

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL IN BANKRUPTCY OF
1482241 ONTARIO LIMITED
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO

THIRD REPORT OF THE PROPOSAL TRUSTEE
FEBRUARY 1, 2018

INTRODUCTION

1. On October 13, 2017, 1482241 Ontario Limited (“**148**”), (the “**Company**” or the “**Debtor**”), filed a Notice of Intention to Make a Proposal (“**NOI**”). Crowe Soberman Inc. consented to act as the Proposal Trustee (the “**Proposal Trustee**”) for the Company.
2. This report (the “**Third 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 Report have the same meaning ascribed to them as in the First Report of the Proposal Trustee dated October 27, 2017 (the “**First Report**”), the Supplemental Report to the First Report of the Proposal Trustee dated November 2, 2017 (the “**Supplemental Report**”), and the Second Report of the Proposal Trustee dated December 13, 2017 (the “**Second Report**”).
3. On October 27, 2017, the Proposal Trustee filed its First Report with the Court. The purpose of the First Report was to:
 - a) Summarize and support the Sales Process;

- b) Report on the Debtor's cash flow projection for the period commencing October 19, 2017 and ending March 31, 2018, and the Debtor's need for a DIP Facility up to the principal amount of \$750,000;
- c) Support the request for a charge to secure the fees and disbursements of the Proposal Trustee, counsel for the Proposal Trustee, and Debtor's counsel; and
- d) Support the Debtor's request for an extension of the time within which to file a proposal with the Official Receiver.

A true copy of the First Report (without appendices) is attached hereto as **Appendix "A"**.

4. On November 2, 2017, the Proposal Trustee filed its Supplemental Report with the Court. The purpose of the Supplemental Report was to:

- a) Advise on the status of Avison Young being retained as property manager of the Duncan Mill Property;
- b) Report on certain concerns being communicated by tenants of the Duncan Mill Property to the Proposal Trustee;
- c) Provide the Court with a confidential letter of opinion regarding the estimated value of the Duncan Mill Property dated November 1, 2017;
- d) Report on litigation involving the Duncan Mill Property and each of the Hussaini Group and Torgan;
- e) Provide an update on the DIP Term Sheet;
- f) Report on potential interim financing to pay realty tax arrears; and
- g) Recommend that the time within which the Debtor must file a proposal with the Official Receiver be extended to December 22, 2017.

A true copy of the Supplemental Report (without appendices) is attached hereto as **Appendix "B"**.

5. By Order of the Honourable Justice Hainey dated November 3, 2017 (the "**November 3rd Order**"), a copy of which is attached hereto as **Appendix "C"**, the Administration Charge, the DIP Term Sheet, the DIP Lender's Charge, the Sales Process, the First

Report, the Supplemental Report, and the request for an extension of time to file a Proposal, were approved.

6. On December 13, 201, the Proposal Trustee filed its Second Report with the Court. The purpose of the Second Report was to:

- a) Provide an update with regard to the status of the Sales Process;
- b) Request an extension of the Bid Deadline from January 15th, to February 15th, 2018, and corresponding extensions of the other milestones set out in the Sales Process;
- c) Advise on the status of the day-to-day management of the Duncan Mill Property;
- d) Report on the Company's financial affairs; and
- e) Support the Debtor's request for a further extension of the time within which to file a proposal with the Official Receiver, to February 5, 2018.

A true copy of the Second Report (without appendices) is attached hereto as **Appendix "D"**.

7. By Order of the Honourable Justice Hainey dated December 20, 2017 (the "**December 20th Order**"), a copy of which is attached hereto as **Appendix "E"**, the Bid Deadline extension was approved, the Debtor was authorized to borrow under a credit facility to repay the outstanding realty taxes owed in respect of the Duncan Mill Property, and the request for an extension of time to file a proposal to February 5, 2018 was approved.

PURPOSE

8. The purpose of this Third Report is to:

- a) Provide an update with regard to the status of the Sales Process;
- b) Report on the challenges experienced in maintaining the temperature and condition of the Duncan Mill Property over the holiday season;
- c) Convey the information the Proposal Trustee has received from professional mechanical engineering firms regarding the state of the Duncan Mill Property;

- d) Report on the Proposal Trustee's request that the Debtor make a request for funding to the DIP Lender (Caruda Holdings Ltd.), to pay outstanding disbursements relating to the maintenance and management of the Duncan Mill Property;
- e) Advise that the Debtor is presently advertising leasing opportunities at the Duncan Mill Property for rental rates which are below market rates;
- f) Support the Debtor's request for a further extension of the time within which to file a proposal, for the purpose of allowing the Sales Process to be taken to its conclusion.

SALES PROCESS

- 9. The Sales Process in respect of the Duncan Mill Property continues to advance towards the extended Bid Deadline of February 15, 2018. There has been a healthy response to the marketing campaign carried out by Cushman & Wakefield Ltd. ("Cushman") and the Proposal Trustee. Numerous parties have executed NDA's and accessed the online data room to carry out their due diligence. Interested parties have also attended at the Duncan Mill Property for tours supervised and arranged by Avison Young and Cushman. Attached hereto as **Confidential Appendix "1"** is the list of parties that have executed NDA's and have been granted access to the online data room.
- 10. On December 15, 2017, counsel for the Debtor advised the Proposal Trustee that the DIP Lender and/or a company incorporated by, controlled by or related to it, and/or Alain Checroune personally, intends to submit a bid in the Sales Process. Accordingly, in accordance with the Sales Process, the Proposal Trustee is treating the Debtor Parties in the same manner as all other Interested Parties (as those terms are defined in the Sales Process).

CONDITION OF THE DUNCAN MILL PROPERTY

11. The Proposal Trustee retained Pinchin Ltd., to conduct a Baseline Property Condition Assessment Report (“**BCA Report**”) of the Duncan Mill Property for prospective purchasers to review in the course of their due diligence. The BCA Report was completed on November 28, 2017, and was posted in the Proposal Trustee’s online data room for review by parties that have executed NDA’s. The BCA Report identifies and recommends repairs and replacements of various components relating to the building’s operating systems and structure over a ten year period, the total cost of which could amount to approximately \$5.89 million. A copy of the BCA Report is attached hereto as **Appendix “F”**.
12. Over the course of the Christmas holidays, Toronto experienced severe cold weather for an extended period of time. Due to the age and need for repair of certain aspects of the Duncan Mill Property, as outlined in the BCA Report, various pipes and radiators burst and flooded tenant spaces, both vacant and occupied, causing damage to certain areas. The flooding required Avison Young to coordinate retaining professionals to conduct emergency repairs and clean-up efforts, commencing over the holidays and continuing into the present. The Debtor notified its insurer, representatives of which attended at the Duncan Mill Property to inspect the damage and begin processing a claim. The present status and quantum of the claim is unknown.
13. Once the damage caused by the flooding was mitigated, new challenges in heating and maintaining the temperature at the Duncan Mill Property arose. Avison Young retained the mechanical firm Copperhead Mechanical Ltd. (“**Copperhead**”), with the Debtor’s agreement, to assess and repair the radiators that had burst and perform other repairs as needed. Upon completion of its assessment, Copperhead was able to bring heat back to the Duncan Mill Property, but advised that the solution it had implemented was temporary. Copperhead recommended that a mechanical engineering firm be retained to work with it to properly diagnose the problems and identify solutions.

14. Accordingly, the Proposal Trustee retained the mechanical engineering firm Weinstein Taylor & Associates (“WTA”). WTA attended at the Duncan Mill Property on several occasions to meet with Copperhead, Avison Young, and the Proposal Trustee, to coordinate the steps required to restore reliable heating. After numerous attendances, WTA prepared an engineering assessment (“**WTA Engineering Assessment**”) for the Proposal Trustee which outlined the challenges associated with providing reliable heat to the Duncan Mill Property using the existing heating system. The WTA Engineering Assessment recommended the purchase and installation of new boilers at a cost of approximately \$450,000, to generate sufficient heat throughout the building, and to bring the heating system up to code. A true copy of the WTA Engineering Assessment is attached hereto as **Appendix “G”**, and has been posted to the data room.
15. The existing BCA Report had similarly recommended the replacement of the boilers and heating system, but concluded that such replacement was not required immediately. In contrast, the WTA Engineering Assessment concluded that the boilers needed to be replaced urgently, and that this work could not wait until the conclusion of the Sales Process and/or the next heating season. Accordingly, on January 17, 2018, the Proposal Trustee and its counsel met with Avison Young, and counsel for the Debtor, to discuss the WTA Engineering Assessment and proposed next steps to address the problems identified. The Proposal Trustee agreed to retain a second engineering firm to provide a second opinion. In addition, the Proposal Trustee scheduled a 9:30 attendance before Justice Hainey on January 25, 2018, in the event that the parties could not agree on a course of action.
16. The Proposal Trustee retained Hind Engineering Ltd. to prepare a second opinion with regard to the status of the boilers, which opinion was provided to the Proposal Trustee on January 19, 2018 (“**Hind Report**”). A true copy of the Hind Report is attached hereto as **Appendix “H”**, and has been posted to the data room.
17. The Hind Report outlines the same issues and concerns involving the age of the boiler system, and other aspects of the heating system at the Duncan Mill Property, as the WTA Engineering Assessment and the BCA Report. However, like the BCA Report, the Hind

Report concludes that the existing boiler capacity is sufficient to carry the building into the next heating season. The Hind Report also makes certain recommendations as to immediate minor repairs that will improve the situation as a stop gap measure.

18. Upon receipt of the Hind Report, the Proposal Trustee consulted with Avison Young and the Debtor to determine the preferred course of action. The parties concluded that no immediate major replacement work was required. Accordingly, the Proposal Trustee cancelled the attendance before the Court scheduled for January 25, 2018. The Proposal Trustee is working with Avison Young to implement the recommendations set out in the Hind Report, and to complete such minor repairs as are necessary to ensure that the Duncan Mill Properly is safely heated.
19. The Proposal Trustee is of the view that, given that potential purchasers are already aware that the boilers must be replaced in the near future, and that the Hind Report concludes that the existing boilers will provide sufficient heating capacity for the remainder of this winter, leaving the existing boilers in place, while conducting such minor repairs as are necessary, will produce the best outcome in terms of realization from the Sales Process and avoid the need for further DIP financing to address the cost of more extensive repairs.
20. On January 4, 2018, a fire safety inspection was conducted at the Duncan Mill Property that resulted in a Notice of Violation. A true copy of the Notice of Violation is attached hereto as **Appendix “I”**. In response to the notice of violation, Avison Young implemented full-time security, known as “fire-watch”, to supervise the Duncan Mill Property until such time as the violations were remedied. The Proposal Trustee has been advised by Avison Young that the violations have been remedied, and the fire-watch is no longer required.

MARKETING OF VACANT UNITS

21. Cushman has provided the Proposal Trustee with a listing that the Debtor posted via MLS for a leasing opportunity at the Duncan Mill Property. The listing offers rental space at a rate of

\$8.00 per square foot. Cushman has advised the Proposal Trustee that the rate is below fair market value, and that the market rate is closer to \$13.00 per square foot. Attached as **Appendices “J” and “K”** are the listing for the rental at the Duncan Mill Property, and a comparison of rental rates in the same area provided by Cushman.

22. The Proposal Trustee has advised the Debtor that it is inappropriate to advertise space for lease at the Duncan Mill Property at below-market rents. The Proposal Trustee is advised by Cushman that leaving such space vacant will be more attractive to potential purchasers than putting in place tenancies at below-market rents. The Proposal Trustee recommends that the Debtor cease marketing leasing opportunities at the Duncan Mill Property pending the conclusion of the Sales Process, and has advised the Debtor of its recommendation in this regard. The Proposal Trustee is continuing to work with the Debtor to arrive at a satisfactory resolution of this issue. Should the Debtor continue to market leasing opportunities at the Duncan Mill Property, the Proposal Trustee intends to bring this issue back before the Court.

REQUEST FOR DIP FUNDING

23. Pursuant to the Cash Flow filed by the Debtor on the motion returnable November 3, 2017, the Debtor projected that a DIP Loan would be required in order to meet the Debtor’s monthly expenses until the completion of the Sales Process. To date, the Debtor has not required any cash injections, partly because certain of the projected disbursements have not been paid, including certain professional fees and the cost of repairs and maintenance for curing known deficiencies. However, due to the need for repairs and maintenance as described earlier in this Third Report, funds are now required.

24. On January 26, 2018, the Proposal Trustee’s counsel wrote to the Debtor’s counsel to request that the Debtor make a request for funding under the DIP Loan. The Proposal Trustee’s correspondence included a statement of outstanding disbursements which require payment. The Proposal Trustee also advised that there are insufficient funds available from the cash flow arising from the Duncan Mill Property (i.e. rental payments) to pay those disbursements, and requested that the Debtor initiate a request for an advance under the DIP Loan to cover those

costs for January and February. A copy of this correspondence, including the draft accounting prepared by Avison Young, is attached hereto as **Appendix “L”**.

25. The Debtor has not refused the request made by the Proposal Trustee, but has also not requested the \$200,000 from the DIP Lender. The Debtor advised the Trustee that it has some concerns regarding the manner in which Avison Young has managed the receipts for this past December and January, and has requested more information with respect to certain disbursements that are to be paid.
26. The Proposal Trustee is of the view that Avison Young has been managing receipts and disbursements appropriately. With regard to Avison Young’s fees, Avison Young’s projected management rate of \$10,000 per month was based upon the continued use on-site of building staff retained by the Debtor. Upon Avison Young’s appointment, the Debtor terminated the employment of its building staff, such that Avison Young was required to retain additional staff to manage the Duncan Mill Property. The Proposal Trustee will continue to work with the Debtor to reconcile the issues raised by it with regard to Avison Young’s management and the status of the outstanding obligations.
27. Given that the Debtor knew cash injections would be required based on its own projected cash flow, obtained a Court Order approving a DIP loan on that basis, and acknowledges that work and repairs were required on an emergency basis, it is unclear to the Proposal Trustee why the Debtor takes a critical view to the management of funds by Avison Young.
28. The Proposal Trustee is optimistic that it can work with the Debtor to obtain the Debtor’s agreement to pay the outstanding amounts described above, using funding from the DIP Loan, as necessary. Should the Debtor and the Proposal Trustee not be able to come to an understanding on this issue, the Proposal Trustee will report back to the Court on this matter. The Debtor also recommends that if there are still outstanding disbursements upon the completion of the Sales Process, those amounts should be paid from the sale proceeds. The Proposal Trustee is reviewing which of the outstanding payables can be delayed until such time.

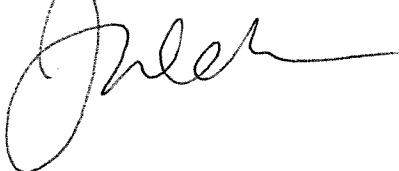
STAY EXTENSION APPLICATION

29. In the Proposal Trustee's view, it is appropriate to further extend the period within which the proposal must be filed so that the Sales Process can be brought to its conclusion. Based on the response received to date, the Proposal Trustee is of the view that the Sales Process will result in a positive outcome for the stakeholders.
30. In the Proposal Trustee's view, the Debtor would likely be able make a viable proposal if the extension being applied for is granted.
31. No creditor is likely to be materially prejudiced if an extension of the time within which to file a proposal is granted.
32. Based on the foregoing, the Proposal Trustee supports the Company's motion for an Order extending the time within which the Company is obligated to file its proposal with the Official Receiver.

All of which is respectfully submitted this 1st day of February, 2018.

CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal for
1482241 Ontario Limited



APPENDIX

‘A’

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL IN BANKRUPTCY OF
1482241 ONTARIO LIMITED
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO

FIRST REPORT OF THE PROPOSAL TRUSTEE
OCTOBER 27, 2017

INTRODUCTION

1. On October 13, 2017, 1482241 Ontario Limited (“148”), (the “Company” or the “Debtor”), filed a Notice of Intention to Make a Proposal (“NOI”). Crowe Soberman Inc. consented to act as the Proposal Trustee (the “Proposal Trustee”) for the Companies. A true copy of the Certificate of Filing of a Notice of Intention is attached hereto as Appendix “A”.
2. Attached hereto as Appendix “B”, is the Notice of Intention and the list of creditors for the Company that was sent to all known creditors.
3. 148 will bring a motion returnable on November 2, 2017 (the “Motion”) for order, *inter alia*,
 - a) Approving the interim financing of 148 by Alain Checroune personally or through a company under his control (in such capacity, the “DIP Lender”) substantially in accordance with terms of the DIP term sheet (defined below) and granting the DIP Lender’s Charge (as defined below);

- b) Approving the sale solicitation process (the “Sale Process”) for the sale of 148’s assets and business;
- c) Granting the Administration Charge (as defined below) in favour of the Proposal Trustee, counsel for the Proposal Trustee, and counsel for 148;
- d) Extending the time within which a Proposal must be filed with the Official Receiver to December 27, 2017.

4. In support of the Motion, 148 filed an Affidavit of Alain Checroune, sworn October 26, 2017 (the “Checroune Affidavit”) which describes, *inter alia*, 148’s history and the reasons for the commencement of these proceedings. The Proposal Trustee has not repeated those details in this first report to the Court (the “First Report”), except to the extent necessary.

5. 148 is the owner and operator of an eight-storey multi-tenant commercial building located in the City of Toronto. The principal purposes of these proposal proceedings, as explained in the Checroune Affidavit, are to provide 148 with an opportunity to (i) conduct the Sale Process for the sale of the Debtor’s business and assets; and (ii) negotiate and make a viable proposal to their creditors.

PURPOSES OF THE FIRST REPORT

6. The purposes of this First Report are to:

- a) Summarize and support the Sale Process;
- b) Report on the Debtor’s cash flow projection for the period commencing October 19, 2017 and ending March 31, 2018 and the Debtor’s need for a debtor in possession facility between the Debtor and the DIP Lender up to the principal amount of \$750,000 (the “DIP Facility”) pursuant to section 50.6 of the BIA, as

well as a charge in favour of the DIP Lender over the Debtor's assets, properties and undertakings to secure repayment of the amounts borrowed by the Debtor under the DIP Facility (the "**DIP Lender's Charge**");

- c) Support the request for a charge to secure the fees and disbursements of the Proposal Trustee, counsel for the Proposal Trustee, and the Debtor's counsel, Blaney McMurtry LLP (the "**Administration Charge**"); and
- d) Support the Debtor's request for an extension of the time period to file a proposal with the Official Receiver to December 27, 2017.

DISCLAIMER

7. In preparing this First Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Debtor's books and records, discussions with third party consultants to 148, management and employees, and information from other third party sources. The Proposal Trustee assumes no responsibility or liability for loss or damage occasioned by any party as a result of the circulation, publication, re-production or use of this First Report. Any use which any party, other than the Court, makes of this First Report, or any reliance on, or any decisions to be made, based upon it, is the responsibility such party.

BACKGROUND

8. 148 is an Ontario corporation incorporated on June 21, 2001 and appears to be a single purpose corporation holding legal and beneficial title to certain lands and a free standing commercial building located thereon at 240 Duncan Mill road, Toronto, Ontario (the "**Duncan Mill Property**")
9. The Duncan Mill Property is made up of an eight storey multi-tenant commercial building with a single level basement and an underground parking garage. The Property also includes the second level parking area associated with the two-storey parking structure located on the west side of the Property. The building consists of commercial units and was

constructed in approximately 1971. The building is managed by 148. At present, the building has 19 tenants and is at 52% occupancy rate.

10. The Duncan Mill Property was purchased by 148 for \$15,300,000 in 2001.
11. As of October 13, 2017, 148 employed two full time employees who are maintenance personnel and one full time office administrator/property manager.
12. The Proposal Trustee intends to retain a reputable property management firm to oversee and manage the day to day property issues. The property management firm will be retained by the Proposal Trustee and will be reporting directly to the Proposal Trustee.

SECURED CREDITORS

13. Dan Realty Corporation, E.Manson Investments Limited, Copperstone Investments Limited (the “**First Mortgagee**”) is the registered holder of a first mortgage on the Duncan Mill Property, which mortgage was assigned from Computershare Trust Company of Canada on June 2, 2016. As security for its loan 148 granted to the First Mortgagee, among other things, a mortgage in the amount of \$11,250,000 over the Duncan Mill Property and a General Security Agreement providing a first charge over all personal property of 148. A copy of the Charge registered as Instrument Nos. AT935525 and AT4236037 are attached hereto as **Appendix “C”**
14. As at October 11, 2017, 148 was indebted to the First Mortgagee in amounts that total \$7,692,202.45, inclusive of accrued interest and costs.
15. A second mortgage was registered on title to the Duncan Mill Property in favour of Janodee Investments Ltd. and Meadowshire Investments Ltd., dated September 21, 2016 (the “**Second Mortgagee**”) against the Duncan Mill Property. The amount claimed to be outstanding under the Second Mortgage as at October 13, 2017 is approximately \$1,420,000, including accrued interest. A copy of the Charge registered as Instrument No. AT4349221 is attached hereto as **Appendix “D”**.

16. In addition to the first and second mortgages, the Debtor owes \$1,441,179.66 in property tax arrears to the City of Toronto.
17. The Proposal Trustee has reviewed the PPSA search obtained against 148 attached as Exhibit C to the Checroune Affidavit. In addition to the secured creditors described above, the PPSA search result reveals a registration against 148 in favour of Mann Engineering Ltd. The Proposal Trustee has been advised by the Debtor that the Mann Engineering debt has been paid in full and it should be deleted.

SALES PROCESS

18. As described in greater detail in the Checroune Affidavit, the primary purpose of the Debtor's proposal proceedings is to find a purchaser for the business and/or assets of the Debtor.
19. The purpose of the Sale Process is to identify one or more purchasers of the business and/or assets of the Debtor. Subject to the order of the Court, the Sale Process will be run by the Proposal Trustee. The following is a summary of the significant terms of the Sale Process the Proposal Trustee is considering. A copy of the proposed Sale Process is attached hereto as **Appendix "E"**. Terms not otherwise defined in this First Report shall have the meaning ascribed to these terms in the Sale Process.
 - a) The Proposal Trustee shall cause notice of the Sale Process to be published in The Globe and Mail (National Edition) within ten (10) days following the date of the Order.
 - b) The Proposal Trustee will retain a Listing Agent, who will work with and assist the Proposal Trustee with the marketing and solicitation of offers for the Duncan Mill Property.
 - c) As soon as possible after the issuance of the Order approving the Sales Process, the Proposal Trustee, in consultation with the Listing Agent will distribute to Interested Parties an interest solicitation letter which will provide an overview of this opportunity

and 148's business and assets. A form of confidentiality agreement ("CA") will be attached to the interest solicitation letter that Interested Parties will be required to sign in order to gain access to confidential information and to commence performing due diligence (each Interested Party who signs a CA being referred to herein as a "Prospective Offeror").

- d) The Proposal Trustee will provide to each Prospective Offeror (i) a confidential information memorandum, (ii) access to an electronic data room (which will include certain financial and other information with respect to 148, and (iii) a proposed form of agreement of purchase and sale (the "Trustee APS"). The Proposal Trustee or Listing Agent will also facilitate diligence by Prospective Offerors, including arranging site visits, as the Proposal Trustee and Listing Agent determines to be appropriate.
- e) The deadline for submission of offers will be 5:00pm on January 15, 2018. In order to be a "**Qualified Offer**", the offer must be submitted by 5:00pm January 15, 2018 and comply with the other requirements set out in the Sales Process. Qualified Offers will need to be accompanied by a cash deposit equal to 10% of the consideration in the offer.
- f) If more than one Qualified Offers are received by the deadline, the Proposal Trustee will conduct an auction amongst the Qualified Offerors in order to determine one successful offer.
- g) Any transaction resulting from the Sales Process will be subject to the approval of this Court.
- h) If at any time during the Sales Process it becomes evident to the Proposal Trustee that no Qualified Offers will be received, the Proposal Trustee may terminate the Sale Process.

20. A chart summarizing material deadlines for the Sales Process is set out below:

Sale Solicitation Process	Date
Court Approval of Sale Process	Date of Approval (“Sale Process Approval Date”)
Begin Marketing to Interested Parties	Immediately following the Sale Process Approval Date
Complete Delivery of Sale Solicitation Materials and Listings	November 30, 2017
Deadline for Submissions of Offers	January 15, 2018
Auction (if necessary)	January 19, 2018
Selection of Offer	January 19, 2018
Execution of Binding Agreement	January 31, 2018
Court Approval of Binding Agreement and Granting of Vesting Order	February 15, 2018
Closing	As soon as practicable following Court approval of the binding agreement; and in any event no later than February 28, 2018

21. The Proposal Trustee shall apply to the Court for an order approving the Successful Offer and authorizing the Debtor to enter into any and all definitive transaction documentation with respect to the Successful Offer (a) and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Offer.

22. The Proposal Trustee respectfully recommends that the Court approve the Sale Process for the following reasons, among others:

- a) In the view of the Proposal Trustee, the Sale Process provides an appropriate mechanism to expose the Debtor’s business and assets to the market for a reasonable period of time;
- b) The Sales Process provides the Proposal Trustee and Listing Agent with an opportunity to solicit offers that meet the Debtor’s goals and the Proposal Trustee does not believe that there is a better viable alternative than a sale of the Debtor’s business and assets;

- c) The sale of the Debtor's business and assets will benefit all creditors (secured and unsecured);
- d) The Proposal Trustee understands that none of the Debtor's creditors have a *bona fide* reason to object to the marketing of the Debtor's business and assets, in particular given that any sale will be subject to Court approval.

DIP FINANANCING

- 23. 148 has been operating at a deficit. As of October 25, 2017 the Debtor has approximately \$19,000 of cash on hand. 148 expenditures result in a cash burn to March 31 2018 of approximately \$500,000, including debt service amounts but not including the costs of these proceedings.
- 24. Attached hereto as Appendix "F" is a copy of the projected cash flow prepared by the Debtor for the time period commencing October 2017 and ending March 31, 2018 (the "Cash Flow").
- 25. To address the short term liquidity crisis facing 148, Mr. Checroune, in his capacity as the DIP Lender, has agreed to provide interim funding for 148 (the "DIP Loan") by way of an Interim Financing Facility Terms and Conditions Term Sheet (the "DIP Term Sheet").
- 26. Certain of the key terms of the DIP Term Sheet are summarized below:
 - a) Commitment Amount: Senior secured priority interim financing facility of up to CDN \$750,000. (subordinate to the existing 1st and 2nd mortgages and subordinate to the Administration charge)
 - b) Interest Rate: All borrowings shall bear interest at a rate no greater 13% (the current rate charged under the 1st mortgage).
 - c) Security and Priority: The obligations of the borrowers under the DIP Term Sheet are to be subject to a court-ordered priority charge on all of the existing and after-acquired

real and personal, tangible and intangible assets of 148 but subordinate to the existing 1st and 2nd mortgages and the Administration Charge.

d) Conditions to Availability: The obligation of the DIP Lender to make the Interim financing available to 148 is subject to and conditional upon, among other things, the granting of the Order approving the DIP Facility and the DIP Lender's Charge.

27. The Proposal Trustee has considered the factors set out in Section 50.6(5) of the BIA with respect to granting of a Court order for interim financing and a charge related thereto. The Proposal Trustee believes that the terms of the DIP Facility are reasonable for, *inter alia*, the following reasons:

- a) The DIP Facility enhances the prospect of the Debtors successfully completing their restructuring;
- b) The Debtor is facing a liquidity crisis and the proposed DIP Financing will assist the Company with its operating expenses and the costs related to the Duncan Mill Property. It will also ensure that there is sufficient flexibility in 148's cash flow going forward.
- c) The Proposal Trustee is not aware of any creditor who would be materially prejudiced by the approval of the DIP Facility and the DIP Lender's Charge;
- d) The terms of the DIP Facility appear to be reasonable in the circumstances and are more favourable to the Debtors than debtor-in possession financing facilities in other similar proceedings; and
- e) The rate of interest appears to be reasonable in the circumstances given the risk inherent in these proceedings.

ADMINISTRATION CHARGE

28. The Debtors are seeking an Administration Charge over the assets, undertakings and property of 148 which would have priority over all claims against the Debtor including the DIP Charge and only subordinate to the existing 1st and 2nd mortgages. The beneficiaries of the Administration Charge would be the Proposal Trustee, the Proposal Trustee's legal counsel, and the Debtor's legal counsel, Blaney McMurtry LLP.
29. An Administration Charge is common in restructuring proceedings and is, in the Proposal Trustee's view, appropriate in the present case given the Debtor's lack of liquidity. The professionals involved in these proceedings require the benefit of a Court-ordered priority charge on the Debtor's business and assets (subordinate only to the existing 1st and 2nd mortgages) to secure payment of their fees and expenses.
30. The Administration Charge is supported by the DIP Lender. Since the DIP Lender's Charge and the Administration Charge will be subordinate to the security of the existing 1st and 2nd mortgagees and both mortgages will be kept current during the proposal proceeding, there does not appear to be any material prejudice as a result of the requested charges.
31. In addition, as set out in the cash flow, it is intended that the payment of professional fees incurred in the proposal proceeding will be deferred until there are proceeds from the sale of the Duncan Mill Property.

EXTENSION OF THE TIME TO MAKE A PROPOSAL

32. The initial 30-day stay period granted upon the filing of the NOI expires on November 12, 2017.
33. As detailed above, subject to the approval of the Court, the Proposal Trustee will commence a Sale Process for marketing of the Debtor's assets. The proposed offer deadline under the Sale Process will be set for January 15, 2018.

34. The Cash Flow includes monthly cash flow projections of the Debtor for the period of time from October 2017 to March 31, 2018, which includes the initial 30-day stay period and the extension of the stay period requested by the Debtor. The Proposal Trustee notes that in the month of November, the Debtor is projected to be in a cash flow deficit position with the deficit continually increasing without the availability of the DIP Loan. If the DIP Loan is approved, the Debtor is projected to remain cash flow positive until the Sale Process has been completed.

35. The Debtor and the Proposal Trustee will require a further extension to commence and carry out the Sale Process, and the Debtor has therefore asked for the maximum extension to December 27, 2017. If this Court approves the DIP Facility and the DIP Charge, the Cash Flow demonstrates that the Debtor will have sufficient funds to continue to operate and finance the Sale Process during the extension period.

36. In the event an extension is not granted and the Debtor is deemed bankrupt, the Debtor will not be able to complete its restructuring and formulate a proposal to the likely detriment of all of its stakeholders.

37. The Proposal Trustee is satisfied that the Debtor has acted and continues to act in good faith and with due diligence in these proceedings to date and, if the extension sought is granted, this will allow the Debtor to commence and carry out the Sales Process.

38. Until such time as the Sales Process is completed, the Proposal Trustee will be retaining an independent third party property management company to manage the Duncan Mill Property.

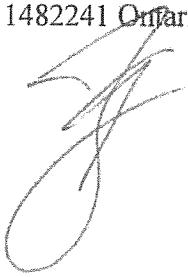
RECOMMENDATIONS

39. Based on the foregoing, the Proposal Trustee respectfully recommends that this Court make an order granting the relief detailed at paragraph 3 of this First Report.

All of which is respectfully submitted this 27th day of October, 2017.

CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal for
1482241 Ontario Limited

A handwritten signature in black ink, appearing to read "CROWE SOBERMAN INC." followed by a date.

APPENDIX

‘B’

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL IN BANKRUPTCY OF
1482241 ONTARIO LIMITED
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO

SUPPLEMENTAL REPORT TO THE FIRST REPORT OF THE
PROPOSAL TRUSTEE
NOVEMBER 2, 2017

INTRODUCTION

1. This report (the “**Supplemental 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 Supplemental Report have the same meaning provided to them as in the First Report of the Proposal Trustee to Court dated October 27, 2017.

PURPOSE

2. On October 27, 2017 the Proposal Trustee filed its First Report with the Court. The purposes of the First Report were to:
 - a) Summarize and support the Sales Process;
 - b) Report on the Debtor’s cash flow projection for the period commencing October 19, 2017 and ending March 31, 2018 and the Debtor’s need for a debtor in possession facility between the Debtor and DIP Lender up to the principal amount of \$750,000 (the “**DIP Facility**”);
 - c) Support the request for a charge to secure the fees and disbursements of the Proposal Trustee, counsel for the Proposal Trustee, and the Debtor’s counsel, Blaney McMurtry LLP (the “**Administration Charge**”); and

- d) Support the Debtor's request for an extension of the time period to file a Proposal with the Official Receiver.

PROPERTY MANAGER

3. As reported in the First Report, the Proposal Trustee has had discussions with other property management firms. The Proposal Trustee has also requested proposals from these property management firms to oversee and manage the day to day property issues including collections of rents from tenants and the accounting and reporting directly to the Proposal Trustee.
4. A copy of a draft management agreement provided to the Proposal Trustee by Avison Young Real Estate Management Services Ontario Inc. ("Avison Young") is attached hereto as **Appendix "A"**.
5. The Proposal Trustee, in consultation with the First Mortgagees will engage either Avison Young or an alternative firm to manage the Duncan Mill Property shortly.

TENANT CONCERNS WITH EXISTING BUILDING MANAGEMENT

6. Following the filing of the First Report with this Court, the Proposal Trustee was contacted by one tenant who expressed a number of concerns with existing building management as it related to management of the building, and safety issues.
7. The Proposal Trustee from its discussion with this tenant and the Debtor understands that the dispute regarding the management of the building relates to the last 7-8 years. The Proposal Trustee has been advised by the Debtor that all safety issues have been adequately resolved. The Proposal Trustee is currently reviewing building operations and records to verify that all identified safety issues have been fully resolved and will report further on this matter.

8. The Debtor has advised the Proposal Trustee that the tenant owes significant arrears of rent while the tenant has advised the Proposal Trustee that the Debtor has “overbilled” it for November 2017 rent.
9. The Proposal Trustee intends to meet with the tenant to confirm that its concerns regarding safety have been resolved and to attempt to understand the dispute regarding rent arrears.

VALUATION OF 240 DUNCAN MILL

10. As of the date of this Supplemental Report, an appraisal report has not yet been completed. The Proposal Trustee will engage a qualified appraiser to provide it with a formal appraisal on the Duncan Mill Property.
11. The Proposal Trustee has obtained a letter of opinion from Harvey Kalles Real Estate Ltd. A copy of the letter of opinion dated November 1, 2017 is attached hereto as **Confidential Appendix “A”**. While the letter of opinion provides a suggested listing price for the Duncan Mill Property this gives some guidance as to potential value.
12. The Proposal Trustee also notes that the Duncan Mill Property was purchased by 148 for \$15,300,000 in 2001.

ORDER OF JUSTICE WHITAKER – OCTOBER 24, 2014

13. As indicated in the Checroune Affidavit, 148 has been involved in litigation since June 2014 with Jamshid Hussaini, Neelofar Ahmadi and Homelife Dreams Realty Inc. (“Hussaini Group”).
14. Hussaini Group commenced an action against 148 and its principal, Alain Checroune, seeking a declaration that they own 20% of the shares of 148 Ontario and a 20% interest in the Duncan Mill Property, and an order allowing the plaintiffs to purchase the remaining shares of 148 and the remaining interest in the Duncan Mill Property. 148 and

Alain Checrone counterclaimed for damages, resulting from the breach of a lease at the Duncan Mill Property by the Hussaini Group.

15. The Hussaini Group obtained a certificate of pending litigation (“CPL”) on the Duncan Mill Property in 2014 along with an injunction order of the Order Superior Court. A copy of the Order of Justice Whitaker dated October 24, 2014 (“**Injunction Order**”) is attached hereto as **Appendix “B”**. The Proposal Trustee was not aware of and did not have a copy of the Injunction Order at the time it filed its First Report with this Court but wishes to bring the Injunction Order to the attention of the Court. The Injunction Order restrains the sale of the Duncan Mill Property by 148 without the consent of the Hussaini Group or further Order of this Court.
16. The Proposal Trustee has not at this time had an opportunity to review the full pleadings and all orders from the Hussaini Group litigation.

TORGAN PROPERTIES LTD.

17. Legal counsel for the Proposal Trustee was contacted by counsel for Torgan Properties Ltd. (“**Torgan**”) on October 31, 2017 following the filing of the First Report. Torgan has notified the Proposal Trustee that they are a party to an Agreement of Purchase Sale (“**APS**”) dated August 24, 2017 with 148 for the sale of the Duncan Mill Property.
18. The Proposal Trustee first became aware of the purported APS with Torgan from this October 31, 2017 letter. Counsel for 148 has advised the Proposal Trustee that the APS was not completed and aborted prior to the NOI filing.
19. Torgan further advised that closing of the transaction with 148 was contemplated to occur on March 30, 2018. A copy of the October 31, 2017 letter from Mr. Stuart Brotman to Mr. Steven Graff is attached hereto as **Appendix “C”**.

20. Counsel for the Proposal Trustee has provided Torgan a copy of the Debtor's motion record and the Trustee's First Report.

DIP FINANCING

21. As noted in the First Report, 148 has been operating at a deficit.

22. As noted in the First Report, Alain Checroune personally or through a company under his control, has agreed to provide interim funding (the "DIP Loan") to 148 by way of an Interim Financing Facility Terms and Conditions Term Sheet (the "DIP Term Sheet").

23. The Proposal Trustee has now received an executed copy of the DIP Term Sheet from Caruda Holdings Ltd. ("DIP Lender"). A copy of the DIP Term Sheet is attached hereto as Appendix "D".

24. The terms differ slightly from those initially proposed by the DIP Lender and reported at paragraph 26 of the First Report.

25. Certain of the key terms of the DIP Term Sheet are summarized below:

- a) Commitment Amount: Senior secured priority interim financing facility of up to CDN \$750,000 (subordinate to the property taxes, existing 1st and 2nd mortgages, and subordinate to the Administration charge).
- b) Lender Fee: \$25,000 payable as follows a) \$15,000 on the date of the first amount drawn under the DIP Loan and b) \$10,000 on the date of repayment of the DIP Loan.
- c) Holdback: \$50,000 of the DIP Loan to be held back to establish Interest Reserve.
- d) Interest Rate: 8 % per annum compounded monthly
- e) Security and Priority: The obligation of the borrowers under the DIP Term Sheet are to be subject to a court-ordered priority charge on all of the existing and after-acquired real and personal, tangible and intangible assets of 148 but subordinate to the property taxes, existing 1st and 2nd mortgages, and the Administration Charge.
- f) Conditions to Availability: The obligation of the DIP Lender to make Interim financing available to 148 is subject to and conditional upon, among other things, the

granting of the Order approving the DIP Facility, DIP Lender's Charge, and approval of a sales process.

REALTY TAX ARREARS

26. As reported in the First Report, the Debtor owes \$1,441,179.66 in property tax arrears to the City of Toronto. In addition to penalties, the interest rate on the property tax arrears is 1.25% per month.
27. Legal counsel for the 1st Mortgagee has advised the Debtor and the Proposal Trustee that it would be prepared to pay off the property tax arrears in full in order to stop the accrual of the property tax interest and penalties.
28. The 1st Mortgagee would provide these funds through a separate court-approved Interim Financing and charge. The Debtor and the Proposal Trustee intend to bring a separate motion for court approval once it has negotiated the terms including the interest rate and fee with the 1st Mortgagee.

EXTENSION OF TIME TO MAKE A PROPOSAL

29. The initial 30-day stay period granted upon the filing of the NOI expires on November 12, 2017. The Debtor and the Proposal Trustee in its First Report at paragraph 35 was seeking the maximum extension to December 27, 2017.
30. Following discussions with the First Mortgagee, the Debtor and the Proposal Trustee are now seeking an extension until December 22, 2017. The Debtor and the Proposal Trustee will seek a further extension prior to December 22, 2017.

All of which is respectfully submitted this 2nd day of November, 2017.

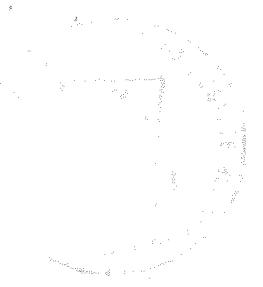
CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal for
1482241 Ontario Limited



APPENDIX

‘C’



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

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

THE HONOURABLE) FRIDAY, THE 3RD DAY
)
MR. JUSTICE HAINY) 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 *G* to the *15th 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

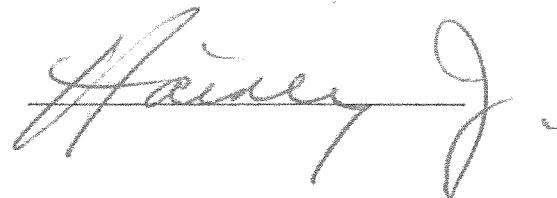
13. **THIS COURT ORDERS** that the time in which the Debtor is required to file a proposal is hereby extended to and including December 22, 2017.

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 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.

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 "Haines J.", is positioned at the bottom right of the page. The signature is fluid and cursive, with a horizontal line through the "Haines" portion.

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 in 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.

Two handwritten signatures are present. The first signature on the left appears to be "Alain Checroune". The second signature on the right appears to be "Crowe Soberman Inc.".

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 Mortgagees

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

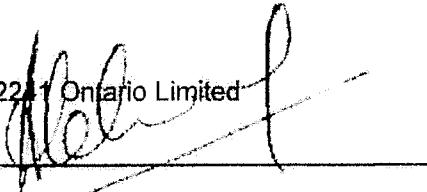


CARUDA
- HOLDINGS -

SINGAPORE
HONG KONG
CANADA

The foregoing is agreed to by the undersigned

14822-1 Ontario Limited

Per: 

Name: Alain Checroune

Title: President


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

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	Totals
CASH INFLOWS							
Rental Income	\$85,213	\$85,213	\$85,213	\$85,213	\$85,213	\$85,213	\$331,280
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	\$478,221
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	\$186,000	\$536,000
TOTAL INCOME	\$188,112	\$246,112	\$255,112	\$252,112	\$252,112	\$351,112	\$1,825,871
CASH OUTFLOWS							
Brew 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	\$97,334	\$97,334
Utilities (Electricity, Gas, Water)	\$27,891	\$59,891	\$59,891	\$59,891	\$59,891	\$59,891	\$327,345
Cleaning/Janitorial	\$11,061	\$11,061	\$11,061	\$11,061	\$11,061	\$11,061	\$88,386
Repairs & Maintenance	\$34,788	\$34,788	\$34,788	\$34,788	\$34,788	\$34,788	\$208,608
Property Management Fees	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$63,000
Office Administration	\$2,845	\$2,845	\$2,845	\$2,845	\$2,845	\$2,845	\$17,072
HST Remittance	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$90,000
Payroll Expenses	\$21,828	\$21,828	\$21,828	\$21,828	\$21,828	\$21,828	\$129,768
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	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$54,000
Vehicle expense	\$1,873	\$1,873	\$1,873	\$1,873	\$1,873	\$1,873	\$11,236
TOTAL EXPENSES	\$138,688	\$168,888	\$168,455	\$188,455	\$188,455	\$268,789	\$1,081,787
NET CASH FLOW							
Repayment of 1st Mortgage	\$0	\$88,750	\$88,750	\$88,750	\$88,750	\$88,750	\$843,750
Repayment of 2nd Mortgage	\$0	\$15,187	\$16,187	\$16,187	\$16,187	\$16,187	\$75,533
NET CASH FLOW	\$26,848	\$24,175	\$26,914	\$25,854	\$24,394	\$24,800	

**1482241 Ontario Limited - Proposal to Creditors
Statement of Projected Cash flow**

The following ASSUMPTIONS form part of this 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.
The occupancy rate is unlikely to improve significantly in the short term.

Payroll

Has been reduced for cost savings.

Payables

Listed on a COO 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 2018.

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)(a) of the Bankruptcy and Insolvency Act and solely for that purpose.

Dated this 19th day of October 2017.
1482241 Ontario Limited


Par Alain Desjardins

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


Par Hans Rehm, CPA, CA, CIRP, LIT



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

- 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



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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 Chercoune, and/or any related party (collectively the "Debtor Parties")</u> , unless and until the Debtor Parties declare their intention not to submit an Offer, as described in section 6 below.	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>
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.	
#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
#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
#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 <u>no later than the Bid Deadline</u>; 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 #910 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.

| 30836285.2

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

‘D’

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL IN BANKRUPTCY OF
1482241 ONTARIO LIMITED
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO

SECOND REPORT OF THE PROPOSAL TRUSTEE
December 13, 2017

INTRODUCTION

1. On October 13, 2017, 1482241 Ontario Limited (“148”), (the “Company” or the “Debtor”), filed a Notice of Intention to Make a Proposal (“NOI”). Crowe Soberman Inc. consented to act as the Proposal Trustee (the “Proposal Trustee”) for the Company.
2. This report (the “Second 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 Report have the same meaning provided to them as in the First Report of the Proposal Trustee to Court dated October 27, 2017, and the Supplemental Report to the First Report of the Proposal Trustee dated November 2, 2017.
3. On October 27, 2017 the Proposal Trustee filed its First Report with the Court. The purposes of the First Report were to:
 - a) Summarize and support the Sales Process;
 - b) Report on the Debtor’s cash flow projection for the period commencing October 19, 2017 and ending March 31, 2018 and the Debtor’s need for a DIP Facility up to the principal amount of \$750,000;

- c) Support the request for a charge to secure the fees and disbursements of the Proposal Trustee, counsel for the Proposal Trustee, and the Debtor's counsel; and
- d) Support the Debtor's request for an extension of the time period to file a Proposal with the Official Receiver.

A true copy of the First Report (without appendices) is attached hereto as **Appendix "A"**.

4. On November 2, 2017 the Supplemental Report to the First Report of the Proposal Trustee was filed with the Court. The purposes of the Supplemental Report were to:

- a) Advise on the status of Avison Young being retained as property manager of the Duncan Mill Property;
- b) Report on certain concerns being communicated by tenants of the Duncan Mill Property to the Proposal Trustee;
- c) Provide the Court with a confidential letter of opinion regarding the value of the Duncan Mill Property dated November 1, 2017;
- d) Report on litigation involving the Duncan Mill Property and each of the Hussaini Group and Torgan;
- e) Provide an update on the DIP Term Sheet;
- f) Report on potential interim financing to pay realty tax arrears; and
- g) Recommend an initial extension of time for 148 to file a proposal to December 22, 2017.

A true copy of the Supplemental Report (without appendices) is attached hereto as **Appendix "B"**.

5. By Order of the Honourable Justice Hainey dated November 3, 2017 (the "**November 3rd Order**"), a copy of which is attached hereto as **Appendix "C"**, the Administration Charge, the DIP Term Sheet, the DIP Lender's Charge, the Sales Process, the First Report, the Supplemental Report, and the request for an extension of time to file a Proposal were approved.

PURPOSE

6. The purpose of the Second Report is to advise the Court on the status of the Sales Process as approved in the November 3rd Order, the status of the day-to-day management of the Duncan Mill Property, and the Proposal Trustee's position on the Company's application for an additional 45-day extension of time for filing a Proposal pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act* ("BIA"). The Proposal Trustee hereby submits this report to the Court pursuant to Section 50.4(7) (b) (ii) of the BIA.

SALES PROCESS

7. The Sales Process of the Duncan Mill Property is well underway. Pursuant to the November 3rd Order, the Proposal Trustee was required to carry out certain steps of the Sales Process on its own, and additional steps in consultation with the First Mortgagee. The Proposal Trustee has fulfilled the following, partly as outlined and defined in the Sales Process;

- The Proposal Trustee advertised the Duncan Mill Property and Sales Process in the national edition of the *Globe & Mail*. The advertisement ran on November 17, 2017;
- The Proposal Trustee posted the Invitation for Offers, the Non-Disclosure Agreement, and the Form of Offer on the Proposal Trustee's website;
- The Proposal Trustee sent the Invitation for Offers and the Non-Disclosure Agreement to a list of parties identified by the Proposal Trustee and via the Crowe Horwath professional network;
- The Proposal Trustee entered into a listing agreement with Cushman & Wakefield Ltd. ("Cushman") on November 20, 2017, after negotiating various competing proposals, to assist with the marketing and solicitation of offers for the Property;
- Cushman has assisted in compiling a list of interested parties from their own professional network and has advertised the Property and Sales Process in the

national edition of the *Globe & Mail* on a bi-weekly basis since being retained by the Proposal Trustee;

- Cushman has prepared their own Invitation for Offers and has circulated to their own professional network;
- The Proposal Trustee has set up an online data room where parties that executed the Non- Disclosure Agreement are provided online access to view documents regarding the Duncan Mill Property to facilitate their due diligence;
- The Proposal Trustee retained Pinchin Ltd. to prepare a Baseline Property Condition Assessment and a Phase I Environmental Site Assessment. Both reports were completed in early December and are available in the online data room; and
- As of the date of the Second Report, the Proposal Trustee has not been advised by the Company in writing if it intends to make an offer in the Sales Process. Pursuant to the Sales Process, the Company has until December 15, 2017 to so advise the Proposal Trustee.

SALES PROCESS BID DEADLINE

8. The Sales Process currently contemplates a Bid Deadline of January 15, 2018 for parties to submit a binding offer, which are to remain open for acceptance by the Proposal Trustee until January 19, 2018.
9. The Proposal Trustee recognizes that its role is to ensure that the Duncan Mill Property is properly exposed to the marketplace via the Sales Process, to maximize the best return for all stakeholders.
10. The Proposal Trustee suggests an extension of the Bid Deadline to February 15, 2018, and corresponding extension of the milestones that follow the Bid Deadline. There were delays in choosing a Listing Agent to properly assist in exposing the market place, and completing certain critical reports required for the due diligence of interested parties. Combined with the fact that the holiday season is taking place during the marketing period, the Proposal

Trustee is of the view that an extension is required in order to adequately expose the Duncan Mill Property to the marketplace.

PROPERTY MANAGEMENT

11. The Proposal Trustee, in consultation with the First Mortgagee, entered into an agreement with Avison Young on November 8, 2017 to manage the day-to-day operations at the Duncan Mill Property. From the date of the agreement with Avison Young, the Proposal Trustee worked closely with the existing staff of the Company to assist in the transition towards Avison Young taking control of the receipts and disbursements, including reporting and remitting to the Canada Revenue Agency ("CRA"), liaising and communicating with tenants, and planning improvements, repairs, and maintenance to the Duncan Mill Property.
12. In November 2017, Avison Young provided notice to all tenants at the Duncan Mill Property of its appointment as the property manager. Avison Young advised tenants of its contact information and physical location in the building, and provided particulars for making rental payments moving forward. Avison Young has advised the Proposal Trustee that the rental payments for December have been collected and deposited into its own trust account in the name of the Company. The Proposal Trustee has also been advised that payments towards the CRA for payroll remittances have been processed, and the returns and reporting for the HST account for October and November are also being finalized.
13. There have been some challenges in the transition of the day-to-day property management being carried out by the Company to Avison Young. For example, shortly after the agreement with Avison Young was entered into, the owner of the Company unilaterally terminated the employment of the sole building operator. That position has yet to be filled, as the owner of the Company has not approved or accepted the alternatives that have been offered by Avison Young and the Proposal Trustee. In addition, certain repairs and improvements have been paid for and requested by the Company without the knowledge of Avison Young. The Proposal Trustee continues to assist with the transition as these issues arise.

Monitoring of the Company's Financial Affairs

14. As advised earlier in this report, December rental payments, and future rental payments from tenants, are being directed to Avison Young, which has taken control of the Company's receipts and disbursements.
15. The Proposal Trustee has monitored the banking activity of the Company prior to the transition to Avison Young. Based on the Proposal Trustee's review of the bank statements it appears that the majority of the disbursements made were directed towards the ongoing expenses of the Company. The Proposal Trustee noted that a bank transfer was made to the Company on November 2, 2017 in the amount of \$51,776.71 and was later repaid on November 16, 2017 via a cheque payment made to Alain Checroune. The Proposal Trustee also noted a payment made to Caruda Holdings in the amount of \$16,000.80, which it was advised by the Company related to tenant improvements made at the Duncan Mill Property. The Company refers to these payments at paragraphs 8 and 9 of the affidavit of Alain Checroune sworn December 12, 2017.
16. On December 11, 2017 counsel for the Proposal Trustee sent correspondence to the Company advising on its concerns with the allegations of interference being made by Avison Young, and on the payment made to Alain Checroune that was done without the knowledge of the Proposal Trustee. A true copy of the December 11th correspondence is attached hereto as Appendix "D".

Stay Extension Application

17. As the Debtors are applying for an additional extension of the 30 day period within which the Proposal must be filed, in the Proposal Trustee's view, the Company has acted and continues to act in good faith and with due diligence.
18. The Debtors would likely be able make a viable proposal if an extension being applied for were granted.

19. No creditor is likely to be materially prejudiced if an extension of the time within which the proposal could be filed is granted.

20. Based on the foregoing, the Proposal Trustee supports the Company's application for an Order extending the time for the Company to file its Proposal to creditors.

All of which is respectfully submitted this 13th day of December, 2017.

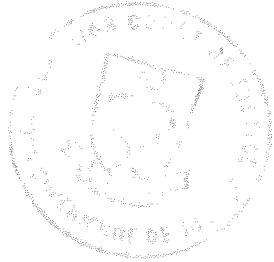
CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal for
1482241 Ontario Limited



APPENDIX

‘E’



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

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

THE HONOURABLE) WEDNESDAY, THE 20th DAY
)
MR. JUSTICE HAINY) OF DECEMBER, 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) extending the time within which a proposal must be filed to and including February 5, 2018;
(b) amending certain milestones set out in the Sale Process (as defined below); and (c) authorizing and empowering the Debtor to obtain and borrow under a credit facility in order to repay the realty taxes outstanding with respect to the property municipally known as 240 Duncan Mill Road, Toronto (the "Property") and granting a charge to secure advances under that facility on the terms as set out below, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Alain Checroune, sworn December 12, 2017, the Second Report of Crowe Soberman Inc., in its capacity as Licensed Insolvency Trustee with respect to the Debtor (in such capacity, the "Proposal Trustee"), dated December 13, 2017, the Affidavit of Alexandra Teodorescu, sworn December 19, 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 in 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.

AMENDMENTS TO SALE PROCESS

2. **THIS COURT ORDERS** that the sale solicitation process attached as Appendix "C" to the Order of the Honourable Mr. Justice Hainey, dated November 3, 2017 ("Sale Process"), be and is hereby amended as set out in the Second Report of the Proposal Trustee, dated December 13, 2017.

EXTENSION OF TIME TO FILE PROPOSAL

3. **THIS COURT ORDERS** that the time in which the Debtor is required to file a proposal is hereby extended to and including February 5, 2018.

DIP FINANCING

4. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to obtain and borrow under a credit facility from any or all of Dan Realty Corporation, E. Manson Investments Limited and Copperstone Investments Limited (in such capacity, the "Tax DIP Lenders") in order to repay the realty taxes outstanding with respect to the Property, currently estimated at approximately \$1.5 million, plus related fees, interest, penalties and costs.

5. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Debtor and the DIP Lender dated as of December 19, 2017 (the “**Commitment Letter**”), substantially in the form attached to the affidavit of Alexandra Teodorescu, sworn December 19, 2017.

6. **THIS COURT ORDERS** that the Tax DIP Lenders shall be entitled to the benefit of and are hereby granted a charge (the “**Tax DIP Lenders’ Charge**”) on the Property which shall have the priority set out in paragraph 10 hereof.

7. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order and any other order made in this proceeding:

(a) the Tax DIP Lenders may take such steps from time to time as they may deem necessary or appropriate to file, register, record or perfect the Tax DIP Lenders’ Charge; and

(b) the rights and remedies of the Tax DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Debtor or the Property.

8. **THIS COURT ORDERS AND DECLARES** that the Tax DIP Lenders shall be treated as unaffected in any proposal filed by the Debtor under the *Bankruptcy and Insolvency Act* of Canada (the “**BIA**”), with respect to any advances made under the Commitment Letter.

9. **THIS COURT ORDERS** that the filing, registration or perfection of the Tax DIP Lenders’ Charge shall not be required, and that the Tax DIP Lenders’ Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered,

recorded or perfected subsequent to the Tax DIP Lenders' Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

10. **THIS COURT ORDERS** that the Tax DIP Lenders' Charge shall constitute a charge on the Property ranking in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise in favour of any Person whether or not served with notice of the application for this Order (collectively, "Encumbrances"), including the Administration Charge and the DIP Lender's Charge (as those terms are defined in the Order of Justice Hainey dated November 3, 2017 made in this proceeding).

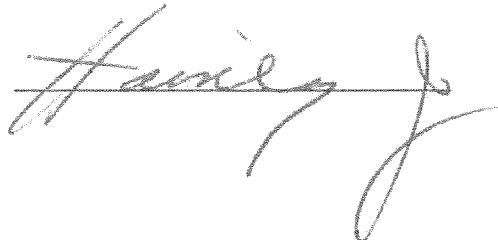
11. **THIS COURT ORDERS** that the Debtor shall not grant any Encumbrances over the Property that rank in priority to, or *pari passu* with, the Tax DIP Lenders' Charge.

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

- (a) neither the creation of the Tax DIP Lenders' Charge nor the execution, delivery, perfection, registration or performance of the Commitment Letter shall create or be deemed to constitute a breach by the Debtor of any Agreement to which they are a party;
- (b) none of the Tax DIP Lenders shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtor entering into the Commitment Letter or the creation of the Tax DIP Lenders' Charge; and
- (c) the payments made by the Debtor pursuant to this Order, the Commitment Letter, and the granting of the Tax DIP Lenders' Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

GENERAL

13. **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.

A handwritten signature in black ink, appearing to read "Hanley 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 a signature.

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

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

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Lawyers for 1482241 Ontario Limited

CONFIDENTIAL

APPENDIX 1

APPENDIX

‘F’



**FINAL
Baseline Property
Condition Assessment**

**240 Duncan Mill Road,
Toronto, Ontario**

Prepared for:

**Crowe Soberman Inc.
2 St. Clair Avenue East, Suite 1100
Toronto, ON M4T 2T5**

Attention: Mr. Joshua Samson
 Manager

November 28, 2017

Pinchin File: 214884.000



Issued to: **Crowe Soberman Inc.**
Contact: **Mr. Joshua Samson**
Issued on: **November 28, 2017**
Pinchin file: **214884.000**
Issuing Office: **2470 Milltower Court, Mississauga, ON L5N 7W5**
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EXECUTIVE SUMMARY

Pinchin Ltd. (Pinchin) was retained by Mr. Joshua Samson of Crowe Soberman Inc. (Client) to conduct a Baseline Property Condition Assessment (BPCA), subject to the limitations outlined in Section 6.0 of this report. Based on Pinchin's scope of work, this service did not include any specialist reviews of items such as fire protection and life safety systems, mechanical/electrical systems, structural components, vertical transportation systems, etc. The municipal address for the property is 240 Duncan Mill Road, Toronto, Ontario (Site). Mr. Marek Musiej of Pinchin, a member of the Pinchin Group of Companies conducted a visual assessment of the Site on November 17, 2017 at which time Pinchin interviewed and was accompanied by Mr. Joshua Samson and Ms. Sheila Andrews, Property Manager of the Site, hereafter collectively referred to as the Site Representatives.

Pinchin was advised by the Client that the purpose of the BPCA was to assess visible deficiencies in relation to the due diligence requirements for the potential divestiture of the Site.

The Site is an irregular-shaped property approximately 2.9 acres in area and is developed with an eight-storey commercial office building complete with a single-level Underground Parking Garage (UPG) (Site Building) which was reportedly constructed in approximately 1970. Based on measurements prepared by "Extreme Measures", the Site Building possesses a reported footprint area of approximately 21,888 Square Feet (ft²), a total building area of approximately 188,781 ft² (excluding the basement level) and a total leasable area of 184,236 ft².

Asphalt paved parking areas are located on the west, north and east portions of the Site with parking provisions for 126 passenger vehicles. Vehicular access to the Site is provided by entranceways on the southwest and southeast portions of the Site. An asphalt paved ramp and loading area are located adjacent to the north elevation of the Site Building. The Site Building possesses a single-level Underground Parking Garage (UPG) which extends beyond the building footprint area on the north, west and east elevations and occupies approximately 48% of the Site. The UPG possesses an area of approximately 61,000 ft² with parking provisions for 200 passenger vehicles.

The substructure of the Site Building consists of a UPG level cast-in-place concrete slab-on-grade, perimeter strip footings, foundation walls as well as spread footings and piers for interior columns. The superstructure of the Site Building consists of a reinforced concrete frame support structure (i.e., beams, walls and columns with capitals and drop panels) supporting reinforced cast-in-place concrete ribbed floor slabs and a cast-in-place concrete suspended roof slab. The UPG is constructed with a UPG level cast-in-place concrete-slab-on grade and a reinforced concrete frame support structure (i.e., beams, foundation walls and columns with capital and drop panels) supporting reinforced cast-in-place concrete suspended floor and podium deck slabs.

The exterior walls of the Site Building consist of precast concrete panel and exposed cast-in-place concrete structural elements noted on all elevations. The exterior walls of the mechanical penthouse consist of precast concrete panels on all elevations.

The Site Building appears to be in satisfactory condition commensurate with its age and in comparable standing with other similar commercial office properties in the area. Based on our visual assessment, the Site Building appears to have been constructed in general accordance with standard building practices in place at the time of construction. The assessment did not reveal any visual evidence of major structural failures, soil erosion or differential settlement.

An immediate repair allowance of \$7,000 has been identified in relation to delaminated concrete noted at the top of the west elevation which may pose a potential life safety hazard due to falling concrete debris. An additional immediate repair allowance of \$2,000 has been identified in relation to cracked and deteriorated concrete steps located adjacent to the west entrance and on the southeast portion of the Site.

Repair and replacement requirements (under replacement reserves) over the term of analysis (i.e., 10 years) of \$5,889,000 have been identified. As noted during the Site visit, deficiencies relating to the roof systems, wall systems, elevator systems, interior finishes, Site features, mechanical and life safety systems were noted. Of particular note, recommendations, repairs and replacements for the following items are included throughout the term of analysis:

- Replacement of the Built-Up asphalt Roof (BUR) systems;
- Intrusive testing of the precast concrete panel fasteners/anchors;
- Window perimeter sealant replacement;
- Major rehabilitation of the UPG including podium deck waterproofing, concrete repairs, polyurethane crack injections; repainting and replacement of the snow melt system in the UPG ramp;
- A specialist review of the elevator systems;
- Modernization of the elevator systems including installation of car-top railings and machine guarding around the elevator motors;
- Replacement of the heating boilers;
- Replacement/modernization of five central Air Handling Units (AHUs);
- Replacement of one packaged AHU;
- Phased replacement of the original induction units;
- Mid-life overhaul of the cooling tower;
- Phased replacement of the original supply, return and exhaust fans;



- Replacement of the original circulation pumps;
- Replacement of five original hydronic unit heaters within the UPG;
- Replacement of the Domestic Hot Water (DHW) boiler;
- A specialist review of the electrical distribution systems;
- Replacement of the electrical backup generator;
- A specialist review of the fire alarm system;
- Preliminary allowances for replacement of the fire alarm control panel; and
- Sealing fire rated wall/floor assemblies.

It was reported to Pinchin that the costs associated with ongoing general maintenance of the major components of the Site Building are carried as part of the annual operating budget for the Site.

Regular maintenance should be conducted on the roof systems, wall systems, interior finishes, elevator system, mechanical system, electrical and life safety systems to ensure that the Projected Useful Life (PUL) of the major components is realized. Repair costs for the aforementioned items have been included over the term of analysis (i.e., 10 years) included within Appendix I.

The specific deficiencies identified during the BPCA and their associated recommendations for repair are described in the main body of the report. These deficiencies should be corrected as part of routine maintenance unless otherwise stated within the report. Costs associated with desired upgrades have not been carried.

The detailed breakdown of all costs for the Site can be found in Appendix I.

This Executive Summary is subject to the same standard limitations as contained in the report and must be read in conjunction with the entire report.



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1.0 INTRODUCTION

Pinchin Ltd. (Pinchin) was retained by Mr. Joshua Samson of Crowe Soberman Inc. (Client) to conduct a BPCA, subject to the limitations outlined in Section 6.0 of this report. Based on Pinchin's scope of work, this service did not include any specialist reviews of items such as fire protection and life safety systems, mechanical/electrical systems, structural components, vertical transportation systems, etc. The municipal address for the property is 240 Duncan Mill Road, Toronto, Ontario (Site). Mr. Marek Musiej of Pinchin, a member of the Pinchin Group of Companies conducted a visual assessment of the Site on November 17, 2017 at which time Pinchin interviewed and was accompanied by Mr. Joshua Samson and Ms. Sheila Andrews, Property Manager of the Site hereafter collectively referred to as the Site Representatives.

Pinchin was advised by the Client that the purpose of the BPCA was to assess visible deficiencies in relation to the due diligence requirements for the potential divestiture of the Site.

The following report was provided to Pinchin for review:

- *"Property Condition Assessment"* for 240 Duncan Mill Road, Toronto, Ontario prepared by S2S Environmental Inc. for 1482241 Ontario Limited and dated February 11, 2016.

It should be noted that no Reliance was given to Pinchin as it relates to the aforementioned report, and all such reports were provided only for general information purpose. It was beyond our scope of work to comment on the findings and or conclusions, any comment would be limited to identifying significant material differences that would warrant further review which would need to be authorized by the Client.

It was reported to Pinchin that the costs associated with ongoing general maintenance of the major components of the Site Building are carried as part of the annual operating budget for the Site.

The results of the BPCA are presented in the following report. This report is subject to the Limitations discussed in Section 6.0. The term of analysis requested by the Client is 10 years.

2.0 SCOPE AND METHODOLOGY

The scope of the BPCA included a visual examination (without any intrusive testing or demolition of finishes to observe hidden areas) of the following:

- The building envelope, comprised of the exterior walls, windows, exterior doors and roof systems;
- The structural elements (i.e., beams, walls and columns with capitals and drop panels.);
- The vertical transportation systems (i.e., elevators, escalators, etc.);
- The interior finishes of the common areas and individual units;
- The Site features;
- The Underground Parking Garage (UPG);

- The mechanical systems (i.e., HVAC, boilers, AHUs, chiller, cooling tower, domestic hot water, plumbing, etc.); and
- The electrical and life safety systems.

The object of the BPCA included the following:

- A visual examination of the property in order to assess the condition of the major elements;
- Review of general documentation on the repair/maintenance history of the elements, if available;
- Cursory review of previous reports pertaining to the Site Building, if made available by the Site Representatives;
- Interviews and discussions with on-Site personnel regarding the repair/maintenance conducted on the Site Building;
- Documentation of observed existing deficiencies observed within the various elements;
- Photographic documentation of various components and observed deficiencies; and
- Compilation of Pinchin's findings in a formal written report including observed deficiencies, together with a list of recommendations for repair/replacement with associated estimated costs for both short and long term.

The report provides:

- A basic description of each of the various major components of the Site Building;
- A list of deficiencies noted with respect to the components examined; and
- Recommendations and cost estimates for the corrections recommended.

Cost estimates provided in this report are preliminary Class "D" and provided only as an indication of the order of magnitude of the remedial work. These values have been arrived at by determining a representative quantity from the visual observations made at the time of our Site visit and by applying current market value unit costs to such quantities and or a reasonable lump sum allowance for the work. More precise cost estimates would require more detailed investigation to define the scope of work. They are not intended to warrant that the final costs will not exceed these amounts or that all costs are covered. The estimates assume the work is performed at one time and do not include costs for potential de-mobilization and re-mobilization if repairs/replacement are spread out over the term of analysis.

All costs are identified in 2017 Canadian Dollars, and do not include consulting fees or applicable taxes. (For consulting fees, Pinchin typically recommends a budget allowance of 10% to 15% of the costs identified).

All cost estimates assume that regular annual maintenance and repairs will be performed to all building elements at the facility. No cost allowance is carried for this regular maintenance.

The cost estimates provided in this report are based on costs of past repairs at similar buildings, recent costing data such as "RS Means Repair and Remodelling Cost Data – Commercial/Residential" and "Hanscomb's Yardsticks for Costing", or Pinchin's professional judgment.

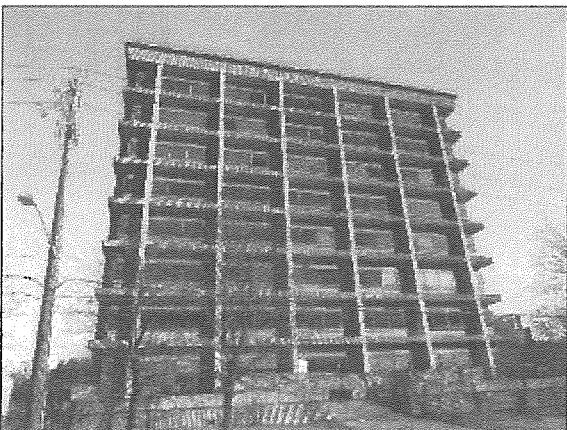
Unless otherwise stated, the replacement costs identified for an element reflects the cost to remove and replace the existing element with the same type of element.

3.0 OBSERVATIONS AND COMMENTS

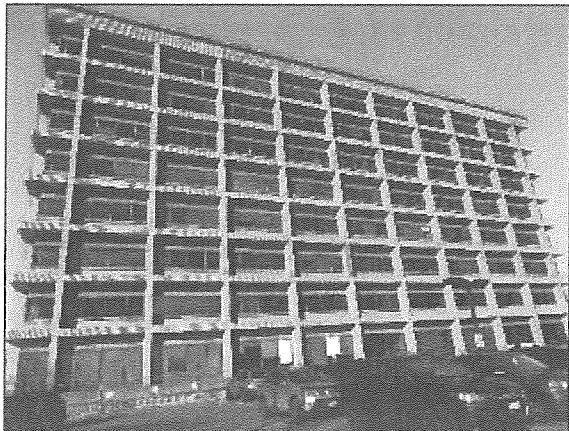
3.1 Site Information



General view of the west elevation of the Site Building.



General view of the south elevation of the Site Building.



General view of the east elevation of the Site Building.



General view of the north elevation of the Site Building.

Table 3.1 - Site Information

Site Occupant/Name	8-Storey Commercial Office Building		
Site Address	240 Duncan Mill Road, Toronto, Ontario		
<i>Existing Land Use Type</i>	Commercial	<i>Primary On-Site Activity</i>	Offices
<i>Multi-Tenant/Single Occupant</i>	Multi-Tenant	<i>Number of Units</i>	51
<i>Date First Developed</i>	Unknown	<i>Site Area</i>	~ 2.9 acres
<i>Number of Buildings</i>	One	<i>Building Footprint Area(s)</i>	~ 21,888 ft ²
<i>Number of Storeys (Excluding Basement)</i>	8	<i>Total Building Area(s)</i>	~ 188,781 ft ²
<i>Date Building(s) Constructed</i>	~ 1970	<i>Date Addition(s) Constructed</i>	N/A

Table 3.1 - Site Information

Site Occupant/Name	8-Storey Commercial Office Building		
Site Address	240 Duncan Mill Road, Toronto, Ontario		
<i>Date Building(s) Renovated</i>	1998/1999 – fire alarm control panel replaced	<i>Basement and/or U/G Parking</i>	UPG
	2014 – chiller replacement 2015 – partial repaving 2015/2016 – roof retrofit	<i>Number of Levels U/G</i>	One
<i>Type of Roof System(s)</i>	Built-Up asphalt Roof (BUR) Modified bitumen membrane retrofit	<i>Area of Roof System(s)</i>	~ 21,888 ft ²
<i>Type of Wall Cladding</i>	Precast concrete panels Exposed cast-in-place concrete structural elements	<i>Types of Doors</i>	Prefinished aluminum swing doors within prefabricated aluminum frames Motion sensor activated automatic sliding aluminum doors within aluminum frames Painted hollow metal swing doors within hollow metal frames Varnished/painted wood swing doors within wood and metal frames Tempered glass frameless swing doors Sectional wood overhead doors
<i>Type of Windows</i>	Fixed Single Glazed (SG) units within prefabricated aluminum frames		
<i>Number of Above Grade Parking Spaces</i>	~ 126 vehicle spaces	<i>Electrical Source</i>	Toronto Hydro

Table 3.1 - Site Information

Site Occupant/Name	8-Storey Commercial Office Building		
Site Address	240 Duncan Mill Road, Toronto, Ontario		
Surface Type	Asphalt paved surface parking areas Asphalt paved UPG and loading ramps Cast-in-place concrete walkways and steps Soft landscaping (i.e., grass, shrubs, trees, etc.)	Type of Heating/Cooling	Closed circuit hydronic heating loop generated by a natural gas-fired boiler plant supplying heating coils in perimeter induction units, central AHUs and hydronic units heaters A closed circuit hydronic cooling loop supplying cooling coils within perimeter induction units and cooling coils within central AHUs Split AC units Central and packaged AHUs

3.2 Roof Systems

The roof levels of the Site Building consist of a main roof level and the mechanical penthouse roof level.

The roof system atop the Site Building consists of a conventionally-designed “low slope” Built-Up asphalt Roof (BUR) system installed atop rigid thermal insulation atop cast-in-place concrete roof decking.

Neither the presence of a vapour barrier nor the type or the thickness of the insulation could be ascertained as the scope of work did not include destructive testing. In addition, areas of the main roof level were noted to have been retrofitted with a modified bitumen membrane overlay atop the existing BUR membrane.

Drainage of the roof systems is provided by internal roof drains which presumably discharge to the municipal sewer system. In addition to the roof drains, penetrations through the roof systems consist of vent stacks, chimney stacks, conduit pitch pockets and HVAC curbing.

Based on review of the S2S PCA report, the BUR was reportedly replaced in 1990 (i.e., approximately 27 years old). The modified bitumen membrane retrofits were reportedly completed in 2015 and 2016 (i.e., approximately one to 2 years old). The total area of the roof systems is similar to the building footprint area of the Site Building at approximately 21,888 ft².

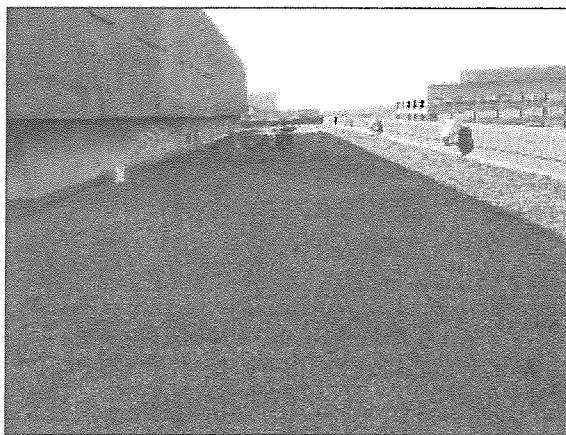
Previous roof leaks in the BUR system were reported by the Site Representatives and were reportedly repaired with the modified bitumen membrane retrofits. In addition, water stained and damaged ceiling finishes and concrete soffits were noted on the 8th floor of the Site Building (refer to Section 3.7 – Interior Finishes).

It is noted that the Site Building does not possess built-in access to the mechanical penthouse roof level and a visual assessment of the BUR system atop the mechanical penthouse could not be completed at the time of the Site visit. The BUR system atop the mechanical penthouse is reportedly 27 years old and assumed to be in similar condition to the BUR system atop the main roof level.

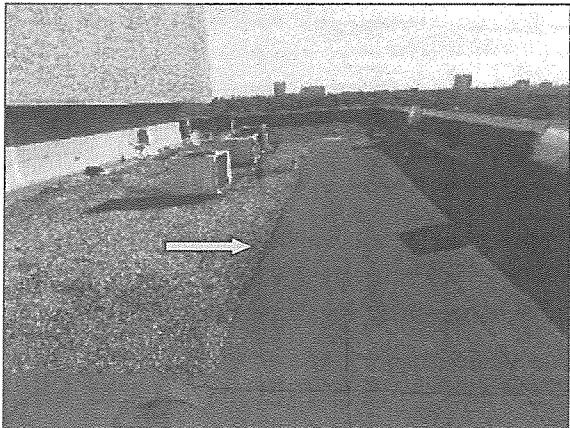
Table 3.2 outlines the findings of the inspection of the roof systems:

Table 3.2 – Roof Systems

Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none"> The BUR system is reportedly 27 years old, has exceeded its PUL and was noted to be in poor condition with previous roof leaks reported, blistering, ridging and deterioration in the membrane. 	<ul style="list-style-type: none"> Replacement of the BUR system is recommended within the early portion of the term of analysis.
Minor Deficiencies/Findings	
<ul style="list-style-type: none"> Areas of excessive debris were noted atop the BUR system. Aged/deteriorated bitumen mastic on conduit pitch pockets was noted atop the main roof level. Deteriorated/failed seams in the modified bitumen membrane overlay were noted atop the main roof level. 	<ul style="list-style-type: none"> Remove all debris from the BUR system regularly. Replace the aged/deteriorated bitumen mastic on the conduit pitch pockets. Deteriorated/failed seams in the modified bitumen membrane overlay will be addressed as part of the recommended roof replacement.



General view of the BUR system atop the main roof level.



View of a typical modified bitumen membrane retrofit noted atop the main roof level.



View of typical debris noted atop the BUR system within the vicinity of the cooling tower.



View of typical cement deposits in the BUR membrane.

Note: Cement deposits are typically indicative of temporary roof leak repairs.



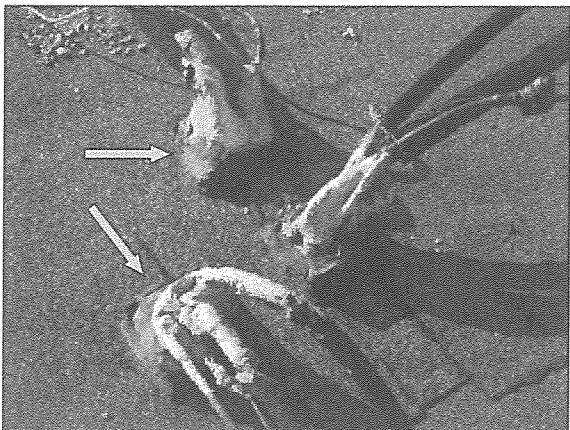
View of typical debris noted atop the BUR system within the vicinity of the cooling tower.



View of a typical blister in the BUR membrane.



View of typical ridging in the BUR membrane.



View of typical aged/deteriorated bitumen mastic on the conduit pitch pockets noted on the main roof level.



View of a deteriorated/failed seam in the modified bitumen membrane overlay noted atop the main roof level.

It has been Pinchin's experience that the Projected Useful Life (PUL) of a BUR system typically ranges between 20-25 years, depending on the quality of installation and the level to which the roof system has been maintained.

As previously mentioned, the BUR system was reportedly replaced in 1990 (i.e., approximately 27 years old), has exceeded its PUL and was noted to be in poor condition with previous roof leaks reported, blistering, ridging and deterioration in the membrane as well as excessive amounts of debris noted. As such, Pinchin recommends replacement of the BUR system within the early portion of the term of analysis. In addition, allowances have been carried for anticipated repairs to the BUR system within the latter portion of the term of analysis.

Assuming the BUR system is replaced, the above-referenced deficiencies are addressed and regular maintenance is performed, the roof systems of the Site Building should perform in a satisfactory manner throughout the term of analysis. Annual walk-on inspections are recommended to ensure the integrity of the roof systems and identify/address required repairs to extend the service life of the roof systems.

3.3 Wall Systems

The exterior walls of the Site Building consist of precast concrete panel and exposed cast-in-place concrete structural elements noted on all elevations. The exterior walls of the mechanical penthouse consist of precast concrete panels on all elevations.

The window systems of the Site Building consist of the fixed Single Glazed (SG) units within prefinished aluminum frames noted on all elevations. It is noted that Low-Emissivity (Low-E) film on the SG units was noted on selective elevations.

The main entrance doors on the east elevation of the Site Building consist of prefinished aluminum swing doors complete with SG vision panels, sidelites and transoms within prefinished aluminum frames. The main entrance doors on the west elevation consist of motion sensor-activated automatic dual-sliding aluminum doors complete with Insulated Glass (IG) vision panels within aluminum frames. Painted hollow metal swing doors, some of which possess Georgian Wired Glass vision panels within painted metal frames serve the emergency exits, emergency stairwells and mechanical/utility rooms of the Site Building. Varnished/painted wood swing doors within wood and metal frames and tempered glass frameless swing doors serve the interior office spaces. The waste storage area and UPG are served by sectional wood overhead doors located on the west and south elevations respectively.

It is noted that the visual assessment of the exterior wall systems was completed from the ground level.

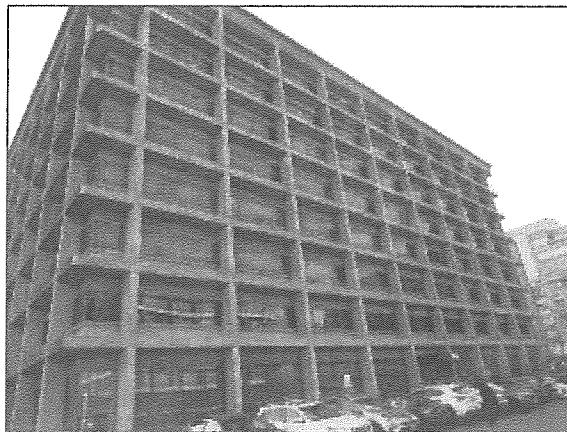
Table 3.3 outlines the findings of the inspection of the wall systems:

Table 3.3 – Wall Systems

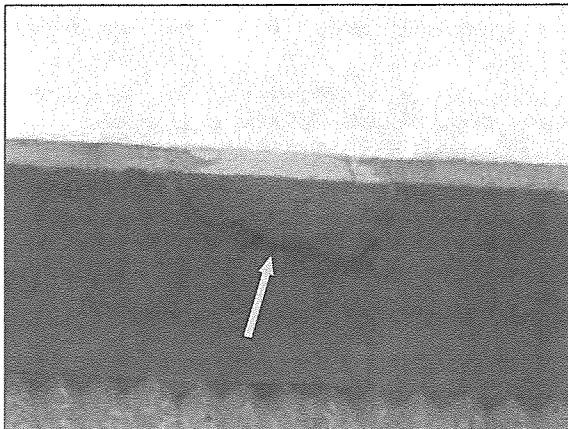
Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none"> An area of delaminated concrete on the soffit was noted at the top of the west elevation which may pose a potential life safety hazard due to falling concrete debris. 	<ul style="list-style-type: none"> Remove and repair the delaminated concrete on the soffit to prevent a potential life safety hazard (an immediate expenditure).
Minor Deficiencies/Findings	
<ul style="list-style-type: none"> The precast concrete panel fasteners/anchors are estimated to be original (i.e., approximately 47 years old) with no previous inspections or testing completed in the past. 	<ul style="list-style-type: none"> Pinchin recommends completing randomized intrusive testing to verify the condition of the precast concrete panel anchors/fasteners and identify any potentially corroded or deteriorated fasteners/anchors.
<ul style="list-style-type: none"> Areas of chipped, damaged and deteriorated concrete with exposed and corroded rebars were noted on various elevations of the Site Building and the mechanical penthouse. 	<ul style="list-style-type: none"> Clean, prime and repaint the corroded rebars with an epoxy coating and replace and repair the areas of chipped, damaged and deteriorated concrete.

Table 3.3 – Wall Systems

Findings	Remarks/Recommendations
<ul style="list-style-type: none"> Crazing and UV degradation on the window perimeter sealants was noted on various elevations. 	<ul style="list-style-type: none"> Phased replacement of the window perimeter sealants is anticipated to be required within the mid to latter portion of the term of analysis.
<ul style="list-style-type: none"> Faded/deteriorated finish on the prefinished aluminum window frames was noted on various elevations. 	<ul style="list-style-type: none"> Refinish the faded/deteriorated prefinished window frames.
<ul style="list-style-type: none"> Wrinkles in the Low-E film were noted on the SG units on various elevations. 	<ul style="list-style-type: none"> Repair/replace the Low-E film on the SG units.
<ul style="list-style-type: none"> Corroded metal door frames were noted on the ground level of various elevations. 	<ul style="list-style-type: none"> Repair, clean, prime and repaint the corroded metal door frames with a corrosion inhibitive coating.
<ul style="list-style-type: none"> Deteriorated concrete steps and exposed and corroded rebars were noted on the north elevation of the mechanical penthouse. 	<ul style="list-style-type: none"> Clean, prime and repaint the corroded rebars with an epoxy coating and replace and repair the deteriorated areas of the concrete steps.
<ul style="list-style-type: none"> The SG window units are estimated to be original (i.e., approximately 47 years old) and are approaching the end of their PUL. 	<ul style="list-style-type: none"> Consideration should be given to initiate phased replacement of the original window units within the term of analysis.

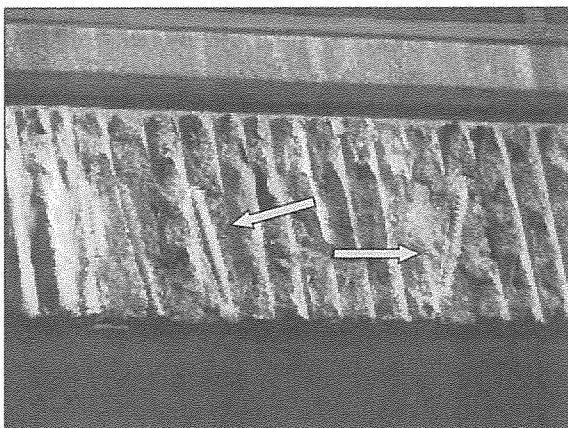


General view of the precast concrete panels and exposed cast-in-place concrete structural elements noted on all elevations of the Site Building.

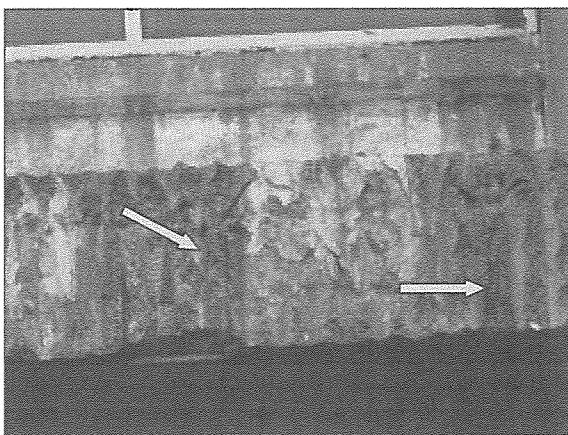


View of delaminated concrete on the soffit noted at the top of the west elevation.

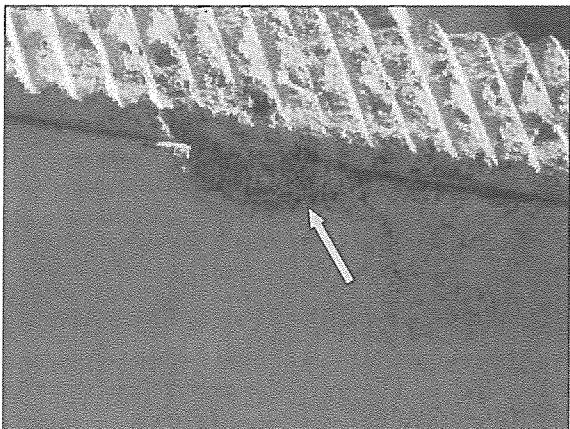
Note: Falling concrete debris may pose a potential life safety hazard.



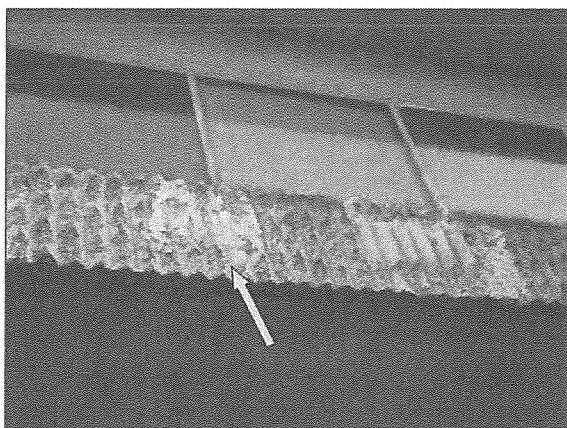
View of exposed and corroded rebars noted on the south elevation.



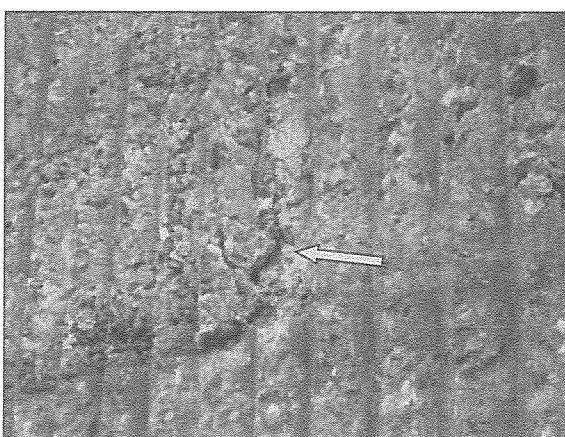
View of typical exposed and corroded rebars noted on the north elevation.



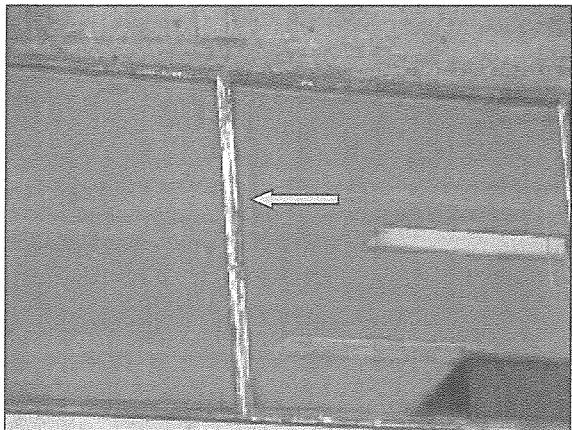
View of chipped/deteriorated concrete and an exposed rebar in the concrete soffit noted on the south elevation.



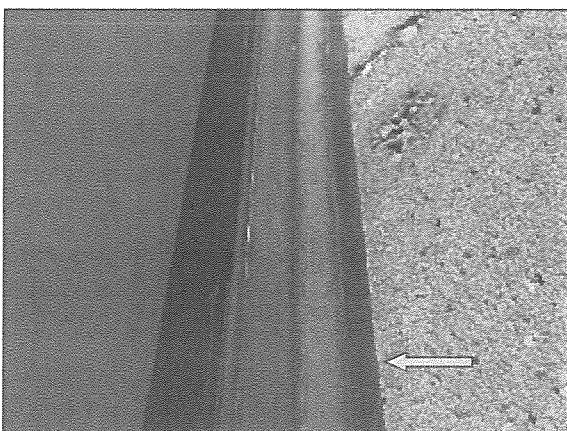
View of typical deterioration in the concrete wall noted on the north elevation.



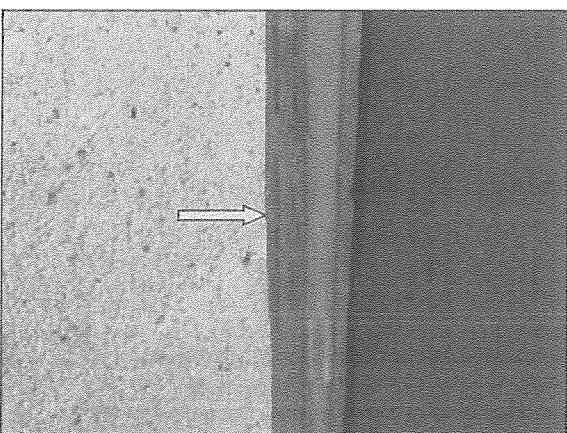
View of typical cracked and delaminated concrete in the precast concrete panel noted on the mechanical penthouse.



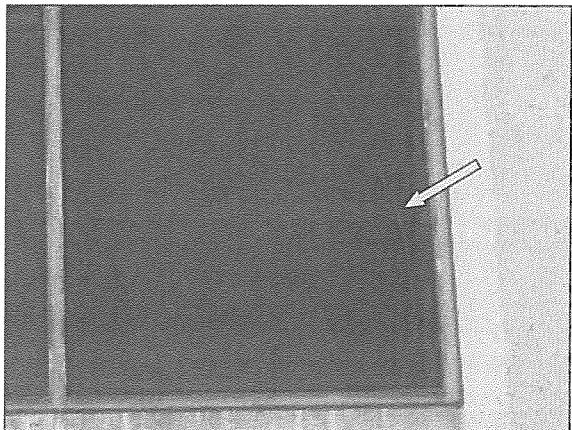
View of typical deteriorated/faded finish on the prefinished aluminum window frames noted on the west elevation.



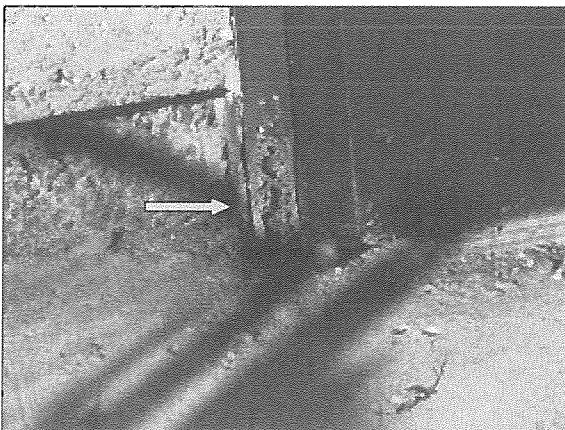
View of typical crazing in the window perimeter sealants noted on the east elevation.



View of typical UV degradation in the window perimeter sealants noted on the north elevation.



View of wrinkling in the Low-E film noted on the east elevation.



View of a corroded door frame noted on the east elevation.



View of deteriorated concrete and exposed and corroded rebars noted on the concrete stairs noted on the north elevation of the mechanical penthouse.

In general, the wall, window and door systems of the Site Building were noted to be in fair condition with the exception of the above-referenced deficiencies. The Site Representatives did not report any issues (i.e., moisture infiltration, condensation, etc.) within the wall or window systems.

As previously mentioned, the precast concrete panel fasteners/anchors are estimated to be original (i.e., approximately 47 years old) with no previous inspections or testing completed in the past. Pinchin recommends completing randomized intrusive testing to verify the condition of the precast concrete panel anchors/fasteners and identify any potentially corroded or deteriorated fasteners/anchors.

The precast concrete panels were noted to display areas of chipped, damaged and deteriorated concrete with exposed and corroded rebars noted on various elevations while the window perimeter sealants were noted to display crazing and UV degradation. As such, allowances have been carried for repairs to the precast concrete panel wall systems and phased replacement of the window perimeter sealants within the term of analysis. In addition, an immediate repair allowance has been identified on a concrete soffit at the top of the west elevation which may pose a potential life safety hazard due to falling concrete debris.

The SG window units of the Site Building are estimated to be original (i.e., approximately 47 years old) and are approaching the end of their PUL. Consideration should be given to initiate phased replacement of the SG window units within the term of analysis. No allowances have been carried for this consideration.

Assuming that the aforementioned deficiencies are addressed regular maintenance is performed, the wall window and door systems of the Site Building should perform in a satisfactory manner throughout the term of analysis.

Due to the fact that the scope of work did not include any intrusive/destructive testing, the condition of the anchoring system/fasteners which secure the precast concrete wall panels to the building structural frame and floor slabs could not be determined at the time of the Site visit as these components are concealed and could not be visually inspected.

3.4 Structural Elements

As outlined in the scope of work, a visual assessment of the condition of the structural elements was carried out on the elements which were visible at the time of the inspection.

The substructure of the Site Building consists of a UPG level cast-in-place concrete slab-on-grade, perimeter strip footings, foundation walls as well as spread footings and piers for interior columns.

The superstructure of the Site Building consists of a reinforced concrete frame support structure (i.e., beams, walls and columns with capitals and drop panels) supporting reinforced cast-in-place concrete ribbed floor slabs and a cast-in-place concrete suspended roof slab.

The Site Representative did not report any significant issues relating to structural deficiencies at the time of the Site visit.

No structural drawings were provided to Pinchin for review.

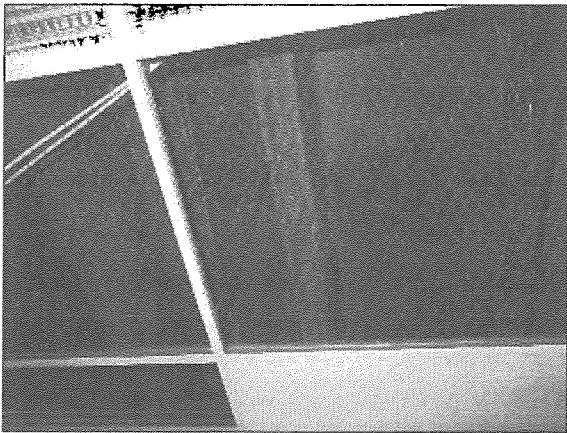
Table 3.4 outlines the findings of the inspection of the structural elements:

Table 3.4 – Structural Elements

Findings	Remarks/Recommendations
Major Deficiencies/Findings	
• None noted/reported.	• None required.
Minor Deficiencies/Findings	
• None noted/reported.	• None required.



View of a typical column with a capital and drop panel supporting a reinforced suspended slab.



View of the soffit of a cast-in-place concrete suspended ribbed floor slab.

Assessment of the original or existing building design, compliance with prior or current Building Code or detection or comment upon concealed structural deficiencies are outside the scope of work. Similarly the identification and assessment of any Post-Tensioned reinforcing is not included in the scope of work. Accordingly, the findings are limited to the extent that the assessment has been made based on a walk-through visual inspection of accessible areas of the structure.

Pinchin's visual review of the structural elements and information provided by the Site Representatives indicated that no major deterioration existed within the visibly accessible components of the Site Building. The assessment did not reveal any visual evidence of major structural failures, soil erosion or differential settlement.

It is noted that the majority of the structural elements within the Site Building are concealed behind interior finishes. Pinchin's visual assessment of the structural elements was limited to the mechanical penthouse, UPG, selective mechanical/service rooms and selective office spaces with missing wall or ceiling finishes.

3.5 Underground Parking Garage

The Site Building possesses a single-level Underground Parking Garage (UPG) which extends beyond the building footprint area on the north, west and east elevations and occupies approximately 48% of the Site. The UPG possesses an area of approximately 61,000 ft² with parking provisions for 200 passenger vehicles.

The UPG is constructed with a UPG level cast-in-place concrete-slab-on grade and a reinforced concrete frame support structure (i.e., beams, , foundation walls and columns with capital and drop panels) supporting reinforced cast-in-place concrete suspended floor and podium deck slabs.

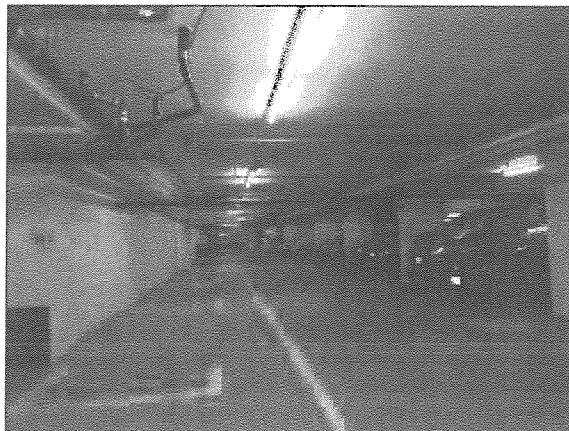
Access to the UPG is provided by an asphalt paved ramp on the south portion of the Site from Duncan Mill Road. Access control is provided gate arms activated by electronic key fob sensors and a sectional wood overhead door. Emergency egress from the UPG is provided by emergency exit stairs situated around the perimeter of the UPG and in the building core.

Ventilation within the UPG is provided by six electric motor-driven exhaust fans located in the north portion of the UPG and natural ventilation louvers located in the south portion of the UPG. The exhaust fans are reportedly activated by a timer. Heating within the UPG is provided by hydronic unit heaters. The UPG ramp is reportedly equipped with a snow melting system consisting of embedded electric heat trace cables. Fire protection within the UPG is provided by a dry pipe sprinkler system and standpipe system complete with fire hose cabinets and chemically-charged ABC-class fire extinguishers.

The Site Representatives were not aware of any previous rehabilitation projects within the UPG or replacement of the foundation wall and podium deck waterproofing membranes.

Table 3.5 outlines the findings of the inspection of the UPG:

Table 3.5 – Underground Parking Garage	
Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none"> Areas of water infiltration, cracked, deteriorated and delaminated concrete, exposed and corroded rebars and deteriorated control joints were noted within the UPG. 	<ul style="list-style-type: none"> Pinchin recommends phased rehabilitation of the UPG including, replacement of the podium deck waterproofing membrane, concrete restoration and polyurethane crack injection waterproofing.
Minor Deficiencies/Findings	
<ul style="list-style-type: none"> Extensively corroded roof drain piping was noted within the UPG. 	<ul style="list-style-type: none"> Replacement of the roof drains and roof drain piping is recommended as part of the UPG rehabilitation.
<ul style="list-style-type: none"> Corroded and deteriorated floor drain covers were noted within the UPG. 	<ul style="list-style-type: none"> Replace the corroded and deteriorated floor drain covers.
<ul style="list-style-type: none"> Corroded metal troughs were noted within the UPG. 	<ul style="list-style-type: none"> Replace the corroded metal troughs.
<ul style="list-style-type: none"> An extensively corroded steel handrail was noted in the west emergency exit stairwell. 	<ul style="list-style-type: none"> Replace the corroded handrail within the emergency exit stairwell.
<ul style="list-style-type: none"> The snow melt system in the UPG ramp is estimated to be 25+ years old and is approaching the end of its PUL. 	<ul style="list-style-type: none"> Replacement of the snow melt system in the UPG ramp is anticipated to be required within the mid to latter portion of the term of analysis.

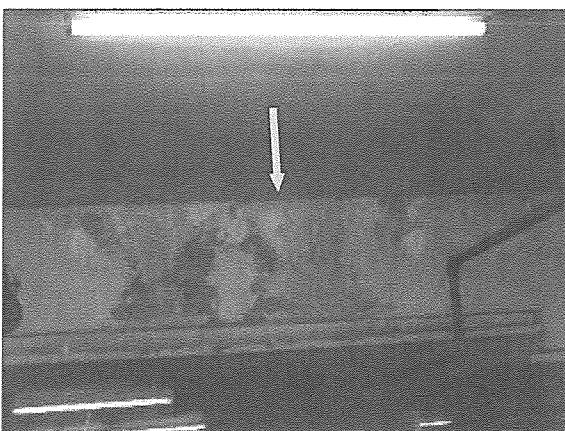


General view within the UPG.

Note: The UPG is not painted as mandated by the municipality (i.e., the walls and columns must be painted black from the floor level to a height of 60 centimetres).



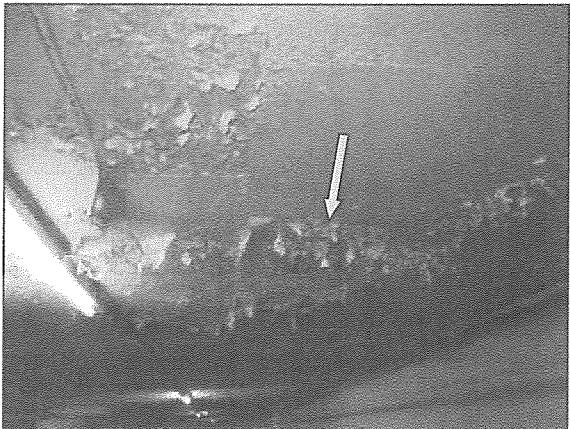
General view of the asphalt paved UPG ramp located on the south portion of the Site.



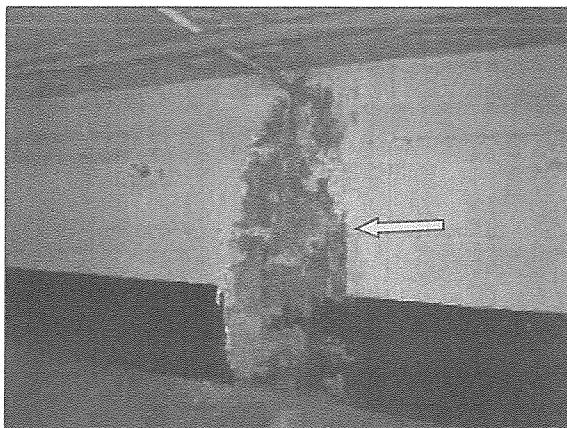
View of typical water infiltration staining on a concrete beam noted within the UPG.



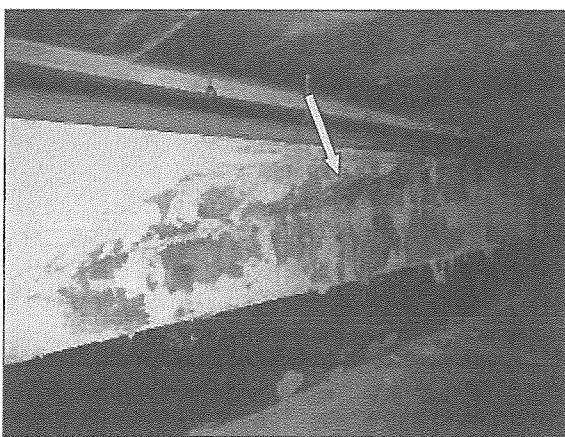
View of typical water damaged, deteriorated concrete and exposed and corroded rebars noted on the soffit within the UPG.



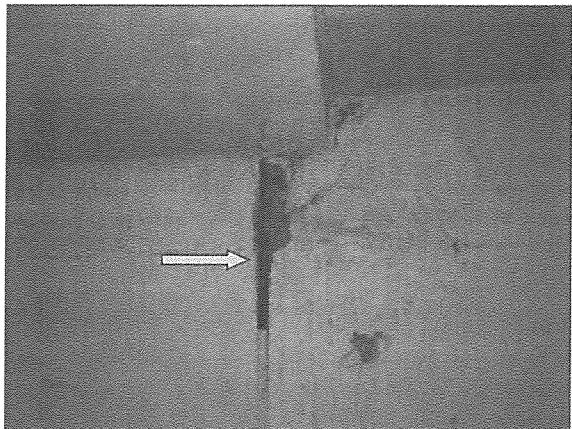
View of typical water staining and peeling paint noted on the soffit within the UPG.



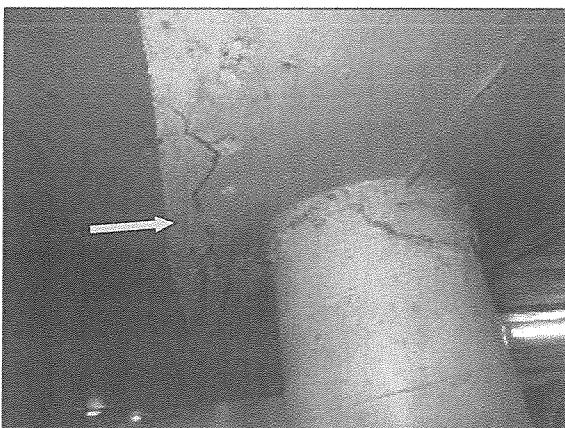
View of moisture staining and deterioration on the concrete foundation wall noted within the UPG.



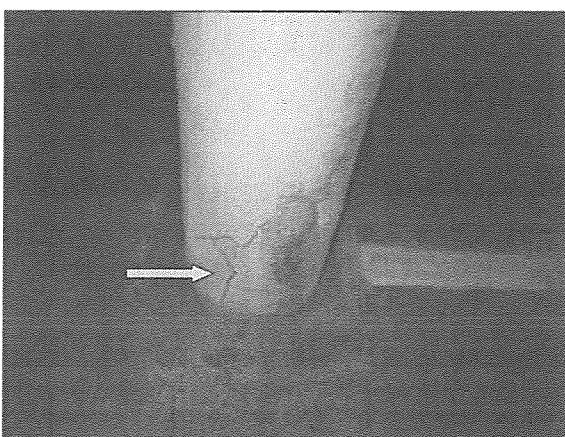
View of typical staining, cracking and water damaged on the concrete foundation wall noted within the UPG.



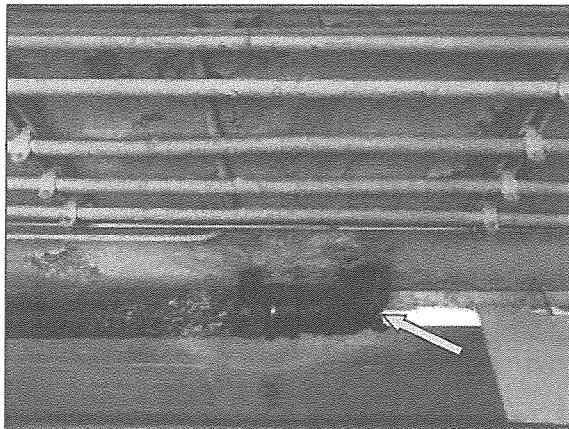
View of staining, water damaged and missing sealant on a control joint in the foundation wall within the UPG.



View of extensive cracking in a concrete beam noted within the UPG.



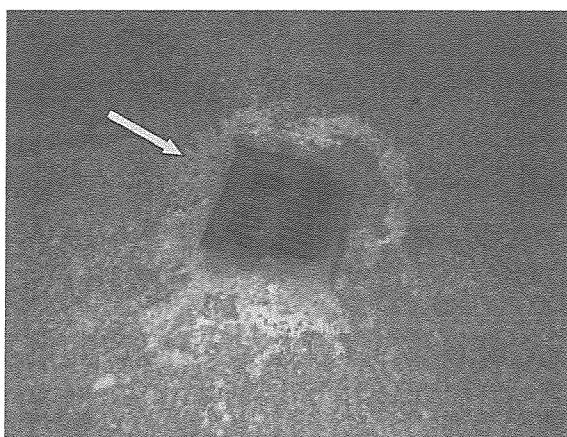
View of a cracked concrete column noted within the UPG.



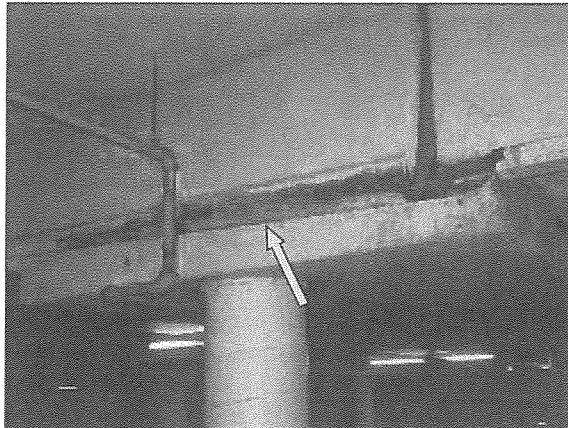
View of an extensively corroded roof drain piping noted within the UPG.



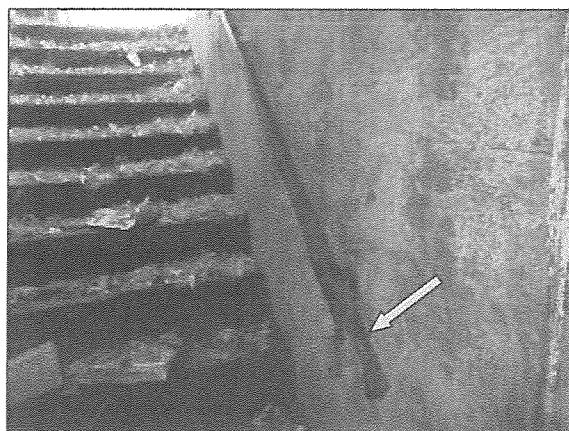
View of extensively corroded drainage piping noted within the UPG.



View of a typical corroded and deteriorated floor drain cover noted within the UPG.



View of an extensively corroded metal trough noted within the UPG.



View of an extensively corroded steel handrail noted in the west emergency exit stairwell.

The UPG was noted to be generally in fair to poor condition with the above referenced deficiencies. As previously mentioned, areas of water infiltration, cracked, deteriorated and delaminated concrete, exposed and corroded rebars and deteriorated control joints were noted within the UPG. Pinchin recommends phased rehabilitation of the UPG including, replacement of the podium deck waterproofing membrane, concrete restoration and polyurethane crack injection waterproofing. In addition, the UPG is not painted as mandated by the municipality. As such, an allowance has been carried to paint the UPG to satisfy municipal bylaws.

Assuming that the UPG rehabilitation is completed, the UPG walls and columns are painted, the above referenced deficiencies are addressed and regular maintenance is performed, the UPG should continue to perform in a satisfactory manner throughout the term of analysis.

Due to the fact that the scope of work was based on a visual inspection, Pinchin has attempted to identify and quantify the deficiencies associated with the UPG repairs; however, an investigation of the components should be completed prior to the repair work to ensure the extent of deterioration is fully understood.

It is noted that the cost estimates provided in this report are preliminary and provided only as an indication of the order of magnitude of the remedial work. More precise cost estimates would require more detailed investigation to define the scope of work. Without further investigation, the estimated costs could be potentially higher than provided.

It is noted that the presence or condition of the waterproofing membrane on the foundation walls could not be verified, as the scope of work did not include destructive testing.

3.6 Vertical Transportation Systems

The following is a brief description of the elevator systems located at 240 Duncan Mill Road, Toronto, Ontario:

Manufacturer:	OTIS
Drive System:	Overhead traction motor
Number of Elevators:	4
Date Installed:	~ 1970
Date Modernized:	N/A
Capacity:	1,360 kg or 19 persons
Floors Served:	B, 1 – 8
Function:	Passenger
Alarm:	Provided
Emergency Stop:	Not provided
Emergency Phone:	Provided (Handsfree)
Emergency Power:	Not provided

The typical elevator "full maintenance contract" covers the replacement of major components in addition to the labour and materials necessary for ongoing repairs, adjustments and preventive maintenance work. Entrances and elevator cab finishes are normally excluded. As long as a "full maintenance contract" service package is purchased, the only additional costs to the Owner, during the first 15-25 years of use, should be for malicious damage and repairs to the elevator cabs and entrances. It is assumed that repairs required due to "Acts of God" (i.e., flood, fires, etc.) are covered by insurance.

The elevators of the Site Building are reportedly original to its construction in approximately 1970 (i.e., approximately 47 years old) with no major upgrades or modernization since the date of installation. The elevators are reportedly maintained on a "full maintenance contract" by "Trident Elevator Co. Ltd.".

Table 3.6 outlines the findings of the inspection of the elevator systems:

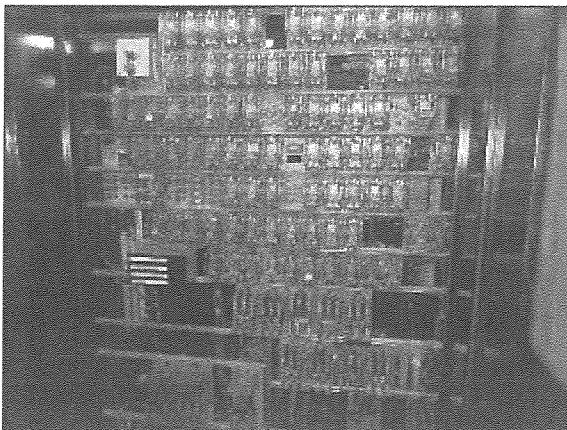
Table 3.6 – Vertical Transportation Systems

Findings	Remarks/Recommendations
Major Deficiencies/Findings	
<ul style="list-style-type: none"> The elevator systems of the Site Building are reportedly original (i.e., approximately 47 years old) with no major upgrades or modernization since the date of installation. 	<ul style="list-style-type: none"> Contingency allowances for modernization of the elevator systems have been carried within the early portion of the term of analysis. In addition, a specialist review of the elevator systems is recommended prior to modernization to verify the condition, cost and timing of the recommended modernization.
Minor Deficiencies/Findings	
<ul style="list-style-type: none"> Exposed moving parts on the elevator motors were noted within the elevator penthouse. The elevator cabs are reportedly not equipped with car-top railings and do not satisfy current code requirements. An oil leak in the elevator motor was noted within the mechanical penthouse. 	<ul style="list-style-type: none"> Install machine guarding around the moving parts within the elevator penthouse. Installation of car-top railings is recommended within the early portion of the term of analysis. Repair the oil leak in the elevator motor as part of the “full maintenance contract”.



General view of within the elevator penthouse.

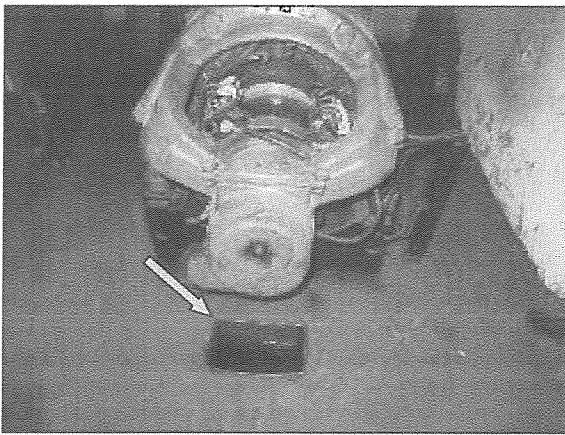
Note: There is no machine guarding around exposed moving machinery.



View of a typical original control board.



View within a typical elevator cab.



View of an oil leak in the elevator motor noted within the mechanical penthouse.

As the current assessment was performed as a BPCA without Specialist review, our information is solely based on the information and documentation provided as well as the visual appearance of the elevator cabs, motors, controls, etc.

Based on Pinchin's experience, some components of the elevator systems may require modernization, due in part to obsolescence, which are not covered under a typical "Full Maintenance Contract".

Additionally, service personnel capable of performing the numerous adjustments necessary to keep this equipment operating properly will become increasingly difficult to find as newer equipment designs become more prominent. Thus, the owner may be faced with significant modernization costs in order to maintain reasonable service.

As previously mentioned, the elevators of the Site Building are reportedly original to its construction in approximately 1970 (i.e., approximately 47 years old) with no major modernization or upgrades since the date of installation. As such, Pinchin has carried Contingency allowances for modernization of the elevator systems have been carried within the early portion of the term of analysis. In addition, a specialist review of the elevator systems is recommended prior to modernization to verify the condition, cost and timing of the recommended modernization.

Assuming that the elevator specialist review is performed, elevator modernization is completed, and the full maintenance contract is continued, the elevator systems should perform in a satisfactory manner throughout the term of analysis.

3.7 Interior Finishes

As outlined in the scope of work, assessment of the interior finishes was limited to the common areas, service rooms as well as a representative sample of the commercial suites including Suites 200-201, 600, 605, 702-703, 800, 802 and 807.

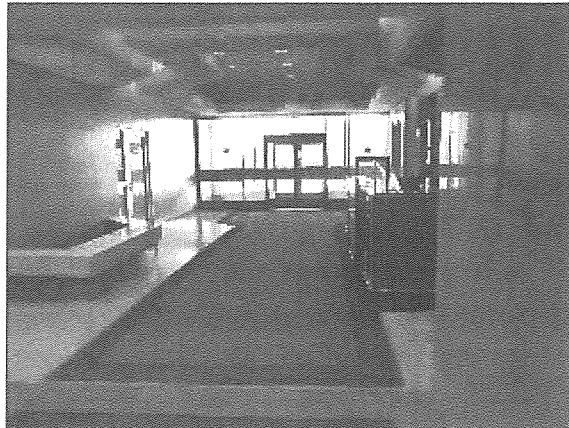
The floor finishes within the Site Building consist of a combination of stone tiles and carpeting noted in the main lobby and a combination of carpeting, vinyl and ceramic floor tiles, engineered wood laminate and hardwood flooring noted within the office areas and common corridors. The floor finishes in the basement level restaurant consist of engineered wood laminate flooring with ceramic floor tiles noted in the kitchen areas. The floor finishes within the stairwells consist of painted concrete while the floor finishes within the mechanical/service rooms and mechanical consist of unfinished concrete slabs.

The wall finishes within the Site Building consist of a combination of painted gypsum wall board and stone wall tiles noted in the main lobby and a combination of painted gypsum wall board and wallpaper finishes noted in the office areas. The wall finishes within the washrooms and restaurant kitchen area consist of painted gypsum wall board and ceramic wall tiles. The wall finishes within the stairwells consist of painted plaster finishes while the ceiling finishes within the mechanical/service rooms and mechanical penthouse consist of a combination of cast-in-place concrete and concrete block masonry.

The ceiling finishes of the Site Building consist of a combination of painted gypsum board ceiling assemblies and suspended ceiling assemblies (i.e., t-bars, ceiling tiles, troffer light fixtures, ceiling diffusers, etc.) noted in the main lobby, office areas, restaurant, washrooms and common corridors. The ceiling finishes within the mechanical/service rooms and mechanical penthouse consist of exposed and unfinished concrete soffits.

Table 3.7 outlines the findings of the inspection of the interior finishes:

Table 3.7 – Interior Finishes	
Findings	Remarks/Recommendations
Major Deficiencies/Findings	
• None noted/reported.	• None required.
Minor Deficiencies/Findings	
<ul style="list-style-type: none"> • Damaged, scraped and deteriorated gypsum wall board with areas of peeling noted in various areas of the Site Building. • Stained ceiling tiles were noted in various areas of the Site Building. • Deteriorated, faded and worn carpeting was noted in various office areas of the Site Building. • Areas of delaminated and deteriorated plaster finishes were noted in the stairwells and selective areas of the Site Building. • A deteriorated and cracked concrete step was noted in the rooftop stairwell. • Areas of cracked concrete blocks, step cracking and deteriorated mortar joints in the concrete block masonry were noted in various mechanical/service rooms. 	<ul style="list-style-type: none"> • Repair/replace the affected areas of gypsum wall board, remove the peeling paint and refinish to match the existing finishes. • Determine and repair the source of water leakage and replace the stained ceiling tiles. • Replace the areas of deteriorated, faded and worn carpeting. • Replace the refinish the areas of delaminated and deteriorated plaster finishes. • Repair the cracked and deteriorated concrete step. • Replace any cracked concrete blocks, repair/re-point the areas of step cracking and deteriorated mortar joints.



General view of the interior finishes within the main lobby.



General view of the interior finishes within a typical office area.



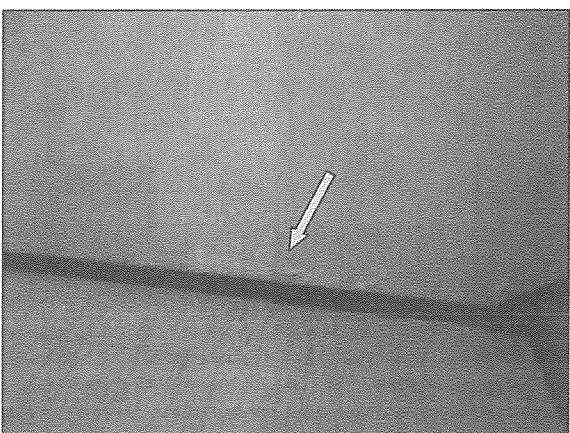
General view of the interior finishes within a typical elevator lobby.



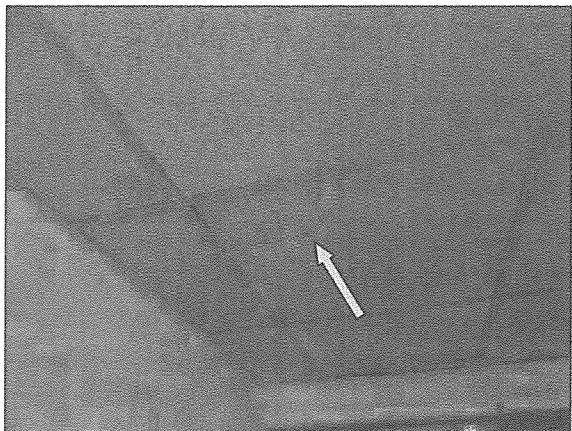
General view of the interior finishes within the basement level restaurant.



General view of the interior finishes within a typical washroom.



View of peeling paint noted within the basement level stairwell.



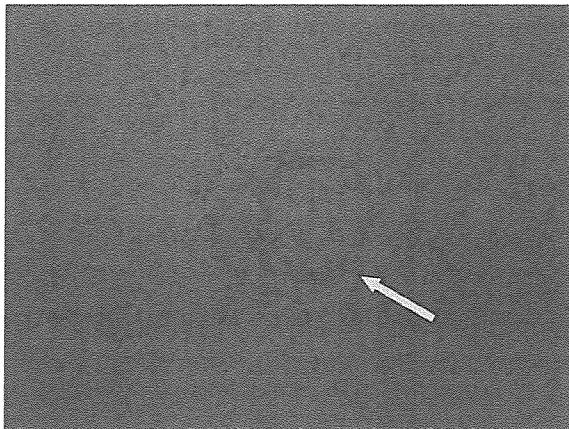
View of a stained ceiling tile noted in the basement level common corridor.



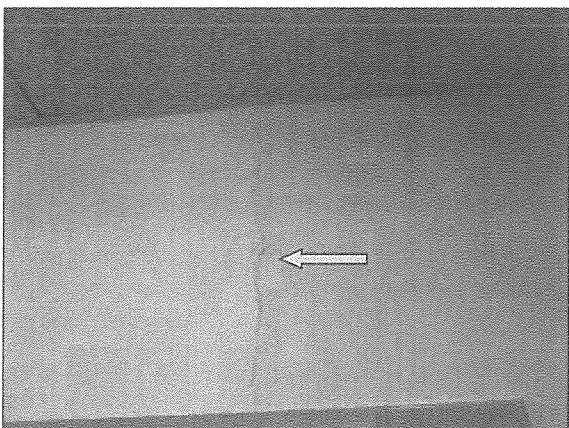
View of damaged gypsum wall board noted within a 2nd floor vacant office space.



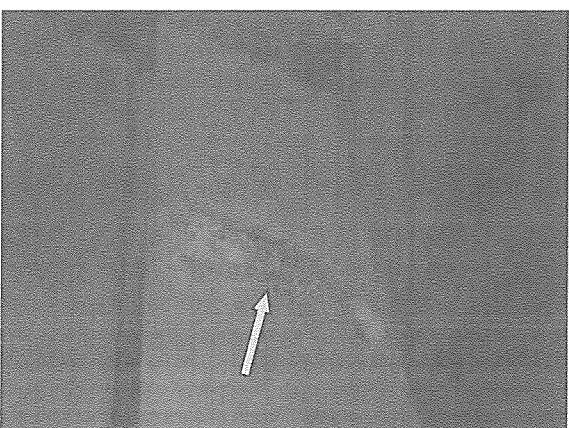
View of typical deteriorated/faded carpeting noted within a 6th floor vacant office space.



View of a typical stained ceiling tile noted in the 8th floor common corridor.



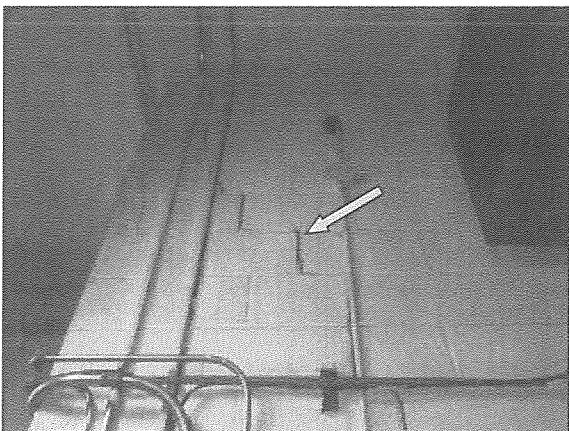
View of typical cracking in the gypsum wall board noted in the 8th floor common corridor.



View of typical popping/deteriorated plaster finishes noted in the rooftop stairwell.



View of a deteriorated and cracked concrete step noted in the rooftop stairwell.



View of step cracking in the concrete block masonry noted within the mechanical penthouse.

The interior finishes were generally noted to be in satisfactory to fair condition with the exception of the above-referenced deficiencies. As previously mentioned, areas of deteriorated, worn and damaged interior finishes were noted in various areas of the Site Building. As reported by the Site Representatives, repairs, renovations and replacement of the interior finishes within the tenant spaces is the tenant's responsibility. Allowances have been carried for localized repairs of the interior finishes within the common areas of the Site Building.

Assuming that the above-referenced deficiencies are addressed and regular maintenance is performed, the interior finishes should perform in a satisfactory manner with no major expenditures anticipated to be required within the term of analysis. Allowances for desired upgrades have not been carried.

3.8 Site Features

The Site is an irregular-shaped property, approximately 2.9 acres in area. The Site Building occupies approximately 17% of the Site. Asphalt paved parking areas are located on the west, north and east portions of the Site with parking provisions for 126 passenger vehicles. Vehicular access to the Site is provided by entranceways on the southwest and southeast portions of the Site. An asphalt paved ramp and loading area are located adjacent to the north elevation of the Site Building.

Cast-in-place concrete walkways, steps and wheelchair ramps were noted adjacent to the west, south and east elevations of the Site Building. An enclosed playground area is located adjacent to the south elevation of the Site Building. Areas of soft landscaping (i.e., grass, shrubs, trees, etc.) are located on the south portion of the Site.

Drainage of the Site pavements is provided by on-Site catch basins and internal roof drains in the podium deck slab which presumably discharge to the municipal sewer system as well as well surface drainage sloped off-Site. The Site Representatives did not report any issues relating to the catch basins and drainage of the Site. Since the inspection was limited to visible areas no examination of the catch basins was performed and no review of the initial compliance with code was performed. The inspection of underground or concealed components is outside the scope of work.

Table 3.8 outlines the findings of the inspection of the Site features:

Table 3.8— Site Features

Findings	Remarks/Recommendations
Major Deficiencies/Findings	
• Cracked/deteriorated concrete steps were noted adjacent to the west elevation of the Site Building and on the southeast portion of the Site which may pose a potential trip hazards due to uneven stepping surfaces.	• Repair and level the cast-in-place concrete steps to prevent a potential trip hazard (an immediate expenditure).
•	•
Minor Deficiencies/Findings	
• The snow melt system (i.e., electric heat trace cables) in the loading ramp are reportedly inoperable.	• Replacement of the electric heat trace cables is recommended within the early portion of the term of analysis.
• The asphalt pavements of the Site were noted to display areas of alligator cracking, deterioration, potholes and settled areas.	• The asphalt pavements atop the UPG podium deck will be replaced as part of the recommended waterproofing membrane replacement. Allowances have been carried for repairs and localized replacements of the asphalt pavements on the remaining portions of the Site.

Table 3.8– Site Features

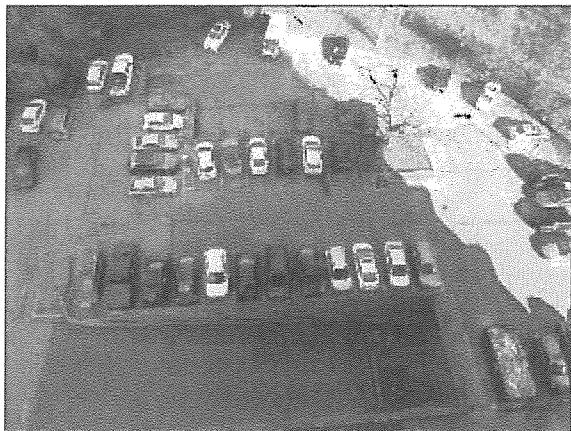
Findings	Remarks/Recommendations
<ul style="list-style-type: none"> Cracks and deterioration in the cast-in-place concrete walkways and steps were noted adjacent to various elevations of the Site Building. 	<ul style="list-style-type: none"> Repair/replace the deteriorated areas and rout and seal the cracks in the cast-in-place concrete walkways.
<ul style="list-style-type: none"> Cracked, delaminated and damaged concrete within areas of exposed and corroded rebars were noted in the retaining walls adjacent to the loading ramp. 	<ul style="list-style-type: none"> Clean, prime and repaint the corroded rebars with an epoxy coating and replace the cracked, delaminated and damaged concrete.
<ul style="list-style-type: none"> A damaged loading dock leveller was noted adjacent to the north elevation of the Site Building. 	<ul style="list-style-type: none"> Replace the damaged loading dock leveller.
<ul style="list-style-type: none"> Damaged chain link fencing was noted on various areas of the Site. 	<ul style="list-style-type: none"> Replace/repair the damaged chain link fencing.



General view of the asphalt paved parking area and walkways located adjacent to the west elevation.



General view of the asphalt paved parking area located on the east portion of the Site.



General view of the asphalt paved parking area located on the north portion of the Site.



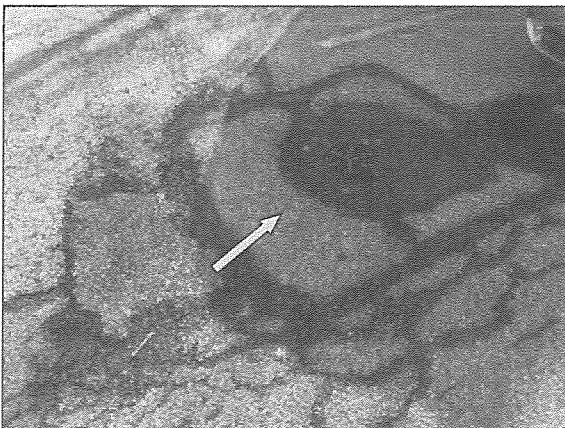
General view of the walkways and landscaped area located on the south portion of the Site.



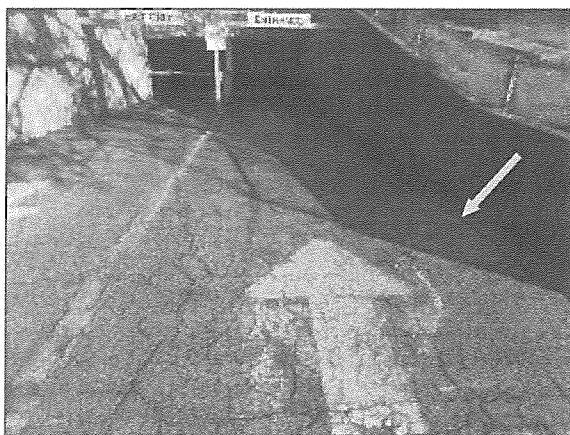
View of typical alligator cracking in the asphalt pavements located on the north portion of the Site.



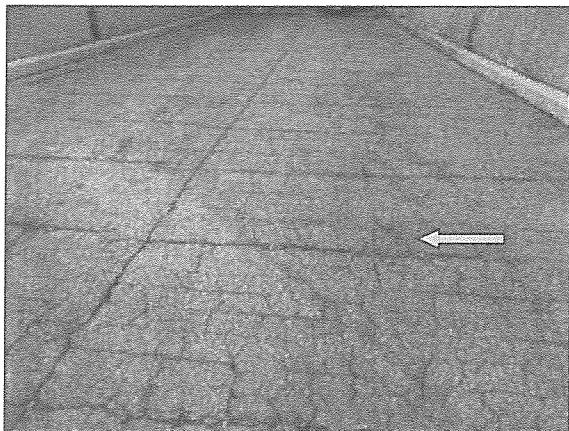
View of typical cracking and potholes in the asphalt pavements located on the north portion of the Site.



View of typical settled and deteriorated asphalt pavements around a drain in the podium deck noted on the east portion of the Site.



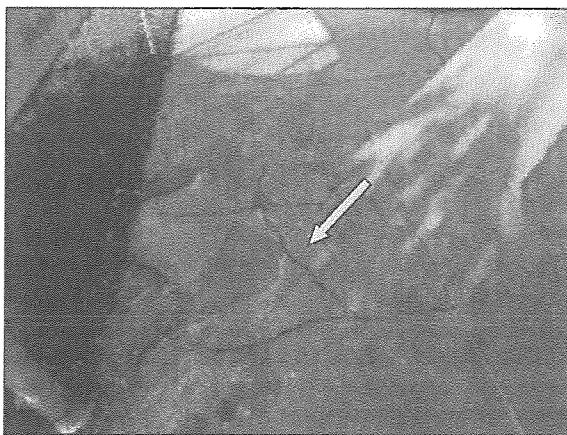
View of typical alligator cracking and deterioration in the asphalt paved UPG ramp located on the south portion of the Site.



View of typical cracking and deterioration in the asphalt paved loading ramp located adjacent to the north elevation of the Site Building.



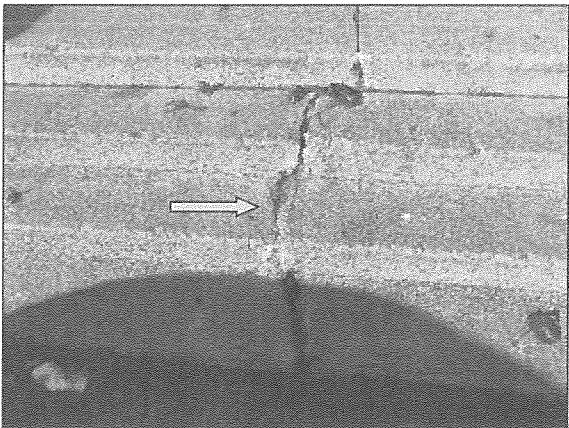
View of typical cracking in the cast-in-place concrete walkway noted adjacent to the loading area.



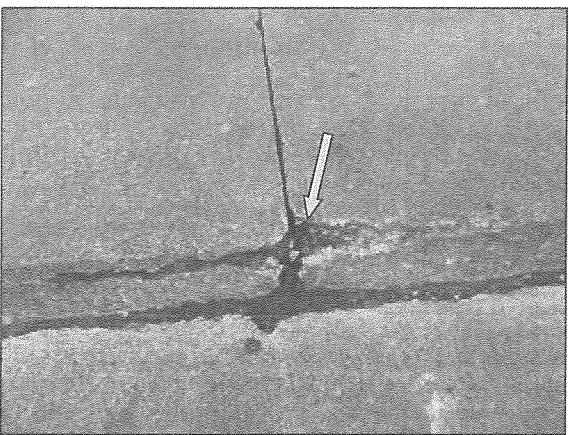
View of cracking in the cast-in-place concrete walkway located on the east portion of the Site.



View of cracking in the cast-in-place concrete walkway noted adjacent to the south elevation.

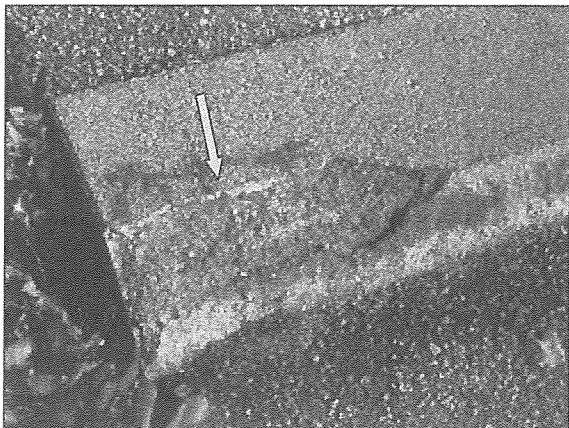


View of typical cracking in the cast-in-place concrete steps located adjacent to the east elevation.



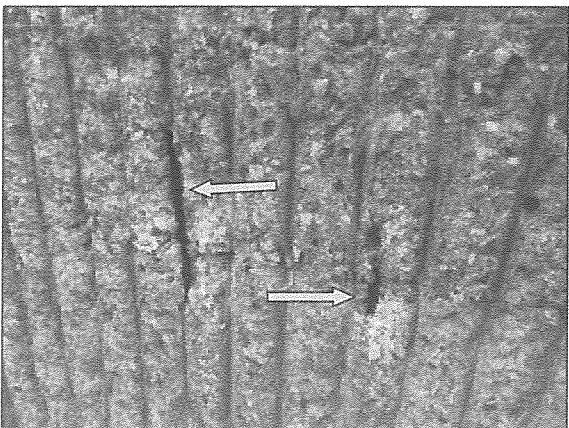
View of a cracked/deteriorated concrete step noted adjacent to the main entrance on the west elevation.

Note: Uneven stepping surface may pose a potential trip hazard.



View of a deteriorated concrete step located on the southeast portion of the Site.

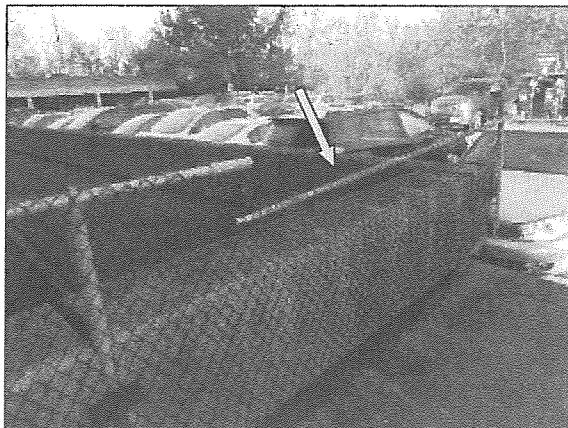
Note: Uneven stepping surface may pose a potential trip hazard.



View of deteriorated and delaminated concrete and exposed and corroded rebars noted in the retaining wall adjacent to the loading ramp.



View of a damaged loading dock leveller noted in the loading area adjacent to the north elevation of the Site Building.



View of damaged chain link fencing noted on the north portion of the Site.



View of damaged chain link fencing noted on the northwest portion of the Site.

The Site features were noted to be in fair condition with the exception of the above-referenced deficiencies. Immediate repair allowances were identified in relation to cracked and deteriorated concrete steps located adjacent to the west entrance and on the southeast portion of the Site which may pose potential trip hazards due to uneven stepping surfaces. As previously mentioned, the heat trace cables in the asphalt paved loading ramp are reportedly inoperable. As such, replacement of the electric heat trace cables is recommended within the early portion of the term of analysis. In addition, the asphalt pavements of the Site were noted to display areas of alligator cracking, deterioration, potholes and settled areas. The asphalt pavements atop the UPG podium deck will be replaced as part of the recommended waterproofing membrane replacement. Allowances have been carried for repairs and localized replacements of the asphalt pavements on the remaining portions of the Site. Allowances have also been carried for repairs of the cast-in-place concrete walkways, loading ramp retaining walls and fencing of the Site.

Assuming that the aforementioned deficiencies are addressed and regular maintenance is performed, the Site features should perform in a satisfactory manner with no additional major expenditures anticipated to be required within the term of analysis. Assessment of or comment upon concealed deficiencies and any buried/concealed utilities or components are outside the scope of work.

3.9 Mechanical Systems

3.9.1 Major Service Providers

The following providers serve the subject property:

Water	City of Toronto
Electric	Toronto Hydro
Sewer	City of Toronto
Natural Gas	Enbridge
Police	Metropolitan Toronto Police Services
Fire	Toronto Fire and Emergency Services

3.9.2 Heating, Ventilation and Air Conditioning (HVAC)

The heating load within the Site Building is satisfied by a closed circuit hydronic heating loop generated by a central boiler plant which supplies hot water to hydronic heating coils within induction units, Air Handling Units (AHUs) and unit heaters. The central boiler plant consists of two "Teledyne-Laars" natural gas-fired heating boilers located in the mechanical penthouse. Based on review of the data plates, each boiler possesses a maximum input heating capacity 2,750,000 British Thermal Units per Hour (BTUH) and was manufactured in 1970 (i.e., approximately 47 years old).

The cooling load within the Site Building is satisfied by a hydronic closed circuit cooling loop generated by a central cooling. The cooling plant consists of a "Daikin" chiller located in the mechanical penthouse. Heat rejection is achieved by a "Baltimore Aircoil of Canada (BAC)" rooftop mounted cooling tower. Based on review of the data plates, the chiller was manufactured in 2014 (i.e., approximately 3 years old) while the cooling tower was manufactured 1996 (i.e., approximately 21 years old). Additional cooling within selective office areas of the Site Building is provided by 23 Air Conditioning (AC) units located in the ceiling spaces complete with rooftop mounted split Condenser Units (CUs). Based on review of the accessible data plates, the AC units were manufactured in 1988 (i.e., approximately 29 years old) while the split CUs were manufactured in 1988, 1997 and 2009 (i.e., approximately 29, 20 and 8 years old respectively).

Heating, cooling and ventilation to various zones of the Site Building is delivered by five central built-up "Trane" AHUs located in the mechanical penthouse which supply approximately 480 perimeter induction units (60 units per floor).

The AHUs and induction units are equipped with heating and cooling coils. Based on review of the data plates and the S2S PCA report, the AHUs are original (i.e., approximately 47 years old). The majority of the perimeter induction units are also original (i.e., approximately 47 years old). As reported by the Site Representatives, ongoing repairs of the perimeter induction units are completed by in-house personnel. An additional AHU was noted to serve the basement level cafeteria of the Site Building. The AHU within the basement level is also original (i.e., approximately 47 years old). Heating within the mechanical penthouse, mechanical/service rooms and UPG is provided by hydronic unit heaters which are supplied with hot water from the central boiler plant.

Supply ventilation to the Site Building is provided by three "Trane" electric motor driven supply fans located in the mechanical penthouse. Based on review of the mechanical drawings, the supply fans possess volumetric supply rates of 4,000, 33,000 and 52,500 Cubic Feet per Minute (CFM) and were manufactured in 1970 (i.e., approximately 47 years old). Return air ventilation is provided by two "Trane" electric motor-driven exhaust fans which possess volumetric exhaust rates of 55,000 and 88,000 CFM and were manufactured in 1970 (i.e., approximately 47 years old). Exhaust ventilation from the washrooms, mechanical rooms, elevator penthouse and UPG is provided by electric motor driven exhaust fans. Based on review of the mechanical drawings, the exhaust fans possess volumetric exhaust rates ranging between 1,600 and 18,800 CFM. The exhaust fans serving the UPG appear to have been replaced while the remaining exhaust fans appear original (i.e., approximately 47 years old).

The HVAC systems within the Site Building are equipped with pneumatic dampers, valve actuators and transducers. Pneumatic pressure is generated by two "Devilbiss" air compressors located in the mechanical penthouse.

Heating/cooling medium (i.e., water or glycol mix) within the heating, cooling and condenser loops is circulated by six "Leitch" electric motor driven circulation pumps located in the mechanical penthouse. Based on review of the data plates and mechanical drawings, the hot water, chilled water and condenser pumps possess water delivery rates of 200, 1,000 and 1,800 U.S. Gallons Per Minute (GPM) at 50, 50 and 40 feet of head pressure with electric motors rated at 5, 50 and 40 Horse Power (HP), respectively.

The HVAC systems of the Site Building are controlled by a "Building Intelligence" Building Automation Systems (BAS) from a desktop computer located in the building operator's office. The BAS regulates the HVAC systems within the Site Building based on temperature set points, outside temperature, time of day and season. The BAS software appears to be approximately 20+ years old with no reported software upgrades.

The mechanical systems of the Site Building are reportedly inspected and maintained on a regular basis by "Hantech Ltd.".

The inspection of the interior of boilers, pressure vessels, equipment, fan coils, ductwork or associated components was beyond the scope of work.

It should be noted that the heating and cooling duct work within the Site Building may contain interior insulation. The Site Representatives did not possess knowledge of the presence of insulation within the duct work within the Site Building. It is Pinchin's experience that interior insulation within duct work is prone to deterioration or development of mould which may require removal of the insulation. In the case where interior insulation is present within the duct work, Pinchin recommends that the duct work insulation be inspected for the presence of mould.

3.9.3 *Domestic Hot Water*

Domestic Hot Water (DHW) within the Site Building is provided by a "Lochnivar" natural gas-fired hot water boiler complete with an insulated storage tank located in the mechanical penthouse. Based on review of the data plate, the DHW boiler possesses a maximum input heating capacity of 1,000,000 BTUH and was manufactured in 1995 (i.e., approximately 22 years old). The DHW storage tank possesses a storage capacity of approximately 178 litres and is estimated to be approximately 5 to 10 years old. No shortage of hot water was noted or reported to Pinchin at the time of the Site visit.

3.9.4 *Plumbing*

The plumbing systems in the Site Building include the incoming water services, cold and hot water piping as well as the sanitary sewer. Drainage piping within the Site Building consists of cast iron piping and transite piping where visible, while plumbing for the domestic cold and hot water consist of copper piping. Due to the concealed nature of the plumbing systems, the condition of the equipment could not be verified. Previous plumbing leaks were reported by the Site Representatives and were repaired in a timely manner. Local repairs to the piping can be managed as part of on-going maintenance.

The incoming domestic water service and water meter of the Site Building is located are located in the basement level sprinkler room. It is noted that the incoming domestic water service is equipped with a three inch reduced pressure assembly premise isolating backflow preventer.

3.9.5 *Fire Protection*

Fire protection within the Site Building consists primarily of a standpipe system which supplies fire hose cabinets on each floor of the Site Building and within the UPG. Each fire hose cabinet is also equipped with a chemically-charged ABC-class fire extinguishers. In addition to the standpipe system, fire protection within the basement level is provided by a wet pipe sprinkler system while fire protection within the UPG and waste storage room is provided by a dry pipe sprinkler system. Additional fire protection within selective rooms is provided by wall mounted chemically-charged ABC-class fire extinguishers.

The main risers and shut-off valves are located in the basement level sprinkler room. A wall mounted cabinet with replacement sprinkler heads and an installation tool was noted within the sprinkler room.

The fire department Siamese connection is located on the south portion of the Site. The sprinkler system was noted to possess an up-to-date inspection tags dated June 2017 by "Profire Safety Services" while the fire hoses and fire extinguishers were noted to possess up-to-date inspection tags dated August 2017 by "Profire Safety Services".

Adequate pressure within the standpipe system is provided by a "Leitch" electric motor-driven centrifugal fire pump located in the sprinkler room. Based on review of the data plate, the fire pump possesses a water delivery rate of 85 U.S. GPM at 60 feet of head pressure and is original (i.e., approximately 47 years old).

Fire protection within the basement level cafeteria is provided by a wet chemical suppression system installed above the cooking equipment. In addition, an AK-class fire extinguisher was noted within the cafeteria kitchen. The wet chemical suppression system was noted to possess an out-of-date inspection tags dated October 18, 2016 by "Profire Safety Services" while the fire extinguisher's inspection tag was up-to-date and dated July 2017 by "Profire Safety Services".

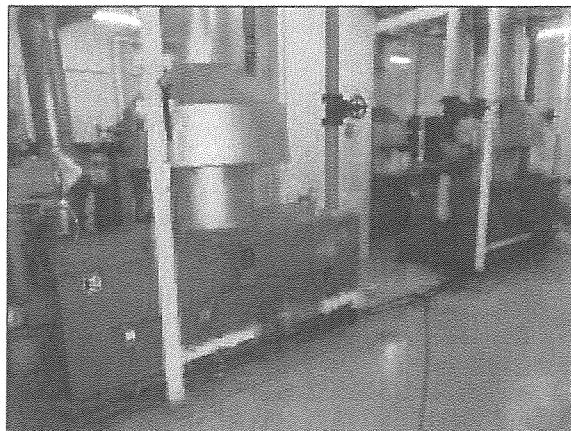
Table 3.9 outlines the findings of the inspection of the mechanical systems:

Table 3.9 – Mechanical Systems (including HVAC, Plumbing, and Fire Protection)

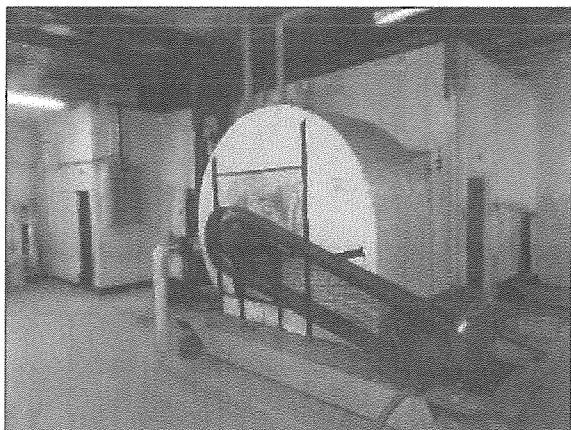
Findings	Remarks/Recommendations
Major Deficiencies/Findings	
• The heating boilers serving the Site Building were manufactured in 1970 (i.e., approximately 47 years old) and have exceeded their PUL.	• Replacement of the heating boilers is recommended within the early portion of the term of analysis.
• 23 AC units serving the Site Building were manufactured in 1988 (i.e., approximately 29 years old), have exceeded their PUL and were noted to utilized R-22 refrigerant which is in the process of being phased out from sale, manufacture and importation.	• Replacement of the AC units is recommended within the early portion of the term of analysis.
• 20 split CUs were manufactured in 1988 and 1997 (i.e., approximately 29 and 20 years old), have exceeded their PUL and were noted to utilized R-22 refrigerant which is in the process of being phased out from sale, manufacture and importation.	• Replacement of the split CUs is recommended within the early portion of the term of analysis.
• Five central built-up AHUs serving the Site Building are original (i.e., approximately 47 years old) and have exceeded their PUL.	• Phased replacement/modernization of the AHUs including installation of Variable Frequency Drives (VFDs) and Direct Digital Controls (DDCs) is recommended within the early portion of the term of analysis.

Table 3.9 – Mechanical Systems (including HVAC, Plumbing, and Fire Protection)

Findings	Remarks/Recommendations
<ul style="list-style-type: none"> One AHU serving the basement level cafeteria was manufactured in 1970 (i.e., approximately 47 years old) and has exceeded its PUL. 	<ul style="list-style-type: none"> Replacement of the AHU is recommended within the early portion of the term of analysis.
<ul style="list-style-type: none"> The majority of the induction units serving the Site Building are original (i.e., approximately 47 years old) and are reportedly repaired on a regular basis by in-house personnel. 	<ul style="list-style-type: none"> Phased replacement of the perimeter induction units is recommended within the term of analysis.
<ul style="list-style-type: none"> The majority of the air supply, return and exhaust fans are original (i.e., approximately 47 years old) and have exceeded their PUL. 	<ul style="list-style-type: none"> Replacement of the original air supply, return and exhaust fans is recommended within the early portion of the term of analysis.
<ul style="list-style-type: none"> The BAS software utilized to automate the HVAC systems is estimated to be 20+ years old. 	<ul style="list-style-type: none"> Upgrading the BAS software is recommended within the early portion of the term of analysis.
<ul style="list-style-type: none"> The heating, chilled water and condenser pumps are original (i.e., approximately 47 years old) and have exceeded their PUL. 	<ul style="list-style-type: none"> Replacement of the original circulation pumps is recommended within the early portion of the term of analysis.
<ul style="list-style-type: none"> The wet chemical suppression system was noted to possess an out-of-date inspection tag. 	<ul style="list-style-type: none"> Perform an inspection of the wet chemical suppression system by a certified fire protection contractor and ensure that subsequent inspections are completed on a regular basis.
<ul style="list-style-type: none"> Five hydronic unit heaters serving the UPG are estimated to be original (i.e., approximately 47 years old) and have exceeded their PUL. 	<ul style="list-style-type: none"> Replacement of the original suspended unit heaters within the UPG is recommended within the early portion of the term of analysis.
Minor Deficiencies/Findings	
<ul style="list-style-type: none"> The cooling tower was manufactured in 1996 (i.e., approximately 21 years old) and has exceeded the mid-portion of its PUL. 	<ul style="list-style-type: none"> A mid-life overhaul of the cooling tower is recommended within the early portion of the term of analysis.
<ul style="list-style-type: none"> The DHW boiler was manufactured in 1995 (i.e., approximately 22 years old) and is approaching the end of its PUL. 	<ul style="list-style-type: none"> Replacement of the DHW boiler is anticipated to be required within the mid to latter portion of the term of analysis.
<ul style="list-style-type: none"> The fire department Siamese connections on the south portion of the Site do not possess adequate signage. 	<ul style="list-style-type: none"> Install plainly visible signage indicating the location of the fire department Siamese connections.
<ul style="list-style-type: none"> Corroded sprinkler piping was noted in the basement areas of the Site Building. 	<ul style="list-style-type: none"> Clean, prime and repaint the corroded sprinkler piping.



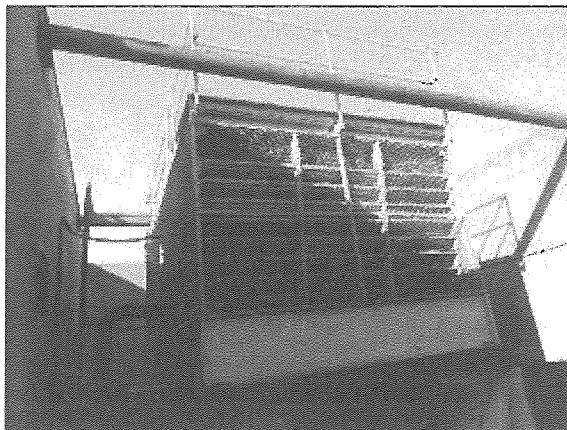
View of the natural gas-fired heating boilers located in the mechanical penthouse.



View of a typical central station built-up AHU located in the mechanical penthouse.



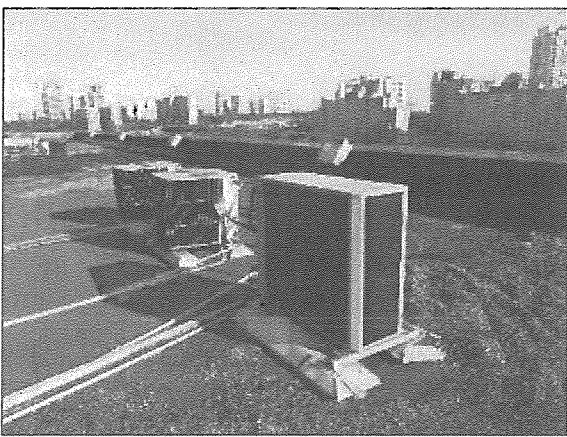
View of the chiller located in the mechanical penthouse.



View of the rooftop mounted cooling tower.



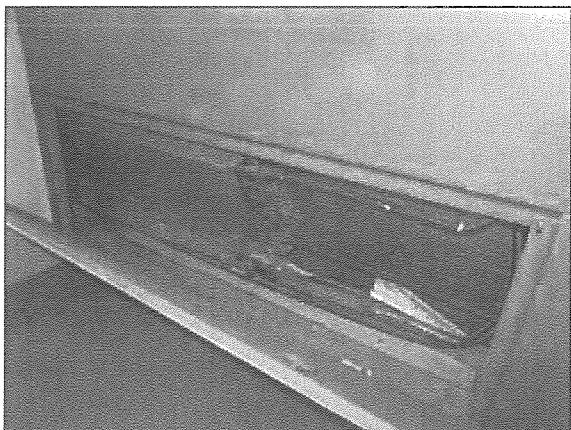
View of a typical AC located in the ceiling spaces.



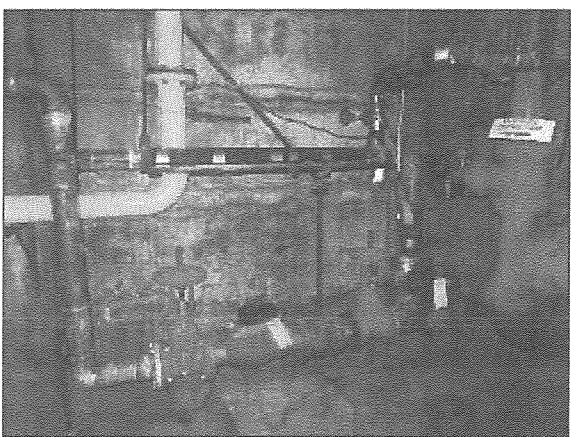
View of typical rooftop mounted split CUs.



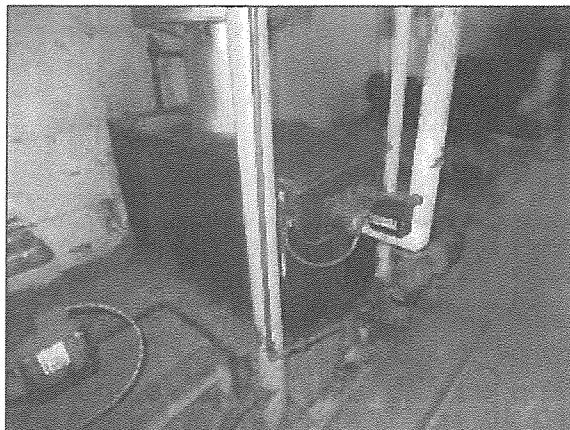
View of the AHU in the basement mechanical room.



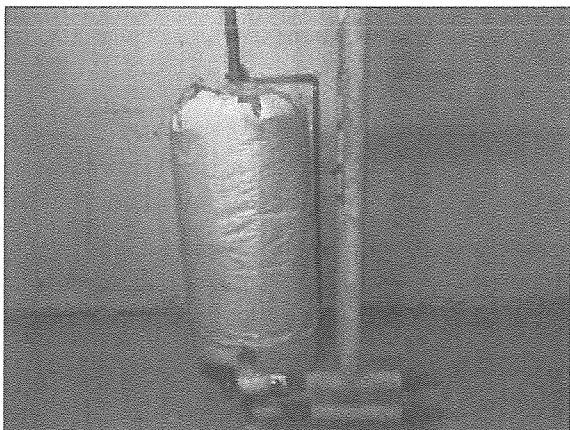
View of the heating/cooling coils within a typical induction unit.



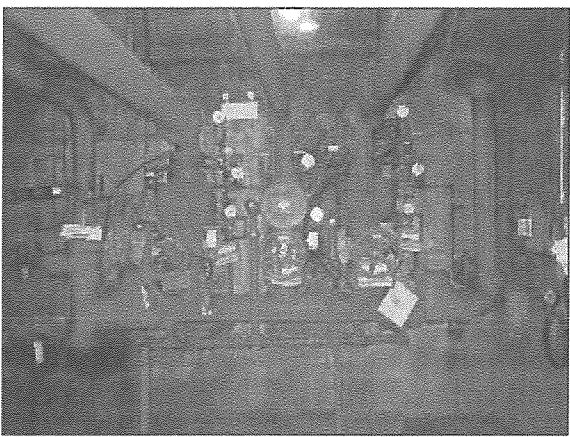
General view of the incoming domestic water service and water meter.



View of the DHW boiler.



View of the insulated DHW storage tank.



View of the main risers and shut-off valves located in the basement sprinkler room.



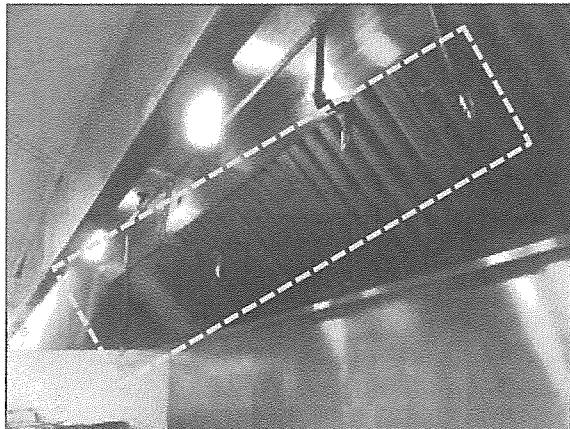
View of a typical fire hose cabinet complete with a chemically-charged ABC-class fire extinguisher.



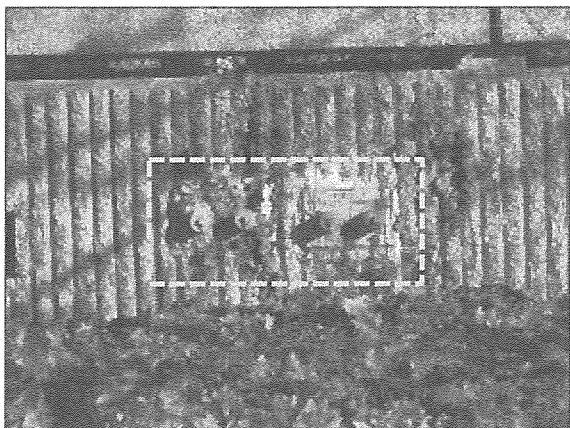
View of a typical wall mounted chemically-charged ABC-class fire extinguisher.



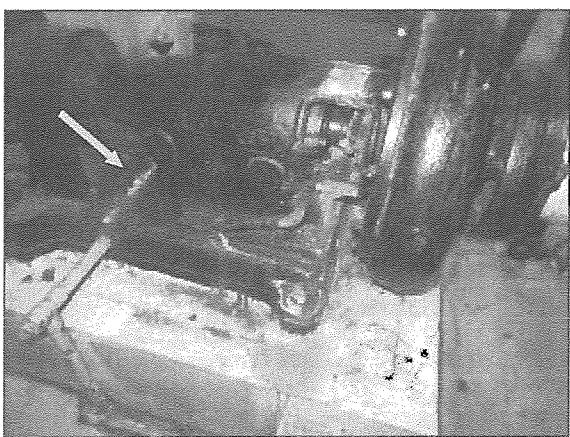
General view of the fire pump.



View of the wet chemical suppression nozzles installed above the cooking equipment with the basement level cafeteria.



General view of the asphalt paved parking area adjacent to the northwest elevation of the Site Building.



View of a typical corroded original circulation pump noted in the mechanical penthouse.



General view of the asphalt paved parking area adjacent to the northwest elevation of the Site Building.



View of typical corroded sprinkler piping noted within the basement areas.

It has been Pinchin's experience that the PUL of heating boilers, cooling towers and chillers typically ranges between 25 and 30 years, the PUL of split AC units typically ranges between 15 and 20 years while the PUL of built-up AHUs while the PUL of DHW heaters typically ranges between 10-15 years, depending on the quality of the unit and the level to which the unit has been maintained.

The mechanical systems of the Site Building were generally noted to be in serviceable condition with the exception of the above-referenced deficiencies. As previously mentioned, the majority of the mechanical systems of the Site Building are original (i.e., approximately 47 years old) and have exceeded their PUL. With age performance and efficiency typically degrades to the point where the HVAC systems do not provide a satisfactory level of comfort. Major manufacturers will typically not support older equipment. Pinchin cannot predict how long replacement parts will remain available and replacement of older equipment cannot be postponed indefinitely. As such, Pinchin has carried allowances for replacement of the original HVAC systems within the early portion of the term of analysis. A phased replacement of the original induction units has been carried throughout the term of analysis.

Assuming that the original mechanical systems are replaced, the aforementioned deficiencies are addressed and regular maintenance is performed, the mechanical systems of the Site Building should perform in a satisfactory manner throughout the term of analysis.

In accordance with the proposed scope of work, no physical or destructive testing or design calculations will be conducted on any of the major components of the Site Building. Similarly the inspection of the interior of ductwork or associated mechanical components is not included in the scope of work.

Accordingly, the findings are limited to the extent that the assessment will be made visually from the exterior of the systems.

3.10 Electrical Systems

3.10.1 Electrical Power

Electrical power for the Site Building is supplied via underground conduits from a locked municipal transformer vault. Electrical power is fed with a 3 Phase 4 Wire supply to a "Canadian General Electric" main switchgear unit. The main switchgear unit is rated at 2,500 Amperes main bus capacity and 347/600 Volts of voltage tension. In addition, various switchgear units, disconnect switches, splitters and step down transformers were noted throughout the Site Building. The majority of the electrical distribution systems appear to be original (i.e., approximately 47 years old).

No problems with power sufficiency were noted or reported to Pinchin at the time of the Site visit. The visible sections of the electrical services appear to be in satisfactory condition with no major deficiencies noted.

3.10.2 Emergency Electrical Power

Emergency electrical power within the Site Building is provided by a "Leroy Somer" diesel fired backup generator located in the UPG level generator room. Based on review of the data plate, the generator is rated at 500 kW and 625 kilovolt amperes (kVA) and was manufactured in 1990 (i.e., approximately 27 years old) with 139.2 hours recorded on the Hobbs meter. The backup generator reportedly supplies emergency electrical power to the fire and life safety system (i.e., fire alarm systems, fire pump, emergency lighting, etc.). The generator is activated manually or automatically by an automatic transfer switch when loss of power is detected. The generator is load tested semi-annually by "Gal Power Systems".

3.10.3 Fire Alarm System

The fire alarm system within the Site Building consists of a "Notifier" single-stage multi-zone fire alarm control panel located in the basement level Fire Alarm Control and Light Panels room.

A remote annunciator and communication panel is located in the west entrance vestibule. Initiating devices consist of supervised flow valves, sensors and switches within the sprinkler and standpipe piping, ceiling mounted heat/smoke detectors located in strategic locations as well as hard wired manual pull stations located within the vicinity of the exits. Notification devices consist of wall mounted fire alarm bells and electronic fire horns complete with strobes noted on the 7th floor. Auxiliary devices consist of electromagnetic locking devices noted on selective emergency exit doors. The fire alarm is reportedly inspected annually by "Profire Safety Services" and monitored 24 hours a day by an independent contractor. The fire alarm control panel and annunciator panel was reportedly replaced in approximately 1998/1999 (i.e., approximately 18 to 19 year old).

3.10.4 Life Safety

Illuminated exit signage and emergency lighting is provided by wall and ceiling mounted battery powered and hard-wired units located in strategic locations and within the vicinity of the exits.

Table 3.10 outlines the findings of the inspection of the electrical systems:

Table 3.10 – Electrical Systems (including Electrical Power and Fire Alarm and Life Safety)

Findings	Remarks/Recommendations
Major Deficiencies/Deterioration	
<ul style="list-style-type: none"> The electrical distribution systems are estimated to be original (i.e., approximately 47 years old) and are approaching the end of their PUL. 	<ul style="list-style-type: none"> Pinchin recommends completing a specialist review of the electrical distribution systems to verify their condition and identify any replacement/upgrade requirements as well as their associated costs.
Minor Deficiencies/Deterioration	
<ul style="list-style-type: none"> The fire alarm control panel and remote annunciator panel were replaced in approximately 1998/1999 (i.e., approximately 18 to 19 years old) and are anticipated to reach the end of their PUL within the term of analysis. 	<ul style="list-style-type: none"> Pinchin recommends completing a specialist review of the fire alarm control panel within the mid-portion of the term of analysis. A contingency allowance for replacement of the fire alarm control panel and annunciator has also been carried. It is noted that a new fire alarm control panel may not be compatible with existing wiring, notification, notification and auxiliary devices.
<ul style="list-style-type: none"> The electrical backup generator was manufactured in 1990 (i.e., approximately 27 years old) and is approaching the end of its PUL. 	<ul style="list-style-type: none"> Replacement of the electrical backup generator is anticipated to be required within the mid-portion of the term of analysis.
<ul style="list-style-type: none"> Non-illuminated exit signs were noted in various areas of the Site Building. 	<ul style="list-style-type: none"> Replace the light bulbs and/or batteries within the exit signs and ensure all exit signs are illuminated and plainly visible.

Table 3.10 – Electrical Systems (including Electrical Power and Fire Alarm and Life Safety)

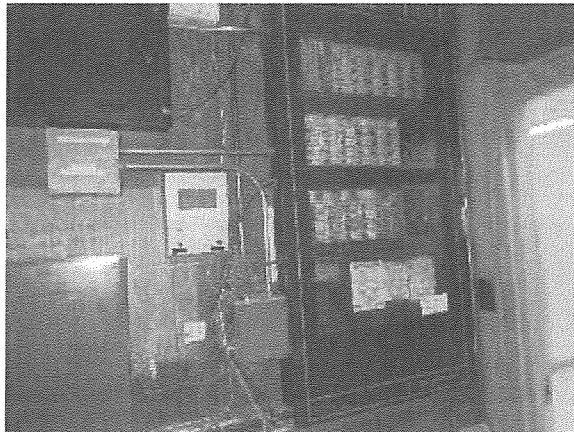
Findings	Remarks/Recommendations
<ul style="list-style-type: none"> Unsealed penetrations in fire rated wall and floor assemblies were noted in various mechanical/service rooms within the Site Building. 	<ul style="list-style-type: none"> Seal all penetrations in fire rated wall/floor assemblies with approved ULC listed sealants to ensure a continuous fire separation.
<ul style="list-style-type: none"> No Carbon Monoxide (CO) detectors were noted within the mechanical penthouse of the Site Building. 	<ul style="list-style-type: none"> Installation of CO alarms is recommended within the boiler room.



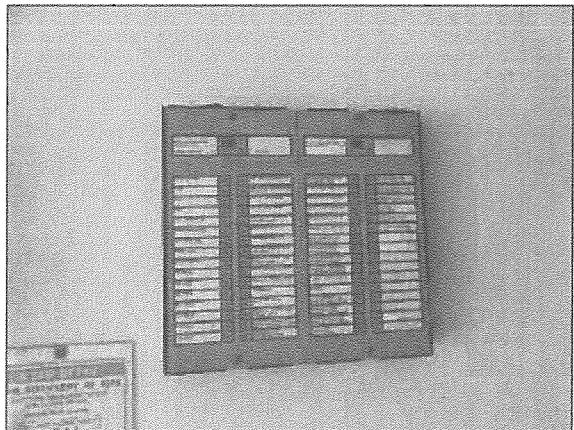
View of the main switchgear unit located in the basement level main electrical room.



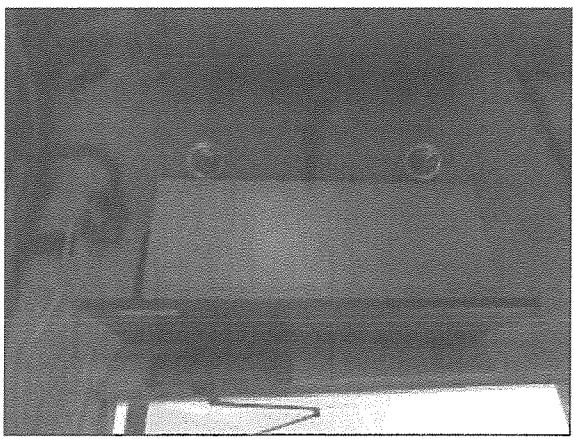
View of the diesel fire backup generator located in the UPG level generator room.



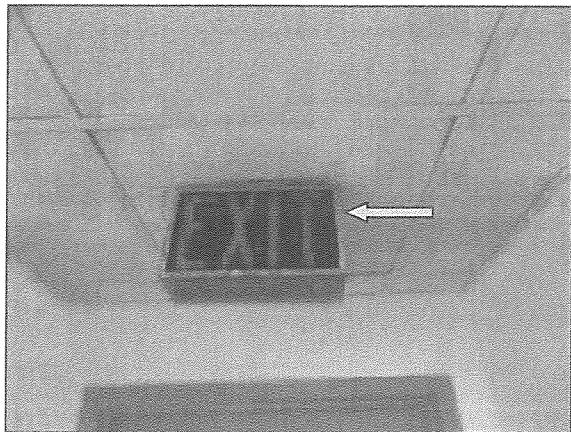
View of the fire alarm control panel located in the Fire Alarm Control and Light Panels room.



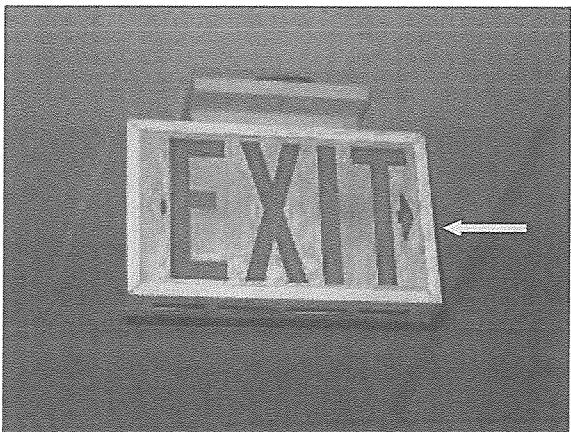
View of the remote annunciation panel located in the west entrance vestibule.



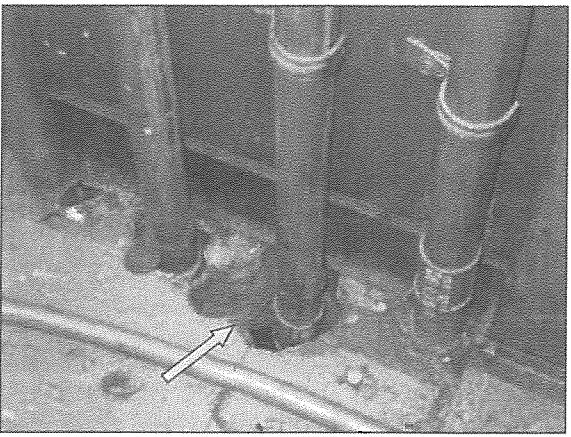
View of a typical battery powered emergency lighting unit.



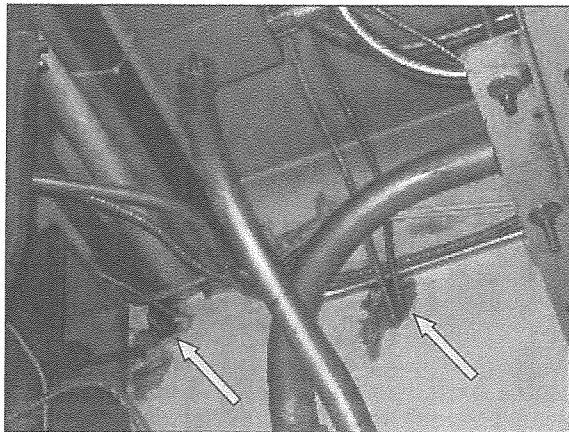
View of a non-illuminated exit sign noted in the basement level.



View of a non-illuminated exit sign noted in the 2nd floor office area.



View of typical unsealed penetrations in the floor assemblies noted within a 2nd floor electrical/telephone room.



View of typical unsealed penetrations in wall assemblies noted within a 2nd floor electrical/telephone room.

Upon visual inspection, the electrical and life safety systems were noted to be in satisfactory condition with the exception of the above-referenced deficiencies. As previously mentioned, the electrical distribution systems are estimated to be original (i.e., approximately 47 years old) and are approaching the end of their PUL. Pinchin recommends completing a specialist review of the electrical distribution systems to verify their condition and identify any replacement/upgrade requirements as well as their associated costs.

The fire alarm control panel and remote annunciator panel were replaced in approximately 1998/1999 (i.e., approximately 18 to 19 years old) and are anticipated to reach the end of their PUL within the term of analysis. Pinchin recommends completing a specialist review of the fire alarm control panel within the mid-portion of the term of analysis. A preliminary allowance for replacement of the fire alarm control panel has been carried within mid-portion of the term of analysis. However, it is noted that the new fire alarm control panel may not be compatible with existing wiring, initiating and notification devices. The cost of replacing the wiring, initiating and notification devices cannot be estimated without a specialist review and a defined scope of work.

The electrical backup generator was manufactured in 1990 (i.e., approximately 27 years old) and is approaching the end of its PUL. With age, performance typically degrades to the point where it cannot meet the full load requirements and a major overhaul or replacement is required. Major manufacturers will typically not support older equipment and Pinchin cannot predict how long replacement parts will remain available. As such, replacement of the electrical backup generator is anticipated to be required within the mid-portion of the term of analysis.



Assuming that a specialist review of the electrical distribution systems and fire alarm system is performed, the fire alarm control panel and backup generator is replaced, the aforementioned deficiencies are addressed and regular maintenance is performed, the electrical and life safety systems of the Site Building should perform in a satisfactory manner throughout the term of analysis. Completing a regular infrared scan of the electrical systems is recommended as part of the regular maintenance of the electrical system.

4.0 KNOWN VIOLATIONS TO CODE

It was reported to Pinchin by the Site Representatives that no outstanding violations from the Building Department existed pertaining to the property. Compliance with the National Building Code (NBC) and National Fire Code (NFC) was not reviewed as it was beyond the scope of this survey.

5.0 CONCLUSIONS AND RECOMMENDATIONS

Based on Pinchin's review of the property, conducted on November 17, 2017, the Site Building appears to be in satisfactory condition commensurate with its age and in comparable standing to other similar commercial office properties in the area. Based on our visual assessment, the Site Building appears to have been constructed in general accordance with standard building practices in place at the time of construction. The assessment did not reveal any visual evidence of major structural failures, soil erosion or differential settlement.

An immediate repair allowance of \$7,000 has been identified in relation to delaminated concrete noted at the top of the west elevation which may pose a potential life safety hazard due to falling concrete debris. An additional immediate repair allowance of \$2,000 has been identified in relation to cracked and deteriorated concrete steps located adjacent to the west entrance and on the southeast portion of the Site.

As noted during the Site visit, deficiencies relating to the roof systems, wall systems, interior finishes, Site features and mechanical/ life safety systems were noted. Of particular note, recommendations, repairs and replacements for the following items are included throughout the term of analysis:

- Replacement of the BUR systems;
- Intrusive testing of the precast concrete panel fasteners/anchors;
- Window perimeter sealant replacement;
- Major rehabilitation of the UPG including podium deck waterproofing, concrete repairs, polyurethane crack injections, repainting and replacement of the snow melt system in the UPG ramp;
- A specialist review of the elevator systems;

- Modernization of the elevator systems including installation of car-top railings and machine guarding around the elevator motors;
- Replacement of the heating boilers;
- Replacement/modernization of five central AHUs;
- Replacement of one packaged AHU;
- Phased replacement of the original induction units;
- Mid-life overhaul of the cooling tower;
- Phased replacement of the original supply, return and exhaust fans;
- Replacement of the original circulation pumps;
- Replacement of five original hydronic unit heaters within the UPG;
- Replacement of the DHW boiler;
- A specialist review of the electrical distribution systems;
- Replacement of the electrical backup generator;
- A specialist review of the fire alarm system;
- Preliminary allowances for replacement of the fire alarm control panel; and
- Sealing fire rated wall/floor assemblies.

It was reported to Pinchin that the costs associated with ongoing general maintenance of the major components of the Site Building are carried as part of the annual operating budget for the Site.

Regular maintenance should be conducted on the roof systems, wall systems, interior finishes, Site features, mechanical systems, electrical and life safety systems to ensure that the PUL of the major components is realized. Repair costs for the aforementioned items have been included over the term of analysis (i.e., 10 years) included within Appendix I. The specific deficiencies identified during the BPCA and their associated recommendations for repair are described in the main body of the report. These deficiencies should be corrected as part of routine maintenance unless otherwise stated within the report. Costs associated with desired upgrades have not been carried.

6.0 TERMS AND LIMITATIONS

This work was performed subject to the Terms and Limitations presented or referenced in the proposal for this project.

Information provided by Pinchin is intended for Client use only. Pinchin will not provide results or information to any party unless disclosure by Pinchin is required by law.



Any use by a third party of reports or documents authored by Pinchin or any reliance by a third party on or decisions made by a third party based on the findings described in said documents, is the sole responsibility of such third parties. Pinchin accepts no responsibility for damages suffered by any third party as a result of decisions made or actions conducted. No other warranties are implied or expressed.

In accordance with the proposed scope of work, no physical or destructive testing or design calculations were conducted on any of the components of the Site Building. Assessment of the original or existing building design, or detection or comment upon concealed structural deficiencies and any buried/concealed utilities or components are outside the scope of work. Similarly the assessment of any Post Tension reinforcing is not included in the scope of work. Determination of compliance with any Codes is beyond the scope of this Work. The Report has been completed in general conformance with the ASTM Designation: E 2018 – 15 Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process.

It should be noted that Pinchin has attempted to identify all the deficiencies required by this Standard associated with this project. Pinchin does not accept any liability for deficiencies that were not within the scope of the investigation.

As indicated above the personnel conducting the building assessment, where applicable, have performed a non-specialist review of the building and all associated finishes and related systems including the fire protection and life safety systems, mechanical/electrical systems, structural components, vertical transportation systems, etc. The personnel conducting the assessment are knowledgeable of building systems and construction, but not technical specialists in each of these fields. The intent of Pinchin's comments on these systems are for the sole purpose of identifying areas where Pinchin has observed a noteworthy condition which will lead to a likely significant expenditure during the term of the assignment and/or where Pinchin would recommend that the Client consider a further, more detailed investigation. The budget costs for remedial work for each specific item has been provided to the best of our ability and will provide an order of magnitude cost for the individual item and the overall possible remedial work. Our experience has shown that the costs that Pinchin have provided are appropriate and of reasonable accuracy for the purpose intended. It should be noted that the budget cost or reserve costs for any specific item may vary significantly based on the fact that the schedule or phasing of the future remedial work is unknown at this time, the impact on building operations of this remedial work is unknown at this time and that no intrusive inspection or detailed design work is included in the BPCA. If a more accurate, detailed or documented reserve cost is required at this time the Client should request Pinchin to provide the additional proposal to provide a more accurate cost estimate.

It should be noted that recommendations and estimates outlined in this report do not include allowances for future upgrading of components pertaining to Client or tenant fit-up that may be necessary or required by Authorities Having Jurisdiction (AHJ).



The assessment is based, in part, on information provided by others. Unless specifically noted, Pinchin has assumed that this information was correct and has relied on it in developing the conclusions.

It is possible that unexpected conditions may be encountered at the Site that have not been explored within the scope of this report. Should such an event occur, Pinchin should be notified in order to determine if we would recommend that modifications to the conclusions are necessary and to provide a cost estimate to update the report.

The inspection of the interior of ductwork or associated components was beyond the scope of work. It should be noted that the heating and cooling duct work within the Site Building may contain interior insulation. The Site Representatives was unaware of the presence of insulation within the duct work within the Site Building. It is Pinchin's experience that interior insulation within duct work is prone to deterioration or development of mould which may require removal of the insulation. In the case where interior insulation is present within the duct work, Pinchin recommends that the duct work insulation be inspected for the presence of mould.

Due to the concealed nature of the plumbing system the condition of the risers could not be verified.

Environmental Audits or the identification of designated substances, hazardous materials, PCBs, insect/rodent infestation, concealed mould and indoor air quality are excluded from this BPCA report.

Further to the aforementioned, determination of the presence of asbestos containing material within the building such as drywall joint compound or the lead content within the older paint finishes was beyond the scope of work.

This report presents an overview on issues of the building condition, reflecting Pinchin's best judgment using information reasonably available at the time of Pinchin's review and Site assessment. Pinchin has prepared this report using information understood to be factual and correct and Pinchin is not be responsible for conditions arising from information or facts that were concealed or not fully disclosed to Pinchin at the time of the Site assessment.

214844.001_FINAL_BPCA_240 Duncan Mill Road, Toronto, ON_November 28, 2017.docx

Template: Master Report for Office Building Baseline Condition Assessment. PCA, June 5, 2017

APPENDIX I

Table 1 – Summary of Anticipated Expenditures

APPENDIX

‘G’



January 12, 2018

From the desk of:
Charles Martin, P.Eng
charles@wtaeng.com
416 463-6662 x 123
Cell: 416 434-4171

Mr. Hans Rizarri
Crowe Soberman Inc.
2 St. Clair Avenue East, Suite 1100
Toronto, Ontario
M4T 2T5

**Re: 240 Duncan Mill Rd, Toronto, ON
Engineering Assessment of Heating System**

240 Duncan Road is an 8 story commercial building with medical offices, a daycare centre and other commercial tenants. This building has been having numerous heating system failures including repeated instances of the perimeter radiators freezing. At times, the building has been uninhabitable due to flooding as a result of freezing radiators and lack of heat.

Weinstein Taylor & Associates were requested to assess the condition of the heating plant at the above facility and to recommend measures to prevent further loss of heat and freezing of perimeter radiators.

The boiler plant once had four atmospheric boilers. Three of these boilers remain. They appear to be original to the building. The boiler plant does not meet current safety codes for the following reasons:

- **The plant does not meet combustion air requirements. This can lead to the production of carbon monoxide, which is a health and safety issue.** An opening in the outside wall of 400 sq. inches is required to meet the requirements of the code. As the boiler room walls are constructed of cast concrete, making a new opening will be an expensive endeavor. There is an existing opening in the floor for ventilation but that does not meet the requirements of the fire code or the gas code.
- **The safety controls are not reliable. This is a fire hazard.** The safety controls, flow switches, limit and operating controls have been physically damaged, mal-adjusted and jimmy-rigged to the point that they can no longer be considered reliable or safe. This could cause an explosion or fire.



In our experience, the cost of the boilers including other required alterations to the boiler piping and pumping will cost in the range of \$ 450,000 including engineering costs.

Yours sincerely,

Charles Martin, P. Eng.



APPENDIX

‘H’

MECHANICAL SITE REVIEW REPORT

240 DUNCAN MILL ROAD

Toronto, Ontario

Prepared by:



Hind Engineering Ltd.

181 Carlaw Ave. Suite 216 Toronto, ON, M4M 2S1
(416)-463-4463 www.hindengineering.ca

19 January 2018

TABLE OF CONTENTS

1. INTRODUCTION
2. HEATING SYSTEM
3. DISCUSSION
4. RECOMMENDATIONS

1. **INTRODUCTION**
- 1.1. The purpose of this study is to report on the condition of the existing mechanical heating systems and to identify required modifications to these systems to help ensure they provide adequate building heating for this winter heating season.
- 1.2. The condition report is based on a site visit conducted on January 18, 2018, and discussions with the operating staff. There were no mechanical drawings available for review. There are very few operational temperature and pressure gauges in the system. Temperature readings were taken with a hand held laser thermometer. The outdoor temperature was 25°F at the time of the inspection.
- 1.3. We understand that during the last cold spell in late December and early January, the building heating system was found to be deficient and freezing of some pipes occurred.

2. **HEATING SYSTEM**
- 2.1. **BOILERS**
- 2.1.1. The heating system comprises five gas fired hot water boilers, two of which have been abandoned, leaving three operational boilers. The boilers are natural draft gas fired boilers. The nameplate data indicates that the boilers are Laars model HB 2450 with an input of 2,450,000 Btu/hr. On this basis the output should be about 1,960,000 Btu/hr. If this heating capacity is available, then the building should have sufficient heat for a design day. However, based on the condition of the boilers and the observed operation, it is unlikely that full capacity is available.
- 2.1.2. The boilers are old and in extremely poor condition. All controllers were set for a supply temperature of over 200°F however the boiler output was significantly less at 130°F to 140°F. It is not clear if the controls are working or if the boiler safeties are operational.
- 2.1.3. The circulating pump for boiler #2 was cavitating indicating low suction pressure. Boiler #2 operation was also unusual as the boiler would cycle for only a short period of time before shutting down and would only raise the water temperature to about 130°F. This indicates that the boiler will not provide full heating capacity and may be suffering from low flow.
- 2.1.4. Boiler #3 did not operate although it appeared to be enabled for operation. This indicates the controls may not be operational.

2.1.5. Boiler #4 was operating with an inlet temperature of 105°F and a leaving temperature of 140°F. Assuming the circulating pump is operating at design, the capacity of this boiler may be reasonable. However, operating these boilers with a low inlet temperature can result in flue gas condensation and corrosion of the stack and boiler. If this has been going on for some time then significant corrosion damage may have already occurred.

2.2. PERIMETER HEATING

2.2.1. Heating is provided to each floor using a perimeter induction system with induction units located around the perimeter under the glass. Each induction unit includes a supply air nozzle and a heating coil. It is understood that the heating coils are currently being cleaned. This is imperative to ensure air can be induced through the coil to provide heat for the space.

2.2.2. The induction units are supplied with conditioned air from a central air handling unit located in the penthouse. The induction unit air handling unit was operational and supplying air at about 72°F. The hot water supplied to the air handling unit heating coil was 120°F. The fresh air dampers were all closed.

2.2.3. The perimeter hot water heating loop was operating at 95°F supply and 90°F return. We understand the control valve used to set this temperature is not operating automatically. It is important that the supply temperature of this system be set to meet the heating requirement of the space.

2.2.4. It is understood that hot water flow is not available in some areas. The hot water distribution system must be balanced to allow hot water to all induction units for heating.

3. DISCUSSION

3.1. The existing boiler plant is old and in very poor condition and may not have adequate capacity to provide heat on a design day. Overall, the boilers cannot be depended on to provide continuous, adequate heating for the building.

4. RECOMMENDATIONS

4.1. We strongly recommend the following actions be taken immediately:

4.1.1. Provide full time supervision of the heating plant by a mechanical technician when the outdoor air temperature is below freezing due to the lack of automatic controls and reliability of the system.

4.1.2. Test, adjust and repair all boiler safeties and controls.

4.1.3. Test flow and heating capacity of each boiler. Correct problems with boiler #2 and its associated circulating pump. Based on the results of this analysis, a new boiler(s) may be required immediately.

- 4.1.4. Clean all induction unit coils. Test, repair and calibrate control valves for induction units.
- 4.1.5. Balance hot water distribution system to provide design flow to each induction unit.
- 4.1.6. Repair controls to perimeter heating loop temperature control valve and schedule hot water temperature to suit original design requirements.
- 4.2. In addition to the above, it is strongly recommended that the heating boilers be replaced prior to the next heating season and that the complete heating system including controls be updated.

APPENDIX

‘I’



Fire Services - Notice of Violation

Avison Young Real Estate Management Services Ont. Inc.
401 Bay Street, 11th Floor, Mailbox #11, Toronto, ON, M5H 2Y4

Avison Young Real Estate Management Services Ont. Inc.
240 Duncan Mill Rd, Unit #802, Toronto, ON, M3B 3S6

Alain Chercroune - 1482241 Ontario Limited
240 Duncan Mill Rd, Unit #800, Toronto, ON, M3B 3S6
1482241 Ontario Limited
240 Duncan Mill Rd, Unit #802, Toronto, ON, M3B 3S6

In accordance with the Fire Protection and Prevention Act, S. O. 1997, c4 a fire safety inspection was conducted at :

Property Address: 240 DUNCAN MILL RD

on this date: January 04, 2018

All noted contraventions are listed and described below

WARNING: You are advised to take corrective action immediately and notify Toronto Fire Services upon completion. Contraventions of the Ontario Fire Code and Toronto Municipal Code are subject to prosecution.

Subsections 28(3) and (4) of the Fire Protection and Prevention Act state that:
An individual convicted of an offence under subsection 28(1) for contravention of the Fire Code is liable to a fine of not more than \$50,000 or to imprisonment for a term of not more than one year, or both. A corporation convicted of an offence under subsection 28(1) is liable to a fine not more than \$100,000

Subsection 28(5) of the Fire Protection and Prevention Act states that,
A director or officer of a corporation who knows that the corporation is violating or has violated a provision of the fire code is guilty of an offence and on conviction is liable to a fine of not more than \$50,000 or to imprisonment for a term of not more than one year, or both.

<u>Item</u>	<u>Fire Code Reference</u>	<u>Description</u>
1	2.8.2.1	2.8.2.1.(1)A fire safety plan shall be prepared, approved and implemented in buildings and premises to which this Section applies.
Inspector Comments:		<ul style="list-style-type: none">- The approved fire safety plan dated October 10, 2017 and located in the fire safety plan box at the main entry vestibule of the ground floor is not being implemented as the fire alarm system is shutdown and alternative measures have not been taken (as outlined in Section 15 of the approved Fire Safety Plan)- Fire watch not being implemented (as outlined in Section 15 and 16 of the approved Fire Safety Plan) and documentation of fire watch logs could not be provided upon request at time of inspection- Notices regarding the fire alarm system currently shut down, when the problem is expected to be corrected and what alternate arrangements have been made (as outlined in Section 15 of the approved Fire Safety Plan) have not been posted throughout the building

2 6.3.1.4

6.3.1.4. Fire alarm and voice communication systems shall be maintained in operating condition.

Inspector Comments:

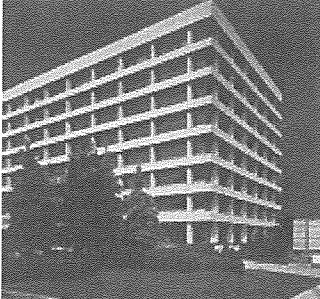
- The fire alarm system is not maintained in operating condition (Ground Floor fire alarm annunciator and Basement Level Fire Alarm Control Panel with no power and switched off - light indicating power on not visible)

NOTICE: This Notice of Violation does not release the property, its owners, agents, occupants or tenants from compliance with any Provincial or Municipal Acts, Regulations, By-laws or Standards.

Inspector	Date Issued	Inspector signature
Taso Markovski	January 4, 2018 dd/mm/yyyy	
For more information call (416) 338-9180 - tmarkov@toronto.ca		

APPENDIX

‘J’

	240 Duncan Mill Rd 306 Toronto Ontario M3B3S6 Toronto C12 St. Andrew-Windfields Toronto 110-25-F SPS: N For Lease Taxes: \$13.50/2017/T.M.I. Last Status: New Legal: DOM: 7 Office Occup: Vacant Lse Term Months: 36/120 Office Freestanding: N Holdover: 90 SPS: N Franchise: Possession: Anytime Com Cndo Fee: Dir/Cross St: York Mills/Don Mills																																																																																		
	MLS# C4017945 Sellers: 1482241 Ontario Limited Contact After Exp: N PRIN: ARIN:																																																																																		
<table border="1"> <tr> <td>Total Area: 4,309.45 Sq Ft</td> <td>Survey:</td> <td>Soil Test:</td> </tr> <tr> <td>Ofc/Apt Area: 4,309 Sq Ft</td> <td>Lot/Bldg/Unit/Dim:</td> <td>Out Storage:</td> </tr> <tr> <td>Indust Area:</td> <td>Lot Irreg:</td> <td>Rail:</td> </tr> <tr> <td>Retail Area:</td> <td>Bay Size:</td> <td>Craze:</td> </tr> <tr> <td>Apx Age:</td> <td>Bldg:</td> <td>Basement: Y</td> </tr> <tr> <td>Volts:</td> <td>Washrooms:</td> <td>Elevator: Public</td> </tr> <tr> <td>Amps:</td> <td>Water: Municipal</td> <td>UFPI:</td> </tr> <tr> <td>Zoning: Commercial</td> <td>Water Supply:</td> <td>Assessment:</td> </tr> <tr> <td>Truck Level:</td> <td>Sewers:</td> <td>Chattels:</td> </tr> <tr> <td>Grade Level:</td> <td>A/C: Y</td> <td>LLBO:</td> </tr> <tr> <td>Drive-In:</td> <td>Utilities: Y</td> <td>Days Open:</td> </tr> <tr> <td>Double Man:</td> <td>Garage Type: Underground</td> <td>Hours Open:</td> </tr> <tr> <td>Clear Height:</td> <td>Park Spaces: #Trl Spc:</td> <td>Employees:</td> </tr> <tr> <td>Sprinklers: Y</td> <td>Energy Cert:</td> <td>Seats:</td> </tr> <tr> <td>Heat: Gas Forced Air Closd</td> <td>Cert Level:</td> <td>Area Infl: Major Highway</td> </tr> <tr> <td>Phys Hdcpr-Equ:</td> <td>GreenPIS:</td> <td>Public Transit</td> </tr> <tr> <td colspan="2">Bus/Bldg Name:</td> <td>For Year:</td> <td>Financial Stmt:</td> </tr> <tr> <td colspan="2">Actual/Estimated:</td> <td colspan="2"></td> </tr> <tr> <td>Taxes:</td> <td>Heat:</td> <td>Gross Inc/Sales:</td> <td>EstValue/At Cost:</td> </tr> <tr> <td>Insur:</td> <td>Hydro:</td> <td>-Vacancy Allow:</td> <td>Com Area Upcharge:</td> </tr> <tr> <td>Mgmt:</td> <td>Water:</td> <td>-Operating Exp:</td> <td>% Rent:</td> </tr> <tr> <td>Maint:</td> <td>Other:</td> <td>=NetInc/4Debt:</td> <td></td> </tr> <tr> <td colspan="4"> Client Remarks: Fantastic Office Space Ranging From 1000-19000 & More Available With Great Exposures To The Duncan Mill Greenbelt. High Demand York Mills Road. Minutes To Fairview Mall, Retail, Banks, Restaurants & All Other Amenities. Extras: Inside & Outside Parking Available For Clients, Public Transit, Minutes To Hwy 404, 400 & Dvp. Plenty Of Amenities To Choose From Brokerage Remarks: \$13.25 Is Additional Rent Which Includes All Utilities (Water, Gas, Hydro, Tax, Building Insurance, Maintenance Fee, Etc..), Parking Spots Are Available Indoor At \$110 & Outdoor \$90 Per Month. </td> </tr> <tr> <td colspan="4"> ROYAL LEPAGE YOUR COMMUNITY REALTY, BROKERAGE Ph: 905-731-2000 Fax: 905-886-7556 8854 Yonge Street Richmond Hill L4C0T4 MARYAM KHALAFBEYGI, Salesperson 416-834-3932 Contract Date: 1/08/2018 Condition: Ad: Y Expiry Date: 5/08/2018 Cond Expiry: Escape: Last Update: 1/10/2018 CB Comm: 4% + 1% Of Balance Original: \$8.00 </td> </tr> </table>				Total Area: 4,309.45 Sq Ft	Survey:	Soil Test:	Ofc/Apt Area: 4,309 Sq Ft	Lot/Bldg/Unit/Dim:	Out Storage:	Indust Area:	Lot Irreg:	Rail:	Retail Area:	Bay Size:	Craze:	Apx Age:	Bldg:	Basement: Y	Volts:	Washrooms:	Elevator: Public	Amps:	Water: Municipal	UFPI:	Zoning: Commercial	Water Supply:	Assessment:	Truck Level:	Sewers:	Chattels:	Grade Level:	A/C: Y	LLBO:	Drive-In:	Utilities: Y	Days Open:	Double Man:	Garage Type: Underground	Hours Open:	Clear Height:	Park Spaces: #Trl Spc:	Employees:	Sprinklers: Y	Energy Cert:	Seats:	Heat: Gas Forced Air Closd	Cert Level:	Area Infl: Major Highway	Phys Hdcpr-Equ:	GreenPIS:	Public Transit	Bus/Bldg Name:		For Year:	Financial Stmt:	Actual/Estimated:				Taxes:	Heat:	Gross Inc/Sales:	EstValue/At Cost:	Insur:	Hydro:	-Vacancy Allow:	Com Area Upcharge:	Mgmt:	Water:	-Operating Exp:	% Rent:	Maint:	Other:	=NetInc/4Debt:		Client Remarks: Fantastic Office Space Ranging From 1000-19000 & More Available With Great Exposures To The Duncan Mill Greenbelt. High Demand York Mills Road. Minutes To Fairview Mall, Retail, Banks, Restaurants & All Other Amenities. Extras: Inside & Outside Parking Available For Clients, Public Transit, Minutes To Hwy 404, 400 & Dvp. Plenty Of Amenities To Choose From Brokerage Remarks: \$13.25 Is Additional Rent Which Includes All Utilities (Water, Gas, Hydro, Tax, Building Insurance, Maintenance Fee, Etc..), Parking Spots Are Available Indoor At \$110 & Outdoor \$90 Per Month.				ROYAL LEPAGE YOUR COMMUNITY REALTY, BROKERAGE Ph: 905-731-2000 Fax: 905-886-7556 8854 Yonge Street Richmond Hill L4C0T4 MARYAM KHALAFBEYGI, Salesperson 416-834-3932 Contract Date: 1/08/2018 Condition: Ad: Y Expiry Date: 5/08/2018 Cond Expiry: Escape: Last Update: 1/10/2018 CB Comm: 4% + 1% Of Balance Original: \$8.00			
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Stuart Sylvester
Analyst

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Mobile: (647) 302-5653
stuart.sylvester@cushwake.com



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APPENDIX

‘K’

Duncan Mills Completed Leases

01/17/2018
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Prepared By: Stuart Sylvester

	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
1	 41 Scarsdale Road 1 (Floor) 11B (Suite) North York - / Duncan Mill	1,023 New Sublease 12/05/2017 24 months	-	- - 12/01/2017 11/30/2019	Borg ITS Techify Inc.
2	 41 Scarsdale Road 1 (Floor) 11 (Suite) North York - / Duncan Mill	4,763 New Headlease 04/07/2017 120 months	\$16.00 60 mths Net \$18.50 60 mths Net	- \$13.86 (NER) 09/01/2017 08/31/2027	Techify Inc. Avcon Construction Inc (Scarsdale Corporate Park Limited)
	Comments: 2 months net free rent.				
3	 Imperial Oil 1 Duncan Mill Road 1 (Floor) GS1 (Suite) North York - / Duncan Mill	12,358 New Headlease 07/20/2017 18 months	-	- \$29.60 (NER) 09/01/2017 02/28/2019	Ontario Association of Architects 0932533 BC LTD
4	 31 Scarsdale Road 1 (Floor) 1 (Suite) North York B Class / Duncan Mill	4,004 New Headlease 07/07/2017 60 months	-	- - 08/01/2017 07/31/2022	Occupied 1652327 Ontario Inc
	Comments: Leased as per Jordan Mustard.				
5	 31 Scarsdale Road 2 (Floor) 2 (Suite) North York B Class / Duncan Mill	6,140 New Headlease 05/11/2017 120 months	\$16.00 60 mths Net \$18.80 60 mths Net	- \$16.49 (NER) 08/01/2017 07/31/2027	Options Group Inc 1652327 Ontario Inc

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Duncan Mills Completed Leases

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Prepared By: Stuart Sylvester

	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
6	 31 Scarsdale Road 1 (Floor) 7 (Suite) North York B Class / Duncan Mill	7,910 New Headlease 07/07/2017 60 months	-	- - 08/01/2017 07/31/2022	Occupied 1652327 Ontario Inc
Comments: Leased as per Jordan Mustard.					
7	 31 Scarsdale Road 1 (Floor) 8 (Suite) North York B Class / Duncan Mill	6,847 New Headlease 07/07/2017 60 months	-	- - 08/01/2017 07/31/2022	Occupied 1652327 Ontario Inc
Comments: Leased as per Jordan Mustard.					
8	 Duncan Mill Place 240 Duncan Mill Road 6 (Floor) 600 (Suite) North York C Class / Duncan Mill	23,000 New Headlease 06/01/2017 60 months	-	- - 06/01/2017 05/31/2022	Business Point 1482241 Ontario Limited
Comments: Leased as per Patrick Dolan.					
9	 1 Valleybrook Drive 2 (Floor) 202 (Suite) North York B Class / Duncan Mill	1,942 New Headlease 04/07/2017 48 months	\$11.65 12 mths \$12.15 24 mths \$12.65 11 mths	- \$12.12 (NER) 05/08/2017 04/30/2021	Huntley Group of Companies
Comments: Leased as per trade record.					
10	 1 Valleybrook Drive 2 (Floor) 204 (Suite) North York B Class / Duncan Mill	1,694 New Headlease 10/26/2016 84 months	\$13.00 12 mths Net \$13.50 24 mths Net \$13.75 24 mths Net \$14.25 24 mths Net	- - 01/01/2017 12/31/2023	Toronto Insurance & Financial Group (TIFG) Huntley Group of Companies

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Duncan Mills Completed Leases

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Prepared By: Stuart Sylvester

	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
11	 60-66 Scarsdale Road 1 (Floor) 102 (Suite) North York A Class / Duncan Mill	2,700 New Headlease 08/22/2016 120 months	-	- - 12/01/2016 11/30/2026	Occupied
Comments: Leased as per MLS.					
12	 31 Scarsdale Road 1 (Floor) 5 (Suite) North York B Class / Duncan Mill	5,377 New Headlease 06/07/2016 84 months	\$16.00 84 mths Net	- - 10/01/2016 09/30/2023	Devron Developments Inc. 1652327 Ontario Inc
Comments: Leased as per Trade Record.					
13	 1 Valleybrook Drive 3 (Floor) 300 (Suite) North York B Class / Duncan Mill	2,760 New Headlease 08/12/2016 60 months	\$11.50 12 mths Net \$12.50 24 mths Net \$13.50 12 mths Net \$14.00 12 mths Net	- - 10/01/2016 09/30/2021	Goodman Mintz LLP Chartered Accountants Huntley Group of Companies
Comments: Leased as per trade record. 1 month gross free rent.					
14	 31 Scarsdale Road 1 (Floor) 3 (Suite) North York B Class / Duncan Mill	4,378 New Headlease 10/24/2016 84 months	\$16.00 84 mths Net	- - 09/01/2016 08/31/2023	Tour Experience Golf 1652327 Ontario Inc
Comments: Leased as per Trade Record.					
15	 85 Scarsdale Road 3 (Floor) 301 (Suite) North York B Class / Duncan Mill	1,232 New Headlease 08/02/2016 60 months	\$19.00 12 mths Net \$20.00 12 mths Net \$20.50 12 mths Net \$21.00 12 mths Net \$22.00 12 mths Net	- - 08/30/2016 08/29/2021	Softball Ontario Capitol Buildings
Comments: Leased as per trade record.					

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Duncan Mills Completed Leases

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Prepared By: Stuart Sylvester

	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
16	 60-66 Scarsdale Road 1 (Floor) 106 (Suite) North York A Class / Duncan Mill	2,200 New Headlease 08/22/2016 120 months	-	- 08/01/2016 07/31/2026	Occupied
Comments: Leased as per MLS.					
17	 1 Valleybrook Drive 2 (Floor) 200 (Suite) North York B Class / Duncan Mill	3,219 New Headlease 08/10/2016 60 months	\$11.40 24 mths Net \$11.90 12 mths Net \$12.10 24 mths Net	- 08/01/2016 07/31/2021	LG&P In-Store Agency Hunley Group of Companies
Comments: Leased as per Toronto MLS & Mike Brown.					
18	 31 Scarsdale Road 1 (Floor) 6 (Suite) North York C Class / Duncan Mill	5,377 New Headlease 04/19/2016 84 months	-	- 06/01/2016 05/31/2023	Canadian Lending Network 1652327 Ontario Inc
Comments: Leased as per trade record.					
19	 1 Valleybrook Drive 3 (Floor) 305 (Suite) North York B Class / Duncan Mill	2,103 Expansion 05/13/2016 60 months	\$9.90 12 mths Net \$10.30 24 mths Net \$10.70 24 mths Net	- 05/01/2016 04/30/2021	Laserfiche Strategic Services Canada Corporation Hunley Group of Companies
Comments: Leased as per trade record. 6 months net free rent.					
20	 85 Scarsdale Road 3 (Floor) 304 (Suite) North York B Class / Duncan Mill	2,953 New Headlease 04/05/2016 60 months	\$19.00 12 mths Gross \$19.50 12 mths Gross \$20.00 12 mths Gross \$20.50 12 mths Gross \$21.00 12 mths Gross	- 05/01/2016 04/30/2021	Canadian Teleradiology Services Inc Capitol Buildings
Comments: Leased as per trade record.					

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Duncan Mills Completed Leases

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Prepared By: Stuart Sylvester

	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
21	 1 Valleybrook Drive 2 (Floor) 206 (Suite) North York B Class / Duncan Mill	3,504 New Headlease 01/20/2016 60 months	\$10.90 24 mths Net \$12.30 24 mths Net	- - 03/01/2016 02/28/2021	B-Sharp Technologies Hunley Group of Companies
Comments: Leased as per trade record.					
22	 2 Duncan Mill Road 2 (Floor) Suite 201 (Suite) North York B Class / Duncan Mill	2,991 New Headlease 01/21/2016 60 months	\$0.00 9 mths Net \$12.00 3 mths Net \$13.00 12 mths Net \$14.00 12 mths Net \$15.00 12 mths Net \$16.00 12 mths Net	- - 03/01/2016 02/28/2021	SuMO IT Solutions Inc Sound Insurance Services Inc
Comments: Leased as per Avison Young Researcher.					
23	 31 Scarsdale Road 1 (Floor) 4 (Suite) North York C Class / Duncan Mill	4,395 New Headlease 11/19/2015 120 months	\$16.82 60 mths Net \$18.82 60 mths Net	- - 02/01/2016 01/31/2026	Jay Levine Architect Inc. 1652327 Ontario Inc
Comments: Leased as per Trade Record.					
24	 85 Scarsdale Road 2 (Floor) 201 (Suite) North York B Class / Duncan Mill	2,050 New Headlease 01/20/2016 60 months	\$19.00 12 mths Gross \$20.00 12 mths Gross \$21.00 36 mths Gross	- - 02/01/2016 01/31/2021	Engaged Capital Capitol Buildings
Comments: Leased as per Trade Record.					
25	 Sherson Building 1446 Don Mills Road 1 (Floor) 101 (Suite) North York B Class / Duncan Mill	8,395 New Headlease 02/01/2016 36 months	-	- - 01/01/2016 12/31/2018	

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Duncan Mills Completed Leases

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Prepared By: Stuart Sylvester

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26	 1 Valleybrook Drive 2 (Floor) 201 (Suite) North York B Class / Duncan Mill	4,720 New Headlease 07/17/2015 132 months	\$0.00 6 mths Net \$9.50 30 mths Net \$10.00 24 mths Net \$10.50 24 mths Net \$11.00 24 mths Net \$11.50 18 mths Net \$0.00 6 mths Net	- - 10/01/2015 09/30/2026	Community Living Ontario Huntley Group of Companies
	Comments: Leased as per Trade REcord.				
27	 180 Duncan Mill Road 1 (Floor) 100 (Suite) North York A Class / Duncan Mill	17,031 New Headlease 06/04/2014 180 months	\$16.00 60 mths Net \$17.00 60 mths Net \$18.50 60 mths Net	- - 07/01/2015 06/30/2030	Girl Guides of Canada Parallax Land Corporation
28	 180 Duncan Mill Road 2-3 (Floor) 200,300 (Suite) North York A Class / Duncan Mill	42,502 New Headlease 02/20/2015 120 months	\$18.00 60 mths Net \$19.00 60 mths Net	- \$12.50 (NER) 07/01/2015 06/30/2025	Galestone & Co. Parallax Investment Corporation
	Comments: Leased as per Matt Gunning. 2 Months gross free rent.				
29	 Rothmans Building 1500 Don Mills Road 4 (Floor) 403 (Suite) North York A Class / Duncan Mill	5,340 New Headlease 09/14/2015 84 months	-	- - 06/01/2015 05/31/2022	Safebridge Financial Group Crown Realty Partners
	Comments: Leased as per Charles Torzok.				
30	 1 Valleybrook Drive 3 (Floor) 306 (Suite) North York B Class / Duncan Mill	2,438 New Headlease 04/22/2015 72 months	\$10.75 24 mths Net \$11.25 24 mths Net \$11.75 24 mths Net	- - 05/01/2015 04/30/2021	Laserfiche Strategic Services Canada Corporation Huntley Group of Companies
	Comments: Leased as per trade record. 12 months net free rent.				

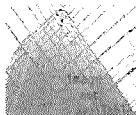
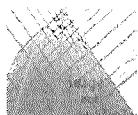
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Duncan Mills Completed Leases

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31	 1 Valleybrook Drive 3 (Floor) 307 (Suite) North York B Class / Duncan Mill	2,366 New Headlease 01/16/2015 12 months	-	- - 03/01/2015 02/29/2016	1429481 Ontario Inc Huntley Group of Companies
Comments: Leased as per Trade Record.					
32	 Rothmans Building 1500 Don Mills Road 1 (Floor) 106 (Suite) North York A Class / Duncan Mill	1,372 New Headlease 07/15/2014 120 months	\$13.00 24 mths Net \$15.00 36 mths Net \$17.50 60 mths Net	- - 01/01/2015 12/31/2024	Nitser Management Inc Crown Realty Partners
Comments: Leased as per Trade Record.					
33	 Alliance House 101 Duncan Mill Road 5 (Floor) 500 (Suite) North York B Class / Duncan Mill	13,752 New Headlease 03/20/2013 60 months	\$9.50 24 mths Net \$12.50 36 mths	- - 08/16/2013 08/15/2018	Wynford Group Gistex Inc
34	 Kraft General Foods 95 Mcatfield Drive 1-5 (Floor) 100-500 (Suite) North York B Class / Duncan Mill	156,426 Renewal 11/26/2013 156 months	\$13.50 36 mths Net \$14.50 36 mths Net \$15.75 36 mths Net \$16.75 36 mths Net \$17.75 12 mths Net	\$40.00 Cash \$10.46 (NER) 06/01/2013 05/31/2026	Kraft Canada Inc Redbourne Redvest Properties Inc
35	 1 Valleybrook Drive 3 (Floor) 302 (Suite) North York B Class / Duncan Mill	1,100 New Lease 11/06/2012 60 months	\$8.60 24 mths Net \$9.10 12 mths Net \$9.60 12 mths Net \$10.10 12 mths Net	- - 01/01/2013 12/31/2018	Golden Falcon Homes Inc Huntley Group of Companies
Comments: 3 months gross free rent.					

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Duncan Mills Completed Leases

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	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
36	 Alliance House 101 Duncan Mill Road 2 (Floor) 220 (Suite) North York B Class / Duncan Mill	2,500 New Headlease 01/01/2013 60 months	\$10.00 12 mths Net \$11.00 12 mths Net \$12.00 24 mths Net \$13.00 12 mths Net	- - 01/01/2013 12/31/2017	ORANGE SQUARE REALTY INC., BROKERAGE Gistex Inc
37	 1 Valleybrook Drive 1 (Floor) 101 (Suite) North York B Class / Duncan Mill	1,626 New Headlease 11/01/2012 66 months	\$12.75 24 mths Net \$13.00 12 mths Net \$13.25 30 mths Net	- - 12/01/2012 05/31/2018	Ichii Sciardi Tenn & Soon Chartered Accountants Huntley Group of Companies
38	 1 Valleybrook Drive 3 (Floor) 3 (Suite) North York B Class / Duncan Mill	2,724 New Headlease 08/01/2012 60 months	\$9.00 24 mths Net \$9.50 24 mths Net \$9.75 12 mths Net	- - 10/01/2012 09/30/2017	Sierra Building Group Inc Huntley Group of Companies
39	 Duncan Mill Place 240 Duncan Mill Road 4 (Floor) 401 (Suite) North York B Class / Duncan Mill	1,972 New Headlease 03/21/2012 48 months	\$0.00 3 mths Net \$7.75 45 mths Net	- \$5.46 (NER) 03/01/2012 02/29/2016	DMC Law HealthCorp Capital Inc
40	 Rothmans Building 1500 Don Mills Road 1 (Floor) 102 & 103 (Suite) North York A Class / Duncan Mill	4,838 Blend/Extend 02/01/2012 60 months	\$14.00 60 mths Net	\$10.00 \$9.09 (NER) 02/01/2012 01/31/2017	Cogir Management Inc

Comments: Rent is payable only for 1,500 sf as per Jared Collis. Three months net free.

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Prepared By: Stuart Sylvester

	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
41	 85 Scarsdale Road 1 (Floor) 105 (Suite) North York B Class / Duncan Mill	1,200 New Headlease 11/14/2011 36 months	\$16.00 36 mths Gross	- - 12/15/2011 12/14/2013	Omega Network Solutions Inc. Capitol Buildings
42	 Rothmans Building 1500 Don Mills Road 7 (Floor) 708 (Suite) North York A Class / Duncan Mill	2,836 New Headlease 11/11/2011 60 months	\$12.50 12 mths Net \$13.00 24 mths Net \$13.50 24 mths Net	- \$8.77 (NER) 12/01/2011 11/30/2016	Cogir Management Inc
	Comments: Leased as per Miles Kettner.				
	Tenant is Global Financial Group Ltd.				
43	 Kennedy Corporate 205 Lesmill Road 2 (Floor) 201 (Suite) North York C Class / Duncan Mill	4,084 New Headlease 06/24/2011 84 months	\$10.25 mths Net \$11.25 mths Net	- - 07/01/2011 06/30/2016	CFA Communications Ltd Sound Insurance Services
	Comments: 7 yr term starting at \$10.25 going to \$11.25 psf.				
44	 100 Valleybrook Drive 1 (Floor) Toronto - / Duncan Mill	39,769 New Headlease 02/16/2011 120 months	\$0.00 6 mths Gross \$10.00 54 mths Net \$12.00 60 mths Net	- - 02/01/2011 -	Business Information Group Menkes Development Inc
	Comments: \$20 psf tenant inducement allowance. 6 months gross free rent. Additional rent approx \$10.				
45	 105 Moatfield Drive 1-10 (Floor) North York B Class / Duncan Mill	200,000 New Headlease 06/29/2009 180 months	\$13.50 60 mths Net \$15.50 60 mths Net \$17.50 60 mths Net	- - 06/01/2010 05/30/2025	Thales Canada Inc Redbourne Realty Advisors Inc

No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and same is submitted subject to errors omissions, change of price, rental or other conditions, withdrawal without notice, and to any specific listing conditions, imposed by our principals.



Duncan Mills Completed Leases

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Prepared By: Stuart Sylvester

	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
46	 1 Valleybrook Drive 3 (Floor) 304 (Suite) North York B Class / Duncan Mill	2,259 New Headlease 03/03/2010 60 months	\$8.00 12 mths Net \$8.25 12 mths Net \$8.50 12 mths Net \$8.75 24 mths Net	- - 04/01/2010 03/31/2015	Fox Health Group Inc. The Huntley Group
47	 100 Valleybrook Drive 2 (Floor) Toronto - / Duncan Mill	71,387 Renewal 03/02/2010 142 months	\$10.75 60 mths Net \$11.00 82 mths Net	\$4.00 Turnkey \$10.33 (NER) 03/01/2010 12/31/2021	Sears Canada Inc Menkes Development Inc
48	 80 Scarsdale Road 1, 2, 3 (Floor) 100-300 (Suite) North York B Class / Duncan Mill	24,000 New Headlease 03/01/2008 60 months	\$12.00 60 mths Net	- - 09/01/2008 08/31/2013	Dominion Colour Corporation Ltd 80 Scarsdale Inc
49	 1 Valleybrook Drive 4 (Floor) 402 (Suite) North York B Class / Duncan Mill	2,820 New Headlease 02/04/2008 36 months	-	- - 11/01/2007 11/30/2010	Huntley Group of Companies
50	 Kraft General Foods 95 Moatfield Drive 1-5 (Floor) 100-500 (Suite) North York B Class / Duncan Mill	156,000 Renewal 02/04/2008 -	-	- - 06/08/2001 01/31/2017	Kraft Canada Inc Redbourne Advisors Inc

Comments: Dominion Colour moved out of 515 Consumers #700. Sale/Leaseback situation. From RealNet: At the time of sale the building was fully occupied by Canada Colors & Chemicals. Subsequent to the date of sale, the vendor had entered into a sale lease-back for a 15 month term at an annual rental rate of \$12.50 per square foot net. In September of 2008 Canada Colors will vacate the building and another tenant will occupy the property for a term of five years commencing September 2008 at an annual rate of \$12.00 per square foot net.

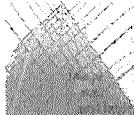
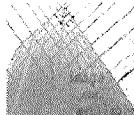
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Duncan Mills Completed Leases

01/17/2018
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Prepared By: Stuart Sylvester

	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
51	 Harlequin Building 225 Duncan Mill Road 1 (Floor) 100 (Suite) North York B Class / Duncan Mill	1,530 New Headlease 02/04/2008 -	-	-	Print Three
					Redbourne Advisors Inc
52	 Alliance House 101 Duncan Mill Road Ground (Floor) G10 (Suite) North York B Class / Duncan Mill	1,573 New Headlease 02/04/2008 -	-	-	Gistex Inc
53	 Duncan Mill Place 240 Duncan Mill Road 4 (Floor) 408-409 (Suite) North York B Class / Duncan Mill	2,220 New Sublease 08/28/2008 -	-	11/30/2013	AC Realty
54	 Duncan Mill Place 240 Duncan Mill Road 7 (Floor) 700 (Suite) North York B Class / Duncan Mill	19,853 New Headlease 07/24/2008 -	-	-	North York General Hospital
					AC Realty
55	 180 Duncan Mill Road 7 (Floor) 700 (Suite) North York A Class / Duncan Mill	21,350 New Headlease 09/29/2011 -	-	11/30/2011	The Herjavec Group Parallax Land Corporation

Comments: Leased as per Glen Moore.

Comments: Leased as per Stuart Barron. Details to follow.

Comments: Sublandlord is Minacs Worldwide Inc. Info obtained from Paul Georgas. Deal done direct with LL. Possible consolidation from a few buildings. TBC.

Duncan Mills Completed Leases

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Prepared By: Stuart Sylvester

	Address Floor/Suite City Class / Submarket	Deal SF Deal Type Firm Date Total Term	Actual Lease Rate(s) and Term(s)	Actual Inducement NER Lease Commencement Lease Expiry	Tenant Property Owner
56	 1 Scarsdale Road entire building (Floor) North York - / Duncan Mill	17,686 Sale 04/18/2012 -	-	-	Parallax Investment Corporation
					Entertainment Resources
57	 Harlequin Building 225 Duncan Mill Road 3 (Floor) 320 (Suite) North York B Class / Duncan Mill	6,227 New Sublease 11/24/2014 24 months	-	\$6.00 (NER) - 04/30/2016	Ontario Telemedicine Network Redbourne Redvest Properties Inc
58	 66 Scarsdale Road 1 (Floor) North York A Class / Duncan Mill	18,190 New Headlease 04/01/2014 -	\$13.00 36 mths Net \$15.00 60 mths Net \$16.00 24 mths Net	- - -	
59	 1440 Don Mills Road 2 (Floor) 280 (Suite) North York B Class / Duncan Mill	1,803 - 01/05/2017 -	-	-	

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APPENDIX

‘L’

AIRD BERLIS

Miranda Spence
Direct: 416.865.3414
Email: mspence@airdberlis.com

January 26, 2018

VIA EMAIL (dullmann@blaney.com)

Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Attention: David T.Ullmann

Dear Counsel:

RE: 1482241 Ontario Limited (the "Debtor")

AND RE: Court File No. 31-2303814 (the "Proposal Proceedings")

AND RE: The Real Property Municipally Described as 240 Duncan Mill Road, Toronto, ON (the "Duncan Mill Property")

As you are aware, we are counsel to the proposal trustee in the above-referenced Proposal Proceedings. The Debtor and the proposal trustee have jointly retained Avison Young Real Estate Management Services Ontario Inc. ("Avison Young") to manage the Duncan Mill Property.

We enclose three draft accounting documents prepared by Avison Young. The first document is a deposit register, which shows the rental income that Avison Young has collected from tenants of the Duncan Mill Property in December 2017 and January 2018. The second document is a disbursements listing showing payments made by Avison Young in relation to the management of the Duncan Mill Property in December 2017. The third document is a disbursements listing for January 2018 showing payments made to date, payables invoiced but not yet paid, and payables accrued but not yet paid (the "Disbursements Listing").

You will see from the Disbursements Listing that Avison Young requires an advance under the DIP loan in the amount of \$194,224.90, in order to cover outstanding payables. This amount is approximately consistent with the cash flow filed by the Debtor in support of the approval of the DIP loan, which estimated advances under the DIP loan in the amounts of \$91,000 for December 2017, and \$87,000 for January 2018.

On the basis of the enclosed documents, we hereby request that the Debtor make a request of the DIP lender for an advance under the DIP loan in the amount of \$200,000. In light of the recent challenges relating to maintenance at the Duncan Mill Property, and the costs associated with same, our view is that a request for \$200,000 is reasonable and appropriate.

We look forward to hearing from you at your earliest convenience. Should you wish to discuss the contents of this letter, the proposal trustee and I will make ourselves available for a call.

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Yours very truly,

AIRD & BERLIS LLP



Miranda Spence
MS/dcm

cc: Client

Encl.

31593145.1

240 Duncan Mill Road (of14801)

Deposit Register

Date = 12/01/2017 - 12/31/2017

Name	Property	Unit	Tenant	Period	Date	December 2017 Amount	Check #	Deposit #	January 2018
(bko14801) - 1 12/01/2017									
Apollo CRO Inc.	of14801	200B	t0004184	12-2017	12/1/2017	7,869.24	000108	1	7,869.24
Dr. Anca Radulescu, Dentistry Professional	of14801	300	t0004214	12-2017	12/1/2017	3,754.89	002776	1	3,754.89
8413550 Canada Inc.	of14801	303	t0004208	12-2017	12/1/2017	3,390.00	V1142	1	3,390.00
DMC Law	of14801	401	t0004217	12-2017	12/1/2017	4,402.30	000110	1	4,402.30
Wlin Technology Company Ltd.	of14801	408	t0004218	12-2017	12/1/2017	5,891.33	000425	1	5,891.33
PharmAchieve Corporation Limited	of14801	501	t0004188	12-2017	12/1/2017	6,861.09	1253	1	7,316.45
Laureate International College	of14801	510	t0004190	12-2017	12/1/2017	4,452.91	001274	1	4,402.30
Lipinski Audiology Professional Corporation	of14801	803	t0004186	12-2017	12/1/2017	2,639.56	000894	1	2,639.56
1405067 Ontario Inc.	of14801	804	t0004187	12-2017	12/1/2017	8,479.49	002655	1	8,479.49
Grant Hospitality and Catering Inc.	of14801	B100	t0004173	12-2017	12/1/2017	3,911.99	0208	1	3,711.99
Moatfield Foundation	of14801	EPARK	t0004216	12-2017	12/1/2017	5,024.19	010697	1	5,024.19
Total (bko14801) - 1 12/01/2017						56,676.99			56,881.74
(bko14801) - 2 12/04/2017									
8713588 Canada Corp	of14801	100	t0004180	12-2017	12/4/2017	25,987.46	000450	2	26,236.46
North York Family Physicians, Holdings Inc.	of14801	102	t0004215	12-2017	12/4/2017	19,075.81	00014	2	19,075.81
Neuronic Works Inc.	of14801	405	t0004182	12-2017	12/4/2017	8,880.15	000630	2	10,248.05
Total (bko14801) - 2 12/04/2017						53,943.42			55,560.32
(bko14801) - 3 12/08/2017									
Allevio Inc.	of14801	101	t0004174	12-2017	12/8/2017	13,151.60	001063	3	13,151.60
Total (bko14801) - 3 12/08/2017						13,151.60			13,151.60
(bko14801) - 4 12/07/2017									
GI Capital Corp	of14801	806	t0004185	12-2017	12/7/2017	2,022.58	003856	4	6,822.58
Total (bko14801) - 4 12/07/2017						6,822.58			6,822.58
(bko14801) - 5 12/05/2017									
North York Family Health Team Inc.	of14801	301	t0004177	12-2017	12/5/2017	2,725.40	000952	5	1,356.00
North York Family Health Team Inc.	of14801	301	t0004177	12-2017	12/5/2017	2,304.11	000962	5	2,304.11
North York Family Health Team Inc.	of14801	301	t0004177	12-2017	12/5/2017	51,791.34	000963	5	51,791.34
North York Family Health Team Inc.	of14801	301	t0004177	12-2017	12/5/2017	3,980.94	000964	5	3,980.94
Realty Point Inc. (moved out Dec 31/17)	of14801	403	t0004189	12-2017	12/5/2017	4,415.27	04	5	0.00
Shahrzad Hazratli	of14801	404	t0004181	12-2017	12/5/2017	1,891.34	000336	5	1,891.34
Total (bko14801) - 5 12/05/2017						67,108.40			61,323.73
Grand Total						197,702.99			193,739.97

DECEMBER 1 TO 31, 2017 DISBURSEMENTS LISTING

PAYEE	AMOUNT	PYMT CYCLE	PYMT APPROVED	PYMT STATUS
CHAITONS LLP IN TRUST	68,750.01	MTHLY	Yes	Paid
AVISON YOUNG	46,556.00	MTHLY	Yes	Paid
AVISON YOUNG	499.38	ONE-TIME	Yes	Paid
ICHELSON, STEVE	89.14	ONE-TIME	Yes	Paid
1482241 ONTARIO LIMITED	29,542.71	MTHLY	Yes	Paid
ENBRIDGE GAS DISTRIBUTION INC.(Aug 26-Nov 24/17)	442.53	MTHLY	Yes	Paid
HOME DEPOT CREDIT SERVICES	2,716.92	ONE-TIME	Yes	Paid
ORKIN CANADA CORPORATION	139.56	MTHLY	Yes	Paid
ROGERS	347.75	MTHLY	Yes	Paid
ROY TURK INDUSTRIAL SALES LTD.	1,849.52	ONE-TIME	Yes	Paid
AVISON YOUNG	570.01	MTHLY	Yes	Paid
PEREGRINE PROTECTION INC	144.08	MTHLY	Yes	Paid
ACCURATE OVERHEAD LIMITED	576.19	ONE-TIME	Yes	Paid
1482241 ONTARIO LIMITED	097.56	ONE-TIME	Yes	Paid
MTCC 918	2,300.04	MTHLY	Yes	Paid
JANODEE INVESTMT LTD & MEADOWSHIRE INVESTMTS	15,167.00	MTHLY	Yes	Paid
TRIDENT ELEVATOR COMPANY LIMITED	1,808.00	MTHLY	Yes	Paid
GREEN GRASS LAWN SPRINKLERS LTD	111.87	ONE-TIME	Yes	Paid
CASCADES RECOVERY +	1,426.46	MTHLY	Yes	Paid
INDY ELECTRIC SOLUTIONS	431.38	ONE-TIME	Yes	Paid
HUSKY LANDSCAPING SERVICES	4,294.00	MTHLY	Yes	Paid
TREASURER, CITY OF TORONTO - Water	4,282.16	MTHLY	Yes	Paid
CONTINGENCY for EXPENSES				
BANKING ACTIVITY	31.09	MTHLY	Yes	Paid
TOTAL PAYMENTS ISSUED FOR DEC 17	<u>184,182.36</u>			
FUNDS DEPOSITED IN DEC 2017	<u>197,702.99</u>			
CASH BALANCE DEC 31, 2017	<u>13,520.63</u>			

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JANUARY 1 TO 31, 2018 DISBURSEMENTS LISTING

PAYEE	AMOUNT	PYMT CYCLE	PYMT STATUS
DISBURSEMENTS MADE			
CHAITONS LLP IN TRUST	68,750.01	MTHLY	Paid
AVISON YOUNG	20,637.77	MTHLY	Paid
JANODEE INVESTMT LTD & MEADOWSHIRE INVESTMTS	15,167.00	MTHLY	Paid
TORONTO HYDRO (Oct 23 to Nov 23, 2017)	36,977.36	MTHLY	Paid
AVISON YOUNG	156.52	MTHLY	Paid
MTCC 918	1,150.02	MTHLY	Paid
1482241 Ontario Inc	13,982.61	ONE TIME	Paid
Retainer to GCY LLP	10,000.00	ONE TIME	Paid
148 Payroll - January 26, 2018	9,195.49	ONE TIME	Paid
SUBTOTAL	<hr/> 176,016.78		

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PAYEE	AMOUNT	PYMT CYCLE	PYMT STATUS
PAYABLES INVOICED			
COLLIERS INTERNATIONAL	26,970.28	ONE TIME	Not Paid
ENBRIDGE GAS DISTRIBUTION INC.(Nov 25-Dec 26/17)	12,946.09	MTHLY	Not Paid
TREASURER, CITY OF TORONTO - Water	4,385.40	MTHLY	Not Paid
Office Central	92.38		Not Paid
ProFire Safety - elev. & fire panel mon. (Jan-Apr)	452.00		Not Paid
ProFire Safety - monthly testing - Nov 2017	559.35	MTHLY	Not Paid
Assume - ProFire monthly testing - Dec 17 & Jan 18	1,118.70		Not Paid
Husky Landscaping - January snow removal (monthly)	4,294.00	MTHLY	Not Paid
Trident Elevator - January elevator maint. (monthly)	1,808.00	MTHLY	Not Paid
Arcamm Electric - Dec 12/17 service call re contactor	352.56		Not Paid
Rogers - 148 office (suite 800: 2 phone lines, fax, Int.), Dec 7/17-Jan 6/18	140.24	MTHLY	Not Paid
Rogers - elevator, Dec 7/17-Jan 6/18	23.52	MTHLY	Not Paid
Rogers - fire panel, Dec 7/17-Jan 6/18	23.52	MTHLY	Not Paid
Rogers - 148 office (suite 800: 2 phone lines, fax, Int.), Jan 7-Feb 6/18	159.79	MTHLY	Not Paid
Rogers - elevator, Jan 7-Feb 6/18	23.73	MTHLY	Not Paid
Rogers - fire panel, Jan 7-Feb 6/18	23.73	MTHLY	Not Paid
Orkin - Dec 2017 pest control (monthly)	139.56	MTHLY	Not Paid
Assume - Orkin Jan 2017 pest control	139.56		Not Paid
Cascades Recovery - waste & recycling - Nov 2017	731.22	MTHLY	Not Paid
IT Netsys invoice - Avison office tech support	62.50		Not Paid
Copperhead Mech - 2nd flo W/C svc. Call - Dec 21/17	465.79		Not Paid
Copperhead Mech - Site insp's - Dec 18,19,20/17	1,993.04		Not Paid
Peregrine Protection - Security mobile - Nov 26-30/17	140.12		Not Paid
Peregrine Protection -Security mobile-Nov 31-Dec 31/17	1,488.78	MTHLY	Not Paid
Peregrine Protection - Fire Watch, 4-7 Jan 2018	2,621.60		Not Paid
Peregrine Protection - Fire Watch, 8-11 Jan 2018	2,883.76		Not Paid
Retainer to GCY LLP	10,000.00	ONE TIME	Not Paid
AC Realty	27,076.16		Not Paid
Husky Landscaping - salt bins & walkway closure	666.70		Not Paid
Roy Turk Industrial Sales Ltd - cleaning-W/C supplies inv.	1,202.59		Not Paid
Weinstein Taylor & Associates - Engineering	18,938.80		Not Paid
Trident Elevator - TSSA work (pit steel & governor rope)	15,827.46		Not Paid
Fire panel repair -	16,006.45		Not Paid
Copperhead Mech (invoiced)	24,496.00		Not Paid
Wynford Services - Emergency flood clean up - Dec 28/17	14,040.25		Not Paid
TORONTO HYDRO (Nov 23 to Dec 23, 2017)- Due 31 Jan/18	34,616.87		Not Paid
SUBTOTAL	226,910.50		

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PAYEE	AMOUNT	PYMT CYCLE	PYMT STATUS
PAYABLES ACCRUED AND HOLDBACK			
GDI Cleaning Services - vent cleaning - est to 15 Jan/18	14,000.00		Not Paid
Copperhead Mech (estimated)	30,000.00		Not Paid
Wagner Andrews Kovacs (appraiser)	8,939.43		Not Paid
Emergency Holdback	60,000.00		Not Paid
ProFire Safety - Correct Annual Insp deficiencies	6,000.00		Not Paid
Arcamm Electric - 60 HP heating fan motor	9,700.00		Not Paid
Arcamm Electric - supply & inst contactor for 60HP heating motor	<u>1,412.50</u>		Not Paid
SUBTOTAL	<u>130,051.93</u>		
TOTAL PAYMENTS/EXPENSES FOR JAN 18	<u>532,979.21</u>		
LESS PAYMENTS MADE/PAYABLES ACCRUED & HOLDBACK	<u>306,068.71</u>		
LESS CURRENT CASH BALANCE- as of Jan 25 2018	<u>32,685.60</u>		
DIP Loan Requirement	<u>194,224.90</u>		

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