

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

-and-

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

MOTION RECORD

(Motion Returnable December 13, 2019)

December 3, 2019

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver,
RSM Canada Limited

TO: **PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**
Barristers and Solicitors
155 Wellington Street West
35th Floor
Toronto ON M5V 3H1

Jeffrey Larry
Tel: 416-646-4330
jeff.larry@paliareroland.com

Daniel Rosenbluth
Tel: 416-646-6307
daniel.rosenbluth@paliareroland.com

Tel: 416-646-4300
Fax: 416-646-4301

Lawyers for the Applicant,
First Source Financial Management Inc.

AND TO: **CORESTONE LAW**
Barristers & Solicitors
330 Bay Street, Suite 1400
Toronto ON M5H 2S8

Maja Milosevic
maja@corestone.ca

Tel: 416-645-9075
Fax: 416-647-9075

Lawyers for the Respondent,
2507448 Ontario Inc. and
1586091 Ontario Limited o/a RHED

AND TO: **ED GILMORE**
E.G. Gilmore & Associates Inc.
201-200 Bond Street West
Oshawa ON L1J 2L7

edgilmore@rogers.com
Tel: 905-995-0416

AND TO: **OLYMPIA TRUST COMPANY**
2200, 125-9th Avenue SE
Calgary AB T2G 0P6

Samantha Johnson
Team Lead, Mortgage Documentation
Registered Plans & TFSA Division
JohnsonS@olympiatrust.com
Tel: 403-770-4098

AND TO: **COMPUTERSHARE TRUST COMPANY**
100 University Avenue, 11th Floor
Toronto ON M5J 2Y1

AND TO: **ZAHERALI VISRAM**
7 Laredo Court
North York ON M2M 4H7

AND TO: **DEPARTMENT OF JUSTICE**
Ontario Regional Office
120 Adelaide Street West, Suite 400
Toronto ON M5H 1T1

Diane Winters
Tel: 416-973-3172
diane.winters@justice.gc.ca

Tel: 647-256-7459
Fax: 416-973-0810

Lawyers for the Canada Revenue Agency

AND TO: **DALTON G. JOHNSON**
902-100 Lotherton Pathway
North York ON M6B 2G8

miggs15@hotmail.com

AND TO: **CUMMINGS COOPER SCHUSHEIM BERLINER LLP**

Barristers and Solicitors
4100 Yonge Street, Suite 408
Toronto ON M2P 2B5

Stanley J. Wax
Tel.: 416-733-5271
Fax: 416-512-9501
E-mail: swax@ccsb-law.com

Lawyers for the Purchaser

AND TO: **JOSEPH ROGER RICHARD FORGET**

40 Gerrard St. East, Suite 1010
Toronto ON M5B 2E8

Tel.: 416-669-5699
E-mail: jrforget@live.ca

TABLE OF
CONTENTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

-and-

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

TABLE OF CONTENTS

Tab	Description	Page No.
1	Notice of Motion dated December 3, 2019	1 – 14
2	Third Report of the Receiver dated December 3, 2019	15 – 32
A	Appendix “A” - Amended Appointment Order	33 – 49
B	Appendix “B” - First Report (without appendices)	50 – 79
C	Appendix “C” - September 25 Order	80 – 83
D	Appendix “D” - September 25 Endorsement	84 – 85
E	Appendix “E” - Second Report (without appendices)	86 – 103
F	Appendix “F” - Approval and Vesting Order along with Endorsement dated November 1, 2019	104 – 121
G	Appendix “G” - November 1 Order	122 – 125
H	Appendix “H” - Supplemental Report to the Second Report (without appendices)	126 – 130
I	Appendix “I” - Amending Order (without Schedules) and Amended Approval and Vesting Order	131 – 146
J	Appendix “J” - PPSA Search	147 – 152

Tab	Description	Page No.
K	Appendix "K" - PIN Search	153 – 156
L	Appendix "L" - First Source Statement	157 – 158
M	Appendix "M" - Charge/Mortgage	159 – 164
N	Appendix "N" - Legal Opinion on First Source Security	165 – 169
O	Appendix "O" - Affidavit of Daniel Weisz	170 – 178
P	Appendix "P" - Affidavit of Jeffrey J. Simpson	179 – 189

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

-and-

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

NOTICE OF MOTION

RSM Canada Limited, in its capacity as court appointed Receiver (in such capacity, the “**Receiver**”) of the property municipally known as 581 Wellington Street West, Toronto, Ontario, owned by 2507448 Ontario Inc. (“**250**”), will make a Motion to a Judge presiding over the Commercial List on Friday, December 13, 2019 at 10:00 a.m., or as soon after that time as the Motion can be heard at the court house, 330 University Avenue, 9th Floor, Toronto, Ontario, M5G 1R7.

PROPOSED METHOD OF HEARING: The Motion is to be heard

orally.

THE MOTION IS FOR

- (a) An Order:
 - (i) validating service of the Motion Record, abridging the time for service and dispensing with further service thereof;
 - (ii) approving the Third Report of the Receiver dated December 3, 2019 (the “**Third Report**”) and the conduct and activities of the Receiver as set out therein;
 - (iii) authorizing and directing the Receiver to pay from the net proceeds received from the sale of the Real Property:
 - (1) the Receiver’s Expenses (as defined below); and
 - (2) the Interim Distribution to First Source (as defined below);
 - (iv) approving the fees and disbursements of the Receiver and its counsel as set out in the fee affidavits filed together with the Third Report; and
 - (v) advice and directions in respect of any disputed amounts claimed by First Source under the terms of its mortgage.
- (b) Such further and other Relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE

Appointment of Receiver

- (c) Pursuant to an application made by First Source Financial Management Inc. ("**First Source**"), and 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**" or the "**Receiver**") was appointed as receiver over the lands and premises municipally known as 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**"). Torkin Manes LLP ("**Torkin Manes**") is the Receiver's independent legal counsel;

Parties

- (d) The Real Property is a two-storey mixed use commercial building situated in downtown Toronto. 250 is an Ontario corporation and is the owner of the Real Property. According to the Corporation Profile Report for 250 dated November 21, 2018, Del Terrelonge is the president, secretary and sole director of 250;
- (e) 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;

Approval of Sale and Sale of Property

- (f) On October 17, 2019, following completion of the sales process respecting the Real Property, the Receiver brought a motion seeking approval of the sale of the Real Property, together with other relief relating to the treatment and removal of certain personal property remaining at the Premises (the “**Personal Property**”);
- (g) The Receiver's motion was adjourned by the Honourable Justice Hainey to November 1, 2019, as counsel for 250 advised that 250 intended to oppose the approval of the sale of the Property but was not able to attend on the October 17, 2019 hearing date;
- (h) On November 1, 2019, the Receiver's motion was heard by the Honourable Justice Pattillo. 250 opposed the approval of the sale, but did not oppose any of the other relief sought by the Receiver. After hearing the arguments of counsel and considering the evidence filed, Justice Pattillo granted the relief sought by the Receiver, and issued:
 - (i) an Approval and Vesting Order (the “**Approval and Vesting Order**”) approving the agreement of purchase and sale with the purchaser of the Real Property (the “**APS**”), authorizing the Receiver to complete the transaction contemplated by the APS (the “**Transaction**”) and, upon the completion of the Transaction and the issuance of a Receiver's Certificate, vesting title in and to the Purchased Assets in the Purchaser (each as defined in the APS); and

- (ii) an Order (the "**November 1 Order**"), *inter alia*, approving the proposed treatment of the Personal Property remaining at the premises and establishing a protocol and deadline of November 15, 2019 (the "**Removal Deadline**") for the removal of same;
- (i) The Transaction is currently scheduled to close on December 9, 2019 and it is anticipated that closing will proceed on the scheduled date;

Substitution of Purchaser

- (j) The Receiver attended before Justice Hainey on November 22, 2019 in order to seek certain amendments to the Approval and Vesting Order required to accommodate the Purchaser's request that title to the Real Property be taken in the name of a nominee (the "**Substituted Purchaser**"), and not the Purchaser itself. The requested amendments were granted;

Removal of Personal Property

- (k) At the request of 250, the Removal Deadline for the Personal Property was extended from 5:00 PM on November 15, 2019 to 5:00 PM on November 22, 2019, and then further extended to 5:00 PM on November 26, 2019;
- (l) As of the expiry of the extended Removal Deadline, nearly all Personal Property had been removed from the premises. Counsel for Mr. Terrelonge/250 has, however, identified three additional items which Mr. Terrelonge has indicated he wishes to recover, but which were not removed from the premises prior to the expiry of the extended Removal Deadline (the "**Remaining Items**");

- (m) Should a request be made by 250 to attend at the Real Property for the purpose of removing the Remaining Items the Receiver will consider such request if and when made;
- (n) Following removal of the Personal Property:
 - (i) on November 26, 2019, the Receiver arranged for an electrician to attend at the premises to make sure there were no resulting electrical hazards; and
 - (ii) on November 28, 2019, workers attended at the premises for the purpose of removing and disposing of garbage remaining on site;

Secured Creditors of 250

- (o) The following is a list of the secured creditors having registrations against 250 in either the Personal Property Security Registration System (“PPSA”) or against title to the Property as shown on the parcel register for the Real Property (“PIN”) as of November 29, 2019:

Name of Registrant	Registered Charge	PPSA	PIN
First Source Financial Management Inc.	\$3,500,000	√	√
Zaherali Visram (“ Mr. Visram ”)	\$1,375,750		√
Olympia Trust Company, Computershare Trust Company and Ed Gilmore (“ Third Mortgage ”)	\$3,583,500	√	√
1586091 Ontario Limited o/a rhed		√	

- (p) The Receiver has received from First Source an Account Closing Statement current to December 12, 2019 (the “**First Source Statement**”). According to the First

Source Statement, the amount owing by the Debtor to First Source and required to discharge the first mortgage will be, as of December 12, 2019, \$4,609,990.68, including the \$50,000 advance, plus interest and fees on the advance for which Receiver Certificate No. 1 was issued;

- (q) The Receiver has received an opinion from Torkin Manes (“**Legal Opinion on First Source Security**”) that, subject to the qualifications set out in the opinion:
 - (i) First Source holds a first-ranking security interest over personal property of 250 based on date of registration;
 - (ii) the Mortgage in favour of First Source was validly registered against title to the Real Property and that the Mortgage ranks first in priority among registered encumbrances against title to the Real Property by date of registration; and
 - (iii) the Security Documents (as defined in the Legal Opinion on First Source Security) constitute valid and binding obligations of the Debtor in favour of First Source and are enforceable in accordance with their terms;
- (r) The Receiver has obtained from Mr. Visram copies of documentation in support of the second mortgage held by Mr. Visram. The Receiver is in the process of evaluating same and obtaining from its counsel a security opinion with respect to the validity and enforceability of the second mortgage;

Interim Distribution

- (s) Following the closing of the sale of the Real Property and receipt by the Receiver of the net sales proceeds therefrom, funds will be available for the Receiver to make an interim distribution. The Receiver proposes that following the closing of the sale of the Real Property, after payment of property taxes and commissions payable to Avison Young in respect of the sale of the Real Property, that the Receiver be authorized to additionally pay out, from the proceeds of sale, the following amounts:
 - (i) the advances totaling \$50,000 under Receiver Certificate No. 1 plus interest and fees on the Advance to First Source (the “**Receiver Certificate Advance**”) and the amounts owing to the Receiver and Torkin Manes on account of their respective unpaid accounts (collectively the “**Receiver’s Expenses**”); and
 - (ii) the Interim Distribution (as defined below) to First Source.
- (t) First Source has requested that the Receiver pay to First Source the balance set out on the First Source Statement, net of the Receiver Certificate Advance;
- (u) Both 250 and Hasson Pereira, a person claiming to represent the interests of investors in the Third Mortgage, have previously expressed to the Receiver an intention to dispute the propriety of certain amounts claimed as owing by First Source under the terms of its mortgage. To date, no parties have identified the particular amounts in dispute or provided the Receiver with any explanation as to

the specific basis for any such objection. It is, however, the Receiver's understanding that neither the principal amount advanced by First Source nor the interest accrued thereon are disputed, but that the concerns raised relate to various other charges and fees claimed by First Source as owing under the terms of its mortgage;

- (v) Given the foregoing, it would appear at this time that, unless otherwise resolved, advice and direction from the Court in respect of any disputed amounts claimed as owing in the First Source Statement may be required;
- (w) Interest continues to accrue on the outstanding balance of the First Source mortgage at a rate of 18%. The Receiver is of the view that it is in the interests of all parties that the amount of the principal advance by First Source, accrued interest thereon as well as any other amounts which are not disputed by any interested party be paid out promptly as an interim distribution to First Source (the total of these being the "**Interim Distribution**") in order to prevent the accrual of further interest upon amounts corresponding to the non-disputed claims of First Source;
- (x) Counsel for 250 has indicated that 250 will advise the Receiver, in advance of the return of this motion, as to which of those claims set out on the First Source Statement it intends to dispute and which it does not dispute. 250's counsel has further advised that 250 does not oppose an interim distribution being made to First Source of any non-disputed amounts;

Approval of Report, Fees and Conduct

- (y) The Receiver's account for the period October 1 to 31, 2019 totals \$14,189.00 in fees, plus HST of \$1,844.57 for a total amount of \$16,033.57;
- (z) The account of the Receiver's counsel, Torkin Manes, totals \$24,039.00 in fees and \$1,276.15 in disbursements and \$3,242.64 for HST for a total of \$28,557.79 for the period October 1 to 31, 2019;
- (aa) The Receiver submits that its conduct and activities as set out in the Third Report are reasonable and requests that the Third Report and the conduct and activities of the Receiver as set out therein be approved;
- (bb) The Receiver submits that the fees and expenses of the Receiver and those of its counsel Torkin Manes, each as set out in the affidavits attached to the Third Report, are reasonable and justified. The Receiver requests that the fees and disbursements of the Receiver and its counsel be approved; and
- (cc) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

- (a) The Third Report;
- (b) The fee affidavits of the Receiver and its counsel; and

- (c) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

December 3, 2019

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver,
RSM Canada Limited

TO: **PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**
Barristers and Solicitors
155 Wellington Street West
35th Floor
Toronto ON M5V 3H1

Jeffrey Larry
Tel: 416-646-4330
E-mail: jeff.larry@paliareroland.com

Daniel Rosenbluth
Tel: 416-646-6307
E-mail: daniel.rosenbluth@paliareroland.com

Tel: 416-646-4300
Fax: 416-646-4301

Lawyers for the Applicant,
First Source Financial Management Inc.

AND TO: **CORESTONE LAW**
Barristers & Solicitors
330 Bay Street, Suite 1400
Toronto ON M5H 2S8

Maja Milosevic
maja@corestone.ca

Tel: 416-645-9075
Fax: 416-647-9075

Lawyers for the Respondent,
2507448 Ontario Inc. and
1586091 Ontario Limited o/a RHED

AND TO: **ED GILMORE**
E.G. Gilmore & Associates Inc.
201-200 Bond Street West
Oshawa ON L1J 2L7

Tel: 905-995-0416
E-mail: edgilmore@rogers.com

AND TO: **OLYMPIA TRUST COMPANY**
2200, 125-9th Avenue SE
Calgary AB T2G 0P6

Samantha Johnson
Team Lead, Mortgage Documentation
Registered Plans & TFSA Division
JohnsonS@olympiatrust.com
Tel: 403-770-4098

AND TO: **COMPUTERSHARE TRUST COMPANY**
100 University Avenue, 11th Floor
Toronto ON M5J 2Y1

AND TO: **ZAHERALI VISRAM**
7 Laredo Court
North York ON M2M 4H7

AND TO: **DEPARTMENT OF JUSTICE**
Ontario Regional Office
120 Adelaide Street West, Suite 400
Toronto ON M5H 1T1

Diane Winters
Tel: 416-973-3172
E-mail: diane.winters@justice.gc.ca

Tel: 647-256-7459
Fax: 416-973-0810

Lawyers for the Canada Revenue Agency

AND TO: **DALTON G. JOHNSON**
902-100 Lotherton Pathway
North York ON M6B 2G8

miggs15@hotmail.com

AND TO: **CUMMINGS COOPER SCHUSHEIM BERLINER LLP**
Barristers and Solicitors
4100 Yonge Street, Suite 408
Toronto ON M2P 2B5

Stanley J. Wax
Tel.: 416-733-5271
Fax: 416-512-9501
E-mail: swax@ccsb-law.com

Lawyers for the Purchaser

AND TO: **JOSEPH ROGER RICHARD FORGET**
40 Gerrard St. East, Suite 1010
Toronto ON M5B 2E8

Tel.: 416-669-5699
E-mail: jrforget@live.ca

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

NOTICE OF MOTION

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)

TAB 2

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

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

December 3, 2019

Table of Contents

I. INTRODUCTION	1
II. PURPOSE OF REPORT	6
III. STATUS OF THE SALE OF THE REAL PROPERTY	7
IV. REMOVAL OF PERSONAL PROPERTY	8
V. SECURED CREDITORS	10
VI. INTERIM DISTRIBUTION	12
VII. PROFESSIONAL FEES	14
VIII. CONCLUSION	15

Appendices

Amended Appointment Order	A
First Report (without appendices)	B
September 25 Order	C
September 25 Endorsement	D
Second Report (without appendices)	E
Approval and Vesting Order	F
November 1 Order	G
Supplemental Report to the Second Report (without appendices)	H
Amending Order (without Schedule "A") and Amended Approval and Vesting Order ..	I
PPSA Search	J
PIN Search	K
First Source Statement	L
Charge/Mortgage	M
Legal Opinion on First Source Security	N
Affidavit of Daniel Weisz	O
Affidavit of Jeffrey J. Simpson	P

I. INTRODUCTION

Background and Appointment of Receiver

1. Pursuant to an application made by First Source Financial Management Inc. ("**First Source**"), and 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**" or the "**Receiver**") 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"**. Torkin Manes LLP ("**Torkin Manes**") is the Receiver's independent legal counsel.
2. The Real Property is a two-storey mixed use commercial building situated in downtown Toronto. 250 is an Ontario corporation and is the owner of the Real Property. According to the Corporation Profile Report for 250 dated November 21, 2018, Del Terrelonge is the president, secretary and sole director of 250.
3. 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 (the "**Mortgage**"). As set out later herein,

there are two mortgages registered against the Real Property that are subordinate to the First Source mortgage.

Post Appointment Activities and Previous Court Appearances

4. 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.
5. The Receiver's first report to Court dated September 17, 2019 (the "**First Report**"), sets out, *inter alia*, steps taken by the Receiver in connection with maintaining and securing the Real Property and marketing the Real Property for sale. A copy of the First Report is attached hereto without appendices, as **Appendix "B"**.
6. On September 25, 2019, the Receiver brought a motion seeking various relief in anticipation of the imminent conclusion of the sale process for the Real Property and in order to address certain issues that required resolution prior to the completion of any sale. Specifically, the Receiver sought an Order:
 - a) terminating the lease (the "**Lease**") between 250 and 1586091 Ontario Limited O/A rhed ("**RHED**"), a related-party tenant of the Real Property;
 - b) requiring Mr. Terrelonge to:
 - (i) identify any Third Party Property located at the Real Property premises and advise the Receiver as to the owner of same; and
 - (ii) comply with a proposed protocol and deadline for the removal of certain property remaining at the Real Property premises (the "**Personal Property**") and to permit the Receiver to treat as

abandoned, and to sell or dispose of, any property not so removed;
and

c) approving the Sales Process (as defined in the First Report).

7. On September 25, 2019, the Receiver's motion was heard by the Honourable Justice Pattillo, who granted an Order (the "**September 25 Order**"):

a) approving the Sales Process;

b) terminating the Lease; and

c) requiring Mr. Terrelonge to provide information respecting the Third Party Property.

8. The remaining relief sought by the Receiver, which related to the treatment and removal of the Personal Property was adjourned. A copy of the September 25 Order and the Endorsement of Justice Pattillo dated September 25, 2019 (the "**September 25 Endorsement**") are attached hereto as Appendices "**C**" and "**D**", respectively.

9. On October 17, 2019, the Receiver brought a motion for, *inter alia*:

a) approval of an agreement of purchase and sale between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") dated October 2, 2019 (the "**APS**") and an order authorizing and directing the Receiver to enter into and carry out the terms of the transaction contemplated therein (the "**Transaction**"); and

b) addressing the treatment of, and establishing a protocol for the removal of, the Personal Property remaining at the premises.

A copy of the Receiver's second report to the Court dated October 10, 2019 (the "**Second Report**") is attached hereto without appendices, as Appendix "**E**".

10. On October 17, 2019, the Receiver's motion was adjourned by the Honourable Justice Hailey to November 1, 2019, as counsel for 250 advised that 250 intended to oppose the approval of the sale of the Real Property but was not able to attend on the October 17, 2019 hearing date.
11. On November 1, 2019, the Receiver's motion was heard by the Honourable Justice Pattillo. 250 opposed the approval of the sale, but did not oppose any of the other relief sought by the Receiver. After hearing the arguments of counsel and considering the evidence filed, Justice Pattillo granted the relief sought by the Receiver, and issued:

- a) an Approval and Vesting Order approving the APS, authorizing the Receiver to complete the Transaction and, upon the completion of the Transaction and the issuance of a Receiver's Certificate, vesting title in and to the Purchased Assets (as defined in the APS) in the Purchaser (the "**Approval and Vesting Order**"); and
- b) an Order (the "**November 1 Order**"), *inter alia*, approving the proposed treatment of the Personal Property remaining at the premises and establishing a protocol and deadline of November 15, 2019 (the "**Removal Deadline**") for the removal of same.

Copies of the Approval and Vesting Order and the November 1 Order are attached hereto, as Appendices "**F**" and "**G**", respectively.

-
12. On November 20, 2019, the Receiver brought a motion, returnable on November 22, 2019, for the purpose of seeking certain amendments to the Approval and Vesting Order in order to accommodate the Purchaser's request that, for the purpose of completing the sale of the Real Property, title to the Real Property be conveyed to 2726960 Ontario Inc. (the "**Substituted Purchaser**"), and not the Purchaser, on closing. A copy of the Receiver's Supplemental Report to the Second Report of the Receiver to the Court dated November 20, 2019 (the "**Supplemental Report to the Second Report**") in support of the Receiver's motion is attached hereto, without appendices, as Appendix "H".
 13. On November 22, 2019, the Honourable Justice Hainey issued an Order amending the Approval and Vesting Order (the "**Amending Order**") and an Amended Approval and Vesting Order in respect of the sale of the Real Property (the "**Amended Approval and Vesting Order**") authorizing the conveyance of the Real Property to the Substituted Purchaser. A copy of the Amending Order without Schedule "A" and the Amended Approval and Vesting Order are attached hereto as Appendix "I".
 14. The Amended Appointment Order, the First Report, the September 25 Order, the September 25 Endorsement, the Second Report, the Supplemental Report to the Second Report, the November 1 Order, the Amending Order and the Amended Approval and Vesting Order and other court documents have been posted on the Receiver's website, which can be found at rsmcanada.com/581-Wellington-Street-West.

II. PURPOSE OF REPORT

15. The purpose of this report (the "**Third Report**") is to:

- a) report to the Court on the Receiver's activities since the Second Report to November 29, 2019;
- b) report to the Court on the status of the sale of the Real Property;
- c) report to the Court on the opinion obtained by the Receiver on the Mortgage held by First Source; and
- d) seek an Order:
 - i) approving the Third Report and the Receiver's conduct and activities to November 29, 2019;
 - ii) approving the fees and disbursements of the Receiver for the period October 1, 2019 to October 31, 2019;
 - iii) approving the fees and disbursements of Torkin Manes for the period October 1, 2019 to October 31, 2019;
 - iv) directing amount(s) to be paid by the Receiver from the net proceeds from the sale of the Real Property; and
 - v) authorizing the Receiver to make the Interim Distribution (as defined herein) to First Source.

Terms of Reference

16. 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.

17. Defined terms in the Third Report have, unless indicated otherwise herein, the same meanings as set out in the First Report and the Second Report.
18. Unless otherwise stated, all dollar amounts contained in the Third Report are expressed in Canadian dollars.

III. STATUS OF THE SALE OF THE REAL PROPERTY

19. On November 12, 2019, the Purchaser requested that the closing date of the Transaction be extended to December 9, 2019. The Receiver advised that it would be agreeable to an extension of the closing date to December 9, 2019 on certain terms and conditions. Those terms were agreed to by the Purchaser and the closing date of the transaction has been extended to December 9, 2019.
20. It is presently anticipated that the Transaction will close on December 9, 2019. The Receiver will update the Court as to the status of the closing at the return of this motion.

IV. REMOVAL OF PERSONAL PROPERTY

21. The November 1 Order directed that the Personal Property was to be removed from the Real Property by Mr. Terrelonge prior to the Removal Deadline of 5:00 PM on November 15, 2019.
22. Between November 1 and November 11, 2019, no steps were taken towards the removal of the Personal Property.
23. On November 11, 2019, the Receiver met with, among others, Mr. Terrelonge at the Real Property to discuss the removal of the Personal Property. At that time, Mr. Terrelonge informed the Receiver that the company he had engaged to disassemble and remove the Personal Property would not proceed unless the heat to the premises, which had been disconnected by Enbridge prior to the appointment of the Receiver, was restored. The Receiver contacted Enbridge and heat was restored to the premises on November 12, 2019.
24. On November 13, 2019, counsel for Mr. Terrelonge/250 requested an extension of the Removal Deadline to November 22, 2019. The Receiver agreed to the requested extension.
25. Removal of the Personal Property by Mr. Terrelonge commenced in earnest on November 18, 2019. Moreau, the property management company engaged by the Receiver, attended at the premises throughout the removal process in order to monitor the work being performed.
26. On November 21, 2019, Mr. Terrelonge indicated that additional time would be required in order to complete the removal of the Personal Property from the

premises and it was requested that the Removal Deadline be further extended to November 26, 2019. A further extension of the Removal Deadline, to 5:00 PM on November 26, 2019 was agreed to by the Receiver.

27. On November 26, 2019 at 5:00 PM, the extended Removal Deadline expired, without any further extension being granted.
28. As of the expiry of the extended Removal Deadline, nearly all Personal Property had been removed from the premises. Counsel for Mr. Terrelonge/250 has, however, identified three additional items which Mr. Terrelonge has indicated he wishes to recover, but which were not removed from the premises prior to the expiry of the extended Removal Deadline. These items (the "**Remaining Items**") consist of:
 - a) a partially disassembled Kitchen Island; and
 - b) two installed bathtubs (which, for clarity, are not items which the Receiver has previously sought authorization to release to Mr. Terrelonge).
29. As per the terms of the November 1 Order, all items remaining at the premises are, upon expiry of the Removal Deadline, deemed to be "Abandoned Items" which the Receiver is authorized to dispose of. Counsel for the Receiver has nonetheless advised counsel for Mr. Terrelonge/250 that, should Mr. Terrelonge make arrangements for the removal of the Remaining Items and request access to the Real Property for such purpose, the request will be considered. The Receiver has not, however, offered any assurances that access will be allowed or that the Remaining Items will be released. To date, no further request for access to the Real Property has been made.

30. Following the removal of the Personal Property:

- a) on November 26, 2019, the Receiver arranged for an electrician to attend at the premises to make sure there were no resulting electrical hazards; and
- b) on November 28, 2019, workers attended at the premises for the purpose of removing and disposing of garbage remaining on site.

V. SECURED CREDITORS

31. The following is a list of the secured creditors having registrations against 250 in either the Personal Property Security Registration System ("PPSA") or against title to the Property as shown on the parcel register for the Real Property ("PIN") as of November 29, 2019:

Name of Registrant	Registered Charge	PPSA	PIN
First Source Financial Management Inc.	\$3,500,000	√	√
Zaherali Visram ("Mr. Visram")	\$1,375,750		√
Olympia Trust Company, Computershare Trust Company and Ed Gilmore ("Third Mortgage")	\$3,583,500	√	√
1586091 Ontario Limited o/a rhed		√	

Copies of the PPSA search and the PIN search are attached hereto as Appendices "J" and "K", respectively.

32. The Receiver has received from First Source an Account Closing Statement current to December 12, 2019 (the "First Source Statement"). According to the First Source Statement, the amount owing by the Debtor to First Source and required to discharge the first mortgage will be, as of December 12, 2019,

\$4,609,990.68, including the \$50,000 advance, plus interest and fees on the advance for which Receiver Certificate No. 1 was issued. A copy of the First Source Statement is attached to this report at Appendix "L".

33. The First Source Statement includes various charges that have become due as a result of 250's default under the mortgage. A copy of the Charge/Mortgage, provided to the Receiver by First Source in support of amounts set out on the First Source Statement, is attached hereto as Appendix "M".

34. The Receiver has received an opinion from Torkin Manes ("**Legal Opinion on First Source Security**") that, subject to the qualifications set out in the opinion,:

- a) First Source holds a first-ranking security interest over personal property of 250 based on date of registration;
- b) the Mortgage in favour of First Source was validly registered against title to the Real Property and that the Mortgage ranks first in priority among registered encumbrances against title to the Real Property by date of registration; and
- c) the Security Documents (as defined in the Legal Opinion on First Source Security) constitute valid and binding obligations of the Debtor in favour of First Source and are enforceable in accordance with their terms.

A copy of the Legal Opinion on First Source Security is attached hereto, as Appendix "N".

35. On November 6, 2019, Torkin Manes requested that Olympia and Visram provide to the Receiver:

- a) copies of all security/mortgage documents; and

-
- b) an itemized statement of the claimed outstanding indebtedness owed to them, current to November 28, 2019, with per diem interest noted.
36. On November 19, 2019, Mr. Visram provided a statement of the amounts owing to him (the "**Visram Statement**"). According to the Visram Statement, the amount that will be owing to Mr. Visram pursuant to the second mortgage registered on title to the Property, as of December 4, 2019, is \$1,662,055.
37. The Receiver has requested that Torkin Manes provide to the Receiver an opinion on the validity of the security held by Mr. Visram.

VI. INTERIM DISTRIBUTION

38. As set out above, the closing of the sale of the Real Property is scheduled to take place on December 9, 2019.
39. Following the closing of the sale of the Real Property, and receipt by the Receiver of the net sales proceeds therefrom, funds will be available for the Receiver to make an interim distribution. The Receiver proposes that following closing of the sale of the Real Property, after payment of property taxes and commissions payable to Avison Young in respect of the sale of the Real Property, that the Receiver be authorized to additionally pay out, from the proceeds of sale, the following amounts:
- a) to First Source the advances totaling \$50,000 under Receiver Certificate No. 1 plus interest and fee on the Advance (the "**Receiver Certificate Advance**") and the amounts owing to the Receiver and Torkin Manes on

account of their respective unpaid accounts (collectively, the “**Receiver’s Expenses**”); and

b) the Interim Distribution (as defined below) to First Source.

40. First Source has requested that the Receiver pay to First Source the balance set out on the First Source Statement, net of the Receiver Certificate Advance.
41. Both 250 and Hasson Pereira, a person claiming to represent the interests of investors in the Third Mortgage, have previously expressed to the Receiver an intention to dispute the propriety of certain amounts claimed as owing by First Source under the terms of its mortgage. To date, no parties have identified the particular amounts in dispute or provided the Receiver with any explanation as to the specific basis for any such objection. It is, however, the Receiver’s understanding that neither the principal amount advanced by First Source nor the interest accrued thereon are disputed, but that the concerns raised relate to various other charges and fees claimed by First Source as owing under the terms of its mortgage.
42. Given the foregoing, it would appear at this time that, unless otherwise resolved, advice and direction from the Court in respect of any disputed amounts claimed as owing in the First Source Statement may be required.
43. Interest continues to accrue on the outstanding balance of the First Source Mortgage at a rate of 18%. The Receiver is of the view that it is in the interests of all parties that the amount of the principal advance by First Source, accrued interest thereon as well as any other amounts which are not disputed by any interested party be paid out promptly as an interim distribution to First Source

(the total of these being the “**Interim Distribution**”) in order to prevent the accrual of further interest upon amounts corresponding to the non-disputed claims of First Source. Counsel for 250 has indicated that 250 will advise the Receiver, in advance of the return of this motion, as to which of those claims set out on the First Source Statement it intends to dispute and which it does not dispute. 250’s counsel has further advised that 250 does not oppose an interim distribution being made to First Source of any non-disputed amounts.

44. The Receiver therefore recommends and requests that this Court direct that:
- a) the Receiver be authorized to pay to First Source the Receiver Certificate Advance;
 - b) the Receiver be authorized to make an interim distribution to First Source in an amount equal to the Interim Distribution; and
 - c) the Receiver’s request for advice and directions respecting the propriety of any disputed claims of First Source be deferred to a date in January 2020, in order to permit any interested parties to file such materials in response as they may deem appropriate.

VII. PROFESSIONAL FEES

45. The Receiver’s account for the period October 1 to 31, 2019 totals \$14,189.00 in fees, plus HST of \$1,844.57 for a total amount of \$16,033.57 (the “**Receiver’s Account**”). A copy of the Receiver’s Account, together with a summary of the account, the total billable hours charged per the account, and the average hourly

rate charged per the account, is set out in the Affidavit of Daniel Weisz sworn December 3, 2019 that is attached as **Appendix "O"**.

46. The account of the Receiver's counsel, Torkin Manes, totals \$24,039.00 in fees and \$1,276.15 in disbursements and \$3,242.64 for HST for a total of \$28,557.79 (the "**Torkin Manes Account**") for the period October 1 to 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 December 3, 2019, is attached as **Appendix "P"**.

VIII. CONCLUSION

47. The Receiver respectfully requests that the Court make an Order:
- a) approving the Third Report and the Receiver's conduct and activities to November 29, 2019;
 - b) approving the fees and disbursements of the Receiver for the period October 1, 2019 to October 31, 2019;
 - c) approving the fees and disbursements of Torkin Manes for the period October 1, 2019 to October 31, 2019;
 - d) directing amount(s) to be paid by the Receiver from the net proceeds from the sale of the Real Property; and
 - e) approving the Interim Distribution to First Source.

All of which is respectfully submitted to this Court as of this 3rd day of December, 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)
JUSTICE *HAINY*)

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

**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.

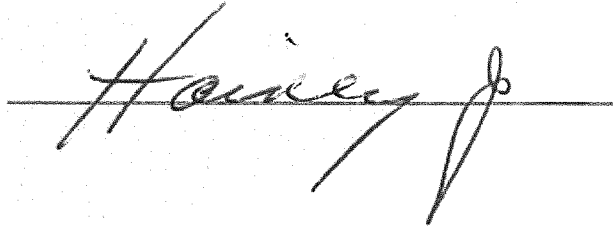
30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, 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.

A handwritten signature in cursive script, appearing to read "Hainey J.", is written over a horizontal line.

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

**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

Table of Contents

I.	INTRODUCTION.....	1
II.	PURPOSE OF REPORT	2
III.	BACKGROUND	3
IV.	RECEIVER'S ACTIVITIES TO DATE	5
	Taking Possession	5
	Insurance	6
	Statutory Notices.....	6
	Security Patrols and Property Manager	7
	Repairs and Maintenance	7
V.	COMMERCIAL LEASE AGREEMENT WITH 1586091 ONTARIO LIMITED	9
VI.	CHATELS	14
VII.	EQUIPMENT LEASE	16
VIII.	MARKETING ACTIVITIES	23
IX.	SECURED OR PRIORITY CLAIMS	24
X.	RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS	25
XI.	PROFESSIONAL FEES	25
XII.	CONCLUSION	26

Appendices

Amended Appointment Order	A
Corporate Profile Report dated November 21, 2018	B
Appointment Order	C
May 3 Email.....	D
245 Notice	E
Corporate Profile Report re Rhed	F
Commercial Lease Agreement, dated November 1, 2017	G
Equipment Lease.....	H
Photos re Custom Poliform Millwork.....	I
Photos re Custom Kitchen Island	J
Photos re Installed Appliances	K
Photos re Wall Scones	L
Photos re Chandeliers	M
Baseline APS.....	N
PPSA Search.....	O
Title Search	P
Receiver's Interim Statement of Receipts and Disbursements.....	Q
Affidavit of Daniel Weisz	R
Affidavit of Jeffrey J. Simpson	S

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;

- 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;

-
- 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;

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.

-
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 or 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;

-
- 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.

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			√

-
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 C

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

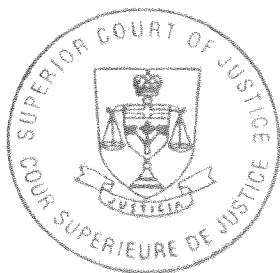
**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
JUSTICE *Patillo*)

WEDNESDAY, THE 25TH

DAY OF SEPTEMBER, 2019

BETWEEN:

(Court Seal)

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

-and-

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

ORDER

THIS MOTION, made by RSM Canada Limited, in its capacity as Receiver (in such capacity, the “**Receiver**”) of the real property located at 581 Wellington Street West, Toronto, Ontario (the “**Property**”), owned by 2507448 Ontario Inc. (“**250**”) for, *inter alia*, approval of the sales process implemented by the Receiver in respect of the Property, was heard this day at the court house, 330 University Avenue, 9th Floor, Toronto, ON, M5G 1R7.

ON READING the First Report of the Receiver dated September 17, 2019 (the "**First Report**") and on hearing the submissions of the lawyer for the Receiver, the lawyer for the Applicant and the lawyer for 250, no one else appearing,

1. THIS COURT ORDERS that the time for service of the Notice of Motion and Motion Record filed on this Motion is hereby abridged, service is validated and that further service thereof is hereby dispensed with such that this Motion is properly returnable today.
2. THIS COURT ORDERS that the Sales Process, as defined in the First Report, is hereby approved.
3. THIS COURT ORDERS that the Lease, as defined in the First Report, is hereby terminated.
4. THIS COURT ORDERS that within two days of the date of this Order Mr. Terrelonge is to provide to the Receiver a list of any items located at the Property which are the property of any person other than 1586091 Ontario Limited o/a rhed, 250 or Mr. Terrelonge and shall include together with such list:
 - (a) a description of the item sufficient for it to be identified; and
 - (b) the name and contact information for the owner of the item.
5. THIS COURT ORDERS AND DECLARES that the First Report is approved and the conduct and activities of the Receiver as set out therein are approved.
6. THIS COURT ORDERS that the fees and disbursements of the Receiver for the period ending August 31, 2019 as set out in the First Report be and are hereby approved.

7. THIS COURT ORDERS that the fees and disbursements of the Receiver's counsel for the period ending August 31, 2019 as set out in the First Report be and are hereby approved.


8. THIS COURT ORDERS that the Receiver's statement of receipts and disbursements for the period from May 3, 2019 to August 31, 2019, as set out in the First Report, is hereby approved.



RCP-E 59A (July 1, 2007)

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

SEP 25 2019

PER / PAR. 

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

ORDER

TORKIN MANES LLP

Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)

sthom@torkinmanes.com

Tel: 416-777-5197

Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)

TAB D



COUNSEL SLIP

COURT FILE NO. CV-19-00613044-00CL

DATE: 25-SEP-2019

No. ON LIST 7

TITLE OF PROCEEDING

FIRST SOURCE FINANCIAL MGT INC -VS- 2507448 ONTARIO INC

COUNSEL FOR: Stewart Thom
for FSM
Plaintiff (s)
Applicant (s)
Petitioner (s)

Phone & Fax No
416-777-5197
416-863-0305
stthom@torkeinmanes.com

COUNSEL FOR: MILOSEVIC, MAJA
Defendant (s)
Respondent (s) 2507448 ONTARIO INC

Phone & Fax No
T: 416. 591. 2222
F: 416. 591. 2221
E: maja@corestone.ca

EMAIL:

ED GILMORE

BARE TRUSTEE
for 3rd party.

Jeffrey Lamy
for First Source

+ 416 646 4330
f 416 646 4301
e jeff.lamy@real-estate.com

September 25, 2019

Based on the material filed, and specifically the first report of the Receiver dated September 17, 2019 together with the submissions of counsel, I am satisfied that the sale process as described and ongoing should be approved. I am also satisfied, given the number of unconventional terms of the lease and the tenant's (~~2507448~~ 1586091 Ont. limited) position that it is unopposed that the lease as defined in the Report should be terminated to facilitate the sale of the property.

The first Report, together with the fees and disbursements of the Receiver and its counsel are approved.

No decision is made today with respect to claims against the debtor respondent. Balance of relief sought to be addressed on another day.
Order signed by me.


P. J. Saballo, J.

TAB E

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

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

October 10, 2019

Table of Contents

I.	INTRODUCTION	1
II.	PURPOSE OF REPORT	4
III.	MARKETING AND SALES ACTIVITIES	6
IV.	OFFERS RECEIVED	8
V.	THE APS	9
VI.	APPROVAL OF THE SALE	10
VII.	MATTERS ADJOURNED FROM THE SEPTEMBER 25, 2019 MOTION: CHATTELS, EQUIPMENT LIST ITEMS AND PROTOCOL RESPECTING REMOVAL OF PERSONAL PROPERTY	11
VIII.	RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS	14
IX.	PROFESSIONAL FEES	14
X.	CONCLUSION	15

Appendices

Amended Appointment Order	A
Corporation Profile Report	B
First Report (with selected appendices)	C
September 25 Order	D
September 25 Endorsement	E
Marketing Information	F
Receiver's Interim Statement of Receipts and Disbursements	G
Affidavit of Daniel Weisz	H
Affidavit of Barry Cohen	I
Confidential Appendix	J
Avison Final Progress Report	1
Summary of Offers - Round 1	2
Summary of Offers - Round 2	3
Summary of Offers - Round 3	4
APS	5

I. INTRODUCTION

Background and Appointment of Receiver

1. Pursuant to an application made by First Source Financial Management Inc. (“**First Source**”), and 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**” or the “**Receiver**”) 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**”. Torkin Manes LLP (“**Torkin Manes**”) is the Receiver’s independent legal counsel.
2. The Real Property is a two-storey mixed use commercial building situated in downtown Toronto. 250 is an Ontario corporation and is the owner of the Real Property. According to the Corporation Profile Report for 250 dated November 21, 2018, Del Terrelonge is the president, secretary and sole director of 250. Attached hereto as **Appendix “B**” is a copy of the corporation profile report for 250.
3. 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.

Post Appointment Activities and Previous Court Appearances

4. 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.
5. Since the date of the Receiver's appointment, the Receiver has taken various steps, as outlined more fully in the Receiver's First Report to Court dated September 17, 2019 (the "**First Report**"), in connection with maintaining and securing the Real Property and marketing the Real Property for sale. A copy of the Receiver's first report to the Court dated September 17, 2019 (the "**First Report**") is attached hereto, with selected appendices only, as **Appendix "C"**.
6. On September 25, 2019, the Receiver brought a motion seeking various relief in anticipation of the imminent conclusion of the sale process for the Real Property and in order to address certain issues that required resolution prior to the completion of any such sale. Specifically, the Receiver sought an Order:
 - a) terminating the lease (the "**Lease**") between 250 and 1586091 Ontario Limited O/A rhed ("**RHED**"), a related-party tenant of the Real Property;
 - b) requiring Mr. Terrelonge to:
 - (i) Identify any Third Party Property located at the Real Property premises and advise the Receiver as to the owner of same; and
 - (ii) comply with a proposed protocol and deadline for the removal of certain property remaining at the Real Property premises and to

permit the Receiver to treat as abandoned, and to sell or dispose of, any property not so removed; and

c) approving the Sales Process (as defined in the First Report).

7. On September 25, 2019, the Receiver's motion was heard by the Honourable Justice Pattillo, who granted an Order (the "**September 25 Order**"):
- a) approving the Sales Process;
 - b) terminating the Lease; and
 - c) requiring Mr. Terrelonge to provide information respecting the Third Party Property.
8. The remaining relief sought by the Receiver, which relates to the treatment and removal of certain property located at the Real Property premises (defined in the First Report as the Chattels and Equipment Lease Items) was adjourned to be dealt with on a subsequent appearance, if unable to be otherwise resolved. A copy of the September 25 Order and the Endorsement of Justice Pattillo dated September 25, 2019 (the "**September 25 Endorsement**") are attached hereto as Appendix "D" and Appendix "E", respectively.
9. The Amended Appointment Order, the First Report, the September 25 Order, the September 25 Endorsement and other court documents have been posted on the Receiver's website, which can be found at rsmcanada.com/581-Wellington-Street-West.

II. PURPOSE OF REPORT

10. The purpose of this report (the "**Second Report**") is to:
- (a) report to the Court on the activities of the Receiver from September 16, 2019 to October 9, 2019;
 - (b) report to the Court on the results of the sales process for the Real Property;
 - (c) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period May 3, 2019 to September 30, 2019; and
 - (d) seek an order:
 - i. authorizing and directing the Receiver to enter into and carry out the terms of the transaction (the "**Transaction**") contemplated by an agreement of purchase and sale between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") dated October 2, 2019 (the "**APS**"), together with any further minor amendments thereto deemed necessary by the Receiver, in its sole opinion, and vesting title to the Real Property in the Purchaser, or into such entity as the Purchaser may further direct in writing, free and clear of claims and encumbrances, upon closing of the Transaction and the delivery of a Receiver's certificate to the Purchaser;
 - ii. sealing Confidential Appendix "J" to the Second Report until the closing of the sale of the Real Property;

-
- iii. requiring Mr. Terrelonge to remove, under the Receiver's supervision, the Chattels and any Equipment Lease Items (as defined in the First Report) which are to be released to RHED from the Real Property by no later than 5:00 p.m. on October 25, 2019;
 - iv. authorizing the Receiver to sell or otherwise dispose of any Abandoned Items (as defined in the First Report) and to deposit any proceeds realized from the Abandoned Items to the bank account maintained by the Receiver;
 - v. approving the Second Report and the Receiver's conduct and activities set out therein;
 - vi. approving the R&D (defined below); and
 - vii. approving the fees and disbursements of the Receiver and of Torkin Manes incurred for the period September 1, 2019 to September 30, 2019.

Terms of Reference

11. 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.

12. Defined terms in the Second Report have, unless indicated otherwise herein, the same meanings as set out in the First Report.
13. Unless otherwise stated, all dollar amounts contained in the Second Report are expressed in Canadian dollars.

III. **MARKETING AND SALES ACTIVITIES**

14. As referenced previously, since its appointment the Receiver has taken steps to market and sell the Real Property. In this regard, on July 12, 2019, the Receiver executed a listing agreement with Avison Young ("**Avison**") to market the Real Property for sale at a listing price of \$5.3 million. The Receiver's engagement of Avison for the purposes of marketing the Real Property, the development of a Baseline APS to be provided to purchasers and the establishment of a September 20, 2019 date for the review of offers were all previously approved as part of the Sales Process approval granted by virtue of the September 25, 2019 Order.
15. Further steps taken by the Receiver/Avison in connection with marketing the Real Property include the following:
 - a) Avison officially launched its marketing campaign on August 13, 2019;
 - b) on August 13, 2019, an email communication ("**E-mail Blast**") was sent to 797 contacts on Avison's mailing list;

-
- c) on September 5 and 13, 2019, an email communication ("**E-mail Blast**") was sent to over 1,320 contacts on Avison's mailing list;
 - d) a marketing brochure ("**Brochure**") for the Real Property was prepared and made available to parties that received the E-mail Blast and elected to download the Brochure;
 - e) on or about August 21, 2019, the Real Property was listed on the TREB MLS (the "**MLS Listing**");
 - f) the Real Property was listed on Avison's website;
 - g) a "For Sale" sign was put up on the building at the Real Property;
 - h) on August 27 and 29, 2019, an advertisement was placed in the Globe and Mail (the "**Globe Advertisement**") advertising the sale of the Real Property;
 - i) an electronic data room was set up to provide access to confidential information on the Real Property to parties who signed a confidentiality agreement; and
 - j) the sales process ran from August 13 to September 20, 2019.
16. Prospective purchasers who wished to submit an offer for the Real Property were provided with a copy of a Baseline APS (as defined in the First Report) prepared by counsel for the Receiver.
17. After consultation with Avison and having regard to activity from potential purchasers of the Real Property, September 20, 2019 (the "**Offer Review Date**") was set as the date prior to which the Receiver would not review any offers to purchase submitted.

-
18. Copies of the E-mail Blast, the Brochure and the Globe Advertisement are attached collectively to this report as Appendix "F".
 19. Avison's Final Progress Report dated October 3, 2019, which includes the names of the parties which executed a Confidentiality Agreement, as well as the parties which toured the Real Property is attached to this report as Tab 1 to Confidential Appendix "J".

IV. OFFERS RECEIVED

20. As at the Offer Review Date, seven offers had been submitted to Avison for the Real Property on the Receiver's form of agreement of purchase and sale. A summary of the offers received is attached at Tab 2 to Confidential Appendix "J" (the "**First Round Offers**").
21. Following receipt of the First Round Offers, and after review and consultation with Avison, parties representing the four offers regarded as having the most favourable terms were contacted and invited to improve or amend their offers and resubmit by noon on September 26, 2019. All four parties elected to amend their original offers to purchase (the "**Second Round Offers**"). A copy of the summary of Second Round Offers is attached at Tab 3 to Confidential Appendix "J".
22. Of the Second Round Offers received, only one offer, the lowest of the four, was unconditional. In consultation with Avison, it was determined that the two highest conditional Second Round Offers, as well as the low unconditional Second Round Offer, would again be approached to determine whether any were

prepared to either improve their offering price or delete any conditions. While this process was ongoing, the third-highest conditional offer, as well, determined to amend its offer and resubmit.

23. In the result, three of the four offers under consideration at the outset of the second round were amended once more. All resubmitted and final offers (the "**Third Round Offers**") were received by the Receiver on or before October 2, 2019.
24. A summary of the Third Round Offers is attached at Tab 4 to Confidential Appendix "J".
25. Following its review of the Third Round Offers with Avison and legal counsel, the Receiver executed the APS, dated October 2, 2019, with the Purchaser.
26. The APS is subject to the approval of this Court.

V. THE APS

27. The APS conforms substantially with the Baseline APS approved by the Order of Justice Pattilo dated September 25, 2019. Salient terms of the APS include (all capitalized terms in this section not defined in the APS are as otherwise defined in the Second Report):
 - i) the purchased assets include the Property;
 - ii) a deposit of 10% of the Purchase Price has been received from the Purchaser;
 - iii) the offer is unconditional, except for the APS being conditional on court approval and the issuance of an order vesting title to the purchased assets

in the Purchaser free and clear of claims and encumbrances, other than those specifically itemized in the APS;

iv) the Purchaser is buying the Property on an "as is, where is" basis; and

v) closing of the sale provided for in the APS is scheduled to occur on the twentieth Business Day following the date on which the Vesting Order is granted, or such other date as agreed between the Purchaser and the Receiver.

28. A copy of the executed APS is attached to this report at Tab 5 to Confidential Appendix "J".

VI. APPROVAL OF THE SALE

29. The Receiver believes that the marketing process undertaken by the Receiver was appropriate for the type of property in question and provided sufficient market exposure to the Real Property. The Real Property was exposed to the market for a period of approximately five weeks, notice of the sale of the Real Property was sent to more than 1,300 parties, and the Real Property was listed for sale on MLS, on Avison's website and advertised in the Globe and Mail.

30. As a result of the marketing efforts undertaken:

a) 26 parties signed back the Confidentiality Agreement;

(i) 21 tours for prospective purchasers were conducted at the Real Property; and

(ii) 7 offers to purchase the Real Property were received from prospective purchasers.

-
31. The Receiver is of the view that sufficient efforts were made to obtain the best price for the Real Property and the marketing process was conducted fairly. The Receiver regards the APS as the offer received for the Real Property which is the most advantageous to the creditors of 250. The Receiver therefore recommends that this Court approve the APS and grant an Order vesting title in the purchased assets in the Purchaser upon the closing of the Transaction.
32. The Receiver believes that details of the offers submitted for the Real Property including matters relating thereto should be kept confidential until the closing of the transaction. The Receiver is of the view that public disclosure thereof would have a negative impact on the future marketing of the Real Property should the transaction with the Purchaser not be approved or completed.
33. The Receiver therefore respectfully requests that Confidential Appendix "J" be sealed until after the closing of the sale of the Real Property.
- VII. MATTERS ADJOURNED FROM THE SEPTEMBER 25, 2019 MOTION: CHATELS, EQUIPMENT LIST ITEMS AND PROTOCOL RESPECTING REMOVAL OF PERSONAL PROPERTY**
- Third Party Property***
34. The September 25 Order required that Mr. Terrelonge provide the Receiver with a list of any Third Party Property (as defined in the First Report) together with information relating to the owner of same, within two days.
35. The only Third Party Property which has been identified by Mr. Terrelonge as being at the Real Property premises consists of a Rogers digital box, which has since been retrieved by Mr. Terrelonge.

-
36. Counsel for 250/RHED/Mr. Terrelonge has confirmed to the Receiver that no further Third Party Property remains at the Real Property premises.
37. The Receiver is therefore proceeding on the assumption that there is no Third Party Property presently located at the Real Property.

Chattels and Equipment List Items

38. In Paragraphs 43-53 of the First Report, the Receiver set out its analysis with respect to the Chattels and Equipment List Items (each as defined in the First Report) situated at the Real Property.
39. As per the recommendations set out in the First Report, the Receiver has proposed, absent any objections from any interested party or the purchaser of the Real Property, that all Chattels and certain Equipment List Items (see, in particular paragraph 52 of the First Report) be released to Mr. Terrelonge.
40. Pursuant to the terms of the APS, the Receiver is entitled to exclude from the Transaction any fixtures located at the Real Property. The Purchaser is aware of the Receiver's intentions with respect to the Chattels and Equipment List Items addressed in the First Report. No objections have been received to the proposed manner of dealing with the Chattels and Equipment List Items, although the Receiver has yet to receive confirmation from Mr. Terrelonge/RHED as to their position respecting same.
41. The Receiver therefore requests that an Order be made by the Court that the Receiver is authorized to release to Mr. Terrelonge:
- a) the Chattels, as defined in the First Report; and

- b) those Equipment List Items proposed by the Receiver to, in the absence of any objection, be released to RHED as per paragraph 52 of the First Report
Report
(together, the "**Personal Property**").

Removal of Personal Property

42. Due to the pending Transaction, the Receiver requires certainty as to the timelines within which the Personal Property will be removed from the Real Property premises. The Receiver therefore requests that the Court issue an Order approving the following protocol for the treatment of any Personal Property presently located at the Real Property premises:
- (i) Mr. Terrelonge shall make arrangements for all Personal Property to be removed from the Real Property prior to 5:00 PM on October 25, 2019;
 - (ii) Mr. Terrelonge shall advise the Receiver of the arrangements which have been made for removal of the Personal Property and shall obtain the consent of the Receiver to such arrangements prior to attending at the Real Property for the purpose of removing same. Absent such consent and notice, the Receiver shall have no obligation to permit access to the Real Property;
 - (iii) removal of the Personal Property shall be performed under the supervision of the Receiver;
 - (iv) any Personal Property located at the Real Property premises which has not been removed before 5:00 P.M. October 25, 2019, shall be deemed to have been abandoned by its owner ("**Abandoned Items**"); and

- (v) 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 (the "**Personal Property Protocol**").

VIII. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

43. Attached as **Appendix "G"** is the Receiver's Interim Statement of Receipts and Disbursements for the period May 3, 2019 to September 30, 2019. During this period, receipts were \$50,094, including advances totaling \$50,000 from First Source under Receiver Certificate No. 1, and disbursements were \$23,699, resulting in a net cash balance of \$26,395.
44. As of the date of this report, the above-noted advance from First Source has not been repaid by the Receiver.
45. The Receiver intends on bringing an application for approval of an interim distribution to be heard prior to, or shortly after, the closing of the sale of the Real Property.

IX. PROFESSIONAL FEES

46. The Receiver's account for the period September 1 to 30, 2019 totals \$12,796.50 in fees, \$16.83 in disbursements plus HST of \$1,665.73 for a total amount of \$14,479.06 (the "**Receiver's Account**"). A copy of the Receiver's Account, together with a summary of the account, the total billable hours charged per the

account, and the average hourly rate charged per the account, is set out in the Affidavit of Daniel Weisz sworn October 10, 2019 that is attached as **Appendix "H"**.

47. The account of the Receiver's counsel, Torkin Manes, totals \$18,930.00 in fees and \$800.02 in disbursements and \$2,521.22 for HST for a total of \$22,251.24 (the "**Torkin Manes Account**") for the period September 1 to 30, 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 Barry Cohen sworn October 10, 2019, is attached as **Appendix "I"**.

X. CONCLUSION

48. The Receiver respectfully requests that the Court make Orders:
- a) authorizing and directing the Receiver to enter into and carry out the terms of the APS, together with any further minor amendments thereto deemed necessary by the Receiver in its sole opinion, and vesting title to the Real Property in the Purchaser, or as the Purchaser may further direct in writing, free and clear of claims and encumbrances, upon closing of the transaction under the APS and the delivery of a Receiver's certificate to the Purchaser;
 - b) sealing Confidential Appendix "J" to the Second Report until the closing of the sale of the Real Property;

- c) approving and authorizing the Receiver to carry out those steps contemplated pursuant to the Personal Property Protocol and to release the Personal Property to Mr. Terrelonge;
- d) approving the Second Report and the Receiver's conduct and activities to October 9, 2019;
- e) approving the R&D; and
- f) approving the Receiver's Account and the Torkin Manes Account.

All of which is respectfully submitted to this Court as of this 10th day of October, 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

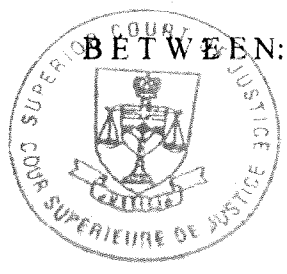
TAB F

Court File No. CV-19-00613044CL

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

THE HONOURABLE)
JUSTICE *Ratillo*)

FRIDAY, THE 1ST DAY)
OF NOVEMBER, 2019)



BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

APPROVAL AND VESTING ORDER

THIS MOTION, made by **RSM Canada Limited** in its capacity as the Court-appointed receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") made as of **October 2, 2019** and appended to the Second Report of the Receiver dated **October 10, 2019** (the "**Second Report**"), and vesting in the Purchaser 2507448 Ontario Inc.'s ("**2507448**") right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Receiver's and all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Amended Order of the Honourable Justice Hailey dated April 8, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Toronto (#66) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

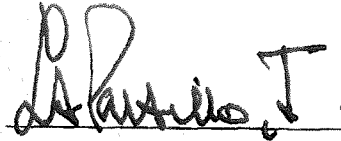
6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **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.

A. Paulino J.

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

NOV 04 2019

PER / PAR:



Schedule A – Form of Receiver’s Certificate

Court File No. CV-19-00613044CL

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

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Amended Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (the "**Court**") dated April 8, 2019, RSM Canada Limited was appointed as the receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario, including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated November 1, 2019 (the "**Vesting Order**"), the Court approved the agreement of purchase and sale made as of October 2, 2019 (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Receiver’s and the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement or the Vesting Order.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Date of Closing pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at [TIME] on ►[DATE].

RSM Canada Limited, solely in its capacity as Court-appointed Receiver of 581 Wellington Street West, Toronto, Ontario and not in its personal or corporate capacity and without personal or corporate liability

Per: _____

Name: ►

Title: ►

Schedule B – Purchased Assets

All of the Receiver's (if any) and 2507448 Ontario Inc.'s right, title and interest in and to the Property and the Building (as defined in the Sale Agreement) including, without limitation, the following real property:

MUNICIPAL ADDRESS: 581 Wellington Street West, Toronto, Ontario

LEGAL DESCRIPTION: PT LT 23 SEC L PL MILITARY RESERVE TORONTO PARTS
1, 14 & 15, 63R2301; S/T & T/W CA540961; CITY OF
TORONTO

PIN: 21241-0114 (LT)

Schedule C – Claims to be deleted and expunged from title to Real Property

The following Instruments are to be discharged upon registration of the Vesting Order:

1. INSTRUMENT NO. AT4215386 REGISTERED ON MAY 10, 2016 BEING A TRANSFER UNDER POWER OF SALE.
2. INSTRUMENT NO. AT4392140 REGISTERED ON 2016/11/03, BEING A CHARGE IN THE PRINCIPAL SUM OF \$575,000.
3. INSTRUMENT NO. AT4392157 REGISTERED ON 2016/11/03 BEING A NOTICE OF ASSIGNMENT OF RENTS (GENERAL)
4. INSTRUMENT NO. AT4393968 REGISTERED ON 2016/11/07, BEING A CHARGE IN THE PRINCIPAL SUM OF \$2,240,750.
5. INSTRUMENT NO. AT4410539 REGISTERED ON 2016/11/24, BEING A POSTPONEMENT.
6. INSTRUMENT NO. AT4436800 REGISTERED ON 2016/12/16, BEING A TRANSFER OF CHARGE.
7. INSTRUMENT NO. AT4460140 REGISTERED ON 2017/01/16 BEING A NOTICE
8. INSTRUMENT NO. AT4464143 REGISTERED ON 2017/01/19, BEING A TRANSFER OF CHARGE.
9. INSTRUMENT NO. AT4481194 REGISTERED ON 2017/02/07, BEING A TRANSFER OF CHARGE.
10. INSTRUMENT NO. AT4513211 REGISTERED ON 2017/03/16, BEING A NOTICE.
11. INSTRUMENT NO. AT4520256 REGISTERED ON 2017/03/27, BEING A TRANSFER OF CHARGE
12. INSTRUMENT NO. AT4535318 REGISTERED ON 2017/04/11, BEING A TRANSFER OF CHARGE.
13. INSTRUMENT NO. AT4570560 REGISTERED ON 2017/05/17, BEING A NOTICE.
14. INSTRUMENT NO. AT4612827 REGISTERED ON 2017/06/29, BEING A TRANSFER OF CHARGE.
15. INSTRUMENT NO. AT4648602 REGISTERED ON 2017/08/08, BEING A TRANSFER OF CHARGE.

16. INSTRUMENT NO. AT4722991 REGISTERED ON 2017/11/01, BEING TRANSFER OF CHARGE.
17. INSTRUMENT NO. AT4731884 REGISTERED ON 2017/11/14, BEING A TRANSFER OF CHARGE.
18. INSTRUMENT NO. AT4761477 REGISTERED ON 2017/12/15, BEING A TRANSFER OF CHARGE.
19. INSTRUMENT NO. AT4764223 REGISTERED ON 2017/12/19 BEING A TRANSFER OF CHARGE
20. INSTRUMENT NO. AT4799171 REGISTERED ON 2018/02/08 BEING A TRANSFER OF CHARGE
21. INSTRUMENT NO. AT4824592 REGISTERED ON 2018/03/20 BEING A NOTICE
22. INSTRUMENT NO. AT4832936 REGISTERED ON 2018/04/03 BEING A TRANSFER OF CHARGE
23. INSTRUMENT NO. AT4834357 REGISTERED ON 2018/04/04 BEING A CHARGE IN THE PRINCIPAL SUM OF \$3,500,000.
24. INSTRUMENT NO. AT4834358 REGISTERED ON 2018/04/04 BEING A NO ASSGN RENT GEN
25. INSTRUMENT NO. AT4834365 REGISTERED ON 2018/04/04 BEING A POSTPONEMENT
26. INSTRUMENT NO. AT4834366 REGISTERED ON 2018/04/04 BEING A POSTPONEMENT
27. INSTRUMENT NO. AT4835341 REGISTERED ON 2018/04/05 BEING A NOTICE
28. INSTRUMENT NO. AT4864798 REGISTERED ON 2018/05/16 BEING A TRANSFER OF CHARGE
29. INSTRUMENT NO. AT4885660 REGISTERED ON 2018/06/14 BEING A TRANSFER OF CHARGE
30. INSTRUMENT NO. AT4943186 REGISTERED ON 2018/08/24 BEING A TRANSFER OF CHARGE
31. INSTRUMENT NO. AT5065440 REGISTERED ON 2019/01/30 BEING A TRANSFER OF CHARGE

32. INSTRUMENT NO. AT5131618 REGISTERED ON 2019/05/08 BEING A APL
COURT ORDER

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

Permitted Encumbrances with respect to the Property (as defined in the Sales Agreement) means:

1. The exceptions and qualifications set out in the *Land Titles Act* (Ontario) and/or on the parcel register for the Property;
2. The reservations, limitations, provisos and conditions expressed in the original grant from the Crown;
3. Any registered or unregistered easements, servitudes, rights-of-way, licences, restrictions that run with the land and other encumbrances and/or agreements with respect thereto (including, without limiting the generality of the foregoing, easements, rights-of-way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);
4. Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies not at the time due or liens for same which are due but the validity of which are being contested in good faith by the Vendor provided that the Vendor has provided security which in the opinion of the Vendor, acting reasonably, is necessary to avoid any lien, charge or encumbrance arising with respect thereto;
5. Any encroachments, minor defects or irregularities indicated on any survey of the Property or which may be disclosed on an up-to-date survey of the Property;
6. Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations, work orders, deficiency notices and any other noncompliance;
7. Any breaches of any applicable laws, including, without limitation, outstanding building permits, work orders and deficiency notices;
8. Any subdivision agreements, site plan agreements, development agreements and any other agreements with the municipality, region, publicly regulated utilities or other governmental authorities having jurisdiction;
9. Defects or irregularities in title to the Property;

10. The following instruments registered on title to the Property:
 - i. Instrument No. 63R-2301 being a reference plan.
 - ii. Instrument No. CT824656 registered on 1986/10/24 being an Agreement.
 - iii. Instrument No. 63R-4953 being a reference plan.

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

APPROVAL AND VESTING ORDER

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)

FILE/DIRECTION/ORDER

First Source Financial Management
Plaintiff(s) Applicant
AND
2507448 Ontario Inc.
Defendant(s) Respondent

Case Management Yes No by Judge: _____

Counsel	Telephone No:	Facsimile No:
S. Thom - for Receiver		
D. Lamy - for Applicant		
M. Milosevic - for Respondent.		

- Order Direction for Registrar (No formal order need be taken out)
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)

- Adjourned to: _____
- Time Table approved (as follows): _____

Motion by the Receiver for approval of an agreement of purchase and sale between the Receiver and 2562051 Ontario Inc. dated October 2, 2019 in respect of the property over which the Receiver was appointed.

The Applicant's application for the Receiver's appointment was commenced in January 2019. It was adjourned four times to permit the respondent debtor to obtain re-financing. Finally, on ~~April 26~~ ^{May 3}, 2019, and in the absence of any re-financing being obtained, Hon. J. appointed

24

Nov 1 / 19
Date

[Signature]
Judge's Signature

Additional Pages 4

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

LRP

LRP

LRP

~~Further to~~ the Receiver, since its appointment, the Receiver has taken steps to market and sell the Real Property (a mixed commercial use building at 581 Wellington Street West, in Toronto). On September 25, 2019, I approved a Sales Process which involved Avison Young, an experienced real estate brokerage firm. The Sales Process ran from August 13 to September 20, 2019. The Property was extensively marketed ^{which} and generated much interest. At the Offer Review Date, seven offers were received. After review, four offerors were contacted and invited to improve or amend their offers and resubmit. Following the second round, three offerors were contacted and invited to either improve their offering price or delete any conditions. The fifth offeror also indicated it wished to resubmit. By the end, three of the four offers under consideration further amended their offers. Following review, the Receiver accepted the offer of the proposed purchaser and has entered into the Agreement of Purchase and Sale ^{dated October 2, 2019} which it seeks approval for.

The respondent has appeared at the hearing today

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

and requested that the proposed sale transaction not be approved. It submits that it has obtained financing sufficient to redeem the applicant's mortgage, as well as enabling it to provide some monies to the 2nd and 3rd mortgagees and finish the proposed renovations to the building. It submits that the proposed sale, while sufficient to pay out the first, will only provide partial funds to the 2nd and nothing to the 3rd. It submits however, that its proposal and re-financing, in addition to giving the 2nd + 3rd mortgagees some funds, will enable construction to be completed which in turn will significantly (it is submitted) increase the value of the property. The problem with the Respondent's submission is that all of the above information has come from counsel's submissions. There is no evidence before the Court to confirm the re-financing or the alleged arrangements with the 2nd and 3rd mortgagees. Further, this is not a situation which has befallen the Respondent recently. The Respondent has had more than enough indulgences

Court File Number: CV-19-09613044-0001

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

from both the applicant and this court to enable re-financing. It has not happened. Nor, in the absence of any evidence, do I find that it has occurred. Even if the evidence supporting the respondent's submissions was before me, I would not interfere with the sale. Given the receivership order together with the approval of the Sales Process which has been followed, a mortgagee has no right to redeem: See: B. M. Handelman Investments Ltd. v. Man Properties Inc. [2009] O.T. No. 3044 (S.C.J.) at para. 21-22; Business Development Bank of Canada v. Marlwood Golf & Country Club Inc. [2015] O.T. No. 3283 (S.C.J.) at para. 25.

The respondent relies on Cameron v. Bank of Nova Scotia, [1981] N.S.J. No. 43 (N.S.C.A.) for the proposition that in certain circumstances the court will not approve a sale where it is not in the best interest of either the creditors or the owner. I don't disagree with that. The facts in Cameron are very different than before me. Specifically, there is no evidence from the

TAB G

Court File No. CV-19-00613044CL

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

THE HONOURABLE)
JUSTICE *Patillo*)
)
)

FRIDAY, THE 1ST DAY
OF NOVEMBER, 2019

BETWEEN:

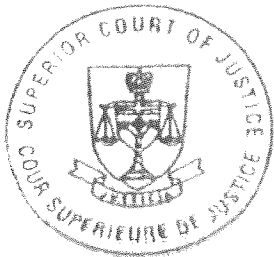
FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent



APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

ORDER

THIS MOTION, made by RSM Canada Limited in its capacity as the Court-appointed receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. ("**250**") for an order, *inter alia*, approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc. (the "**Purchaser**") made as of **October 2, 2019** and appended to the Second Report of the Receiver dated October 10, 2019 (the "**Second Report**"), and vesting in the Purchaser 2507448 Ontario Inc.'s right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of the lawyer for the Receiver.

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record filed on this Motion is hereby abridged, service is validated and that further service thereof is hereby dispensed with such that this Motion is properly returnable today.
2. **THIS COURT ORDERS AND DECLARES** that the Second Report, including the Interim R&D (as therein defined), is approved and the conduct and activities of the Receiver as set out therein are approved.
3. **THIS COURT ORDERS** that Confidential Appendix "J" to the Second Report, including all appendices thereto, be sealed and shall not be publicly available until such time as the sale of the property located at 581 Wellington Street West, Toronto, by the Receiver, as contemplated in the Approval and Vesting Order in this matter dated November 1, 2019, has been fully completed, or until further Order of this Court.
4. **THIS COURT ORDERS** that the Receiver is authorized to release the Personal Property, as defined in the Second Report, and the Island, as defined in the Receiver's First Report to Court dated September 17, 2019, to Mr. Del Terrelonge.
5. **THIS COURT ORDERS** that the Receiver is authorized and directed to carry out the Personal Property Protocol, as described in the Second Report, and furthermore that:
 - (a) Mr. Del Terrelonge, on behalf of himself personally, 250 and 1586091 Ontario Limited ("**RHED**"), is to remove all Personal Property (as defined herein) and the Island from the Real Property (as defined in the Second Report) by no later than

YEP

5:00 P.M. on November 15th, 2019, or within such extended timeframe as may be agreed upon by the Receiver in writing (the "**Removal Deadline**");

- (b) Mr. Terrelonge, 250 and RHED shall obtain the approval of the Receiver, on at least 48 hours prior notice, as to the date and time(s) at which they, or their agents, intend to attend at the Real Property for the purpose of the removal of the Personal Property and that the Receiver shall be permitted to supervise their activities while present at the Property; and
- (c) Any Personal Property which has not been removed from the Real Property by the Removal Deadline ("**Abandoned Items**") shall be treated as abandoned by its owner and the Receiver is authorized to take possession of, remove and to sell or dispose of, at the Receiver's discretion, any Abandoned Items and to deposit any proceeds realized from the Abandoned Items, if any, to the account maintained by the Receiver in connection with the receivership of the Property.

6. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period from August 31, 2019 to September 30, 2019 as set out in the Second Report be and are hereby approved.

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver's counsel for the period from August 31, 2019 to September 30, 2019 as set out in the Second Report be and are hereby approved.

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

NOV 04 2019

[Signature]

PER / PAR: *[Signature]*

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

ORDER

TORKIN MANES LLP

Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)

sthom@torkinmanes.com

Tel: 416-777-5197

Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 59A (July 1, 2007)

TAB H

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

**SUPPLEMENTAL REPORT TO THE SECOND REPORT OF THE RECEIVER OF
581 WELLINGTON STREET WEST, TORONTO, ONTARIO**

November 20, 2019

I. INTRODUCTION

1. 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**” or the “**Receiver**”) 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 Second Report of the Receiver dated October 10, 2019 (the “**Second Report**”) was filed in connection with a motion by the Receiver seeking approval of the sale of the Real Property. The purpose of the Second Report was to, *inter alia*,:
 - (a) report to the Court on the results of the marketing and sales process and the activities of the Receiver leading to receipt of offers for the Real Property; and
 - (b) seek an Order authorizing and directing the Receiver to enter into and carry out the terms of the Agreement of Purchase and Sale (the “**APS**”) between the Receiver and 2562051 Ontario Inc. (the “**Purchaser**”) dated October 2, 2019 (the “**APS**”), together with any further minor amendments thereto deemed necessary by the Receiver, in its sole opinion, and vesting

title to the Real Property in the Purchaser, or into such entity as the Purchaser may further direct in writing, free and clear of claims and encumbrances, upon closing of the Transaction and the delivery of a Receiver's certificate to the Purchaser.

3. On November 1, 2019, the Honourable Justice Pattillo J. granted an Order (the "**November 1 Order**") approving the APS, authorizing the Receiver to complete the transaction therein detailed and vesting title to the Real Property in the Purchaser upon closing and delivery of a Receiver's Certificate. Attached as **Appendix "B"** to this Supplemental Report to the Second Report of the Receiver ("**Supplemental Report**") is a copy of the November 1 Order.
4. The purpose of this Supplemental Report is to:
 - (a) inform the Court that the Purchaser has requested that, for the purpose of the transaction, title to the Real Property be conveyed to 2726960 Ontario Inc. (the "**Substituted Purchaser**"), and not the Purchaser, on closing;
 - (b) seek certain amendments to the November 1 Order which are necessary in order to give effect to this intention; and
 - (c) provide the Court with the Receiver's recommendation that the amendments sought to the November 1 Order be approved.
5. This Supplemental Report should be read in conjunction with the Second Report. Attached to this Supplemental Report as **Appendix "C"** is a copy of the Second Report, without Appendices.

II. REQUESTED AMENDMENTS AND RECOMMENDATIONS

6. Counsel for the Purchaser and Substituted Purchaser, Cummings Cooper Schusheim Berliner LLP, has advised the Receiver, in support of the requested amendments, that:

- the Purchaser and Substituted Purchaser have the same beneficial ownership;
- no consideration has been, or will be, paid or transferred as between the Purchaser and the Substituted Purchaser in relation to the transaction contemplated by the APS;
- the Purchaser always intended that title to the Real Property would be taken in the name of a single purpose entity incorporated for the purposes of the transaction and did not appreciate that such designation would, if not made prior to the issuance of the November 1 Order, require an amendment to the November 1 Order. Had the Purchaser realized that it was necessary that the November 1 Order approving the transaction reflect such intention, this circumstance would have been addressed prior to the November 1 Order being issued; and
- no party would be adversely affected by the amendments sought to the November 1 Order, should the amendments sought be granted.

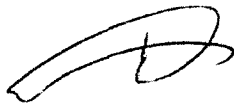
7. The Receiver is not aware of any reason to doubt the correctness of any of the statements conveyed by counsel to the Purchaser/Substituted Purchaser.

8. The transaction with the Substituted Purchaser will, in all other respects but for the identity of the party taking title, be completed on the same terms as those previously approved by this Honorable Court pursuant to the November 1 Order.
9. The Receiver knows of no reason why the amendments to the November 1 Order should not be granted and recommends that the Court grant the amendments sought and issue the draft Amending Order attached to this Supplemental Report as **Appendix "D"**.

All of which is respectfully submitted to this Court as of this 20th day of November, 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 I

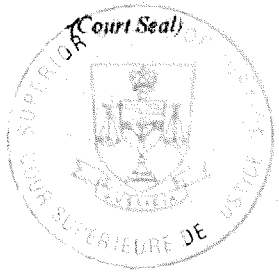
Court File No. CV-19-00613044-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
JUSTICE *H. A. HANEY*)

FRIDAY, THE 22ND
DAY OF NOVEMBER, 2019

BETWEEN:



FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

-and-

2507448 ONTARIO INC.

Respondent

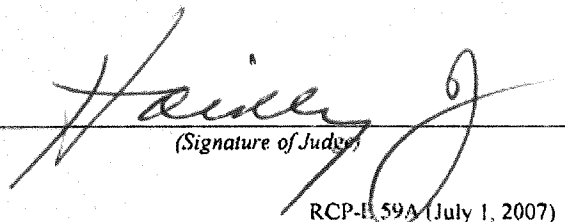
APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

**ORDER
(Amending November 1, 2019 Order of Pattillo J.)**

THIS MOTION, made by RSM Canada Limited in its capacity as the Court-appointed receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario including all proceeds thereof, owned by 2507448 Ontario Inc. (the "**Debtor**"), for an order amending the Approval and Vesting Order of Justice Pattillo dated November 1, 2019, was heard this day at the court house, 330 University Avenue, 9th Floor, Toronto ON, M5G 1R7.


ON READING the Supplemental Report to the Second Report of the Receiver dated November 20, 2019 and on hearing the submissions of the lawyers for the Receiver and the Applicant,

1. THIS COURT ORDERS that the Approval and Vesting Order of Pattillo J. dated November 1, 2019, attached hereto as Schedule "A", is hereby amended in accordance with the Amended Approval and Vesting Order, attached hereto as Schedule "B".


(Signature of Judge)
RCP-11,59A (July 1, 2007)

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

NOV 25 2019

PER / PAR: 

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

**ORDER
(Amending November 1, 2019 Order of Pattillo J.)**

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)

Court File No. CV-19-00613044CL

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

THE HONOURABLE) FRIDAY, THE 1ST DAY
JUSTICE PATTILLO) OF NOVEMBER, 2019

BETWEEN:

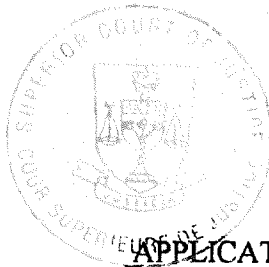
FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent



APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

AMENDED APPROVAL AND VESTING ORDER

THIS MOTION, made by **RSM Canada Limited** in its capacity as the Court-appointed receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc., whereas it is intended by 2562051 Ontario Inc. that title to the Purchased Assets be taken in the name of 2726960 Ontario Inc. (the "**Purchaser**") made as of **October 2, 2019** and appended to the Second Report of the Receiver dated **October 10, 2019** (the "**Second Report**"), and vesting in the Purchaser 2507448 Ontario Inc.'s ("**2507448**") right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Receiver's and all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Amended Order of the Honourable Justice Hainey dated April 8, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Toronto (#66) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B

hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

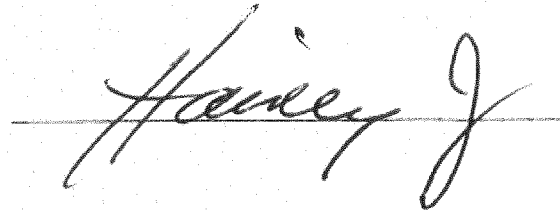
6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.


7. **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.

A handwritten signature in cursive script, appearing to read "Harvey J.", written over a horizontal line.

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

NOV 25 2019

PER / PAR: 

Schedule A – Form of Receiver's Certificate

Court File No. CV-19-00613044CL

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

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c.B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

RECEIVER'S CERTIFICATE**RECITALS**

A. Pursuant to an Amended Order of the Honourable Justice Hailey of the Ontario Superior Court of Justice (the "**Court**") dated April 8, 2019, RSM Canada Limited was appointed as the receiver (the "**Receiver**") of 581 Wellington Street West, Toronto, Ontario, including all proceeds thereof (collectively, the "**Property**") owned by 2507448 Ontario Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated November 1, 2019 (the "**Vesting Order**"), the Court approved the agreement of purchase and sale made as of October 2, 2019 (the "**Sale Agreement**") between the Receiver and 2562051 Ontario Inc., whereas it is intended by 2562051 Ontario Inc. that title to the Purchased Assets be taken in the name of 2726960 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Receiver's and the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been

completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement or the Vesting Order.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Date of Closing pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 16 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at [TIME] on ► [DATE].

RSM Canada Limited, solely in its capacity as Court-appointed Receiver of 581 Wellington Street West, Toronto, Ontario and not in its personal or corporate capacity and without personal or corporate liability

Per: _____

Name: ►

Title: ►

Schedule B – Purchased Assets

All of the Receiver's (if any) and 2507448 Ontario Inc.'s right, title and interest in and to the Property and the Building (as defined in the Sale Agreement) including, without limitation, the following real property:

MUNICIPAL ADDRESS: 581 Wellington Street West, Toronto, Ontario

LEGAL DESCRIPTION: PT LT 23 SEC L PL MILITARY RESERVE TORONTO PARTS
1, 14 & 15, 63R2301; S/T & T/W CA540961; CITY OF
TORONTO

PIN: 21241-0114 (LT)

Schedule C – Claims to be deleted and expunged from title to Real Property

The following Instruments are to be discharged upon registration of the Vesting Order:

1. INSTRUMENT NO. AT4215386 REGISTERED ON MAY 10, 2016 BEING A TRANSFER UNDER POWER OF SALE.
2. INSTRUMENT NO. AT4392140 REGISTERED ON 2016/11/03, BEING A CHARGE IN THE PRINCIPAL SUM OF \$575,000.
3. INSTRUMENT NO. AT4392157 REGISTERED ON 2016/11/03 BEING A NOTICE OF ASSIGNMENT OF RENTS (GENERAL)
4. INSTRUMENT NO. AT4393968 REGISTERED ON 2016/11/07, BEING A CHARGE IN THE PRINCIPAL SUM OF \$2,240,750.
5. INSTRUMENT NO. AT4410539 REGISTERED ON 2016/11/24, BEING A POSTPONEMENT.
6. INSTRUMENT NO. AT4436800 REGISTERED ON 2016/12/16, BEING A TRANSFER OF CHARGE.
7. INSTRUMENT NO. AT4460140 REGISTERED ON 2017/01/16 BEING A NOTICE
8. INSTRUMENT NO. AT4464143 REGISTERED ON 2017/01/19, BEING A TRANSFER OF CHARGE.
9. INSTRUMENT NO. AT4481194 REGISTERED ON 2017/02/07, BEING A TRANSFER OF CHARGE.
10. INSTRUMENT NO. AT4513211 REGISTERED ON 2017/03/16, BEING A NOTICE.
11. INSTRUMENT NO. AT4520256 REGISTERED ON 2017/03/27, BEING A TRANSFER OF CHARGE
12. INSTRUMENT NO. AT4535318 REGISTERED ON 2017/04/11, BEING A TRANSFER OF CHARGE.
13. INSTRUMENT NO. AT4570560 REGISTERED ON 2017/05/17, BEING A NOTICE.
14. INSTRUMENT NO. AT4612827 REGISTERED ON 2017/06/29, BEING A TRANSFER OF CHARGE.
15. INSTRUMENT NO. AT4648602 REGISTERED ON 2017/08/08, BEING A TRANSFER OF CHARGE.

16. INSTRUMENT NO. AT4722991 REGISTERED ON 2017/11/01, BEING TRANSFER OF CHARGE.
17. INSTRUMENT NO. AT4731884 REGISTERED ON 2017/11/14, BEING A TRANSFER OF CHARGE.
18. INSTRUMENT NO. AT4761477 REGISTERED ON 2017/12/15, BEING A TRANSFER OF CHARGE.
19. INSTRUMENT NO. AT4764223 REGISTERED ON 2017/12/19 BEING A TRANSFER OF CHARGE
20. INSTRUMENT NO. AT4799171 REGISTERED ON 2018/02/08 BEING A TRANSFER OF CHARGE
21. INSTRUMENT NO. AT4824592 REGISTERED ON 2018/03/20 BEING A NOTICE
22. INSTRUMENT NO. AT4832936 REGISTERED ON 2018/04/03 BEING A TRANSFER OF CHARGE
23. INSTRUMENT NO. AT4834357 REGISTERED ON 2018/04/04 BEING A CHARGE IN THE PRINCIPAL SUM OF \$3,500,000.
24. INSTRUMENT NO. AT4834358 REGISTERED ON 2018/04/04 BEING A NO ASSGN RENT GEN
25. INSTRUMENT NO. AT4834365 REGISTERED ON 2018/04/04 BEING A POSTPONEMENT
26. INSTRUMENT NO. AT4834366 REGISTERED ON 2018/04/04 BEING A POSTPONEMENT
27. INSTRUMENT NO. AT4835341 REGISTERED ON 2018/04/05 BEING A NOTICE
28. INSTRUMENT NO. AT4864798 REGISTERED ON 2018/05/16 BEING A TRANSFER OF CHARGE
29. INSTRUMENT NO. AT4885660 REGISTERED ON 2018/06/14 BEING A TRANSFER OF CHARGE
30. INSTRUMENT NO. AT4943186 REGISTERED ON 2018/08/24 BEING A TRANSFER OF CHARGE
31. INSTRUMENT NO. AT5065440 REGISTERED ON 2019/01/30 BEING A TRANSFER OF CHARGE

32. INSTRUMENT NO. AT5131618 REGISTERED ON 2019/05/08 BEING A APL
COURT ORDER

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

Permitted Encumbrances with respect to the Property (as defined in the Sales Agreement) means:

1. The exceptions and qualifications set out in the *Land Titles Act* (Ontario) and/or on the parcel register for the Property;
2. The reservations, limitations, provisos and conditions expressed in the original grant from the Crown;
3. Any registered or unregistered easements, servitudes, rights-of-way, licences, restrictions that run with the land and other encumbrances and/or agreements with respect thereto (including, without limiting the generality of the foregoing, easements, rights-of-way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);
4. Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies not at the time due or liens for same which are due but the validity of which are being contested in good faith by the Vendor provided that the Vendor has provided security which in the opinion of the Vendor, acting reasonably, is necessary to avoid any lien, charge or encumbrance arising with respect thereto;
5. Any encroachments, minor defects or irregularities indicated on any survey of the Property or which may be disclosed on an up-to-date survey of the Property;
6. Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations, work orders, deficiency notices and any other noncompliance;
7. Any breaches of any applicable laws, including, without limitation, outstanding building permits, work orders and deficiency notices;
8. Any subdivision agreements, site plan agreements, development agreements and any other agreements with the municipality, region, publicly regulated utilities or other governmental authorities having jurisdiction;
9. Defects or irregularities in title to the Property;

10. The following instruments registered on title to the Property:
 - i. Instrument No. 63R-2301 being a reference plan.
 - ii. Instrument No. CT824656 registered on 1986/10/24 being an Agreement.
 - iii. Instrument No. 63R-4953 being a reference plan.

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 APPROVAL AND VESTING ORDER

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)

TAB J

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 11/29/2019
File Currency Date: 11/28/2019
Family(ies): 3
Page(s): 5

SEARCH : Business Debtor : 2507448 ONTARIO INC.

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 11/29/2019
File Currency Date: 11/28/2019
Family(ies): 3
Page(s): 5

SEARCH : Business Debtor : 2507448 ONTARIO INC.

FAMILY : 1 OF 3 ENQUIRY PAGE : 1 OF 5
SEARCH : BD : 2507448 ONTARIO INC.

00 FILE NUMBER : 722201346 EXPIRY DATE : PERPETUAL STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20161103 1658 1862 9927 REG TYP: P PPSA REG PERIOD: 99 (PERP)
02 IND DOB : IND NAME:
03 BUS NAME: 2507448 ONTARIO INC.

OCN : 2507448

04 ADDRESS : 581 WELLINGTON STREET WEST
CITY : TORONTO PROV: ON POSTAL CODE: M5V 1G3
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

MONICA GOYAL, BARE TRUSTEE

09 ADDRESS : 2 ST. CLAIR AVENUE WEST, SUITE 1800
CITY : TORONTO PROV: ON POSTAL CODE: M4V 1L5
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12

GENERAL COLLATERAL DESCRIPTION

13 A GENERAL SECURITY AGREEMENT, A GENERAL ASSIGNMENTS OF RENTS, AND AN
14 ASSIGNMENT OF PLANS AND RELATED AGREEMENTS AFFECTING 581 WELLINGTON
15 STREET WEST, TORONTO, ON., M5V 1G3.
16 AGENT: MONICA GOYAL

17 ADDRESS : 2 ST. CLAIR AVENUE WEST, SUITE 1800
CITY : TORONTO PROV: ON POSTAL CODE: M4V 1L5

FAMILY : 1 OF 3 ENQUIRY PAGE : 2 OF 5
SEARCH : BD : 2507448 ONTARIO INC.

FILE NUMBER 722201346
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 001 OF 002 MV SCHED: 20180404 0933 1862 9840
21 REFERENCE FILE NUMBER : 722201346
22 AMEND PAGE: NO PAGE: X CHANGE: J OTHER REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: 2507448 ONTARIO INC.

25 OTHER CHANGE: SUBORDINATION
26 REASON: MONICA GOYAL, BARE TRUSTEE SUBORDINATES AND POSTPONES FINANCING
27 /DESCR: STATEMENT NUMBER 20161103 1658 1862 9927 (FILE NUMBER 722201346) IN
28 : FAVOUR OF FIRST SOURCE FINANCIAL MANAGEMENT INC.'S FINANCING
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:

OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME : SCHNEIDER RUGGIERO LLP (40033/BM)
17 ADDRESS : 1000-120 ADELAIDE STREET W.
CITY : TORONTO PROV : ON POSTAL CODE : M5H 3V1

FAMILY : 1 OF 3
SEARCH : BD : 2507448 ONTARIO INC.

ENQUIRY PAGE : 3 OF 5

FILE NUMBER 722201346

PAGE TOT
01 CAUTION : 002 OF 002 MV SCHED: 20180404 0933 1862 9840
21 REFERENCE FILE NUMBER : 722201346
22 AMEND PAGE: NO PAGE: CHANGE: REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME:

REGISTRATION NUM REG TYPE

25 OTHER CHANGE: SUBORDINATION
26 REASON: STATEMENT NUMBER 20180404 0929 1862 9839 (FILE NUMBER 737856684).
27 /DESCR:
28 :
02/05 IND/TRANSFEE:
03/06 BUS NAME/TRFEE:

OCN:

04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13
14
15

16 NAME :
17 ADDRESS :
CITY : PROV : POSTAL CODE :

FAMILY : 2 OF 3 ENQUIRY PAGE : 4 OF 5
 SEARCH : BD : 2507448 ONTARIO INC.

00 FILE NUMBER : 737856684 EXPIRY DATE : 04APR 2020 STATUS :
 01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
 REG NUM : 20180404 0929 1862 9839 REG TYP: P PPSA REG PERIOD: 2
 02 IND DOB : IND NAME:
 03 BUS NAME: 2507448 ONTARIO INC.

04 ADDRESS : 581 WELLINGTON STREET WEST OCN :
 CITY : TORONTO PROV: ON POSTAL CODE: M5V 1G3
 05 IND DOB : IND NAME:
 06 BUS NAME:

07 ADDRESS : OCN :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 FIRST SOURCE FINANCIAL MANAGEMENT INC.

09 ADDRESS : 1 VALLEYBROOK DRIVE, SUITE 100
 CITY : TORONTO PROV: ON POSTAL CODE: M3B 2S7
 CONS. MV DATE OF OR NO FIXED
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
 10 X X X X
 YEAR MAKE MODEL V.I.N.

11
 12

GENERAL COLLATERAL DESCRIPTION

13 SECURITY AGREEMENT AND ASSIGNMENT OF RENTS RELATED TO 581 WELLINGTON
 14 STREET WEST, TORONTO, ONTARIO.

15

16 AGENT: SCHNEIDER RUGGIERO LLP (40033/BM)

17 ADDRESS : 1000-120 ADELAIDE STREET W.
 CITY : TORONTO PROV: ON POSTAL CODE: M5H 3V1

FAMILY : 3 OF 3
 SEARCH : BD : 2507448 ONTARIO INC.

ENQUIRY PAGE : 5 OF 5

00 FILE NUMBER : 752201703 EXPIRY DATE : 11JUN 2024 STATUS :
 01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
 REG NUM : 20190611 1734 2089 0251 REG TYP: P PPSA REG PERIOD: 05
 02 IND DOB : IND NAME:
 03 BUS NAME: 2507448 ONTARIO INC.

04 ADDRESS : 581 WELLINGTON STREET WEST OCN :
 CITY : TORONTO PROV: ON POSTAL CODE: M5V 1G3
 05 IND DOB : IND NAME:
 06 BUS NAME:

07 ADDRESS : OCN :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 1586091 ONTARIO LIMITED O/A RHED

09 ADDRESS : 97 BOULTON DRIVE
 CITY : TORONTO PROV: ON POSTAL CODE: M4V 2V5
 CONS. MV DATE OF OR NO FIXED
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
 10 X 1875000 X
 YEAR MAKE MODEL V.I.N.

11
 12

GENERAL COLLATERAL DESCRIPTION

13 SECURITY AGREEMENT DATED NOVEMBER 1, 2017 BETWEEN LESSEE AND LESSOR.

14
 15

16 AGENT: GLOBAL LEGAL SERVICES

17 ADDRESS : 209 - 117 PETER STREET
 CITY : TORONTO PROV: ONT POSTAL CODE: M5V 0M3

TAB K

LAND
 REGISTRY
 OFFICE #66

21241-0114 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT LT 23 SEC L PL MILITARY RESERVE TORONTO PARTS 1, 14 & 15, 63R2301; S/T & T/W CA540961; CITY OF TORONTO

PROPERTY REMARKS: PLANNING ACT CONSENT AS IN CT469488.

ESTATE/QUALIFIER:
 FEE SIMPLE
 LT CONVERSION QUALIFIED

RECENTLY:
 FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
 2003/05/26

OWNERS' NAMES
 2507448 ONTARIO INC.

CAPACITY SHARE
 ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 2003/05/26 **						
63R2301	1981/04/14	PLAN REFERENCE				C
CT824656	1986/10/24	AGREEMENT			CITY OF TORONTO	C
REMARKS: COLLATERAL						
63R4953	1991/04/18	PLAN REFERENCE				C
AT4215386	2016/05/10	TRANS POWER SALE	\$4,100,000	VISRAM, ZAHERALI	2507448 ONTARIO INC.	C
REMARKS: AT2892272.						
AT4392140	2016/11/03	CHARGE	\$575,000	2507448 ONTARIO INC.	GOYAL, MONICA OLYMPIA TRUST COMPANY	C
AT4392157	2016/11/03	NO ASSGN RENT GEN		2507448 ONTARIO INC.	OLYMPIA TRUST COMANY GOYAL, MONICA	C
REMARKS: AT4392140						
AT4393968	2016/11/07	CHARGE	\$2,240,750	2507448 ONTARIO INC.	VISRAM, ZAHERALI	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
 NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

21241-0114 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
AT4410539	2016/11/24	POSTPONEMENT		MONICA GOYAL, BARE TRUSTEE OLYMPIA TRUST COMPANY	VISRAM, ZAHERALI	C
		REMARKS: AT4392140 TO AT4393968				
AT4436800	2016/12/16	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY	OLYMPIA TRUST COMPANY ARIF, ABDUL KARIM	C
		REMARKS: AT4392140.				
AT4460140	2017/01/16	NOTICE	\$1	OLYMPIA TRUST COMPANY ARIF, ABDUL KARIM	2507448 ONTARIO INC.	C
		REMARKS: AT4392140				
AT4464143	2017/01/19	TRANSFER OF CHARGE		OLYMPIA TRUST COMPANY ARIF, ABDUL KARIM	GOYAL, MONICA OLYMPIA TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4481194	2017/02/07	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4513211	2017/03/16	NOTICE	\$2	2507448 ONTARIO INC.	VISRAM, ZAHERALI	C
		REMARKS: AT4393968				
AT4520256	2017/03/27	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4535318	2017/04/11	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4570560	2017/05/17	NOTICE	\$2,624,250	OLYMPIA TRUST COMPANY, GOYAL, MONICA	2507448 ONTARIO INC.	C
		REMARKS: AT4392140				
AT4612827	2017/06/29	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4648602	2017/08/08	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY	C
		REMARKS: AT4392140.				

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
 NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
AT4722991	2017/11/01	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4731884	2017/11/14	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4761477	2017/12/15	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4764223	2017/12/19	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4799171	2018/02/08	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4824592	2018/03/20	NOTICE	\$3,583,500	OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY GOYAL, MONICA	2507448 ONTARIO INC.	C
		REMARKS: AT4392140, AT4436800, AT4460140, AT4464143, AT4481194, AT4520256, AT4535318, AT4570560, AT4612827, AT4648602, AT4722991, AT4731884, AT4764223 AND AT4799171				
AT4832936	2018/04/03	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	C
		REMARKS: AT4392140.				
AT4834357	2018/04/04	CHARGE	\$3,500,000	2507448 ONTARIO INC.	FIRST SOURCE FINANCIAL MANAGEMENT INC.	C
AT4834358	2018/04/04	NO ASSGN RENT GEN		2507448 ONTARIO INC.	FIRST SOURCE FINANCIAL MANAGEMENT INC.	C
		REMARKS: AT4834357.				
AT4834365	2018/04/04	POSTPONEMENT		VISRAM, ZAHERALI	FIRST SOURCE FINANCIAL MANAGEMENT INC.	C
		REMARKS: AT4393968 TO AT4834357				

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AT4834366	2018/04/04	POSTPONEMENT		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	FIRST SOURCE FINANCIAL MANAGEMENT INC.	C
REMARKS: AT4392140 AND AT4392157 TO AT4834357 AND AT4834358						
AT4835341	2018/04/05	NOTICE	\$1,375,750	2507448 ONTARIO INC.	VISRAM, ZAHERALI	C
REMARKS: AT4393968						
AT4864798	2018/05/16	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY OF CANADA	GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY OF CANADA	C
REMARKS: AT4392140. AT4392140, AT4436800, AT4460140, AT4464143, AT4481194, AT4520256, AT4535318, AT4570560, AT4612827, AT4648602, AT4722991, AT4731884, AT4761477, AT4764223, AT4799171, AT4824592 AND AT4832936						
AT4885660	2018/06/14	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY OF CANADA	GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY OF CANADA	C
REMARKS: AT4392140. AT4392140, AT4436800, AT4460140, AT4464143, AT4481194, AT4520256, AT4535318, AT4570560, AT4612827, AT4648602, AT4722991, AT4731884, AT4761477, AT4764223, AT4799171, AT4824592, AT4832936 AND AT4864798.						
AT4943186	2018/08/24	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY OF CANADA	GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY OF CANADA	C
REMARKS: AT4392140.						
AT5065440	2019/01/30	TRANSFER OF CHARGE		GOYAL, MONICA OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	GILMORE, ED OLYMPIA TRUST COMPANY COMPUTERSHARE TRUST COMPANY	C
REMARKS: AT4392140.						
AT5131618	2019/05/08	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)	RSM CANADA LIMITED	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

TAB L

ACCOUNT CLOSING STATEMENT

FIRST SOURCE
FINANCIAL MANAGEMENT INC.

ACCOUNT NO. 1258.18.01

STATEMENT CLOSING DATE 12/12/2019

STATEMENT SUMMARY

Payoff Amount \$4,609,990.68

Payoff Due Date 12/13/2019

After 12/13/2019, please pay an additional \$2,077.45 per day. This notice expires on 12/23/2019, at which time you are instructed to contact this office for additional instructions.

Interest Rate 18.000%

Daily Periodic Rate 0.050000%

Property: 581 Wellington Street W Toronto ON M5V 1G3

BORROWER

(Wellington St. W., Toronto) 2507448 Ontario Inc.

581 Wellington Street W
Toronto ON M5V 1G3

Funds may be tendered any time up to 1:00 pm December 13, 2019 based on the existing statement. If funds are tendered after 1:00 pm, December 13, 2019 please add additional per diem to NEXT business day. Subject to adjustments to legal fees, disbursements, charges, etc.

E. & O.E.

ACCOUNT ACTIVITY

Date	Reference	Description	Charges	Credits	Balance
12/1/2018		Balance Forward			\$ 3,607,790.53
12/3/2018		Sched A 6a) December 2018 Late Charge	\$350.00		\$ 3,608,140.53
12/31/2018		December 2018 Interest	\$27,047.93		\$ 3,635,188.46
1/3/2019		Sched A 6a) January 2019 Late Charge	\$350.00		\$ 3,635,538.46
1/31/2019		January 2019 Interest	\$27,250.79		\$ 3,662,789.25
2/3/2019		Sched A 6a) February 2019 Late Charge	\$350.00		\$ 3,663,139.25
2/28/2019		February 2019 Interest	\$27,455.17		\$ 3,690,594.42
3/3/2019		Sched A 6a) March 2019 Late Charge	\$350.00		\$ 3,690,944.42
3/31/2019		March 2019 Interest	\$27,661.08		\$ 3,718,605.50
4/3/2019		Sched A 6a) April 2019 Late Charge	\$350.00		\$ 3,718,955.50
4/30/2019		April 2019 Interest	\$27,868.54		\$ 3,746,824.04
5/2/2019	INT BONUS	Adjustment (as per Sched A #16)	\$78,750.00		\$ 3,825,574.04
5/3/2019		Sched A 6a) May 2019 Late Charge	\$350.00		\$ 3,825,924.04
5/31/2019		May 2019 Interest	\$56,155.11		\$ 3,882,079.15
6/3/2019		Sched A 6a) June 2019 Late Charge	\$350.00		\$ 3,882,429.15
6/30/2019		June 2019 Interest	\$56,997.44		\$ 3,939,426.59
7/3/2019		Sched A 6a) July 2019 Late Charge	\$350.00		\$ 3,939,776.59
7/31/2019		July 2019 Interest	\$57,852.40		\$ 3,997,628.99
8/3/2019		Sched A 6a) August 2019 Late Charge	\$350.00		\$ 3,997,978.99
8/31/2019		August 2019 Interest	\$58,720.18		\$ 4,056,699.17
9/3/2019		Sched A 6a) September 2019 Late Charge	\$350.00		\$ 4,057,049.17
9/30/2019		September 2019 Interest	\$59,600.99		\$ 4,116,650.16
10/3/2019		Sched A 6a) October 2019 Late Charge	\$350.00		\$ 4,117,000.16
10/31/2019		October 2019 Interest	\$60,495.00		\$ 4,177,495.16
11/3/2019		Sched A 6a) November 2019 Late Charge	\$350.00		\$ 4,177,845.16
11/30/2019		November 2019 Interest	\$61,402.43		\$ 4,239,247.59
12/1/2019		Sched A 19) Management Cost - Default \$15K/month (Nov'18 - Nov'19)	\$195,000.00		\$ 4,434,247.59
12/3/2019		Sched A 6a) December 2019 Late Charge	\$350.00		\$ 4,434,597.59
12/12/2019		December 2019 Interest	\$24,929.39		\$ 4,459,526.98
12/12/2019		Legal Fees - Schneider Ruggiero	\$6,182.50		\$ 4,465,709.48
12/12/2019		Legal Fees - Paliare Roland - Re:Default	\$54,284.98		\$ 4,519,994.46
12/12/2019		Sched A 19) Management Cost - Default \$15K/month (Dec1-12/19)	\$6,000.00		\$ 4,525,994.46
12/12/2019		ProInCon Inv#17563 - reimburse FS	\$169.50		\$ 4,526,163.96
12/12/2019		Sched A 6k) Notice of Default	\$350.00		\$ 4,526,513.96
12/12/2019		NSF Payment Charge (Jun 27/19)	\$350.00		\$ 4,526,863.96
12/12/2019		Sched A 6k) Request for 4th Discharge Statement	\$350.00		\$ 4,527,213.96
12/12/2019		Sched A 6d) Failure to provide insurance renewal after requested	\$350.00		\$ 4,527,563.96
12/12/2019		Sched A 6k) Request for 5th Discharge Statement	\$350.00		\$ 4,527,913.96
12/12/2019		Sched A 6j) Mortgage Statement June 18/18 (2x)	\$700.00		\$ 4,528,613.96
12/12/2019		Sched A 6k) Request for 1st & 2nd Discharge Statement	\$700.00		\$ 4,529,313.96
12/12/2019		Sched A 6k) Request for 3rd Discharge Statement	\$350.00		\$ 4,529,663.96
12/12/2019		Sched A 6d): Failure to provide insurance renewal (April & Oct.18.Jan.19)	\$1,050.00		\$ 4,530,713.96
12/12/2019		Sched A 19) Default Management \$350/hr (Reduced to 40hrs)	\$14,000.00		\$ 4,544,713.96
12/12/2019		Sched A 6n) Each 3 phone calls/emails due to issues of the loan	\$11,550.00		\$ 4,556,263.96
12/12/2019		Sched A 6c) Failure to provide proof of property taxes after requested	\$350.00		\$ 4,556,613.96
12/12/2019		Receiver Certificate Fee @ 2% of \$50,000 (Payable to FS)	\$1,000.00		\$ 4,557,613.96
12/12/2019		Receiver Certificate (Payable to FS)	\$50,000.00		\$ 4,607,613.96
12/12/2019		Interest Charge on Receiver Certificate of \$50,000 @ 9% (Jun 7/19 - Dec 12/19)	\$2,330.14		\$ 4,609,944.10
12/12/2019		Late Interest on Receiver Certificate	\$46.58		\$ 4,609,990.68
			\$1,002,200.15	\$0.00	

INTEREST CHARGE SUMMARY

Balance Date	Daily Balance	Days	Daily Periodic Rate	Interest Rate	Interest Charge
12/1/2018	\$3,606,390.53	30	0.025000%	9.000%	\$27,047.93
1/1/2019	\$3,633,438.46	30	0.025000%	9.000%	\$27,250.79
2/1/2019	\$3,660,689.25	30	0.025000%	9.000%	\$27,455.17
3/1/2019	\$3,688,144.42	30	0.025000%	9.000%	\$27,661.08
4/1/2019	\$3,715,805.50	30	0.025000%	9.000%	\$27,868.54
5/1/2019	\$3,743,674.04	30	0.050000%	18.000%	\$56,155.11
6/1/2019	\$3,799,829.15	30	0.050000%	18.000%	\$56,997.44
7/1/2019	\$3,856,826.59	30	0.050000%	18.000%	\$57,852.40
8/1/2019	\$3,914,678.99	30	0.050000%	18.000%	\$58,720.18
9/1/2019	\$3,973,399.17	30	0.050000%	18.000%	\$59,600.99
10/1/2019	\$4,033,000.16	30	0.050000%	18.000%	\$60,495.00
11/1/2019	\$4,093,495.16	30	0.050000%	18.000%	\$61,402.43
12/1/2019	\$4,154,897.59	12	0.050000%	18.000%	\$24,929.39
		<u>372</u>			<u>\$573,436.45</u>

Note: Daily balances exclude reserve balances, impound balances, late charges.

TAB M

Properties

PIN 21241 - 0114 LT *Interest/Estate* Fee Simple
Description PT LT 23 SEC L PL MILITARY RESERVE TORONTO PARTS 1, 14 & 15, 63R2301; S/T &
 T/W CA540961; CITY OF TORONTO
Address 581 WELLINGTON ST W
 TORONTO

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 2507448 ONTARIO INC.
Address for Service 581 Wellington Street West
 Toronto ON
 M5V 1G3

I, Del Terrelonge, President, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name FIRST SOURCE FINANCIAL MANAGEMENT INC.
Address for Service c/o First Source Mortgage Corporation
 1 Valleybrook Drive
 Suite 100
 Toronto ON M3B 2S7

Statements

Schedule: See Schedules

Provisions

Principal \$3,500,000.00 *Currency* CDN
Calculation Period monthly
Balance Due Date 2019/03/02
Interest Rate 9.00% per annum
Payments
Interest Adjustment Date 2018 04 01
Payment Date Interest only, first day of each month
First Payment Date 2018 05 01
Last Payment Date 2019 04 02
Standard Charge Terms 200727
Insurance Amount full insurable value
Guarantor Del Terrelonge

Additional Provisions

This Charge is collateral to a commitment letter dated November 23, 2017 between the Chargee and the Chargor.

Signed By

Christa-Lee Ann Callahan 1000-120 Adelaide St. W. acting for Signed 2018 04 04
 Toronto
 M5H 3V1 Chargor(s)

Tel 416-363-2211

Fax 416-363-0645

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

SCHNEIDER RUGGIERO LLP 1000-120 Adelaide St. W. 2018 04 04
 Toronto
 M5H 3V1

Tel 416-363-2211

LRO # 80 Charge/Mortgage

Received as AT4834357 on 2018 04 04 at 10:35

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 6

Submitted By

Fax 416-363-0645

Fees/Taxes/Payment

Statutory Registration Fee	\$63.65
Total Paid	\$63.65

File Number

Chargee Client File Number : 40033/BM

SCHEDULE "A"

Where there is a conflict between the following terms and the standard charge terms, the Chargee, in its sole, subject and absolute discretion shall determine which terms shall govern.

1. **Post-dated Cheques:** The Chargor shall provide to the Chargee post-dated cheques for each year of the term of the mortgage. Each cheque is to be in the amount of the monthly instalment payable under the mortgage. The Chargee shall have the right to direct the Chargor to deliver one or more separate cheques for each monthly payment totalling the monthly instalment. Alternatively, the Chargor shall provide Pre-Authorized Payment to be drawn from the Chargors' chosen bank at the Chargees request at any time and shall provide the Chargee with all necessary information for this purpose as required.
2. **Interest Rate:** 9.00% per annum calculated monthly with no deemed re-investment of monthly payments on the principal outstanding during the first 12 months of the term; and thereafter the rate on mortgage balance outstanding shall be fixed at 18% calculated and payable monthly with no deemed re-investment of monthly payments on the principal outstanding until discharged.
3. **Prepayment Privileges:** Closed for the first six months of the term and then open on any payment date with at least 15 days prior written notice or the payment of one month's interest as a bonus save and except an allowance for partial discharge of arm's length sale of the first floor condominium unit and related parking space(s) and/or locker with a principle pay down of \$1,000,000 subject to their having been no default under the terms of the charge up to the date of the partial discharge. The mortgage shall be full open for repayment without Penalty or Bonus during the last 15 days of the term.
4. **Repayable:** Interest only, payable monthly on the first day of the month and compounded monthly, with the first such monthly payment to be due on or before April 1, 2018.
5. **Term:** 12 months plus 1 day from the Interest Adjustment Date. With at least 90 days' notice the Chargor shall have the option to extend the charge for an additional twelve (12) months at then market rates, subject to the Chargee's approval at their sole discretion plus a fee of 1% of the loan amount provided the loan is in good standing and all taxes and insurance are current.
6. **Administration Fee:** The Chargor agrees to pay to the Chargee an administration fee of \$350.00, plus HST for each occurrence of any of the following events. If a default occurs a second time the Administration Fee shall be doubled.
 - (a) Late Payment after a demand has been made;
 - (b) Cheque Dishonoured for any reason;
 - (c) Failure to provide proof of payment of realty taxes within 30 days of the 31st day of January and June in each year of the term or after a demand being made;
 - (d) Failure to provide proof of insurance coverage at least 10 business days prior to the maturity date of the initial policy delivered on Closing or after a demand being made;
 - (e) Cancellation of insurance coverage shall be two times the administration fee and the penalty doubles again in the event the Chargor does not provide proof of reinstatement within 24 hours of notice by the Chargee;
 - (f) Failure to provide postdated cheques when required after a demand being made;
 - (g) Failure to notify Chargee of registration of lien;
 - (h) Each construction advance;
 - (i) Each property inspection relating to a second or further mortgage advance, default, insurance matter or any other matter at Chargee's sole discretion;
 - (j) Request for Mortgage Statement;
 - (k) Request for Discharge Statement or notice of default letter;
 - (l) Default under any other mortgage, charge or encumbrance;
 - (m) Each meeting required by the Chargor or Chargee because of an issue that has arisen regarding the Loan Facility;
 - (n) Each three telephone attendances and/or emails required by the Chargor or Chargee because of an issue that has arisen regarding the Loan Facility;

The Chargor also agrees to pay any applicable HST on a portion of the monthly payments that may be required relating to the collection fees of the Chargee, as a result of syndication of the Mortgage.

7. **Holding Over:** In the event that the mortgage loan is not paid upon maturity, unless the Lender has received at least thirty (30) days' notice and has agreed to an extension in writing and has received approval from its investors the interest rate on the mortgage loan shall continue at 18% compounded and calculated monthly or the that rate set out herein under "Interest Rate" until the earlier of discharge or sale, whichever comes first.
8. **Holding Over Fee:** If the Loan is not repaid in full on or before the Maturity Date, the Chargor shall be required to pay the Chargee a Holding Over Fee, in addition to any and all other rates, fees and costs to be paid to the Chargee by the Chargor pursuant to the Commitment Letter. More particularly, this fee shall be earned by and payable to the Chargee monthly, in advance, on the first business day of each month and shall be payable at the rate of 0.25% per month, or part thereof, multiple by the then outstanding Loan Amount (the "Over Holding Fee"). The Chargor hereby acknowledges that the requirement to pay the Over Holding Fee does not constitute an extension of the Loan. If the Loan is not repaid in full by the Maturity Date, the same shall constitute default by the Chargor under the Commitment and Security Documents notwithstanding payment of the Over Holding Fee. The Chargor further acknowledges that the Chargee, at its option, may add the Over Holding Fee to the outstanding principal balance of the Loan and the Security for the Loan also secures the Over Holding Fee.
9. **Notice:** The mortgage will be registered and administered on behalf of the Chargee by First Source Financial Management Inc., a related company and licensed mortgage administrator.
10. **Tax Deposits:** The Chargee reserves the right to require the Chargor to pay monthly tax deposits to the Chargee concurrently with each monthly installment in such amounts which the Chargee in its discretion deems necessary to pay when due all taxes, assessments and similar charges affecting the Property.
11. **Due on Default:** In the event of default under this Mortgage, beyond an applicable cure period, at the option of the Chargee, the full principal balance together with interest and costs on a substantial indemnity basis in relation thereto shall become immediately due and payable.
12. **Due on Sale:** The Chargor and the Guarantor hereby agree that in the event that the Property is sold, conveyed, transferred or assigned or there is a change in control of a corporate Chargor or corporate Guarantor, without Chargee's written consent, which consent shall not be unreasonably withheld, the Chargee shall have the right, at its option, to immediately declare all unpaid principal and interest and accrued interest and costs and expenses owing to the Chargee immediately due and payable together with the Chargee's then current prepayment penalties and fees.
13. **No Subsequent Encumbrances:** The Chargor and the Guarantor hereby agree that in the event that a subsequent mortgage is placed on the Property without Chargee's written consent, which consent shall not be unreasonably withheld, that the Chargee shall have the right, at its option, to immediately declare all unpaid principal and interest and accrued interest and costs and expenses owing to the Chargee immediately due and payable together with the Chargee's then current prepayment penalties and fees.
14. **Default of Prior Encumbrances:** If at any time or from time to time any default or breach of covenant occurs under any encumbrance registered against the Property and which encumbrance has priority over the Mortgage and which default is not cured within the grace periods permitted, it shall constitute default under the Mortgage and the Chargee may pay all monies and take appropriate action to cure any default or breach under any encumbrance.
15. **Costs:** The Chargor covenants and agrees to pay all property tax, public utilities rates, charges, and insurance premiums as and when they become due, to keep all encumbrances and agreements in good standing, comply with all zoning by-laws, standards and work orders and not to permit the existence of any work orders, deficiency notices, letters of compliance or the registration of any liens of any nature or kind; the failure of the Chargor to comply with this covenant shall constitute an event of default hereunder and entitles the Chargee at its sole and absolute discretion to avail itself of remedies available hereunder and at law including the right to accelerate the principal sum secured hereunder together with all accrued interest thereon plus costs.

In addition, at the Chargee's sole and absolute discretion, the Chargor agrees that the Chargee may satisfy any charge, lien, any matter raised in the previous paragraph or other encumbrances now or hereafter existing or to arise or to be claimed upon the charged lands and the amount so paid together with all costs associated therewith shall be a charge on the Property and/or Collateral Property and shall bear interest at Eighteen (18%) percent per annum, calculated and compounded monthly and shall be payable forthwith by the Chargor to the Chargee, and in default of payment, the entire principal sum, accrued interest and costs, shall become payable at the sole and absolute discretion of the Chargee and the remedies hereby given and available at law may be exercised forthwith without notice. In the event the Chargee satisfying any such

charge or claim, it shall be entitled to all equities and securities of the person(s) so satisfied and it may retain any discharge, cessation of charge or assignment of charge unregistered until paid.

16. **Final Payment and Discharge:** The Chargor covenants and agrees that payment at maturity, or earlier if notice to prepay is delivered, of the Mortgage shall be by certified cheque, bank draft or money order. After payment in full of the principal sum and all other amounts hereby provided, a discharge of the Mortgage shall be prepared by the solicitor for the Chargee, at the cost and expense of the Chargor within a reasonable time after such payment and such solicitor's fees shall not include attendance outside the office in order to deliver the said discharge or the attendance on a closing or registration of and the cost of registration of the said discharge.

In the event the loan is not repaid at the time or times provided within the Mortgage or in the notice to prepay earlier, the Chargee will not be required to accept payment of the principal monies without first receiving three (3) months additional months' notice in writing or receiving 3 months interest bonus in advance of the principal monies.

No further monies, if any, will be advanced under the Charge, once notice to discharge is received by the Chargee.

17. **Warranty - Urea Formaldehyde Foam insulation (UFFI) and Environmental:** The Chargor covenants to the best of its knowledge and belief the Property has never had "UREA FORMALDEHYDE FOAM" insulation installed, asbestos, PCBs waste, radioactive material, noxious substances, or any contaminant as defined in the Environment Protection Act and that the Property is and will be environmentally sound and there are no and will be no restrictions which would economically affect any buildings on the Property. The terms and conditions of the environmental clause should be as the Chargee's solicitor prepares.

18. **Receiver:** In the event due to default of the Chargor on the Property, beyond the applicable cure period, then the Chargee in addition to any other rights which it may have, shall be entitled to appoint a receiver manager or receiver, either privately or court appointed to manage the building and to do all things necessary as an owner would be entitled to do to sell the Property, subject to the terms of the Mortgage and all applicable governmental legislation. The terms and conditions of the receiver are to be further elaborated in the Mortgage as required by the Chargee's lawyers.

19. **Management Costs:** In the event that the Chargee or its agents takes possession of the Property as a result of default under the Mortgage, or in the event that the Chargee or its agents commence Power of Sale proceedings, or if a receiver is appointed as a result of default under the Mortgage, the Chargee, will be entitled to charge the Chargor. Said management costs shall be based on the higher of 5% of the mortgage principal plus applicable taxes, or \$15,000.00 per month which cost the Chargor acknowledges is a reasonable estimate for the time value and opportunity costs incurred for amanging the Property(s), including but not limited to communicating with investors, dealing with professional advisors, appraisal companies, environmental engineers, building inspector, receiver, legal counsel, attending meetings, checking property taxes, work orders, liens or other matter acting genrally in accordance with the requirements of a mortgage manager of a mortgages property in default which amount is deemed not to be a penalty.

In addition to the Management Costs, the Chargee or its agent will be entitled to an administration fee on the basis of \$350 per hour plus HST., if applicable for each hour after the advance the Chargee or its agent are required to deal with default or potential default. This clause is also deemed to be proper notice to any subsequent charge or lien holder of the above-noted fees in the event of the Chargor's default.

20. **Default Abandonment:** Subject to Force Majeure, in the event of abandonment for a period in excess of fifteen (15) consecutive days, the Chargee shall be entitled to, after giving the Chargor fifteen (15) days' notice of any abandonment or failure to continue business operations or any failure to construct with due diligence and provided the Chargor fails to rectify same, forthwith withdraw and cancel its obligations hereunder and/or decline to advance further funds, if any, as the case may be and to declare any monies theretofore advanced with interest to be forthwith due and payable at its sole option.

21. **Receipt of Funds:** Any payment received after 1:00 P.M. shall be deemed to have been made on the next Bank Business Day following receipt. For purposes of this paragraph, Saturday, Sunday Provincial and Federal Holidays shall be deemed to be non-business Bank Days.

22. **Possession:** In the event of default under the Mortgage by the Chargor beyond the applicable grace period and the Chargee obtains possession of the Property and it determines, in its sole discretion, that the Property requires work and/or improvements in order to market the Property, then the Chargee shall have the right, at its sole option, to complete such work on such terms as it deems advisable. The cost of completion of the servicing and work by the Chargee and its agents and all expenses incidental thereto shall be added to the Loan amount, together with a management fee of fifteen per cent (15%) of the costs of the work and improvements completed by the Chargee, provided that it is limited to bringing the Property only up to the condition it was at the time of the advance, unless work already has been started on a house and it may be completed. All costs and expenses, as well as said management fee, shall bear interest at the

rate as herein provided for and shall form part of the Loan secured hereunder and the Chargee shall have the same rights and remedies with respect to collection of same as it would have with respect to collection of Mortgage principal and Interest hereunder or at law.

23. **Conflict:** In the event of any conflict between this Schedule "A" and the Standard Charge Terms this Schedule "A" shall prevail. In the event of any conflict between this Schedule "A" and the Commitment Letter between the Chargee and the Chargor, as amended, the Chargee shall prevail.

TAB N

Torkin Manes LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto, Ontario M5C 2W7

Tel: 416-863-1188
Fax: 416-863-0305
www.torkinmanes.com

Stewart Thom
Direct Tel: 416-777-5197
Direct Fax: 1-877-689-3872
sthom@torkinmanes.com

An international
member of
AllyLaw

Torkin|Manes
Barristers & Solicitors

October 8, 2019

RSM Canada Limited
11 King St W #700
Toronto, ON
M5H 4C7

Attention: Daniel Weisz

Dear Mr. Weisz ,

Re: 581 Wellington Street West, Toronto, Ontario
First Source Financial Management Inc. (the "Creditor") – Security Review

You have requested that we review and provide you with our opinion as to the validity and enforceability of certain security and related documents granted or executed by 2507448 Ontario Inc. (the "**Debtor**") and the Creditor.

In forming the opinions expressed below, we have examined photocopies of the following:

COMMITMENT LETTER

Commitment Letter dated November 23, 2017 between the Debtor and the Creditor (the "**Credit Agreement**").

SECURITY DOCUMENTS

Real Property

- (a) Charge/Mortgage of Land in the principal amount of \$3,500,000.00 registered in favour of the Creditor as Instrument No. AT4834357 (the "**Mortgage**") against title to the property municipally known as 581 Wellington Street West, Toronto, Ontario and legally described in PIN 21241-0144 (the "**Property**") on April 4, 2018; and
- (b) General Assignment of Leases and Rents granted by the Debtor to the Creditor dated March 16, 2018 and registered on title to the Property as AT4834358 on April 4, 2018.

PPSA Security

General Security Agreement dated March 16, 2018 executed by the Debtor in favour of the Creditor (hereinafter, the “PPSA Security Documents” or, together with the Mortgage, the “Security Documents”).

SEARCHES

We have reviewed the following searches (collectively, the “Searches”) in connection with the preparation of this opinion:

Corporation Profile Reports

Corporation Profile Report for the Debtor dated November 21, 2018 which confirmed that the Debtor was formed by incorporation under the *Business Corporations Act* (Ontario) on March 3, 2016.

Personal Property Security Act (“PPSA”) Search Report

PPSA search result printout in respect of the Debtor bearing a currency date of August 14, 2019, which indicates:

- (a) that pursuant to a financing statement registered against the Debtor on April 4, 2018, as registration no 20180404 0929 1862 9839, the General Security Agreement and interest of the Creditor was registered in accordance with the provisions of the PPSA and constitutes a perfected security interest; and
- (b) that pursuant to a financing statement registered against the Debtor on April 4, 2018, as registration no 20180404 0933 1862 9840, Monica Goyal, bare trustee subordinated and postponed the financing statement registered as number 20161103 1658 1862 9927 (file number 722201346) in favour of the Creditor’s security interest registered as 20180404 0929 1862 9839 (file number 737856684) in accordance with the provisions of the PPSA.

Real Property Searches

Parcel register for the real property municipally known as 581 Wellington Street West, Toronto, Ontario, being legally described as PT LT 23 SEC L PL MILITARY RESERVE TORONTO PARTS 1, 14 & 15, 63R2301; S/T & T/W CA540961; CITY OF TORONTO and having PIN 21241-0114 (LT) (being the Property), prepared on August 14, 2019, which indicates:

- (a) that a charge in the principal amount of \$3,500,000 was registered on title to the Property in favour of the Creditor on April 4, 2018 at Instrument No. AT4834357;

- (b) that on April 4, 2018 a postponement of the rights of Zaherali Visram pursuant to a charge on title to the property as registered as Instrument No. AT4393968 to the charge registered in favour of the Creditor as Instrument No. AT4834357 was registered on title to the property as Instrument No. AT4834365;
- (c) that on April 4, 2018 a postponement of the rights of Monica Goyal, Olympia Trust Company and Computershare Trust Company, pursuant to a charge and Notice of Assignment of Rents General registered on title to the property, respectively, as Instrument Nos. AT4392140 and AT4392157 to the rights of the Creditor pursuant to its charge registered as Instrument No. AT4834357 was registered on title to the property as Instrument No. AT4834366.

Bank Act Searches

Bank Act searches conducted in respect of the Debtor with a search date of October 7, 2019 are clear.

Bankruptcy Searches

Bankruptcy searches in respect of the Debtor with a search date of October 7, 2019 are clear.

QUALIFICATIONS

1. We have assumed that all documents were executed on the date indicated therein;
2. We have assumed the genuineness of all signatures and legal capacity of the Debtor and the conformity to the original documents of all documents submitted to us as photocopies or telefaxed copies;
3. We have assumed the accuracy and currency of the indices and filing systems maintained at the public offices where we have searched or inquired or have caused such Searches or inquiries to be conducted and that all instruments and registrations were authorized by, performed by or consented to by those parties thereon indicated or whose interests were directly affected through same;
4. We have assumed that the Debtor has no legal defences against the Creditor for, without limitation, absence of legal capacity, fraud by or to the knowledge of the Creditor, misrepresentation, undue influence or duress or any other defences based on doctrines of equity or equitable subordination;
5. We have assumed that all Security Documents were delivered by the Debtor as security for the obligations of the Debtor to the Creditor;

6. We have assumed that monies were in fact advanced as reflected by the Credit Agreement, or value was given by the Creditor to the Debtor and that monies are in fact owing by the Debtor to the Creditor with respect to the obligations of the Debtor as of the date hereof;
7. We express no opinion as to title of the Debtor to any of the collateral whatsoever;
8. The enforcement of the security by the Creditor or any judgment arising out of or in connection therewith, and the priority of any rights thereunder, may be limited by any laws of general application affecting the Creditor's rights from time to time in effect, and general principles of equity including the equitable or statutory powers of the courts of Ontario and Canada to stay proceedings, stay the execution of judgment and grant relief against forfeiture.
9. We are qualified to render opinions in this regard only as to the laws in force in the Province of Ontario and the applicable federal laws of Canada as currently applied and in force in Ontario and accordingly we render no opinion with respect to any security delivered by the Debtor or which has been registered in provinces other than Ontario;
10. We have assumed that the security interests created by the Security Documents have, to the extent that a financing statement has been registered under the PPSA with respect to any of them, attached in accordance with the provisions of the PPSA in connection therewith and we are also assuming that the description of the collateral secured is sufficient to enable it to be identified within the meaning of subsection 11(1)(a) of the PPSA and that, neither the Debtor nor any other creditor has agreed to postpone the time for attachment; and
11. This opinion is confined to statements of fact or matters set forth herein as existing as at the date of this opinion.

OPINION

This opinion is confined to statements of fact or matters set forth herein as existing as at the date of this opinion.

Based upon and subject to the foregoing, we are of the opinion that:

- (a) The PPSA Security Documents were validly registered pursuant to the PPSA and, based solely on the executed PPSA Documents as reviewed by us as well as the Searches summarized herein, subject also to the qualifications set out herein, that the Creditor holds a first-ranking security interest over personal property of the Debtor based on date of registration;
- (b) The Mortgage was validly registered against title to the Property and based solely on the printouts of the Mortgages obtained from the Creditor and an examination

the Parcel Register in respect of the Property, it appears, subject to the qualifications set out herein, that the Mortgage ranks first in priority among registered encumbrances against title to the Property by date of registration;

- (c) The Security Documents constitute valid and binding obligations of the Debtor in favour of the Creditor and are enforceable in accordance with their terms.

The opinions expressed herein are provided solely for the benefit of the party to whom it is delivered and may not be relied upon or used by any other person for any reason whatsoever.

TORKIN MANES LLP

Per:



Stewart Thom

ST/jj

34487.0004/13196908_1

TAB O

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

**AFFIDAVIT OF DANIEL WEISZ
(Sworn December 3, 2019)**

I, **DANIEL WEISZ**, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Senior Vice-President of RSM Canada Limited ("**RSM**") and as such I have personal knowledge of the matters to which I hereinafter depose, save and except those matters based upon information and belief, in which case I have stated the source of such facts, all of which I verily believe to be true.
2. Pursuant to an Order of the Ontario Superior Court of Justice dated April 8, 2019, issued and entered on April 26, 2019 and effective on May 3, 2019, RSM Canada Limited was appointed as receiver, without security, over the lands and premises municipally known as 581 Wellington Street West, Toronto, Ontario.

3. Attached hereto and marked as Exhibit "A" to this my affidavit is a copy of the invoice issued by RSM for fees and disbursements incurred by the Receiver in respect of these proceedings for the period October 1 to 31, 2019 (the "Period"). The total fees charged for the Period are \$14,189.00 plus HST of \$1,844.57 for a total of \$16,033.57. The average hourly rate charged during the Period was \$477.74.

4. The invoice is a fair and accurate description of the services provided and the amounts charged by RSM for the Period.

5. I make this affidavit in support of a motion for an Order approving the Receiver's fees and disbursements and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 3rd day of December, 2019

)
)
)
)
)
)
)
)
)
)
)



DANIEL WEISZ

*Bryan Alan Fangerbaum, a Commissioner, etc.
Procurator General, for RSM Canada LLP
and RSM Canada Limited.
Expires January 5, 2021*

**THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF DANIEL WEISZ SWORN BEFORE ME
THIS 3rd DAY OF DECEMBER, 2019**



**Bryan Allen Tannenbaum, Commissioner, et al.
A Commissioner for RSM Canada LLC
and RSM Canada Limited.
Expires January 5, 2021**



GST/HST: 80784 1440 RT 0001

RSM CANADA LIMITED
 Licensed Insolvency Trustee
 11 King St W, Suite 700, Box 27
 Toronto, ON M5H 4C7

T +1 416 480 0160
 F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited, Court-Appointed Receiver
 c/o RSM Canada Limited
 11 King Street West, Suite 700
 Toronto, ON M5H 4C7

Date November 25, 2019

Client File 7835095
Invoice 4
No. 5840976

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of the property at 581 Wellington Street West, Toronto, Ontario (the "Property") for the period ending October 31, 2019.

Date	Professional	Description
10/02/2019	Brenda Wong	Review emails re revised offers; call with D. Weisz, Avison Young and Torkin Manes LLP ("Torkin") re same; emails with Moreau Property Services ("Moreau") re new water leak and repairs.
10/02/2019	Daniel Weisz	Discussion with S. Walters of First Source Financial Management Inc. ("First Source"); discussion with S. Thom of Torkin; review proposed updated agreement of purchase and sale ("APS") and email to S. Thom re same; prepare for and attend conference call with K. Avison and B. Sykes of Avison Young, S. Thom and B. Wong re status of offers, discussion with S. Walters and D. Mandel of First Source; review documents sent by Avison Young re offers; review and sign APS and email to S. Thom re same; discussion with J. Larry of Paliare Roland Rosenberg Rothstein LLP; discussion with K. Avison and B. Sykes re discussion with offeror; discussion with S. Thom re same.
10/03/2019	Daniel Weisz	Review email from B. Sykes re status of offer and discussion with B. Sykes re same and obtaining deposit; discussion with S. Thom re same; discussion with S. Thom re APS; met with K. Avison re receipt of deposit cheque and executed APS; email to First Source re status of the sale of the property; discussion with S. Walters.
10/03/2019	Anne Baptiste	Prepare disbursement cheques; filing of banking documentation.
10/04/2019	Daniel Weisz	Email to S. Thom re request for opinion on First Source security; discussion with S. Thom re status of obtaining a court date.
10/04/2019	Brenda Wong	Review emails re sale of property; drafting Receiver's Second Report.
10/07/2019	Brenda Wong	Review draft summary of activities; continue drafting second report; prepare updated statement of receipts and disbursements; prepare affidavit of fees; emails with Moreau re repair of roof leak; review changes to draft report by D. Weisz and forward to S. Thom for review; review Peregrine Protection Inc. invoice and site inspection reports.

November 25, 2019
 Invoice 4
 Page 2

Date	Professional	Description
10/07/2019	Daniel Weisz	Email to S. Thom re court date; review and update summary of activities; discussion with S. Walters re court date and payout statement requested; review and update draft second report to the court; review statement of claim re D. Johnson.
10/08/2019	Daniel Weisz	Discussion with S. Thom re status of report; request for interim distribution and information from First Source.
10/08/2019	Brenda Wong	Reference draft report to source documents; update affidavit of fees and report appendices.
10/09/2019	Brenda Wong	Email with Moreau re staffing required for D. Terrelonge's removal of property; review Torkin changes to second report and make additional edits.
10/09/2019	Anne Baptiste	Prepare disbursement cheques.
10/10/2019	Daniel Weisz	Review emails re the second report, discussion with S. Thom on same; discussion with S. Walters re timing of approval of interim distribution; review and sign cheques; work on finalizing report to court and the affidavit of fees; review draft approval and vesting order and draft ancillary order and provide comments to S. Thom; attend at Torkin re finalization and service of report; preliminary review of First Source discharge statement and email to S. Walters re same; discussion with S. Walters.
10/11/2019	Daniel Weisz	Email to S. Walters enclosing report; call in to J. Larry; exchange emails with S. Thom; discussion with B. Wong re report to court; review of First Source mortgage payout statement and discussion with S. Walters re same; review revised statement received; discussion with S. Walters re status; review email from M. Milosevic and discussion with S. Thom on same.
10/11/2019	Brenda Wong	Arrange for posting of motion record and Receiver's report to webpage; review and file emails; review email from D. Terrelonge's counsel re chattels and discussion with D. Weisz and S. Thom re same.
10/15/2019	Brenda Wong	Attend at 581 Wellington with S. Thom to review condition of kitchen island; call K. Avison re kitchen island to be removed by D. Terrelonge; review draft of third report to the Court.
10/15/2019	Daniel Weisz	Draft third report to court; review security opinion on First Source security rendered by Torkin; discussion with S. Walters re mortgage statement.
10/16/2019	Brenda Wong	Call with D. Weisz and S. Thom re status update; follow up with Avison Young re Receiver's release of kitchen counter; review Torkin correspondence with M. Milosevic.
10/16/2019	Daniel Weisz	Review email and conference call with S. Thom and B. Wong re attendance at the property yesterday and the debtor's position re the application for approval of the sale of the property scheduled for tomorrow; review draft factum and provide comments to S. Thom; review email from S. Thom to counsel for the debtor; review email from counsel to the debtor including term sheet provided; prepare for court attendance tomorrow.
10/16/2019	Daniel Weisz	Review confidentially agreement and provide comments to S. Thom.
10/17/2019	Daniel Weisz	Attend in court re application for court approval of the APS; email to First Source re result of Court application and discussion with S. Walters re same; email to Avison Young re result of court application and exchange emails with K. Avison; discussion with S. Thom; discussion with B. Wong on today's court attendance.

November 25, 2019
 Invoice 4
 Page 3

Date	Professional	Description
10/17/2019	Brenda Wong	Respond to question re sales process.
10/17/2019	Anne Baptiste	Prepare August bank reconciliation.
10/18/2019	Brenda Wong	Email to Moreau re status update and arranging for snow clearing.
10/21/2019	Brenda Wong	Emails with HUB International Insurance Brokers re renewal of the policy and sale of the property; follow up with OSB re estate number.
10/22/2019	Brenda Wong	Review email from Torkin re signed Confidentiality and Non-disclosure agreements and release of confidential appendix, arrange for execution and send back to Torkin.
10/25/2019	Brenda Wong	Email to and discussion with Moreau re sourcing snow clearing service for November.
10/28/2019	Anne Baptiste	Filing of banking documentation.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

November 25, 2019
 Invoice 4
 Page 4

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	20.0	\$525	\$ 10,500.00
Brenda Wong, CIRP, LIT	Senior Manager	9.2	\$395	3,634.00
Anne Baptiste	Estate Administrator	0.5	\$110	55.00
Total hours and professional fees		<u>29.7</u>		\$ 14,189.00
HST @ 13%				1,844.57
Total payable				\$ 16,033.57

VISA/MASTERCARD

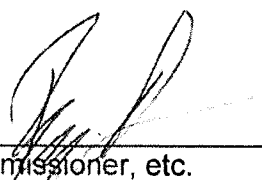
Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.

Invoices are due upon receipt.
 RSM Canada Limited

**THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF DANIEL WEISZ SWORN BEFORE ME
THIS 3rd DAY OF DECEMBER, 2019**



A Commissioner, etc.

Bryan Allan Tannenbaum, a Commissioner of the
Province of Ontario, for RSM Canada LLP
and RSM Canada Limited.
Expires January 5, 2021

In the Matter of the Receivership of
581 Wellington Street West, Toronto, Ontario
Summary of Receiver's Fees
For the Period October 1 to 31, 2019

Invoice Date	Period	Hours	Fees	Disburse- ments	Subtotal	HST	Total	Average Hourly Rate
25-Nov-19	October 1 to October 31, 2019	29.7	\$ 14,189.00	\$ -	\$ 14,189.00	\$ 1,844.57	\$ 16,033.57	\$477.74
Total		29.7	\$ 14,189.00	\$ -	\$ 14,189.00	\$ 1,844.57	\$ 16,033.57	\$477.74

TAB P

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

179

B E T W E E N:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

-and-

2507448 ONTARIO INC.

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, and section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43

AFFIDAVIT OF JEFFREY J. SIMPSON

I, Jeffrey J. Simpson, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

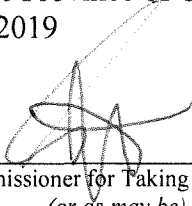
1. I am a Lawyer with the law firm of TORKIN MANES LLP (“**Torkin Manes**”), which has been engaged as independent counsel, to RSM Canada Limited in its capacity as court appointed Receiver (in such capacity, the “**Receiver**”) over the lands and premises municipally known as 581 Wellington Street West, Toronto, Ontario and as such have knowledge of the matters to which I hereinafter depose either through my own knowledge or by informing myself with respect thereto in which case I have indicated the source of my information and belief.

2. Attached hereto as **Exhibit "A"** is a true copy of the account issued by Torkin Manes to the Receiver, which includes detailed descriptions of the work performed for the period from October 1, 2019 to and including October 31, 2019. The total fees charged by Torkin Manes to the Receiver during this period were \$24,039.00, plus HST of \$3,125.07, plus disbursements of \$1,276.15, plus HST on disbursements of \$117.57, for a total amount of \$28,557.79.

3. I confirm that the attached account accurately reflects the services provided by Torkin Manes in this matter and the fees and disbursements claimed by it during the period described above.

4. Additionally, attached hereto as **Exhibit "B"** is a summary of additional information with respect to the aforesaid account indicating all members of Torkin Manes who worked on this matter during the period described above, their year of call to the bar, total time charges and hourly rates, and I hereby confirm that this list represents an accurate account of such information.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
December 3, 2019

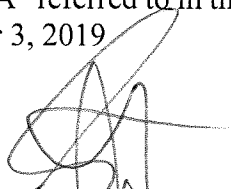


Commissioner for Taking Affidavits
(or as may be)



JEFFREY J. SIMPSON

This is Exhibit "A" referred to in the Affidavit of Jeffrey J. Simpson
sworn December 3, 2019

A handwritten signature in black ink, appearing to be the initials 'JJ' or similar, written over the text of the affidavit.

Commissioner for Taking Affidavits (or as may be)

Torkin Manes LLP
 Barristers & Solicitors
 151 Yonge Street, Suite 1500
 Toronto, ON M5C 2W7

Tel: 416 863 1188
 Fax: 416 863 0305
 torkinmanes.com

Torkin|Manes
 Barristers & Solicitors

October 31, 2019

Invoice No.: 324734

Attention: Daniel Weisz
 RSM Canada
 11 King St. W., Suite 700
 Box 27
 Toronto, ON M5H 4C7

ACCOUNT FOR PROFESSIONAL SERVICES RENDERED

RE: Receivership of 2507448 Ontario Inc.
 File No.: 34487.0004

TO PROFESSIONAL SERVICES RENDERED HEREIN AS FOLLOWS:

Oct 01 19	SDT	Communications with counsel for 2507449 Ontario Inc. ("250") re status of offers and issues re property located on premises; communications with Avison Young re status of discussions with offerors re amendment to existing offers; received and reviewed Amending Letter	1.20
Oct 02 19	SDT	Conference call with Avison Young re status of offers; revisions to Agreement of Purchase and Sale ("APS") re amendments to offer; communications with Receiver re same; received and reviewed additional amended offer; discussions with Receiver and Avison Young re same	3.50
Oct 03 19	SDT	Communications with Avison Young and Receiver re acceptance of final APS; received and reviewed revised offer summaries; communications with Receiver	0.80

Page 2
October 31, 2019
Our File No.: 34487.0004
Invoice # 324734

Torkin|Manes
Barristers & Solicitors

Oct 04 19	SDT	Communications with Court re scheduling; preparation of security opinion re First Source Security; communications with counsel re scheduling	2.30
Oct 07 19	SJ	Conducted Bank Act and bankruptcy search against 2507448 Ontario Inc.	0.20
Oct 07 19	SDT	Communications with Court and counsel re scheduling confirmation; communications with counsel for 250; obtained and reviewed updated searches re security opinion and revisions to same; communications with Dalton Johnson re claims against debtor; received and reviewed draft second report; revisions to same	5.80
Oct 08 19	SDT	Discussions with Receiver re payout statement received from First Source; review of First Source mortgage documentation; discussions and communications with counsel for 250 re Receiver's position on fixtures remaining at premises; further revisions to Second Report; communications with Receiver re revised Second Report	4.90
Oct 09 19	SDT	Communications with Receiver re motion materials; preparation of draft Notice of Motion; communications with counsel for 250 re third party property issue	2.70
Oct 10 19	SDT	Finalize motion materials and confidential appendix to Receiver's report; revisions to Notice of Motion; preparation of draft orders; service of materials	3.90
Oct 11 19	SDT	Communications with Receiver; communications with counsel for First Source re status and issues; communications with counsel for 250 re position on motion re approval of sale,	2.00

Page 3
 October 31, 2019
 Our File No.: 34487.0004
 Invoice # 324734

Torkin | Manes
 Barristers & Solicitors

		removal of property from premises and chattels/fixtures classification	
Oct 14 19	SDT	Communications with counsel for First Source re discharge statement; communications with Receiver re attendance at property	0.30
Oct 15 19	SK	Legal research re: redemption of mortgage in receivership proceedings	3.80
Oct 15 19	SDT	Attendance at property re inspection of kitchen island; communications with counsel for 250 re same; communications with Receiver and Avison Young re purchaser's position respecting release of kitchen island to 250; preparation of factum re approval of sale	5.10
Oct 16 19	SE	Correspondence with Stewart Thom re registered instruments	0.20
Oct 16 19	SDT	Finalization and service of factum and book of authorities re sale approval motion; revisions to draft order re removal of property; preparation for attendance in court; received and reviewed financing documents from counsel for 250 and review and consider same; discussions with Receiver re same	5.50
Oct 17 19	SDT	Preparation for and attendance in court re sale approval motion	3.80
Oct 18 19	SM	Attended at the court filing office to obtain a copy of the endorsement	1.40
Oct 18 19	SDT	Communications with counsel for First Source and counsel for 250 re review of Confidential Information; preparation of Non-Disclosure Agreement ("NDA")	2.10
Oct 21 19	SDT	Communications with counsel for First Source; revisions to NDA; communications with Receiver re NDA	0.40

Page 4
 October 31, 2019
 Our File No.: 34487.0004
 Invoice # 324734

Torkin | Manes
 Barristers & Solicitors

Oct 22 19	SDT	Communications with Receiver, counsel for First Source and counsel for 250 re NDA and provision of Confidential Information	0.30
Oct 31 19	AE	To conference with Stewart Thom re notice of extension of date for obtaining vesting order	0.20
Oct 31 19	SDT	Preparation for attendance in court; revision to draft orders; communications with Dalton Johnson; communications with counsel for 250; communications with Receiver	2.40
Total Hours:			52.80

OUR FEE:	\$24,039.00
HST:	\$3,125.07
SUB-TOTAL:	<u>\$27,164.07</u>

LAWYERS' SUMMARY: FEES SUBJECT TO HST:

LAWYERS AND LEGAL ASSISTANTS INVOLVED	HOURLY RATE	HOURS WORKED
Sanaya Mistry	200.00	1.40
Shalan Jankowski	290.00	.20
Stephen Skorbinski	310.00	3.80
Stewart D. Thom	475.00	47.00
Aaron English	490.00	.20
Stephanie Eiley	500.00	.20
TOTAL HOURS		52.80

DISBURSEMENTS

TAXABLE DISBURSEMENTS:

Reproduction of documents	228.90
Deliveries	111.74
Binding service	20.46
Agents fees	30.00
Document Scanning	111.75

Page 5
 October 31, 2019
 Our File No.: 34487.0004
 Invoice # 324734

Torkin|Manes
 Barristers & Solicitors

Title search disbursements	24.60
Laser copies	109.20
File a Motion	60.00
Process Server	135.00
Colour Copies	72.75

904.40

NON-TAXABLE DISBURSEMENTS:

File	320.00
Title search disbursements	11.75
Personal Prop Securities Act search	30.00
Process Server	10.00

371.75

Total Disbursements	\$1,276.15
HST on Disbursements	\$117.57

TOTAL DISBURSEMENTS AND HST: \$1,393.72

TOTAL FEE, DISBURSEMENTS & HST \$28,557.79

BALANCE DUE AND OWING BY YOU \$28,557.79

TORKIN MANES LLP

Per: 

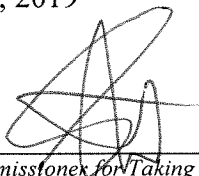
Barry A. Cohen

E. & O. E.

HST REGISTRATION NUMBER: R117245456

Payment is due upon receipt.
 Interest will be charged pursuant to the Solicitors Act at the
 rate of 1.0 percent per year.

This is Exhibit "B" referred to in the Affidavit of Jeffrey J. Simpson
sworn December 3, 2019

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal line extending to the right.

Commissioner for Taking Affidavits (or as may be)

Summary of Additional Lawyer Information

<u>Lawyer</u>	<u>Year of Call</u>	<u>Hours Billed</u>	<u>Hourly Rate</u>	<u>Total Billed</u>
Stephanie Eiley	2002	0.20	\$500.00	\$100.00
Aaron English	2004	0.20	\$490.00	\$98.00
Stewart Thom	2008	47.00	\$475.00	\$22,325.00
Stephen Skorbinski	2019	3.80	\$310.00	\$1,178.00
Shalan Jankowski	Clerk	0.20	\$290.00	\$58.00
Sanaya Mistry	Student	1.40	\$200.00	\$280.00
TOTAL				<u>\$24,039.00</u>

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

AFFIDAVIT OF JEFFREY J. SIMPSON

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto, ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Tel: 416-863-1188
Fax: 416-863-0305

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)

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

MOTION RECORD
(Motion Returnable December 13, 2019)

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Receiver, RSM Canada Limited

RCP-E 4C (May 1, 2016)