

Court File No. CV-19-00613044-00CL

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

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

**FIRST REPORT OF THE RECEIVER OF
581 WELLINGTON STREET WEST, TORONTO, ONTARIO**

September 17, 2019

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I. INTRODUCTION

1. Pursuant to an application made by First Source Financial Management Inc. ("**First Source**"), by Order of the Ontario Superior Court of Justice ("the **Court**") dated April 8, 2019, issued and entered on April 26, 2019 (the "**Amended Appointment Order**") and effective on May 3, 2019, RSM Canada Limited ("**RSM**") was appointed as receiver over the lands and premises municipally known 581 Wellington Street West, Toronto, Ontario (the "**Real Property**") and for all of the assets, undertakings and properties of 2507448 Ontario Inc. ("**250**" or the "**Debtor**") acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the "**Property**"). A copy of the Amended Appointment Order is attached hereto as **Appendix "A"**.
2. The Amended Appointment Order authorizes the Receiver to, among other things, take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property.
3. The Appointment Order and other court documents have been posted on the Receiver's website, which can be found at rsmcanada.com/581-Wellington-Street-West.
4. The Receiver has retained the firm of Torkin Manes LLP ("**Torkin Manes**") to act as the Receiver's independent legal counsel.

II. PURPOSE OF REPORT

5. The purpose of this report (the "**Report**") is to:
- (a) report to the Court on the activities of the Receiver from the date of its appointment to September 16, 2019;
 - (b) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period May 3, 2019 to August 31, 2019; and
 - (c) seek an order:
 - i. terminating the Lease (defined below);
 - ii. requiring Mr. Terrelonge to remove, under the Receiver's supervision, the Chattels and any Equipment Lease Items (each defined below) which are to be released to RHED from the Real Property by no later than 5:00 p.m. on October 9, 2019;
 - iii. requiring Mr. Terrelonge to provide a list of Third Party Property (defined below) to the Receiver together with the contact information and details for the owner(s) of same;
 - iv. authorizing the Receiver to sell or otherwise dispose of any Abandoned Items (defined below) and to deposit any proceeds realized from the Abandoned Items to the bank account maintained by the Receiver;
 - v. approving the Sales Process (defined below);
 - vi. approving the First Report and the Receiver's conduct and activities set out therein;

- vii. approving the R&D (defined below); and
- viii. approving the fees and disbursements of the Receiver and of Torkin Manes incurred to August 31, 2019.

Terms of Reference

6. In preparing this report and making the comments herein, the Receiver has relied upon certain information from third-party sources (collectively, the "**Information**"). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
7. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

III. BACKGROUND

8. 250 is an Ontario corporation and is the owner of the Real Property. According to a Corporation Profile Report issued by the Province of Ontario Ministry of Government Services ("**CP Report**") dated November 21, 2018, a copy of which is attached hereto as **Appendix "B"**, Del Terrelonge is the president, secretary and sole director of 250.

9. The Real Property is a two-storey mixed use commercial building situated in downtown Toronto.
10. First Source is an Ontario corporation in the business of providing mortgage financing. First Source holds a first mortgage in the principal amount of \$3,500,000 against the Real Property. As of January 17, 2019, the aggregate amount claimed under the mortgage held by First Source was \$3,690,301.02.
11. The Debtor failed to make monthly interest payments due for the months of September 2018 to January 2019 and since August 2018 was in default of its obligation to pay property taxes.
12. First Source sought the appointment of the Receiver pursuant to a Notice of Application dated January 25, 2019, citing, *inter alia*, the Respondent's default under its obligations to First Source.
13. On April 8, 2019, the Court issued an Order appointing RSM as Receiver of the Property (the "**Appointment Order**") to be effective on April 26, 2019 (the "**Appointment Date**"), only in the event that the Applicant gives written notice on the Appointment Date to the Respondent that all or part of the First Source mortgage remains outstanding as of April 26, 2019. A copy of the Appointment Order is attached hereto as **Appendix "C"**.
14. On April 26, 2019, the Applicant obtained the Amended Appointment Order wherein the Appointment Date was changed to be 5:00 pm EST on May 3, 2019.
15. On May 3, 2019, counsel for the Applicant gave written notice via email to Mr. Terrelonge (the "**May 3 Email**") that all of the mortgage loan from First Source to 250 remains outstanding. A copy of the May 3 Email is attached

hereto as **Appendix "D"**. As a result of the issuance of the May 3 Email, RSM became the Receiver of the Property on May 3, 2019.

IV. RECEIVER'S ACTIVITIES TO DATE

16. The Receiver has undertaken the activities set out below since the date of its appointment.

Taking Possession

17. The Receiver attended at the Real Property on May 3, 2019 and proceeded to change the locks to the premises.
18. As there was no alarm system at the premises, the Receiver notified Toronto Police of the appointment of the Receiver in the event that it needed to reach anyone in connection with the Real Property.
19. As at the date of the commencement of the receivership, the Debtor was in the process of renovating the Real Property, which remains in an unfinished state. Renovation work being conducted in respect of the Real Property appears to have stalled in or around July 2018.
20. When the Receiver attended at the Real Property following the issuance of the Appointment Order, the Real Property appeared to be vacant. A number of boxed items, construction materials and other chattels are being stored at or are located throughout the Real Property premises. Mr. Terrelonge has indicated that the chattels located at the Real Property premises are owned by Mr.

Terrelonge or other companies with which he is associated, and are not owned by 250 (the "**Chattels**").

21. Since May 3, 2019, the date upon which the Receiver took possession of the Real Property, the Real Property has remained vacant.

Insurance

22. The Receiver contacted the Debtor's insurance broker on May 3, 2019. The Receiver was informed that 250's insurance policy was due to expire on May 6, 2019 and that 250 was in arrears in payment of its premiums. The Receiver inquired if the insurance company would renew the policy and extend coverage to the Receiver, and requested that the Receiver be added to the policy as a named insured and loss payee. The broker confirmed that the insurer would renew the policy and transfer it to the Receiver effective May 6, 2019, the date of renewal. However, as the renewal would result in the Receiver having no coverage for the period May 3 to 5, which was not acceptable to the Receiver, the Receiver proceeded to arrange for property and liability coverage effective May 3, 2019 through its insolvency insurer.

23. The Receiver's current coverage is scheduled to expire on November 3, 2019.

Statutory Notices

24. On May 13, 2019, the Receiver sent a Notice and Statement of Receiver pursuant to Section 245(1) of the Bankruptcy and Insolvency Act (the "**BIA**") to the known creditors of the Real Property (the "**245 Notice**") as identified through

a title search of the Real Property and a Personal Property Security Registration System ("**PPSA**") search of the Respondent. The Receiver requested of the Debtor a list of the creditors of the Real Property, but no information was provided. A copy of the 245 Notice is attached hereto as **Appendix "E"**.

Security Patrols and Property Manager

25. In order to meet the Receiver's insurance requirements, the Receiver has arranged for mobile security patrols to check on the Real Property. The mobile patrols will remain in place until the Real Property is sold.
26. As set out earlier herein, the building was in the process of being renovated. In order to attend to repairs and maintenance matters that need addressing at the Real Property prior to its sale, the Receiver is utilizing the services of Moreau Property Services ("**Moreau**").

Repairs and Maintenance

27. After taking possession, the Receiver identified the following repair and maintenance issues:
 - a) one of the front windows on the second floor at the property was sealed with a piece of plywood in the opening rather than a glass window. This resulted in water entering into the building through the window opening. The Receiver arranged for repairs to seal the window and stop water from entering the window opening;

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- b) water was entering the building via one of the garage doors on the ground floor of the building. The Receiver arranged for repairs to seal the garage door on the inside to prevent water from entering;
 - c) water was leaking from several areas of the roof. Based on the condition of the roof, the Receiver obtained a quote to assess the cost of replacing same. The quote obtained indicated that the cost of a new roof could range between \$48,888 and \$68,000. Given the possibility that a purchaser of the Real Property may have an intended use of the building which differs significantly from its current use, in the Receiver's view, the expense of a full replacement of the existing roof was not justified, as it may not materially increase the value of the Real Property to a prospective purchaser. As such, rather than replace the roof, the Receiver arranged only for a roofing contractor to patch those spots in the roof through which water was identified as leaking; and
 - d) the ladder to a hatch on the second floor granting access to the exterior roof was not securely fastened and appeared to be in danger of falling off. The Receiver arranged for the ladder to be re-secured.
28. In addition to the above, water appears to be seeping into the building on the second floor along the east wall. As that wall is covered with drywall, the source of the water seepage cannot easily be determined without removal of the drywall and potentially significant expense being incurred. As a result, the Receiver has not undertaken to determine the source of the leak and no repairs have been effected by the Receiver to address this issue.

V. COMMERCIAL LEASE AGREEMENT WITH 1586091 ONTARIO LIMITED

29. On May 7, 2019, Mr. Terrelonge advised the Receiver of a Commercial Lease Agreement which existed between 250 and a related company, 1586091 Ontario Limited O/A rhed ("**RHED**"). RHED is an Ontario corporation of which Mr. Terrelonge is the sole officer and director. The Receiver understands the business of RHED to be design services, which are performed by Mr. Terrelonge. Apart from Mr. Terrelonge, Mr. Terrelonge has advised that RHED has one other employee, who the Receiver understands to be his assistant. A copy of the Corporation Profile report for RHED is attached as Appendix "F".
30. The Commercial Lease Agreement, dated November 1, 2017 (the "**Lease**"), describes a leasing arrangement between RHED and 250 for the second floor of the Real Property. A copy of the Lease was provided to the Receiver on May 8 and is attached hereto as Appendix "G". The Receiver has inquired of First Source as to whether the existence of the Lease was disclosed to First Source at the time of the Mortgage and has been advised by counsel for First Source that it was not. The Lease is not registered on title to the Real Property.
31. The Lease terms include, *inter alia*, the following:
- a) the Lease is for the "2nd Floor Unit" of the Real Property;
 - b) the initial term is for a period of four years from November 1, 2017 to October 31, 2021;
 - c) the rent payable under the initial term of the Lease is \$3,000 per month payable on the first day of each calendar month;

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- d) the Lease term may be extended by the tenant for a further period of 2 years beyond the original lease termination date, to October 31, 2023. Rent payable during the renewal term is equal to \$4,000 per month;
- e) RHED is entitled to set off any amounts owing to RHED in connection with Architectural and Design Services and consulting services performed for the landlord (250). The Lease provides that the "rent abatement program" is applicable for the duration of the Lease and any extended term, until all outstanding fees due to the Tenant have been paid in full. The Receiver has not been provided with a specific quantum of rent abatement claimed as accrued by RHED, but has been advised that it is significantly in excess of \$100,000. In connection with the rent abatement program, the Lease references "Schedule A Part 2", but no corresponding document has been provided to the Receiver. The Receiver's counsel has requested a copy of any additional contract existing between RHED and 250 which relates to the design services to be provided to 250 by RHED and copies of documentation in support of any amounts claimed as owing by 250 to RHED, but it has to date not been provided with any such information or documents;
- f) RHED is permitted to assign the Lease to any corporation under the control of RHED, which merges or consolidates with RHED or to any purchaser of the assets of RHED;
- g) All costs of "building development and project construction" are to be borne by the landlord;

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- h) "Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain the Tenant's property free and clear of any claim by the Landlord and subsequent encumbrances."
- i) Landlord responsibilities under the terms of the lease include:
- (i) all real estate taxes;
 - (ii) maintenance of insurance;
 - (iii) comprehensive general liability insurance of not less than \$1,000,000;
 - (iv) all charges for water, sewer, gas, electricity and other services used by the tenant on the leased premises; and
- j) tenant is permitted to place signage on the leased premises at locations selected by the tenant.
32. While the Receiver understands that Mr. Terrelonge occasionally used the Real Property as an office, as the planned renovations are only partially completed, there is no existing self-contained "2nd Floor Unit" as there is no separate entrance giving access to the second floor alone.

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33. As is set out below, the Receiver is in the process of offering the Real Property for sale. The Lease is included in the data room to which interested parties are provided access.
34. The Receiver has consulted with Avison Young, who has been engaged by the Receiver for the purposes of marketing the Real Property, with a view to determining whether the Lease terms represent market rent for a comparable property in the relevant area. Avison Young has provided the Receiver with an analysis of a number of comparable leases for similar properties in the general area. The comparables have been drawn from:
- a) properties currently being offered for lease in the area of the Real Property; and
 - b) properties in the area of the Real Property in respect of which leases were entered into between the years of 2017-2018.
35. On the basis of the comparables provided by Avison Young, it would appear that the rental rates per square foot pursuant to the Lease between 250 and RHED are significantly below market rental rates.
36. September 20, 2019 has been established as the date on which offers for the purchase of the Real Property are to be received. The Baseline APS (defined below) prepared by the Receiver's counsel contemplates the delivery of vacant possession and termination of the Lease. Prospective purchasers have been advised, however, of the existence of the Lease and Avison Young was advised that should any prospective purchaser express interest in acquiring the Real Property on a tenanted basis, that an alternative baseline APS reflecting same

could be provided. To date, no such requests by any prospective purchasers has been communicated to the Receiver.

37. The Receiver is of the view that it is unlikely that any prospective purchaser will want to assume the Lease and, in the Receiver's view, if the Lease is not terminated, the ability to the Receiver to maximize value on the sale of the Real Property will be significantly impaired.
38. The Receiver therefore requests that this Honourable Court grant an order terminating the Lease as of May 3, 2019, the date of the appointment of the Receiver.
39. On September 13, 2019, counsel for 250/RHED confirmed that 250/RHED do not oppose the termination of the Lease.

Access to the Real Property by RHED

40. On May 17, 2019, Mr. Terrelonge requested access to the Real Property for business purposes of RHED. As access to the second floor could not be granted to RHED without giving RHED access also to the area of the building not subject to the Lease, due to the aforementioned lack of physical separation between the first and second floor units, the Receiver advised Mr. Terrelonge that the Receiver was willing to grant access to RHED, but required that RHED's access to, and use of, the building be supervised by a representative of the Receiver. Mr. Terrelonge informed the Receiver that he did not intend to use the leased premises under those conditions.
41. On July 10, 2019, Mr. Terrelonge requested temporary access to the building on behalf of RHED to retrieve certain documents/information and to inspect RHED's

inventory. On July 11, the Receiver provided Mr. Terrelonge with access to the building for these purposes.

42. No other requests have been made of the Receiver by RHED for ongoing or permanent access to be restored in order for RHED to operate its business or perform work from the Real Property. The Receiver has, however, accommodated Mr. Terrelonge's periodic requests for access to tour the building with potential lenders.

VI. CHATTELS

43. To the extent that any property located at the premises may be characterized as a chattel, the Receiver does not claim any interest in same and has requested that Mr. Terrelonge confirm his (or RHED's) intentions with respect to the removal of the Chattels from the Real Property.
44. In this regard, the Receiver requested, on each of July 12, 16 and 30 and August 13 and 22, that Mr. Terrelonge confirm his intentions with respect to the removal of the Chattels. Mr. Terrelonge has indicated that he will require approximately one and one half weeks to remove all property of RHED located at the Real Property premises.
45. The Receiver has also asked Mr. Terrelonge for details of any property belonging to third parties (the "**Third Party Property**"), if any. Mr. Terrelonge has not identified any Third Party Property located at the Real Property and the Receiver is not aware of any such property being present.

46. Given that it is anticipated that the Receiver will enter into an agreement with a purchaser for the purchase of the Real Property imminently, the Receiver requires certainty as to the timelines within which the Chattels, and any other property of RHED, Mr. Terrelonge or any Third Party Property will be removed from the Real Property premises. The Receiver therefore requests that an Order be made by the Court that:

- (i) Mr. Terrelonge shall immediately advise the Receiver in writing of any Third Party Property located at the Real Property premises and provide the name and contact information for the owner(s) of same. Otherwise, if it is the case, Mr. Terrelonge will confirm with the Receiver in writing that no Third Party Property is located at the Real Property premises;
- (ii) Mr. Terrelonge is to make arrangements for the removal of all Chattels belonging to Mr. Terrelonge or his companies and all Equipment Lease Items (defined below) which are to be released to RHED. The Receiver shall be advised of those arrangements which have been made and Mr. Terrelonge shall obtain the consent of the Receiver to such arrangements prior to attending at the Real Property for the purpose of removing the Chattels and Equipment Lease Items;
- (iii) the removal of the Chattels and Equipment Lease Items from the Real Property shall be performed under the supervision of the Receiver;
- (iv) the removal of the Chattels and Equipment Lease Items shall be completed prior to 5:00 P.M. on October 9, 2019;

- (v) any Chattels and/or Equipment Lease Items located at the Real Property premises which are not removed before 5:00 P.M. October 9, 2019, shall be deemed to have been abandoned ("**Abandoned Items**"); and
- (vi) the Receiver is authorized to take possession of, remove and to sell or dispose of any Abandoned Items and to deposit any funds realized from the Abandoned Items in the bank account of the Receiver for distribution as may be directed by future Court Order.

VII. EQUIPMENT LEASE

- 47. On August 14, 2019, counsel for 250 advised the Receiver of the existence of an equipment lease between 250, as Lessee, and RHED, as Lessor, dated November 1, 2017 (the "**Equipment Lease**"). The Equipment Lease commences on "the date on which the Equipment shall have been delivered to Lessee and installed at the Premises, that the Equipment is in accordance with the specifications of the Lessee, properly installed and working for all purposes of the Lease Schedule". The term of the lease is 60 months and the monthly rent payment is \$5,000 per month. A copy of the Equipment Lease is attached hereto as Appendix "H".
- 48. As the Equipment Lease is a lease for a term of more than one year, it is subject to the application of the PPSA. RHED did not register a financing statement pursuant to the PPSA until June 11, 2019, more than one month after the appointment of the Receiver. The Equipment Lease is not registered on title to

the Real Property. Accordingly, the Receiver is of the view that to the extent that any items appearing on the Equipment Lease are fixtures, any interest which RHED may have in same is subordinate to those secured interests registered on title to the Real Property or any other general security interest in the personal property of 250 which was perfected prior to the appointment of the Receiver.

49. The Receiver is of the view that the material question to be addressed in respect of the items under the Equipment Lease is whether they constitute chattels, which RHED is entitled to recover, or fixtures, in respect of which RHED's interest would be subordinate to senior ranking secured interests in the Real Property or personal property of 250.
50. The equipment or items leased are set out in Schedule A to the Equipment Lease and include:
 - a) custom poliform millwork cabinetry;
 - b) a custom kitchen island;
 - c) lighting fixtures;
 - d) interior tile;
 - e) appliances;
 - f) kitchen and bathroom fixtures;
 - g) Argentinian IPE flooring;
 - h) glass partitions;
 - i) art;
 - j) lounge seating on the second floor;
 - k) boardroom table on the second floor; and

l) office furniture

(the "**Equipment Lease Items**"),

51. On September 10, 2019, the Receiver attended at the Real Property premises with Mr. Terrelonge and his legal counsel to identify the Equipment Lease Items and to ascertain the degree to which such items had been affixed to the Real Property.

52. The following was determined with respect to the Equipment Lease Items:

a) **Custom poliform millwork cabinetry** (example photographs attached as Appendix "I"): The custom poliform millwork cabinetry ("**Millwork**") referenced on the Equipment Lease is placed throughout the Real Property and takes the form of shelving/cabinetry. In most cases, the Millwork is not affixed to the Real Property and rests on the ground only. Where affixed, it is affixed by a simple bracket screwed into the wall of the Real Property for the apparent purpose of increasing the stability of the otherwise freestanding Millwork. In the Receiver's view, the Millwork should be classified as a chattel and may be removed by RHED. Mr. Terrelonge has indicated, on behalf of RHED, that he intends to remove all of the Millwork located at the Real Property;

b) **Custom kitchen island** (the "**Island**") (photographs attached as Appendix "J"): The Island is comprised of a large stone countertop, sink, and cooktop. The Island is affixed to a welded steel structure which extends

beneath the floor tile and which supports the weight of the countertop. The cooktop installed in the countertop is connected to the electrical system at the Real Property. In the Receiver's view, the Island, and all of its components, are fixtures. Mr. Terrelonge has not, as of the date of this Report, confirmed whether RHED intends to dispute the Receiver's conclusion as to the status of the Island;

c) **Appliances:** Appliances located at the Real Property include:

- (i) *Uninstalled appliances:* A number of boxed and uninstalled appliances are located at the Real Property. The Receiver intends to release all uninstalled appliances to RHED;
- (ii) *Installed appliances* (photographs attached as Appendix "K"): Abutting the Island is a row of kitchen cabinetry which houses one Gaggenau wall oven and a set of two Sub Zero built-in refrigerators, each of which are connected to the Real Property electrical system and are functional (the "**Kitchen Cabinets and Appliances**"). Apart from the electrical connection, the Kitchen Cabinets and Appliances do not appear to be affixed to the Real Property and appear to be free standing. Mr. Terrelonge has indicated that RHED wishes to recover the Kitchen Cabinets and Appliances. The Receiver has consulted with its legal counsel as to the status of the Kitchen Cabinets and Appliances and has been advised that there is competing case law which supports

either classification. In the absence of an objection by any interested party served with these materials, or the stated intention of a purchaser that the Kitchen Cabinets and Appliances be included in its offer to purchase the Real Property, the Receiver proposes that the Kitchen Cabinets and Appliances be released to RHED;

d) **Lighting fixtures:** Mr. Terrelonge has confirmed that RHED does not intend to remove any installed light fixtures, other than as below:

- (i) *Wall sconces* (photographs attached as Appendix "L"): Several wall sconces are affixed to the interior walls of the Real Property. Mr. Terrelonge has indicated that RHED wishes to recover these items. In respect of the wall sconces the Receiver is of the view that (a) inclusion of the wall sconces in a sale of the Real Property is not likely to materially impact the value of any offers to purchase the Real Property by prospective purchasers; and (b) removal of the wall sconces is unlikely to cause any material damage to the Real Property. Having regard to the above, in the absence of an objection by any interested party served with these materials, or the stated intention of a prospective purchaser that the wall sconces be included in its offer to purchase the Real

Property, the Receiver proposes that the wall sconces be released to RHED;

- (ii) *Chandeliers* (photographs attached as Appendix "M"): One chandelier has been installed on the first floor and three chandeliers have been installed on the second floor of the Real Property, overhanging a large boardroom table. Mr. Terrelonge has indicated that RHED wishes to recover the chandeliers. In respect of the chandeliers, the Receiver is of the view that (a) inclusion of the chandeliers in a sale of the Real Property is not likely to materially impact the value of any offers to purchase the Real Property by prospective purchasers; and (b) removal of the chandeliers is unlikely to cause any material damage to the Real Property. Having regard to the above, in the absence of an objection by any interested party served with these materials, or the stated intention of a prospective purchaser that the chandeliers be included in its offer to purchase the Real Property, the Receiver proposes that the chandeliers be released to RHED;

- e) ***Interior tile***: Mr. Terrelonge has confirmed that RHED intends to remove any loose tiles from the Real Property but does not intend to remove any tiles which have been installed and are affixed to the Real Property building;

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- f) ***Kitchen and bathroom fixtures***: Mr. Terrelonge has confirmed that RHED does not intend to remove any installed kitchen or bathroom fixtures, tubs or toilets.
- g) ***Argentinian IPE flooring***: The Argentinian IPE flooring was never installed at the Real Property and Mr. Terrelonge advised that it was previously removed by RHED;
- h) ***Glass partitions***: Mr. Terrelonge has indicated that RHED does not intend to remove any installed glass partitions from the Real Property premises;
- i) ***Art***: is not affixed to the building and is to be removed by RHED;
- j) ***Lounge Seating***: lounge seating on the second floor: is not affixed to the building and is to be removed by RHED;
- k) ***Boardroom table***: on the second floor; is not affixed to the building and is to be removed by RHED; and
- l) ***Office furniture***: None of the office furniture is affixed to the building and is to be removed by RHED.

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53. The Baseline APS (as defined below) permits the Receiver to exclude any fixtures from the sale of the Real Property by delivering a notice of same to a purchaser at least seven days prior to closing. The Receiver intends to exclude from the sale of the Real Property any of the above items whose status as a fixture or chattel could be considered questionable and in particular, subject to any objection being made by any interested party or prospective purchaser, the chandeliers, the wall sconces, all Millwork and the Kitchen Cabinetry and Appliances.
54. The Receiver seeks approval of the Court for the proposed release of the Equipment Lease Items to Mr. Terrelonge in accordance with the above.

VIII. MARKETING ACTIVITIES

55. The Amended Appointment Order authorized the Receiver to market the Property for sale, including advertising and soliciting offers in respect of the Property.
56. In furtherance of same, the Receiver invited six realtors to each submit listing proposals for the marketing and sale of the Real Property. As of June 21, 2019, four proposals were received and two realtors declined to submit a proposal. After reviewing the proposals submitted, with the support of First Source, the Receiver executed a listing agreement with Avison on July 12, 2019 to market the Real Property for sale.

57. Avison launched its marketing campaign on July 12, 2019. Interested parties have been informed that the Receiver would consider offers for the Real Property on or after noon on September 20, 2019.
58. The Receiver has provided Avison Young with a baseline Agreement of Purchase and Sale (the "**Baseline APS**") for distribution to parties who intend to make an offer to purchase the Real Property and requested that all offers be made on the form of the Baseline APS, with any changes marked. A copy of the baseline APS is attached as Appendix "**N**".
59. The Receiver requests that the Court approve of the steps taken by the Receiver to market the Real Property and the form of the Baseline APS (the "**Sale Process**").
60. The Receiver will provide information on the Receiver's/Avison's marketing efforts at the time that the Receiver seeks the approval of the Court of an agreement of purchase and sale entered into by the Receiver.

IX. SECURED OR PRIORITY CLAIMS

61. The following is a list of the PPSA claims registered against 250 in the Personal Property Security Registration System and in the Land Registry ("**PIN**") as of August 14, 2019:

Name of Registrant	Amount	PPSA	PIN
First Source Financial Management Inc.	\$3,500,000	√	√
Olympia Trust Company and Monica Goyal	\$575,000	√	√
Zaherali Visram	\$2,240,750		√
1586091 Ontario Limited o/a rhed			√

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62. Attached hereto as **Appendices "O" and "P"**, respectively, are copies of the PPSA and PIN searches.
 63. The Receiver has not as of the date of this report contacted the City of Toronto for details of the amounts owed by 250 in respect of property taxes.
 64. The validity and enforceability of the above-noted claims have not, as of the date of this report, been reviewed by the Receiver. The Receiver will seek an opinion from Torkin Manes on the validity and enforceability of secured claims against the Real Property at the time the Receiver seeks an Order authorizing the Receiver to make a distribution of funds in the Receiver's possession and will provide to the Court at that time with a summary of the opinion received.

X. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

65. Attached as **Appendix "Q"** is the Receiver's Interim Statement of Receipts and Disbursements for the period May 3, 2019 to August 31, 2019. During this period, receipts were \$50,042, including advances totaling \$50,000 from First Source under Receiver Certificate No. 1, and disbursements were \$15,549, resulting in a net cash balance of \$34,494.
66. As of the date of this report, the above-noted advance from First Source has not been repaid by the Receiver.

XI. PROFESSIONAL FEES

67. The Receiver's accounts for the period ending August 31, 2019 total \$42,845.00 in fees plus HST of \$5,569.85 for a total amount of \$48,414.85 (the "**Receiver's**

Accounts”). A copy of the Receiver’s Accounts, together with a summary of the accounts, the total billable hours charged per account, and the average hourly rate charged per account, is set out in the Affidavit of Daniel Weisz sworn September 17, 2019 that is attached as **Appendix “R”**.

68. The account of the Receiver’s counsel, Torkin Manes, totals \$30,357.50 in fees and \$318.85 in disbursements and \$3,971.88 for HST for a total of \$34,648.23 (the **“Torkin Manes Account”**) for the period ending August 31, 2019. A copy of the Torkin Manes Account, together with a summary of the personnel, hours and hourly rates described in the Torkin Manes Account, supported by the Affidavit of Jeffrey J. Simpson sworn September 17, 2019, is attached as **Appendix “S”**.

XII. CONCLUSION

69. The Receiver respectfully requests that the Court make an Order:
- (i) terminating the Lease;
 - (ii) requiring 250 and/or RHED to remove, under the Receiver’s supervision, the 250/RHED Property from the Real Property by no later than 5:00 p.m. on October 9, 2019;
 - (iii) requiring 250 and/or Mr. Terrelonge to provide details and contact information for the Third Party Property;
 - (iv) authorizing the Receiver to sell or otherwise dispose of the 250/RHED Property that is not removed from the Real Property by October 9, 2019 and directing the Receiver to deposit any funds realized from the Abandoned Items in the bank account of

the Receiver for distribution as may be directed by future Court Order;

(v) approving the First Report and the Receiver's conduct and activities to September 16, 2019;

(vi) approving the R&D; and

(vii) approving the fees and disbursements of the Receiver and of Torkin Manes incurred to August 31, 2019.

All of which is respectfully submitted to this Court as of this 17th day of September, 2019.

RSM CANADA LIMITED

In its capacity as Court-appointed Receiver of
581 Wellington Street West, Toronto, Ontario
and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice President

TAB A

Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) MONDAY, THE
JUSTICE *HAINY*)
) 8TH DAY OF APRIL, 2019
)



FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C.43, AS AMENDED

**AMENDED ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing RSM Canada Limited as receiver (in such capacities, the "Receiver") without security, over the lands and premises municipally known as 581 Wellington Street West, Toronto, Ontario, having the legal description of PT LT 23 SEC L PL Military Reserve Toronto Parts 1, 14 & 15, 63R2301;

S/T & T/W CA540861 (the "Real Property"), owned by 2507448 Ontario Inc. (the "Debtor"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of David Mandel sworn January 22, 2019 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, and on reading the consent of the Debtor to the relief sought in this application, and on reading the consent of RSM Canada Limited to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, RSM Canada Limited is hereby appointed Receiver, without security, of the Real Property and for all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the "Property").

3. The appointment of RSM Canada Limited as Receiver pursuant to paragraph 2 of this Order shall be effective on the date that the Applicant in this matter, First Source Financial Management Inc., gives written notice to the Respondent, 2507448 Ontario Inc., that all or part of the Mortgage¹ remains outstanding as of that date, provided that such notice may not be delivered later than 5:00pm EST on May 3, 2019. Such written notice may be given by the Applicant or its counsel to Del Terrelonge, authorized representative of the Respondent, by email to d@rhed-22.com.

¹ Being the mortgage loan from the Applicant in favour of the Respondent, secured by the Real Property, as more particularly described in the affidavit of David Mandel sworn January 22, 2019 in this proceeding.

RECEIVER'S POWERS

4. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage and operate the Property, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, or cease to perform any contracts of the Debtor in respect of the Property;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets in respect of the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor in respect of the Property and to exercise all remedies of the Debtor in respect of the Property in collecting such monies,

- including, without limitation, to enforce any security held by the Debtor in respect of the Property;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor in respect of the Property;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
 - (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor in respect of the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
 - (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor in respect of the Property;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have in respect of the Property; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor relating to the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto

paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR IN RESPECT OF THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor in respect of the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor in respect of the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (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 THE RECEIVER

12. THIS COURT ORDERS that 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 Debtor in respect of the Property, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor in respect of the Property 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 Debtor in respect of the Property 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names in respect of the Property, 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 Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts"). For greater certainty, all receipts in respect of the Real Property shall be deposited into the Post Receivership Accounts and all Permitted Disbursements (defined below) shall be drawn from the Post Receivership Accounts. "Permitted Disbursements" shall include, but shall not be limited to, realty taxes, utilities, payroll, insurance, maintenance expenses, other reasonable property-specific expenses, and business expenses associated with the Property. The monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to

whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver'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.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order

shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and

is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26. 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/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to 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.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute 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 facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile 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.

GENERAL

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

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

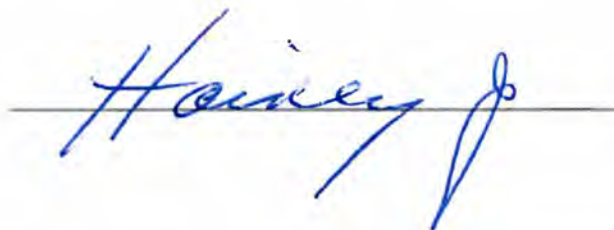
30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals,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

31. THIS COURT ORDERS that the Receiver 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 Receiver 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.

32. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid

by the Receiver from the realizations from the Property with such priority and at such time as this Court may determine.

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



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

APR 26 2019

PER / PAR: *RW*

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that RSM Canada Limited, the receiver (the "Receiver") of the Property, as such terms are defined in the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 2019 appointing the Receiver (the "Order") made in an application having Court file number CV-19-00613044-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

RSM Canada Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

FIRST SOURCE FINANCIAL MANAGEMENT INC.
Applicant

-and- 2507448 ONTARIO INC.
Respondent

Court File No. CV-19-00613044-00CL

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

PROCEEDING COMMENCED AT
TORONTO

**AMENDED ORDER
(appointing Receiver)**

Paliare Roland Rosenberg Rothstein LLP
155 Wellington Street West
35th Floor
Toronto, ON M5V 3H1

Jeffrey Larry (LSO #44608D)
Tel.: 416.646.4330
email: jeff.larry@paliareroland.com

Daniel Rosenbluth (LSUC# 71044U)
Tel.: 416.646.6307
email: daniel.rosenbluth@paliareroland.com

Fax: 416.646.4301

Lawyers for the Applicant

TAB B

Request ID: 022390785
 Transaction ID: 69997278
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2018/11/21
 Time Report Produced: 14:31:44
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2507448	2507448 ONTARIO INC.	2016/03/03
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
DEL TERRELONGE 581 WELLINGTON STREET WEST		NOT APPLICABLE
		Amalgamation Ind.
		NOT APPLICABLE
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
Mailing Address		Revival Date
DEL TERRELONGE 581 WELLINGTON STREET WEST		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification	Number of Directors Minimum Maximum	
NOT AVAILABLE	00001 00010	

Request ID: 022390785
Transaction ID: 69997278
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/11/21
Time Report Produced: 14:31:44
Page: 2

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2507448	2507448 ONTARIO INC

Corporate Name History	Effective Date
2507448 ONTARIO INC	2016/03/03

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
DEL TERRELONGE	97 BOULTON DRIVE TORONTO ONTARIO CANADA M4V 2V5

Date Began	First Director	Resident Canadian
2016/05/31	NOT APPLICABLE	
Designation	Officer Type	
DIRECTOR		Y

Request ID: 022390785
Transaction ID: 69997278
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/11/21
Time Report Produced: 14:31.44
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2507448	2507448 ONTARIO INC

Administrator: Name (Individual / Corporation)	Address
DEL TERRELONGE	97 BOULTON DRIVE TORONTO ONTARIO CANADA M4V 2V5

Date Began	First Director	
2016/05/31	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	Y

Administrator: Name (Individual / Corporation)	Address
DEL TERRELONGE	97 BOULTON DRIVE TORONTO ONTARIO CANADA M4V 2V5

Date Began	First Director	
2016/05/31	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

Request ID: 022390785
Transaction ID: 69997278
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/11/21
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2507448

2507448 ONTARIO INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA CHANGE NOTICE

1

2016/11/02 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

Request ID: 022390786
Transaction ID: 69997279
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/11/21
Time Report Produced: 14:31:44
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CORPORATION DOCUMENT LIST

Ontario Corporation Number
2507448

Corporation Name
2507448 ONTARIO INC.

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)
CIA	CHANGE NOTICE PAF: TERRELONGE, DEL	1	2016/11/02 (ELECTRONIC FILING)
CIA	CHANGE NOTICE PAF: TERRELONGE, DEL	1	2016/06/29
CIA	INITIAL RETURN PAF: COSTA, DIANNE	1	2016/06/15
BCA	ARTICLES OF INCORPORATION	1	2016/03/03 (ELECTRONIC FILING)

THIS REPORT SETS OUT ALL DOCUMENTS FOR THE ABOVE CORPORATION WHICH HAVE BEEN FILED ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

ALL "PAF" (PERSON AUTHORIZING FILING) INFORMATION IS DISPLAYED EXACTLY AS RECORDED IN ONBIS. WHERE PAF IS NOT SHOWN AGAINST A DOCUMENT, THE INFORMATION HAS NOT BEEN RECORDED IN THE ONBIS DATABASE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services

TAB C

Court File No. CV-19-00613044-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)
JUSTICE *Palillo*)

Monday, THE
8th DAY OF *April*, 2019



FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C.43, AS AMENDED

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing RSM Canada Limited as receiver (in such capacities, the "Receiver") without security, over the lands and premises municipally known as 581 Wellington Street West, Toronto, Ontario, having the legal description of PT LT 23 SEC L PL Military Reserve Toronto Parts 1, 14 & 15, 63R2301;

S/T & T/W CA540861 (the "Real Property"), owned by 2507448 Ontario Inc. (the "Debtor"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of David Mandel sworn January 22, 2019 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, and on reading the consent of the Debtor to the relief sought in this application, and on reading the consent of RSM Canada Limited to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, RSM Canada Limited is hereby appointed Receiver, without security, of the Real Property and for all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the "Property").

3. The appointment of RSM Canada Limited as Receiver pursuant to paragraph 2 of this Order shall be effective on April ^{* 36 *} 16, 2019 (the "Appointment Date"), only in the event that the Applicant in this matter, First Source Financial Management Inc., gives written notice on the Appointment Date to the Respondent, 2507448 Ontario Inc., that all or part of the Mortgage¹ remains outstanding as of the Appointment Date. Such written notice may be given by the Applicant or its counsel to Del Terrelonge, authorized representative of the Respondent, by email to d@rhed-22.com.

¹ Being the mortgage loan from the Applicant in favour of the Respondent, secured by the Real Property, as more particularly described in the affidavit of David Mandel sworn January 22, 2019 in this proceeding.

RECEIVER'S POWERS

4. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage and operate the Property, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, or cease to perform any contracts of the Debtor in respect of the Property;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets in respect of the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor in respect of the Property and to exercise all remedies of the Debtor in respect of the Property in collecting such monies,

- including, without limitation, to enforce any security held by the Debtor in respect of the Property;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor in respect of the Property;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
 - (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor in respect of the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
 - (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor in respect of the Property;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have in respect of the Property; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor relating to the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto

paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR IN RESPECT OF THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor in respect of the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor in respect of the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (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 THE RECEIVER

12. THIS COURT ORDERS that 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 Debtor in respect of the Property, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor in respect of the Property 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 Debtor in respect of the Property 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names in respect of the Property, 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 Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts"). For greater certainty, all receipts in respect of the Real Property shall be deposited into the Post Receivership Accounts and all Permitted Disbursements (defined below) shall be drawn from the Post Receivership Accounts. "Permitted Disbursements" shall include, but shall not be limited to, realty taxes, utilities, payroll, insurance, maintenance expenses, other reasonable property-specific expenses, and business expenses associated with the Property. The monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to

whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver'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.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order

shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and

is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26. 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/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to 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.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute 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 facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile 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.

GENERAL

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

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

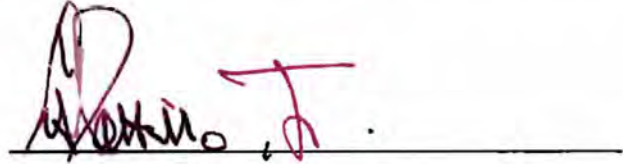
30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals,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

31. THIS COURT ORDERS that the Receiver 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 Receiver 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.

32. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid


by the Receiver from the realizations from the Property with such priority and at such time as this Court may determine.

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



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

APR 08 2019

PER / PAR 

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that RSM Canada Limited, the receiver (the "Receiver") of the Property, as such terms are defined in the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 2019 appointing the Receiver (the "Order") made in an application having Court file number CV-19-00613044-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

RSM Canada Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

-and- 2507448 ONTARIO INC.

Applicant

Respondent

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

PROCEEDING COMMENCED AT TORONTO

ORDER

Paliare Roland Rosenberg Rothstein LLP
155 Wellington Street West
35th Floor
Toronto ON M5V 3H1
Tel: 416.646.4300
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Jeffrey Larry (LSO# 44608D)
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Daniel Rosenbluth (LSO# 71044U)
Tel: 416.646.6307
daniel.rosenbluth@paliareroland.com

Lawyers for the Applicant

TAB D

From: Daniel.Rosenbluth@paliareroland.com <Daniel.Rosenbluth@paliareroland.com>
Sent: Friday, May 3, 2019 10:00 AM
To: d@rhed-22.com
Cc: Jeff.Larry@paliareroland.com; david@firstsourcemortgage.ca; swalters@firstsourcemortgage.ca; Weisz, Daniel <daniel.weisz@rsmcanada.com>; Wong, Brenda <brenda.wong@rsmcanada.com>
Subject: First Source Financial Management Inc. v. 2507448 Ontario Inc. - Court File No. CV-19-00613044-00CL [IWOV-PRiManage.FID339058]

Del,

In accordance with Pattillo J.'s order of April 8, 2019, as amended by Hainey J. on April 26, 2019 (the "Order," attached), this email constitutes formal notice on behalf of First Source Financial Management Inc. pursuant to paragraph 3 of the Order that all or part of the mortgage loan from First Source to 2507448 Ontario Inc. remains outstanding and as such, First Source is hereby exercising its right to appoint RSM Canada Ltd. as Receiver over the property municipally known as 581 Wellington St. W., Toronto, effective immediately.

Danny Weisz and Brenda Wong of RSM are copied on this email. I understand that the Receiver will shortly be attending at the property to change the locks etc., and I suggest that you contact them directly to make arrangements to retrieve any personal belongings and to address any other related logistics.

I understand that the Receiver may be willing to hold off on listing the property for a short period of time in the event that you are able to close the refinancing and I encourage you to continue to work diligently to do so.

Regards

Dan

Dan Rosenbluth
Paliare Roland Rosenberg Rothstein LLP
155 Wellington Street West, 35th floor
Toronto ON M5V 3H1
t: 416.646.6307
f: 416.646.4301
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T A B E



RSM Canada Limited

100 King Street West

Toronto, Ontario M5X 1C5

Canada

T +1 416 480 0160

F +1 416 480 2646

www.rsmcanada.com

**NOTICE AND STATEMENT OF RECEIVER
(SECTION 245(1) AND 246(1) OF THE ACT)**

In the matter of the receivership of the Property defined below.

The receiver gives notice and declares that:

1. On the 3rd day of May, 2019, the undersigned RSM Canada Limited was appointed as receiver (the "**Receiver**") without security, over the lands and premises municipally known as 581 Wellington Street West, Toronto, Ontario (the "Property"), owned by 2507448 Ontario Inc. (the "Debtor").
2. The undersigned became a receiver in respect of the Property by virtue of being appointed by order of the Ontario Superior Court of Justice dated April 26, 2019, which became effective on May 3, 2019.
3. The undersigned commenced the exercise of its powers in respect of that appointment on the 3rd day of May, 2019.
4. The following information relates to the receivership:
 - a) Registered Office Address of the Property: not applicable
 - b) Principal line of business of the Property: two story mixed use commercial building located at 581 Wellington Street West, Toronto, Ontario
 - c) The amounts owed to creditors who appear to hold a security interest on the Property described above include:

First Source Financial Management Inc.	\$3,500,000.00
Olympia Trust Company – Monica Goyal	\$575,000.00
Zaherali Visram	\$2,240,750.00

- d) The list of creditors relating to the Property and the amount owed to each creditor relating to the Property is attached. This list has been compiled based on information available or provided to the Receiver and has not been audited or verified by the Receiver. The fact that persons are receiving this notice or are included on the creditors list does not mean that it has been determined that they are a creditor or that if they are a creditor, that their claim is admitted in the amount set out on that list.

May 13, 2019
Page 2

- e) The plan of the Receiver is to market and sell the Property.
- f) Contact person for the Receiver:

Brenda Wong
RSM Canada Limited
11 King Street West
Suite 700, PO Box 27
Toronto, Ontario M5H 4C7
Telephone: (647) 727-3621
Facsimile: (416) 480-2646
E-mail: brenda.wong@rsmcanada.com

- g) Additional information: A copy of the receivership order will be posted on the Receiver's website. Other pertinent public information will be posted to the website as that information becomes available.

Dated at Toronto this 13th day of May, 2019.

RSM CANADA LIMITED

In its capacity as Court Appointed Receiver of 581
Wellington St. West, Toronto, Ontario, and not in its
personal or corporate capacity



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice-President

**RSM Canada Limited
In the Matter of the Receivership of
581 Wellington Street West Toronto, Ontario**

LIST OF CREDITORS

Secured

First Source Financial Management Inc.	\$	3,500,000.00
Olympia Trust Company and Monica Goyal		575,000.00
Zaherali Visram		2,240,750.00
	\$	6,315,750.00

Unsecured

To be determined

Supplementary Mailing List

Computershare Trust Company
2507448 Ontario Inc.
Paliare Roland Rosenberg Rothstein LLP

Department of Justice Canada, Attn: Diane Winters
Office of the Superintendent of Bankruptcy

194 194 194

TAB F

Request ID: 023319512
Transaction ID: 72374774
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/07/10
Time Report Produced: 11:59:13
Page: 1

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1586091	1586091 ONTARIO LIMITED	2003/08/29
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
97 BOULTON DRIVE	NOT APPLICABLE	NOT APPLICABLE
TORONTO ONTARIO CANADA M4V 2V5	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address		Letter Date
581 WELLINGTON ST W		NOT APPLICABLE
TORONTO ONTARIO CANADA M5V 1G3	Revival Date	Continuation Date
	2009/10/26	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	NOT APPLICABLE	NOT APPLICABLE
Activity Classification	Number of Directors	
NOT AVAILABLE	Minimum 00001 Maximum 00001	

Request ID: 023319512
Transaction ID: 72374774
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/07/10
Time Report Produced: 11:59:13
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1586091	1586091 ONTARIO LIMITED

Corporate Name History	Effective Date
1586091 ONTARIO LIMITED	2003/08/29

Current Business Name(s) Exist:	YES
Expired Business Name(s) Exist:	YES - SEARCH REQUIRED FOR DETAILS

Administrator: Name (Individual / Corporation)	Address
DEL H TERRELONGE	97 BOULTON DRIVE TORONTO ONTARIO CANADA M4V 2V5

Date Began	First Director	Resident Canadian
2003/08/29	YES	
Designation	Officer Type	
DIRECTOR		Y

Request ID: 023319512
Transaction ID: 72374774
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/07/10
Time Report Produced: 11:59:13
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1586091	1586091 ONTARIO LIMITED

Last Document Recorded		Form	Date
Act/Code	Description		
CIA	ANNUAL RETURN 2016	1C	2018/09/23 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.
ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

Request ID: 023319510
 Transaction ID: 72374770
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2019/07/10
 Time Report Produced: 12:01:44
 Page: 1

BUSINESS NAMES REPORT

**Business name registered under
 the *Business Names Act***

RHED

Business Identification Number

250378510

Business Type

BUSINESS NAME - CORPORATION

Mailing Address

581 WELLINGTON ST WEST
 TORONTO
 ONTARIO
 CANADA, M5V 1G3

Business Address in Ontario

581 WELLINGTON ST WEST
 TORONTO
 ONTARIO
 CANADA, M5V 1G3

Activity being carried out

DESIGN CONSULTING

Registration Date

2015/04/16

Expiry Date

2020/04/15

Renewal Date

NOT APPLICABLE

Amendment Date(s)

NOT APPLICABLE

Last Document Filed

NEW REGISTRATION

Cancellation Date

NOT APPLICABLE

Last Document Filed Date

2015/04/16

Request ID: 023319510
Transaction ID: 72374770
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/07/10
Time Report Produced: 12:01:44
Page: 2

BUSINESS NAMES REPORT

**Business name registered under
the *Business Names Act***

RHED

Business Identification Number

250378510

Business Type

BUSINESS NAME - CORPORATION

Corporation Name

1586091 ONTARIO LIMITED

Corp. Registered/Head Office Address

97 BOULTON DRIVE

TORONTO
ONTARIO
CANADA, M4V 2V5

Corporate Number

1586091

Jurisdiction of Corporation

ONTARIO

Corporation Status

ACTIVE

Person Authorizing the Registration

TERRELONGE,
DEL

This Report sets out the most recent information registered on or after April 1, 1994 and recorded in the Ontario Business Information System as of the last business day.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB G

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("Lease") is made and effective November 1, 2017, by and between 2507448 Ontario Inc. ("Landlord") and rhed 1586091 Ontario Limited O/A rhed ("Tenant").

Landlord is the owner of land and improvements commonly known and numbered as 581 Wellington Street West, Toronto, ON, M5V 1G3 and legally described as follows (the "Building"); PIN 21241-0114 Part of Lot 23, Section L, Plan Military Reserve, Designated as Parts 1, 14 & 15, Plan 63R-2301, City of Toronto, Province of Ontario.

Landlord makes available for lease a portion of the Building designated as the 2nd Floor Unit of 581 Wellington Street West, Toronto, ON M5V 1G3 (the "Leased Premises"). Please refer to attached Floor Plan Schedule A - Part 1.

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

1. Term

A. Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning November 1, 2017 and ending October 31, 2021. Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to timely provide the Leased Premises, rent shall abate for the period of delay.

B. Tenant may renew the Lease for one extended term of 2 Years. Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

2. Rental

A. Tenant shall pay to Landlord during the Initial Term rental of \$36,000 per year, payable in installments of \$3,000 per month inclusive of all extras, utilities and taxes. Each installment payment shall be due in advance on the first day of each calendar month during the lease term to the Landlord at 581 Wellington Street West, Toronto, ON M5V 1G3 or at such other place designated by written notice from Landlord or Tenant. The rental payment amount for any partial calendar months included in the lease term shall be prorated on a daily basis. Tenant shall also pay to Landlord a "Security Deposit" in the amount of \$3,000.

B. The rental for any renewal lease term, if created as permitted under this Lease, shall be \$48,000 per year payable in installments of \$4,000 per month.

C. Rental Set Off Provisions. The Tenant is a design and consultancy agency operating as a sole entity distinct from the Landlord. rhed (the Tenant) as the consultant has been contracted by the Landlord to provide Architectural and Design Services for the Landlord for the development of the property located at 581 Wellington Street West, Toronto, ON M5V 1G3. When applicable, in lieu of the fees owed for design services rendered, The Landlord agrees the provide the Tenant with a rent abatement schedule whereby amounts due for rent will be set off against fees for architectural design and consulting services. The rent abatement program will be applicable for the duration of the lease and extended portion of the lease until all outstanding fees due to the Tenant have been paid in full. Please refer to Schedule A - Part 2 as an addendum to the lease.

3. Use

Design Office. Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device. The premises are strictly for the purposes of a commercial design studio office.

4. Sublease and Assignment

Tenant shall have the right without Landlord's consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed.

5. Repairs

During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease. This is not to be construed with any of the costs of the building development and project construction, all such costs are separate and apart from the Tenant and all costs to be borne solely by the Landlord.

6. Alterations and Improvements

Tenant, at Tenant's expense, shall have the right following Landlord's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain the Tenant's property free and clear of any claim by the Landlord and subsequent encumbrances. Tenant shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenant at Tenant's expense.

7. Property Taxes

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises.

8. Insurance

A. If the Leased Premises or any other party of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall not be responsible for the costs of repair that are not covered by Landlord's insurance.

B. Landlord shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate.

C. Tenant shall rely on the Landlord at the Landlord's own expense, to maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company provided and paid by the Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Tenant shall be listed as an additional insured on Landlord's policy or policies of comprehensive general liability insurance, and Landlord shall provide Tenant with current Certificates of Insurance evidencing Landlord's compliance with this Paragraph.

9. Utilities

Landlord shall pay all charges for water, sewer, gas, electricity, and other services and utilities used by Tenant on the Leased Premises during the term of this Lease. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

10. Signs

Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions.

11. Entry

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

12. Parking

During the term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Landlord. Tenant shall provide Landlord with a list of all license numbers for the cars owned by Tenant, its agents and employees. Separated structured parking, if any, located about the Building is reserved for tenants of the Building who rent such parking spaces. Tenant hereby leases from 3 spaces in such structural parking area, such spaces to be on a first come-first served basis and included in the monthly cost of the lease as set out in the terms in Section 2 under Rental.

13. Building Rules

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing. The initial rules for the Building are attached hereto as Schedule A - Part 3, and incorporated herein for all purposes.

14. Damage and Destruction

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord.

15. Default

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages. Notwithstanding the above, if any of the Set Off rents are applicable to the payment of rent, the Landlord, its heirs, transferees, subsequent encumbrances, shall not have the right to terminate this lease until all outstanding fees due to the Tenant by the Landlord for services rendered under the Tenants design consultancy contract are completely paid in full.

16. Quiet Possession

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

17. Condemnation

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority which determine the condemnation takes possession, and Landlord and Tenant shall account for the rental as of that date. Such termination shall not be without prejudice to the rights of the Tenant to recover compensation from the Landlord for any loss or damage caused by the condemnation.

18. Security Deposit

The Security Deposit shall be held by Landlord without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of default by Tenant. Unless otherwise provided by mandatory non-waivable law or regulation, Landlord may commingle the Security Deposit with Landlord's other funds. Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of Tenant hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. If Tenant is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by Landlord to Tenant. If Landlord transfers its interest in the Premises during the term of this Lease, Landlord may assign the Security Deposit to the transferee and thereafter shall have no further liability for the return of such Security Deposit.

19. Notice

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by registered mail addressed as follows:

If to Landlord to:

2507448 Ontario Inc.
581 Wellington Street West
Toronto, Ontario M5V 1G3

If to Tenant to:

1586091 Ontario Limited D/A rhed
97 Boulton Drive
Toronto, ON M4V 2V5

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

20. Brokers

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

21. Waiver

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

22. Memorandum of Lease

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

23. Headings

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

24. Successors

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

25. Consent

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

26. Performance

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lessor of twelve percent (12%) per annum or the then highest lawful rate. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenant on demand. Please refer to Section 2C Rental Set Off Provisions.

27. Compliance with Law

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

28. Final Agreement

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.



 Landlord
 2507448 Ontario Inc.
 President- Del Terrelonge



 Tenant
 1586091 Ontario Limited O/A rhed
 General Design and Mangement Administration - Jaime Vega

Date: November 1, 2017

Date: November 1, 2017

TAB H

MASTER LEASE AGREEMENT

MADE November 1, 2017

BETWEEN:
2507448 ONTARIO INC.
an Ontario corporation,
(hereinafter called "Lessee")

- and -

1586091 ONTARIO LIMITED O/A RHED
an Ontario corporation,
(hereinafter called "Lessor"),

TERMS OF AGREEMENT:

1. DEFINITIONS. In this Agreement:

- a) "Commencement Date" means the date on which the Equipment shall have been delivered to Lessee and installed at the Premises, that the Equipment is in accordance with the specifications of Lessee, properly installed and working for all purposes of the Lease Schedule;
- b) "Equipment" means property equipment and fixtures listed or described in any Lease Schedule, or any component or accessory of that property and any replacements therefor made in accordance with paragraph 6;
- c) "Expected Fair Market Value" means the amount that would be attainable in an arms length transaction of purchase and sale of equipment between an informed and willing buyer/user and an informed and willing seller under no compulsion to sell;
- d) "Lease Schedule" means any agreement entered into by Lessor and Lessee that provides for the leasing of Equipment and which incorporates by reference the terms and conditions of this Master Lease Agreement, including any lease schedule in the form attached hereto as Schedule 1;
- e) "Rent" means any amount set forth or referred to in a Lease Schedule as payable in respect of the Equipment described therein.

2. LEASE. Lessor agrees to lease the Equipment to Lessee and Lessee agrees to lease the Equipment from Lessor, such lease to be evidenced by the execution and delivery of a Lease Schedule.

3. RENT. In consideration of the lease of Equipment, Lessee shall pay to Lessor Rent commencing on the date specified in each Lease Schedule ("Commencement Date"), regardless of the date of actual Equipment delivery to Lessee, Equipment installation or the date of acceptance thereof. Rent shall be payable monthly in arrears on or before the 10th of each calendar month for the calendar month immediately preceding the date of payment, throughout the period specified in each applicable Lease Schedule. Payment of all Rent shall be made to Lessor at the address set out in each Lease Schedule, or as otherwise directed by Lessor in writing.

4. TERM. With respect to each Lease Schedule:

- a) the term of that Lease Schedule shall commence on the Commencement Date pertaining thereto and shall continue for the period specified therein; and
- b) the Lease Schedule cannot be cancelled or terminated except as expressly provided herein.

5. ALLOCATION OF RISK. The only obligation of Lessor hereunder is to provide to Lessee the right, as against Lessor and those claiming through Lessor, to maintain possession and use of the Equipment for the full term of the Lease Schedule pertaining thereto. Accordingly:

- a) the obligation of Lessee to pay Rent without abatement or set-off is unconditional in all circumstances and shall not be affected by any reason whatsoever, including, without limitation, by reason of any defect in or any damage to or partial loss or total loss or destruction of all or any part of the Equipment from any cause, the interference with use by any person claiming otherwise than through Lessor, the improper installation of the Equipment, the failure of the Equipment to operate, the failure of the Equipment to perform to its specifications, or the invalidity or unenforceability or lack of due authorization of the Lease Schedule;
- b) Lessor makes no representations or warranties with respect to the Equipment and there are no representations, warranties or conditions, express or implied, statutory or otherwise as to any matter whatsoever including, without limitation, the quality of the material or workmanship or the condition, design, durability, merchantability or fitness for the particular purpose of the Equipment, the conformity of the Equipment to the provisions and specifications of any purchase order relating to the Equipment, the absence of liens, charges and encumbrances in respect thereof, other than liens, charges and encumbrances created by Lessor, or the ability of the Equipment to perform the requirements of Lessee; and
- c) the Equipment shall be deemed conclusively to have been delivered to Lessee in good and efficient working order and repair and Lessee shall be deemed conclusively to have accepted delivery for all purposes.

6. LOCATION AND USE OF EQUIPMENT. Lessee shall not permit the Equipment to be operated by other than competent and duly qualified personnel in accordance with applicable government regulations, if any. Lessee shall use the Equipment for business

purposes only and shall not change the location of any item of Equipment without prior written consent of Lessor. Lessee shall have quiet possession of the Equipment. Lessee shall maintain the Equipment in good working order and available for use in accordance with all its functionality, throughout the Term, including repair or replacement of any parts that shall require replacement or repair.

7. OWNERSHIP.

a) Interest of Lessor. No right, title or interest in the Equipment shall pass to Lessee other than, conditional upon Lessee's compliance with and fulfillment of the terms and conditions of the Lease Schedule, the right to maintain possession and use of the Equipment for the full lease term. At the request of Lessor, Lessee shall cause plates or markings to be affixed to or placed on one or more items of the Equipment indicating that Lessor is the owner.

b) Personal Property. The Equipment is and shall be at all times during the term of any applicable Lease Schedule personal or moveable property, regardless of the way in which it may be attached to any real estate. Lessee shall take such action, including the obtaining and registration of waivers, at its own expense as may be reasonably necessary to prevent any person from acquiring any right or interest in the Equipment by virtue of the Equipment being deemed to be real or immovable property or a part of any real or immovable property or to be a fixture; and if at any time any person shall claim such a right or interest, Lessee shall at its own expense obtain a written waiver of claim or otherwise eliminate the claim to the satisfaction of Lessor within 15 days after the claim first becomes known to Lessor. Lessee undertakes to promptly inform Lessor of any such claim of which Lessee shall become aware during the term of any Lease Schedule.

8. LIENS, ENCUMBRANCES, ETC. Lessee shall not directly or indirectly create any mortgage, pledge, lien, attachment, charge, encumbrance or any other right whatsoever on or with respect to the Equipment, or any interest therein.

9. INDEMNITY. Lessee agrees to indemnify and save harmless Lessor, and its agents, servants, officers and directors, its assignee or secured party from and against any and all liabilities, obligations, losses, damages, penalties, claims, costs, expenses, including legal expenses, of any kind whatsoever arising from or relating to the manufacture, order, acceptance or rejection, purchase, ownership, delivery, lease possession, use, importation, installation, condition, sale, return or other disposition of the Equipment, any claim relating to any latent or other defects, whether or not discoverable by Lessee, any claim in tort for strict liability and any claim for patent, trademark, design or copyright infringement. Lessee agrees to give Lessor prompt notice of any matter hereby indemnified against. These indemnities shall become effective from the date of execution of each Lease Schedule, and shall continue in full force and effect notwithstanding the termination of any Lease Schedule.

10. LOSS OR DESTRUCTION. Lessee assumes the entire risk of loss, theft destruction or damage to the Equipment or any part thereof due to any cause whatsoever during the term of

each Lease Schedule and until the Equipment is returned to Lessor. Where any of the events described in this paragraph 10 occur, or if the use by Lessee of any Equipment is substantially impaired by any third party for a period of more than ten days, Lessee shall promptly give Lessor written notice of such event, and shall promptly pay to Lessor the aggregate unpaid Rent payments for the remaining Term of the applicable Lease Schedule with respect to the Equipment effected.

11. **INSURANCE.** Lessee shall obtain and maintain for the term of each Lease Schedule, at its own expense, property damage and liability insurance, and insurance against loss or damage to all Equipment and including, without limitation, loss by fire (including extended coverage), theft, collision and other such risks of loss that are customarily insured by "all risk" policies on a similar type of equipment and by prudent operators of such equipment, and in such amounts, in such form, and with such insurers as shall be satisfactory to Lessor; provided, however, that the amount of insurance covering damage to or loss of the Equipment shall not be less than the full replacement cost of the Equipment. Each insurance policy shall name Lessee as an insured and Lessor or its assignee as an additional insured, and loss payee thereof, and shall require the insurer to give Lessor at least thirty days prior written notice of any alteration in the terms of such policy or of the cancellation thereof. At Lessor's request, Lessee shall furnish to Lessor a certificate of insurance or other evidence satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance policy or to advise Lessee in the event such insurance coverage shall not comply with the requirements hereof. Upon failure of Lessee to provide evidence of insurance satisfactory to Lessor, Lessor may purchase or otherwise provide such insurance and the cost thereof to Lessor shall be payable by Lessee on demand. Lessee hereby appoints Lessor its agent and attorney to make claims and receive payment in accordance with the provisions of such policies. Lessee agrees to give Lessor prompt notice of any damage to or any loss of the Equipment or any part thereof.

12. **TAXES.** Lessee agrees to pay when due, or reimburse and indemnify and hold Lessor harmless from and against all sales, use, property and other taxes, permits, assessments or charges of any nature whatsoever, together with any related interest or penalties, now or hereafter imposed against the Equipment or its use, or imposed with respect to the Equipment against Lessor or Lessee or against the Rents or other amounts payable under each Lease Schedule, excepting any taxes based on or measured by the taxable income of Lessor, by any federal, provincial or municipal government authority. If Lessor chooses to pay any fees, taxes or other lawful charges upon failure of Lessee to make such payments, such payments by Lessor shall, at Lessor's option, become immediately due from Lessee. The indemnities contained in this paragraph shall survive the termination of this Master Lease Agreement and each Lease Schedule.

13. **RETURN OF THE EQUIPMENT.** Upon termination of any Lease Schedule for any reason whatsoever, Lessee, at its own risk, shall return all Equipment leased thereunder forthwith to Lessor at its address indicated herein or as may be designated by Lessor by notice to Lessee. Lessee shall bear all expenses in connection with the return of the Equipment

including, without limitation, expenses of dismantling, packing, crating, loading, rigging, transporting, drayage and insurance but Lessee shall not bear any expenses in connection with de-crating or installing the Equipment at the address designated. Without otherwise limiting Lessee's obligations hereunder, Lessee shall arrange, at its expense, to have the Equipment de-installed, packed and crated by competent personnel. Lessee shall ensure that, upon return of the Equipment, it shall be in good working order and in a condition acceptable to Lessor, acting reasonably, and Lessee shall assume any costs incurred to have the Equipment returned to good working order. Lessee agrees that any name or other identification of Lessee shall be removed from the Equipment upon its return and that such Equipment shall be in the same condition as delivered to Lessee hereunder, ordinary wear and tear excepted, and free and clear of all liens and encumbrances.

14. DEFAULT BY LESSEE. The occurrence of any one of the following events shall constitute default by Lessee under the Lease Schedule:

- a) failure by Lessee to make any payment of Rent within five days following the date upon which that payment is due;
- b) failure by Lessee to make any other payment or perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder;
- c) any representation or warranty made by Lessee herein, or any document or certificate furnished to Lessor in connection with or pursuant to a representation or warranty made by Lessee herein, or any document or certificate furnished to Lessor in connection with or pursuant to the Lease Schedule appears at any time to be incorrect in any material respect;
- d) Lessee becomes insolvent or bankrupt or makes an assignment for the benefit of creditors or consents to the appointment of a trustee or receiver, or a trustee or receiver is appointed for Lessee or for any part of its property without its consent and is not dismissed within a period of fifteen days, or where bankruptcy, reorganization or insolvency proceedings are instituted by Lessee upon itself or against Lessee by another person, and if instituted against Lessee, are not dismissed within a period of fifteen days, or Lessee becomes subject to proceedings under the Companies' Creditors Arrangement Act, the Winding-Up Act or any other act for the benefit of creditors;
- e) Lessee is unable to pay its debts as they fall due;
- f) Lessee commits any other act of bankruptcy or does or omits to do any other thing in furtherance of the purposes in clauses 14 d) or e);
- g) Lessee ceases, or it is reasonable to conclude that Lessee intends to cease to carry on business;
- h) Lessee voluntarily or involuntarily parts with possession of the Equipment or any part thereof;

- i) all or any part of the Equipment is, or is in imminent danger of being confiscated, attached, sequestered or seized under legal process; or
- j) Lessee creates or permits any lien or encumbrance on the Equipment and fails to remove same within five days thereof.

15. REMEDIES OF LESSOR UPON DEFAULT. Upon the occurrence of any one or more of the events of default provided in paragraph 14, Lessee shall be presumed to have repudiated the this Agreement and Lessor, at its option, may terminate the lease and/or do any or all of the following:

- a) take immediate possession of the Equipment without any court order or other process of law, and for such purpose Lessor may enter upon the premises of Lessee or of any other person where the Equipment may be located and remove the Equipment, whether it is affixed to realty or not, without liability to Lessor therefor, whether for damage to property, or any other reason whatever, and for such purposes Lessee authorizes Lessor to enter upon any premises where the Equipment may be located and agrees to indemnify and save harmless Lessor from any claim by a third party arising from such entry and repossession;
- b) sell or lease the Equipment at private or public sale or re-lease for such consideration and on such terms as Lessor in its own discretion, and acting in good faith, may determine, without notice to Lessee or advertisement; and
- c) demand and recover all amounts which are at the time of the default, owing by Lessee to Lessor or which may become owing pursuant to the terms and conditions hereof.

The remedies provided in this paragraph 15 are cumulative and may be exercised exclusively or concurrently. Such remedies are in addition to and not in substitution for any other remedy which is otherwise available to Lessor in law or at equity. The provisions of this paragraph shall survive the termination of this Master Lease Agreement and each Lease Schedule.

16. LATE CHARGE. In the event that Rent remains unpaid for more than five days following the day on which it is due, Lessee shall also pay on demand, as a late charge, interest calculated daily from the date the payment is due at a rate of 5% per annum, compounded monthly, on the outstanding Rent or part thereof.

17. ADDITIONAL EQUIPMENT. Lessee may from time to time add parts, components or accessories not leased hereunder to any Equipment provided that such addition does not impair the value, merchantability or utility of the Equipment or affect any warranty relating thereto. Any parts, components or accessories so added to the Equipment shall remain the property of Lessee or other owner thereof and may be removed by Lessee at any time prior to the termination of the Lease Schedule with respect to the Equipment, provided that such parts, components or accessories are not required to be added as a replacement pursuant to paragraph 6, that such removal does not impair the value, merchantability or utility of any

Equipment, and that no event of default hereunder shall have occurred and be continuing. Any parts, components or accessories not so removed upon the termination of the Lease Schedule for such Equipment shall be the property of Lessor.

18. ASSURANCES. Lessee shall promptly and duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time request in order to more effectively carry out the intent and purpose hereof and to establish and protect the rights, interests and remedies intended to be created in favour of Lessor hereby, including without limitation:

- a) the filing and recording of the Lease Schedule, including any amendment thereto, any financing or renewal statement or bill of sale with respect thereto, in accordance with the laws of any applicable jurisdictions; and
- b) the taking of such further action as Lessor may deem desirable to fully protect Lessor's interest hereunder.

19. ASSIGNMENT. Without prior written consent of Lessor, Lessee shall not assign any of its rights under the this Master Lease Agreement or any Lease Schedule or sublet the Equipment in whole or in part or permit any of the Equipment to be in the possession of anyone other than Lessee. Lessor may at any time without notice to Lessee, but subject to the rights of Lessee hereunder, transfer or assign this Agreement, each any Lease Schedule, any Equipment or any Rent or other monies or benefits due or to become due hereunder.

20. AGREEMENT BINDING. This Master Lease Agreement and each Lease Schedule shall be binding upon and enure to the benefit of the parties hereto, their permitted successors and assigns.

21. WAIVER BY LESSOR. No term or condition of this Master Lease Agreement or any Lease Schedule can be waived except by written consent of Lessor, and forbearance or indulgence by Lessor in any regard whatsoever shall not constitute waiver of any term or condition to be performed by Lessee. No waiver by Lessor of a default by Lessee shall constitute a waiver of any other default by Lessee or waiver of Lessor's rights.

22. LIMITATION OF LIABILITY. Notwithstanding anything contained herein, Lessor shall not be liable for any indirect, special or consequential damages including, without limitation, loss of profits or revenues arising out of the Lease Schedule, or the use of the Equipment.

23. HEADINGS. Insertion of headings in this Master Lease Agreement and each Lease Schedule is for convenience of reference only and shall not affect the interpretation thereof.

24. GOVERNING LAW. This Master Lease Agreement and each Lease Schedule shall be interpreted and enforced in accordance with the laws of the province of Ontario. Any provision of this Master Lease Agreement or any Lease Schedule which is unenforceable shall be ineffective to the extent of such unenforceability without invalidating the remaining.

25. NOTICES. All demands or notices hereunder shall be in writing and shall become effective and be deemed to have been given when delivered to the other party or alternatively when deposited in a post office with proper postage for ordinary mail prepaid, addressed to the party at its address shown on the Lease Schedule or at other such address as such party may designate by written notice.

26. TIME OF THE ESSENCE. Time shall be of the essence of this agreement.

27. INSPECTION. Lessee agrees that Lessor or its agents may at all times inspect the Equipment and the books, manuals and records of Lessee relative thereto. Upon request of Lessor, Lessee shall at all reasonable times during business hours make the Equipment, books records and manuals available for inspection at the place where the Equipment is located. Lessee agrees that Lessor has no duty to make any such inspection, and shall not incur any liability by reason of not making an inspection.

28. ENTIRE AGREEMENT. This Master Lease Agreement together with each Lease Schedule incorporated by reference constitute the entire agreement between the parties with respect to the Equipment and supersede all prior agreements and understandings, oral or written, with respect thereto. No agreements or understandings shall be binding on either of the parties unless in writing and executed by authorized representatives of both parties.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date above written.

2507448 ONTARIO INC.



Del Terrelonge – President

1586091 ONTARIO LIMITED



Jaime Vega
on behalf on 1586091 ONTARIO LIMITED

Schedule 1
LEASE SCHEDULE

MADE November 1, 2017

BETWEEN:
2507448 ONTARIO INC.
an Ontario corporation,
(hereinafter called "Lessee")

- and -

1586091 ONTARIO LIMITED O/A RHED
an Ontario corporation,
(hereinafter called "Lessor"),

LESSEE ADDRESS: 581 Wellington Street West, Toronto, Ontario M5V 1G3

INSTALLATION ADDRESS: as above

1. Commencement Date shall be the date the equipment is delivered and installed at the Lessee premises.
2. The term of the lease for the Equipment covered by this Lease Schedule shall commence on the Commencement Date specified above and shall continue for a period of 60 months and thereafter until the final monthly payment of Rent hereunder shall have been paid to Lessor.
3. As Rent, Lessee agrees to pay to Lessor sixty monthly payments in the amount of \$5,000.00 per month, on or before the 10th of each month during the term hereof.
4. The Equipment identified in the attached EXHIBIT A is hereby leased upon the terms herein and on the terms and conditions set out in the Master Lease Agreement between these parties dated November 1, 2017 which shall form part hereof and is specifically incorporated herein.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Schedule through their proper officers, duly authorized for that purpose, this 1st day of November, 2017.

2507448 ONTARIO INC.

1586091 ONTARIO LIMITED



Del Terrelonge – President

Jaime Vega
on behalf of 1586091 ONTARIO LIMITED

Exhibit A
ITEMS LEASED

November 1, 2017

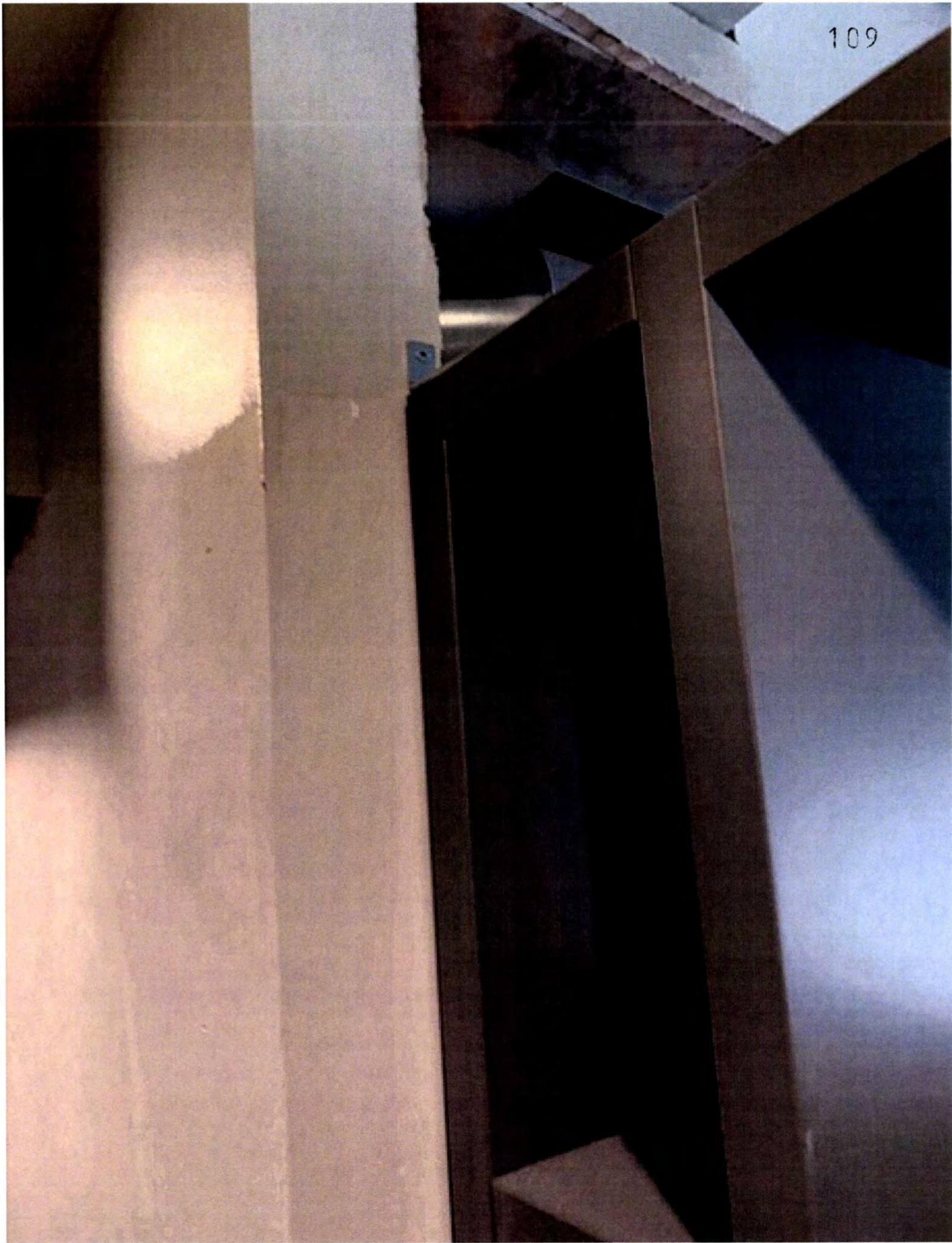
<u>Custom Poliform Millwork Cabinetry</u>	\$ 875,000.00
2 Bedrooms - ground floor	
2 Kitchens - ground and third Floor	
2 Bedrooms - third floor	
Spa - Ground Floor	
<u>Custom Kitchen Island</u>	\$ 65,000.00
ground floor	
<u>Lighting Fixtures</u>	\$ 225,000.00
Chandeliers - ground and second Floor	
Fluorescent Lighting - ground and second Floor	
Custom Lighting - ground and second Floor	
3rd Floor Lighting	
<u>Interior Tile</u>	\$ 115,000.00
Wall and Floor Tile - all floors	
<u>Appliances</u>	\$ 165,000.00
2 Gageneau Wall Ovens	
2 Sub Zero Refrigerators	
2 Sub Zero Refrigerators	
2 Dishwashers	
1 Cooktop	
<u>Kitchen and Bathroom Fixtures</u>	\$ 230,000.00
2 Custom Poliform Bathtubs	
7 Phillipe Starck Toilets	
Custom Sinks and Fixtures	
<u>Argentinian IPE Flooring</u>	\$ 30,000.00
<u>Glass Partitions</u>	\$ 30,000.00
<u>Art</u>	\$ 10,000.00
<u>Lounge Seating Second Floor</u>	\$ 35,000.00
<u>Board Room Table Second Floor</u>	\$ 30,000.00
<u>Office Furniture</u>	\$ 65,000.00
<u>TOTAL</u>	<u>\$ 1,875,000.00</u>

TAB I



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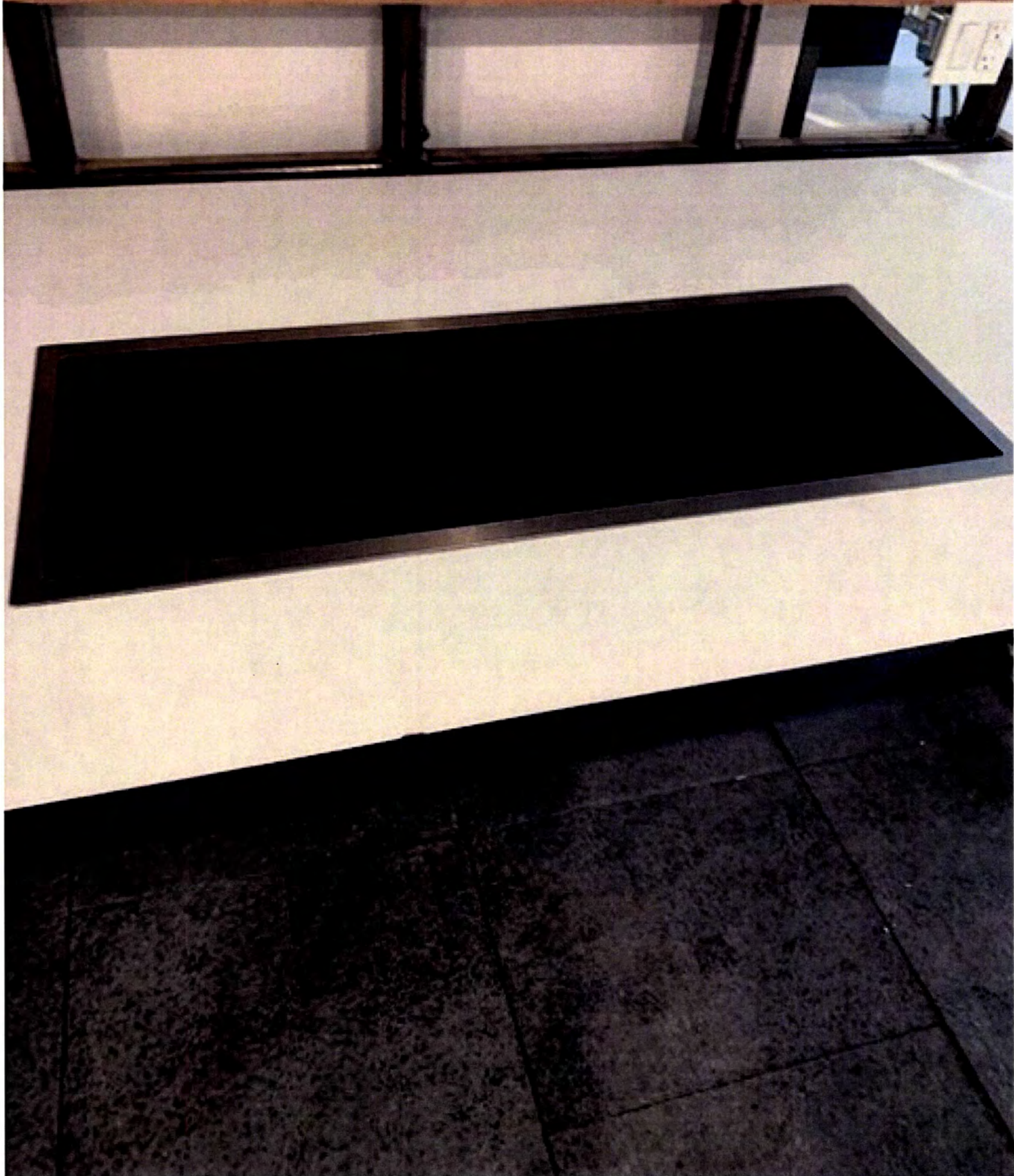


TAB J

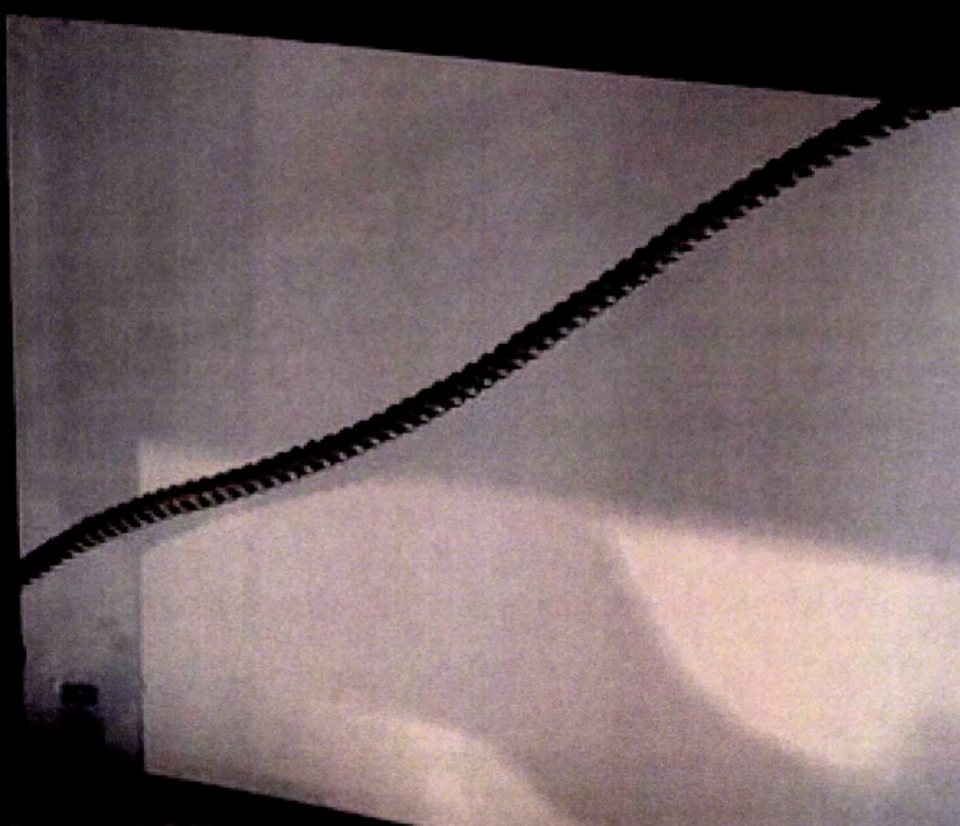
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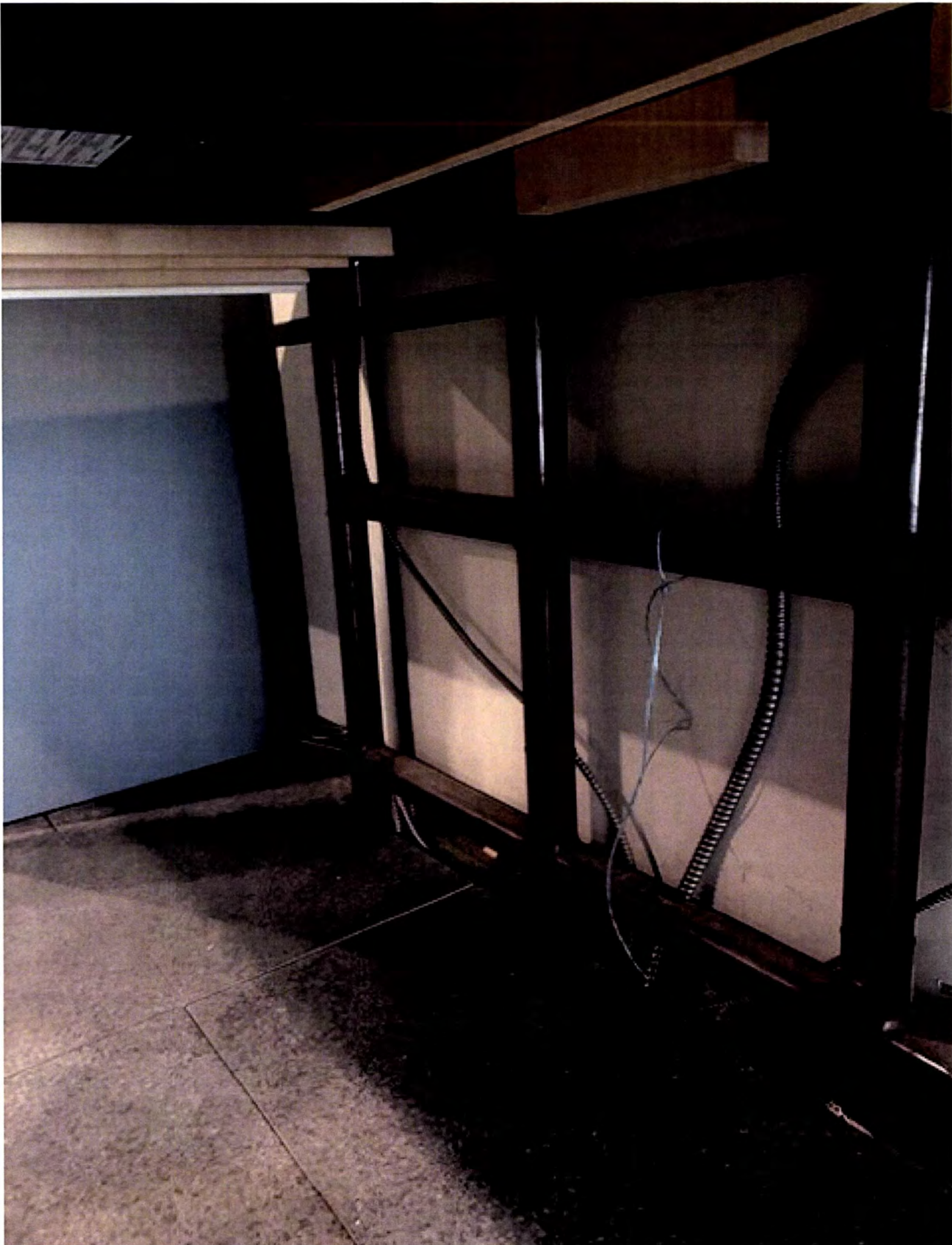


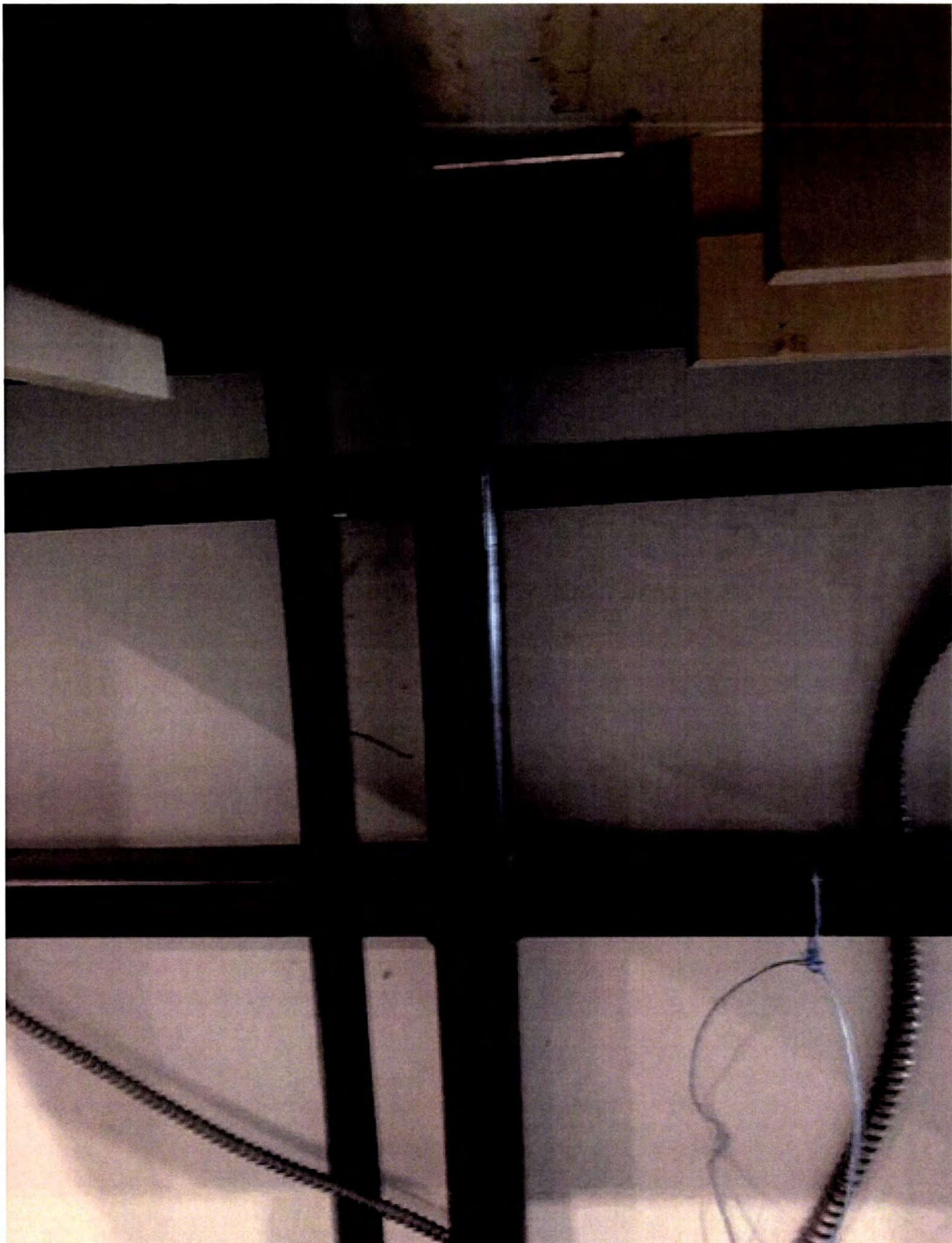
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Center









TAB K











