollars are in Canadian currency unless otherwise noted.

14. Capitalized terms not defined in this First Report have the meanings ascribed to them in the Initial Jinnah Affidavit and the January Jinnah Affidavit.

ACTIVITIES OF THE COMPANIES AND STATUS OF THE CCAA PROCEEDINGS

15. The activities of the Companies and the status of each of the properties owned by the Applicants are detailed in the January Jinnah Affidavit. Since the issuance of the Initial Order, the Companies have, among other things:

    (i) communicated with various stakeholders and creditors regarding the CCAA Proceedings;

    (ii) corresponded with the DIP Lender;

    (iii) corresponded with legal counsel;

    (iv) planned the marketing of the remaining homes;

    (v) carried out construction activities for certain of the remaining homes;

    (vi) closed the sale of Lot 22, as authorized by the Court;

(vii) made payments to vendors as contemplated by the cash flow projection filed with the Companies' initial application materials;

(viii) revised the Cash Flow Projections;

(ix) worked with the Monitor and stakeholders to develop the proposed Claims Process; and

(x) serviced homes that were sold prior to the issuance of the Initial Order, in accordance with the Tarion home warranty program.

ACTIVITIES OF THE MONITOR

16. Since the issuance of the Initial Order, the Monitor's activities have included, among other things:

(i) corresponding and meeting with the Companies, their management and their legal counsel;

(ii) corresponding and meeting with the Monitor's legal counsel;

(iii) touring certain of the Companies' properties;

(iv) reviewing and controlling receipts and disbursement of the Companies;

(v) corresponding with certain of the Companies' secured lenders;

(vi) corresponding with the DIP Lender;

(vii) assisting the Companies revise the Cash Flow Projection;

(viii) maintaining a public website for the CCAA Proceedings;

(ix) attending to phone calls and emails from the Companies' creditors and other stakeholders;

(x) reviewing and commenting on the proposed Claims Process; and

(xi) reviewing all materials filed with the Court in respect of these proceedings.

PROPOSED CLAIMS PROCESS

17. As set out in the January Jinnah Affidavit, the Applicants have numerous secured creditors, including but not limited to, mortgagees, lien claimants and Canada Revenue Agency (i.e. the Secured Claims).

18. The Applicants have requested that the Court authorize the Claims Process, which is contemplated to be administered by the Monitor (in consultation with the Vetting Committee) and is aimed at determining the validity, quantum and priority of the Secured Claims, including the establishment of the Vetting Committee to review such claims. The Vetting Committee would include the Monitor's counsel, the Companies' counsel and counsel to certain of the secured creditors.

19. A draft claims procedure order forms part of the Companies' motion record and the details of the Claims Process are set out in the January Jinnah Affidavit.

20. The Monitor is supportive of the proposed Claims Process.

CASH FLOW PROJECTION

21. The Companies have prepared the Cash Flow Projection, on a weekly basis, for the period ending May 2, 2014. The Cash Flow Projection is attached hereto as **Appendix "2"**. The Cash Flow Projection has been prepared by management using probable and hypothetical assumptions set out therein.

22. The Monitor makes the following comments on the Cash Flow Projection:

    i) Expenses appear to be consistent with the level of operations contemplated by management for the Companies during the restructuring period;

    ii) The Cash Flow Projection assumes the closing of the sale transaction for lot 25;

    iii) The Cash Flow Projection does not contemplate making payments to the Companies' secured creditors nor servicing interest on such obligations during the CCAA Proceedings (other than in respect of the interim financing facility, which is being serviced and partially repaid); and

iv) The Cash Flow Projection does not contemplate paying property tax arrears, nor does it contemplate paying HST/GST arrears of approximately $630,000.

23. The Monitor's review of the Cash Flow Projection consisted of inquiries, analytical procedures and discussions related to information supplied to the Monitor by the management and employees of the Companies. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to such assumptions were limited to evaluating whether they were consistent with the purpose of the Cash Flow Projection. The Monitor has also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow Projection. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

i) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Projection;

ii) as at the date of this First Report, the probable assumptions developed by management are not suitably supported and consistent with the Companies' plans or do not provide a reasonable basis for the Cash Flow Projection, given the hypothetical assumptions; or

iii) the Cash Flow Projection does not reflect the probable and hypothetical assumptions.

24. The Cash Flow Projection prepared by the Companies projects that the Applicants will have sufficient funds on hand to maintain their operations throughout the Cash Flow Projection period.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

25. In accordance with the Initial Order, the Monitor has controlled the Companies' receipts and disbursements since the date of the Initial Order.

26. The Companies have remained current in respect of their obligations that have arisen since the issuance of the Initial Order.

27. The following table provides a summary of the Companies' receipts and disbursements for the period from December 17, 2013 to January 10, 2014.

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For the period from December 17, 2013 to January 10, 2014
($CAD, Unaudited)

	Budget	Actual	Variance
Receipts			
Lot #22			
Closing proceeds, net of deposit collected	827,257	827,723	467
Less: Commission	(24,500)	-	24,500
General			
Interim financing facility (i.e. DIP loan)	425,000	425,000	-
Interest Income	-	78	78
HST rebates	-	-	-
HST collected (actual is net of $24k from the HST rebate program)	112,743	91,504	(21,239)
Total receipts	1,340,500	1,344,306	3,806
Disbursements			
Lot #22			
Interior finishing cost	32,752	18,811	13,941
Exterior finishing cost	11,200	-	11,200
HST (13%)	5,714	2,445	3,268
Lot #25			
Interior finishing cost	46,889	29	46,859
Exterior finishing cost	14,500	900	13,600
HST (13%)	7,981	121	7,860
Lot #23			
Interior finishing cost	-	81	(81)
Exterior finishing cost	-	1,400	(1,400)
HST (13%)	-	193	(193)
Lot #24			
Interior finishing cost	-	82	(82)
Exterior finishing cost	-	1,400	(1,400)
HST (13%)	-	193	(193)
Lot #1			
Interior finishing cost	-	-	-
Exterior finishing cost	-	900	(900)
HST (13%)	-	117	(117)
General			
HST Paid on general expenses	43,289	29,383	13,906
Management fees	35,681	32,192	3,489
Property taxes	-	-	-
Insurance	5,310	7,606	(2,296)
Office expenses	3,540	5,276	(1,737)
Automotive expenses	6,195	7,201	(1,006)
Post-closing service costs re: Lot 17	7,500	7,500	-
Tarion warranty - service and materials	37,726	28,504	9,222
Interest/loan payments	-	-	-
HST remittance/(refund)	-	-	-
Contingency (15% of construction costs)	15,801	-	15,801
Repayment of the interim financing facility	-	-	-
Professional fees	221,239	198,005	23,234
Total disbursements	495,315	342,339	152,976
Net cash inflow (outflow)	845,185	1,001,967	156,782
Bank account - opening balance	-	-	-
Bank account - closing balance	**845,185**	**1,001,967**	**156,782**
Holdback for first mortgage	**300,000**	**300,000**	**-**
Net Cash Available for Use	**545,185**	**701,967**	**156,782**

INTERIM DISTRIBUTION TO BMO

28. As described in the Initial Jinnah Affidavit, the Companies' outstanding indebtedness to BMO is in excess of $700,000.

29. The cash flow filed with the Companies' CCAA application materials contemplated that $570,000 would be held back by the Monitor from the proceeds from the sale of Lots 22 and 25 for the benefit of BMO subject to determination of priorities as between BMO and the construction lien claimants. There is presently $300,000 being held back by the Monitor from the closing of the sale of lot 22 and the sale of lot 25 is scheduled to close imminently, from which a further $270,000 is to be held back by the Monitor. In order to minimize the interest payable to BMO, the Applicants are requesting an Order of the Court authorizing an interim distribution of the holdback to BMO, subject to a reimbursement agreement being entered into between BMO and the Monitor.

30. The Monitor is supportive of the Companies' request for approval of the proposed interim distribution to BMO.

COMPANIES' REQUEST FOR AN EXTENSION OF THE STAY OF PROCEEDINGS

31. The Initial Order included a stay of proceedings as against the Applicants until and including January 16, 2014 or such later date as the Court may order.

32. The Monitor is of the view that the Applicants have acted in good faith and with due diligence since the granting of the Initial Order. The Applicants, among other things:

    (i) closed the sale of lot 22;

    (ii) continued construction of lots 23 and 24 of Phase III; and

    (iii) planned a marketing process for the sale of the remaining 7 homes.

33. As set out in the January Jinnah Affidavit, the Applicants seek an extension of the stay period to April 18, 2014 to allow them to: (i) continue construction of lots 23 and 24 of Phase III of the Puccini Project; (ii) carry out a marketing process for the sale of the remaining 7 homes; and (iii) administer the Claims Process with the assistance of the Monitor.

34. A stay of proceedings is necessary if it is deemed appropriate by this Court to allow the Companies to maintain their business and to allow the Applicants the opportunity to implement the above noted plans in a stabilized environment.

RECOMMENDATION REGARDING REQUESTED RELIEF

35. In the Monitor's view, the Companies have acted in accordance with the Initial Order. The Companies have also been working cooperatively with the Monitor to facilitate the carrying out of their respective mandates. Accordingly, the Monitor is satisfied that the Companies are acting in good faith and with due diligence.

36. The Companies have requested that the Court extend the stay of proceedings to April 18, 2014. Among other things, an extension of the stay will permit the Companies to:

(i) continue to communicate with stakeholders;

(ii) complete construction and realize on the remaining homes;

(iii) conduct the Claims Process; and

(iv) distribute proceeds from such realizations to the Companies' stakeholders.

37. Given the forgoing, the Monitor respectfully recommends that this Court grant the Companies' request for an Order:

(i) extending the stay of proceedings to and including April 18, 2014;

(ii) approving an interim distribution to BMO, subject to BMO and the Monitor entering into a reimbursement agreement; and

(iii) approving and authorizing the commencement of the Claims Process.

38. The Monitor also requests that the Court approve the First Report, the R&D, the Proposed Monitor's Report, and Monitor's activities as described in such reports.

All of which is respectfully submitted,

GRANT THORNTON LIMITED,
In its capacity as Monitor of the Applicants
under the *Companies' Creditors Arrangements Act*
and not in any other capacity

Per:

Jonathan Krieger, CPA, CA, CIRP
Senior Vice President

Appendix 1

Court File No. 12-10362-00-CL

3 25

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	TUESDAY, THE 17^{TH}
	)	
JUSTICE NEWBOULD	)	DAY OF DECEMBER, 2013

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. and 2147650 ONTARIO INC.

the "Applicants"

INITIAL ORDER

THIS APPLICATION, made by Silver Streams Homes Inc., Silver Streams Homes (Puccini) Inc., 2148993 Ontario Inc., 2148990 Ontario Inc., 2147681 Ontario Inc. and 2147650 Ontario Inc. (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Imran Jinnah sworn December 11, 2013 and the Exhibits thereto (the "**Jinnah Affidavit**"), the Proposed Monitor's Report to the Court and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, Grant Thornton Limited (as the proposed Monitor), counsel for Bank of Montreal, counsel for Foremost Mortgage Corporation, counsel for the private secured lenders, counsel for certain lien claimants, counsel for the Corporation of the Town of Richmond Hill, and such other counsel as are present, no one else appearing although duly served as appears from the affidavit of service of Lynn Lee sworn December 12, 2013 and on reading the consent Grant Thornton Limited to act as the Monitor,

SERVICE

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

2. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practicedirections/toronto/#Commercial_List) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <[www.grantthornton.ca/silverstreams]>.

3. **THIS COURT ORDERS** that the E-Service List Keeper and the WebHost (as such terms are defined in the Protocol) for the purpose of this proceeding shall be the Monitor.

3A. **THIS COURT ORDERS** that the sum of $491,985.33, plus interest accrued thereon, being held in trust by Chaitons LLP pursuant to the orders of the Honourable Madam Justice Lack dated August 15, 2013 and the Endorsement of the Honourable Madam Justice Gilmore dated November 20, 2013 in the Con-Drain Company (1983) Limited action bearing Newmarket court file no. CV-12-115757-00 (the "Con-Drain Action") shall be maintained in trust by Chaitons LLP until further court order or consent of the parties to the Con-Drain Action, and the determination of whether the above noted funds form Property, as defined in paragraph 5 of the Initial Order, shall be determined at a late date.

APPLICATION

4. **THIS COURT ORDERS AND DECLARES** that the Applicants are affiliated debtor companies to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that, subject to paragraph 17 the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course on and after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the completion of Phases II and III of the Puccini Project (as defined in the Jinnah Affidavit) including, without limitation, payments on account of insurance, maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their business or operations,

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deems appropriate;

(c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing; and

(d) complete the construction and sale of the remaining 10 homes in Phases II and III of the Puccini Project with the approval of the Monitor in respect of all sales made in the ordinary course of the Applicants' business and otherwise with prior Court approval,

all of the foregoing to permit the Applicants to proceed with the completion of Phases II and III of the Puccini Project (the "**Restructuring**").

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

11. **THIS COURT ORDERS** that until and including January 16, 2014, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court, including the action commenced in Newmarket, Ontario by Con-Drain Company (1983) Limited against certain Applicants and others bearing Court File Number CV-13-115757-00.

NO EXERCISE OF RIGHTS OR REMEDIES

12. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

13. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

14. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be

agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

15. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION

17. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

APPOINTMENT OF MONITOR

18. **THIS COURT ORDERS** that Grant Thornton Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs

of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

19. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender (as defined below) and its counsel on a periodic basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(d) advise the Applicants in the preparation of the Applicants' cash flow statements and reporting, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis or provided to the Court as required;

(e) to assist the Applicants with the Restructuring;

(f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(h) perform the tasks requested to be performed by the Monitor under the DIP Term Sheet;

(i) to advise and assist the Applicants in their negotiations with their stakeholders;

(j) perform such other duties as are required by this Order or by this Court from time to time; and

(k) in the name and/or for the benefit of the Applicants, to exercise control over the receipts, disbursements and bank accounts of the Applicants and receive and collect all monies and accounts of the Applicants in respect of the Property.

20. **THIS COURT ORDERS** that, subject to paragraph 17(k) of this Order, the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

21. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of

any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

22. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

23. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

24. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, incurred both before and after the making of this Order, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a monthly basis upon receipt of an invoice.

25. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

26. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $500,000 as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of

these proceedings. The Administration Charge shall have the priority set out in paragraphs 31 and 33 hereof.

DIP FINANCING

27. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Sandall Investments Limited (the "**DIP Lender**") in order to finance the Applicants' working capital requirements, including the cost of completing Phases II and III of the Puccini Project and the costs of these proceedings, provided that borrowings under such credit facility shall not exceed the principal amount of $1,000,000 unless permitted by further Order of this Court.

28. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the term sheet among the Applicants and the DIP Lender dated as of December 11, 2013 (the "**Term Sheet**"), filed.

29. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

30. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 31 and 33 hereof.

31. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender may immediately terminate the facility and, upon seeking an Order of the Court on 5 days notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to apply to this Court for the appointment of a receiver over the Property; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver, receiver and manager or lien trustee of the Applicants or the Property.

32. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

33. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $500,000); and

Second – DIP Lender's Charge.

34. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

35. **THIS COURT ORDERS** that each of the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, construction

liens (whether or not perfected or preserved) and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

36. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Administration Charge or the DIP Lender's Charge, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Administration Charge, or further Order of this Court.

37. **THIS COURT ORDERS** that the Administration Charge, the Term Sheet, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Applicants pursuant to this Order, the Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

SERVICE AND NOTICE

38. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Toronto Star or the Globe and Mail a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

39. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

40. **THIS COURT ORDERS** that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at www.grantthornton.ca/silverstreams.

GENERAL

41. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

42. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, a trustee in bankruptcy or a lien trustee of the Applicants, the Business or the Property.

43. **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 Applicants, the Monitor and their 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 Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

44. **THIS COURT ORDERS** that each of the Applicants and the Monitor 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, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

45. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

46. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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

DEC 17 2013

16046568.2

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Court File No. 13-10362-00-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at TORONTO

INITIAL ORDER

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Appendix 2

Silver Streams Homes Puccini Inc. et. al.
Projected Statement of Cash Flow
For the period ending May 2, 2014
(Unaudited, $C)

DRAFT - SUBJECT TO MATERIAL CHANGE - FOR DISCUSSION PURPOSES

		17-Jan	24-Jan	31-Jan	7-Feb	14-Feb	21-Feb	28-Feb	7-Mar	14-Mar	21-Mar	28-Mar	4-Apr	11-Apr	18-Apr	25-Apr	2-May	Total
Receipts																		
Lot #25																		
Gross closing proceeds, net of deposit collected	1	-	-	918,257	-	-	-	-	-	-	-	-	-	-	-	-	-	918,257
Commission payable (3.5% of gross purchase price)	1	-	-	(39,086)	-	-	-	-	-	-	-	-	-	-	-	-	-	(39,086)
General																		
Interim financing facility (i.e. DIP loan)	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HST rebates		-	-	-	-	-	-	-	-	48,000	-	-	-	-	-	-	-	48,000
HST collected	1	-	-	128,473	-	-	-	-	-	-	-	-	-	-	-	-	-	128,473
Total receipts		-	-	1,007,644	-	-	-	-	-	48,000	-	-	-	-	-	-	-	1,055,644
Disbursements																		
Lot #23																		
Interior finishing cost	3	5,494	24,826	28,020	12,020	9,950	19,764	4,300	1,400	-	-	-	-	-	-	-	-	105,774
Exterior finishing cost	3	10,556	-	-	-	-	-	-	5,500	-	-	-	-	-	-	-	-	16,056
HST (13%)		2,086	3,227	3,643	1,563	1,294	2,569	559	897	-	-	-	-	-	-	-	-	15,838
Lot #24																		
Interior finishing cost	3	5,494	24,826	28,020	12,020	9,950	19,764	4,300	1,400	-	-	-	-	-	-	-	-	105,774
Exterior finishing cost	3	10,556	-	-	-	-	-	-	5,500	-	-	-	-	-	-	-	-	16,056
HST (13%)		2,086	3,227	3,643	1,563	1,294	2,569	559	897	-	-	-	-	-	-	-	-	15,838
Lot #20																		
Interior finishing cost	3	17,238	6,631	19,509	1,000	-	-	-	-	-	-	-	-	-	-	-	-	44,377
Exterior finishing cost	3	-	-	-	5,500	-	-	-	-	-	-	-	-	-	-	-	-	5,500
HST (13%)		2,241	862	2,536	845	-	-	-	-	-	-	-	-	-	-	-	-	6,484
Lot #19																		
Interior finishing cost	3	5,500	700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,200
Exterior finishing cost	3	-	5,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,500
HST (13%)		715	806	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,521
Lot #1																		
Interior finishing cost	3	27,038	17,700	2,800	-	-	-	-	-	-	-	-	-	-	-	-	-	47,538
Exterior finishing cost	3	5,450	1,200	3,600	-	-	-	-	-	-	-	-	-	-	-	-	-	10,250
HST (13%)		4,223	2,457	832	-	-	-	-	-	-	-	-	-	-	-	-	-	7,512
General (inclusive of HST)																		
Management fees	4	32,410	-	-	-	32,410	-	-	-	32,410	-	-	-	32,410	-	-	-	129,640
Marketing salaries for sales office		-	1,320	-	1,320	-	1,320	-	1,320	-	1,320	-	1,320	-	1,320	-	1,320	10,560
Other marketing expenses		3,904	791		-	1,582	-	904	-	1,582	-	904	-	-	1,582	-	904	12,153
Property taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance		4,296	-	-	-	2,746	-	-	-	2,746	-	-	-	2,746	-	-	-	12,536
Office expenses		4,000	-	-	-	4,000	-	-	-	4,000	-	-	-	4,000	-	-	-	16,000
Automotive expenses		7,000	-	-	-	7,000	-	-	-	7,000	-	-	-	7,000	-	-	-	28,000
Post-closing service costs re: Lot 17		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tarion warranty - service and materials	5	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090	6,090	97,440
Interest/loan payments	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HST remittance/(refund)		-	-	-	-	-	-	-	-	-	-	-	-	85,000	-	-	-	85,000
Contingency (15% of construction costs)		14,801	13,794	13,890	5,177	3,373	6,700	1,458	2,339	-	-	-	-	-	-	-	-	61,533
Repayment of the interim financing facility	2	200,000	-	5,367	-	-	-	2,071	-	-	-	-	2,293	-	-	-	2,219	211,951
Professional fees	7	-	-	75,000	-	-	75,000	-	-	75,000	-	-	-	75,000	-	-	50,000	350,000
Total disbursements		371,178	113,958	192,950	47,097	79,689	133,777	20,241	25,343	128,828	7,410	6,994	9,703	212,246	8,992	6,090	60,533	1,425,030
Net cash inflow (outflow)		(371,178)	(113,958)	814,694	(47,097)	(79,689)	(133,777)	(20,241)	(25,343)	(80,828)	(7,410)	(6,994)	(9,703)	(212,246)	(8,992)	(6,090)	(60,533)	(369,386)
Bank account - opening balance		1,001,967	630,788	516,830	1,331,524	1,284,428	1,204,739	1,070,963	1,050,722	1,025,378	944,550	937,140	930,146	920,443	708,196	699,204	693,114	1,001,967
Bank account - closing balance		630,788	516,830	1,331,524	1,284,428	1,204,739	1,070,963	1,050,722	1,025,378	944,550	937,140	930,146	920,443	708,196	699,204	693,114	632,581	632,581
Holdback for first mortgage	1	300,000	300,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000
Net Cash Available for Use		330,788	216,830	761,524	714,428	634,739	500,963	480,722	455,378	374,550	367,140	360,146	350,443	138,196	129,204	123,114	62,581	62,581

Hypothetical Assumptions:

1. Lots 25 is subject to a sale agreement with a third party. This home is projected to be substantially completed by mid-January, 2014. The sale closing is anticipated to take place in January 2014. It is assumed that proceeds of realization in these proceedings would be held by the Monitor pending further order of the Court regarding creditor priority; however, a part of the interim financing facility is assumed to be repaid from the proceeds of the closing of the sale of Lot 22, as are the cost of construction for the remaining homes and the outstanding costs of the CCAA proceedings. The amount due to the first mortgagee is assumed to be held by the Monitor until further order of the Court.

2. The interim financing facility is subject to a term sheet that is attached to the Affidavit of Imran Jinnah filed with the Applicants' motion record. The loan attracts interest at 12% per year. The lender is also affiliated with one of the Applicants' private mortgage lenders. The loan is anticipated to be partially repaid from the proceeds of sale of Lot 25.

3. Represents the estimated costs to complete the homes currently under construction.

4. Represents amounts payable to various parties, including the management team responsible for all construction and sales activities of the Applicants. Parties receiving payments include the Applicants' principals as well as third party vendors/service providers.

5. Represents post-closing servicing costs as required by the Tarion new home warranty program.

6. Interest and loan payments are not projected to be paid during the CCAA proceedings.

7. Represents the fees and costs of the Applicants' counsel, the Monitor and the Monitor's independent counsel.

Probable Assumptions:

1. The sale of homes other than the one located on lot 25 are assumed to close after May 2, 2014.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Applicants

REPORT ON CASH FLOW STATEMENT

Silver Stream Homes (Puccini) Inc. and the other Applicants listed above (collectively, **"Silver Streams"**) have prepared the attached statement of projected cash flow of Silver Streams as of January 10, 2014 (the **"Cash Flow Statement"**) consisting of a cash flow for the period January 11, 2014 to May 2, 2014. Silver Streams developed the assumptions contained in the Notes to the Cash Flow Statement (the **"Notes"**). The purpose of the Cash Flow Statement is to determine the liquidity requirements for Silver Streams during the CCAA proceedings.

The hypothetical assumptions are reasonable and consistent with the purpose of the projections described herein, and the probable assumptions are suitably supported and consistent with the plans of Silver Streams and provide a reasonable basis for the projections. All such assumptions are disclosed in the Notes.

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.

Dated: January 10, 2014

SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Per: ______________________

Mr. Imran Jinnah
Title:
I have the authority to bind the corporations