

**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 1<sup>st</sup> and 2<sup>nd</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> and 2<sup>nd</sup> 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 1<sup>st</sup> and 2<sup>nd</sup> 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 1<sup>st</sup> and 2<sup>nd</sup> 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 1<sup>st</sup> and 2<sup>nd</sup> 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 27<sup>th</sup> 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 blue ink, appearing to read "CROWE SOBERMAN INC." followed by a date.

# APPENDIX

‘A’



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Toronto  
Court No. 31-2303814  
Estate No. 31-2303814

In the Matter of the Notice of Intention to make a  
proposal of:

**1482241 ONTARIO LIMITED**  
Insolvent Person

**CROWE SOBERMAN INC.**  
Licensed Insolvency Trustee

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Date of the Notice of Intention: October 13, 2017

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**CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL**  
**Subsection 50.4 (1)**

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforesigned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforesigned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: October 16, 2017, 08:06

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E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

# APPENDIX

‘B’



**Crowe Soberman Inc.**  
Member Crowe Horwath International

2 St. Clair Avenue East, Suite 1100  
Toronto, ON M4T 2T5  
416.929.2500  
416.929.2555 Fax  
[www.crowesoberman.com](http://www.crowesoberman.com)

October 16, 2017

**To: Creditors of 1482241 Ontario Limited (the "Company")**

We are writing to advise you that on October 13, 2017, the Company commenced restructuring proceedings pursuant to the *Bankruptcy and Insolvency Act* ("BIA") by filing a Notice of Intention to Make a Proposal ("NOI"). A copy of the NOI is enclosed. Crowe Soberman Inc. has been appointed to act as the Licensed Insolvency Trustee under the NOI ("Proposal Trustee").

Although the NOI proceedings were commenced pursuant to the BIA, it is important to note that the Company is not bankrupt. The NOI process is intended to provide the Company with the stability it requires in order to consider its restructuring options for the benefit of its stakeholders.

At present, creditors are not required to file a proof of claim. The Proposal Trustee will provide creditors with a proof of claim form and filing instructions at the appropriate time. A further notice will be provided in due course regarding the filing of a Proposal and a meeting of creditors.

More information regarding the Company and these proceedings will be made available from time to time on the Proposal Trustee's website at:  
<https://crowesoberman.com/insolvency/engagements>

Due to the restructuring proceedings:

- No person may terminate or amend any agreement with the Company or claim an accelerated payment, or a forfeiture of the term, under any agreement with the Company, by reason only that the Company is insolvent or by reason of the filing of the Notice of Intention, pursuant to Section 65.1(1) of the BIA;
- No creditor has any remedy against the Company or its property or shall commence or continue any action, execution, or other proceedings against the Company, pursuant to Section 69.1(1) of the BIA; and

If you have any questions, please contact Joshua Samson from the Trustee's office at  
[joshua.samson@crowesoberman.com](mailto:joshua.samson@crowesoberman.com)

Yours very truly,

  
**CROWE SOBERMAN INC.**

LICENSED INSOLVENCY TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE  
A PROPOSAL OF 1482241 ONTARIO LIMITED

District of: Ontario  
Division No. 09 - Toronto  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

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

Take notice that:

1. I, 1482241 ONTARIO LIMITED, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Crowe Soberman Inc. of 2 St. Clair Ave East, Suite 1100, Toronto, ON, M4T 2T5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 13th day of October 2017.

  
1482241 ONTARIO LIMITED  
Insolvent Person

To be completed by Official Receiver:

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Filing Date

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Official Receiver

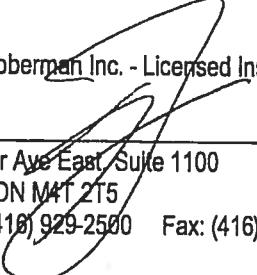
- Proposal Consent -

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

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of 1482241 ONTARIO LIMITED.

Dated at the City of Toronto in the Province of Ontario, this 13th day of October 2017.

  
Crowe Soberman Inc. - Licensed Insolvency Trustee

2 St. Clair Ave East, Suite 1100  
Toronto ON M4T 2T5  
Phone: (416) 929-2500 Fax: (416) 929-2555

District of: Ontario  
Division No. 09 - Toronto  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

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

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Alain Checroune	240 Duncan Mill Road, Suite 801 Toronto ON M3B 3S6		10,000,000.00
Caruda Holdings	240 Duncan Mill Road Toronto ON M3B 3S6		500,000.00
City of Toronto (Water & Solid Waste)	Box 6000, Toronto ON M2N 5V3		2,000.00
CRA - Tax - Ontario Quebec Insolvency Intake Centre	Shawinigan - Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9	RP	10,000.00
CRA - Tax - Ontario Quebec Insolvency Intake Centre	Shawinigan - Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-sud QC G9P 5H9	RT	115,000.00
Daikin Applied Canada Inc.	P.O. Box 15098 Station A Ontario, Toronto ON M5W 1C1		9,000.00
Dan Realty Corporation, E.Manson Investements Limited, Copperstone Investements Limited Larry Zimmerman	c/o Zimmerman Associates, Barristers & Solicitors 3338 Dufferin St, Toronto ON M6A 3A4	1st mortgage - 240 Duncan Mill R	7,692,202.45
E.Manson Investements Limited, Copperstone Invesements Limited Larry Zimmerman	c/o Zimmerman Associates, Barristers & Solicitors 3338 Dufferin St, Toronto ON M6A 3A4	2nd mortgage - 240 Duncan Mill R	1,420,000.00
Enbridge Gas Distribution - Ontario Back Office Collections Department	PO Box 650 Scarborough ON M1K 5E3		1,500.00
Extreme Measures Inc.	55 Avenue Road West Tower, Suite 2910 Toronto ON M5R 3L2		1,000.00

District of: Ontario  
Division No. 09 - Toronto  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

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

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
GDI Services (Canada) LP	60 Worcester Road, ETOBICOKE ON M9W 5X2	TORINV360841-370708	85,000.00
Gowling Lafleur Henderson LLP-Toronto	1600 - 100 King St. W. 1 First Canadian Place Toronto ON M5X 1G5		500,000.00
Hantec Control Systems Inc. Steve Han	479 Rougemont Drive, Unit #1 Pickering ON L1W 2B8		1,000.00
Indy Electric Solutions Indy Woodstock	3020 Keele Street, Unit 347 Toronto ON M3M 2H3		2,000.00
MTCC 918	Berkley Property Management, 3100 Steeles Ave West, Suite 100 Concord ON L4K 3R1		1,200.00
ProFire Safety Services	1 - 15 Kenview Blvd Toronto ON L6T 5G5		10,000.00
Rogers Communications Proposals c/o FCT Default Solutions Insolvency Department	PO Box 2514 Stn B London ON N6A 4G9		1,000.00
Stanley Access Technologies	P.O. Box 9218 Postal Station A Toronto ON M5W 3M1		856.09
Toronto Court Services - Ticket 4860 Collections	137 Edward Street 2nd Floor Toronto ON M5G 2P8		25,000.00
Toronto Hydro-Electric Systems Limited Josephine Pernarell / Mary Degroot	500 Commissioners St, 2nd fl Toronto ON M4M 3N7	240 Duncan Mill Road	125,000.00
Treasurer, City of Toronto George Charopoulos, Collections Department	North York Civic Centre, Lower Level 5100 Yonge Street North York ON M2N 5V7	240 Duncan Mill Road,	1,441,179.66
Wesco Distribution Canada LP	475 Hodd Road, Markham ON L3R 0S8	160435&164637	4,000.00

District of: Ontario  
Division No. 09 - Toronto  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

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

Total			21,946,938.20
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1482241 ONTARIO LIMITED  
Insolvent Person

**- Creditor Mailing List -**

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

Creditor Type	Name	Attention	Address	Claim \$
Director	ALAIN CHECROUNE		1755 JANE STREET Toronto ON M9N 2S5	
Contingent	Allevio Clinic # 1 Toronto Inc.  Jamshid Hussaini, Neelofar Ahmadi, and Homelife Dreams Realty Inc.  Mann Engineering Ltd  Neelofar Ahmadi  YYZ Plumbing Inc.	Ivan Merrow  Josh Rubin	240 duncan Mill Road # 101 Toronto ON M3B 3S6  Miller Thomson LLP 60 Columbia Way, Suite 600 Markham ON L3R 0C9  101-150 Bridgeland Ave, Toronto ON M6A 1Z5  153 Bridgeland Ave, Unit 18 Toronto ON M6A 2Y1	1.00  1.00  1.00  1.00  1.00
Secured	Dan Realty Corporation, E.Manson Investements Limited, Copperstone Investements Limited  E.Manson Investements Limited, Copperstone Invesements Limited  Treasurer, City of Toronto	Larry Zimmerman  Larry Zimmerman  George Charopoulos, Collections Department	c/o Zimmerman Associates, Barristers & Solicitors 3338 Dufferin St, Toronto ON M6A 3A4 Fax: (416) 489-6222 larry@zimlaw.ca  c/o Zimmerman Associates, Barristers & Solicitors 3338 Dufferin St, Toronto ON M6A 3A4 Fax: (416) 489-6222 larry@zimlaw.ca  North York Civic Centre, Lower Level 5100 Yonge Street North York ON M2N 5V7 Fax: (416) 395-6703 gcharoc@toronto.ca	7,692,202.45  1,420,000.00  1,441,179.66
Unsecured	Alain Checroune  Caruda Holdings  City of Toronto (Water & Solid Waste)  CRA - Tax - Ontario  CRA - Tax - Ontario  Daikin Applied Canada Inc.		240 Duncan Mill Road, Suite 801 Toronto ON M3B 3S6  240 Duncan Mill Road Toronto ON M3B 3S6  Box 6000, Toronto ON M2N 5V3  Quebec Insolvency Intake Centre  Quebec Insolvency Intake Centre  P.O. Box 15098 Station A Ontario, Toronto ON M5W 1C1	10,000,000.00  500,000.00  2,000.00  10,000.00  115,000.00  9,000.00

**- Creditor Mailing List -**

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

Creditor Type	Name	Attention	Address	Claim \$
Unsecured	Devry Smith Frank LLP	James Satin	100 - 95 Barber Greene Road North York ON M3C 3E9 Fax: (416) 449-7071 james.satin@devrylaw.ca	1.00
	Enbridge Gas Distribution - Ontario	Back Office Collections Department	PO Box 650 Scarborough ON M1K 5E3 Fax: (888) 882-5638 customercare@enbridge.com	1,500.00
	Extreme Measures Inc.		55 Avenue Road West Tower, Suite 2910 Toronto ON M5R 3L2	1,000.00
	GDI Services (Canada) LP		60 Worcester Road, ETOBICOKE ON M9W 5X2	85,000.00
	Gowling Lafleur Henderson LLP-Toronto		1600 - 100 King St. W. 1 First Canadian Place Toronto ON M5X 1G5 Fax: (416) 862-7661 info@gowlings.com	500,000.00
	Hantec Control Systems Inc.	Steve Han	479 Rougemount Drive, Unit #1 Pickering ON L1W 2B8	1,000.00
	Holand Automotive Group		6700 St. Jacques St. West Montreal QC H4B 1V8	157.00
	Indy Electric Solutions	Indy Woodstock	3020 Keele Street, Unit 347 Toronto ON M3M 2H3	2,000.00
	MTCC 918		Berkley Property Management, 3100 Steales Ave West, Suite 100 Concord ON L4K 3R1	1,200.00
	ProFire Safety Services		1 - 15 Kenview Blvd Toronto ON L6T 5G5	10,000.00
	Rogers Communications Proposals c/o FCT Default Solutions	Insolvency Department	PO Box 2514 Stn B London ON N6A 4G9 Fax: (647) 439-1419 dsinsolvency@collectlink.com	1,000.00
	Stanley Access Technologies		P.O. Box 9218 Postal Station A Toronto ON M5W 3M1	856.09
	Toronto Court Services - Ticket 4860	Collections	137 Edward Street 2nd Floor Toronto ON M5G 2P8	25,000.00
	Toronto Hydro-Electric Systems Limited	Josephine Pernarell / Mary Degroot	500 Commissioners St, 2nd fl Toronto ON M4M 3N7 Fax: (416) 542-3574 collections@torontohydro.com	125,000.00
	Wesco Distribution Canada LP		475 Hodd Road, Markham ON L3R 0S8	4,000.00

# APPENDIX

‘C’

**Properties**

**PIN** 10088 - 0069 LT **Interest/Estate** Fee Simple  
**Description** LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;  
 TORONTO (NYORK) , CITY OF TORONTO  
**Address** 240 DUNCAN MILL ROAD  
 CITY OF TORONTO

**Chargor(s)**

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

**Name** 1482241 ONTARIO LIMITED  
**Address for Service** 240 Duncan Mill Road  
 Suite 201  
 Toronto, Ontario  
 M3B 3P1

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

**Chargee(s)****Capacity****Share**

**Name** COMPUTERSHARE TRUST COMPANY OF CANADA  
**Address for Service** 100 University Avenue  
 12th Floor, South Tower  
 Toronto, Ontario  
 M5J 2Y1

**Provisions**

**Principal** \$11,250,000.00 **Currency** CDN  
**Calculation Period** Semi-Annual, not in advance  
**Balance Due Date** 2015/10/01  
**Interest Rate** 5.419%  
**Payments** \$76,493.00  
**Interest Adjustment Date** 2005 10 01  
**Payment Date** 1st day of each month  
**First Payment Date** 2005 11 01  
**Last Payment Date** 2015 10 01  
**Standard Charge Terms** N/A  
**Insurance Amount** full insurable value  
**Guarantor**

**Additional Provisions**

See Schedules

**Signed By**

Patricia A. Harrison 2700 Argentia Rd acting for Chargor(s) Signed 2005 09 29  
 Mississauga L5N 5V4  
 Tel 905-821-8046  
 Fax 9058217394

**Submitted By**

FNF CANADA COMPANY 2700 Argentia Rd 2005 09 29  
 Mississauga L5N 5V4  
 Tel 905-821-8046  
 Fax 9058217394

**Fees/Taxes/Payment**

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

**File Number**

Chargee Client File Number : 02-3173-0900-02402

**SCHEDULE - ADDITIONAL PROVISIONS**

**ARTICLE 1 - INTERPRETATION**

**1.01     Definitions.** In this Charge, unless something in the subject matter or context is inconsistent therewith:

"Applicable Laws" means all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licenses, authorization, approvals and all applicable common laws or equitable principles whether now or hereafter in force and effect, whether in Canada, the United States of America or elsewhere.

"Borrower Entity" means the Chargor, each guarantor of all or part of the Loan Indebtedness, each Indemnitor, and any Person having a beneficial ownership interest in all or any part of the Property from time to time.

"Business Day" means any day other than a Saturday, Sunday or any statutory or civic holiday observed in the Province of Ontario.

"Charge" means, for the non-electronic paper based registration system, the Charge/Mortgage of Land (Form 2) to which this Schedule is attached, this Schedule and all other schedules thereto, or for the electronic registration system, the Charge prepared in the electronic format and registered electronically pursuant to Part III of the *Land Registration Reform Act* (Ontario), including this Schedule and all other schedules thereto.

"Chargee" means Computershare Trust Company of Canada, and any person who acquires the right, title and interest of the Chargee under the Loan Documents.

"Chargor" means the Person or Persons named as Chargor in this Charge.

"Commitment Letter" means the commitment letter governing the Loan.

"Costs" means all reasonable fees, costs, charges and expenses of any Lender Entity for or incidental to (i) preparing, executing and registering the Loan Documents and making each advance of the Loan; (ii) collecting, enforcing and realizing on or under the Loan or the Loan Documents; (iii) inspecting, protecting, securing, completing, insuring, repairing, equipping, taking and keeping possession of, managing, selling or leasing the Property, including curing any defaults under or renewing any leasehold interest; (iv) appointing a receiver (under this Charge or otherwise) and such receiver's fees and expenses (including all agents' and legal fees and disbursements); (v) obtaining any environmental audits or other inspections, tests or reports with respect to the Property; (vi) complying with any notices, orders, judgments, directives, permits, licenses, authorizations or approvals with respect to the Property; (vii) performing the obligations of any Borrower Entity under the Loan Documents; (viii) all reasonable legal fees and disbursements in connection with the Loan, on a solicitor and his own client basis, and (ix) any other fees, costs, charges or expenses payable to any Lender Entity under any of the Loan Documents or Applicable Laws. "Costs" include interest at the Interest Rate on all such fees, costs, charges and expenses.

"Environmental Laws" means all present and future Applicable Laws, permits, certificates, licenses, agreements, standards and requirements relating to environmental or occupational health and safety matters, including the presence, release, reporting, investigation, disposal, remediation and clean-up of Hazardous Substances.

"Environmental Proceeding" has the meaning set out in Subsection 4.02(m) of this Charge.

"Equipment" means all machinery, equipment, appliances, furniture, furnishings, chattels, fixtures (including all heating, air conditioning, ventilating, waste disposal, sprinkler and fire and theft protection equipment, plumbing, lighting, communications and elevator fixtures) and other similar property of every kind and nature whatsoever now or hereafter located upon or used in connection with the Property or appurtenant thereto.

"Event of Default" or "default" means any of the following events: (a) any default by the Chargor in payment of all or any portion of the Loan Indebtedness when due or in payment of any reserves due under the Loan Documents; (b) any Borrower Entity defaults in observing or performing any other covenant, condition or obligation under any Loan Document on its part to be observed or performed which default is not cured within the applicable grace or cure period, or if no such period is provided, within thirty (30) days following written notice of such default to such Borrower Entity (but for greater certainty, there shall be no grace or cure period in respect of any other Event of Default expressly enumerated in this definition); (c) any representation or warranty of any Borrower Entity in any Loan Document, or in any financial statement or other document at any time delivered by or on behalf of any such Borrower Entity to any Lender Entity in connection with the Loan, is incorrect or misleading in any material respect; (d) any Borrower Entity becomes insolvent, makes any assignment in bankruptcy, makes any assignment for the benefit of creditors or makes any proposal to or seeks relief from its creditors under any bankruptcy, insolvency, reorganization, liquidation, moratorium, receivership or other similar laws affecting or relating to creditor's rights, any order, declaration or judgement of any court is made adjudging or declaring any Borrower Entity bankrupt or insolvent or ordering the liquidation, winding-up, reorganization or arrangement of any Borrower Entity or granting any Borrower Entity protection from its creditors or appointing any trustee, receiver, receiver and manager, sequestrator or other Person with similar powers in respect of any Borrower Entity or all or any part of its assets, or any proceedings are commenced by or against any Borrower Entity seeking any such order, declaration or judgement; (e) any default by any Borrower Entity under any Lien of all or any part of the Property ranking in

priority to or subsequent to the security of this Charge or the other Loan Documents, or any attornment of rents, power of sale, judicial sale, foreclosure or other enforcement proceedings are commenced against or in respect of any Borrower Entity or any part of the Property under or in respect of such Lien or any holder of such Lien takes possession or control of any part of the Property; (f) any writ of execution, distress, attachment or other similar process is issued or levied against any Borrower Entity or all or any part of its assets, or any judgement or order is made against any Borrower Entity by a court of competent jurisdiction and, in the opinion of the Chargee, such judgement or order would materially and adversely affect the ability of such Borrower Entity to fulfil its obligations to the Chargee under the Loan or the Loan Documents; (g) any part of the Property is condemned or expropriated and, in the opinion of the Chargee in respect of any expropriation, such expropriation materially impairs the value of the Property, the validity, enforceability or priority of the security of the Loan Documents, or the ability of any Borrower Entity to fulfil its obligations to the Chargee in respect of the Loan; or (h) any other Event of Default under any Loan Document.

**"Governmental Authority"** means any federal, provincial, municipal or other form of government or any political subdivision or agency thereof, any body or authority exercising any functions of government, and any court, whether in Canada, the United States of America or elsewhere.

**"Hazardous Substance"** means any substance or material that is prohibited, controlled or regulated by any Governmental Authority including any contaminants, pollutants, asbestos, lead, polychlorinated by-phenyl or hydrocarbon products, any materials containing same or derivatives thereof, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes.

**"Indemnitor"** means the Person(s) named as Indemnitor in the Commitment Letter.

**"Interest Adjustment Date"** means the date specified as the Interest Adjustment Date in this Charge.

**"Interest Rate"** means the interest rate per annum specified as the Interest Rate in this Charge, which rate of interest shall be calculated semi-annually, not in advance, both before and after maturity, demand, default and judgment.

**"Leases"** means all present and future leases, offers to lease, subleases, concessions, licenses and other contracts and agreements affecting the use, enjoyment or occupancy of the Property or any portion thereof (including, if a hotel, all guest rooms, meeting rooms, restaurants and other food and beverage facilities), together with all related credits, rights, options, claims, causes of action, guarantees, indemnities, security deposits and other security.

**"Lender Entity"** means each of the Chargee, its servicer, the lender named in the Commitment Letter, each Person having an ownership interest in the Loan from time to time, any receiver and their respective employees, officers and directors.

**"Lien"** means any mortgage, charge, pledge, hypothec, assignment, lien, lease, sublease, easement, preference, priority, trust or other security interest or encumbrance of any kind or nature whatsoever with respect to any property or asset, including any title reservations, limitations, provisos or conditions.

**"Loan"** means the loan made by the Chargee to the Chargor in the Principal Amount pursuant to the Loan Documents.

**"Loan Documents"** means, collectively, all documents, instruments, agreements and opinions now or hereafter evidencing, securing, guaranteeing and/or relating to the Loan and the Loan Indebtedness or any part thereof, including the Commitment Letter and this Charge.

**"Loan Indebtedness"** means the aggregate of (i) the Principal Amount, (ii) all interest and compound interest at the Interest Rate, (iii) Costs, (iv) the Prepayment Charge, if any, (v) any amount, cost, charge, expense or interest added to the Loan Indebtedness under the Loan Documents or Applicable Laws or which is otherwise due and payable thereunder or secured thereby from time to time, and (vi) the payment, performance, discharge and satisfaction of all other obligations of any Borrower Entity under or in respect of the Loan and Loan Documents.

**"Monthly Payment"** means each monthly payment of principal and interest to be paid by the Chargor to the Chargee on account of the Loan, each in the amount specified in this Charge (for a Charge in the non-electronic paper based registration system, being the dollar amount specified in Box 9(h) of the Charge/Mortgage of Land (Form 2), or for a Charge in the electronic registration system, being the dollar amount specified as "Payments").

**"Payment Date"** means the first day of each calendar month in each and every year commencing on the first day of the first calendar month following the Interest Adjustment Date and ending on the Maturity Date.

**"Person"** means any individual, general or limited partnership, joint venture, sole proprietorship, corporation, unincorporated association, trust, trustee, executor, administrator, legal representative or Governmental Authority.

**"Prepayment Charge"** means, with respect to any acceleration or prepayment of the Principal Amount, an amount equal to the greater of (A) three (3) months' interest at the Interest Rate on the Principal Amount then outstanding, and (B) the positive difference, if any, between (x) the present value on the date of such acceleration or prepayment of all future monthly payments which the Chargor would otherwise be required to pay under the Loan during the remainder of the term of the Loan absent such prepayment or acceleration, including the unpaid Principal Amount which would otherwise be due upon the Maturity Date absent such acceleration or prepayment, with such present value being determined by the use of a discount rate equal to the yield to maturity, less one-half percent, on the date

of such acceleration or prepayment of Government of Canada bonds having the term to maturity closest to what otherwise would have been the remainder of the term of the Loan absent such acceleration or prepayment, and (y) the Principal Amount on the date of such prepayment. If there is more than one Government of Canada bond with a maturity equally close to what otherwise would have been the remaining term of the Loan absent the repayment by reason of such acceleration or prepayment, as the case may be, the selection of the applicable bond shall be made by the Chargee, acting reasonably.

**"Principal Amount"** means the principal amount specified in the Charge (for a Charge in the non-electronic paper based registration system, being the dollar amount specified in Box 4 of the Charge/Mortgage of Land (Form 2), or for a Charge in the electronic registration system, being the dollar amount specified in the Charge as "Principal").

**"Property"** means all legal and beneficial right, title, estate and interest in and to the lands and premises described in this Charge (for a Charge in the non-electronic paper based registration system, being the lands and premises described in Box 5 of the Charge/Mortgage of Land (Form 2) and in any schedule thereto, or for a Charge in the electronic registration system, being the lands and premises described in this Charge as the "Properties"), together with all buildings, structures, fixtures, and improvements of any nature or kind now or hereafter located on such lands, and all Equipment, Leases and all other appurtenances thereto.

**"Rating Agency"** shall mean, prior to a Securitization, any one or more (as designated by the Chargee in its sole discretion) of Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., Moody's Investors Service Inc., Fitch, Inc., and Dominion Bond Ratings Service Limited or any other nationally-recognized statistical rating organization designated by the Chargee in its sole discretion, and, after a Securitization, each Rating Agency which has rated the certificates or other securities that are the subject of the Securitization.

**"Rating Confirmation"** with respect to the transaction or matter in question, shall mean: (i) if all or any portion of the Loan, by itself or together with other loans, has been the subject of a Securitization, then each applicable Rating Agency shall have confirmed in writing that such transaction or matter shall not result in a downgrade, qualification, or withdrawal of any rating then in effect for any certificate or other securities issued in connection with such Securitization; and (ii) if all of the Loan has not been the subject of a Securitization, then the Chargee shall have determined in its sole discretion (taking into consideration such factors as the Chargee may in good faith determine, including the attributes of the loan pool in which the Loan might reasonably be expected to be securitized) that no rating for any certificate or other securities that would be issued in connection with Securitization of such portion of the Loan will be downgraded, qualified, or withheld by reason of such transaction or matter.

**"Realty Taxes"** means all taxes, duties, rates, imposts, levies, assessments and other similar charges, whether general or special, ordinary or extraordinary, or foreseen or unforeseen, including municipal taxes, school taxes and local improvement charges, and all related interest, penalties and fines which at any time may be levied, assessed, imposed or be a Lien on the Property or any part thereof.

**"Rents"** means all revenues, receipts, income, credits, deposits, profits, royalties, rents, additional rents, recoveries, accounts receivable and other receivables of any kind and nature whatsoever arising from or relating to the Property, including, if a hotel, all guest rooms, meeting rooms, restaurants and other food and beverage facilities, vending machines, telephone and television systems, guest laundry and the provision or sale of any goods or services.

**"Securitization"** shall mean any offering of securities backed by or representing direct or indirect interests in the Loan or any pool of loans which includes the Loan.

**"Transfer"** shall mean (a) any conveyance, assignment, transfer, sale, granting or creation of an option or trust with respect to, or other disposition of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) any legal or beneficial interest in the Property or any part thereof; or (b) any change in the effective voting control of any Person comprising the Chargor or any beneficial or unregistered owner of any part of the Property from that existing as of the initial Loan advance (including any change of ownership of 50% or more of the voting securities representing an interest in any such Person) and shall include any agreement to do or complete any of the matters referred to in (a) or (b) above.

**1.02 Construction.** In this Charge: (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders; (b) the word "including" shall mean "including, without limitation"; (c) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated thereunder, as the same may be amended, re-enacted, consolidated and/or replaced from time to time, and any successor statute thereto; (d) any reference to the Commitment Letter, any Loan Document, any Lease or other agreement or instrument shall include all amendments, addenda, modifications, extensions, renewals, restatements, supplements or replacements thereto from time to time; (e) reference to the Chargee, Chargor, Indemnitor, any guarantor, Lender Entity, Borrower Entity, any beneficial owner of the Property, and any other Person shall include their respective heirs, executors, administrators, legal representatives, successors and assigns, and reference to "corporation" shall include a company or other form of body corporate; (f) all dollar amounts are expressed in Canadian dollars; (g) the division of this Charge into separate Articles, Sections, Subsections and Schedule(s), and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Charge; (h) the Chargee's right to give or withhold any consent or approval, make any determination or exercise any discretion shall be exercised by the Chargee acting reasonably unless otherwise expressly provided, except that following an Event of Default, the Chargee shall be entitled to exercise same in its sole discretion; (i) the Loan Documents are the result of negotiations between the parties hereto and shall not be construed in favour of or against any party by reason of the extent to which any party or its legal counsel participated in its preparation; (j) notwithstanding the actual date of execution or registration of this Charge, this

Charge may be referred to in the Loan Documents as having been executed as of or bearing a formal date of September 16, 2005; (k) if more than one Person is named as, or otherwise becomes liable for or assumes the obligations and liabilities of the Chargor, then the obligations and liabilities of all such Persons shall be joint and several; (l) time shall be of the essence; and (m) all obligations of the Chargor in this Charge will be deemed to be covenants by the Chargor in favour of the Chargee. Where any reference is made in this Charge to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the trust) by or with respect to, a trust, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the trust) by or with respect to, the trustee(s) of the trust. In the event of any conflict or inconsistency between any provision of this Charge and the provision of any other Loan Document, the provision of this Charge shall prevail to the extent of any such conflict or inconsistency. This Charge is intended to supplement and not derogate from the other Loan Documents. The delivery of this Charge for registration by direct electronic transmission shall have the same effect for all purposes as if this Charge was in written form, signed by the Chargor and delivered to the Chargee.

**1.03 Survival of Representations, Warranties and Covenants.** The representations, warranties, covenants and obligations of each Borrower Entity in the Loan Documents shall (i) survive the making of any advance or repayment of the Loan, any full or partial release, termination or discharge of any Loan Document, and any enforcement proceedings taken by any Lender Entity under any Loan Document or Applicable Laws; (ii) enure to the benefit of the Chargee for itself and on behalf of each Lender Entity (including each Person having a beneficial or unregistered ownership interest in the Loan), and (iii) be fully effective and enforceable by the Chargee notwithstanding any due diligence performed by or on behalf of any Lender Entity or any breach by any Borrower Entity of any of its obligations and liabilities in respect of the Loan or other information (to the contrary or otherwise) known to any Lender Entity at any time. Without limiting the foregoing, the representations, warranties, covenants and obligations of the Chargor under the Loan Documents shall be fully binding upon and enforceable against the Chargor when it is the beneficial owner of the Property and when it is a trustee, agent or nominee of the Property for any other Person. The representations and warranties of each Borrower Entity in the Loan Documents are deemed to be made to the Chargee on the date of execution of each Loan Document by such Borrower Entity and are deemed repeated on the date of each Loan advance. The Chargor agrees that all enforcement actions or proceedings may be brought by the Chargee under or in respect of the Loan and the Loan Documents on behalf of all Person(s) having a beneficial or unregistered ownership interest therein and waives any requirement that any such Person(s) be a party thereto.

## ARTICLE 2 - CHARGE

**2.01 Charge.** As security for the payment and performance to the Chargee of the Loan Indebtedness, the Chargor hereby mortgages and charges the Property to and in favour of the Chargee.

**2.02 Continuing Security.** Without limiting any other provision hereof, this Charge secures, *inter alia*, a current or running account and any portion of the Principal Amount may be advanced or readvanced by the Chargee in one or more sums at any future date or dates and the amount of such advances and readvances when so made will be secured by this Charge and be repayable with interest at the Interest Rate and this Charge will be security for the ultimate balance owing to the Chargee arising from the current and running accounts represented by advances and readvances of the Principal Amount or any part thereof with interest at the Interest Rate and all other amounts secured hereby and notwithstanding any change in the amount, nature and form of the Loan Indebtedness from time to time. If the whole or any part of the Principal Amount or other amount secured hereby is repaid, this Charge shall be and remain valid security for any subsequent advance or readvance by the Chargee to the Chargor until such time as the Chargee has executed and delivered to the Chargor a complete discharge of this Charge. The provisions relating to defeasance contained in Subsection 6(2) of the *Land Registration Reform Act* (Ontario) are hereby expressly excluded from this Charge.

## ARTICLE 3 - PAYMENT PROVISIONS

**3.01 Covenant to Pay.** The Chargor acknowledges itself indebted and promises to pay the Loan Indebtedness to the Chargee as and when provided in this Charge, without set-off, deduction or abatement.

**3.02 Interest.** The Principal Amount shall bear interest at the Interest Rate both before and after default, demand, maturity and judgment until paid.

**3.03 Payment Provisions.** The Chargor will pay the Loan Indebtedness to the Chargee as follows: (a) interest at the Interest Rate on the Principal Amount or such portion as may be advanced from time to time, calculated from the respective dates of such advances, shall become due and payable on the first day of each calendar month following the date of advance to and including the Interest Adjustment Date (at the option of the Chargee, such interest may be deducted from such advances); (b) from and after the Interest Adjustment Date, the Principal Amount and interest thereon at the Interest Rate computed from the Interest Adjustment Date will become due and payable by payments each in the amount equal to the Monthly Payment (which shall include principal and interest) on each Payment Date (such payments to be applied as provided in Section 3.09 hereof) and the balance of the Principal Amount with interest at the Interest Rate will become due and payable on the Maturity Date; (c) any part of the Loan Indebtedness that is not principal or interest on principal will be payable on demand with interest

thereon at the Interest Rate; and (d) the balance of the Loan Indebtedness then remaining together with any interest thereon at the Interest Rate will become due and be paid on the Maturity Date.

**3.04 Compound Interest.** Interest shall accrue on overdue interest at the Interest Rate from time to time, both before and after default, demand, maturity and judgment until paid and shall be due and payable by the Chargor to the Chargee forthwith. If such overdue interest and compound interest are not paid within the interest calculation period (being semi-annually not in advance) provided in this Charge from the time of default, a rest will be made and compound interest at the Interest Rate will be payable on the aggregate amount then due, both before and after maturity, default and judgment, and so on from time to time until paid. All compound interest shall be added to the Loan Indebtedness and secured by this Charge.

**3.05 Receipt of Payment.** Payment will not be deemed to have been made until the Chargee has actually received such money. The Chargor assumes all risk if payments are lost or delayed. Any payment received after 12:00 o'clock noon Toronto time on any day will be deemed, for the purpose of calculation of interest, to have been made and received on the next Business Day. Payments shall be made to the Chargee at such place as the Chargee may designate from time to time.

**3.06 Wire Transfer/Pre-authorized Chequing.** The Chargor, on written request from the Chargee, and at the Chargee's option, will make all payments pursuant to this Charge by pre-authorized chequing or electronic debit entry on an account maintained by the Chargor and will execute and provide such written authorizations and sample cheques as the Chargee may require.

**3.07 Dishonoured Cheques or Payments.** If any of the Chargor's cheques are not honoured when presented for payment or if a pre-authorized payment is not honoured, the Chargor will immediately pay the Chargee a reasonable servicing fee as determined by the Chargee or its servicer to cover the administration costs and expenses arising therefrom. Until paid, such servicing fee, together with interest thereon at the Interest Rate shall be added to the Loan Indebtedness and secured by this Charge.

**3.08 No Right of Prepayment.** No Borrower Entity or any other Person shall have the right to prepay all or any part of the Principal Amount of the Loan prior to the Maturity Date. If any acceleration (including any acceleration under Section 4.02(d)) or prepayment of all or any portion of the Principal Amount should occur prior to the Maturity Date for any reason whatsoever (whether as a result of any Event of Default, Applicable Law or otherwise), then the Prepayment Charge shall immediately become due and payable by the Chargor to the Chargee, in addition to all other amounts then due and owing to the Chargee. Such Prepayment Charge shall form part of the Loan Indebtedness and shall be secured by the Charge and the other Loan Documents. The Chargor acknowledges that the Prepayment Charge represents reasonable and fair compensation for the loss that the Chargee may sustain from any acceleration or prepayment of the Principal Amount of the Loan prior to the Maturity Date, provided nothing herein shall create any right to prepay all or any portion of the Principal Amount at any time or in any circumstances prior to the Maturity Date.

**3.09 Application of Payments.** Prior to an Event of Default, all Monthly Payments received by the Chargee on account of the Loan Indebtedness shall be applied as follows, regardless of any other designation of such payments as principal, interest or other charges: first, to the repayment of sums advanced by the Chargee pursuant to this Charge or any other Loan Document for any reason (other than the Principal Amount), including sums advanced to pay Realty Taxes, Costs, insurance premiums or other charges against the Property (together with interest thereon at the Interest Rate from the date of advance until paid), then to the payment of accrued but unpaid interest which is then due and payable, and finally, to reduction of the Principal Amount. Following an Event of Default, all payments received by the Chargee shall be applied by the Chargee to principal, interest and/or such other charges due under this Charge or the other Loan Documents in such order as the Chargee shall determine in its sole discretion.

**3.10 Costs.** The Chargor covenants to pay all Costs to the Chargee forthwith upon demand whether or not all or any part of the Principal Amount is advanced. Until paid, all Costs together with interest thereon at the Interest Rate shall be added to the Loan Indebtedness and secured by this Charge.

**3.11 Deemed Re-investment.** There shall be no allowance or deduction for deemed re-investment with respect to any amounts paid to the Chargee on account of interest under the Loan.

**3.12 Advance Directed to Pay Reserves and Costs.** Notwithstanding any rule of law or equity to the contrary, any amounts directed from any Loan advance by the Chargor to be paid as a reserve under the Commitment Letter or to be paid on account of any Costs shall be considered to be fully and immediately advanced to the Chargor for all purposes, shall bear interest at the Interest Rate from and after the date of such Loan advance, and shall be fully and immediately secured by this Charge in priority to all other Liens.

**3.13 Reserves.** In addition to the Loan Indebtedness, the Chargor shall pay to the Chargee all reserves required by the Commitment Letter when due.

#### **ARTICLE 4 - REPRESENTATIONS, WARRANTIES AND COVENANTS**

**4.01 Statutory Covenants.** The implied covenants under subsection 7(1) of the *Land Registration Reform Act* (Ontario) are expressly incorporated in this Charge but shall be varied so that they shall apply to the Chargor when it is the beneficial owner of the Property and to the Chargor when it is a trustee of the Property for any other Person. The covenants in this Charge supplement and do not derogate from such implied covenants.

**4.02 Representations, Warranties and Covenants.** The Chargor represents and warrants to and covenants with the Chargee:

(a) **Authorization.** Each Borrower Entity (i) which is a corporation is a duly organized and validly existing corporation under the laws of its governing jurisdiction; (ii) which is a partnership is a valid and subsisting general or limited partnership, as the case may be, under the laws of its governing jurisdiction; (iii) which owns an interest in the Property has full power, authority and legal right to own the Property and to carry on its business thereon in compliance with all Applicable Laws and is duly licensed, registered or qualified in all jurisdictions where the character of its undertaking, property and assets or the nature of its activities makes such licensing, registration or qualification necessary or desirable; (iv) has full power, authority and legal right to enter into each of the Loan Documents to which it is a party and to do all acts and execute and deliver all other documents as are required to be done, observed or performed by it in accordance with their respective terms; (v) has taken all necessary action and proceedings to authorize the execution, delivery and performance of the Loan Documents to which it is a party and to observe and perform the provisions of each in accordance with its terms; (vi) shall maintain in good standing its existence, capacity, power and authority as a corporation or partnership, as the case may be, and shall not liquidate, dissolve, wind-up, terminate, merge, amalgamate, consolidate, reorganize or restructure or enter into any transaction or take any steps in connection therewith; and (vii) which is the Chargor, is a corporation resident in Canada.

(b) **Enforceability.** The Loan Documents constitute valid and legally binding obligations of each Borrower Entity enforceable against each of them in accordance with their terms and are not subject to any right of rescission, set-off, counterclaim or defence. Neither execution and delivery of the Loan Documents, nor compliance with the terms and conditions of any of them, (i) has resulted or will result in a violation of the constating documents governing any Borrower Entity, including any unanimous shareholders' agreement, or any resolution passed by the board of directors, shareholders or partners, as the case may be, of any Borrower Entity, (ii) has resulted or will result in a breach of or constitute a default under Applicable Laws or any agreement or instrument to which any Borrower Entity is a party or by which it or the Property or any part thereof is bound or (iii) requires any approval or consent of any Person except such as has already been obtained.

(c) **Title and Security.** The Chargor is the sole legal and beneficial owner of the Property. The Chargor has good and marketable title in fee simple to the Property free and clear of all Liens, and this Charge and the other Loan Documents shall be at all times a good and valid mortgage, charge, assignment of and security interest in the Property in priority to all other Liens, except in each case as disclosed by the records of the applicable land registry office and accepted by the Chargee in its sole discretion prior to the Loan advance. The Chargor shall defend title to the Property for the benefit of the Chargee from and against all actions, proceedings and claims of all Persons. The Chargor shall not subject the Property or any part thereof to a condominium regime or any other form of multiple ownership or governance.

(d) **Transfers and Liens.** No Transfer shall be made or permitted to be made without the prior written consent of the Chargee in its sole discretion. No Liens shall be created, issued, incurred or permitted to exist (by operation of law or otherwise and whether prior or subordinate to the security of this Charge and the other Loan Documents) on any part of the Property or any interest therein (except in favour of the Chargee as security for the Loan), without the prior written consent of the Chargee in its sole discretion. Any Lien not permitted hereby shall be vacated and discharged from the Property by the Chargor forthwith. If, without the prior consent of the Chargee, any Transfer or any Lien of any part of the Property or any interest therein is made, created, incurred or permitted to exist, then the Chargee, at its sole option, may declare the Loan Indebtedness (including the Prepayment Charge) to be immediately due and payable by the Chargor to the Chargee. If the Chargee elects to provide its consent to any Transfer in its sole discretion, such consent shall be subject to satisfaction of the following terms and conditions (each of which shall be an obligation of the Chargor to promptly satisfy prior to completion of such Transfer): (i) no Event of Default shall have occurred and be uncured and no event shall have occurred and be uncured which, with the passing of time or the giving of notice or both, would be an Event of Default; (ii) the Chargee shall have approved in its sole discretion the financial condition, managerial capacity and ownership structure of the transferee, (iii) the transferee and each other Borrower Entity shall execute and deliver, in the Chargee's form, an assumption agreement and such other indemnities, confirmations, insurance policies (including title insurance) and opinions as the Chargee may require in its sole discretion, (iv) if required by the Chargee in its sole discretion, delivery by the Chargor to the Chargee, at Chargor's sole expense, of a Rating Confirmation in respect of such Transfer and all related transactions; (v) the Chargor shall pay all fees, costs, expenses, charges and disbursements relating to such Transfer including the reasonable fees, costs, expenses, charges and disbursements of the Chargee, its counsel and its servicer for review of Chargor's compliance with the requirements hereof and the preparation and review and/or recording of any and all documentation, accounting certifications or legal opinions relating thereto, including any governmental or third-party fees, costs, taxes or assessments thereon and all fees, costs, expenses, charges and disbursements charged by the Rating Agencies in connection with their review of such Transfer and all related transactions (whether or not a Rating Confirmation is required or issued), (vi) the Chargor shall pay to the Chargee an assumption fee (not to exceed \$15,000.00), equal to 0.25% of the then-outstanding Principal Amount, and (vii) the Chargor shall satisfy all other conditions imposed by the Chargee in respect of such Transfer in its sole discretion. Following any such Transfer, the Chargor and each beneficial owner of the Property including each transferee, shall be a corporation resident in Canada. No Transfer permitted by this Charge shall in any way affect the validity, priority or enforceability of the Loan Documents or the security thereof or release, discharge, modify or otherwise affect the respective obligations of the transferor or any other Borrower Entity thereunder.

(e) **Realty Taxes and Utility Charges.** The Chargor shall pay or cause to be paid all Realty Taxes and utility charges when due. The Chargor shall deliver to the Chargee receipted invoices or other evidence of payment of (i) Realty Taxes no later than each due date thereof, and (ii) utility charges upon request by the Chargee.

(f) Litigation. There are no existing or threatened actions, proceedings or claims against or relating to the Property or any Borrower Entity except as disclosed to and accepted by the Chargee in writing prior to the initial Loan advance. Upon becoming aware of any threatened or actual action, proceeding or claim against or relating to the Property or any Borrower Entity, the Chargor shall promptly notify and provide the Chargee with such information concerning same as the Chargee may require from time to time.

(g) Property. The Property is in good condition and repair, complies with all Applicable Laws, title encumbrances and material agreements, and the present use and location of the buildings, structures and other improvements are legal conforming uses under all Applicable Laws. No buildings, structures or other improvements have been made, altered or removed from the Property since the date of the survey provided to the Chargee prior to the initial Loan advance and such survey accurately shows the location thereof. The Chargor is not aware of any action, proceedings, notices, judgments, orders or claims by any Person alleging or relating to any non-compliance by the Property with any Applicable Laws, title encumbrances or material agreements or any permits, licenses or approvals and the Chargor shall promptly notify and provide the Chargee with all information concerning same as the Chargee may require from time to time. All services and utilities necessary for the use and operation of the Property are located in the public highway(s) abutting the Property (or within easements disclosed to and approved by the Chargee in writing prior to the initial Loan advance) and are connected and available for use. The Property has unrestricted and unconditional rights of public access to and from public highways (completed and available for public use) abutting the Property at all existing access points. The Chargor is not aware of any existing or threatened expropriation or other similar proceeding in respect of the Property or any part thereof.

(h) Use and Maintenance. The Chargor shall not change the use of or abandon the Property, commit or permit any waste of the Property or remove or permit the removal of any building, structure or other improvement from the Property (other than a tenant's improvements removable by a tenant in accordance with its Lease). The Chargor shall diligently maintain, use, manage, operate and repair the Property in a safe and insurable condition, in accordance with Applicable Laws, title encumbrances, material agreements, permits, licenses and approvals, in a prudent and business-like manner, and in keeping with the highest standards for similar properties in the locality in which the Property is situate. The Chargor shall promptly make or cause to be made at its expense all necessary repairs and replacements to the Property necessary to comply with this Subsection in a good and workmanlike manner and equal or better in quality to the original work, and in compliance with all Applicable Laws, title encumbrances, applicable material agreements, permits, licenses and approvals.

(i) Changes to Property. The Chargor shall not demolish, remove, construct, alter, add to, repair or restore the Property or any portion thereof, nor consent to or permit any such action, without obtaining in each instance the Chargee's prior written consent in its sole discretion (except for repairs and alterations costing One Hundred Thousand Dollars (\$100,000.00) or less to complete).

(j) Management. The manager of the Property and each management agreement shall each be subject to the approval of the Chargee in its sole discretion from time to time. The manager shall not be removed or replaced and the management agreement shall not be terminated or amended without the prior written consent of the Chargee in its sole discretion. Upon an Event of Default, the Chargee may terminate, or require the Chargor to terminate, such management agreement and may retain, or require the Chargor to retain, a new manager approved by the Chargee (in each case at the Chargor's sole expense). Each management agreement shall contain termination provisions consistent with this Subsection.

(k) Right of Inspection. The Chargee, its servicer and their respective agents and employees shall have the right, subject to the rights of tenants under existing Leases, to enter and inspect the Property at all reasonable times and, except in an emergency or following an Event of Default, upon reasonable notice to the Chargor. The Chargee shall not be a mortgagee in possession by reason of its exercise of any such right.

(l) Permits. The Chargor (i) has obtained all necessary permits, agreements, rights, licences, authorizations, approvals, franchises, trademarks, trade names and similar property and rights (collectively "Permits") necessary to permit the lawful construction, occupancy, operation and use of the Property; (ii) is not in default under such Permits and shall maintain all such Permits in good standing and in full force and effect; (iii) has delivered to the Chargee complete copies of each Permit existing as of the date of the initial Loan advance; (iv) shall not terminate, amend or waive any of its rights and privileges under any Permits without the Chargee's prior written consent in its sole discretion; and (v) is not aware of any proposed changes or any notices or proceedings relating to any Permits (including pending cancellation, termination or expiry thereof). The Chargor shall promptly notify and deliver to the Chargee particulars of any such changes, notices or proceedings that may arise from time to time.

(m) Representations Regarding Environmental Matters. The Property and all activities conducted thereon comply with all Environmental Laws. The Property contains no Hazardous Substances, has not been previously subject to any remediation or clean-up of Hazardous Substances and there is no prior, existing or threatened investigation, action, proceeding, notice, order, conviction, fine, judgment, claim, directive or Lien of any nature or kind against or affecting the Property or the Chargor arising under or relating to Environmental Laws (each, an "Environmental Proceeding"). All existing environmental assessments, audits, tests and reports relating to the Property have been delivered to the Chargee. To the best of the Chargor's knowledge and belief, there are no pending or proposed changes to Environmental Laws or any Environmental Proceedings which would render illegal or affect the present use and operation of the Property. Neither the Chargor nor any other Person has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances or as a waste disposal site.

(n) Covenants Regarding Environmental Matters. The Chargor shall: (i) ensure that the Property and the Chargor comply with all Environmental Laws at all times; (ii) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Property (except in the ordinary course of business of the Chargor or any tenant and in compliance with all Environmental Laws); (iii) notify the Chargee promptly of any threatened or actual Environmental Proceedings that may arise from time to time and provide particulars thereof; (iv) remediate and cure in a timely manner any non-compliance by the Property or the Chargor with Environmental Laws, including removal of any Hazardous Substances; and (v) provide the Chargee promptly upon request with such information and documents and take such other steps (all at the Chargor's expense) as may be required by the Chargee to confirm and/or ensure compliance by the Property and the Chargor with Environmental Laws.

(o) Environmental Indemnity. Without limiting any other provision of any Loan Document, the Chargor shall indemnify and pay, protect, defend and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs and expenses (including legal fees and disbursements on a solicitor and its own client basis) (collectively "Environmental Claims") occurring, imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, whether or not disclosed by any environmental audit obtained by any Lender Entity prior to the initial Loan advance and whether or not caused by the Chargor or within its control: (i) any actual or alleged breach of Environmental Laws relating to or affecting the Property, (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom, (iii) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of all Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws; or (v) any breach by any Borrower Entity of any Loan Document or Applicable Law relating to environmental matters (including Subsections 4.02(m) and (n) above). Notwithstanding any other Loan Document, the Chargor agrees that the Chargee shall have full and unrestricted recourse to the Chargor and all of its property and assets for all such Environmental Claims.

(p) Statement of Disclosure. Each Borrower Entity has received all statements of disclosure in respect of the Loan as required by and in compliance with Applicable Laws.

(q) Estoppe Certificates. Within fifteen (15) days following a request by the Chargee from time to time, the Chargor shall provide the Chargee with a written statement confirming the status of the Loan in form and content required by the Chargee, including the amount of the Loan Indebtedness, interest rate and payment terms and particulars of all existing or alleged defaults, claims, offsets or defences.

(r) Financial and Other Information. All financial statements and other information delivered to any Lender Entity by or on behalf of each Borrower Entity in connection with the Loan are complete and correct in all material respects and include all material facts and circumstances concerning the financial or other condition or status of the Property, each Borrower Entity or its business and operations necessary to ensure all such statements and information so provided are not misleading as of the date of delivery to such Lender Entity or as of such other date specified therein. There has been no subsequent material adverse change in the financial or other condition of the Property, any Borrower Entity or its business and operations. No Borrower Entity has any material liability (contingent or otherwise) or other unusual or forward commitment not reflected in such financial statements. Each Borrower Entity has filed all tax returns required by Applicable Laws and has paid, when due, all taxes, surtaxes, duties, rates, withholdings and other similar charges (including related interest, penalties and fines) imposed on it by Applicable Laws or any Governmental Authority.

(s) Financial Statements. The Chargor shall provide the following financial statements and information to the Chargee, certified by the Chargor or the related Borrower Entity and prepared in accordance with generally accepted accounting principles consistently applied and in form and substance acceptable to the Chargee: (i) an annual operating statement and rent roll within ninety (90) days after the end of each fiscal year; (ii) annual financial statements for each Borrower Entity within ninety (90) days after the end of each fiscal year; and (iii) such other information with respect to the Property and/or any Borrower Entity reasonably requested from time to time by the Chargee. If the Property is a hotel, the Chargor shall provide an occupancy summary for the applicable period in form and substance acceptable to the Chargee in lieu of a rent roll. The Chargee or its agents shall have the right to make such inspections and audits of the Property and the books and records of the Chargor as the Chargee shall determine in its sole discretion at the Chargor's expense and the Chargor shall cooperate fully therewith.

(t) Not a Construction Loan. The Chargor covenants, represents and warrants that the Loan and the proceeds thereof are not to be used for the purpose of securing the financing of any improvement (within the meaning of the *Construction Lien Act (Ontario)*) to the Property or for repaying any charge which was taken to secure the financing of an improvement to the Property.

**4.03 Performance of Covenants and Default.** The Chargor shall observe and perform and cause to be observed and performed all covenants, provisos and conditions contained in this Charge and the other Loan Documents. The Chargor represents and warrants to the Chargee that no Event of Default has occurred and no event has occurred which with the giving of notice, lapse of time or both would constitute an Event of Default. Upon becoming aware of any such Event of Default or event, the Chargor shall promptly deliver to the Chargee a notice specifying full particulars of same.

## ARTICLE 5 - INSURANCE

**5.01 Insurance Coverage.** The Chargor shall maintain at its sole expense the following insurance coverages with respect to the Property for the benefit of Chargee until the Loan Indebtedness has been fully paid and satisfied: (a) insurance against loss or damage by fire, casualty and other hazards as are now or subsequently covered by an "all risk" policy with such endorsements as the Chargee may reasonably require from time to time, covering one hundred percent (100%) of the full replacement cost of the buildings, structures and improvements comprising the Property (including footings and foundations); (b) rental insurance covering one hundred percent (100%) of the total Rents from the Property for not less than a twelve (12) month period (to be determined once each calendar year); (c) comprehensive broad form boiler and machinery coverage; (d) "Comprehensive General Liability Form" of commercial general liability insurance coverage with the "Broad Form CGL" endorsement, providing coverage on a per occurrence basis in an amount not less than Five Million Dollars (\$5,000,000.00) per occurrence; and (e) such other insurance as required by the Chargee from time to time in its sole discretion. The Chargor represents and warrants to the Chargee that all such insurance is in full force and effect from and after the initial Loan advance.

**5.02 Policy Terms.** All insurance required by this Article shall have a term of not less than one year and shall be in the form and amount and with such deductibles, endorsements and insurers as are acceptable to the Chargee from time to time in its sole discretion. Original or certified copies of all insurance policies and all renewals thereof shall be delivered by the Chargor to the Chargee prior to the initial Loan advance or policy expiry, as the case may be. If insurance certificates or binders evidencing such insurance and acceptable to the Chargee are delivered prior to the initial Loan advance or renewal, as the case may be, the original or certified copies of such insurance policies may be delivered to the Chargee within ninety (90) days thereafter. All property, income and boiler and machinery policies shall (i) contain either a stated amount endorsement or a waiver of any co-insurance provision, (ii) contain Canadian standard mortgage clauses in favour of the Chargee, and (iii) shall name the Chargee (or an insurance trustee on terms approved by the Chargee in its sole discretion) as first loss payee. The Chargor shall not carry separate insurance, concurrent in kind or form or contributing in the event of loss, with any insurance required hereunder. If any insurance required by this Charge is not maintained by the Chargor at any time, the Chargee may (but is not obligated to) effect such insurance in any manner it shall determine in its sole discretion and all costs and expenses incurred by or on behalf of the Chargee in maintaining such insurance shall be payable by the Chargor to the Chargee forthwith on demand. Until paid, such costs and expenses together with interest thereon at the Interest Rate shall be added to the Loan Indebtedness and secured by this Charge. As additional and separate security for payment of the Loan Indebtedness, the Chargor hereby assigns, transfers and sets over to the Chargee, as a first Lien thereon, all legal and beneficial right, title and interest in and to all present and future insurance proceeds and expropriation awards in respect of the Property. The Chargor hereby authorizes and directs the issuer of any such insurance proceeds or expropriation awards to make payment directly to the Chargee. Upon an Event of Default, all insurance proceeds and expropriation awards arising in respect of the Property shall, at the option of the Chargee in its sole discretion, be applied in reduction of the Loan Indebtedness.

**5.03 Comply with Insurance Policies.** The Chargor shall pay all premiums relating to all insurance required by this Article when due and shall promptly deliver to the Chargee received invoices or other evidence of payment. The Chargor shall comply with all the terms of each insurance policy required by this Article and all requirements of the insurer of each such policy. The Chargor shall not by any action or omission invalidate any insurance policy required to be carried hereunder or materially increase the premiums on any such policy above the normal premium charged by the carrier of such policy.

## ARTICLE 6 - DAMAGE AND DESTRUCTION

**6.01 Damage and Destruction/Restoration.** If any damage or destruction occurs to the Property, the Chargor shall: (i) give prompt written notice to the Chargee of any damage or destruction to the Property and cause the Property to be secured in a safe manner; (ii) promptly notify the Chargee of the Chargor's good faith estimate of the cost of the work and materials required to repair or restore such damage or destruction (the "Restoration Work"); (iii) promptly commence and diligently prosecute the Restoration Work to completion in accordance with all Applicable Laws and the provisions of this Article to a standard at least equal to the replacement value and general utility of the Property immediately prior to such damage or destruction; (iv) complete the Restoration Work within nine (9) months after the date of the damage and no later than six (6) months prior to the Maturity Date; (v) ensure that the proceeds of the rental insurance required by this Charge shall offset fully any loss of Rents throughout the completion of the Restoration Work and a reasonable period thereafter for leasing the Property or if not, deposit the amount of any deficiency with the Chargee in cash prior to commencement of the Restoration Work to ensure that funds are available to pay when due all scheduled payments on account of the Loan Indebtedness throughout the Restoration Work and leasing period; (vi) ensure that the use, occupancy and operation of the Property existing as of the Loan advance shall be permitted under all applicable zoning laws (or a legal non-conforming use thereunder) following completion of the Restoration Work; (vii) pay all costs and expenses incurred by any Lender Entity in connection with the recovery and administration of all insurance proceeds and the Restoration Work, including approving plans and specifications, inspecting the Restoration Work, and all reasonable architects', adjusters', lawyers', engineers' and other consultants' fees and disbursements and (viii) promptly furnish at its own expense all necessary proofs of loss and do all necessary acts to ensure that the Chargee receives payment of all insurance proceeds.

**6.02 Application of Insurance Proceeds.** Provided no Event of Default exists, all insurance proceeds net of all reasonable architects', adjusters', lawyers', and other consultants' fees and disbursements ("Net Proceeds") shall be held by the Chargee and paid out from time to time (but not more frequently than every thirty (30) days) to pay the cost of the Restoration Work performed in accordance with this Article on and subject to satisfaction of the following terms and conditions (each of which shall be an obligation of the Chargor to promptly satisfy): (a) Within ten (10) days of such damage or destruction, Chargor shall (i) deliver to the Chargee a certificate from an architect

approved by the Chargee acting reasonably (the "Architect") estimating the cost of the Restoration Work, (ii) if the estimated cost exceeds the amount of Net Proceeds then held by the Chargee, the Chargor shall deliver to the Chargee an unconditional, irrevocable, demand letter of credit, in form, substance and issued by a bank acceptable to the Chargee in its sole discretion, in the amount of such excess, or a completion bond in form, substance and issued by a surety company acceptable to the Chargee in its sole discretion, (iii) provide to the Chargee evidence satisfactory to it in its sole discretion (including an appraisal and statements of cash flow and debt service) that upon the completion of the Restoration Work, the debt service coverage ratio and loan to value ratio (each as determined by the Chargee in accordance with its then current underwriting practices) shall not be less than the debt service coverage ratio or more than the loan to value ratio specified in the Commitment Letter, and (iv) provide to the Chargee evidence satisfactory to it in its sole discretion, and agree in writing with the Chargee, that the Restoration Work will be completed in accordance with this Article; (b) If the Architect's estimate of the cost of the Restoration Work is equal to or exceeds Fifty Thousand Dollars (\$50,000.00), such Restoration Work shall be performed under the supervision of an Architect and in accordance with plans and specifications approved by the Chargee in its sole discretion; (c) Requests for payment of Net Proceeds held by the Chargee shall be made by the Chargor on not less than ten (10) Business Days prior notice to the Chargee and shall be accompanied by a certificate of an Architect, or if the Restoration Work is not required to be supervised by an Architect, by a certificate of the Chargor addressed to the Chargee, stating or containing (i) a detailed description of the completed Restoration Work for which the request for payment is made, (ii) that such Restoration Work has been completed in compliance with this Article, and has been approved by the Chargor and if applicable, the Architect, (iii) that the requested amount is due, or is required to reimburse the Chargor for payments made to the contractor, subcontractors, materialmen, labourers, engineers, architects or other persons performing the Restoration Work and that when added to all payments previously made from Net Proceeds does not exceed the value of the Restoration Work done to the date, (iv) that title to the personal property included in the request for payment is vested in the Chargor free and clear of all Liens, (v) the remaining cost to complete the Restoration Work, (vi) the amount of all lien holdbacks required or permitted to be maintained under Applicable Laws in respect of such Restoration Work, (vii) the amount of such holdbacks actually maintained by the Chargor, and (viii) that no written notice of a Lien under Applicable Laws has been received by the Chargor or the Architect or registered against the Property; and, (d) Prior to disbursing any Net Proceeds, (i) the Chargee must be satisfied in its sole discretion that all holdbacks required or permitted by Applicable Laws have been maintained and that no Liens under Applicable Laws have been registered against the Property, and (ii) the Chargee shall have the right to inspect the Property to determine that the Restoration Work complies with this Article.

**6.03 Holdbacks.** Notwithstanding any other provision of this Charge, the Chargee shall be entitled to retain, and not disburse, an amount equal to ten percent (10%) of the cost of the Restoration Work (the "Holdback Amount") until such time as (i) the Restoration Work has been fully completed in accordance with this Article, (ii) the Chargee shall have received copies of any and all final certificates of occupancy or other certificates, licenses, permits and approvals required for the ownership, occupancy and operation of the Property in accordance with all Applicable Laws, (iii) all Liens and holdback obligations under Applicable Laws relating to the Restoration Work have expired, (iv) all costs and expenses of the Restoration Work (including all costs of expenses of any Lender Entity referred to in Section 6.01(vii)) have been fully paid, and (v) no Event of Default exists. If any excess Net Proceeds remain after satisfaction of all of the foregoing matters, such excess proceeds shall be paid to the Chargor.

**6.04 Event of Default.** If the Chargor fails to comply with any of its obligations under this Article, an Event of Default shall have occurred, and the Chargee shall have the right in its sole discretion to apply all Net Proceeds to the Loan Indebtedness. The Chargee may (but shall have no obligation to) perform or cause to be performed any incomplete Restoration Work, and may take such other steps as it deems advisable in connection therewith. The Chargor hereby waives all actions, proceedings, claims, demands and other rights against each Lender Entity arising out of any act or omission of the Chargee completing the Restoration Work and all matters relating thereto. The Chargee may apply all or any portion of the Net Proceeds (without complying with any requirements of this Article) to pay or reimburse each Lender Entity for all costs of completing the Restoration Work without prior notice to or consent of the Chargor.

**6.05 Proceeds of Expropriation.** All proceeds of expropriation (if such proceeds do not exceed \$25,000.00) shall be paid to the Chargor and shall be re-invested in the Property. All proceeds of expropriation which exceed \$25,000.00 (or following an Event of Default, all expropriation proceeds) shall be paid to and held by the Chargee and may be applied by the Chargee, in its sole option exercisable in its sole discretion, to reduction of the Loan Indebtedness then due or may be held by the Chargee as security for the Loan Indebtedness.

#### ARTICLE 7 - EVENT OF DEFAULT AND REMEDIES

**7.01 Acceleration.** Upon an Event of Default, the entire Loan Indebtedness shall, at the option of the Chargee in its sole discretion, immediately become due and payable, with interest thereon at the Interest Rate to the date of actual payment thereof, all without notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, each of which are hereby expressly waived, and all the Chargee's rights and remedies under this Charge, the other Loan Documents, and otherwise at law and in equity shall immediately become enforceable.

**7.02 Power of Sale.** After an Event of Default which has continued for the minimum period provided by law, the Chargee, on giving the minimum notice required by law, may enter on, lease or sell the Property. Any sale of the Property by the Chargee may be by public auction or private sale for such price and on such terms as to credit and otherwise with such conditions of sale as the Chargee in its sole discretion deems proper and in accordance with Applicable Laws. If any sale is for credit or for part cash and part credit, the Chargee will not be accountable for or be charged with any moneys until they are actually received. The Chargee may rescind or vary any contract or sale and may buy and re-sell the Property without being answerable for loss occasioned thereby. No purchaser will be bound to inquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety. No lack of default, want of notice or other requirement or any irregularity or impropriety of any kind

will invalidate any sale pursuant to this Charge and the purchaser shall not be responsible for any damage or loss caused thereby. The Chargee may sell without entering into actual possession of the Property and while in possession will be accountable only for moneys which are actually received by it. The Chargee may, subject to the restrictions of Applicable Law, sell parts of the Property from time to time to satisfy any portion of the Loan Indebtedness, leaving the remainder of the Property as security for the balance of the Loan Indebtedness. The Chargee may sell the Property or any portion of the Property subject to the balance of the Loan Indebtedness not yet due at the time of such sale. The costs of any sale proceedings pursuant to this Charge, whether such sale proves abortive or not, including taking, recovering or keeping possession of the Property or enforcing any other remedies pursuant to the Charge, shall be payable upon demand by the Chargor to the Chargee with interest thereon at the Interest Rate and until paid shall be added to the Loan Indebtedness and secured by this Charge.

**7.03 General Rights of Chargee.** After an Event of Default, the Chargee may, but will not be obligated to, perform or cause to be performed any obligations of the Chargor pursuant to this Charge and the other Loan Documents, and for such purpose may do such things as may be required, including entering upon the Property and doing such things upon or in respect of the Property as the Chargee reasonably considers necessary. No such performance by the Chargee shall relieve the Chargor from any default hereunder. The costs of all such actions taken by the Chargee shall be payable by the Chargor to the Chargee forthwith upon demand. Until paid, such costs together with interest thereon at the Interest Rate shall be added to the Loan Indebtedness and secured by the Charge.

**7.04 Possession.** Upon an Event of Default, the Chargee may enter into and take possession of the Property and shall be entitled to have, hold, use, occupy, possess and enjoy the Property without let, suit, hindrance, interruption or denial of the Chargor or any other Person. The Chargee may maintain, repair and complete the construction of the Property, inspect, manage, take care of, collect Rents and lease the Property or any part thereof for such terms and for such rents (which may extend beyond the Maturity Date) and on such conditions and provisions (including providing any leasehold improvements and tenant inducements) as the Chargee may determine in its sole discretion, which lease(s) shall have the same effect as if made by the Chargor, and all costs, charges and expenses incurred by the Chargee in the exercise of such rights (including allowances for the time, service or effort of any Person appointed by the Chargee for the above purposes, and all reasonable legal fees and disbursements incurred as between a solicitor and his own client), together with interest thereon at the Interest Rate, shall be payable forthwith by the Chargor to the Chargee, and until paid shall be added to the Loan Indebtedness and shall be secured by this Charge. Each lease or renewal of lease made by the Chargee while in possession of the Property shall continue for its full term notwithstanding the termination of the Chargee's possession. No Lender Entity shall be liable for any loss or damage sustained by the Chargor or any other Person resulting from any lease entered into by the Chargee, any failure to lease the Property, or any part thereof, or from any other act or omission of the Chargee or any receiver in managing the Property, nor shall any Lender Entity be obligated to perform or discharge any obligation or liability of the Chargor under any Lease, Loan Document or otherwise at law or in equity.

**7.05 Carry on Business.** Upon any Event of Default, the Chargee may in its sole discretion, carry on, or concur in the carrying on of all or any part of the business or undertaking of the Chargor relating to the Property and enter on, occupy and use the Property without charge by any Borrower Entity.

**7.06 Borrow on the Security of the Property.** Upon an Event of Default, the Chargee may raise money on the security of the Property or any part thereof in priority to this Charge or otherwise, as reasonably required for the purpose of the maintenance, preservation, protection or completion of the Property or any part thereof or to carry on all or any part of the business of the Chargor relating to the Property.

**7.07 Receiver.** Upon any Event of Default, the Chargee may in its discretion, with or without entering into possession of the Property or any part thereof, by instrument in writing, appoint a "Receiver" (which shall include a receiver, a manager or a receiver and manager) of the Property or any part thereof with or without security and may from time to time remove any Receiver with or without appointing another in his stead, and in making such appointment or appointments or removing a Receiver the Chargee shall be deemed to be acting for the Chargor (provided that no such appointment shall be revocable by the Chargor). Upon the appointment of any such Receiver from time to time, and subject to the provisions of the instrument appointing such Receiver, the following provisions shall apply: (a) such Receiver may, in the discretion of the Chargee and by writing, be vested with all or any of the rights, powers and discretions of the Chargee; (b) such Receiver, so far as concerns the responsibility for his acts or omissions, shall be deemed the agent or attorney of the Chargor and not the agent of the Chargee (unless specifically appointed by the Chargee as the agent of the Chargee); (c) neither the appointment, removal or termination of such Receiver by the Chargee nor any act or omission by such Receiver shall incur or create any liability on the part of the Chargee to the Receiver in any respect or constitute the Chargee a chargee or mortgagee in possession of the Property or any part thereof; (d) such Receiver shall be the irrevocable agent or attorney of the Chargor (unless the Chargee specifically appoints such Receiver as the agent for the Chargee) for the collection of all Rents falling due in respect of the Property or any part thereof; (e) the rights and powers conferred herein in respect of the Receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have; (f) the Chargee may from time to time fix the remuneration for such Receiver, who shall be entitled to deduct the same out of revenue or sale proceeds of the Property; (g) such Receiver shall have the power from time to time to lease any portion of the Property which may become vacant for such term (which may extend beyond the Maturity Date) and shall have the power to accept surrenders of or terminate any lease, in each case on such terms and conditions as it may determine in its sole discretion and in so doing, such Receiver shall act as the attorney or agent of the Chargor and shall have authority to execute under seal any lease or surrender of any such premises or notice(s) of termination in the name of and on behalf of the Chargor, and the Chargor agrees to ratify and confirm whatever any Receiver may do in the Property; (h) such Receiver may make such arrangements, at such time or times as it may deem necessary without the concurrence of any other persons, for the repairing, completing, adding to, or managing of the Property, including completing the construction of any incomplete building or buildings, structures, services or

improvements on the Property, and constructing or providing for leasehold improvements notwithstanding that the resulting cost may exceed the original Principal Amount; (i) such Receiver shall have full power to manage, operate, amend, repair or alter the Property or any part thereof in the name of the Chargor for the purpose of obtaining rental and other income from the Property or any part thereof; (j) no Receiver shall be liable to the Chargor to account for monies other than monies actually received by it in respect of the Property and out of such monies so received from time to time such Receiver shall pay in the following order: (i) its remuneration aforesaid, (ii) all obligations, costs and expenses made or incurred by it, including any expenditures in connection with the management, operation, amendment, repair, construction or alteration of the Property or any part thereof or any business or undertaking carried on by the Receiver thereon, (iii) interest, principal and other monies which may be or become a Lien upon the Property from time to time in priority to this Charge, including all Realty Taxes, (iv) to the Chargee, all Loan Indebtedness and all reserves payable to the Chargee under the Commitment Letter, to be applied in such order as the Chargee in its discretion shall determine, and (v) at the discretion of the Receiver, interest, principal and other monies which may from time to time constitute a Lien on the Property subsequent in priority or subordinate to the interest of the Chargee under this Charge, and such Receiver may retain in its discretion reasonable reserves to satisfy accruing amounts and anticipated payments in connection with any of the foregoing; (k) the Chargee may at any time and from time to time terminate any receivership by notice in writing to the Chargor and to any Receiver; and (l) the Chargor hereby releases and discharges the Chargee and every Receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any Person claiming through or under it by reason or as a result of anything done by the Chargee or any Receiver under the provisions of this paragraph. The Chargor agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this provision and agrees that neither the Receiver nor any other Lender Entity shall be liable for any loss sustained by the Chargor or any other Person resulting from any such action or failure to act.

**7.08 Power of Attorney.** The Chargor hereby grants to the Chargee, with full power of substitution, an irrevocable power of attorney coupled with an interest for the following purposes: (i) to make any of the leases referred to in Section 7.04, (ii) to obtain, collect and receive any insurance proceeds or expropriation awards however arising with respect to the Property, to compromise or settle any claims relating to such proceeds or awards, to endorse any cheques, drafts or other instruments representing such proceeds or awards, and to execute and deliver all instruments, proofs of loss, receipts, and releases reasonably required in connection therewith, (iii) to correct any mistakes in and otherwise completing and perfecting any Loan Documents, (iv) to protect, perfect, preserve the security of the Loan Documents and, following an Event of Default, to collect, enforce and realize on or under the Loan or the Loan Documents including the exercise of any of the rights, powers, authority and discretion of the Chargor in respect of the Property, including collection of Rents and other money that may become or are now due and owing to the Chargor and (v) without limiting the foregoing, to make all necessary conveyances, deeds, transfers, assurances, receipts and other documents and instruments as may be necessary to transfer good and marketable title to all or any of the Property and to complete all other matters pertaining thereto. The Chargor hereby ratifies all actions of the Chargee pursuant to such power of attorney and confirms that no Lender Entity shall be liable for any loss sustained by the Chargor or any other Person resulting from any such action or any failure to act.

**7.09 Concurrent Remedies.** The Chargee may exercise all rights and remedies provided for in this Charge, any other Loan Document or otherwise under Applicable Laws concurrently or in such order and at such times as it may see fit and will not be obligated to exhaust any right or remedy before exercising any of its other rights or remedies provided for in this Charge, any other Loan Document or otherwise under Applicable Laws.

**7.10 Judgments.** The taking of a judgment or judgments against the Chargor or any other Person for breach of its obligations contained in this Charge or any other Loan Document will not merge or extinguish such obligations or affect the Chargee's rights to interest on the Loan Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon will be computed at the Interest Rate until such judgment is fully paid and satisfied.

**7.11 Remedies Cumulative.** The rights and remedies of the Chargee under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies otherwise provided under Applicable Laws. No right or remedy of the Chargee shall be exclusive of or dependent on any other right or remedy and any one or more of such rights and remedies may be exercised independently or in combination from time to time. Any single or partial exercise by the Chargee of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in any Loan Document shall not waive, alter, affect or prejudice any other right or remedy to which the Chargee may be lawfully entitled for such default or breach.

**7.12 Extension of Time and Waiver.** Neither any extension of time given by the Chargee to the Chargor or any Person claiming through the Chargor, nor any amendment to any Loan Document or other dealing by the Chargee with a subsequent owner of the Property will in any way affect or prejudice the rights of the Chargee against the Chargor or any other Person or Persons liable for payment of the Loan Indebtedness. The Chargee may waive any Event of Default in its sole discretion. No waiver will extend to a subsequent Event of Default, whether or not the same as or similar to the Event of Default waived, and no act or omission by the Chargee will extend to, or affect, any subsequent Event of Default or the rights of the Chargee arising from such Event of Default. Any such waiver must be in writing and signed by the Chargee. No failure on the part of the Chargee or the Chargor to exercise, and no delay by the Chargee or the Chargor in exercising, any right pursuant to this Charge or any other Loan Document will operate as a waiver of such right. No single or partial exercise of any such right will preclude any other or further exercise of such right or the exercise of any other right.

**7.13 Discharge of Charge and Release.** The Chargee will have a reasonable period of time after full payment and satisfaction of the Loan Indebtedness to prepare and execute a discharge of this Charge. Interest at the Interest Rate will continue to run and accrue on all Loan Indebtedness until full payment has been received by the Chargee.

All reasonable legal and other expenses for the preparation, execution, delivery and registration of the discharge will be paid by the Chargor upon demand. The Chargor shall register such discharge. The Chargee may release in its discretion and at any time any Person or any part or parts of the Property from all or any part of the Loan Indebtedness or any security of the Loan Documents either with or without any consideration and without releasing any other part of the Property or any other Person from the Loan Documents or from any of the covenants contained in the Loan Documents, and without being accountable to the Chargor for the value of the land released or for any money except that actually received by the Chargee. Every part or lot into which the Property is or may hereafter be divided will stand charged with the entire Loan Indebtedness. The Chargee may grant time, renewals, extensions, indulgences, releases and discharges, may take securities from and give the same up, may abstain from taking securities from or from perfecting securities, may accept compositions and proposals, and may otherwise deal with the Chargor and all other Persons and securities as the Chargee may see fit without prejudicing the rights of the Chargee under the Loan or the Loan Documents.

#### ARTICLE 8 - INDEMNITY

**8.01 General Indemnity.** Without limiting any other provision of any Loan Document, the Chargor shall indemnify and pay, protect, defend and save harmless the Chargee from and against all actions, proceedings, claims, demands, judgments, losses, damages, liabilities, costs or expenses (including legal fees and disbursements on a solicitor and his own client basis), imposed upon, made against or incurred by the Chargee arising from or relating to directly or indirectly (i) any breach of any Loan Document by any Borrower Entity or any remedial or other proceedings taken by any Lender Entity thereunder or pursuant thereto, (ii) any accident, injury to or death of any person or loss of or damage to property occurring in, on or about the Property or any part thereof or on the adjoining sidewalks, curbs, parking areas, streets or ways, (iii) any use, non use or condition in, on or about, or possession, alteration, repair, operation, maintenance or management of, the Property or any part thereof or on the adjoining sidewalks, curbs, parking areas, streets or ways, (iv) performance of any labour or services or the furnishing of any materials or other property in respect of the Property or any part thereof, (v) any claim by brokers, finders or similar Persons claiming to be entitled to a commission in connection with the Loan, any Lease or other transaction involving the Property or any part thereof, (vi) any taxes, fees, costs or expenses attributable to the execution, delivery, filing, or recording of any Loan Document, (vii) any Lien or other claim arising on or against the Property or any part thereof or asserted against any Lender Entity with respect thereto; and/or (viii) the claims of any tenant or other Person arising under or relating to any Lease. Any amounts payable to the Chargee hereunder shall constitute part of the Loan Indebtedness, bear interest at the Interest Rate until paid and shall be secured by this Charge.

#### ARTICLE 9 - DEFEASANCE

**9.01 Defeasance.** Provided no Event of Default exists and upon 30 days' prior written notice, the Chargor shall be entitled to obtain on any Payment Date following Securitization of the Loan by the Chargee a release of the security of this Charge and the Chargee's other security from the Property upon delivery of substitute security for the Loan (a "defeasance") upon and subject to compliance by the Chargor with the following terms and conditions at its sole expense and to the satisfaction of the Chargee in its sole discretion: (a) the Chargor shall pay to the Chargee the aggregate of (i) all accrued and unpaid interest and all other sums due under the Loan up to and including the defeasance date, and (ii) all fees, costs, expenses, charges and disbursements incurred by each Lender Entity relating to such defeasance, including all fees, costs, expenses, charges and disbursements of the Chargee, its counsel and servicer for review of the Chargor's compliance with the requirements for and conditions of defeasance and the preparation, review and/or recording of any and all documentation with respect to the defeasance, accounting certificates and legal opinions relating thereto, including any governmental or third party fees, costs, taxes or assessments thereon, and all fees, costs, expenses, charges and disbursements charged by the Rating Agencies in connection with their review of such defeasance transaction (whether or not a Rating Confirmation is required or issued); (b) the Chargor shall execute and deliver or cause to be executed and delivered each the following in form and content satisfactory to the Chargee in its sole discretion: (i) direct, non-callable Government of Canada bonds (the "Defeasance Collateral") which shall provide for payments prior, but as close as possible, to all Payment Dates to and including the Maturity Date with full payment of the balance of all Loan Indebtedness on the Maturity Date, and each such payment (together with the unexpended portion of any prior payment) shall be equal to or greater than the corresponding Loan payment due and payable thereon, (ii) a promissory note made by the Chargor in favour of the Chargee evidencing the continuing indebtedness of the Chargor under the Loan and having the same financial terms as the Loan, (iii) a security agreement creating a first priority Lien in the Defeasance Collateral in favour of the Chargee as security for the Loan Indebtedness, (iv) a certificate of the Chargor certifying that all of the requirements in this Article 9 have been satisfied, (v) an opinion of Chargor's counsel confirming that the Chargee has a perfected first priority Lien in the Defeasance Collateral and that the promissory note and the security agreement are valid and legally binding obligations of the Chargor enforceable against it in accordance with their terms, (vi) such further assurances as the Chargee may require to confirm the continuing liabilities and obligations of each Borrower Entity in respect of the Loan, (vii) a Rating Confirmation in respect of such defeasance transaction, and (viii) a certificate from a chartered accountant who is a member of the Canadian Institute of Chartered Accountants (or certified public accountant that is a member of the American Institute of Certified Public Accountants) that the Defeasance Collateral is sufficient to cover all remaining payments of principal and/or interest when due under the Loan, including full payment of all Loan Indebtedness on the Maturity Date; and (c) the Chargor shall endorse the Defeasance Collateral in favour of the Chargee or as the Chargee may direct and, if required by the Chargee, shall deliver a written transfer of the Defeasance Collateral in favour of the Chargee and other documents, all in form and content satisfactory to the Chargee in order to perfect the Chargee's first priority Lien in the Defeasance Collateral under Applicable Laws. All payments arising from the Defeasance Collateral shall be paid directly to the Chargee to be applied on account of the Loan Indebtedness provided that the Chargor shall be and remain at all times solely responsible to pay all taxes applicable to such payments (from sources other than the Defeasance Collateral).

**9.02 Continuing Obligations.** The parties agree that the provisions of this Article 9 respecting defeasance shall constitute a substitution of security only for the continuing Loan Indebtedness (and the execution and delivery of the promissory note by the Chargor being solely to evidence such continuing Loan Indebtedness) and shall not constitute, evidence or result in repayment, readvance, accord or satisfaction, release, discharge, modification or novation of all or any part of the Loan, Loan Indebtedness or any obligation or liability of any Borrower Entity under or in respect of any Loan Document or a new loan by the Chargee to the Chargor. Subsequent to any such defeasance, the Chargor shall have no right to prepay the Loan prior to the Maturity Date. When executed and delivered to the Chargee, all documents referred to in this Article 9 shall form part of the Loan Documents and the Chargee's security. After release of the Property from the Chargee's security, the Chargor shall not make or permit any transfer or encumbrance with respect to the Defeasance Collateral, except in favour of the Chargee.

## ARTICLE 10 - MISCELLANEOUS

### **10.01 Notice**

- (1) Any notice, demand or other communication required or permitted to be given or made to the Chargor pursuant to this Charge may be given or made in any manner permitted or provided by the laws applicable thereto, notwithstanding any provision of any other Loan Document to the contrary. Subject to the foregoing, any such notice, demand or communication may be given or made, at the option of the Chargee by personal delivery, by prepaid ordinary or registered mail (to the address for service of the Chargor set out in this Charge or to the last known address of the Chargor as shown in the Chargee's records) or by facsimile transmission to the facsimile number of the Chargor set out in Subsection 10.01(2) or the last known facsimile number of the Chargor as shown in the Chargee's records. Such notice will be sufficient although not addressed to any Person by name or designation and notwithstanding that any Person to be affected thereby may be unknown, unascertained or under a disability. Subject to Applicable Laws, the giving of such notice in the manner aforesaid will be as effective as if the notice had been personally served on all Persons required to be served therewith.
- (2) Subject to Subsection 10.01(1), any demand, notice or communication to be made or given in connection with this Charge or any of the Loan Documents shall be in writing and may be made or given by personal delivery, by registered mail or by facsimile transmission addressed to the recipient as follows:

(i) to the Chargor:

1482241 Ontario Limited  
240 Duncan Mill Road  
Toronto, Ontario, M3B 3P1

Attention: Alain Checroun  
Facsimile No.: (416) 447-1179

(ii) to the Chargee:

Computershare Trust Company of Canada  
100 University Avenue  
12<sup>th</sup> Floor, South Tower  
Toronto, Ontario M5J 2Y1

Attention: Manager, Mortgage Backed Securities Department  
Facsimile No.: (416) 981-9788

and with a copy to the Chargee's servicer at:

Royal Bank of Canada  
320 Front Street West, 11<sup>th</sup> Floor  
Toronto, Ontario M5V 3B6

Attention: CMBS Group  
Facsimile No.: (416) 974-4157

or to such other address, individual or facsimile number as any party may designate by notice given to the other(s) in accordance with this Section. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been made or given on the day of actual delivery thereof, and if made or given by registered mail, on the third Business Day following the deposit thereof in the mail, and if made or given by facsimile transmission, on the first Business Day following the transmittal thereof. If the party giving any demand, notice or other communication knows or reasonably ought to know of any difficulties with the postal system that might affect the delivery of mail, such demand, notice or other communication shall not be mailed, but shall be given by personal delivery or by facsimile transmission.

**10.02 Severability.** If any term, covenant, obligation or agreement contained in this Charge, or the application thereof to any Person or circumstance, shall be invalid or unenforceable to any extent, the remaining provisions of this Charge or the application of such term, covenant, obligation or agreement to such other Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each

term, covenant, obligation or agreement contained herein shall be separately valid and enforceable to the fullest extent permitted by law.

**10.03 Governing Law.** This Charge shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein without application of any principle of conflict of laws which may result in laws other than the laws in force in Ontario applying to this Charge; and the Chargor consents to the jurisdiction of the courts of the Province of Ontario and irrevocably agrees that, subject to the Chargee's election in its sole discretion, all actions or proceedings arising out of or relating to this Charge shall be litigated in such courts and the Chargor unconditionally accepts the non-exclusive jurisdiction of the said courts and waives any defense of *forum non-conveniens*, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Charge, provided nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Chargee to bring proceedings against the Chargor or any other Borrower Entity in the courts of any other jurisdiction.

**10.04' Non-Merger.** The terms and conditions of the Loan Documents will remain binding and effective on the parties to this Charge and will not merge in this Charge nor in any other Loan Document.

**10.05 Successors and Assigns.** This Charge will enure to the benefit of and be binding upon the Chargor, the Chargee and their respective heirs, executors, administrators, legal representatives, successors and assigns.

**10.06 No Obligation to Advance.** Neither the preparation, execution nor registration of this Charge will bind the Chargee to advance all or any part of the Principal Amount. The advance of a part of the Principal Amount will not bind the Chargee to advance any unadvanced portion of the Principal Amount. Each advance of the Loan shall be subject to and governed by the terms and conditions of the Commitment Letter.

**10.07 Consent to Disclosure.** The Chargor acknowledges and agrees that the Loan (or securities or certificates backed by or representing any interest in the Loan or a pool of loans which includes the Loan) may be sold or securitized into the secondary market without further notice to or the consent of the Chargor or any other Borrower Entity. Each Lender Entity from time to time may release, disclose, exchange, share, transfer and assign as it may determine in its sole discretion, all information and materials (including financial statements and information concerning the status of the Loan, such as existing or potential Loan defaults, lease defaults or other facts or circumstances which might affect the performance of the Loan) provided to or obtained by any Lender Entity relating to any Borrower Entity, the Property or the Loan (both before and after any Loan advance and/or default) without restriction and without notice to or the consent of the Chargor or any other Borrower Entity as follows: (i) to any other Lender Entity; (ii) to any subsequent or proposed purchaser of the Loan, including any subsequent or proposed Lender Entity, and their respective third party advisors and or agents, such as lawyers, accountants, consultants, appraisers, credit verification sources and servicers; (iii) to the public or any private group in any offering memorandum, prospectus or other disclosure document (including all initial and continuing disclosure requirements), regardless of format or scope of distribution; (iv) to the public or other interested Persons, directly or indirectly through information service providers or other market participants, for the purpose of providing market information from time to time relating to the status of the Loan or loan pools or any interest therein regardless of format or scope of distribution; (v) to any Governmental Authority having jurisdiction over such sale or Securitization of the Loan or loan pool or any trade of any interest in the Loan or loan pool; and (vi) to any other Person in connection with the sale, assignment or Securitization of the Loan or in connection with any collection or enforcement proceedings taken under or in respect of the Loan and/or the Loan Documents. The Chargor irrevocably consents to the collection, obtaining, release, disclosure, exchange, sharing, transfer and assignment of all such information and materials.

**10.08 Change of Status.** After any change affecting the spousal status of the Chargor or the qualification of the Property as a matrimonial home within the meaning of Part II of the *Family Law Act* (Ontario), the Chargor will advise the Chargee and provide the Chargee with the full particulars of such change and such other information as the Chargee may require from time to time.

**10.09 Maximum Rate of Return.** Notwithstanding any provision of any Loan Document to the contrary, in no event will the aggregate "interest" (as defined in Section 347 of the *Criminal Code* (Canada)) payable under the Loan exceed the effective annual rate of interest lawfully permitted under that Section and, if any payment, collection or demand pursuant to the Loan in respect of "interest" (as defined in that Section) is determined to be contrary to the provisions of that Section, such payment, collection or demand will be deemed to have been made by mutual mistake of the Chargor and Chargee and the amount of such payment or collection shall either be applied to the Loan Indebtedness (whether or not due and payable), and not to the payment of interest (as defined in Section 347 of the said Criminal Code), or be refunded to the Chargor at the option of the Chargee. For purposes of each Loan Document, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of the Loan on the basis of annual compounding of the lawfully permitted rate of interest. In the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Chargee will be conclusive for the purposes of such determination.

**10.10 Assignment.** This Charge may be assigned by the Chargee at any time without prior notice to or consent of the Chargor. The Chargor shall not assign any of its rights and obligations under this Charge.

#### ARTICLE 11 - OTHER SECURITY

**11.01 General Assignment of Rents and Leases.** As general and continuing security for payment and performance of the Loan Indebtedness, the Chargor hereby assigns, transfers, grants and sets over to the Chargee, as

and by way of a first fixed and specific assignment and security interest, all legal and beneficial right, title and interest in and to (i) the Rents now or hereafter due and payable with full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rents in the name of the Chargor or the owner from time to time of the Property or in the name of the Chargee, as the Chargee may determine in its sole discretion, and (ii) the Leases with full benefit and advantage thereof including the benefit of all covenants and agreements contained in the Leases on the part of the tenants therein or any guarantor or indemnitor thereof to be observed, performed or kept, including all proceeds of or from any of the foregoing. This assignment and security interest is in addition to and not in substitution for any other general assignment of the Rents and Leases and other security granted by the Chargor to the Chargee to secure the Loan Indebtedness.

**11.02 General Security Agreement.** As general and continuing security for the payment and performance of the Loan Indebtedness, the Chargor hereby grants to the Chargee a security interest in all present and future undertaking and property of any nature or kind, both real and personal, of the Chargor comprising or otherwise relating to the Property (collectively, the "Collateral") with the right to possess, use or sell the Collateral, in whole or in part, upon an Event of Default, and as further general and continuing security for the payment and performance of the Loan Indebtedness, the Chargor hereby assigns the Collateral to the Chargee and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Chargee. Without limiting the foregoing, the Collateral shall include all replacements of, substitutions for and increases, additions and accessions to any real or personal property comprising the Collateral and all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral; provided that the said security interest, assignment, mortgage and charge will not (i) extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Chargor, but should the Chargee enforce the said security interest, assignment, mortgage and charge, the Chargor will thereafter stand possessed of such last day and must hold it in trust to assign the same to any Person acquiring such term in the course of the enforcement of the said assignment and mortgage and charge, or (ii) render the Chargee liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Chargor is a party or by which it is bound. This security interest, assignment, mortgage and charge is in addition to and not in substitution for any other general security agreement and other security granted by the Chargor to the Chargee to secure the Loan Indebtedness.

\* \* \* \* \*

**Properties**

**PIN** 10088 - 0069 LT  
**Description** LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;  
 TORONTO (N YORK), CITY OF TORONTO  
**Address** 240 DUNCAN MILL ROAD  
 NORTH YORK

**Source Instruments**

<b>Registration No.</b>	<b>Date</b>	<b>Type of Instrument</b>
AT935525	2005 09 29	Charge/Mortgage

**Transferor(s)**

This transfer of charge affects all lands that the charge is against which are outstanding.

**Name** COMPUTERSHARE TRUST COMPANY OF CANADA  
**Address for Service** 100 University Avenue  
 12th Floor, South Tower  
 Toronto, Ontario  
 M5J 2Y1

I, Samuel S. Liaw, Administrator, MBS and Aaron Cao, Professional MBS, have the authority to bind the corporation.  
 This document is not authorized under Power of Attorney by this party.

**Transferee(s)****Capacity****Share**

<b>Name</b>	DAN REALTY LIMITED	as to a 73.34% interest
<b>Address for Service</b>	1120 Finch Avenue West Suite 100 Toronto ON M3J 3H7	
<b>Name</b>	E. MANSON INVESTMENTS LIMITED	as to a 13.33% interest
<b>Address for Service</b>	620 Wilson Avenue Suite 401 Toronto ON M5N 1S4	
<b>Name</b>	COPPERSTONE INVESTMENTS LIMITED	as to a 13.33% interest
<b>Address for Service</b>	620 Wilson Avenue Suite 401 Toronto ON M5N 1S4	

**Statements**

The chargee transfers the selected charge for \$1.00

Schedule: The transferor transfers the charge without recourse

This document relates to registration no.(s)AT935525

The registration of this document is not prohibited by registration AT2418963 registered on 2010/06/21 .

**Signed By**

Lawrence Zimmerman	3338 Dufferin St. Toronto M6A 3A4	acting for Transferor(s)	Signed 2016 06 01
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Tel 416-489-8422

Fax 416-489-6222

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

Lawrence Zimmerman	3338 Dufferin St. Toronto M6A 3A4	acting for Transferee(s)	Signed 2016 06 01
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Tel 416-489-8422

Fax 416-489-6222

**Signed By**

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

**Submitted By**

LAWRENCE ZIMMERMAN LAW OFFICE

3338 Dufferin St.  
Toronto  
M6A 3A4

2016 06 02

Tel 416-489-8422  
Fax 416-489-6222**Fees/Taxes/Payment**

Statutory Registration Fee	\$62.85
Total Paid	\$62.85

**File Number**

Transferor Client File Number :	97287
Transferee Client File Number :	16-1053 LZ

# APPENDIX

‘D’

**Properties**

**PIN** 10088 - 0069 LT **Interest/Estate** Fee Simple  
**Description** LT 82-83 PL 7607 NORTH YORK; PT LT 84 PL 7607 NORTH YORK PT 2, RS1284;  
 TORONTO (N YORK), CITY OF TORONTO  
**Address** 240 DUNCAN MILL ROAD  
 NORTH YORK

**Chargor(s)**

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

**Name** 1482241 ONTARIO LIMITED  
**Address for Service** 240 Duncan Mills Road  
 Suite 800  
 Toronto, Ontario  
 M3B 3S6

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

**Chargee(s)****Capacity****Share**

<b>Name</b>	JANODEE INVESTMENTS LTD.	56.34%
<b>Address for Service</b>	c/o 2365 Finch Ave West Suite 202 Toronto, Ontario M9M 2W8	
<b>Name</b>	MEADOWSHIRE INVESTMENTS LTD.	43.66%
<b>Address for Service</b>	c/o 2365 Finch Ave West Suite 202 Toronto, Ontario M9M 2W8	

**Statements**

Schedule: See Schedules

The registration of this document is not prohibited by registration AT2418963 registered on 2010/06/21 .

**Provisions**

<b>Principal</b>	\$1,420,000.00	<b>Currency</b>	CDN
<b>Calculation Period</b>	interest only, monthly		
<b>Balance Due Date</b>	2017/03/21		
<b>Interest Rate</b>	13.0%		
<b>Payments</b>	\$15,383.33		
<b>Interest Adjustment Date</b>	2016 09 21		
<b>Payment Date</b>	21st day of each and every month		
<b>First Payment Date</b>	2017 02 21		
<b>Last Payment Date</b>	2017 03 21		
<b>Standard Charge Terms</b>	200033		
<b>Insurance Amount</b>	full insurable value		
<b>Guarantor</b>	Alain Checrone, Max Warner, Arnoldo De Gandarias		

**Signed By**

Harvey Samuel Margel	202-2365 Finch Ave. W. Toronto M9M2W8	acting for Chargor (s)	Signed 2016 09 21
Tel 416-745-9933			
Fax 4167459290			

**Signed By**

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

**Submitted By**

HARVEY S MARGEL LAW OFFICE

202-2365 Finch Ave. W.  
Toronto  
M9M2W8

2016 09 21

Tel 416-745-9933  
Fax 4167459290**Fees/Taxes/Payment**

Statutory Registration Fee	\$62.85
Total Paid	\$62.85

**File Number**

Chargor Client File Number : 16-1129 (CHECROUNE)

## SCHEDULE "A"

## (10) Additional Provisions

## PREPAYMENT PROVISIONS

PROVIDED that the Chargor, when not in default herein shall have the privilege of prepaying all or any part of the principal sum hereby secured after three month anniversary at any time or times upon payment of one month's bonus interest.

## ADMINISTRATION FEE

The Chargor shall pay to the Chargee an Administration Fee of \$500.00 for each occurrence of any of the following events:

1. Late payment; nonpayment;
2. Cheque Dishonoured for any reason;
3. Failure to provide proof of payment of realty taxes;
4. Failure to provide proof of insurance coverage on an annual basis;
5. Failure to provide postdated cheques;
6. Failure to notify charge of registration of lien by the Condominium Corporation for common maintenance arrears;
7. Request for Mortgage Statement;
8. Request for Discharge Statement;
9. Default under prior mortgagee, charge or encumbrance.

Such Administration Fee to be paid within five (5) days of demand for payment of same.

If the said Administration Fee is not paid within the said five (5) days then at the option of the chargee the administration fee will either be added to the principal amount outstanding or this will be a default enabling the chargee to institute collection or power of sale proceedings.

In the event of a further occurrence as set out herein the penalty shall increase by a further sum of \$50.00 and this shall be on a cumulative basis.

## DISPOSITION OF THE MORTGAGED LANDS

Provided that if the Chargor sells, transfers, conveys or otherwise disposes of the subject property, or any interest therein, then all amounts, whether principal, interest or otherwise that may be owing hereunder, including Administration Fees and bonuses, shall be immediately due and payable, at the sole option of the Chargee.

## POSTDATED CHEQUES

The Chargor agrees to provide the Chargee with a series of 12 post-dated cheques on or before the Closing date of the Charge and a further series of 12 postdated cheques on or before each anniversary date of the within Charge. Failure to provide such cheques shall constitute a default under Charge at the sole option of the Chargee.

## DISCHARGE

Provided that when a Discharge of this Charge is required, then the Chargee's solicitor will prepare the Discharge documentation for execution by the Chargee, the costs of which shall be at the Chargor's expense.

## TIME OF PAYMENT

Any payment that is received at the Mortgagee's office after 1:00pm on any date shall be deemed, for the purpose of calculation of interest, to have been made on the next business day.

## DEFAULT IN ENCUMBRANCES

Default under any terms or covenant contained in any encumbrances registered priority or subsequent to this Charge shall constitute default under the herein Charge at the sole option of the Chargee.

## PRINCIPAL RESIDENCE

In the event that the subject property is not used as the principal residence of the Chargor then all amounts, whether principal, interest or otherwise that may be owing hereunder, including Administration Fees and bonuses, shall be immediately due and payable at the sole option of the Chargee.

## CONSTRUCTION LIEN ACT

No portion of the proceeds of this Charge is to be used to finance any construction, alterations, renovations or improvements to the subject property within the meaning of the Construction Lien Act (Ontario) or to repay a Charge which was taken out for this purpose, failing which all amounts, whether principal, interest or otherwise

that may be owing hereunder, including Administration Fees and bonuses, shall be immediately due and payable at the sole option of the Chargee.

If any amount of money is claimed in priority over this Charge pursuant to the Construction Lien Act (Ontario) and if the Chargee is obliged to pay any amounts owing under the said Act, same may be added to the principal amount outstanding under the Charge.

#### INSULATION

The subject property is not, and has never been insulated with urea formaldehyde foam insulation, and the Chargor will not permit such insulation to be used in the construction or renovation of any future improvement to the property. In the event that the Chargee determines that any portion of the subject property is, or has been so insulated, then all amounts whether principal, interest or otherwise that may be owing hereunder, including Administration Fees and bonuses, shall be immediately due and payable at the sole option of the Chargee.

#### BANKRUPTCY AND INSOLVENCY ACT

The Chargor/Guarantor represents and warrants that she/he is not an "undischarged bankrupt" as defined in the Bankruptcy and Insolvency Act. In the event that the Chargor/Guarantor is an "undischarged bankrupt", then all amounts, whether principal, interest or otherwise that may be owing hereunder including Administration Fees and bonuses together with a one (1) month interest payment thereon shall be immediately due and payable at the sole option of the Chargee.

#### SERVICING FEE

In the event that the Chargee is called upon to pay any payment in order to protect its security position, including but not limited to the payment of Realty Taxes, Insurance Premiums, Condominium common expenses, principal, interest or costs under a prior mortgage, it is agreed that such payment shall bear interest at eighteen (18%) percent per annum, calculated and compounded monthly and that there shall be a service charge of not less than \$250.00 for making each such payment or payments.

#### ADDITIONAL FEES

The Chargor agrees that should the Chargee issue either a Notice of Sale or Statement of Claim, that the Chargee, at its option, shall be entitled to charge an additional fee equivalent to three (3) months interest. The Chargor agrees that should the charge not be renewed or discharged on the maturity date, that the Chargee, at its option, shall be entitled to charge an additional fee equivalent to three (3) months interest.

#### ALTERATIONS

The Chargor will not make or permit to be made any structural alterations or additions to the land or to any building or structure thereon or change or permit to be changed the use of the premises without the written consent of the Chargee.

#### WELL WATER ANALYSIS

In the event that the subject property is not on municipal water supply, the mortgagee requires satisfactory Bacteriological analysis of well water by the Ministry of Health.

#### FARM DEBT MEDIATION ACT

Provided further that the Chargor represents and warrants that she/he is not a "Farmer" as defined in the Farm Debt Mediation Act and the Chargor further covenants and agrees that during the currency of the within Charge he will not engage in any activity which would have the effect of deeming her/him a Farmer within the meaning of the Farm Debt Mediation Act. In the event that the Chargor fails to comply with the within provision the within Charge shall, at the Chargee's option, immediately become due and payable in full, together with three (3) months interest thereon.

#### SEVERABILITY OF ANY INVALID PROVISIONS

If in the event that any covenant, term or provision contained in the Charge is held to be invalid, illegal or unenforceable in whole or in part, then the validity, legality and enforceability of the remaining covenants, provisions and terms shall not be affected or impaired thereby, and all such remaining covenants, provisions and terms shall continue in full force and effect. All covenants, provisions and terms hereof are declared to be separate and distinct covenants, provisions or terms as the case may be.

#### LIQUIDATION DAMAGES

Provided that on default of the within mortgage leading to power of sale, the mortgagor shall pay to the mortgagee three (3) months interest payment as liquidation damages. Any discharge of this mortgage shall be prepared by the mortgagee's solicitor at the expense of the mortgagor. Provided further that the entire principal balance outstanding herein together with accrued interest thereon, plus three (3) months interest shall at the option of the mortgagee forthwith become

due and payable should the within described premises be converted from the personal residence of the mortgagor to a rental property.

provided that the mortgagor when not in default hereunder shall have the privilege of paying the whole or any part of the principal sum herein secured on any payment date upon payment of a bonus of three (3) month's interest.

Provided that the mortgagor shall pay to the mortgagee a fee of \$250.00 for each and every dishonoured cheque.

Provided that the mortgagor shall pay to the mortgagee a fee of \$1,500.00 for each and every action or proceeding instituted and a fee of \$100.00 for administering maintenance and security to the property each day it is in possession of the mortgagee.

Provided that the mortgagor shall provide the mortgagee with a series of 12 post-dated cheques at the commencement of the within mortgage.

Provided that in the event the mortgagor sells or transfers the subject property, the whole or principal balance hereby secured together with accrued interest shall become immediately due and payable at the option of the mortgagee.

# APPENDIX

‘E’

**APPENDIX C**  
**1482241 ONTARIO LIMITED**  
**SALES PROCESS – OCTOBER 27, 2017**

	<b>Event</b>	<b>Timing</b>
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 6 2017
2.	Compile a list of interested parties together with the Listing Agent, and the Crowe Network of advisors and investors in real estate.	On or before November 8 2017
3.	Send a teaser (the “ <b>Teaser</b> ”) and confidentiality agreement (“ <b>CA</b> ”) to all parties identified by Crowe as potentially having an interest in the business and assets (the “ <b>Property</b> ”).	Immediately following the Sale Process Approval Date
4.	Information pertaining to this opportunity will be posted on the Proposal Trustee’s website: <a href="http://www.crowesoberman.com/insolvency/engagements">www.crowesoberman.com/insolvency/engagements</a> which will include: <ul style="list-style-type: none"> <li>• An Invitation for Offers to purchase the Debtor’s Property;</li> <li>• The Proposed Terms and Conditions of Sale, which is on an “as is, where is” basis with no representations or warranties; and</li> <li>• A CA from the Proposal Trustee.</li> </ul>	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.	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 Memorandum (“ <b>CIM</b> ”) 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.	Through to no later than January 15, 2018
7.	Interested Parties will have until 5:00 pm Eastern Standard Time on Monday, January 15, 2018 (the “ <b>Bid Deadline</b> ”) to submit a (binding) offer (hereinafter called “ <b>Offer</b> ”), which must include a cash deposit equal to 10% of the total purchase price for the Property subject to the Offer (the “ <b>Deposit</b> ”). The Deposit will be refunded in the event an Offer, as submitted, is not accepted by the Proposal Trustee.	On or before 5:00 PM (EST), January 15, 2018
8.	Offers are to be made using the Agreement of Purchase and Sale (“ <b>APS</b> ”) template and are to be made without conditions, other than a condition for Court Approval. Offers shall remain open for acceptance by the Proposal Trustee until at least 5:00 pm Eastern Standard Time, Friday January 19, 2018.	On or prior to 5:00pm (EST) January 19, 2018
9.	Following the Bid Deadline, the Proposal Trustee will review and assess all Offers received, if any. In order to be a “ <b>Qualified Offer</b> ”, the offer must:	January 16, 2018

	<ul style="list-style-type: none"> <li>a) Be received by the Proposal Trustee no later than the Bid Deadline;</li> <li>b) Be accompanied with a cash deposit equal to 10% of the consideration in the APS;</li> <li>c) Contain no conditions other than the requirement that the Proposal Trustee obtain an Approval Order;</li> <li>d) 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.</li> </ul>	
10.	<p>If more than one Qualified Offers, as determined pursuant to #9 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 "<b>Successful Offer</b>").</p> <p>All Qualified Offerors shall be responsible for their own fees and costs relating to any transaction.</p>	January 16, 2018
11.	Auction (if necessary) and selection of Successful Offer	January 19, 2018
12.	Execution of Binding Agreement with Successful Offer	January 31, 2018
13.	Seek Court approval of agreement of purchase and sale and obtain a vesting order (" <b>Approval Order</b> ") for sale of the Property on or prior to February 15, 2018	On or prior to February 15, 2018
14.	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.

# APPENDIX

‘F’

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
<b>CASH INFLOWS</b>							
Rental Income	\$65,213	\$65,213	\$65,213	\$65,213	\$65,213	\$65,213	\$391,280
Parking	\$20,185	\$20,185	\$20,185	\$20,185	\$20,185	\$20,185	\$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	\$535,000
<b>TOTAL INCOME</b>	<b>\$185,112</b>	<b>\$246,112</b>	<b>\$264,112</b>	<b>\$282,112</b>	<b>\$282,112</b>	<b>\$301,112</b>	<b>\$1,525,671</b>
<b>CASH OUTFLOWS</b>							
Snow Removal	\$0	\$0	\$2,889	\$2,889	\$2,889	\$2,889	\$11,556
Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities (Electricity, Gas, Water)	\$27,891	\$59,891	\$59,891	\$59,891	\$59,891	\$59,891	\$327,345
Cleaning/Janitorial	\$11,081	\$11,061	\$11,061	\$11,061	\$11,061	\$11,061	\$68,366
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	\$83,000
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	\$80,000
Payroll Expenses	\$21,828	\$21,828	\$21,828	\$21,828	\$21,828	\$21,828	\$129,788
Professional Fees - Legal (NOTE 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees - Proposal Trustee (NOTE 2)	\$5,000	\$0	\$0	\$0	\$0	\$0	\$5,000
Professional Fees - Accounting/Consulting	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$54,000
Vehicle expense	\$1,873	\$1,873	\$1,873	\$1,873	\$1,873	\$1,873	\$11,238
<b>TOTAL EXPENSES</b>	<b>\$139,568</b>	<b>\$186,588</b>	<b>\$189,455</b>	<b>\$189,455</b>	<b>\$189,455</b>	<b>\$268,789</b>	<b>\$1,081,287</b>
<b>NET cash</b>	<b>\$45,543</b>	<b>\$-2,548</b>	<b>\$-8,837</b>	<b>\$-2,887</b>	<b>\$-2,887</b>	<b>\$-24,323</b>	<b>\$444,384</b>
Repayment of 1st Mortgage	\$0	\$88,750	\$88,750	\$88,750	\$88,750	\$88,750	\$343,750
Repayment of 2nd Mortgage	\$0	\$15,187	\$15,187	\$15,187	\$15,187	\$15,187	\$75,833
<b>NET cash after repayment of mortgages</b>	<b>\$0</b>	<b>(\$88,750)</b>	<b>(\$88,750)</b>	<b>(\$88,750)</b>	<b>(\$88,750)</b>	<b>(\$88,750)</b>	<b>\$24,800</b>
Initial Cash Balance	\$25,548	\$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 COD basis

**Sale of Building (NOTE 1)**

148's restructuring and proposal will be based on the sale and marketing of real property located 240 Duncan Mill Road, Toronto, Ontario. It is forecasted that a sales process and marketing will run for approximately 45-60 days with a closing scheduled for January or February 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(6) of the Bankruptcy and Insolvency Act and solely for that purpose.

Dated this 19th day of October 2017.

1482241 Ontario Limited

Per: Alain Oderouge

Dated this 19th day of October 2017.

CROWE SOBERMAN INC.

Licensed Insolvency Trustee Acting in re: Proposal of 1482241 Ontario Limited

Per Hans Rizam, CPA, CA, CIRP, LIT