

Court File No. 31-2303814
Estate No. 31-2303814

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

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**SECOND SUPPLEMENTAL REPORT TO THE
SIXTH REPORT OF THE PROPOSAL TRUSTEE
OCTOBER 24, 2018**

CROWE SOBERMAN INC.
Licensed Insolvency Trustee
2 St Clair Avenue East, Suite 1200
Toronto, Ontario, M4T 2T5

Telephone: 416.929.2500
Fax: 416.929.2555

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**SECOND SUPPLEMENTAL REPORT TO THE SIXTH REPORT
OF THE PROPOSAL TRUSTEE
OCTOBER 24, 2018**

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SIXTH REPORT OF THE PROPOSAL TRUSTEE
OCTOBER 24, 2018**

INTRODUCTION

1. This report (the “Second Supplement to the Sixth Report”) is filed by Crowe Soberman Inc., in its capacity as the Proposal Trustee for the Company. Unless otherwise noted, the defined terms used in this Second Supplement to the Sixth Report have the same meaning ascribed to them as in the First to Sixth Reports and the Supplemental Reports thereto.

BACKGROUND

2. The Company commenced a restructuring proceeding under the BIA by filing a Notice of Intention to Make a Proposal on October 13, 2017.
3. As at the commencement of these proceedings, the Company’s primary asset was the Duncan Mill Property. It was contemplated by all parties that the Duncan Mill Property would be sold by the Proposal Trustee by way of a Court-supervised sale process, and that the proceeds from the sale would form the basis of the Company’s Proposal to its creditors. In accordance with this expectation, the Company sought the Court’s approval of the Sale Process, along with an extension of the time to file a proposal, and the approval of DIP financing, at the first motion brought in these proceedings. The motion was heard and granted on November 3, 2017, by way of an Order of Justice

Hainey (the “**Sale Process Approval Order**”). A copy of the Sale Process Approval Order is attached hereto as **Appendix A**.

4. The Proposal Trustee entered into a transaction to sell the Property, which was approved by the Court on March 16, 2018 by way of an Order of the Honourable Justice Hainey (the “**Approval and Vesting Order**”). The Approval and Vesting Order also stated that the Sale Proceeds would be held by the Proposal Trustee (via its counsel) in trust, pending further Orders of the Court. A copy of the Approval and Vesting Order is attached hereto as **Appendix B**.
5. Various disbursements were made pursuant to further Court Orders, including payments to the First Mortgagee and Second Mortgagee, for municipal property taxes and professional fees, payments to vendors, and a payment to the Debtor.
6. The Company’s Proposal was filed on April 13, 2018, approved by the creditors at the First Meeting of Creditors on May 4, 2018, and was ultimately approved by the Court pursuant to the Order of the Honourable Justice Hainey dated June 12, 2018 (the “**Proposal Approval Order**”). A copy of the Proposal Approval Order is attached hereto as **Appendix C**.
7. Pursuant to article 6.5 of the Proposal:
“The Proposal Trustee shall fund the operating expenses of the Debtor from the Sale Proceeds up to an amount of \$200,000 per month pending the Implementation Date.”
8. At the motion to approve the Proposal, certain parties on the Service List voiced their concern with the Company being given \$200,000 per month for operating expenses. In particular, as the Company carried on business as the owner and operator of the Duncan Mill Property, which had been sold through the course of these proceedings, certain parties questioned the nature of the business now being carried out by the Company, and how such business could incur monthly expenses of \$200,000.

9. Having regard for these concerns, at the June 12, 2018 hearing, the Honourable Justice Hainey endorsed the following (the “**June 12 Endorsement**”):

“For greater certainty the Proposal Trustee shall review the debtor’s operating expenses before making any payments pursuant to s. 6.5 of the Proposal.”

A copy of the June 12 Endorsement is attached hereto as **Appendix D**.

10. Since the date of the Proposal Approval Order, the Proposal Trustee has received monthly funding requests from the Company for the months of June through to October, and has sent funds to the Company following each monthly request received. The Proposal Trustee also received a separate request for funds from the Company for a payment of \$150,000 USD to facilitate a deposit on a real estate purchase in Syracuse, New York, which was paid by the Proposal Trustee, subject to certain additional terms.
11. In accordance with the June 12 Endorsement, the Proposal Trustee has asked the Debtor to support some of its funding requests by way of providing additional information. The Proposal Trustee has not approved certain items in the Company’s funding requests, where it was not satisfied that those items were adequately substantiated as being necessary to the Company’s business.
12. On June 22, 2018, the Trustee sent to all known creditors and parties on the Service List who had not yet submitted claims, a notice pursuant to Section 149 of the BIA to submit a claim within thirty-days (the “**Section 149 Notice**”). The Section 149 Notice also appeared in the national print edition of the *Globe & Mail* on June 28, 2018.
13. Pursuant to the Proposal Approval Order, a procedure was laid out to deal with any creditor claims that may be objected to by the Company. The Proposal Trustee would deal with the filed claims in the normal course. After making its final determinations, the Proposal Trustee is to advise the Company of its conclusions with regard to the claims that were filed in accordance with the Section 149 Notice. The Company will then have the opportunity to communicate any objection(s) to the Proposal Trustee in writing, including the basis for its objection(s), within seven days of the issuance of the Proposal Trustee’s decision. As of the date of this Second Supplement to the Sixth

Report this exercise has not yet commenced, as the Proposal Trustee is still liaising with one creditor regarding its supporting documentation before making a final determination on that particular claim.

14. The claims filed include certain contingent claims filed by creditors identified as the Property Claimants, which the Proposal Trustee has described in previous reports. The Proposal Trustee has disallowed these claims, which disallowance has been appealed by the Property Claimants. There is currently a mini-trial scheduled to commence on December 3, 2018, to address these claims, which total \$42,705,000 (i.e. significantly more than the Sale Proceeds available for distribution). In light of the quantum of these claims, this issue must be resolved before the Proposal Trustee can make any distribution to creditors in the Proposal.

PURPOSE

15. On October 5, 2018, the Company served an Amended Motion Record (the “**October Motion Record**”) wherein it seeks an Order:

- a) directing the Proposal Trustee to disburse the Sale Proceeds to the Company, subject to previously agreed upon amounts in dispute with the First Mortgagee and the Second Mortgagee being paid into Court;
- b) dismissing Crowe Soberman Inc. (“**Crowe Soberman**”) as the Proposal Trustee; and
- c) directing that Crowe Soberman’s role shall be limited to the role as set out in the Proposal and, without limitation, will not be involved in reviewing and/or managing the operations of the Company and/or its funds.

16. The motion was originally returnable October 18, 2018, and was adjourned to October 31, 2018, on terms. A copy of the Order made October 18, 2018, is attached hereto as **Appendix E**.

17. The purpose of this Report is to provide the Court with information relevant to the Company's motion returnable October 31, 2018.

THE COMPANY'S REQUESTS FOR FUNDING

June Funding Request

18. On June 19, 2018, counsel for the Company sent the Proposal Trustee a request for payment in the amount of \$357,700 (the "**June Request**"). The Proposal Trustee reviewed the June Request and remitted approximately \$159,064.05 to the Company. The Proposal Trustee declined to advance funds relating to the Company's request for consulting fees in the amount of \$70,000, as well as payments towards certain vendors in the amount of \$120,000, which payments were made directly by the Proposal Trustee directly to those vendors.

July Funding Request

19. On July 16, 2018, counsel for the Company sent to the Proposal Trustee a request for payment in the amount of \$183,590 (the "**July Request**"). The Proposal Trustee reviewed the July Request and remitted approximately \$75,590 to the Company. The Proposal Trustee declined to advance funds relating to the Company's request for consulting fees in the amount of \$82,000, as well as payments of \$26,000 towards research and evaluation of a proposed real estate transaction in New York State.

August Request

20. On August 9, 2018, counsel for the Company sent to the Proposal Trustee a request for payment in the amount of \$188,790 (the "**August Request**"). The Proposal Trustee reviewed the August Request and remitted approximately \$64,790 to the Company. The Proposal Trustee declined to advance funds relating to the Company's request for consulting fees in the amount of \$82,000, as well as payments of \$26,000 towards research and evaluation of a proposed real estate transaction in New York State.

No Original September Request

21. The Proposal Trustee did not receive a request from the Company during the month of September for payment towards operating expenses for that month. The October Motion Record contains an affidavit sworn by Mr. Checroune (the “**Checroune Affidavit**”), in which he swore that no funds were advanced for the month of September on the basis that the Proposal Trustee was engaged in a dispute with the Company. This is not accurate, as the Company had not made a request for September funding prior to receipt of the October Motion Record.

September & October Request

22. On October 10, 2018, Ms. Jacelyn Lalande, an employee of the Company, sent to the Proposal Trustee a request for payment for the month of September in the amount of \$200,140 (the “**September Request**”) and payment for the month of October in the amount of \$203,390 (the “**October Request**”). The Proposal Trustee reviewed the September Request and remitted approximately \$60,390 to the Company. The Proposal Trustee reviewed the October Request and remitted approximately \$61,390 to the Company. The Proposal Trustee declined to advance funds relating to the Company’s request for consulting fees in the amount of \$187,000, as well as payments of \$52,000 towards research and evaluation of a proposed real estate transaction in New York State.

Summary of Requests and Advances

23. A summary of the requests for operating expenses made by the Company and the amounts sent by the Proposal Trustee is set out below:

<i>Month</i>	<i>Amount Requested</i>	<i>Amount Advanced</i>
June	\$357,700	\$159,064
July	\$183,590	\$75,590
August	\$188,790	\$64,790
September	\$200,140	\$60,390
October	\$202,390	\$61,390
Totals:	\$1,132,610	\$421,224

CLAIMS PROCESS

24. The Proposal Trustee received certain claims which required a further dialogue with creditors in order to obtain supporting documentation, and to better understand the basis of their claims.
25. As previously advised, the Proposal Trustee has not yet completed its final review and determination of the claims filed pursuant to the Section 149 Notice, nor has it communicated that final analysis to the Company. The Proposal Trustee is waiting for outstanding supporting documentation from one final creditor and anticipates sending its final analysis and position in the coming days.
26. On October 17, 2018, counsel for the Proposal Trustee provided counsel for the Company with a draft claims register (the “**Claims Register**”). A copy of the Claims Register is attached hereto as **Appendix F**.
27. As outlined in the Claims Register, the value of the claims submitted to the Proposal Trustee is as follows;
 - Secured- \$808,698.79
 - Unsecured- \$20,739,817.56 (*\$13,440,000 has been postponed by Mr. Checroune)
 - Contingent- \$44,491,050.06
 - Total: \$52,599,566.41

STATUS OF SALES PROCEEDS

28. At different times in this Proposal Proceeding, the Proposal Trustee has provided the Debtor and other creditors with updates as to the quantum of the Sales Proceeds that remain available for a distribution in the Proposal. Attached hereto as **Appendix G** is an updated Interim Statement of Receipts and Disbursements as of October 24, 2018 (the “**October 24th Statement**”).

29. Currently, the sum of \$5,327,987.03 remains available for distribution in the Proposal.
30. As set out in the October 24th Statement, the value of the total claims filed exceeds the Sale Proceeds available for distribution. In light of this deficiency, the Proposal Trustee is of the view that no interim distribution to creditors can be made.

REQUEST FOR THE BALANCE OF SALE PROCEEDS

31. The Proposal Trustee was appointed to complete the Sales Process, and was given enhanced powers via the Sale Process Approval Order to do so without any interference from or involvement of the Company or its principal, Mr. Checroune. These terms of the Sale Process Approval Order were specifically negotiated to allay certain concerns identified by creditors at the November 3rd hearing.
32. One of the issues raised at the November 3rd hearing, was that the First Mortgagee had issued a notice pursuant to s. 244 of the BIA, and was therefore in a position to move to appoint a receiver over the Company. The stakeholders' agreement to proceed by way of a proposal, rather than a receivership, was premised on the express terms of the Sale Process Approval Order, including those terms that excluded that Company and Mr. Checroune from being involved in the Sale Process.
33. Consistent with the terms and spirit of the Sale Process Approval Order, the Approval and Vesting Order which approved the sale of the Duncan Mill Property, provides as follows:

THIS COURT ORDERS that the Proposal Trustee shall hold the Sale Proceeds in trust, pending further Order of the Court. For greater certainty, the Proposal Trustee shall not make any distributions from the Sale Proceeds except for such distributions as are expressly approved by the Court.
34. The Proposal Trustee recognizes that in most proposal proceedings under the BIA, the debtor retains control of its assets. However, in this particular proposal proceeding, the Proposal Trustee has been granted additional powers and

responsibilities, which powers and responsibilities were specifically negotiated with the stakeholders, and approved by the Court. The Proposal Trustee has been diligently carrying out the mandate so assigned to it.

35. The Proposal Trustee is of the view that its current mandate, as established by way of the Sale Process and Approval Order, the AVO, the Proposal Approval Order, and the June 12 Endorsement, together with the duties and responsibilities assigned to it under the BIA, strikes the appropriate balance between protecting creditors' interests, while providing the Company with sufficient funds to conduct business pending the completion of the Proposal.

CONCLUSION

36. For the foregoing reasons, the Proposal Trustee opposes the relief sought by the Company on this motion.

All of which is respectfully submitted this 24th day of October, 2018.

CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal for
1482241 Ontario Limited, and not in its personal capacity



APPENDIX

‘A’

Court File No. 31-2303814
Estate File No. 31-2303814

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

THE HONOURABLE)	FRIDAY, THE 3 RD DAY
)	
MR. JUSTICE HAINES)	OF NOVEMBER, 2017

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

ORDER

THIS MOTION made by 1482241 Ontario Limited (“**Debtor**”) for an Order *inter alia*:
(a) granting a charge in respect of the fees and expenses of counsel to the Debtor, Crowe Soberman Inc. in its capacity as Licensed Insolvency Trustee with respect to the Debtor (in this capacity, “**Proposal Trustee**”), and Proposal Trustee’s counsel; (b) approving a sale solicitation process (“**Sale Process**”) with respect to the assets and business of the Debtor; (c) approving the interim financing of the Debtor and the DIP Term Sheet (defined below) and granting the DIP Lender’s Charge (as defined below); and (d) extending the time within which a Proposal must be filed to and including December 27, 2017, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Alain Checroune, sworn October 26, 2017, the First Report of the Proposal Trustee, dated October 27, 2017 (“**First Report**”), the Supplemental Report of the Proposal Trustee, dated November 2, 2017, and on hearing the submissions of

counsel for the Debtor and counsel for the Proposal Trustee, and those other parties present, no one appearing for any other person on the service list, although duly served as appears of the affidavit of service of Alexandra Teodorescu, filed.

SERVICE

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

ADMINISTRATION CHARGE

2. **THIS COURT ORDERS** that counsel to the Debtor, the Proposal Trustee and counsel to the Proposal Trustee (“**Administrative Parties**”) shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on all property, assets and undertakings of the Debtor (“**Property**”), as security for the fees and disbursements of the Administrative Parties, incurred at their standard rates and charges and on the terms set forth in their respective engagement letters, both before and after the making of this Order.

DIP FINANCING

3. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to obtain and borrow under a credit facility pursuant to the Debtor-in-Possession Term Sheet (“**DIP Term Sheet**”) between the Debtor and the lender (“**DIP Lender**”) in the form attached hereto as Schedule “A”, provided that the borrowings by the Debtor under the DIP Term Sheet shall not exceed \$750,000 unless permitted by further Order of this Court.

4. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge ("DIP Lender's Charge") on the Property as security for any and all obligations, including on account of principal, interest, fees, expenses and other liabilities, under the DIP Term Sheet ("DIP Obligations"), which DIP Lender's Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time under the DIP Term Sheet.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

5. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge (collectively, the "Charges"), as among them, shall be as follows:

First - the Administration Charge; and

Second - the DIP Lender's Charge

6. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

7. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise, except will not rank in priority to any lien for unpaid realty taxes in connection with the Property and will also not rank in priority to the following two charges (provided that the charges are otherwise valid and enforceable):

- (a) A first charge granted by the Debtor in favour of Computershare Trust Company of Canada in the amount of \$11,250,000, and registered on title to the Property on September 29, 2005 as Instrument No. AT935525, which was subsequently transferred to Dan Realty Limited, E. Manson Investments Limited and Copperstone Investments Limited (collectively, the "**First Mortgagees**") on June 2, 2016, and registered as Instrument No. AT4236037; and
- (b) A second in position charge granted by the Debtor in favour of Janodee Investments Ltd. and Meadowshire Investments Ltd. (collectively, the "**Second Mortgagees**") in the amount of \$1,420,000, registered on September 21, 2016 as Instrument No. AT4349221.

APPROVAL OF SALE PROCESS

GH 8. **THIS COURT ORDERS** that the Sale Process, as described in Appendix "E" to the ~~the~~ *13* Order First Report, be and is hereby approved.

9. **THIS COURT ORDERS** that the Proposal Trustee be and is hereby authorized and directed to perform its obligations under and in accordance with the Sale Process, and to take such further steps as it considers necessary or desirable in carrying out the Sale Process.

10. **THIS COURT ORDERS** that, in accordance with its obligations under the Sale Process, the Proposal Trustee is hereby empowered and authorized, but not obligated, to do any of the following where the Proposal Trustee considers it necessary or desirable:

- (a) to engage, in consultation with the First Mortgagees, consultants, managers, property managers, real estate agents, brokers, listing agents, 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 Proposal Trustee's powers and duties conferred by this Order;

- (b) in accordance with the Sale Process, to market any and all of the Property, including advertising and soliciting offers in respect of the Property, and negotiating such terms and conditions of sale as the Proposal Trustee in its discretion may deem appropriate;
- (c) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court 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 is hereby waived;
- (d) 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 and vesting same in the proceeds; and
- (e) 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 Proposal Trustee takes such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of any other individual, firm, corporation, governmental body or agency or any other entity (each being a "Person") including the Debtor,

and without interference from any other Person. For clarity, the Proposal Trustee will have unfettered discretion in connection with the Sale Process, and will not be influenced by or obligated to follow the instructions or directions, if any, of any of the Debtor, Alain Checroune, and/or any related party.

11. **THIS COURT ORDERS** that the Proposal Trustee and its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from gross negligence or willful misconduct on the Proposal Trustee in performing its obligations under the Sale Process.

12. **THIS COURT ORDERS** that in connection with the Sale Process and pursuant to clause 7(3)(c) of the *Personal Information and Electronic Documents Act* (Canada), the Proposal Trustee is authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more transactions (each, a “**Transaction**”). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Proposal Trustee, as applicable; (ii) destroy all such information, or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The transacting party with respect to any of the 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 Proposal Trustee, as applicable, or ensure that all other personal information is destroyed.

EXTENSION OF TIME TO FILE PROPOSAL

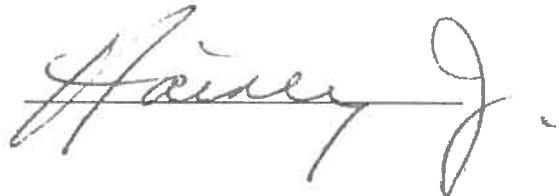
13. **THIS COURT ORDERS** that the time in which the Debtor is required to file a proposal is hereby extended to and including December 22, 2017.

GENERAL

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

15. **THIS COURT HEREBY REQUESTS** the aid and recognition or 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 Debtor, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtor and the Proposal Trustee as may be necessary or desirable to give effect to this Order, or to assist the Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

16. **THIS COURT ORDERS** that Confidential Appendix A to the Supplemental Report of the Proposal Trustee, dated November 2, 2017, be and is hereby sealed until further Order of this Court.

A handwritten signature in black ink, appearing to read "Hainey J.", is positioned at the bottom right of the page. The signature is fluid and cursive, with a horizontal line through the "H" and "J" to indicate they are one name.

APPENDIX "A"



SINGAPORE
HONG KONG
CANADA

November 1, 2017

To: 1482241 Ontario Limited

240 Duncan Mills Road,
Toronto, Canada M3B-3S6

Attention: Mr. Alain Checroune

Dear Mr. Checroune, Alain:

**Re:Debtor in Possession funding of the Proposal of 1482241 Ontario Limited
["148"] in the amount of up to \$750,000 (the "Loan")**

We are advised that 148 has filed for protection from its creditors by filing a notice of intention to make a proposal in accordance with the Bankruptcy and Insolvency Act (the "NOI Process") Caruda Holdings Ltd. ("Lender") is prepared to advance funds up to the amount of \$750,000 to 148 by way of a court-approved Debtor on Possession loan, provided that the funds advanced are secured by a court-ordered charge as set out in the draft order attached hereto as Appendix "A", which loan shall in any event be in priority to all entities other than the First and Second Mortgagees and amount owing for Property Taxes as set out therein, and subject to the other terms set out herein.

The terms of the loan are as follows:

**Amount and Nature
and Purpose
of Loan:**

Up to \$750,000 to be advanced to 148 in the increments set out on the Cash Flow attached as Appendix "B" or in such larger or other amounts as 148 requests and Crowe Soberman Inc. in its capacity as proposal trustee of 148 (the "Proposal Trustee") approves, up to the maximum amount of the Loan, provided that in no event will any single advance in any month be greater than \$100,000 without the lenders express consent, which may be withheld. The funds may be used to pay outstanding interest owed to the First and Second Mortgagees.

Handwritten signatures of Alain Checroune and Crowe Soberman Inc. in black ink.

240 DUNCAN MILL ROAD, SUITE 800, NORTH YORK, ONTARIO, CANADA M3B-3S6

First Right to Further Loans

In the event that during the NOI Process 148 requires further funds in order to operate or should it elect to repay any of its other obligations, the Lender shall be given the first opportunity to provide that loan, on terms substantially similar to the terms set out herein, although the Lender is not obliged to do so. 148 will provide the Lender with written notice of its request for further funding and the purpose for such funds and the Lender shall have 5 business days to agree to make said loan.

Security and Draws:

Funds to be advanced as requested in writing by 148 by way of cheque or wire transfer into 148 accounts. All advances will be made with notice to the Proposal Trustee. The Loan and all other amounts due to the lender hereunder will be secured by a court-ordered charge in the form set out in the Order attached as Appendix A

Holdback:

\$50,000 of the Loan to be held back to establish the interest reserve (the "Interest Reserve") for interest due hereunder and for the costs of the Lender.

Interest and Payment:

8% per annum compounded monthly, not in advance, payable monthly from the interest reserve to the extent that funds are available therefrom. The Loan is repayable on Demand, and 148 hereby consents to the lifting of the stay in its NOI Process, if required, in order to allow the loan and security to be enforced. The loan shall be immediately due and payable upon the bankruptcy of 148. The Loan and all amounts due hereunder shall not be compromised in any proposal of 148 and the Lender shall be treated as an unaffected creditor in these proceedings.

Amortization:

Interest only.

Term: Commencing on the execution of this agreement and expiring on April 30th, 2018

Privileges: Open to early pre-payment in full at any time, provided, however, that if pre-payment occurs before the three month anniversary of the initial advance, the Lender shall still be entitled to interest in respect of that three month period.

Prior Encumbrances: The Administration Charge, and the amounts owing in respect of Property Taxes, and the amounts properly due and owing and validly secured in favour of the First and Second Mortgagors

Lender Fee: \$25,000 payable (a) as to \$15,000 on the date the first amount is drawn under the Loan by 148 and (b) as to the balance of \$10,000, on the date that the Lender is repaid hereunder.

Brokerage Fee: None

Further Condition: It is understood that an Order approving this Loan, approving the Administration Charge, ordering a sale process and extending 148's NOI process is being sought on November 3rd. This Loan and the Lender's obligation hereunder is conditional upon the order being granted authorizing the Loan and granting the charge described hereof so that the Loan is in priority to all interests other than the Prior Encumbrances on November 3rd, 2017 and on a sale process being ordered by the court in respect of which a sale agreement will be entered into no later than January 30, 2017.

Assignment: The Lender shall be entitled to assign this Agreement and the Loan to any other person.

Legal Fees: The reasonable and documented legal fees, disbursements and HST incurred by the Lender in connection therewith, including without limitation in respect of any enforcement of its rights hereunder, shall be secured by the Order.

The foregoing constitutes a formal offer to provide financing. Nothing in this loan agreement shall prevent the Lender from bidding on or funding an entity bidding on the assets of 148 in the proposed sale process or otherwise.

Yours truly,

CARUDA HOLDINGS LTD.

Per: 

Andy Degan

Chief Financial Officer, Secretary
Member of the Board
Shareholder

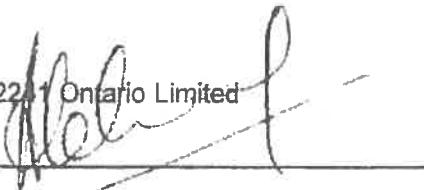


CARUDA
- HOLDINGS -

SINGAPORE
HONG KONG
CANADA

The foregoing is agreed to by the undersigned

1482241 Ontario Limited

Per: 

Name: Alain Checroune

Title: President

APPENDIX "A"

Court File No. 31-2303814
Estate File No. 31-2303814

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

)

FRIDAY, THE 3RD DAY

)

)

OF NOVEMBER, 2017

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**CROWE SOBERMAN INC., in its capacity as
Licensed Insolvency Trustee of 1482241 Ontario Limited**

ORDER

THIS MOTION made by 1482241 Ontario Limited ("Debtor") for an Order *inter alia*:

(a) granting a charge in respect of the fees and expenses of counsel to the Debtor, Crowe Soberman Inc. in its capacity as Licensed Insolvency Trustee with respect to the Debtor (in this capacity, "Proposal Trustee"), and Proposal Trustee's counsel; (b) approving a sale solicitation process ("Sale Process") with respect to the assets and business of the Debtor; (c) approving the interim financing of the Debtor and the Debtor in Possession Term Sheet (defined below) and granting the DIP Lender's Charge (as defined below); and extending the time within which a Proposal must be filed to and including December 27, 2017, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Alain Checroune, sworn October 26, 2017, the First Report of the Proposal Trustee, dated October 27, 2017 (“**First Report**”), the Supplemental Report of the Proposal Trustee, dated ●, 2017, and on hearing the submissions of counsel for the Debtor and counsel for the Proposal Trustee, and those other parties present, no one appearing for any other person on the service list, although duly served as appears of the affidavit of service of Alexandra Teodorescu, filed.

SERVICE

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

ADMINISTRATION CHARGE

2. **THIS COURT ORDERS** that counsel to the Debtor, the Proposal Trustee and counsel to the Proposal Trustee (“**Administrative Parties**”) shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on all property, assets and undertakings of the Debtor (“**Property**”), as security for the fees and disbursements of the Administrative Parties, incurred at their standard rates and charges and on the terms set forth in their respective engagement letters, both before and after the making of this Order.

DIP FINANCING

3. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to obtain and borrow under a credit facility pursuant to the Debtor-in-Possession Term Sheet (“**DIP Term Sheet**”) between the Debtor and the lender (“**DIP Lender**”) in the form attached hereto as

Schedule "A", provided that the borrowings by the Debtor under the DIP Term Sheet shall not exceed \$750,000 unless permitted by further Order of this Court.

4. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge ("DIP Lender's Charge") on the Property as security for any and all obligations, including on account of principal, interest, fees, expenses and other liabilities, under the DIP Term Sheet ("DIP Obligations"), which DIP Lender's Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time under the DIP Term Sheet.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

5. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge (collectively, the "Charges"), as among them, shall be as follows:

First - the Administration Charge; and

Second - the DIP Lender's Charge

6. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

7. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise, except will not

rank in priority to any lien for unpaid realty taxes in connection with the Property and will also not rank in priority to the following two charges (provided that the charges are otherwise valid and enforceable):

- (a) A first charge granted by the Debtor in favour of Computershare Trust Company of Canada in the amount of \$11,250,000, and registered on title to the Property on September 29, 2005 as Instrument No. AT935525, which was subsequently transferred to Dan Realty Limited, E. Manson Investments Limited and Copperstone Investments Limited (collectively, the “**First Mortgagees**”) on June 2, 2016, and registered as Instrument No. AT4236037; and
- (b) A second in position charge granted by the Debtor in favour of Janodee Investments Ltd. and Meadowshire Investments Ltd. in the amount of \$1,420,000, registered on September 21, 2016 as Instrument No. AT4349221.

APPROVAL OF SALE PROCESS

8. **THIS COURT ORDERS** that the Sale Process, as described in Appendix “E” to the First Report, be and is hereby approved.

9. **THIS COURT ORDERS** that the Proposal Trustee be and is hereby authorized and directed to perform its obligations under and in accordance with the Sale Process, and to take such further steps as it considers necessary or desirable in carrying out the Sale Process.

10. **THIS COURT ORDERS** that, in accordance with its obligations under the Sales Process, the Proposal Trustee is hereby empowered and authorized, but not obligated, to do any of the following where the Proposal Trustee considers it necessary or desirable:

- (a) to engage, in consultation with the First Mortgagees, consultants, managers, property managers, real estate agents, brokers, listing agents, 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 Proposal Trustee's powers and duties conferred by this Order;
- (b) in accordance with the Sale Process, to market any and all of the Property, including advertising and soliciting offers in respect of the Property, and negotiating such terms and conditions of sale as the Proposal Trustee in its discretion may deem appropriate;
- (c) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court 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 is hereby waived;
- (d) 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 and vesting same in the proceeds; and
- (e) 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 Proposal Trustee takes such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of any other individual, firm, corporation, governmental body or agency or any other entity (each being a “Person”) including the Debtor, and without interference from any other Person.

11. **THIS COURT ORDERS** that the Proposal Trustee and its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from gross negligence or willful misconduct on the Proposal Trustee in performing its obligations under the Sale Process.

12. **THIS COURT ORDERS** that in connection with the Sale Process and pursuant to clause 7(3)(c) of the *Personal Information and Electronic Documents Act* (Canada), the Proposal Trustee is authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more transactions (each, a “Transaction”). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Proposal Trustee, as applicable; (ii) destroy all such information, or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The transacting party with respect to any of the 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 Proposal Trustee, as applicable, or ensure that all other personal information is destroyed.

EXTENSION OF TIME TO FILE PROPOSAL

13. **THIS COURT ORDERS** that the time in which the Debtor is required to file a proposal is hereby extended to and including December 22, 2017.

GENERAL

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

15. **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 Debtor, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtor and the Proposal Trustee as may be necessary or desirable to give effect to this Order, or to assist the Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

APPENDIX "B"

In the matter of the Proposal of 1482241 Ontario Limited ("148")
Statement of Projected Cash Flow for the Period October 2017 to March 2018

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Total
CASH INFLOWS							
Rental Income	\$85,213	\$85,213	\$85,213	\$85,213	\$85,213	\$85,213	\$391,280
Parking	\$20,195	\$20,195	\$20,195	\$20,195	\$20,195	\$20,195	\$121,170
Tenant Recoveries	\$79,703	\$79,703	\$79,703	\$79,703	\$79,703	\$79,703	\$378,221
Sale of Building (NOTE 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Court Approved Interim Financing / DIP Loan	\$0	\$84,000	\$91,000	\$87,000	\$87,000	\$188,000	\$535,000
TOTAL INCOME	\$188,312	\$246,112	\$256,112	\$262,112	\$262,112	\$351,112	\$1,625,671
CASH OUTFLOWS							
Snow Removal	\$0	\$0	\$2,889	\$2,889	\$2,889	\$2,889	\$11,556
Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities (Electricity, Gas, Water)	\$27,891	\$59,891	\$59,891	\$59,891	\$59,891	\$59,891	\$97,334
Cleaning/Janitorial	\$11,061	\$11,061	\$11,061	\$11,061	\$11,061	\$11,061	\$327,345
Repairs & Maintenance	\$34,788	\$34,788	\$34,788	\$34,788	\$34,788	\$34,788	\$88,386
Property Management Fees	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$208,008
Office Administration	\$2,845	\$2,845	\$2,845	\$2,845	\$2,845	\$2,845	\$63,000
HST Remittance	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$17,072
Payroll Expenses	\$21,828	\$21,828	\$21,828	\$21,828	\$21,828	\$21,828	\$80,000
Professional Fees - Legal (NOTE 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees - Proposal Trustee (NOTE 2)	\$5,000	\$0	\$0	\$0	\$0	\$0	\$5,000
Professional Fees - Accounting/Consulting	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$54,000
Vehicle expenses	\$1,873	\$1,873	\$1,873	\$1,873	\$1,873	\$1,873	\$11,236
TOTAL EXPENSES	\$138,548	\$168,568	\$168,488	\$188,488	\$188,488	\$260,789	\$1,081,787
Amortization							\$44,623.41
Repayment of 1st Mortgage	\$0	\$88,750	\$88,750	\$88,750	\$88,750	\$88,750	\$343,750
Repayment of 2nd Mortgage	\$0	\$15,157	\$15,157	\$15,157	\$15,157	\$15,157	\$75,833
Interest	\$26,548	\$24,178	\$26,914	\$28,664	\$24,384	\$24,800	\$178,024

1482241 Ontario Limited - Proposal to Creditors
Statement of Projected Cash Flow

The following ASSUMPTIONS form part of the Statement of Projected Cash Flow.

ASSUMPTIONS

Rental Income

Collections of rental income is assumed to be consistent with previous periods based on a 52% occupancy rate / 47% vacancy rate. This occupancy rate is unlikely to improve significantly in the short term.

Payroll

Has been reduced for cost savings.

Payables

Listed on a COD basis

Sale of Building (NOTE 1)

148's restructuring and proposal will be based on the sale and marketing of real property located 240 Duncan Mill Road, Toronto, Ontario. It is forecasted that a sales process and marketing will run for approximately 45-60 days with a closing scheduled for January or February 2016.

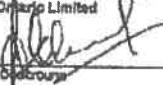
Professional Fees (NOTE 2)

In order to conserve cash through the restructuring, Professional Fees of the Proposal Trustee and legal counsel for 148 will accrue to be paid upon the sale of the building.

CERTIFICATION

THE PURPOSE of this Statement of Projected Cash Flow is to provide creditors with sufficient information to make an informed decision regarding the Proposal, and to fully disclose to the Trustee and the Official Receiver, the state of 1482241 Ontario Limited financial affairs. This Statement of Projected Cash Flow is prepared pursuant to the requirements of sections 50.4(2)(a) and 50.6(1)(c) of the Bankruptcy and Insolvency Act and solely for that purpose.

Dated this 19th day of October 2017
 1482241 Ontario Limited


 Par Alan D'Amour

Dated this 19th day of October 2017
 CROWE SOBERMAN INC.
 Licensed Insolvency Trustee Acting In re: Proposal of 1482241 Ontario Limited


 Hans Ritter, CPA, CA CIP, LIT



Government
of Canada

Gouvernement
du Canada

Update filing - update is confirmed

Welcome Hans Rizarri | [Preferences](#) | [E-Filing helpdesk](#) | [Instructions](#) | [Logout](#)

Estate Information

Please Note: The following estate(s) were updated:

- **Estate Number:** 31-2303814
- **Estate Name:** 1482241 ONTARIO LIMITED

Document(s) submitted

The following document(s) have been successfully submitted

- Form 30: Report on Cash-flow Statement by the Person Making the Proposal
- Form 29: Trustee's Report on Cash-flow Statement

Reference

- The Reference Number for this transaction is: 13744748.
- Submitted by Hans Rizarri.
- 2017-10-23 13:53 EDT

[Submit another document for this estate.](#)

If you would like to submit a document against a different estate, please click on the Update link in the left hand side menu.

Date modified: 2017-07-28



Government
of Canada Gouvernement
du Canada

Update filing - update is confirmed

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Estate Information

Please Note: The following estate(s) were updated:

- **Estate Number:** 31-2303814
- **Estate Name:** 1482241 ONTARIO LIMITED

Document(s) submitted

The following document(s) have been successfully submitted

- Cash Flow Statement

Reference

- The Reference Number for this transaction is: **13744756**.
- Submitted by Hans Rizarri.
- 2017-10-23 13:53 EDT

Submit another document for this estate.

If you would like to submit a document against a different estate, please click on the **Update** link in the left hand side menu.

Date modified: 2017-07-28

Appendix "C"

APPENDIX A
1482241 ONTARIO LIMITED
SALES PROCESS – OCTOBER 26, 2017

	Event	Timing
1.	The Proposal Trustee will select and retain a Listing Agent to assist the Proposal Trustee with the marketing and solicitation of offers for the Property.	On or before November * 2018
2.	Compile a list of interested parties through consultation with the Debtor, the Listing Agent, and the Crowe Network of advisors and investors in real estate. <u>The list of interested parties shall be kept confidential from the Debtor, Alain Checroune, and/or any related party (collectively the "Debtor Parties"), unless and until the Debtor Parties declare their intention not to submit an Offer, as described in section 6 below.</u>	On or before November * 2018
3.	Send a teaser (the "Teaser") and confidentiality agreement ("CA") to all parties identified by Crowe as potentially having an interest in the business and assets (the "Property").	Immediately following the Sale Process Approval Date
4.	Information pertaining to this opportunity will be posted on the Proposal Trustee's website: www.crowesoberman.com/insolvency/engagements which will include: <ul style="list-style-type: none"> • An Invitation for Offers to purchase the Debtor's Property; • The Proposed Terms and Conditions of Sale, which is on an "as is, where is" basis with no representations or warranties; and • A CA from the Proposal Trustee. 	Within 10 business days of issuance of the Sale Process Approval Date
5.	The Proposal Trustee shall advertise the Property and Sales Process in <i>The Globe and Mail</i> (National Edition).	Within 10 business days of the Sale Process Approval Date but by no later than Nov 20, 2017
6.	<u>The Debtor Parties shall declare to the Proposal Trustee, in writing, whether they intend to make an Offer in the Sale Process. If the Debtor Parties advise the Proposal Trustee that they intend to make an Offer, then no further information regarding the Sale Process shall be provided to them, and they will be treated in the same manner as any other interested Party. If the Debtor Parties advise the Proposal Trustee that they do not intend to make an Offer, they shall thereafter be prohibited from doing so.</u>	<u>On or before December 15, 2017</u>
6.7.	Interested Parties expressing an interest in participating in the Sale Process will be required to execute the CA, upon which Interested Parties will receive available information in respect of the Property and Sale Process, including access to an electronic data room, once established, which will also include a Confidential Information	Through to no later than January 15, 2018

	Memorandum ("CIM") setting out the investment and/or purchase opportunity. In addition parties wishing to undertake further due diligence will be provided with an opportunity to conduct site visits and review further additional information not available from the electronic data room.	
7-8.	Interested Parties will have until 5:00 pm Eastern Standard Time on Monday, January 15, 2018 (the "Bid Deadline") to submit a (binding) offer (hereinafter called "Offer"), which must include a cash deposit equal to 10% of the total purchase price for the Property subject to the Offer (the "Deposit"). The Deposit will be refunded in the event an Offer, as submitted, is not accepted by the Proposal Trustee.	On or before 5:00 PM (EST), January 15, 2018
8-9.	Offers are to be made using the Agreement of Purchase and Sale ("APS") template and are to be made without conditions, other than a condition for Court Approval. Offers shall remain open for acceptance by the Proposal Trustee until at least 5:00 pm Eastern Standard Time, Friday January 19, 2018.	On or prior to 5:00pm (EST) January 19, 2018
9-10.	Following the Bid Deadline, the Proposal Trustee will review and assess all Offers received, if any. In order to be a "Qualified Offer", the offer must: <ol style="list-style-type: none"> Be received by the Proposal Trustee no later than the Bid Deadline; Be accompanied with a cash deposit equal to 10% of the consideration in the APS; Contain no conditions other than the requirement that the Proposal Trustee obtain an Approval Order; Contains evidence of the anticipated sources of capital and/or evidence of availability of such capital, or such other form of financial disclosure and credit support or enhancement that will allow the Proposal Trustee and its legal and financial advisors, to make, in their reasonable business or professional judgement, a reasonable determination as to the potential bidder's financial and other capabilities to complete the sale transaction; and <u>Provide for consideration that the Proposal Trustee considers commercially reasonable.</u> 	January 16, 2018
10-11.	If more than one Qualified Offer, as determined pursuant to #9-10 above are received by the Bid Deadline, the Proposal Trustee will conduct an auction involving each of the Qualified Offerors, the procedures for which will be announced no less than 3 days before the date of the auction in order to determine one successful offer (the "Successful Offer"). All Qualified Offerors shall be responsible for their own fees and costs relating to any transaction.	January 16, 2018
11-12.	Auction (if necessary) and selection of Successful Offer, <u>which shall be conducted in a manner to be further particularized by the Proposal Trustee in advance of the auction.</u>	January 18, 2018

12.13.	Execution of Binding Agreement with Successful Offer	January 31, 2018
13.14.	Seek Court approval of agreement of purchase and sale and obtain a vesting order ("Approval Order") for sale of the Property on or prior to February 15, 2018	On or prior to February 15, 2018
14.15.	Close sale to successful purchaser on or prior to February 28, 2018	On or prior to February 28, 2018

Note: All capitalized terms used and not otherwise defined herein shall have the meaning ascribed to them in the motion material dated October 26, 2017.

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IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE CITY OF TORONTO, IN THE PROVINCE OF
ONTARIO

CROWE SOBERMAN INC., in its capacity as Licensed Insolvency Trustee of 1482241 Ontario Limited

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

ORDER

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Lawyers for 1482241 Ontario Limited

APPENDIX

‘B’

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN BANKRUPTCY AND INSOLVENCY



THE HONOURABLE) FRIDAY, THE 16TH
JUSTICE HAINY)
) DAY OF MARCH, 2018

IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

APPROVAL AND VESTING ORDER

THIS MOTION, made by Crowe Soberman Inc., in its capacity as the proposal trustee (in such capacity, the "Proposal Trustee") of 1482241 Ontario Limited (the "Debtor"), for an order, *inter alia*, approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale between the Proposal Trustee, as vendor pursuant to the Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "Court") made November 3, 2017 (the "Sale Process Order"), and 1979119 Ontario Inc. ("197"), as purchaser, dated February 26, 2018 (the "Sale Agreement"), a copy of which is attached as Confidential Appendix "4" to the Fourth Report of the Proposal Trustee dated March 7, 2018 (the "Fourth Report"), as such Sale Agreement is to be assigned by 197 to AZDM Inc. (the "Purchaser") in accordance with the terms of the Sale Agreement, and vesting in the Purchaser the Debtor's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fourth Report and appendices thereto, the affidavit of Alain Checroune sworn March 13, 2018 and the appendices thereto, the affidavit of Ivan Mitchell Merrow sworn March 14, 2018 and the appendices thereto, and the Supplement to the Fourth Report of the Proposal Trustee dated March 15, 2018 and the appendices thereto, and on hearing the submissions of counsel for the Proposal Trustee, counsel for the Debtor and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Diana Saturno and Diana McMillen sworn March 8, 2018, filed,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Proposal Trustee is hereby authorized, ratified and approved, with such minor amendments as the Proposal Trustee may deem necessary. The Proposal Trustee 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, or as it may direct.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Proposal Trustee's Certificate"), all of the Purchased Assets, including, without limitation, the Real Property (as defined herein) listed on Schedule "B" hereto, shall vest absolutely in the Purchaser or in whomever it may direct or nominate, free and clear of and from any and all assessments or reassessments, equitable interests, preferential arrangements, rights of others, notices of lease, sub-leases, licenses, judgments, debts, liabilities, certificates of pending litigation, agreements of purchase and sale, reservation contracts, leases, title retention

(Save and except for those leases forming part of the Purchased Assets)



agreements, adverse claims, exceptions, reservation easements, encroachments, servitudes, restrictions on use, title, any matter capable of registration against title, options, rights of first offer or refusal or similar right, restrictions on voting (in the case of any voting or equity interest), right or pre-emption or privilege or any contract creating any of the foregoing, and any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, writs, 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 Sale Process Order and any other orders of the Court in these proceedings including, without limitation, the Administration Charge, the DIP Lenders’ Charge and the Tax DIP Lenders’ Charge (as those terms are defined in the Orders of Mr. Justice Hainey dated November 3, 2017 and December 20, 2017 made in these proceedings); (ii) all charges, security interests, leases or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), the *Land Titles Act* (Ontario), or any other personal or real property registry system; (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 (iv) any other claims against the Debtor or any of the Purchased Assets registered or otherwise existing, potential or contingent arising out of circumstances prior to the registration of this Order (the “Additional Encumbrances”) and, for greater certainty, this Court orders that all of the Encumbrances and Additional 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 appropriate Land Titles Division 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 and/or whomever the Purchaser may nominate or direct as the owner(s) 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 (the “Sale Proceeds”) shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee’s Certificate all Claims, Encumbrances and Additional 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** that the Proposal Trustee shall hold the Sale Proceeds in trust, pending further Order of the Court. For greater certainty, the Proposal Trustee shall not make any distributions from the Sale Proceeds except for such distributions as are expressly approved by the Court.

6. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee’s Certificate, forthwith after delivery thereof.

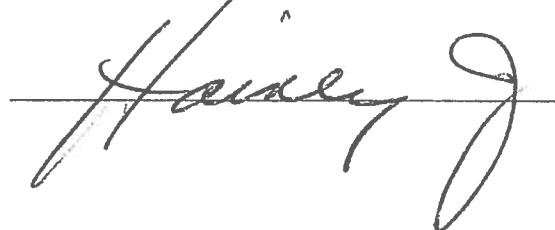
7. **THIS COURT ORDERS AND DECLARES** that no current or former tenants of the Real Property shall be entitled to withhold rental payments, set off any claim with respect to any over-payment of rent (including, without limitation, overpayment of additional rent), or claim remedies as against the Purchaser with respect to any sums that may be owing to them pursuant to their respective leases, if any, for any period prior to the Closing Date (as defined in the Sale Agreement) of the Transaction (collectively, the “**Tenant Claims**”) and that the Tenant Claims shall be included as Claims subject to the provisions of paragraph 2 of this Order.

8. **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, or as it may direct, pursuant to this Order shall be binding on the Proposal Trustee and any other licensed insolvency trustee 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 fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue 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.

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Proposal Trustee 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 Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

A handwritten signature in black ink, appearing to read "Hayley J.", is positioned above a horizontal line. The signature is fluid and cursive, with a distinct "J" at the end.

Schedule "A" – Form of Proposal Trustee's Certificate

Court File No. 31-2303814

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

PROPOSAL TRUSTEE'S CERTIFICATE

RECITALS

- I. Pursuant to a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada) filed by 1482241 Ontario Limited (the "Debtor") on October 13, 2017, Crowe Soberman Inc. was named as the Debtor's proposal trustee (in such capacity, the "Proposal Trustee").
- II. Pursuant to an Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "Court") made November 3, 2017 (the "Sale Process Order"), the Court approved a sale solicitation process with respect to the assets and business of the Debtor to be conducted by the Proposal Trustee.
- III. Pursuant to an Order of the Court dated [REDACTED], 2018, the Court approved the agreement of purchase and sale between the Proposal Trustee, as vendor pursuant to the Sale Process Order, and 1979119 Ontario Inc. ("197"), as purchaser, dated February 26, 2018 (the "Sale Agreement"), as such Sale Agreement was assigned by 197 to AZDM Inc. (the "Purchaser") in accordance with the terms of the Sale Agreement, and provided for the vesting in the Purchaser

of all the right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee 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 the Sale Agreement have been satisfied or waived by the Proposal Trustee and the Purchaser; and (iii) that the Transaction has been completed to the satisfaction of the Proposal Trustee.

IV. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

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

CROWE SOBERMAN INC., solely in its capacity as the proposal trustee of the Debtor, and not in its personal capacity or in any other capacity

Per:

Name: Hans Rizarri

A-3

Title: Partner

SCHEDULE "B"
LEGAL DESCRIPTION OF THE REAL PROPERTY

PIN 10088-0069 (LT)

LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;
TORONTO (N YORK), CITY OF TORONTO

SCHEDULE "C"
ENCUMBRANCES

a) **Instruments to be deleted from PIN No. 10088-0069 (LT)**

Reg. No.	Registration Date	Instrument Type	Amount	Parties From	Parties To
AT935525	2005/09/29	CHARGE	\$11,250,000	1482241 ONTARIO LIMITED	COMPUTERSHARE TRUST COMPANY OF CANADA
AT935526	2005/09/29	NO ASSGN RENT GEN		1482241 ONTARIO LIMITED	COMPUTERSHARE TRUST COMPANY OF CANADA
AT2418963	2010/06/21	RESTRICTION S ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	NORTH YORK FAMILY PHYSICIANS HOLDINGS INC.
AT3606967	2014/06/13	APL (GENERAL)		HUSSAINI, JAMSHID AHMADI, NEELOFAR	
AT4222577	2016/05/19	APL AMEND ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	1482241 ONTARIO LIMITED
AT4225538	2016/05/25	CERTIFICATE		ALLEVIO CLINIC #1 TORONTO INC.	
AT4236037	2016/06/02	TRANSFER OF CHARGE		COMPUTERSHARE TRUST COMPANY OF CANADA	DAN REALTY LIMITED E. MANSON INVESTMENTS LIMITED COPPERSTONE INVESTMENTS LIMITED
AT4236049	2016/06/02	NO ASSGN RENT GEN		1482241 ONTARIO LIMITED	DAN REALTY LIMITED E. MANSON INVESTMENTS LIMITED COPPERSTONE INVESTMENTS LIMITED
AT4261850	2016/06/29	NO ASSGN RENT GEN		COMPUTERSHARE TRUST COMPANY OF CANADA	1482241 ONTARIO LIMITED

AT4349221	2016/09/21	CHARGE	\$1,420,000	1482241 ONTARIO LIMITED	JANODEE INVESTMENTS LTD. MEADOWSHIRE INVESTMENTS LTD.
AT4349222	2016/09/21	NO ASSGN RENT GEN		1482241 ONTARIO LIMITED	JANODEE INVESTMENTS LTD. MEADOWSHIRE INVESTMENTS LTD.
AT4350034	2016/09/22	NOTICE		1482241 ONTARIO LIMITED	JANODEE INVESTMENTS LTD. MEADOWSHIRE INVESTMENTS LTD.
AT4729622	2017/11/09	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	1482241 ONTARIO LIMITED

b) Other Encumbrances

(1) PPSA

	File No./Registration No.	Current Debtor	Current Secured Party	Current Collateral Classification	Current General Collateral Description and other Particulars
1.	717145821/ 20160531 1146 1862 7560 20160531 1235 1862 7580	1482241 Ontario Limited	Dan Realty Corporation 1120 Finch Avenue West Suite 100 Toronto, ON M3J 3H7 E. Manson Investments Limited 620 Wilson Avenue, Suite 401 Toronto, ON M5N 1S4 Copperstone Investments Limited 620 Wilson Avenue, Suite 401 Toronto, ON M5N 1S4	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	Expiry Date: May 31, 2019 An amendment was registered on May 31, 2016 to amend the address of the debtor.
2.	697416678/ 20140625 1012 1862 4827	1482241 Ontario Limited	Mann Engineering Ltd., 101 - 150 Bridgeland Avenue Toronto, ON M6A 1Z5	Inventory, Equipment, Accounts, Other No Fixed Maturity Date	Expiry Date: June 25, 2019 <u>General Collateral Description:</u> General security agreement

(2) Writs of Execution

Execution No.	Debtor Name
15-0007457* in favour of Devry Smith Frank LLP	1482241 Ontario Limited Alain Checroune A. Checroune Realty Corporation

* writ of execution registered at land titles

(3) Judgments

	Case Number	Case Opened Date	Case Status	Plaintiff/Appellant	Defendant/Respondent	Case Type	Amount	Last Event Result Information
1.	CV04CV2799 730000	December 1, 2004	Inactive	Omni Facility Services Canada Corp.	1482241 Ontario Limited 1428203 Ontario Limited Checroune, Alaine	Contract law	500.01	April 26, 2005 - Motion - Dismiss Action
2.	CV05CV2816 110000	January 5, 2005	Inactive	Cvitak, Katica Cvitak, Lilly Cvitak, Slavik Cvitak, Steve	1482241 Ontario Ltd. Chechroune, Alain Truserve Groundscare Inc.	Other	500.01	May 2, 2008 - Order Dismissing Action No SCFiled
3.	CV06CV3231 050000	November 28, 2006	Inactive	4047257 Canada Inc.	1482241 Ontario Limited	Real Property (incl. Leases; excl mortgage/charge)	500.01	May 31, 2007 - Order - Dismissing Action
4.	CV07CV3283 000000	February 23, 2007	Active	4047257 Canada Inc.	1482241 Ontario Limited	Contract Law	N/A	February 28, 2007 - Case conference
5.	CV10003991 110000	March 15, 2010	Inactive	DTZ Barnicke Limited (formerly JJ Barnicke Limited)	1482241 Ontario Limited	Contract Law	94,000.00	June 27, 2011 - Order case dismissed (on

	Case Number	Case Opened Date	Case Status	Plaintiff/Appellant	Defendant/Respondent	Case Type	Amount	Last Event Result Information
								consent)
6.	CV10004010 730000	April 14, 2010	Inactive	North York Family Health Team Inc.	1482241 Ontario Limited	Real Property (incl. Leases, excl mortgage/charge)	0	November 29, 2012 - Order case dismissed
7.	CV10004030 670000	May 13, 2010	Inactive	North York Family Physicians Holdings Inc.	1482241 Ontario Limited	Real Property (incl. Leases, excl mortgage/charge)	0	March 22, 2011 - Judgment
8.	CV10004103 300000	Sept. 13, 2010	Active	7063580 Canada Inc.	1482241 Ontario Limited	Construction Lien NN	43,223.50	September 20, 2016 - Motion (unopposed consent)
9.	CV10004163 530000	December 13, 2010	Inactive	Constellation NewEnergy Canada Inc.	1482241 Ontario Limited	Contract law	439,109.51	May 9, 2016 - order case dismissed
10.	CV10004165 170000	December 15, 2010	Active	2144688 Ontario Ltd.	1482241 Ontario Limited	Contract law	1.00	January 3, 2018 - motion on notice January 3, 2018 - order
11.	CV12004625 420000	August 30, 2012	Active	North York Family Physicians Holdings Inc.	1482241 Ontario Limited	Real Property (incl. Leases; excl. mortgage/charge)	0	January 3, 2018 - Motion on notice January 3, 2018 - Order
12.	CV14005063 050000	June 13, 2014	Active	Homelife Dreams Realty Inc.	1482241 Ontario Limited	Real Property (incl. Leases; excl.	5.00	January 3, 2018 - Motion on

	Case Number	Case Opened Date	Case Status	Plaintiff/Appellant	Defendant/Respondent	Case Type	Amount	Last Event Result Information
				Ahmadi, Neelofar Hussaini, Jamshid	Checroune, Alain	mortgage/charge		notice January 3, 2018 - order
13.	CV14005129 060000	Septcmber 26, 2014	Inactive	Mann Engineering Ltd.	1482241 Ontario Limited	Construction lien NN	0	September 26, 2016 - order
14.	CV15005258 090000	April 10, 2015	Active	Allevio Inc.	1482241 Ontario Limited	Real Property (incl. Leases, excl. mortgage/charge)	0	April 13, 2015 - case conference
15.	CV15005295 200000	June 3, 2015	Active	Yoo, Chang-Soon	1482241 Ontario Limited Husky Landscaping Services Inc. North York Family Physicians Holdings Inc.	Contract Law	800,000.00	June 8, 2017 - Order
16.	CV15005309 730000	June 23, 2015	Inactive	Hudson Energy Canada Corp.	1482241 Ontario Limited	Collection of liquidated debt	137,179.00	April 24, 2017 - Order case dismissed (on consent)
17.	CV15005334 110000	July 30, 2015	Active	Devry Smith Frank LLP	1482241 Ontario Limited A. Checroune Realty Corporation Checroune, Alain	Solicitors Act (solicitor/client assessment) NN	0	January 25, 2016 - Preliminary Assessment Appointment (Tor SCJ only)
18.	CV15005377 080000	October 2, 2015	Active	Allevio Clinic #1 Toronto Inc. O/A Allevio Pain Management	1482241 Ontario Limited Checroune, Alan	Real Property (incl. Leases, excl. mortgage/charge)	11,000,000.00	January 3, 2018 - motion on notice

	Case Number	Case Opened Date	Case Status	Plaintiff/Appellant	Defendant/Respondent	Case Type	Amount	Last Event Result Information
						e)		January 3, 2018 - Order
19.	CV15005400 640000	November 9, 2015	Inactive	Holesh, Sharron	1482241 Ontario Limited Husky Landscaping Service Inc.	Tort personal injury (other than from MVA)	100,000.00	December 2, 2016 - Order case dismissed (on consent)
20.	CV16005471 020000	February 22, 2016	Inactive	Hudson Energy Canada Corp.	1482241 Ontario Limited	Collection of liquidated debt	137,179.74	April 24, 2017 - Order case dismissed (on consent)
21.	CV16005532 830000	May 20, 2016	Inactive	Royal Bank of Canada	1482241 Ontario Limited 2144688 Ontario Ltd. 7063580 Canada Inc. Allevio Clinic #1 Toronto Inc. o/a Allevio Pain Management Mann Engineering Ltd. Ahmadi, Neelofar Checroune, Alain Hussaini, Jamshid YYZ Plumbing Inc.	Real Property (incl. Leases, excl. mortgage/charge)	0	N/A
22.	CV16005604 100000	September 13, 2016	Inactive	Himelfarb Proszanski	1482241 Ontario Limited Checroune, Alain	Contract Law	55,438.00	October 26, 2016 - Order case dismissed (on consent)

	Case Number	Case Opened Date	Case Status	Plaintiff/Appellant	Defendant/Respondent	Case Type	Amount	Last Event Result Information
23.	CV16005608 150000	September 20, 2016	Active	YYZ Plumbing Inc.	1482241 Ontario Limited	Construction lien NN	0	September 20, 2016 - Motion (unopposed consent)
24.	CV18005900 390000	January 15, 2018	Active	Steinberg, Daniel	1482241 Ontario Limited Husky Landscaping	Tort personal injury (other than from MVA)	150,000.00	N/A
25.	CV18005916 750000	February 7, 2018	Active	Gowling WLG (Canada) LLP	1482241 Ontario Limited	Solicitors Act (solicitor/client assessment) NN	0	July 16, 2018 - Preliminary Assessment Appointment (Tor SCJ only)

(4) Other Interests:

- (a) All outstanding municipal taxes, fines, interest and penalties.
- (b) Trust Declaration dated September 21, 2005 between 1482241 Ontario Limited and Alain Checroune
- (c) Agreement of Purchase and Sale dated June 6, 2012 between Jamshid Hussaini and Neelofar Ahmadi, and Alain Checroune, as amended by an Amendment to Agreement dated June 18, 2012
- (d) Amended Trust Declaration dated June 22, 2012 between 1482241 Ontario Limited, Alain Checroune, Jamshid Hussaini and Neelofar Ahmadi
- (e) Order of Justice Whitaker dated October 27, 2014 in the proceedings having Court File No. CV-14-506305.
- (f) Agreement of Purchase and Sale dated August 24, 2017 between Torgan Properties Inc and 1482241 Ontario Limited.

SCHEDULE "D"
PERMITTED ENCUMBRANCES, EASEMENTS AND RESTRICTIVE COVENANTS

a) Assumed Encumbrances from PIN 10088-0069 (LT)

Reg. No.	Registration Date	Instrument Type	Parties From	Parties To
NY522733Z	1967/10/20	REST COV APPL ANNEX		
NY579166	1970/07/20	BYLAW EX PART LOT		
RS1284	1970/11/17	PLAN REFERENCE		
64BA1088	1977/11/10	PLAN BOUNDRIES ACT		
AT2448796	2010/07/16	NOTICE OF LEASE	NORTH YORK FAMILY PHYSICIANS HOLDINGS INC.	NORTH YORK FAMILY PHYSICIANS HOLDINGS INC.

IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE CITY OF TORONTO, IN THE PROVINCE OF
ONTARIO

Court File No. 31-2303814

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN BANKRUPTCY AND INSOLVENCY
Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)
Tel: (416) 865-7726
Fax: (416) 863-1515
Email: sgraff@airdberlis.com

Miranda Spence (LSUC # 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

APPENDIX

‘C’

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE)	TUESDAY, THE 12 TH
)	
JUSTICE HAINES)	DAY OF JUNE, 2018

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

ORDER re PROPOSAL APPROVAL

THIS MOTION, made by Crowe Soberman Inc., in its capacity as the proposal trustee (in such capacity, the “**Proposal Trustee**”) of 1482241 Ontario Limited (the “**Debtor**”), for an order, *inter alia*, (a) approving the fifth report of the Proposal Trustee dated April 13, 2018 (the “**Fifth Report**”) and the activities of the Proposal Trustee described therein; (b) approving the sixth report of the Proposal Trustee dated May 31, 2018 (the “**Sixth Report**”) and the activities of the Proposal Trustee described therein; (c) approving the Company’s proposal dated April 13, 2018, as amended on May 3, 2018 (the “**Proposal**”); (d) establishing a dispute resolution process for any objections raised by the Debtor relating to claims filed in the proposal; and (e) approving the fees and disbursements of the Proposal Trustee, the Proposal Trustee’s counsel, and the Debtor’s counsel, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Sixth Report of the Proposal Trustee dated May 31, 2018 (the “**Sixth Report**”) and the appendices thereto, the fee affidavit of Hans Rizarri sworn May 29, 2018 (the “**Rizarri Affidavit**”), the fee affidavit of Ian Aversa sworn May 31, 2018 (the “**Aversa**

Affidavit"), and the affidavit of Alain Checroune sworn June 8, 2018, and on hearing the submissions of counsel for the Proposal Trustee, counsel for the Debtor and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Miranda Spence sworn June 1, 2018, filed,

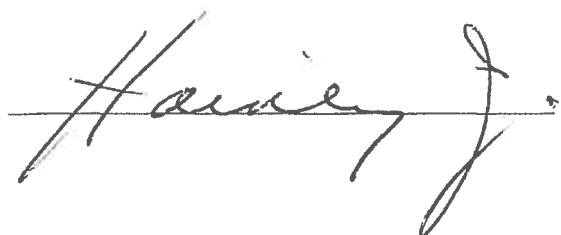
1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Fifth Report and the activities of the Proposal Trustee described therein be and are hereby approved.
3. **THIS COURT ORDERS** that the Sixth Report and the activities of the Proposal Trustee described therein be and are hereby approved.
4. **THIS COURT ORDERS** that the Amended Proposal be and is hereby approved.
5. **THIS COURT ORDERS** that any objections raised by the Company to claims filed by creditors shall be addressed as follows:
 - (a) the Proposal Trustee will make an initial determination as to whether a claim ought to be admitted or disallowed, and will advise the Company of its determination in this regard;
 - (b) the Company will communicate any objection to the admitted claims to the Proposal Trustee, in writing, including the basis for the objection, within seven days of the issuance of the Proposal Trustee's decision in paragraph (a) above;

- (c) the Proposal Trustee will consider the objection raised by the Company, and will advise the Company and the relevant creditor of its determination of the claim having regard for the Company's objection;
- (d) if the Proposal Trustee admits a claim after having reviewed the Company's objection, the Company may seek to have its objection adjudicated on motion to the Court ~~upon posting, with counsel for the Proposal Trustee, security for costs sufficient to cover the relevant creditor's substantial indemnity costs associated with the objection proceeding;~~ and 
- (e) the Proposal Trustee will work with the Company to schedule any objection motions, with the goal of minimizing the number of Court attendances required to address any such motions.

6. **THIS COURT ORDERS** that the fees and disbursements of the Proposal Trustee as described in the Sixth Report and as set out in the Rizarri Affidavit, be and are hereby approved, and the Proposal Trustee is hereby authorized to pay such fees from the Sale Proceeds.

7. **THIS COURT ORDERS** that the fees and disbursements of the Proposal Trustee's counsel as described in the Sixth Report and as set out in the Aversa Affidavit, be and are hereby approved, and the Proposal Trustee is hereby authorized to pay such fees from the Sale Proceeds.

8. **THIS COURT ORDERS** that the fees and disbursements of the Debtor's counsel in the sum of \$75,562.61, be and are hereby approved, and the Proposal Trustee is hereby authorized to pay such fees from the Sale Proceeds.



IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE CITY OF TORONTO, IN THE PROVINCE OF
ONTARIO

Court File No. 31-2303814

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN BANKRUPTCY AND INSOLVENCY
Proceedings commenced at Toronto

ORDER re PROPOSAL APPROVAL

AIRD & BERLIS LLP
Barristers and Solicitors
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Toronto, ON M5J 2T9

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Miranda Spence (LSUC # 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

APPENDIX

‘D’

June 12, 2018

Crown Sobeys' Motion
is passed on the terms
of the attached Order
on Proposal Approval.
For greater certainty,
The Proposal Trustee
shall review the
debtor's operating expenses
before making any payments
pursuant to § 6.5 of the
proposal.

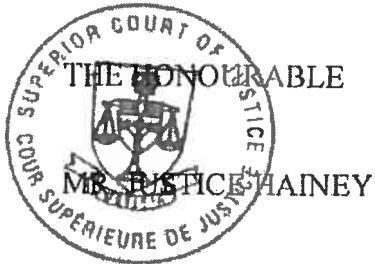
Mr. Allman's Motion is
adjourned to a date to be set
with the Commercial Trial
Office.

I say judicial the date set for
July 30/18 with respect to Mr. Mills'
Motion. 2 hours set aside the 2nd
September 20/18 for Ms. Foy's Motion.
Harvey J

APPENDIX

‘E’

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)



) THURSDAY, THE 18TH DAY
)
)
OF OCTOBER, 2018

IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

ORDER

THIS MOTION made by 1482241 Ontario Limited (known herein as the “**Debtor**” or the “**Company**”) for an Order, *inter alia*, directing Crowe Soberman Inc., in its capacity as proposal trustee for the Debtor (in such capacity, the “**Proposal Trustee**”) to disburse the funds currently in its hands to the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON HEARING the submissions of counsel for the Debtor and counsel for the Proposal Trustee, and those other parties present, no one appearing for any other person on the service list, although duly served as appears in the affidavits of service of Ariyana Botejue, filed.

SERVICE

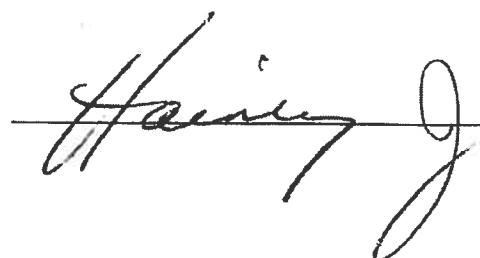
1. **THIS COURT ORDERS** that the time for service of the Amended Notice of Motion and the Amended Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

RELEASE OF SALE PROCEEDS

2. **THIS COURT ORDERS** that this motion is adjourned to October 31, 2018, which date is pre-emptory on the parties.

3. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to pay Janodee Investments Ltd. and Meadowshire Investments Ltd (collectively, the "Second Mortgagees") the settlement amount of \$385,234.92 from the Sale Proceeds or such other greater amount as maybe agreed to hereafter between the Company, the Second Mortgagees and the Proposal Trustee.

4. **THIS COURT ORDERS** that the Proposal Trustee shall make no other disbursement from the Sale Proceeds pending the return of this Motion, including and without limitation, in respect of any professional fees of the Proposal Trustee or its counsel, in the absence of the written agreement of the Company or a further order of this Court

A handwritten signature in black ink, appearing to read "Haining J.", is written over a horizontal line. The signature is fluid and cursive, with a large, stylized "J" at the end.

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF 1482241 ONTARIO LIMITED, OF THE CITY OF TORONTO, IN THE PROVINCE OF
ONTARIO

CROWE SOBERMAN INC., in its capacity as Licensed Insolvency Trustee of 1482241 Ontario Limited

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at TORONTO

ORDER

BLANEY McMURTRY LLP
Barristers and Solicitors
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Toronto, ON M5C 3G5

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Tel: (416) 596-4289
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dullmann@blaney.com

Alexandra Teodorescu (LSUC #63889D)

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Fax: (416) 594-2506
ateodorescu@blaney.com

Lawyers for 1482241 Ontario Limited

APPENDIX

‘F’

Crowe Soberman Inc.

Claims Register

**In the matter of the proposal of
1482241 ONTARIO LIMITED
of the City of Toronto
in the Province of Ontario**

Insolvency Date: 13-Oct-2017
Estate Number: 31-2303814

Creditor Name	Proof of Claim?	Claim Status	Rank / Class	SOA Amount	Amount Filed	Admitted for Dividend
Secured creditors						
1. Caruda Holdings	Yes	Not proved			804,726.03	
2. CRA - Tax - Ontario Attn: Quebec Insolvency Intake Centre 871468013RP0001/RT0001	Yes	Admitted		10,800.00	3,972.76	
Total : Secured creditors				10,800.00	808,698.79	
Unsecured creditors						
1. A. Checroune Realty Corporation Upper Level Parking Rent	Yes	Under Review		553,015.98	553,015.98	
2. Alain Checroune	Yes	Under Review		4,350,000.00	4,350,000.00	
3. Alain Checroune	Yes	Under Review			1,440,000.00	
4. Alain Checroune	Yes	Under Review			12,000,000.00	
5. Caruda Holdings	Yes	Under Review			1,318,321.64	
6. Caruda Holdings	Yes	Under Review		1,000,000.00	136,588.65	
7. CRA - Tax - Ontario Attn: Quebec Insolvency Intake Centre 871468013RP0001/RT0001	Yes	Admitted			17,699.61	17,699.61
8. Daikin Applied Canada Inc. 307691	Yes	Admitted		1.00	12,353.69	12,353.69
9. Devry Smith Frank LLP Attn: James Satin DETI002	Yes	Admitted		125,000.00	128,153.49	128,153.49
10. Enbridge Gas Distribution - Ontario Attn: Back Office Collections Department	No					
11. GDI Services (Canada) LP 140-148001	Yes	Admitted		1.00	95,746.42	95,746.42
12. Gowling Lafleur Henderson LLP-Toronto CV-18-591675	Yes	Admitted		445,000.00	401,284.89	401,284.89
13. Miller Thomson LLP - Toronto	No					
14. Ministry of Finance - ON PST, EHT & Other Taxes Attn: Mrs. Asta Alberry	No					
15. North York Family Physicians Holdings Inc. CV-10-403067	Yes	Admitted			46,442.42	46,442.42
16. Quality Allied Elevator 00174150SJ/SJ010036SJ	Yes	Admitted			18,247.23	18,247.23
17. Rogers Retail Proposals c/o FCT Default Solutions Attn: Insolvency Department 671146629	Yes	Admitted			871.56	871.56
18. Toronto Hydro-Electric Systems Limited Attn: Josephine Pernarell / Mary Degroot 0490301000	Yes	Admitted		190,000.00	199,934.53	199,934.53

Claims Register for 1482241 ONTARIO LIMITED

Insolvency Date: 13-Oct-2017
Estate Number: 31-2303814

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
19. Treasurer, City of Toronto Attn: George Charocopos, Collections Department Case 486399915335339	Yes	Admitted		3,500.00	3,197.25	3,197.25
20. YYZ Plumbing 1482241 Ontario Ltd.	Yes	Admitted			17,960.20	17,960.20
Total : Unsecured creditors				6,666,517.98	20,739,817.56	941,891.29

Contingent Creditors

1.	Ahmadi, Neelofar Attn: Craig A. Mills / Miller Thomson LLP	Yes	Contingent	42,705,000.00
2.	Allevio Clinic #1 Toronto Inc.	Yes	Contingent	486,050.06
3.	Clear Customs Brokers Ltd Attn: Neil Rabinovitch	Yes	Contingent	500,000.00
4.	Yoo, Chang- Soon	Yes	Contingent	800,000.00
Total : Contingent Creditors				44,491,050.06
		Grand Total:	6,677,317.98	66,039,566.41
				941,891.29

APPENDIX

‘G’

Proposal of 1482241 Ontario Inc.
Interim Statement of Receipts and Disbursements
To October 24, 2018

Sale of 240 Duncan Mill Road

Gross Purchase Price \$ 19,000,000.00

Less: Selling Costs

First Mortgage & Property Tax Arrears \$	(9,091,399.22)
Second Mortgage \$	(1,200,000.00)
2018 Property Tax \$	<u>(95,096.51)</u> \$ <u>(10,386,495.73)</u>

Less: Adjustment to Selling Costs

Rent and security deposit \$	(170,677.37)
March Rent adjustment \$	<u>(30,000.00)</u> \$ <u>(200,677.37)</u> Note 1
Net Proceeds from the Sale of 240 Duncan	<u>\$ 8,412,826.90</u> Note 2

Less: Disbursements paid pursuant to the
Court Order

Aird & Berlis LLP \$	(99,469.96)
Aird & Berlis LLP \$	(78,248.73)
Blaney McMurtry \$	(203,566.18)
Crowe Soberman Inc. \$	(317,181.96)
Devry Frank Smith LLP \$	(125,000.00)
Real Estate Commission \$	(339,000.00)
Paid to 1482241 Ontario Inc. \$	(200,000.00)
Caruda DIP Funds \$	(177,921.73)
Crowe Soberman Inc. \$	(97,767.60)
Aird & Berlis \$	(29,169.95)
Blaney McMurtry \$	<u>(76,562.61)</u> \$ <u>(1,743,888.72)</u>

Less: Disbursements paid to 1482241 Ontario
Inc. pursuant to the Proposal

Paid to 1482241 Ontario \$	(135,908.23)
Paid to 1482241 Ontario \$	(23,155.82)
Paid to 1482241 Ontario - real estate deposit \$	(203,430.00)
Paid to 1482241 Ontario \$	(75,590.00)
Paid to 1482241 Ontario \$	(64,790.00)
Paid to 1482241 Ontario \$	<u>(121,780.00)</u> \$ <u>(624,654.05)</u>

Less: Disbursements paid by the Proposal
Trustee

Various Disbursements \$ (307,584.24) \$ (307,584.24) Note 3

Less:

Less: penalty and interest on breaking 2nd
mortgage

Paid to Lerners LLP \$	<u>(408,712.86)</u> \$ <u>(408,712.86)</u>
Grand Total	<u>\$ 5,327,987.03</u>

Note 1: The Final Adjustments are being determined with counsel

Note 2: Funds are retained by Proposal Trustee's solicitor

Note 3: See attached schedule

E&OE

Cheque Register

Cheque#	File Name	Date	Payee	Transa	Amount
2	1482241ONT 1014644-022744	11-May-2018	Copperhead Mechanical	0655384	65,393.55
3	1482241ONT 1014644-022744	11-May-2018	Colliers Macaulay Nicolls Inc.	0655390	26,970.28
4	1482241ONT 1014644-022744	11-May-2018	Desjardins Card Services	0655391	40.00
5	1482241ONT 1014644-022744	11-May-2018	Enbridge	0655392	8,029.17
6	1482241ONT 1014644-022744	11-May-2018	IT Networked Systems Inc.	0655393	70.63
7	1482241ONT 1014644-022744	11-May-2018	Office Central	0655394	259.92
8	1482241ONT 1014644-022744	11-May-2018	Orkin Canada Corporation	0655395	418.68
9	1482241ONT 1014644-022744	11-May-2018	Accurate Overhead Limited	0655416	276.85
10	1482241ONT 1014644-022744	11-May-2018	Arcamm Electric Ltd.	0655417	4,746.38
11	1482241ONT 1014644-022744	11-May-2018	Cascades Recovery	0655418	2,130.67
12	1482241ONT 1014644-022744	11-May-2018	Danmac Plumbing and Drain Services Ltd.	0655419	461.04
13	1482241ONT 1014644-022744	11-May-2018	Frew Energy	0655420	533.43
14	1482241ONT 1014644-022744	11-May-2018	Hantec Control Systems Inc.	0655421	169.50
15	1482241ONT 1014644-022744	11-May-2018	HCH Lazerman Inc.	0655422	1,203.39
16	1482241ONT 1014644-022744	11-May-2018	Husky Landscaping Services	0655423	8,588.00
17	1482241ONT 1014644-022744	11-May-2018	Indy Electric Solutions	0655424	364.42
18	1482241ONT 1014644-022744	11-May-2018	Litron Distributors Ltd	0655425	718.02
19	1482241ONT 1014644-022744	11-May-2018	Nortex Roofing Ltd.	0655426	655.40
20	1482241ONT 1014644-022744	11-May-2018	Peregrine Protection	0655427	9,306.12
21	1482241ONT 1014644-022744	11-May-2018	Profire Safety Services	0655428	7,166.85
22	1482241ONT 1014644-022744	11-May-2018	Quick Silver Express Inc.	0655429	128.82
23	1482241ONT 1014644-022744	11-May-2018	Roy Turk Industrial Sales Ltd.	0655430	2,496.03
24	Multiple	11-May-2018	TORONTO HYDRO	0655431	42,060.72
25	1482241ONT 1014644-022744	11-May-2018	Trident Elevator Company Limited	0655432	3,735.08
26	1482241ONT 1014644-022744	11-May-2018	Weinstein Taylor and Associates Inc.	0655433	18,938.80
27	1482241ONT 1014644-022744	11-May-2018	Wynford Services	0655434	14,040.25
28	1482241ONT 1014644-022744	11-May-2018	Receiver General	0655435	150.00
29	1482241ONT 1014644-022744	14-May-2018	Wagner, Andrews & Kovacs Ltd.	0655450	2,777.48
30	1482241ONT 1014644-022744	28-May-2018	Copperhead Mechanical	0655669	1,750.77
31	1482241ONT 1014644-022744	28-May-2018	City of Toronto	0655670	5,286.09
32	1482241ONT 1014644-022744	28-May-2018	Enbridge	0655671	7,593.52
33	1482241ONT 1014644-022744	28-May-2018	Orkin Canada Corporation	0655672	139.56
34	1482241ONT 1014644-022744	28-May-2018	Rogers	0655673	951.27
35	1482241ONT 1014644-022744	28-May-2018	Roy Turk Industrial Sales Ltd.	0655674	1,378.92
36	1482241ONT 1014644-022744	28-May-2018	Stanley Access Technologies	0655675	1,579.41
37	1482241ONT 1014644-022744	28-May-2018	GDI Services Canada	0655676	2,721.04
38	1482241ONT 1014644-022744	28-May-2018	Cascades Recovery	0655677	1,027.77
39	1482241ONT 1014644-022744	28-May-2018	Trident Elevator Company Limited	0655678	9,580.78
40	1482241ONT 1014644-022744	28-May-2018	TORONTO HYDRO	0655679	27,959.82
42	1482241ONT 1014644-022744	20-Jul-2018	Enbridge	0656548	3,367.40
43	1482241ONT 1014644-022744	20-Jul-2018	City of Toronto	0656550	5,852.61
44	1482241ONT 1014644-022744	25-Jul-2018	Profie Safety Services	0656661	16,565.80
	Total				307,584.24