

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

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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;

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- 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;

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- 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.

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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.

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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: CHATTELS, 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.

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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
(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

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- (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



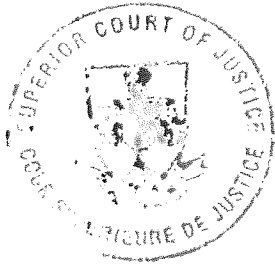
Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice President

TAB 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;

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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,

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- 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;

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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.

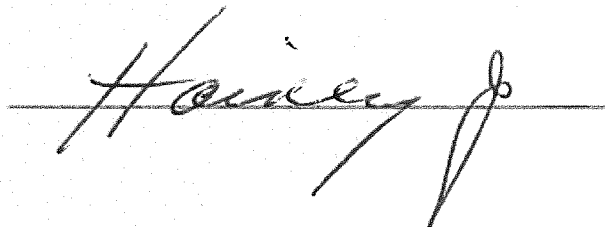
31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized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

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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", is written over a horizontal line. The signature is fluid and extends to the right of the 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

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

Province of Ontario
 Ministry of Government Services

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

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2507448	2507448 ONTARIO INC.	2016/03/03
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
DEL TERRELONGE 581 WELLINGTON STREET WEST	NOT APPLICABLE	NOT APPLICABLE
	New Amal. Number	Notice Date
TORONTO ONTARIO CANADA M5V 1J3	NOT APPLICABLE	NOT APPLICABLE
		Letter Date
Mailing Address		NOT APPLICABLE
DEL TERRELONGE 581 WELLINGTON STREET WEST	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
TORONTO ONTARIO CANADA M5V 1J3	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum	In Ontario
	Maximum	Date Ceased
	00001	00010
Activity Classification		NOT APPLICABLE
NOT AVAILABLE		NOT APPLICABLE

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

Province of Ontario
 Ministry of Government Services

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

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2507448	2507448 ONTARIO INC.

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

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

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

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

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

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2018/11/21
 Time Report Produced: 14:31:44
 Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2507448

2507448 ONTARIO INC.

Administrator:

Name (Individual / Corporation)

Address

DEL

97 BOULTON DRIVE

TERRELONGE

TORONTO
 ONTARIO
 CANADA M4V 2V5

Date Began

First Director

2016/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Y

Administrator:

Name (Individual / Corporation)

Address

DEL

97 BOULTON DRIVE

TERRELONGE

TORONTO
 ONTARIO
 CANADA M4V 2V5

Date Began

First Director

2016/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

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

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/11/21
Time Report Produced: 14:31:44
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2507448

2507448 ONTARIO INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA CHANGE NOTICE

1

2016/11/02 (ELECTRONIC FILING)

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

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

Province of Ontario
Ministry of Government Services

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

CORPORATION DOCUMENT LIST

Ontario Corporation Number
2507448

Corporation Name
2507448 ONTARIO INC.

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

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

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

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

TAB C

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

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

BETWEEN:

FIRST SOURCE FINANCIAL MANAGEMENT INC.

Applicant

- and -

2507448 ONTARIO INC.

Respondent

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

September 17, 2019

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I. INTRODUCTION

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

II. PURPOSE OF REPORT

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

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

Terms of Reference

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

III. BACKGROUND

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

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

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

IV. RECEIVER’S ACTIVITIES TO DATE

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

Taking Possession

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

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

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

Insurance

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

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

Statutory Notices

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

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

Security Patrols and Property Manager

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

Repairs and Maintenance

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

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- b) water was entering the building via one of the garage doors on the ground floor of the building. The Receiver arranged for repairs to seal the garage door on the inside to prevent water from entering;
 - c) water was leaking from several areas of the roof. Based on the condition of the roof, the Receiver obtained a quote to assess the cost of replacing same. The quote obtained indicated that the cost of a new roof could range between \$48,888 and \$68,000. Given the possibility that a purchaser of the Real Property may have an intended use of the building which differs significantly from its current use, in the Receiver's view, the expense of a full replacement of the existing roof was not justified, as it may not materially increase the value of the Real Property to a prospective purchaser. As such, rather than replace the roof, the Receiver arranged only for a roofing contractor to patch those spots in the roof through which water was identified as leaking; and
 - d) the ladder to a hatch on the second floor granting access to the exterior roof was not securely fastened and appeared to be in danger of falling off.

The Receiver arranged for the ladder to be re-secured.

28. In addition to the above, water appears to be seeping into the building on the second floor along the east wall. As that wall is covered with drywall, the source of the water seepage cannot easily be determined without removal of the drywall and potentially significant expense being incurred. As a result, the Receiver has not undertaken to determine the source of the leak and no repairs have been effected by the Receiver to address this issue.

V. COMMERCIAL LEASE AGREEMENT WITH 1586091 ONTARIO LIMITED

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

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

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

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

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

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

Access to the Real Property by RHED

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

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

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

VI. CHATTELS

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

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

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

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- (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.

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

VIII. MARKETING ACTIVITIES

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

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

IX. SECURED OR PRIORITY CLAIMS

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

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

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

X. RECEIVER’S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

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

XI. PROFESSIONAL FEES

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

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

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

XII. CONCLUSION

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

- the Receiver for distribution as may be directed by future Court Order;
- (v) approving the First Report and the Receiver's conduct and activities to September 16, 2019;
 - (vi) approving the R&D; and
 - (vii) approving the fees and disbursements of the Receiver and of Torkin Manes incurred to August 31, 2019.

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

RSM CANADA LIMITED

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



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

EQUIPMENT LEASE - APPENDIX "H" TO THE FIRST REPORT OF THE RECEIVER
DATED SEPTEMBER 17, 2019

MASTER LEASE AGREEMENT

MADE November 1, 2017

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

- and -

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

TERMS OF AGREEMENT:

1. DEFINITIONS. In this Agreement:

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

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

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

4. TERM. With respect to each Lease Schedule:

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

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

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

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

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

7. OWNERSHIP.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a) the filing and recording of the Lease Schedule, including any amendment thereto, any financing or renewal statement or bill of sale with respect thereto, in accordance with the laws of any applicable jurisdictions; and

b) the taking of such further action as Lessor may deem desirable to fully protect Lessor's interest hereunder.

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

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

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

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

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

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

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

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

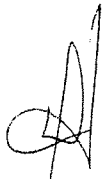
27. INSPECTION. Lessee agrees that Lessor or its agents may at all times inspect the Equipment and the books, manuals and records of Lessee relative thereto. Upon request of Lessor, Lessee shall at all reasonable times during business hours make the Equipment, books records and manuals available for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

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

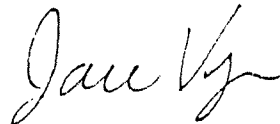
IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date above written.

2507448 ONTARIO INC.

1586091 ONTARIO LIMITED



Del Terrelonge – President



Jaime Vega
on behalf on 1586091 ONTARIO LIMITED

Schedule 1
LEASE SCHEDULE

MADE November 1, 2017

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

- and -

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

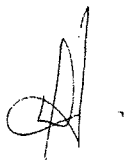
LESSEE ADDRESS: 581 Wellington Street West, Toronto, Ontario M5V 1G3

INSTALLATION ADDRESS: as above

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

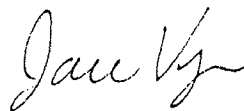
IN WITNESS WHEREOF, the parties hereto have executed this Lease Schedule through their proper officers, duly authorized for that purpose, this 1st day of November, 2017.

2507448 ONTARIO INC.



Del Terrelonge – President

1586091 ONTARIO LIMITED



Jaime Vega

on behalf on 1586091 ONTARIO LIMITED

Exhibit A
ITEMS LEASED

November 1, 2017

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

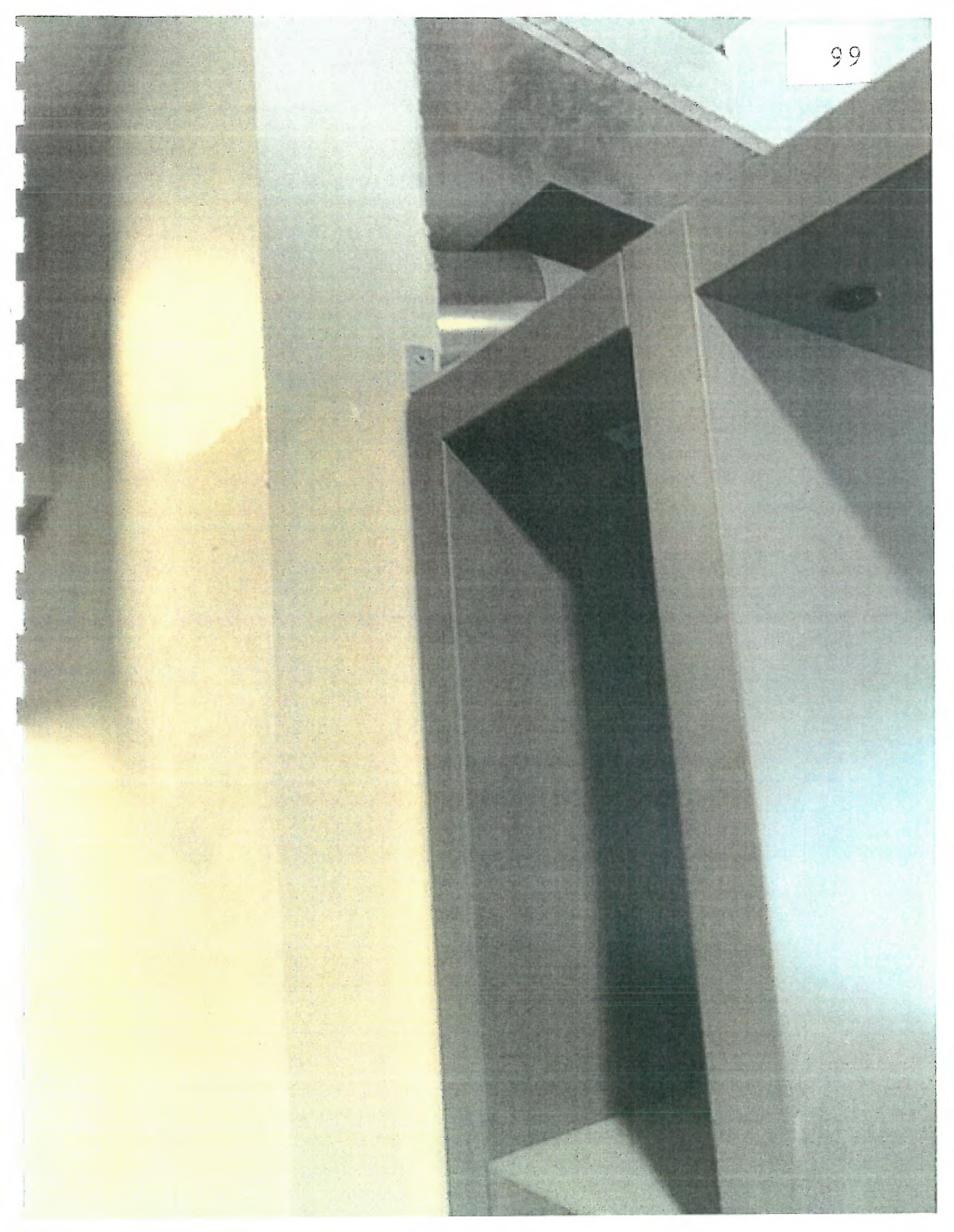
PHOTOS OF EQUIPMENT
LEASE ITEMS

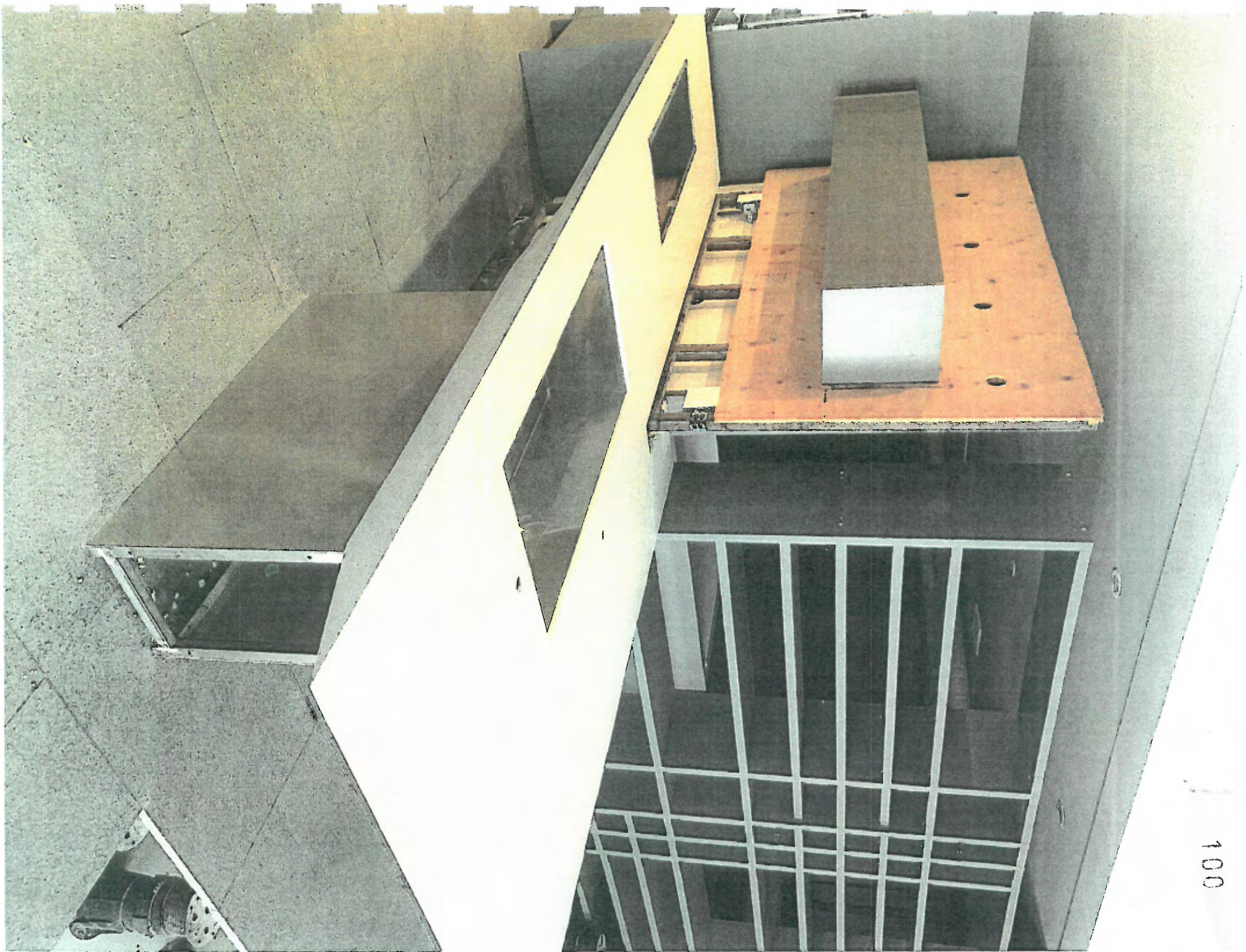
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APPENDICES "I" - "M" TO THE FIRST REPORT OF THE
RECEIVER DATED SEPTEMBER 17, 2019

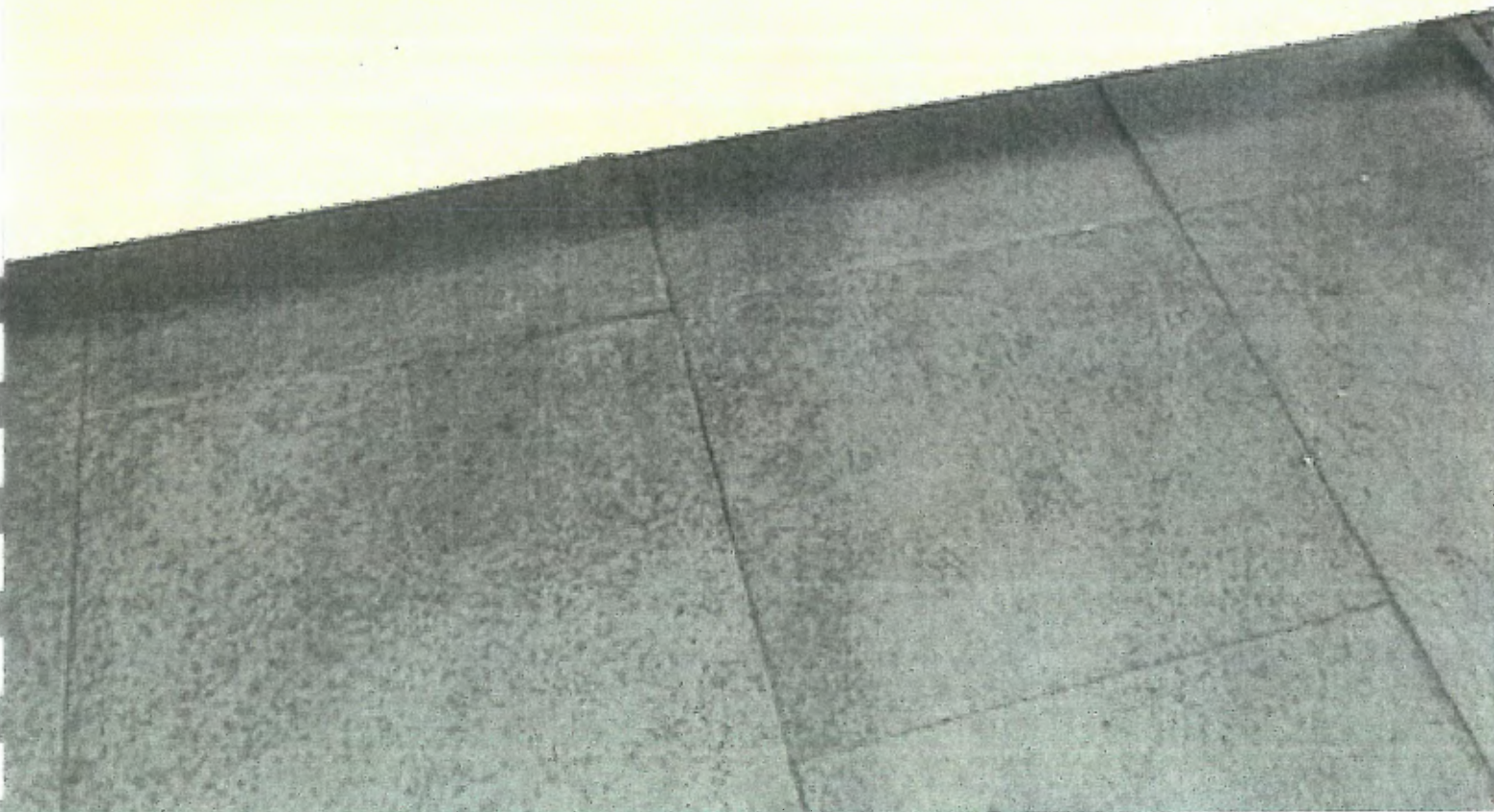
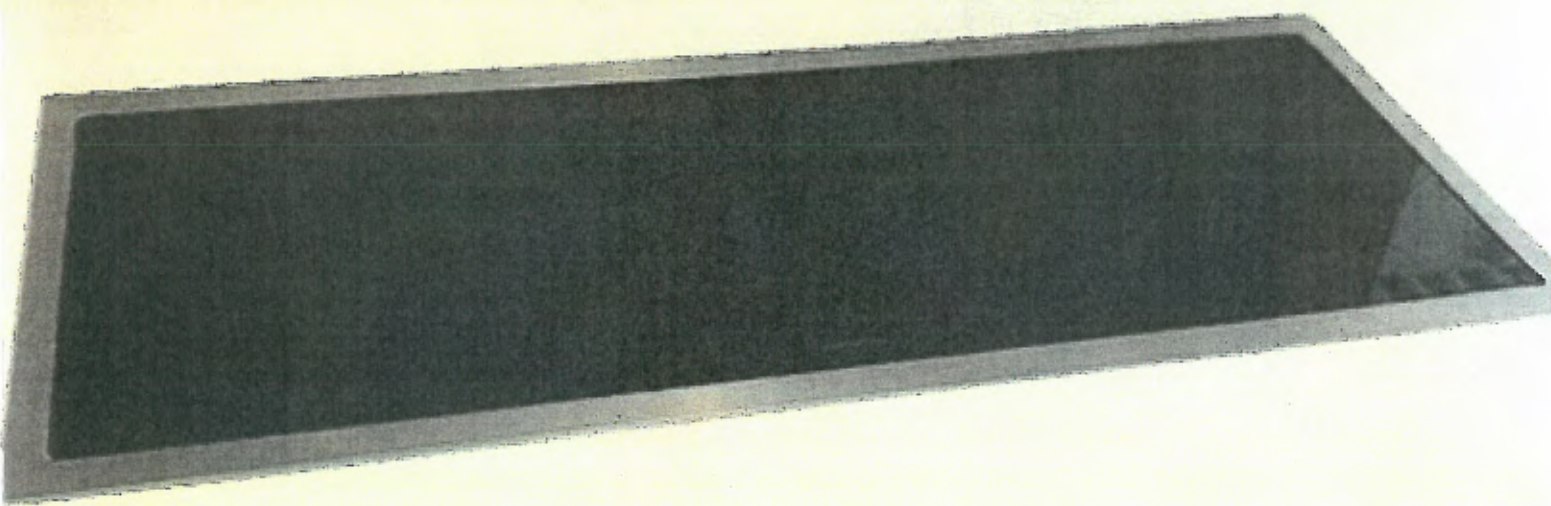
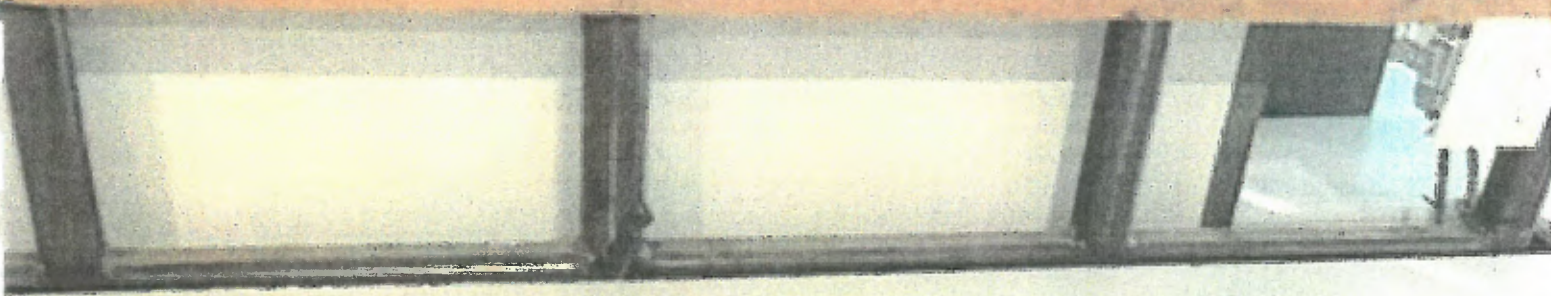




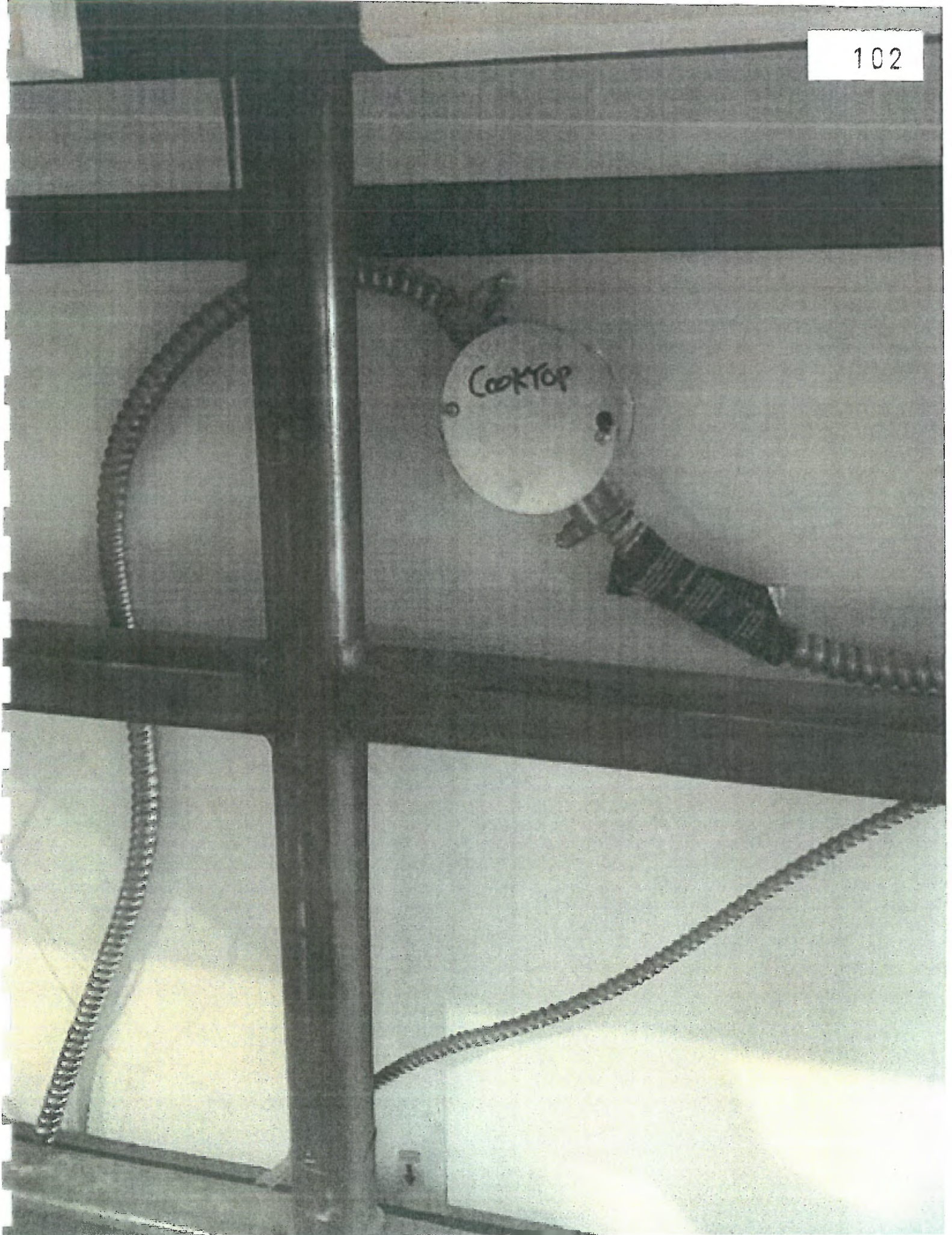




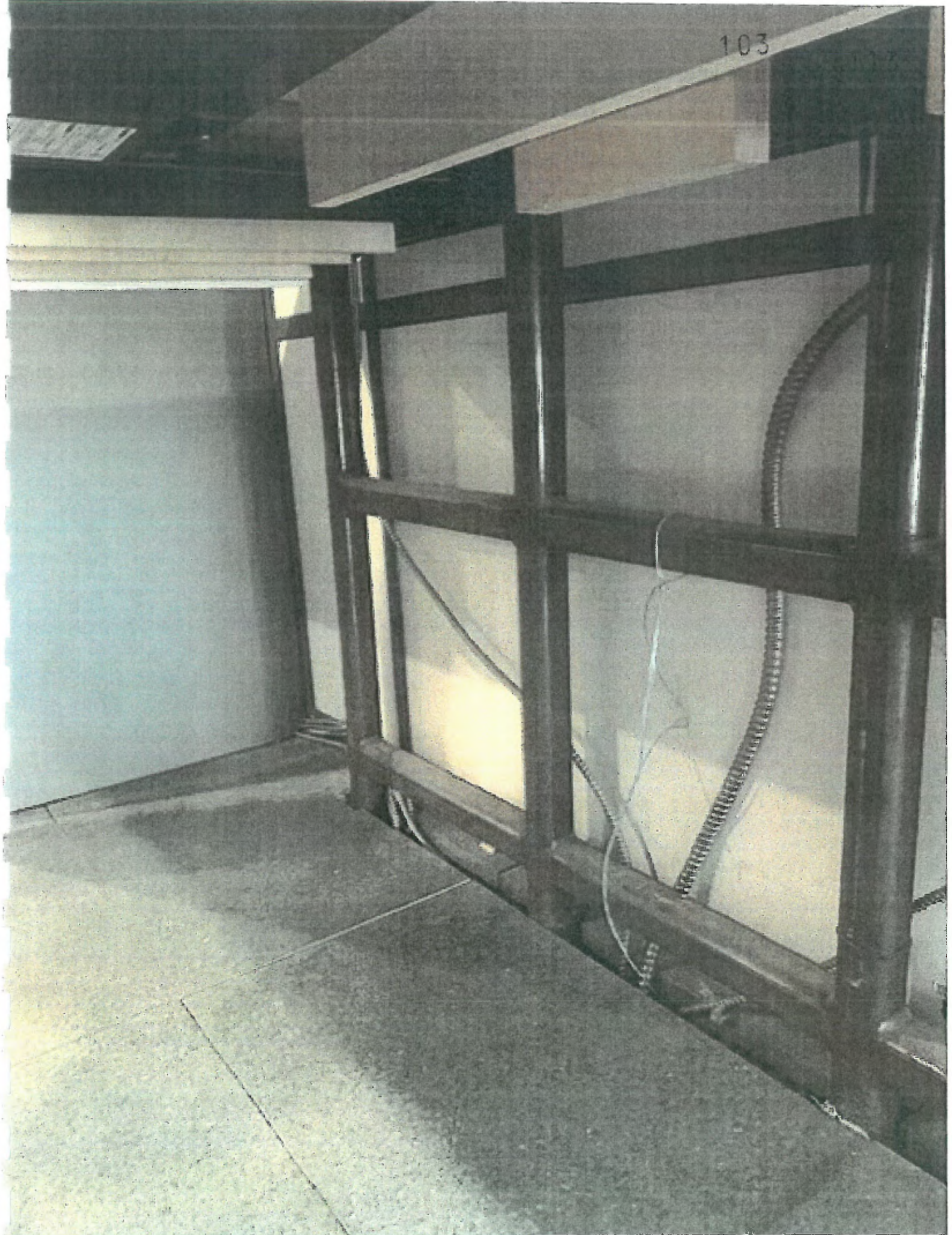
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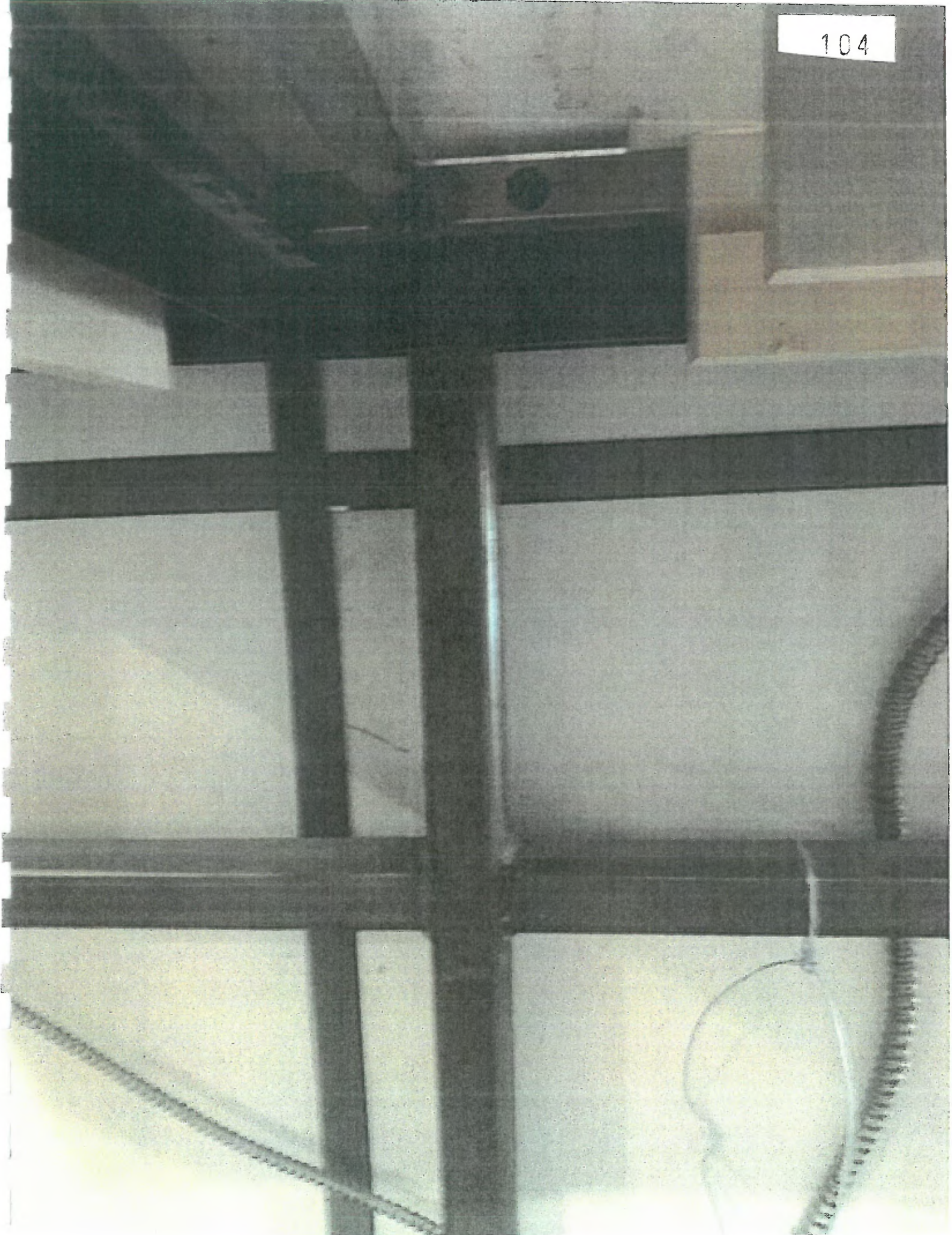
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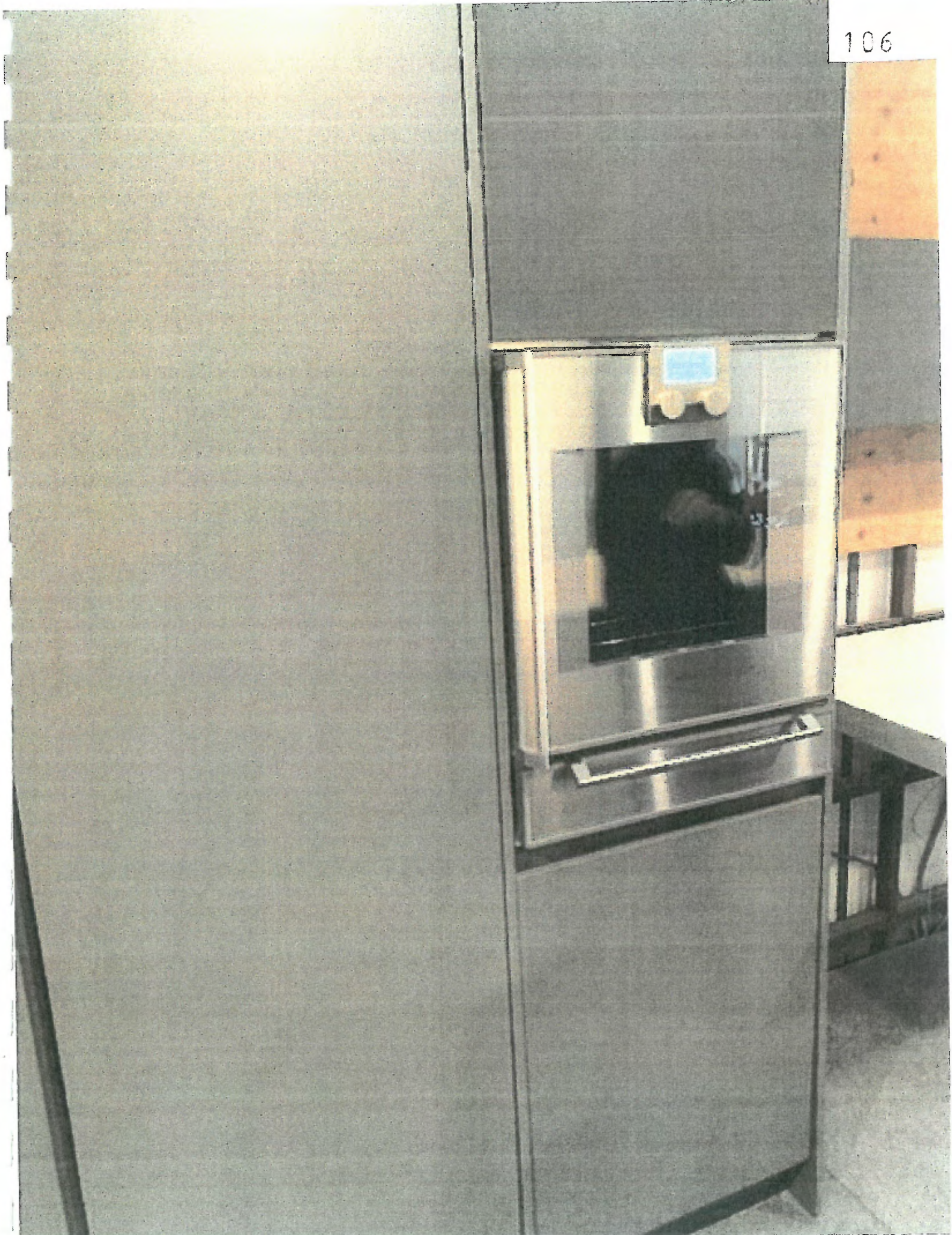
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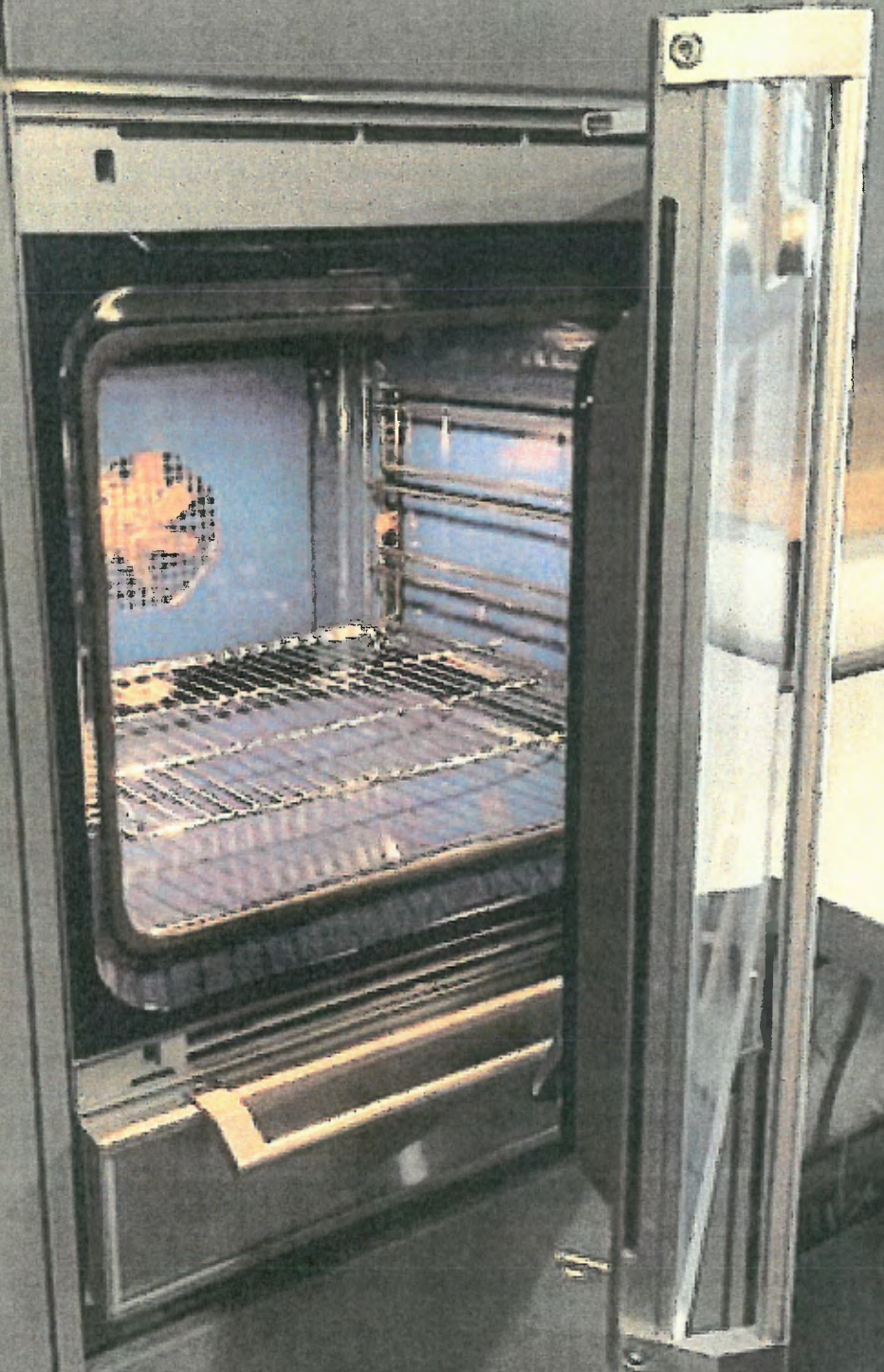
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Control





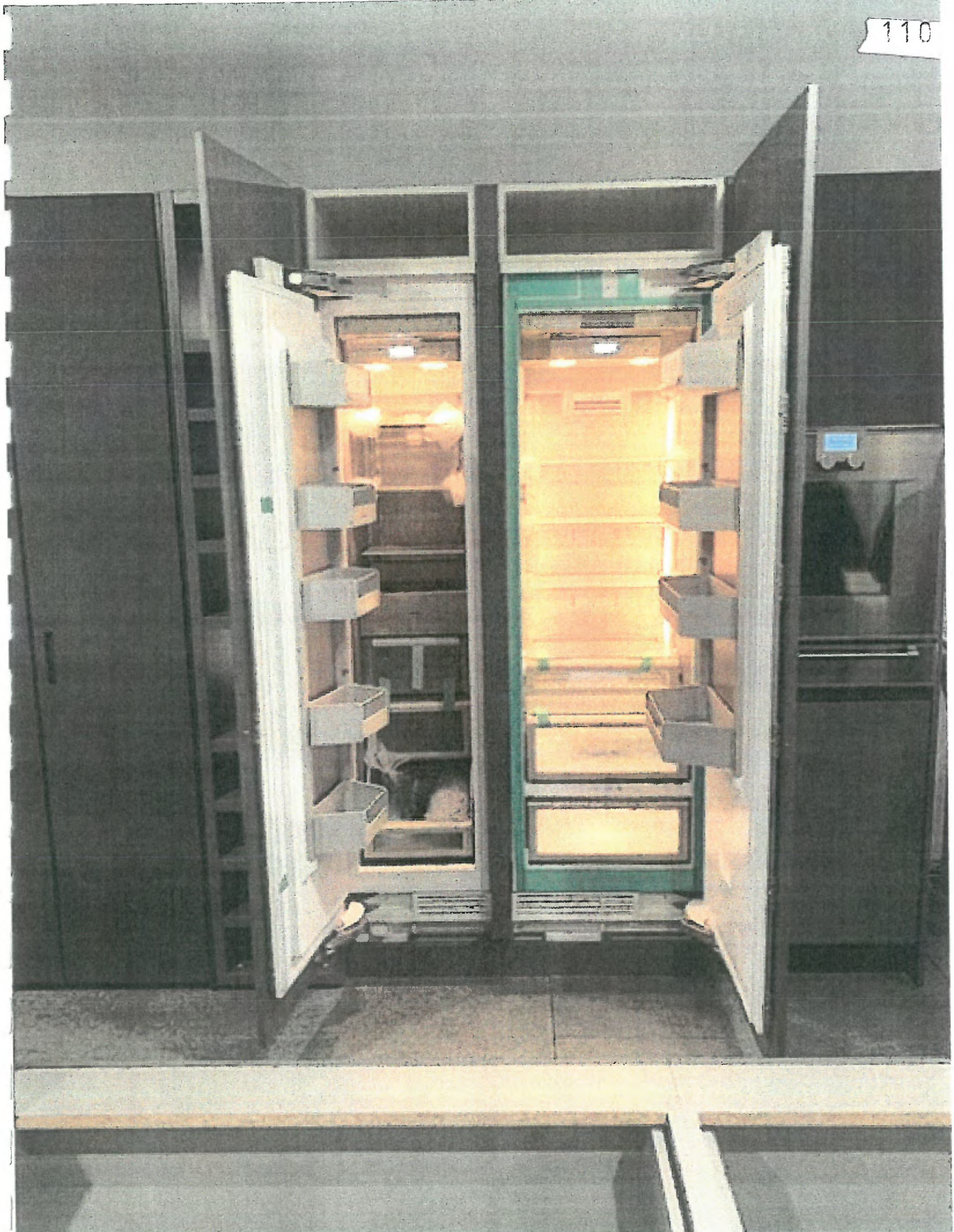
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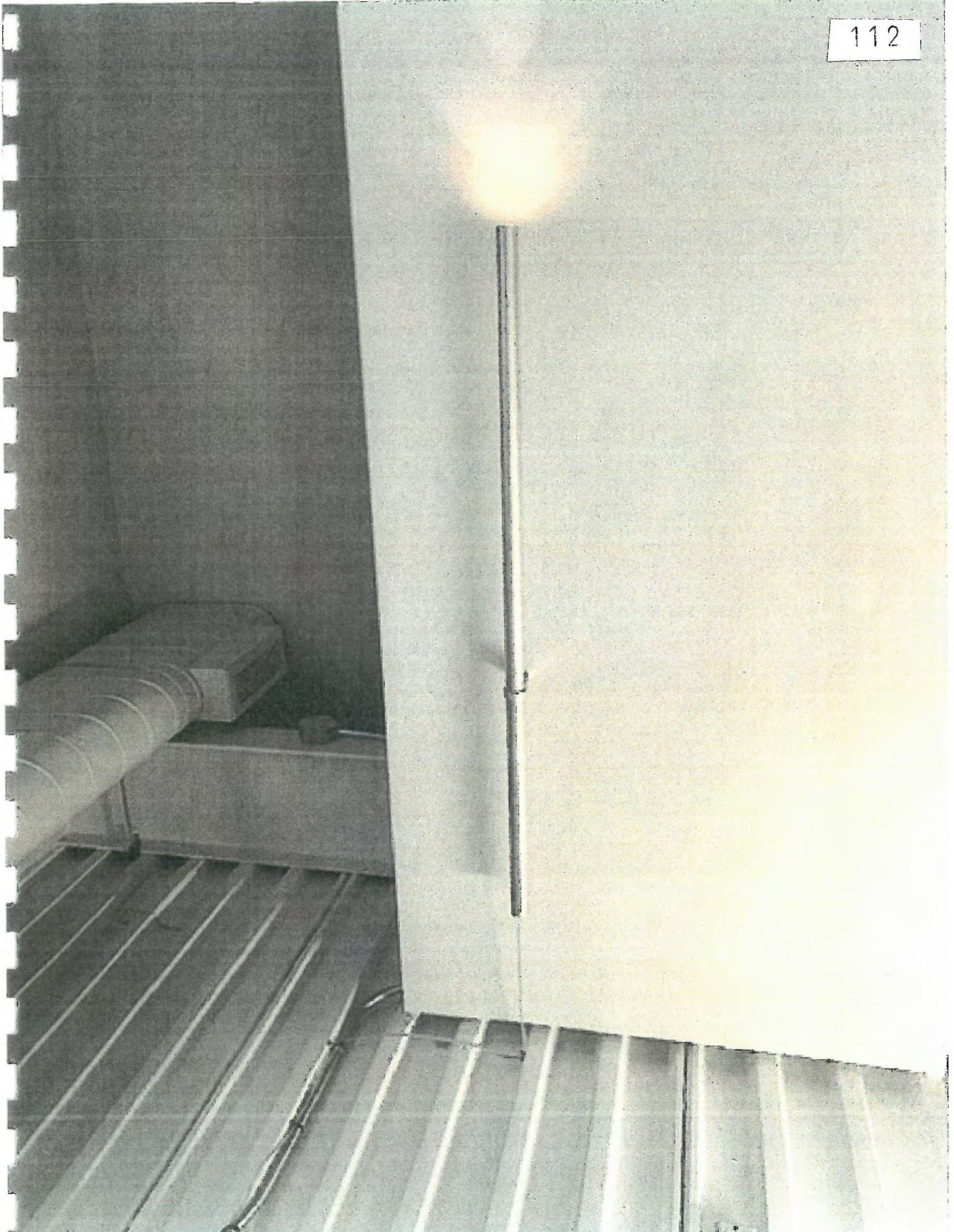




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BASELINE APS - APPENDIX "N" TO THE FIRST REPORT OF THE RECEIVER
DATED SEPTEMBER 17, 2019

AGREEMENT OF PURCHASE AND SALE

This AGREEMENT dated the _____ day of _____, 2019.

BETWEEN:

RSM Canada Limited, solely in its capacity as Court-appointed receiver (the "**Receiver**") of the lands and premises municipally known as 581 Wellington Street West, Toronto, Ontario., and not in its personal or corporate capacity and without personal or corporate liability.
(the "**Vendor**")

OF THE FIRST PART

and

A company incorporated in accordance with the laws of the province of Ontario.
(the "**Purchaser**")

OF THE SECOND PART

WHEREAS

- A. 2507448 Ontario Inc. ("**2507448**") is the registered owner of the property known as 581 Wellington Street West, Toronto, Ontario and legally described in Schedule "A" attached hereto (the "**Property**");
- B. On the 8th day of April, 2019, pursuant to an order of the Ontario Superior Court of Justice, Commercial List (the "**Court Order**"), a copy of which is attached hereto as Schedule "B", RSM Canada Limited was appointed as receiver of the Property to, among other things, market and sell, subject to Court approval, the Property; and
- C. Subject to Court approval, the Purchaser has agreed to purchase from the Vendor, and the Vendor has agreed to sell to the Purchaser, the right, title and interest of the Vendor and 2507448 in and to the Property on the terms and conditions set out herein.

IN CONSIDERATION of the mutual agreements contained in this Agreement, the sufficiency of which is acknowledged by each of the Vendor and the Purchaser, the Vendor and the Purchaser agree as follows:

1. DEFINITIONS

In this Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

- (a) “**Act**” means, for purposes of Section 26 only, the *Excise Tax Act* (Canada);
- (b) “**Agreement**” means this agreement to purchase executed by the Purchaser and accepted by the Vendor, together with the attached schedules;
- (c) “**Building**” means the building(s) situate on the Property (as hereinafter defined) together with all other structures situate thereon, including all improvements thereto and all fixtures forming a part thereof which are not Excluded Fixtures, as herein defined;
- (d) “**Business Day**” means any day other than a Saturday or a Sunday or a statutory holiday in the Province of Ontario;
- (e) “**Closing**” shall have the meaning ascribed to it in Section 11;
- (f) “**Condition Date**” shall have the meaning ascribed to it in Section 6;
- (g) “**Court**” means the Ontario Superior Court of Justice (Commercial List);
- (h) “**Court Condition Date**” shall have the meaning ascribed to it in Section 16;
- (i) “**Court Order**” shall have the meaning ascribed to it in Recital B;
- (j) “**Date of Closing**” shall have the meaning ascribed to it in Section 11 hereof;
- (k) “**Deposit**” shall have the meaning ascribed to it in Section 4(a);
- (l) “**Environmental Law**” means any and all applicable international, federal, provincial, municipal or local laws, by-laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, health protection or any Hazardous Materials;
- (m) “**Excluded Fixtures**” shall mean the items listed in Schedule “E” hereto;
- (n) “**Government Authority**” means any person, body, department, bureau, agency, board, tribunal, commission, branch or office of any federal, provincial or municipal governments having or claiming to have jurisdiction over part or all of the Property, the transaction contemplated in this Agreement and/or one or both of the parties hereto;
- (o) “**HST**” shall have the meaning ascribed thereto in Section 26 hereof;
- (p) “**Hazardous Materials**” means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any

Government Authority and any “contaminants”, “dangerous substances”, “hazardous materials”, “hazardous substances”, “hazardous wastes”, “industrial wastes”, “liquid wastes”, “pollutants” and “toxic substances”, all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environmental, health and/or safety matters and, not to limit the generality of the foregoing, includes asbestos, urea formaldehyde foam insulation and mono or poly-chlorinated biphenyl wastes;

- (q) “**Material Documents**” includes copies of all architectural drawings, site plans relating to the Property, existing plan of survey, if any, the lease(s), if any to the extent that such Material Documents are in the possession of the Vendor;
- (r) “**Party**” means the Vendor or Purchaser, as the case may be, and “**Parties**” mean both of them;
- (s) “**Permitted Encumbrances**” means those Permitted Encumbrances listed in Schedule “C” attached hereto;
- (t) “**Property**” means the lands and/or premises legally described in Schedule “A” hereto, together with all easements, rights-of-way, privileges and appurtenances attaching thereto and inuring to the benefit thereof;
- (u) “**Purchase Price**” shall have the meaning ascribed thereto in Section 3 hereof;
- (v) “**Purchaser**” means _____;
- (w) “**Purchaser’s Condition**” shall have the meaning ascribed to it in Section 6 hereof;
- (x) “**Purchaser’s Solicitors**” means _____;
- (y) “**Registry Office**” shall have the meaning ascribed thereto in Section 12 hereof;
- (z) “**Vendor**” means RSM Canada Limited, solely in its capacity as Court-appointed receiver of the Property, and not in its personal or corporate capacity and without personal or corporate liability;
- (aa) “**Vendor’s Solicitors**” means the firm of Torkin Manes LLP; and
- (bb) “**Vesting Order**” has the meaning ascribed thereto in Section 16(a) hereof.

2. NATURE OF TRANSACTION

The Purchaser shall purchase and the Vendor shall sell the Property, upon and subject to the terms of this Agreement.

3. PURCHASE PRICE

The aggregate purchase price (the "**Purchase Price**") for the Property shall be the sum of _____ Canadian Dollars (\$_____).

4. METHOD OF PAYMENT

The Purchase Price shall be paid, accounted for and satisfied as follows.

- (a) **Deposit:** A deposit equal to the amount of ten percent (10%) of the Purchase Price (the "**Deposit**") shall be made payable to and be deposited in the trust account of the Receiver, to be paid as follows:
- (i) upon the execution of this Agreement an amount equal to three percent (3%) of the Purchase Price, representing the first portion of the Deposit shall be paid; and
 - (ii) upon waiver of the Purchaser's Condition as set out in paragraph 6 herein, the remaining amount of the Deposit, representing the second portion thereof, shall be paid.

The Deposit, or any portion thereof, is to be held in accordance with the terms of this Agreement. The Deposit will be held by the Receiver until completion or other termination of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Receiver shall place the Deposit in a non-interest bearing account and no interest shall be earned, received or paid on the Deposit.

- (b) **Balance Due at Closing:** The balance of the Purchase Price, subject to the adjustments contemplated in this Agreement, by payment at Closing to the Vendor or to the order of the Vendor.
- (c) **Method of Payment:** The Deposit and the balance due on Closing shall be made, by way of wire transfer to the Vendor's Solicitors in trust.
- (d) **Allocation of Purchase Price:** The Vendor and the Purchaser acknowledge and agree that they shall each make their own allocations of the Purchase Price between the Property and Building for the purposes of the *Income Tax Act* (Canada) and any filings in accordance with the provisions thereof.

5. DEPOSIT

The Deposit shall be held in trust by the Receiver and shall be:

- a) returned to the Purchaser without interest or deduction if the Vendor does not accept this offer;

- b) credited to the Purchaser as an adjustment against the Purchase Price on the Closing Date if the purchase and sale of the Property is completed pursuant to this Agreement;
- c) refunded to the Purchaser without interest or deduction if the purchase and sale of the Property is not completed pursuant to this Agreement, provided that the Purchaser is not in default under this Agreement; or,
- d) retained by the Vendor as a genuine pre-estimate of liquidated damages and not as a penalty, in addition to any other rights and remedies that the Vendor may have under this Agreement and at law, including offering the Property for sale to another person, if the purchase and sale of the Property is not completed pursuant to this Agreement as a result of the Purchaser's breach hereunder.

6. PURCHASER'S CONDITION

Notwithstanding any terms or provisions to the contrary contained herein, the within Agreement is conditional to the Purchaser for _____ calendar days from the date of acceptance by the Vendor (the "**Condition Date**") and is subject to the following conditions: the Purchaser satisfying itself in its sole, absolute and unfettered discretion with all matters relating to the Property, including without limitation, zoning matters, and the suitability and economic viability of the Property for the Purchaser's use, the physical condition of the Property and the surrounding real property and the results of its other due diligence tests, inspections and investigations (the "**Purchaser's Condition**"). (NTD: If Purchaser has no conditions, they may delete this clause entirely)

The Purchaser's Condition is for the exclusive benefit of the Purchaser and may be waived in writing in whole or in part by the Purchaser at any time on or before the Condition Date, any such waiver to be made by the Purchaser or its solicitors on its behalf. The day on which the Purchaser waives the Purchaser's Condition or provides the Vendor with written confirmation that the Purchaser's Condition has been satisfied is the "**Condition Waiver Date**". In the event that the Purchaser has not, on or before the Condition Date, waived the Purchaser's Condition or provided the Vendor with written confirmation that the Purchaser's Condition has been satisfied, this Agreement shall be null and void and the first portion of the Deposit shall be returned to the Purchaser without interest and without deduction and the Vendor and the Purchaser shall have no further obligations to each other with respect hereto.

7. CLOSING ADJUSTMENTS

Adjustment shall be made, as of 12:01 a.m. on the Date of Closing, for realty taxes, local improvement rates, municipal/provincial levies and charges, water and assessment rates, and utilities. The day of Closing shall be for the account of the Purchaser.

If the final cost or amount of an item that is to be adjusted cannot be determined at Closing, then an initial adjustment for such item shall be made at Closing, such amount to be estimated by the Vendor, acting reasonably, as of the Closing Date on the basis of the best evidence available at

the Closing as to what the final cost or amount of such item will be. In each case, when such cost or amount is determined, the Vendor or Purchaser, as the case may be, shall, within 30 days of determination, provide a complete statement thereof to the other and within 30 days thereafter the Vendor and Purchaser shall make a final adjustment as of the Closing Date for the item in question. In the absence of agreement by the parties, the final cost or amount of an item shall be determined by an accountant or such other financial professional appointed jointly by the Vendor and the Purchaser, with the cost of such accountant's or other financial professional's determination being shared equally between the Parties. All re-adjustments shall be requested in a detailed manner on or before the 60th day after the Closing Date after which time neither Party shall have any right to request re-adjustment.

8. DELIVERIES

Unless already made available to the Purchaser by the Vendor prior to the execution of this Agreement, the Vendor covenants to deliver (unless otherwise specified) to, or make available for inspection by, the Purchaser, within five (5) Business Days of the date of execution of this Agreement, the following material:

- (a) **Survey:** a photocopy of a survey of the Property if such survey is in the actual possession of the Vendor, it being understood that such survey is not up to date;
- (b) **Authorizations for Information:** authorizations to be provided by the Vendor in a form and substance satisfactory to the Vendor and the Purchaser both acting reasonably and executed by the Vendor and addressed to the appropriate municipal property department, zoning department and fire department and to all other Government Authorities, authorizing the release of any and all information on file in respect of the Property, but specifically prohibiting inspections and requests for inspections by any of such Government Authorities; and
- (c) **Tax Notices:** copies of realty tax notices/statements in respect of the Property for the current calendar year, to the extent such notices or statements are in the Vendor's actual possession;

(collectively the "**Vendor's Deliveries**").

The Purchaser acknowledges that the Vendor makes no representation and/or warranty as to the accuracy, correctness, fitness for purpose or comprehensiveness of the Vendor's Deliveries and any information contained therein, or as to the Purchaser's entitlement to use or rely on same, and that the Purchaser shall be required to make its own investigations to satisfy itself in this regard. In the event that this transaction does not close for any reason whatsoever, including the default of the Vendor, the Purchaser agrees to return the Vendor's Deliveries, and all copies thereof made by or on behalf of the Purchaser or its agents and representatives, forthwith to the Vendor.

9. ACCESS

The Vendor agrees to allow the Purchaser and the Purchaser's authorized representatives reasonable access to the Property during normal business hours from time to time, on at least two

clear Business Days' advance written notice to the Vendor, solely for the purpose of inspecting the Property. The Purchaser agrees that no destructive or intrusive testing will be requested or allowed.

The Purchaser covenants and agrees to (i) forthwith repair or pay the cost of repair of any damage occasioned during and resulting from the inspection of the Property and/or the Building conducted by the Purchaser or its authorized representatives, as outlined above and to return the Property and/or the Building, as the case may be, to the condition same was in prior to such inspections; and (ii) indemnify and save the Vendor harmless from and against all losses, costs, claims, third party claims, damages, expenses (including legal costs as between a solicitor and its own client) which the Vendor may suffer as a result of the inspection of the Property and/or the Building conducted by the Purchaser or its authorized representatives, as outlined above or as a result of any unauthorized tests or inspections by Government Authorities. The provisions of Subsection 8(b) and this Section 9 shall survive Closing or other termination of this Agreement, notwithstanding any other provisions hereof.

The provisions in this Section 9 shall not merge and shall survive Closing.

10. TERMS OF PURCHASE

- (a) **"As Is, Where Is"**: The Purchaser acknowledges that the Vendor is selling and the Purchaser is purchasing the Property and the Building on an **"as is, where is"** basis subject to whatever defects, conditions, impediments, Hazardous Materials or deficiencies which may exist on the Date of Closing, including, without limiting the generality of the foregoing, any latent or patent defects in the Property and/or the Building. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Property. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, location, merchantability, quantity, the existence or non-existence of Hazardous Materials, compliance with any or all Environmental Law, condition or quality, or in respect of any other matter or thing whatsoever concerning the Property or the Building, including any law, by-law, regulation, code, standard or agreement of, or administered by, any municipality, utility or other government or authority, fire insurance underwriters or any other party, or the right of the Vendor to sell same save and except as expressly provided for in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* of Ontario do not apply hereto and have been waived by the Purchaser. The descriptions of the Property contained in this Agreement are for the purposes of identification only and no representation, warranty or condition has or will be given by the Vendor concerning the accuracy of such descriptions. Notwithstanding the above, the Vendor will provide title to the Property clear of any and all encumbrances, pursuant to the Vesting Order and the encumbrances set out therein and subject to any Permitted Encumbrances outlined in Schedule "C".

- (b) **Title and Other Requisitions:** The Purchaser acknowledges that, notwithstanding any statutory provisions to the contrary, the Purchaser has no right to submit requisitions of title or in regard to any outstanding work orders, deficiency notices or orders to comply issued by any Government Authorities and the Purchaser shall accept the title to the Property and the Building subject to those Permitted Encumbrances listed in Schedule "C" attached hereto and in the Vesting Order.
- (c) The Purchaser acknowledges to and in favour of the Vendor that, without limiting the generality of the foregoing, the Purchaser has entered into this Agreement and has purchased the Property and the Building from the Vendor on the basis that:
1. the Purchaser shall not require the deletion of nor compliance with any registered agreement with any municipality, Government Authority, public or private utility or conservation authority;
 2. the Purchaser is purchasing the Property and the Building on an "as is, where is" basis subject to any and all zoning and/or other by-laws and regulations and easements affecting the Property and/or the Building, restrictions and covenants which run with the Property, defects and deficiencies, encroachments, work orders, deficiency notices, compliance requests, impost charges, lot levies, sewer charges, development charges and any requirements which may have been, now are or may in the future be imposed by any federal, provincial, municipal or other Government Authority having jurisdiction over the Property and the Building including, but not limited to, the Permitted Encumbrances referenced in this Agreement;
 3. the Vendor shall not be required to provide any letters of compliance, releases or acknowledgements whatsoever including, without limitation, any confirmations in respect of any registered agreements, restrictions and/or easements. The Purchaser further acknowledges that the Purchaser will be deemed to have received notice of all provisions and obligations contained in any site plan, development or other registered agreement whether registered by any provincial, regional, municipal, public or private utility or governmental authority or any owner or occupant of adjoining lands;
 4. the Vendor is not providing and has made no representations, warranties, covenants, agreements, statements, acknowledgements, inducements or promises whatsoever, save and except as expressly contained in this Agreement, with respect to the Property or the Building, whether express or implied, by statute, at law or in equity, to or in favour of the Purchaser, oral or written, legal, equitable, collateral, or otherwise, including without limitation, with respect to:
 - (i) title, including, without limitation, the existence, validity, registration, enforceability or priority of any mortgages, charges, liens, encumbrances, security interests, claims or demands of whatsoever nature or kind affecting or in any way relating to the Property and/or the Building;

- (ii) the fitness for any particular purpose or use, zoning, suitability, description, marketability, access, condition, quality, extent of the Property or the Building, availability of services, permitted use or state of repair of the Property or the Building, compliance or accord of any improvements with municipal building by-laws and/or Ontario building code requirements and/or Ontario or municipal fire code requirements;
- (iii) the presence, absence, nature and/or extent of Hazardous Materials on, in, under, about or migrating from the Property or the Building; the discharge of such Hazardous Materials from, on, or in relation to the Property or the Building; the existence, state, nature, identity, extent or effect of any administrative orders, control orders, stop orders, compliance orders or any other orders, proceedings or actions under the *Environmental Protection Act* (Ontario), the *Ontario Water Resources Act* (Ontario) or any other applicable law in relation to the Property; nor, the existence, state, nature, kind, identity, extent or effect of any liability on the Purchaser to fulfil any obligations with respect to the environmental condition or quality of the Property or the Building. The Purchaser acknowledges that it accepts the Property and the Building subject to the environmental condition and any Hazardous Materials, whether or not such environmental condition and/or Hazardous Materials is or are known by the Vendor prior to the completion date, and acknowledges that the Purchaser will have no recourse against the Vendor for any such pre-existing environmental conditions or Hazardous Materials; and
- (iv) any defects in workmanship or any existing, executed or partially performed agreement for the supply of materials or services to the Property or the Building or any improvement constructed thereon or therein including any right, license or easement to the use of any portion of the Property or any fixtures or chattels located thereon; or any other matter or thing whatsoever in respect of all or any of the Property or the Building or otherwise affecting this Agreement or any right or entitlement by which agreement or operation of law may run with and bind the Property.

The provisions in this Section 10 shall not merge and shall survive Closing.

11. DATE OF CLOSING

The Vendor will seek an appointment with the Court to obtain a Vesting Order (as defined in Section 16 hereof) within seven (7) clear Business Days or otherwise as soon as reasonably possible after the Condition Waiver Date and receipt of the entirety of the Deposit by the Receiver. The transaction contemplated herein will close on the tenth Business Day following the date on which the Vesting Order is granted, or such other date as agreed between the Vendor and Purchaser in writing (the "Date of Closing" or "Closing"). All documents and monies shall be delivered in accordance with the provisions of Sections 12, 23 and 24 of this Agreement.

12. ELECTRONIC REGISTRATION

- (a) In the event that the electronic registration system (“TERS”) is operative in the relevant land registry office (the “Registry Office”), the following provisions shall apply:
 - (i) The Purchaser shall be obliged to retain a solicitor who is both an authorized TERS user and is in good standing with the Law Society of Upper Canada to represent the Purchaser in connection with the completion of the transaction and shall authorize such solicitor to enter into a document registration agreement with the Vendor’s Solicitors in the form as agreed by the parties (the “DRA”), establishing the procedures and timing for completing this transaction.
 - (ii) The delivery and exchange of the closing documents:
 - (A) shall not occur contemporaneously with the registration of the Application for Vesting Order and other registerable documentation; and
 - (B) shall be governed by the DRA, pursuant to which the Vendor’s Solicitors and Purchaser’s Solicitors shall hold all closing documents in escrow, and will not be entitled to release them except in strict accordance with the provisions of the DRA.
- (b) The Purchaser expressly acknowledges and agrees that the Vendor will not release the Vesting Order described in Section 16(a) and 23(a) of this Agreement for registration until the balance of funds due on Closing, in accordance with the Statement of Adjustments, are remitted by wire transfer to the Vendor’s Solicitors (or in such other manner as the Vendor or Vendor’s Solicitors may in writing direct) prior to the release of the Vesting Order for registration, which the Vendor’s Solicitors will hold in escrow.
- (c) Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Vendor upon the Purchaser, or by the Purchaser upon the Vendor, when the Vendor’s Solicitors have:
 - (i) delivered all closing documents required to be delivered by the Vendor to the Purchaser pursuant to Section 23 hereof;
 - (ii) advised the Purchaser’s Solicitors in writing that the Vendor is ready, willing and able to complete the transaction in accordance with the terms and provisions of this Agreement; and
 - (iii) completed all steps required by TERS to complete this transaction that can be performed or undertaken by the Vendor’s Solicitors without the cooperation or participation of the Purchaser’s Solicitors, and specifically

when the “**completeness signatory**” for the Vesting Order has been electronically “**signed**” by the Vendor’s Solicitors,

without the necessity of personally attending upon the Purchaser or the Purchaser’s Solicitors with the closing documents, and without any requirement to have an independent witness evidencing the foregoing.

(d) Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Purchaser upon the Vendor, when the Purchaser’s Solicitors have:

(i) delivered the balance due at Closing and all the closing documents required to be delivered by the Purchaser to the Vendor pursuant to Section 24 hereof;

(ii) advised the Vendor’s Solicitors in writing that the Purchaser is ready, willing and able to complete the transaction in accordance with the terms and provisions of this Agreement; and

(iii) completed all steps required by TERS to complete this transaction that can be performed or undertaken by the Purchaser’s Solicitors without the cooperation or participation of the Vendor’s Solicitors, and specifically when the “**completeness signatory**” for the Application for Vesting Order has been electronically “**signed**” by the Purchaser’s Solicitors,

without the necessity of personally attending upon the Vendor or the Vendor’s Solicitors with the closing documents, and without any requirement to have an independent witness evidencing the foregoing.

(e) If through no fault of the Purchaser’s Solicitors or the Vendor’s Solicitors TERS is unavailable on the Closing Date, such that the Purchaser’s Solicitors are unable to register the Application for Vesting Order, then the transaction contemplated by this Agreement shall be completed in escrow in accordance with the terms of the DRA which shall apply until such time as TERS becomes available. Upon TERS becoming available, the Vendor’s Solicitors shall advise the Purchaser’s Solicitors forthwith and the parties shall arrange to complete the registration of the Vesting Order as expeditiously as possible, whereupon the escrow shall be released.

In the event of any conflict or inconsistency between the terms of this Section 12 and the terms of the DRA, the terms of this Section 12 shall prevail.

13. PRE-CLOSING RISK AND POST-DAMAGE ENTITLEMENTS

The Property and the Building are and shall remain at the Vendor’s risk until Closing and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the parties as their respective interests may appear pending Closing. In the event that the Property and/or the

Building shall be materially damaged prior to Closing then the Vendor shall promptly advise the Purchaser in writing of such damage. In the event that the Property and/or the Building shall be materially damaged prior to Closing then the Purchaser shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement, by delivery of written notice to the Vendor within ten (10) Business Days following receipt of the Vendor's notice of damage and in such event the parties hereto shall be released from all obligations and liabilities hereunder and the Deposit shall be returned to the Purchaser forthwith, without interest or deduction. If the Purchaser does not elect to terminate this Agreement as set out above, then the transaction contemplated hereunder shall be completed and the Vendor shall release its interest in the insurance proceeds, if any, payable in respect thereof to the Purchaser.

14. VENDOR'S REPRESENTATIONS AND WARRANTIES

The Vendor represents and warrants to the Purchaser that:

- (a) **Non-Residency:** the Vendor is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada); and
- (b) **Authority to Sell:** as at the date hereof, the Vendor has been duly appointed as receiver of the Property by the Court Order and, subject to the Vendor obtaining the Vesting Order, has full right, power and authority to market the Property for sale and on Closing shall have the power and authority to sell the Property, in accordance with the terms and conditions of this Agreement.

15. PURCHASER'S REPRESENTATIONS AND WARRANTIES

The Purchaser represents and warrants to the Vendor that, as at the date hereof:

- (a) **Corporate Matters Regarding Purchaser:** the Purchaser is a corporation duly incorporated, organized and validly subsisting under the laws of the Province of Ontario and has all requisite corporate power, authority and capacity to execute and deliver and to perform each of its obligations pursuant to this Agreement; neither the execution of this Agreement nor the performance (such performance shall include, without limitation, the exercise of any of the Purchaser's rights and compliance with each of the Purchaser's obligations hereunder) by the Purchaser of the transaction contemplated hereunder will violate:
 - (i) the Purchaser's articles of incorporation and by-laws;
 - (ii) any agreement to which the Purchaser is bound;
 - (iii) any judgement or order of a court of competent authority or any Government Authority; or
 - (iv) any applicable law;

and the Purchaser has duly taken, or has caused to be taken, all requisite corporate action required to be taken by it to authorize the execution and delivery of this Agreement and the performance of each of its obligations hereunder;

- (b) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms;
- (c) there are no proceedings for or pending before any Government Authority, or threatened to be brought by or before any Government Authority by or against the Purchaser affecting the legality, validity or enforceability of this Agreement or the consummation of the transaction contemplated hereby by the Purchaser;
- (d) the Purchaser has made adequate arrangements to have sufficient funds available to satisfy its obligations to pay the Purchase Price to the Vendor on the Closing Date;
- (e) the Purchaser will be responsible for and will remit to or reimburse, as applicable, all taxes, including (without limitation) Land Transfer Tax, levies or the like that arise from the sale of the Property and the Building unless otherwise specified in this Agreement; and
- (f) *Investment Canada Act (Canada)*: either (i) the Purchaser is not a “**non-Canadian**”, as defined in the *Investment Canada Act (Canada)* (“ICA”); or (ii) if the Purchaser is a “**non-Canadian**”, this transaction is not a reviewable transaction under the ICA, *or*, if applicable, the Purchaser is a non-Canadian for the purpose of the ICA and will within three (3) Business Days of the execution of this Agreement submit to Investment Canada a fully completed Application for Review with respect to the transaction contemplated in this Agreement and will use its best efforts to obtain approval from Investment Canada prior to Closing.

The Purchaser shall promptly deliver to the Vendor written notice specifying the occurrence or likely occurrence of any event which may result in any of the Purchaser’s representations and warranties contained in this Agreement not continuing to be true as at Closing.

16. CONDITIONS OF CLOSING IN FAVOUR OF THE VENDOR

- (a) The Vendor’s obligations contained in this Agreement shall be conditional upon the Vendor receiving, within thirty (30) days of the Condition Waiver Date (the “**Court Condition Date**”), an Order of the Court substantially in the form attached hereto as Schedule “D” approving the transaction contemplated herein and ordering that 2507448’s right, title and interest in the Property and the Building be vested in the Purchaser free and clear of encumbrances except for Permitted Encumbrances upon satisfaction by the Purchaser of its obligations under this Agreement (collectively, the “**Vesting Order**”).

The Vendor and the Purchaser acknowledge and agree that the above-noted condition is a true condition precedent to the completion of the transaction

contemplated in this Agreement that cannot be waived by either the Vendor or the Purchaser.

The Vendor covenants and agrees to proceed as expeditiously as reasonably possible, to work in a diligent manner and to use reasonable commercial efforts to attempt to satisfy this condition. The Purchaser at its own expense, shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably require to obtain approval of this Agreement, anticipated currently to be related to financial and financing details. If the Vesting Order is not obtained on or before the Court Condition Date, this Agreement shall, at the Vendor's discretion:

- (i) be terminated, by notice, in writing, to the Purchaser, without any penalty or liability whatsoever to the Vendor or the Purchaser, other than the return by the Vendor to the Purchaser of the Deposit, but without cost or other compensation and each of the Vendor and the Purchaser shall be released from all other obligations hereunder except for the obligations of the Purchaser, if any, arising under or as a result of a breach of the provisions of Subsection 8(b) or Section 9 hereof. The Vendor will only choose this option if it is the opinion of the Receiver acting reasonably that there is no commercially appropriate way to complete the transaction, or
 - (ii) be extended for an additional period or additional periods not exceeding one hundred and twenty (120) days in total, during which time the Vendor will continue to make best efforts to attempt to obtain the Vesting Order, by notice to the Purchaser, in writing, of the Vendor's election to extend prior to 5:00 p.m. on the Court Condition Date;
- (b) The Vendor's obligations contained in this Agreement shall be subject to the fulfilment, at or prior to Closing, of each of the following conditions:
- (i) **Representations and Warranties:** each of the Purchaser's representations and warranties contained in this Agreement shall be true at and as of the date hereof and each of such representations and warranties shall continue to be true as at Closing and shall survive the Closing;
 - (ii) **Covenants/Agreements:** the Purchaser shall have complied with each and every covenant/agreement made by it herein and required to be completed at or prior to Closing;
 - (iii) **Corporate Steps and Proceedings:** all necessary corporate steps and proceedings shall have been taken by the Purchaser to permit the Purchaser's execution of this Agreement and performance of each of the Purchaser's obligations hereunder;
 - (iv) **No Redemption:** the Property shall not have been redeemed pursuant to any statutory right or otherwise;

- (v) **Vesting Order:** the Vesting Order shall not be stayed and shall be in full force and effect and no Order restraining or prohibiting Closing shall have been made by the Court;
- (vi) **Termination of Lease:** the Vendor shall have obtained either through Court Order or the consent of 1586091 Ontario Limited O/A rhed the termination of a Commercial Lease Agreement dated November 1, 2017 between 2507448 Ontario Inc. and 1586091 Ontario Limited O/A rhed.

For greater certainty, each of the conditions contained in this Section 16(b) has been inserted for the benefit of the Vendor.

- (c) The Vendor covenants to use its best efforts (which the Vendor represents and warrants shall not be less than reasonable commercial efforts) to fulfil or cause to be fulfilled the conditions contained in Subsection 16(a) and the Purchaser covenants to use its best efforts (which the Purchaser represents and warrants shall be no less than reasonable commercial efforts) to fulfil or cause to be fulfilled the conditions contained in Subsection 16(b)(i) - (iii) hereof prior to Closing.

In the event that any of the foregoing conditions shall not be fulfilled at or prior to Closing, the Vendor may, in its absolute and unfettered discretion, terminate this Agreement by written notice to the Purchaser without any penalty or liability whatsoever to the Vendor, other than the return by the Vendor to the Purchaser of the Deposit, without interest or deduction, and without cost or other compensation and each of the Vendor and the Purchaser shall be released from all other obligations hereunder, except for the obligations of the Purchaser, if any, arising under or as a result of a breach of the provisions of Subsection 8(b) or Section 9 hereof.

17. TERMINATION OF AGREEMENT

Notwithstanding anything to the contrary contained in this Agreement, if at any time or times prior to the Closing Date, the Vendor is unable to complete this Agreement as a result of any action taken by an encumbrancer, any action taken by the present registered owner, the refusal by the present registered owner to take any action, the exercise of any right by the present registered owner or other party which is not terminated upon acceptance of this Agreement, a certificate of pending litigation is registered against the Property, a court judgment or order is made, or if the sale of the Property is restrained at any time by a court of competent jurisdiction, the Vendor may, in its sole and unfettered discretion, elect by written notice to the Purchaser, to terminate this Agreement, whereupon the Deposit shall be returned to the Purchaser without deduction, and neither party shall have any further rights or liabilities hereunder.

The obligation of the Vendor to complete this Agreement is subject to the satisfaction of the following terms and conditions on or prior to the Closing Date, which conditions are for the sole benefit of the Vendor and which may be waived by the Vendor in its sole discretion:

- (a) the representations and warranties of the Purchaser herein are true and accurate as of the Closing Date;

- (b) no action or proceeding at law or in equity shall be pending or threatened by any person, firm, government, government authority, regulatory body or agency, or against the Vendor, its officers, directors, employees or agents with respect to their actions hereunder, or their dealing with the Property, to enjoin, restrict or prohibit the purchase and sale of the Property;
- (c) the Property shall not have been removed from the control of the Vendor by any means or process;
- (d) no party shall have taken any action to redeem the Property; and
- (e) the Court shall have granted the Vesting Order.

18. PURCHASER'S ACKNOWLEDGMENTS

The Purchaser hereby acknowledges and agrees with and to be subject to the following:

- (a) it is responsible for conducting its own searches and investigations of the current and past uses of the Property and the Building;
- (b) the Vendor makes no representation or warranty of any kind that the present use or future intended use by the Purchaser of the Property and/or the Building is or will be lawful or permitted;
- (c) it is satisfied with the Property and the Building and all matters and things connected therewith or in any way related thereto;
- (d) it is relying entirely upon its own investigations and inspections in entering into this Agreement;
- (e) it is purchasing the Property and the Building on an "*as is, where is*" and "*without recourse*" basis in accordance with the terms hereof, including, without limitation, outstanding work orders, deficiency notices, compliance requests, development fee, imposts, lot levies, sewer charges, zoning and building code violations and any outstanding requirements which have been or may be issued by any governmental authority having jurisdiction over the Property;
- (f) it relies entirely on its own judgment, inspection and investigation of the Property and the Building;
- (g) any documentation relating to the Property and/or the Building obtained from the Vendor has been prepared or collected solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and is not part of this Agreement;
- (h) the Vendor shall have no liability for, or obligation with respect to, the value, state or condition of the Property or the Building;

- (i) the Vendor has made no representations or warranties with respect to or in any way related to the Property or the Building, including without limitation, the following:
 - (i) the title, quality, quantity, marketability, zoning, fitness for any purpose, state, condition, encumbrances, description, present or future use, value, location or any other matter or thing whatsoever related to the Property or the Building, either stated or implied; and
 - (ii) the environmental state of the Property and/or the Building, the existence, nature, kind, state or identity of any Hazardous Materials on, under, or about the Property, the existence, state, nature, kind, identity, extent and effect of any administrative order, control order, stop order, compliance order or any other orders, proceedings or actions under the *Environmental Protection Act* (Ontario), or any other statute, regulation, rule or provision of law and the existence, state, nature, kind, identity, extent and effect of any liability to fulfill any obligation to compensate any third party for any costs incurred in connection with or damages suffered as a result of any discharge of any Hazardous Materials whether on, under or about the Property or the Building or elsewhere;
- (j) the Material Documents are being provided to the Purchaser merely as a courtesy and without any representations or warranties whatsoever; and
- (k) it will ensure that any environmental and/or structural reports on behalf of the Purchaser shall also be addressed to the Vendor and a copy of each such report shall be delivered to the Vendor promptly after the completion thereof, regardless of whether the transaction contemplated by this Agreement closes. If for any reason such transaction is not consummated, the Purchaser agrees to deliver promptly to the Vendor any and all reports and other data pertaining to the Property and the Building and any inspections or examinations conducted hereunder.

19. ENCROACHMENTS

The Purchaser agrees that the Vendor shall not be responsible for any matters relating to encroachments on or to the Property, or encroachments of the Property or the Building onto adjoining lands, or to remove same, or for any matters relating to any applicable zoning regulations or by-laws in existence now or in the future affecting the Property and/or the Building.

20. INDEMNIFICATION

The Purchaser shall indemnify and save harmless the Vendor and its directors, officers, employees, agents and representatives (collectively, the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in

connection with the operations of the Purchaser on the Property or any order, notice, directive, or requirement under, or breaches, violations or non-compliance with any Environmental Laws after the Closing Date or as a result of the disposal, storage, release or threat of release or spill on or about the Property and/or the Building of any Hazardous Materials after the Closing Date. For the purposes of the foregoing, "Environmental Laws" shall mean all requirements under or prescribed by common law and all federal, provincial, regional, municipal and local laws, rules, statutes, ordinances, regulations, guidelines, directives, notices and orders from time to time with respect to the discharge, generation, removal, storage or handling of any Hazardous Materials. The obligation of the Purchaser hereunder shall survive the Closing Date.

21. RELEASE

The Purchaser agrees to release and discharge the Vendor together with its directors, officers, employees, agents and representatives from every claim of any kind that the Purchaser may make, suffer, sustain or incur in regard to any Hazardous Materials relating to the Property and/or the Building. The Purchaser further agrees that the Purchaser will not, directly or indirectly, attempt to compel the Vendor to clean up or remove or pay for the cleanup or removal of any Hazardous Materials, remediate any condition or matter in, on, under or in the vicinity of the Property or the Building or seek an abatement in the Purchase Price or damages in connection with any Hazardous Materials. This provision shall not expire with, or be terminated or extinguished by or merged in the Closing of the transaction of purchase and sale, contemplated by this Agreement, and shall survive the termination of this Agreement for any reason or cause whatsoever and the closing of this transaction.

22. NON-REGISTRATION

The Purchaser hereby covenants and agrees not to register this Agreement or notice of this Agreement or a caution, certificate of pending litigation, or any other document, instrument or Court order or judgement providing evidence of this Agreement against title to the Property. Should the Purchaser be in default of its obligations under this Section, the Vendor may (as agent and attorney of the Purchaser) cause the removal of such notice of this Agreement, caution, certificate of pending litigation or other document providing evidence of this Agreement or any assignment of this Agreement from the title to the Property. The Purchaser irrevocably nominates, constitutes and appoints the Vendor as its agent and attorney in fact and in law to cause the removal of such notice of this Agreement, any caution, certificate of pending litigation or any other document or instrument whatsoever from title to the Property. The Purchaser acknowledges and agrees that the Vendor may rely on the terms of this Section 22 as a full estoppel to any proceeding, suit, claim, motion or other action brought by the Purchaser in order to obtain and attempt to register against the title to the Property any of the items set out in this Section 22.

23. VENDOR'S CLOSING DELIVERIES

The Vendor covenants to execute, where applicable, and deliver the following to the Purchaser at Closing or on such other date expressly provided herein:

- (a) **Vesting Order:** an order of the Court vesting the Property in the Purchaser or as the Purchaser shall direct, in accordance with the provisions of this Agreement;
- (b) **Statement of Adjustments:** a statement of adjustments prepared in accordance with Section 7 hereof;
- (c) **Direction Regarding Funds:** a direction from the Vendor designating the party or parties to which the balance of the Purchase Price described in Subsection 4(b) hereof shall be paid; in the event that the Vendor designates more than one party then it shall also designate amounts payable to each of the parties;
- (d) **Non-Residence Certificate:** the Vendor's certificate setting out that the Vendor is not a "non-resident" of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada);
- (e) **Keys:** all master keys and duplicate keys relating to the Property in the Vendor's possession; and
- (f) **Further Documentation:** any other documentation relative to the completion of this Agreement as may reasonably be required by the Purchaser or its solicitors only if such documentation is in the actual possession of the Vendor.

24. PURCHASER'S CLOSING DELIVERIES

The Purchaser covenants to execute, where applicable, and deliver the following to the Vendor at or prior to Closing:

- (a) **Purchaser's Certificates:** the Purchaser's certificate and indemnity setting out that each of the Purchaser's representations and warranties contained in this Agreement are true as at Closing and, if applicable, the Purchaser's certificate described in Subsection 26(b) hereof;
- (b) **HST Indemnity:** the indemnity provided for under Subsection 26(c) hereof;
- (c) **Direction re Title:** a direction re title to confirm the name in which title to the Property will be taken;
- (d) **Balance Due at Closing:** the balance of the Purchase Price described in Subsection 4(b) hereof;
- (e) **Application for Vesting Order(s):** the Purchaser's solicitor will prepare the application for vesting order in Teraview in accordance with the Purchaser's direction re title; and
- (f) **Further Documentation:** any other documentation relative to the completion of this Agreement as may reasonably be required by the Vendor or its solicitors.

25. PLANNING ACT (ONTARIO)

This Agreement shall be effective to create an interest in the Property for the Purchaser only if Part VI of the *Planning Act* (Ontario) is complied with prior to Closing or if a Court orders the completion of the transaction contemplated herein notwithstanding what would otherwise be non-compliance with Part VI of the *Planning Act* (Ontario).

26. HARMONIZED SALES TAX

- (a) **Application of HST to this Agreement:** The Purchaser acknowledges and agrees that the transaction contemplated hereunder shall be subject to the goods and services tax and harmonized sales tax (“HST”) levied pursuant to the Act and that HST shall be in addition to and not included in the Purchase Price and shall be collected and remitted in accordance with the Act.
- (b) **Self-Assessment:** If:
 - (i) the Vendor is a non-resident of Canada or the Vendor would be a non-resident of Canada but for Subsection 132(2) of the Act; and/or
 - (ii) the Purchaser is a “prescribed recipient” under the Act and/or is registered under the Act,

then the Purchaser shall deliver, prior to Closing, its certificate in form prescribed by the Act or, if no such form is prescribed, then in form satisfactory to the Vendor and the Vendor’s Solicitors, certifying that the Purchaser shall be liable for, shall self-assess and shall remit to the appropriate Government Authority all HST payable in respect of the transaction contemplated hereunder. If Subsection 26(b)(ii) hereof shall be applicable, then the Purchaser’s certificate shall also include certification of the Purchaser’s prescription and/or registration, as the case may be, and the Purchaser’s HST registration number. If the Purchaser shall fail to deliver its certificate, then the Purchaser shall tender to the Vendor, at Closing, in addition to the balance due at Closing described in Subsection 24(d) hereof, an amount equal to the HST that the Vendor shall be obligated to collect and remit in connection with the said transaction.

- (c) **HST Indemnity:** The Purchaser shall indemnify and save harmless the Vendor, its directors, officers, employees, agents and representatives from all claims, liabilities, penalties, interest, costs and legal and other expenses incurred, directly or indirectly, in connection with the assessment of HST payable in respect of the transaction contemplated hereunder.

27. NOTICE

Any notice given hereunder shall be in writing and delivered or communicated by e-mail to:

in the case of the Purchaser at:

●
Attention:
Email:

and in the case of the Vendor at:

RSM Canada Limited
11 King Street West, Suite 700, Box 27
Toronto ON M5H 4C7

Attention: Daniel Weisz
Email: daniel.weisz@rsmcanada.com

with a copy to the Vendor's Solicitors:

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

Attention: Stewart Thom and Stephanie Eiley
Email: sthom@torkinmanes.com and seiley@torkinmanes.com

Such notice shall be deemed to have been delivered upon delivery or communicated upon transmission if such notice is delivered prior to 5:00pm on a Business Day, failing which the notice shall be deemed to have been delivered or transmitted on the next Business Day. A party may change its address and/or email address by providing notice in accordance with this Section 27.

28. WAIVER OF CONDITIONS

Except as otherwise provided in this Agreement, all conditions contained herein have been inserted for the benefit of either the Vendor or the Purchaser, as indicated, and are conditions of the obligations of such party to complete the transaction contemplated hereunder at Closing and are not conditions precedent of this Agreement. Any one or more of the said conditions may be waived, in writing, in whole or in part, by the benefiting party without prejudice to the benefiting party's right of termination in the event of the non-fulfilment of any other condition, and, if so waived, this Agreement shall be read exclusive of the said condition or conditions so waived. For greater certainty, the closing of the transaction contemplated hereunder by a party hereof shall be deemed to be a waiver by such party of compliance with any condition inserted for its benefit and not satisfied at Closing.

29. SEVERABILITY

If any provision contained in this Agreement or the application thereof to any person/entity or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement and the application of such provision to persons/entities or circumstances other than those to whom/which it is held invalid or unenforceable, shall not be affected thereby and each provision contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

30. DIVISION/HEADINGS

The division of this Agreement into Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings or captions are for convenience of reference only and shall not affect the construction or interpretation of this Agreement or any part hereof.

31. ENTIRE AGREEMENT

This Agreement and the schedules attached hereto constitute the entire agreement between the Vendor and the Purchaser in respect of the Property. Each of the parties acknowledges that, except as contained in this Agreement, there is no representation, warranty, collateral agreement or condition (whether a direct or collateral condition or an express or implied condition) which induced it to enter into this Agreement. Each of the parties agrees that all provisions of this Agreement, and all provisions of any and all documents and security delivered in connection herewith, shall not merge and except where otherwise expressly stipulated herein, shall survive the closing of the transaction contemplated by this Agreement.

32. CUMULATIVE REMEDIES

No remedy conferred upon or reserved to one or both of the parties hereto is intended to be exclusive of any other remedy, but each remedy shall be cumulative and in addition to every other remedy conferred upon or reserved hereunder, whether such remedy shall be existing or hereafter existing, and whether such remedy shall become available under common law, equity or statute.

33. INTERPRETATION

This Agreement shall be read with all changes of gender and number as required by the context.

34. REFERENCES TO STATUTES

Except as otherwise provided in this Agreement, references to any statute herein shall be deemed to be a reference to such statute and any and all regulations from time to time promulgated thereunder and to such statute and regulations as amended or re-enacted from time to time. Any reference herein to a specific section or sections, paragraph or paragraphs and/or clause or clauses of any statute or regulations promulgated thereunder shall be deemed to include a reference to any corresponding provision of future law.

35. TIME OF ESSENCE

Time shall in all respects be of the essence hereof provided that the time for the doing or completing of any matter referred to herein may be extended or abridged by an agreement, in writing, executed by the Vendor and the Purchaser or their respective solicitors who are hereby expressly appointed for that purpose.

36. CANADIAN FUNDS

All references to dollar amounts contained in this Agreement shall be deemed to refer to Canadian funds.

37. TENDER

Any tender to notices, documents and/or monies hereunder may be made upon the Vendor or the Purchaser or their respective solicitors. Monies may be tendered by wire transfer of funds to the account of the Vendor's Solicitors.

38. FURTHER ASSURANCES

Except as otherwise expressed herein to the contrary, each party shall, without receiving additional consideration therefor co-operate with and take such additional actions as may be requested by the other party, acting reasonably, in order to carry out the purpose and intent of this Agreement.

39. CONFIDENTIALITY

The Purchaser agrees that all information and documents supplied by the Vendor or anyone on its behalf to the Purchaser or anyone on the Purchaser's behalf (including but not limited to information in the schedules hereto) shall, unless and until Closing occurs, be received and kept by the Purchaser and anyone acting on the Purchaser's behalf on a confidential basis and, without the Vendor's prior written consent shall not be disclosed to any third party. If for any reason Closing does not occur, all such documents (including without limitation, the Material Documents) shall forthwith be returned intact to the Vendor and no copies or details thereof shall be retained by the Purchaser or anyone acting on its behalf. The Purchaser and Vendor further agree that unless and until the terms of this Agreement become public knowledge in connection with an application to the Court, the Purchaser shall keep such terms confidential and shall not disclose them to anyone except the Purchaser's solicitors, agents or lenders acting in connection herewith and then only on the basis that such persons also keep such terms confidential as aforesaid.

40. NON-BUSINESS DAYS

In the event that any date specified or any date contemplated in this Agreement shall fall upon a day other than a Business Day, then such date shall be deemed to be the next following Business Day.

41. DOCUMENTATION PREPARATION AND REGISTRATION

The Purchaser shall prepare or cause to be prepared the land transfer tax affidavit to be attached to the Application for Vesting Order described in Subsection 12(a)(ii)(A) hereof. The Vendor shall prepare or cause to be prepared all other documentation described in Section 23 hereof. Each of the parties shall deliver draft documentation to the other not less than three (3) Business Days prior to Closing. Except as otherwise expressly provided in this Agreement, all such documentation shall be in form and have substance satisfactory to the Vendor and the Purchaser, acting reasonably. The Purchaser shall be responsible for and pay all registration costs incurred in connection with the transaction contemplated in this Agreement. Except as otherwise expressly provided in this Agreement, each of the Vendor and the Purchaser shall be responsible for and pay all legal and other professional/consultant fees and disbursements incurred by it, directly or indirectly, in connection with this Agreement.

42. LAND TRANSFER TAXES AND RETAIL SALES TAXES

The Purchaser shall pay all land transfer taxes (as required pursuant to the *Land Transfer Tax Act* (Ontario)) and, if applicable, all retail sales taxes (as required pursuant to the *Retail Sales Tax Act* (Ontario)) payable in connection with the transfer of the Property pursuant to this Agreement.

43. GOVERNING LAWS

This Agreement has been executed in the Province of Ontario and, for all purposes, shall be construed in accordance with and governed by the laws in effect within the Province of Ontario.

44. ASSIGNMENT

No party may assign its rights or obligations under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, the Purchaser shall have the right, until five (5) Business Days prior to the granting of the Vesting Order, upon written notice to the Vendor's Solicitors, to assign, in whole or part, its rights to acquire the Property hereunder to any company or companies provided by the Purchaser provided that such assignment shall not release the Purchaser from its obligations under this Agreement.

45. VENDOR'S CAPACITY

It is acknowledged by the Purchaser that the Vendor is entering into this Agreement solely in its capacity as Court-Appointed receiver of the Property and that the Vendor shall have no personal or corporate liability under or as a result of this Agreement. Any claim against the Vendor shall be limited to and only enforceable against the property and assets then held by or available to it in its capacity as Receiver of the Property and shall not apply to its personal property and other assets held by it in any other capacity. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Property. The Purchaser acknowledges that the Property and the Building are and shall remain in the possession of the Vendor until Closing.

46. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

47. IRREVOCABILITY

Once executed by the Purchaser this Agreement shall be treated as an offer to purchase which is irrevocable by the Purchaser for a period of 10 days, commencing on the date of execution.

DATED as of the date first mentioned above.



Per: _____
Name:
Title:
I/We have authority to bind the Corporation.

The Vendor hereby accepts this Agreement to purchase and its terms and agrees with the Purchaser to duly complete the transaction contemplated thereunder.

DATED at Toronto, Ontario this _____ day of _____, 2019.

**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: Daniel Weisz
Title: Senior Vice President

I have authority to bind the Receiver

SCHEDULE A**LEGAL DESCRIPTION OF THE 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 B
COURT ORDER

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@rhd-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,

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- 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;

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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,

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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

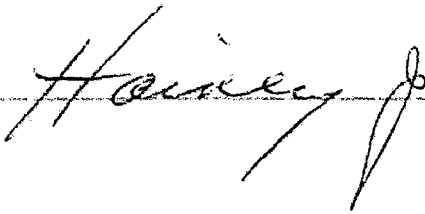
26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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

- 14 -

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", is written over a horizontal line. The signature is fluid and extends to the right of the 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

SCHEDULE C

PERMITTED ENCUMBRANCES

“Permitted Encumbrances” means the following:

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; and
10. Without in any way limiting the generality of any of the foregoing, the following specific instruments registered on title against 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.

SCHEDULE D

Court File No. CV-19-00613044CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE ►) ► DAY, THE ► DAY
JUSTICE ►) OF ►, 2018

BETWEEN:

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

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 [NAME OF PURCHASER] (the "Purchaser") made as of [DATE] and appended to the Report of the Receiver dated [DATE] (the "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 Report and on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the

service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

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.

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 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

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 [DATE] (the "Vesting Order"), the Court approved the agreement of purchase and sale made as of [DATE OF AGREEMENT] (the "**Sale Agreement**") between the Receiver and [NAME OF PURCHASER] (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 FAVOUR OF 2507448 ONTARIO INC. 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 FAVOUR OF 2507448 ONTARIO INC. 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 FAVOUR OF 2507448 ONTARIO INC. 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.

**SCHEDULE E
EXCLUDED FIXTURES**

1. The Vendor reserves the right to exclude from the sale of the Property any and all fixtures which are not necessary for the ordinary operation of the HVAC, electrical or plumbing systems presently installed at the Property. Without limitation, the list of potentially excluded fixtures includes:
 - a. all light fixtures;
 - b. all sinks, bathtubs, toilets and bathroom or spa fixtures;
 - c. all cabinetry, islands, countertops and millwork;
 - d. all appliances.

2. The Vendor shall deliver to the Purchaser a particularized list of Excluded Fixtures, if any, at least 7 days prior to Closing (the "**Excluded Fixtures Notice**"). Only those items appearing on the Excluded Fixtures Notice shall be considered Excluded Fixtures under the terms of this Agreement.

PPSA SEARCH - APPENDIX "O" TO THE FIRST REPORT OF THE RECEIVER
DATED SEPTEMBER 17, 2019

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 8/15/2019
File Currency Date: 08/14/2019
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: 8/15/2019
File Currency Date: 08/14/2019
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 INVTY. 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
SEARCH : BD : 2507448 ONTARIO INC.

ENQUIRY PAGE : 2 OF 5

FILE NUMBER 722201346
REGISTRATION NUM REG TYPE
20180404 0933 1862 9840
01 CAUTION : PAGE TOT
001 OF 002 MV SCHED:
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:

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
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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

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:

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:

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
 SEARCH : BD : 2507448 ONTARIO INC.

ENQUIRY PAGE : 4 OF 5

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.

OCN :
 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 :
 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
 MATURITY MAT DATE
 10 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT
 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 D

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 A 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 E



COUNSEL SLIP

COURT FILE NO. CV-19-00613D44-00CL

DATE: 25-SEP-2019

No. ON LIST 7

FILE OF PROCEEDING

FIRST SOURCE FINANCIAL MGT INC -VS- 2507448 ONTARIO INC

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

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

From:

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

Phone & Fax No
T: 416. 541. 2222
F: 416. 541. 2221
E: maja@corestone.ca

EMAIL:

ED GILMORE

BARB TRACER
for 3rd party.

Jeffrey Lawry
for First Source

+ 416 646 4330
f 416 646 4301
e jeff.lawry@psm.com

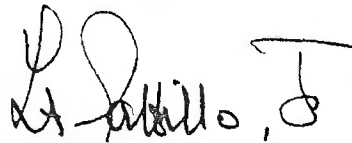
September 25, 2019

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.

- 2 -

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.


J. J. Abello, J.

TAB F

**AVISON
YOUNG**



USER/INVESTMENT OPPORTUNITY

581 WELLINGTON STREET WEST, TORONTO, ON

Offering Memorandum

Executive Summary

Avison Young has been retained on an exclusive basis by the Receiver to advise on and manage the sale of 581 Wellington Street West, Toronto, Ontario (the "Property"). The Property presents users/investors with an opportunity to acquire a two storey, 6,994 sf building situated on a 0.11 acre site. It is located in the "Niagara" neighbourhood, immediately west of Downtown Toronto. The neighbourhood is primarily residential with

commercial strips along the main thoroughfares and light industrial to the south along the GO train line. The area is seeing great intensification with numerous residential developments recently completed and in progress.

The Property is a two-storey, mixed use (commercial-residential) building in a partial and incomplete state of renovation.



Flexible Zoning and Layout

Prior uses allow the building to accommodate residential and commercial uses



Surplus Development Potential

Conditional Variance permits another floor to be added to the existing building - possible long-term re-development opportunity



Strategically Located

Near Downtown Toronto in a rapidly gentrifying neighbourhood



Live-Work Potential Layout

Layout envisioned high-end commercial and residential live-work units



Strong Market Fundamentals

Record low vacancy rates across the City for office, residential and industrial uses



Mortgage Status

Treat as free and clear of financing

Property Details

Site Area	4,679 sf
Total GFA	6,994 sf
Max Height	12.0 m
Zoning	R3Z1.5

Property is permitted to have office and residential uses, and received a minor Variance (subject to Conditions) in 2017 to permit a third-floor addition and increased the permitted FSI of 2.04 x the lot area.

Parking Stalls	4-5 stalls
Occupancy	Vacant
Mortgage Status	Treat as free and clear

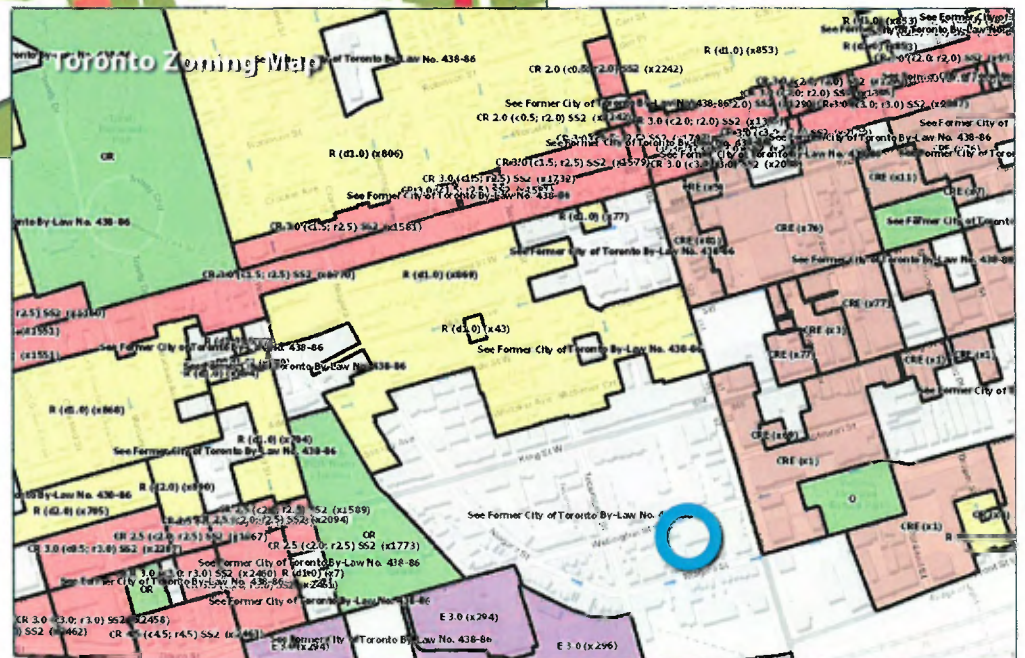
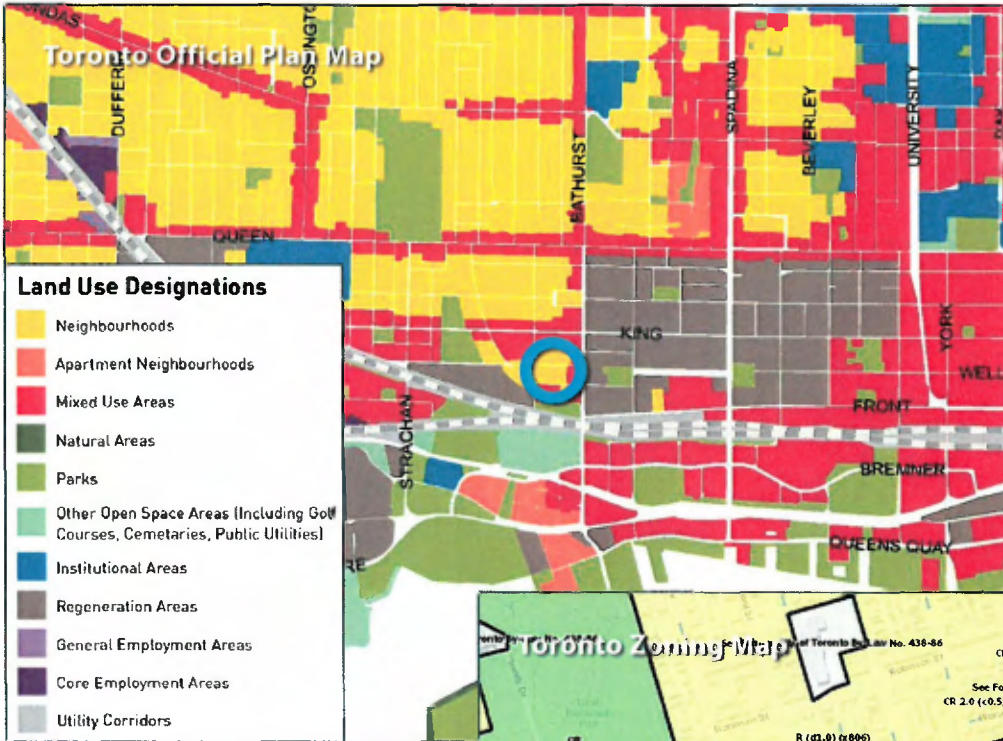


Land Use

Official Plan: Neighbourhoods

Zoning: R3 Z1.5 H12.0

Permitted Uses: Residential uses. Historic use of the Property for commercial and residential uses deemed "lawful non-conforming" by the City. A variance was approved (subject to conditions) in 2017 permitting an additional floor and continuation of the commercial and residential uses on site.



Location

581 Wellington Street West is located in the "Niagara" neighbourhood north of Fort York, west of the Fashion District, and within walking distance of Downtown. The Property has access to various forms of transit including bus and streetcar routes, subways and trains with Union Station being 2 km to the east. There are an abundance of amenities in the area including public parks, entertainment venues, and the newly constructed Stackt Market, a unique retail centre made of shipping containers which houses 28 vendors including a brewery.

Nearby, King Street West is a young and vibrant area that acts as a major thoroughfare through Downtown Toronto. It is characterized by its mix of old and new residential and commercial buildings. It's common to see 100 year old brick-and-beam buildings alongside towering glass condos and offices. The street is rife with trendy restaurants and bars feeding into its thriving nightlife. The implementation of the King Street Pilot Project, which restricted car traffic through the area in favour of transit and pedestrian spaces, saw an increase of transit efficiency and ridership, and a 3% increase of rush hour commuter volumes as well as a significant reduction in car traffic.



Property Information

The building is a two-storey structure, historically used for commercial and residential uses.

The property was in the latter stages of a complete renovation before being placed under the control of a court-appointed Receiver. A building permit was issued (November-2017) that envisioned renovations which included:

- Residential use/showroom unit on the ground floor;
- A proposed elevator to the upper floor(s);
- Second floor office/commercial unit;
- Raised floor to most of the ground and second floor areas.

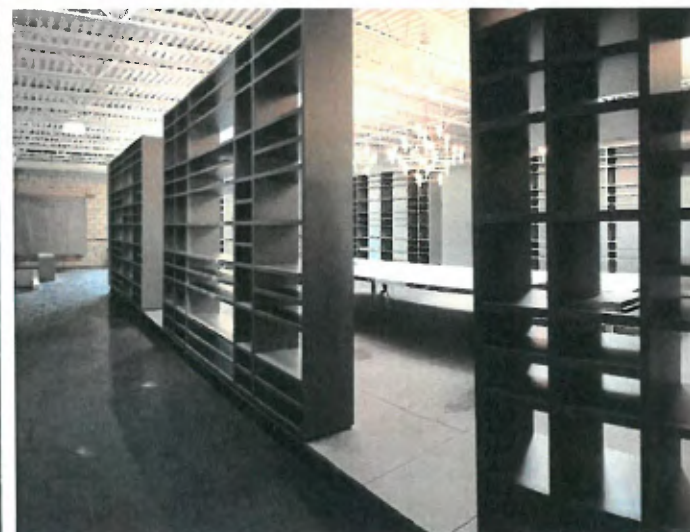
Furthermore, a Variance was granted in August-2017 (subject to conditions) that further requested and/or permitted:

- A third floor addition to the existing structure (intended for residential uses)- limited to a depth of 17 metres;
- Increasing the maximum permitted height from 12.0 metres to 13.52 metres;
- Providing below-grade access to a stacked parking garage (there is currently no basement);
- Increasing the overall density/FSI for the site to 2.04x the lot area.

Current State of the Property

1. SECOND FLOOR

- The second floor is presently configured with an “open concept” meeting room in the middle of the floor, situated on a raised floor platform.
- Open space in front of the meeting room, and a common washroom (two toilets and a central vanity) to the perimeter.
- Exterior windows have not yet been replaced/upgraded, and one window opening requires a new window to be installed
- A front and rear stairwell provide access to the second floor



2. GROUND FLOOR

- The ground floor is presently configured with a raised floor system to most of the area (except for the front portion of the floor which is unfinished);
- An intended elevator "pit" is exposed to the main floor area;
- The front part of the unit is configured into an open concept kitchen and contains high-end kitchen appliances (manufactured by "Gaggenau");
- The balance of the ground floor contains various washroom and shower/bath areas, potential bedroom(s), including one room containing a large "spa" like bath;
- The perimeter of the bedrooms and/or bathrooms typically contain custom built wardrobe and cabinetry units;
- The front of the ground floor contains the original windows and/or roll-up "garage door" openings;
- There is a front and a rear staircase on this floor;
- Surface parking is located in front of the building.



Offering Process

The Property is being sold "as is, where is" by:

RSM Canada Limited, solely in its capacity as Court-Appointed Receiver of 581 Wellington Street West, Toronto, Ontario with no personal or corporate liability (the "Vendor").

Offers to purchase will be entertained on a first come basis after September 11th, 2019. Vendor's form of Offer/APS to be used for all submissions.



For more information please contact:

Toronto (HQ)

Kelly Avison*, Principal, AACI
416.673.4030
kelly.avison@avisonyoung.com

Toronto West

Ben Sykes†, SIOR, Principal
905.283.2324
ben.sykes@avisonyoung.com

Avison Young Commercial Real Estate (Ontario) Inc.
18 York Street, Toronto, ON M5J 2T8
Phone: 416.955.0000 Fax: 416.955.0724

avisonyoung.com
avisonyoungcapitalmarkets.com

†Sales Representative *Broker

**AVISON
YOUNG**

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The information contained herein was obtained from sources deemed reliable and is believed to be true; it has not been verified and as such, cannot be warranted nor form any part of any future contract.


**CANADA BEST
MANAGED
COMPANIES**

Platinum member

MLS Toronto Board Posting

Prepared by: **GEORGINA PENNY, Administrator**
AVISON YOUNG COMMERCIAL REAL ESTATE (ONTARIO), BRO ERAGE
 18 York St Ste 400 Box #4, Toronto, ON M5J2T8 416-955-0000

Printed on 08/29/2019 11:24:04 AM

	581 Wellington St W		List: \$5,300,000.00
	Toronto Ontario M5V1G3		For Sale
	Toronto C01 Niagara Toronto 120-17-T		
	SPIS: N	For: Sale	
Taxes: \$28,986.00 / 2019 / Annual		Last Status: New	
Legal: See Schedule A		DOM: 8	
Office	Occup: Vacant	Lse Term Mnths: /	
Office	Freestanding: N SPIS: N	Holdover: 90	
Com Cndo Fee:		Franchise:	
Dir/Cross St: Wellington St W / Bathurst St			

MLS#: c4554869 **Sellers: RSM Canada Limited Solely In Its Capacity As Court-Appointed*** **Contact After Exp: N**

Possession Remarks: 30 Days/Tbc

PIN#: 212410114

ARN#:

Total Area: 6,994 Sq Ft	Survey:	Soil Test:
Ofc/Apt Area: 6,994 Sq Ft	Lot/Bldg/Unit/Dim: 0.11 x 0 Acres Lot	Out Storage:
Indust Area:	Lot Irreg: Total Lot Size In Acres	Rail:
Retail Area:	Bay Size:	Crane:
Apx Age:	%Bldg:	Basement: N
Volts:	Washrooms:	Elevator: None
Amps:	Water: Municipal	UFFI:
Zoning: See Schedule A	Water Supply:	Assessment:
Truck Level:	Sewers:	Chattels:
Grade Level:	A/C: Y	LLBO:
Drive-In:	Utilities: Y	Days Open:
Double Man:	Garage Type: Outside/Surface	Hours Open:
Clear Height:	Park Spaces: #Trl Spc:	Employees:
Sprinklers: N	Energy Cert:	Seats:
Heat: Gas Forced Air Clsd	Cert Level:	Area Inft:
Phys Hdcp-Eqp:	GreenPIS:	

Bus/Bldg Name:	For Year:	Financial Stmt:
Actual/Estimated:		
Taxes:	Heat:	Gross Inc/Sales:
Insur:	Hydro:	-Vacancy Allow:
Mgmt:	Water:	-Operating Exp:
Maint:	Other:	=NetIncB4Debt:
		EstValueInv At Cost:
		Com Area Upcharge:
		% Rent:

Client Remks: Property Being Sold By Court-Appointed Receiver On An "As Is, Where Is" Basis. Property Is In State Of Partial Renovation, With A Permit And Variance Issued In 2017 Permitting A Third Floor Addition. Offers Must Be On Seller's Form Of APS, And Will Be Entertained On or After September 18, 2019. Any Sale, Including Termination Of The Existing Lease To Allow Vacant Possession, Is Subject To Final Court Approval.

Extras: Access To Electronic Data Room Available Upon Execution Of Ca/Nda Form(Attached). *Vendor Name Continued: Receiver Of 581 Wellington Street West, Toronto, Ontario With No Personal Or Corporate Liability

Brkage Remks: Property Being Sold By Court-Appointed Receiver And All Offers Must Be On Seller's Form Of APS And Will Be Entertained On or After September 18, 2019. Fees Only Paid Upon Successful Closing.

AVISON YOUNG COMMERCIAL REAL ESTATE (ONTARIO), BROKERAGE Ph: 416-955-0000 Fax: 416-955-0704

18 York St Ste 400 Box #4 Toronto M5J2T8
 KELLY JOHN AVISON, Broker 416-673-4030
 BEN SYKES, Salesperson 905-283-2324
Appt: Contact LA s

Contract Date: 8/21/2019
Expiry Date: 12/12/2019
Last Update: 8/29/2019

Condition:
Cond Expiry:
CB Comm: 1.25%

Ad: N
Escape:
Original: \$5,300,000.00



Globe Advertisement



FOR SALE

581 WELLINGTON STREET WEST, TORONTO, ON



- 2-storey, 6,994 sf commercial property on a 4,679 sf site
- Great location near the vibrant King West neighbourhood
- Steps to Bathurst Street and walking distance to Downtown
- Permit and variance issued in 2017 to allow a third-floor addition

<p>Kelly Avison*, AACI Principal 416.673.4030 kelly.avison@avisonyoung.com</p>	<p>Ben Sykes*, SIOR Principal 905.283.2324 ben.sykes@avisonyoung.com</p>
---------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------

avisonyoung.ca

Avison Young Commercial Real Estate (Ontario) Inc., Brokerage

* Broker *Sales Representative



TAB G

RSM Canada Limited
Court Appointed Receiver of
581 Wellington Street West, Toronto, Ontario
Interim Statement of Receipts and Disbursements
For the period May 3, 2019 to September 30, 2019

Receipts		
Advance from secured lender (1)	\$	50,000
Other		94
Total receipts	\$	<u>50,094</u>
Disbursements		
Insurance	\$	11,100
Miscellaneous		289
Property Manager		877
Repairs and maintenance		6,350
Security		2,454
Utilities		431
HST/PST paid		2,198
Total disbursements	\$	<u>23,699</u>
Net funds on hand	\$	<u>26,395</u>

- (1) The amount of \$50,000 represents funds advance by First Source Financial Management Inc. under Receiver Certificate No. 1.

This Appendix forms part of the Second Report of the Receiver dated October 10, 2019 and should only be read in conjunction therewith.

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.

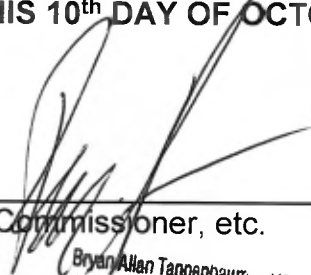
Respondent

**AFFIDAVIT OF DANIEL WEISZ
(Sworn October 10, 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.

THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF DANIEL WEISZ SWORN BEFORE ME
THIS 10th DAY OF OCTOBER, 2019



A Commissioner, etc.

Bryan Allan Tannenbaum, a Commissioner,
Province of Ontario, for RSM Canada
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 October 7, 2019

Client File 7835095

Invoice 3

No. 5795378

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 September 30, 2019.

Date	Professional	Description
09/03/2019	Brenda Wong	Review invoice and patrol reports from Peregrine Protection Inc. ("Peregrine"); follow up with Moreau Property Services ("Moreau") for quote re restricting parking in the parking lot.
09/03/2019	Daniel Weisz	Discussion with S. Walters of First Source Financial Management Inc. ("First Source") and subsequent discussion with S. Thom of Torkin Manes LLP ("Torkin") re legal fees to date; review Torkin accounts; discussion with S. Walters re listing of the property.
09/04/2019	Brenda Wong	Attend at 581 Wellington for site inspection; email to HUB International Insurance Brokers ("HUB") re parking lot and send photos to HUB to show condition of parking lot; discussion with K. Avison of Avison Young re rent paid by RHED as compared to market rent.
09/04/2019	Daniel Weisz	Discussion with S. Thom re Receiver's report to court; review and sign cheques; work on report to court.
09/04/2019	Anne Baptiste	Prepare July bank reconciliation; prepare disbursement cheques.
09/04/2019	Brenda Wong	Review D. Weisz changes to and comments re draft report.
09/05/2019	Daniel Weisz	Review email from K. Avison re market rent re lease; update report and forward draft to S. Thom.
09/05/2019	Brenda Wong	Prepare statement of receipts and disbursements and fee affidavit for the Receiver's first report.
09/06/2019	Brenda Wong	Call to City of Toronto to report garbage dumping and arrange for collection of same; review Avison Young marketing report.
09/09/2019	Brenda Wong	Review and respond to email from creditor; respond to email from Avison Young; call Toronto Hydro to request correction in mailing address; call from Torkin re site visit to review chattels with D. Terrelonge on September 10.

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Date	Professional	Description
09/10/2019	Brenda Wong	Attend at 581 Wellington for meeting with Torkin, D. Terrelonge and M. Milosevic of Corestone Law to review chattels; call from investor with Olympia Trust asking about its mortgage position.
09/11/2019	Daniel Weisz	Review Avison Young marketing report; discussion with B. Wong re her attendance at the premises yesterday with D. Terrelonge and respective counsel; discussion with a party interested in the property and email message to Avison Young re same; discussion with S. Thom re attendance at the premises and his discussions with RHED's counsel and status of report; discussion with B. Wong re my discussion with S. Thom.
09/12/2019	Daniel Weisz	Review changes to report to court from S. Thom and update report.
09/13/2019	Daniel Weisz	Review email re status of premises lease; attend conference call with K. Avison and B. Sykes of Avison Young to discuss the status of the marketing process; meet with B. Wong re report to court.
09/13/2019	Brenda Wong	Call with Avison Young and D. Weisz re status of marketing process; review revised report and make additional edits, discussion with D. Weisz re same and send revised report to Torkin.
09/16/2019	Brenda Wong	Review changes to report; forward report appendices to Torkin.
09/16/2019	Daniel Weisz	Discussion with S. Thom re status of report to court.
09/17/2019	Brenda Wong	Make updates to draft report; review summary of activities.
09/17/2019	Daniel Weisz	Review draft notice of motion and provide comments to Torkin; review summary of activities; respond to email re enquiry re the property; review fee affidavit; review and update final report; attend at Torkin re final report and to swear fee affidavit; discussion with S. Walters on status.
09/18/2019	Daniel Weisz	Review correspondence between S. Thom and M. Milosevic re the Receiver's report; review email from Z. Visram; discussion with S. Thom re same; review and filing of emails.
09/18/2019	Brenda Wong	Arrange for posting of motion record and Receiver's report to the Receiver's webpage.
09/20/2019	Daniel Weisz	Discussion with S. Walters; review offer summary, certain offers and discussion with S. Thom on same; prepare for and attend conference call with S. Thom, K. Avison and B. Sykes re offers received, notes re same; discussion with S. Walters.
09/23/2019	Brenda Wong	Call from E. Gilmore re the September 25 court application.
09/23/2019	Daniel Weisz	Exchange emails with J. Larry of Paliare Roland Rosenberg Rothstein LLP ("Paliare"); discuss with S. Walters; discussion with S. Thom re draft order.
09/24/2019	Brenda Wong	Call from lawyer representing one of the investors of Olympia Trust inquiring re status of secured claims; emails with D. Terrelonge re site visit for September 26; emails to Moreau and Avison Young re September 26 site visit.
09/24/2019	Daniel Weisz	Discussion with J. Larry on offers received for the property; discussion with S. Thom re tomorrow's court attendance.

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Date	Professional	Description
09/25/2019	Daniel Weisz	Prepare for and attend in court re application for termination of the lease and other relief; review schedule of indebtedness provided by E. Gilmore and forward to S. Thom; review amended offer summary; discussion with S. Walters and D. Mandel of First Source re results of court attendance; review mortgage statement to August 29 provided by First Source and email to S. Thom re same; discussion with S. Thom re information provided by E. Gilmore and mortgage statement from First Source.
09/27/2019	Brenda Wong	Call with D. Weisz, Avison Young and Torkin re offers received; emails with HUB re requirements for snow clearing and Moreau re obtaining quotes for same; call with D. Weisz and Torkin to discuss First Source's position re offers.
09/27/2019	Daniel Weisz	Review of offers received and summary of offers prepared by Avison Young, conference call with S. Thom and B. Wong re same; conference call with K. Avison, B. Sykes, S. Thom and B. Wong re offers received; discussion with B. Sykes following the conference call; conference call with J. Larry and S. Thom re status of offers for the property; email to K. Avison and B. Sykes; review S. Thom emails re agreement of purchase and sale and email to S. Thom re same; discussion with S. Walters; discussion with J. Larry; conference call with S. Thom and B. Wong.
09/27/2019	Anne Baptiste	Prepare August bank reconciliation.
09/30/2019	Daniel Weisz	Discussion with S. Thom re status of offers for the property.
09/30/2019	Brenda Wong	Email to Avison Young re availability for conference call to discuss offers and review emails re same; call with Avison Young and Torkin to discuss offers received and next steps, emails with D. Terrelonge and Moreau re D. Terrelonge's request to attend at the premises this week; review Toronto Hydro bill.
		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.

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FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	18.1	\$525	\$ 9,502.50
Brenda Wong, CIRP, LIT	Senior Manager	8.2	\$395	3,239.00
Anne Baptiste	Estate Administrator	0.5	\$110	55.00
Total hours and professional fees		<u>26.8</u>		\$ 12,796.50
Disbursements				
Courier			<u>\$ 16.83</u>	
Total disbursements				16.83
Total professional fees and disbursements				\$ 12,813.33
HST @ 13%				1,665.73
Total payable				\$ 14,479.06

VISA/MASTERCARD

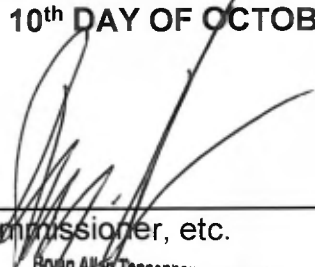
Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

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 10th DAY OF OCTOBER, 2019**



A Commissioner, etc.

Bryan Allen Tannenbaum, a Commissioner
Province of Ontario, for RSM
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 September 1 to 30, 2019

Invoice Date	Period	Hours	Fees	Disbursements	Subtotal	HST	Total	Average Hourly Rate
07-Oct-19	September 1 to September 30, 2019	26.8	\$ 12,796.50	\$ 16.83	\$ 12,813.33	\$ 1,665.73	\$ 14,479.06	\$477.48
Total		26.8	\$ 12,796.50	\$ 16.83	\$ 12,813.33	\$ 1,665.73	\$ 14,479.06	\$477.48

TAB I

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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 BARRY A. COHEN

I, Barry A. Cohen, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

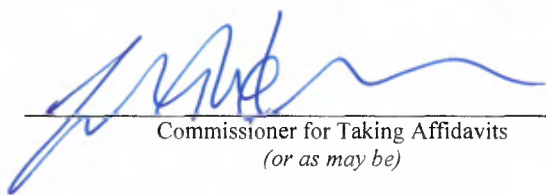
1. I am a Lawyer with the law firm of TORKIN MANES LLP ("**Torkin Manes**"), which has been engaged as independent counsel, to RSM Canada Limited in its capacity as court appointed Receiver (in such capacity, the "**Receiver**") over the lands and premises municipally known as 581 Wellington Street West, 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 September 1, 2019 to and including September 30, 2019. The total fees charged by Torkin Manes to the Receiver during this period were \$18,930.00, plus HST of \$2,460.90, plus disbursements of \$800.02, plus HST on disbursements of \$60.32, for a total amount of \$22,251.24.

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
October 10, 2019

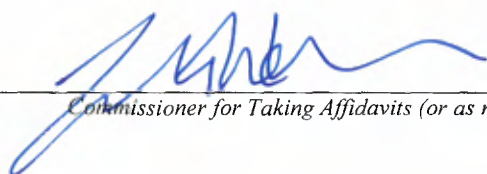


Commissioner for Taking Affidavits
(or as may be)



BARRY A. COHEN

This is Exhibit "A" referred to in the Affidavit of Barry A. Cohen
sworn October 10, 2019

A handwritten signature in blue ink, appearing to be "J. Cohen", written over a horizontal line.

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

213

Torkin|Manes
Barristers & Solicitors

September 30, 2019

Invoice No.: 323369

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:

Sep 03 19	SDT	Communications with receiver re request for payout statement by debtor; communications with receiver re anticipated fees and steps to discharge; preparation of communication to Applicant re fee estimates and related considerations	0.90
Sep 04 19	SDT	Correspondence with counsel for 250 re issues concerning property on premises and status of same	0.60
Sep 05 19	SDT	Communications with Receiver; received and reviewed draft report; received and reviewed comparables re rental rates for properties in area	0.80
Sep 05 19	SDT	Reviewed and reviewed communication from counsel for debtor re items remaining on property premises and position re same; communications with receiver re same	0.40

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 Our File No.: 34487.0004
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Torkin|Manes
 Barristers & Solicitors

Sep 06 19	SDT	Communications with receiver re potential dispute concerning property remaining on premises	0.20
Sep 09 19	SK	Further research pertaining to vesting orders and distinction between fixture vs. chattel	0.40
Sep 09 19	SDT	Communications with counsel for debtor re property on premises and proposed site visit; communications with receiver re same; communications with counsel for Applicant re lease issue; review of lease documentation and equipment lease	2.10
Sep 09 19	SDT	Review of case law re termination/vesting out of leasehold interest	0.60
Sep 10 19	SDT	Communications with receiver and counsel for debtor; attended at property with debtor for inspection of items claimed by debtor/rhed	2.30
Sep 12 19	SDT	Drafting of additional sections for receiver's report re motion for approval of sales process and lease termination; communications with counsel for debtor/rhed re property issues and lease termination issue	4.90
Sep 13 19	SDT	Communications with counsel for debtor re 250/rhed position on termination of commercial lease; communications with receiver re same	0.80
Sep 16 19	SDT	Review of Receiver's comments re draft Report; revisions to report; draft Notice of Motion re motion for approval of sales process and lease termination; communications with Receiver; communications with counsel for 250/rhed re position on motion and related issues	4.50

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Torkin|Manes
 Barristers & Solicitors

Sep 17 19	SK	Corresponded with Stewart T. re serving motion material; corresponded with Josset J. re same; receipt of e-mail and correspondence with off-site photocopying branch	0.40
Sep 17 19	SDT	Finalization of Motion Record, Notice of Motion, Report and fee affidavits re receiver's motion for approval of sales process and lease termination	3.40
Sep 18 19	SK	Reviewed and corresponded with Josset J. re affidavit	0.20
Sep 18 19	SDT	Communications with counsel for 250/rhed re receiver's position with respect to property claimed by 250/rhed, relevant case law and analysis and proposed manner of proceeding should issues remain in dispute with respect of property claimed by 250/rhed	1.80
Sep 20 19	SDT	Review of offers received and Agreements of Purchase and Sale submitted by prospective purchasers; communications with Receiver re same; conference call with Avison Young and Receiver re evaluation of offers received and further discussions to be had with prospective purchasers re improvement of offers	1.90
Sep 23 19	SDT	Draft Order re termination of lease and approval of sales process; discussions with receiver re same; communications with counsel for 250	0.80
Sep 24 19	SDT	Communications with counsel for 250 re draft order, issues proceeding on receiver's motion and position of rhed/250 re same; preparation for attendance in court re motion for lease termination and approval of sale process	2.20

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Torkin | Manes
 Barristers & Solicitors

Sep 25 19	SDT	Preparation for and attendance in court re motion for approval of sales process and lease termination; communications with receiver re claims of subsequent mortgagee and related issues	5.10
Sep 26 19	SDT	Review of second round offers received and revised Agreements of Purchase and Sale	1.10
Sep 27 19	SDT	Review of offers and agreements of purchase and sale; communications with Receiver and Avison Young re offers received; revisions to senior offer; communications with First Source counsel re offers received and related issues; communications with receiver re same;	3.90
Sep 30 19	SDT	Preparation for and participation in conference call with Avison Young re second round offers received on property	0.90
		Total Hours:	40.20

OUR FEE:	\$18,930.00
HST:	\$2,460.90
SUB-TOTAL:	<u>\$21,390.90</u>

LAWYERS' SUMMARY: FEES SUBJECT TO HST:

<u>LAWYERS AND LEGAL ASSISTANTS INVOLVED</u>	<u>HOURLY RATE</u>	<u>HOURS WORKED</u>
Stephen Skorbinski	310.00	1.00
Stewart D. Thom	475.00	39.20

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 September 30, 2019
 Our File No.: 34487.0004
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Torkin|Manes
 Barristers & Solicitors

TOTAL HOURS

40.20

DISBURSEMENTS

TAXABLE DISBURSEMENTS:

Reproduction of documents	167.70
Deliveries	41.59
Paid to obtain copies	43.04
Binding service	16.24
Agents fees	26.20
Document Scanning	16.20
Laser copies	67.05
Process Server	45.00
Colour Copies	41.00

464.02

NON-TAXABLE DISBURSEMENTS:

Corporate search	16.00
PPSA Registration	.00
File a Motion	320.00

336.00

Total Disbursements	\$800.02
HST on Disbursements	\$60.32

TOTAL DISBURSEMENTS AND HST:

\$860.34

TOTAL FEE, DISBURSEMENTS & HST

\$22,251.24

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September 30, 2019
Our File No.: 34487.0004
Invoice # 323369

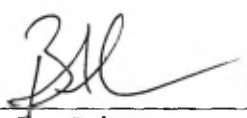
Torkin | Manes
Barristers & Solicitors

BALANCE DUE AND OWING BY YOU

\$22,251.24

TORKIN MANES LLP

Per:



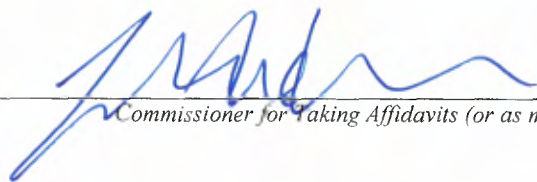
Barry A. Cohen

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 Barry A. Cohen
sworn October 10, 2019

A handwritten signature in blue ink, appearing to be "J. Anderson", written over a horizontal line.

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>
Stewart Thom	2008	39.20	\$475.00	\$18,620.00
Stephen Skorbinski	2019	1.00	\$310.00	<u>\$310.00</u>
TOTAL				<u><u>\$18,930.00</u></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 BARRY A. COHEN

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)

TAB J

CONFIDENTIAL APPENDIX – FILED SEPARATELY