

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

BETWEEN:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**THIRD REPORT TO THE COURT OF A. FARBER & PARTNERS INC. IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF 2220277 ONTARIO INC.**

August 25, 2017

A. GENERAL BACKGROUND

1. On August 1, 2017, pursuant to an order (the “**Receivership Order**”) of this Honourable Court (the “**Court**”), A. Farber & Partners Inc. (“**Farber**”) was appointed receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 and Section 101 of the *Courts of Justice Act*, R.S.O. 1990 over all of the assets, undertakings and properties (the “**Property**”) of 2220277 Ontario Inc. (the “**Debtor**”). A copy of the Receivership Order is attached hereto as Appendix “A”.
2. The Debtor is a corporation incorporated pursuant to the laws of the Province of Ontario. Mr. Evan Karras (“**Karras**”) is the sole officer, director, employee and shareholder of the Debtor.

3. The Property includes, without limitation, the real property municipally known as 650 Bay Street and 55 Elm Street located in Toronto, Ontario (the “**Real Property**”). The Debtor acquired the Real Property on November 13, 2009.
4. The Debtor presently has no discernible operations however the Receiver understands that prior to April 2016 the Debtor operated the hotel at the Real Property. Currently the Real Property is leased to the following parties:
 - (a) a boutique hotel operated by bE SixFifty Hotel Inc. (“**SixFifty**”), of which Karras is the sole director and officer; and
 - (b) a bistro café called the Food Society operated by 2452482 Ontario Inc. pursuant to a lease between the Debtor and 2452482 Ontario Inc., dated April 1, 2017.
5. Eight parties, including the Applicant, hold mortgages/charges registered against the Real Property with a total face value of approximately \$13.25 million (additional amounts are alleged to be secured by the mortgages increasing the total indebtedness to approximately \$15 to \$20 million). There are also various PPSA registrations against the Debtor, source deduction amounts owing to Canada Revenue Agency (“**CRA**”), property taxes outstanding and various unsecured creditors.

B. PURPOSE OF THE REPORT

6. The purpose of this Receiver’s Third Report to the Court (the “**Third Report**”), is to report to the Court on the status of the production of the Debtor’s books and records and seek an order of the Court:
 - (a) Directing known legal counsel to the Debtor to deliver all Records (as defined in the Receivership Order) within their possession and control forthwith to the Receiver, with the exception of Records subject to litigation privilege;
 - (b) Directing Musa Suleman, the Debtor’s accountant, and Royce Luong, the Debtor’s bookkeeper to forthwith deliver to the Receiver all Records within their possession and control; and

- (c) Directing Evan Karras to submit to examination under oath by the Receiver on or before September 12, 2017.

C. DISCLAIMER

7. In preparing this Third Report the Receiver has relied upon the unaudited, draft and/or internal financial and other information provided by the sole director and officer of the Debtor, its advisors, and other third party sources. Farber has not independently reviewed or verified such information. The Receiver has prepared this Third Report for the sole use of the Court and of the other stakeholders in these proceedings.

D. DOCUMENT PRODUCTION

8. As set out in the First Report to the Court, dated August 9, 2017 (the “**First Report**”), the Supplemental Report to the First Report, dated August 14, 2017 (the “**First Supplemental Report**”), and the Second Report, dated August 21, 2017 (the “**Second Report**”), the Receiver has faced ongoing difficulty obtaining the Debtor’s books and records from the Debtor and Karras. Copies of the First Report, the First Supplemental Report, and the Second Report (without duplicated appendices) are attached hereto as Appendices “B”, “C” and “D”, respectively.
9. The August 15, 2017 endorsement of the Honourable Regional Senior Justice Morawetz (the “**Endorsement**”), directed Karras to produce the books and records of the Debtor within his possession and control on that same day and provided that certain additional information was to be produced on a best efforts basis by 5:00 p.m. Friday August 18, 2017. The Endorsement also required the Receiver to provide a report thereon to be delivered to the Court no later than 12:00 p.m. Monday August 21, 2017. A copy of the Endorsement is attached hereto as Appendix “E”.
10. The Receiver served and filed the Second Report in accordance with the Endorsement and appeared before Morawetz R.S.J. on August 21, 2017 to update the Court in respect of its ongoing issues obtaining the Records. No order was made by the Court on that date.

11. To date, Karras has delivered to the Receiver a number of documents attached to emails, an envelope containing certain documentation from the Debtor's accountant and a USB key with certain financial information. The Receiver is not in receipt of any "box" of documents, as promised by Karras during the appearance before Morawetz R.S.J. on August 21, 2017.
12. Many basic business documentation remains outstanding and those documents that have been produced are incomplete and in most cases lead to further questions and require additional follow up by the Receiver.
13. Since the date of the Second Report, the Receiver has received the following additional documents from Karras:
 - (a) Pink slip in respect of four (4) motor vehicles owned by the Debtor;
 - (b) Trust agreements between the Debtor and Karras providing that four motor vehicles are held in trust by the Debtor for the benefit of Karras personally;
 - (c) Vehicle odometer readings for three (3) of the motor vehicles;
 - (d) Management prepared financial statements for 2015-2017 and a current trial balance based on the information in the Debtor's Quickbooks records;
 - (e) Contact information for creditors, not including mortgagees;
 - (f) Letter from Murphy & Company regarding the Debtor's settlement with the CRA in respect of unpaid source deductions;
 - (g) Two pages to supplement the corporate minute book information;
 - (h) Loan schedule, without supporting documents, summarizing advances made personally by Karras to the Debtor up to December 30, 2016 totalling \$2,438,995.24;
 - (i) Envelope of documents from the Debtor's accountant/bookkeeper containing the following:

- (i) Lease, dated August 15, 2011, between the Debtor and the former restaurant operator, Sliced Gourmet Inc.;
 - (ii) File folder labelled "2016 Receipts" containing primarily receipts for various fire protection, office supplies and repairs and maintenance type suppliers;
 - (iii) File folder with miscellaneous 2015 and prior correspondence and mortgage statements with the Applicant in these proceedings;
 - (iv) 2016 and 2017 hydro invoices for the hotel and the restaurant;
 - (v) 2016 and 2017 Enbridge invoices; and
 - (j) USB key from accountant/bookkeeper containing the Debtor's Quickbooks records.
14. At this time, the Receiver has not received any of the following documents, among others:
- (a) Mortgage documentation, including correspondence with any of the eight (8) mortgagees on the Real Property (other than limited correspondence with the Applicant);
 - (b) Banking information (with the exception of certain cheque stubs for 2016 and 2017);
 - (c) Correspondence between the Debtor and any parties, including tenants;
 - (d) Files relating to any of the PPSA registrants including motor vehicle lease documentation;
 - (e) Invoices, contracts and other documentation with service providers, contractors and suppliers (other than the limited documentation described above);
 - (f) Supporting documentation showing the amounts owed to creditors;
 - (g) Full corporate minute book and share register;

- (h) Documents with respect to the purchase by the Debtor of property adjacent to the Real Property and the subsequent same-day sale of same in 2016; and
 - (i) Documentation with respect to pre-receivership and refinancing sales efforts (with the exception of an unconsummated share transfer agreement).
- 15. Karras has verbally represented to the Receiver that most of the Records requested by the Receiver simply do not exist. The Receiver fails to understand how a company can mortgage its Real Property to eight separate parties, owe in excess of \$13 million to such mortgagees, plus amounts to the CRA and others, operate a hotel and otherwise carry on business in the complete absence of any mortgage documentation, correspondence, banking information and other basic business records.
- 16. In the Receiver's experience, a company with these types of operations and business dealings should, at a minimum, have all of the types of documents the Receiver has requested over the past three weeks.
- 17. The Receiver is requesting authority to examine Karras under oath to confirm the reason for the absence of the Records and ascertain the interests of the Debtor, if any, in the properties adjacent to the Real Property and any other property.
- 18. Karras represented to the Receiver that he has an interest in the properties adjacent to the Real Property at 57, 59 and 61 Elm Street, Toronto (the "**Elm Street Properties**"), which are owned by holdco companies (the "**Elm Street Holdcos**"). The Receiver cannot determine if 222 has an interest in the Elm Street Properties. In this respect, the Receiver is aware of the following:
 - (a) the Debtor purchased for \$2 million then sold on the same day (August 2, 2016) for \$2.4 million the 61 Elm Street property to one of the Elm Street Holdcos;
 - (b) the Debtor's Quickbooks accounting records shows at least seven 2016 payments to Keyser Mason Ball LLP ("**Keyser Mason**") with the notations "Purchase of 61 Elm Street" or "Purchase of 57 and 59 Elm Street";

- (c) a collateral mortgage registered against the Real Property in favour of Am-Stat Corporation also secures mortgage(s) registered on the Elm Street Properties;
 - (d) the Debtor leased the patio to the Restaurant even though the patio is on the Elm Street Holdcos' properties and, pursuant to Karras, the arrangement whereby the Restaurant has use of the patio was a verbal agreement between himself and the Elm Street Holdcos;
 - (e) the legal structure, ownership of the Debtor and ultimate beneficiaries of the Debtor's Property and the Elm Street Properties is unclear given the representations and information provided by Karras in his Affidavit, sworn May 31, 2017 (the "**Karras Affidavit**"), filed in response to the Applicant's original receivership application and attached hereto as Appendix "F" (without appendices). Specifically paragraph 36 of the Karras Affidavit states "This Partnership was formed as a result of a Joint Venture Agreement between the Respondent and some Investors" where "Respondent" is defined as the Debtor; and
 - (f) the blanket insurance policy in respect of the Real Property includes, as other insured properties, the Elm Street Properties and the insurance broker originally advised the Receiver that the Debtor was also listed as the owner of the 61 Elm Street property.
19. With respect to (a) above, attached hereto as Appendix "G" is a copy of the parcel register, dated August 14, 2017, in respect of the 61 Elm Street property. Attached hereto as Appendices "H" and "I" are copies of the transfers registered on title in respect of the purchase of the 61 Elm Street property by the Debtor and the immediate transfer of the property to one of the Elm Street Holdcos.
20. When speaking with Karras about the quick-flip of the 61 Elm Street property, Karras denied that 222 bought and sold the property, even when he was informed that the transaction shows on the parcel registry. Based on the Receiver's review of the accounting records provided to date, there are no revenues recorded in respect of the

quick-flip of 61 Elm Street, however, as noted above, at least seven of the entries shows that the Debtor paid legal fees in respect of the sale of all of the Elm Street Holdcos.

21. With respect to the ownership structure of the Debtor, Karras has made conflicting representations in these proceedings. Attached as Exhibit “B” to the Karras’ Affidavit is an executed Share Transfer Agreement, dated July 29, 2016 (the “**Share Transfer Agreement**”), providing for the transfer of all outstanding shares of the Debtor from Karras personally to 650 Bay Limited Partnership. A copy of the Share Transfer Agreement is attached hereto as Appendix “J”. Karras advised the Receiver that the transaction contemplated by the Share Transfer Agreement did not close.
22. Contrary to the representations in the Share Transfer Agreement that Karras personally owns the shares of the Debtor, the Statement of Claim, dated March 1, 2017, issued by the Debtor and certain related companies naming Intact Insurance Company as defendant, states that 2296528 Ontario Inc. (another Karras entity) is the parent company of the Debtor. The Receiver has not received the share register in respect of the Debtor (if one exists) and has been unable to confirm the legal structure, ownership of the Debtor and ultimate beneficiaries of the Debtor’ Property.
23. Certain of the documents and information obtained by the Receiver are inconsistent with other representations in the Karras Affidavit. For example, in paragraph 41 of the Karras Affidavit, Karras represented that the hotel had annual profits of approximately \$700,000. However, the accounting records recently received by the Receiver for 2015 and 2016 do not reconcile with this statement.
24. The authority to examine Karras is sought for the purpose of enabling the Receiver to properly discharge its duties and maximize the value of the Property for the benefit of all stakeholders, including Karras as an unsecured creditor.
25. At this time, the Receiver has numerous questions regarding the Property and the Records, which it expects will be best answered by way of examination of Karras. These questions include:

- (a) Details of the transaction in respect of 61 Elm Street including the use of funds from the sale;
- (b) The nature of the Debtor's interest, if any, in the Elm Street Properties, including but not limited to:
 - (i) the terms of any written or verbal arrangements among Karras, the Elm Street Holdcos and the Debtor;
 - (ii) the ability of the Debtor to lease the patio situated on the Elm Street Properties;
 - (iii) potential interest of the Debtor in the Joint Venture Agreement, the Limited Partnership Agreement (each as defined in the Karras Affidavit) and/or the Elm Street Properties directly; and
 - (iv) why the Debtor paid approximately \$83,000 in legal fees in 2016 as they related to "Purchase of 61 Elm Street", "Purchase of 57 and 59 Elm Street" and "650 Bay Limited Partnership";
- (c) Karras' relationship to potential purchasers of the Real Property;
- (d) Amounts outstanding under the mortgages and an accounting in respect of the use of the mortgage proceeds;
- (e) Details regarding the collateral mortgages registered against the Real Property;
- (f) Names of the current shareholders of the Debtor and their relative percentage of holdings;
- (g) The arrangements with respect to the leases of the Mercedes and the purported transfer of same to Karras personally;
- (h) Details as to the \$5 million Karras verbally claims is owed to him by the Debtor;
- (i) Details regarding payments made by SixFifty on behalf of the Debtor;
- (j) Details as to the other liabilities of the Debtor, including to CRA, unsecured creditors and others;

- (k) Details as to other potential assets of the Debtor including equity in any of the assets leased to the Debtor per the PPSA, potential HST input tax credit refunds, interest in the actions against Intact Insurance Company and if any other actions have been commenced by the Debtor;
 - (l) Payment details regarding the payment plan with CRA including the party who issued post-dated cheques to CRA;
 - (m) Information regarding the Debtor's claim against Intact Insurance Company in respect of the 2016 flood and why, per Alfred Schorr ("Schorr") Karras' litigation counsel, the Debtor as the hotel operator at the time of the 2016 flood has no interest in the \$748,341 business interruption claim under the policy;
 - (n) Accounting from Karras to support his assertion that the hotel had annual profits of approximately \$700,000;
 - (o) Confirmation of the current ownership structure of the Debtor and potential beneficiaries of the sale of the Real Property;
 - (p) Details of two outstanding building code matters which are apparently subject to final inspection but for which the Debtor has no records and the impact on these issues, and any other licencing or code matters that may exist, on the restaurant tenant's lease and their ability to secure a liquor licence; and
 - (q) Details on the \$1,656,016.05 Long Term Receivable recorded in the Debtor's accounting records.
26. The alleged non-existence of key books and records is of concern to the Receiver. The lack of full disclosure and documentation to verify the limited disclosure received to date is frustrating the Receiver's efforts to determine and verify the Property of the Debtor and any additional interests that may attach to the Real Property that impact the Receiver's sales efforts.
27. Karras is the sole controlling mind, sole owner (apparently through a holding company), sole director and sole (unpaid) employee of the Debtor. The Receiver believes that

Karras is the best source of documentation and information in respect of the Debtor and its business.

E. RECORDS IN POSSESSION OF OTHERS

28. The Receiver is aware of three law firms that provided legal services to the Debtor prior to the receivership: Schorr, Keyser Mason and Affleck Green McMurtry LLP (“**Affleck Greene**”).
29. Schorr has been the Debtor’s litigation counsel throughout these proceedings. Based on a review of the information obtained or provided to the Receiver to date, the Receiver is aware that, prior to the receivership:
 - (a) Keyser Mason provided legal services to the Debtor, including with respect to the purchase of the Elm Street Properties and certain of the mortgages; and
 - (b) Affleck Greene was paid for legal services to the Debtor, which the Receiver has no details of.
30. The Receiver is requesting the Court direct such counsel to deliver to the Receiver any Records within their possession to assist the Receiver in discharging its duties and obtaining any Records it can in respect of the Debtor.
31. The Receiver received certain limited documentation from Karras on August 23, 2017 which he stated were provided by the Debtor’s accountant and bookkeeper. The Receiver will be contacting both the accountant and the bookkeeper seeking to confirm that all Records of the Debtor within their possession and control were provided to, and by, Karras.

F. SALES PROCESS

32. By Notice of Motion, dated August 9, 2017, the Receiver brought a motion seeking approval of a sales process in respect of the Property. Due to the receipt of a stalking horse bid on the eve of the motion, the Receiver adjourned the original motion in order to consider the stalking horse offer. The Receiver is in the process of obtaining valuations in respect of the Real Property and, in light of the limited amount of Records received to

date and the inconsistencies in the information Receiver has received, the Receiver is not confident it has an adequate understanding of the Property of the Debtor and its value to recommend a suitable sales process to this Honourable Court at this time.

33. As such, the Receiver seeks an adjournment of its motion for approval of a sale process until such time as the Receiver is in a position to make a recommendation to this Honourable Court as to the proper course of action.

G. RECOMMENDATIONS

34. The Receiver respectfully requests that this Honourable Court make an order granting the relief sought by the Receiver in its Notice of Motion, dated August 24, 2017.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED
THIS 25th DAY OF AUGUST, 2017.**

**A. Farber & Partners Inc. in its capacity as Court
Appointed Receiver of 222027 Ontario Inc.
and not in its personal or corporate capacity**



Per: _____

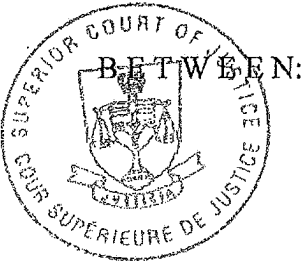
Name: John Hendriks
Title: Vice President

APPENDIX “A” to the Third Report to the Court of
A. Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.

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

THE HONOURABLE)
JUSTICE Mesbur)
)

TUESDAY, THE 1st
DAY OF AUGUST, 2017



BETWEEN:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED

**ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing A. Farber & Partners Inc. as receiver (the "**Receiver**") without security, of all of the assets, undertakings and properties of the Respondent, 2220277 Ontario Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Zaherali Visram sworn May 15, 2017 and the Exhibits thereto, the Reply Affidavit of Zaherali Visram sworn June 7, 2017 and the Exhibits thereto, the Affidavit of Evan Karras sworn May 31, 2017 and the Exhibits thereto, and the Minutes of Settlement and Endorsement of Justice Conway dated July 14, 2017, and on hearing the submissions of counsel for the Applicant, and on reading the consent of A. Farber & Partners Inc. to act as the Receiver,

APPOINTMENT

1. **THIS COURT ORDERS** that pursuant to section 243(1) of the *BIA* and section 101 of the *CJA*, A. Farber & Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"), which includes, without limitation, the real property municipally known as 650 Bay Street and 55 Elm Street, Toronto, ON and legally described as follows:

PIN 21199-0067 (LT)

Property Description: PT LT 2 PL 60 TORONTO AS IN
CA720524; CITY OF TORONTO

Land Registry Office: #66

RECEIVER'S POWERS

2. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court, and in such case notice under subsection 63(4) of the Ontario

Personal Property Security Act, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;

- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

4. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that

nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

5. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

6. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any

applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *BIA*, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this

Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the *BIA* or under the *Wage Earner Protection Program Act*.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal

information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any

gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the *BIA* or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the *BIA* or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, mortgages, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.

18. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.

21. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates

evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

24. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol.

25. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

26. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

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

28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

30. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.


32. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



C. Irwin
Registrar

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

AUG 0 1 2017

PER / PAR: 

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that A. Farber & Partners Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties 2220277 Ontario Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 1st day of August, 2017 (the "**Order**") made in an application having Court File No. CV-17-11811-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

A. FARBER & PARTNERS INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name:

Title:

ZAHERALI VISRAM
Applicant

-and-

2220277 ONTARIO INC.
Respondent
Court File No. CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ORDER
(appointing Receiver)

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Harvey Chaiton (LSUC No. 21592F)
Tel: (416) 218-1129
Fax: (416) 218-1849
E-mail: harvey@chaitons.com

Sam Rappos (LSUC No. 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chaitons.com

Lawyers for the Applicant

APPENDIX “B” to the Third Report to the Court of
A. Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.

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

BETWEEN:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**FIRST REPORT TO THE COURT OF A. FARBER & PARTNERS INC. IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF 2220277 ONTARIO INC.**

August 9, 2017

A. GENERAL BACKGROUND

1. On August 1, 2017, pursuant to an order (the “**Receivership Order**”) of this Honourable Court (the “**Court**”), A. Farber & Partners Inc. (“**Farber**”) was appointed receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 and Section 101 of the *Courts of Justice Act*, R.S.O. 1990 over all of the assets, undertakings and properties (the “**Property**”) of 2220277 Ontario Inc. (the “**Debtor**”). A copy of the Receivership Order is attached hereto as Appendix “A”.
2. The Debtor is a corporation incorporated pursuant to the laws of the Province of Ontario. Mr. Evan Karras (“**Karras**”) is the sole officer and director and majority shareholder of the Debtor. A copy of the Corporate Profile Report, dated August 3, 2017, in respect of the Debtor is attached hereto as Appendix “B”.

3. The Property includes, without limitation, the real property municipally known as 650 Bay Street and 55 Elm Street located in Toronto, Ontario (the “**Real Property**”). The Debtor acquired the Real Property on November 13, 2009.
4. The Debtor has no discernible operations and the Real Property is leased to the following parties:
 - (a) a boutique hotel called the bE SixFifty Hotel (the “**Hotel**”), which is operated by bE SixFifty Hotel Inc., a company related to the Debtor, pursuant to a lease dated July 27, 2016 (the “**Hotel Lease**”); and
 - (b) a bistro café called the Food Society (the “**Restaurant**”), which is operated by 2452482 Ontario Inc. pursuant to a lease between the Debtor and 2452482 Ontario Inc., dated April 1, 2017 (the “**Restaurant Lease**”).
5. The Hotel and Restaurant currently operate at the Real Property. The Receiver understands that a spa previously operated in the basement of the Real Property, however due to a flood, the spa is no longer operational.
6. The Receiver is not aware of any employees currently employed by the Debtor, however, based on its review of the limited information it has been provided to date, the Receiver understands that the Debtor previously operated the Hotel.
7. Certain background information leading up to the Receiver’s appointment is contained in the Affidavit of Zaherali Visram, sworn May 15, 2017 (the “**Visram Affidavit**”), a copy of which (without exhibits) is attached hereto as Appendix “C”.

B. PURPOSE OF THE REPORT

8. The purpose of this First Report to the Court of Farber in its capacity as Receiver of the Debtor (the “**First Report**”) is to:
 - (a) report to the Court on the Receiver’s activities from the date of the Receivership Order to the date of the First Report;
 - (b) seek an Order of the Court:

- (i) directing Evan Karras to deliver the Records (as defined in the Receivership Order) to the Receiver, no later than 5:00 p.m. on August 17, 2017. The Records include those documents and information listed in the draft Order, attached as Tab 3 to the Receiver's Motion Record;
- (ii) directing Karras to deliver to the Receiver such other documents and information in respect of the Debtor, in Karras' possession and control, as the Receiver may request, in its discretion, within three (3) business days of such request;
- (iii) approving the Sale Process (defined below) in respect of the Property;
- (iv) authorizing and directing the Receiver to implement the Sale Process and do all such things as are necessary and desirable to conduct and give effect to the Sale Process, and to carry out its obligations therein; and
- (v) authorizing the Receiver, in its discretion, to extend the timelines set forth in the Sale Process for a period of up to 30 days without further Order of the Court.

C. DISCLAIMER

9. In preparing this First Report the Receiver has relied upon the unaudited, draft and/or internal financial and other information provided by the sole director and officer of the Debtor, its advisors, and other third party sources. Farber has not independently reviewed or verified such information. The Receiver has prepared this First Report for the sole use of the Court and of the other stakeholders in these proceedings.

D. RECEIVER'S ACTIVITIES

10. Since the issuance of the Receivership Order, the Receiver's activities have included:
- (a) attending at the Real Property to meet with Karras and walk through the premises;
 - (b) corresponding with Karras and the Debtor's legal counsel in attempts to obtain the Records;

- (c) corresponding with legal counsel regarding the matters described herein;
- (d) consulting with the Applicant's legal counsel;
- (e) reviewing pleadings with respect to two litigation matters commenced by the Debtor and one matter which names the Debtor as a defendant;
- (f) contacting the Debtor's insurer and insurance broker to obtain proof of insurance in respect of the Real Property;
- (g) contacting the Debtor's financial institution to obtain information in respect of the Debtor's bank accounts;
- (h) contacting the Alcohol and Gaming Commission to confirm whether the Restaurant and Hotel are licensed to serve liquor;
- (i) contacting the motor vehicle leasing company to confirm the insurance details with respect to the Debtor's motor vehicles;
- (j) contacting CRA regarding outstanding payroll source deductions and HST amounts owing;
- (k) attempting to contact the Debtor's accountants;
- (l) review and consideration of limited information provided by Karras, the Debtor and other sources;
- (m) review of limited documents regarding the current Hotel operations;
- (n) discussions with an interested party regarding the sale of the Property;
- (o) preparing the Receiver's website; and
- (p) preparing this First Report.

11. The Receiver notes that considerable time was incurred seeking information from third parties, as noted above, given the lack of any documentation provided by Karras before he left for Europe.

E. DOCUMENT PRODUCTION REQUESTS

12. The Receivership Order empowers and authorizes the Receiver to, *inter alia*:
 - (a) take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property; and
 - (b) receive, preserve, and protect the Property.
13. The Receivership Order obliges the Debtor and Karras, among others, to:
 - (a) forthwith advise the Receiver of the existence of any Property in such person's possession or control, grant immediate and continued access to the Property to the Receiver, and deliver all such Property to the Receiver upon the Receiver's request; and
 - (b) forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor (the "**Records**") and to provide or permit the Receiver to make, retain and take away copies of such Records.
14. On August 1, 2017, the date of the Receivership Order, the Receiver met with Karras at the Real Property. At this time, the Receiver requested that Karras provide, in accordance with the Receivership Order, the following documents:
 - (a) tax returns;
 - (b) financial statements;
 - (c) bank statements and correspondence including cancelled cheques, cheque register and any undeposited post-dated tenant cheques;

- (d) contracts and leases with the Debtor's tenants and operators;
 - (e) a recent general ledger or trial balance;
 - (f) employee information including T-4 summaries and any correspondence with the Canada Revenue Agency and any assessments and statements thereof;
 - (g) leases relating to leased assets, including vehicle assets;
 - (h) mortgage files;
 - (i) insurance files;
 - (j) lists of creditors including, but not limited to, secured creditors, unsecured creditors, utilities, government accounts, and accruals;
 - (k) appraisals and sales effort files;
 - (l) Harmonized Sales Tax filings including any correspondence with the Canada Revenue Agency and any assessments and statements thereof; and
 - (m) related party transaction files.
15. Karras advised the Receiver that he would be unable to provide all of the requested documents due to a planned trip abroad commencing the next day, and the fact that the Debtor's records are not held at the Real Property or another central location.
16. In an effort to accommodate Karras' travel plans, the Receiver provided a list of documents urgently required by the Receiver prior to Karras' departure, with the remaining documentation to be delivered upon his return. The urgently requested documents consisted of the following (collectively, the "**Urgent Records**"):
- (a) tax returns for the most recent tax year;
 - (b) financial statements;
 - (c) bank account details;

- (d) copies of the leases entered into with any tenants at the Real Property (the “Leases”);
 - (e) insurance information with respect to the Real Property; and
 - (f) motor vehicle details, including proof of insurance.
17. The next morning, on August 2, 2017, the Receiver followed up with Karras with respect to its document requests and reiterated the necessity to have the Urgent Records without delay.
 18. In the afternoon of August 2, 2017, the Receiver again followed up with Karras regarding delivery of the Urgent Records. At this time, the Receiver advised Karras that the Receivership Order requires him to produce the Urgent Records forthwith. The Receiver also requested the contact information for a representative of the Debtor that the Receiver could contact during the period of Karras’s absence.
 19. Karras disputed the Receiver’s characterization of the agreement regarding delivery of the Urgent Records but confirmed that he would provide the Leases that same day. Karras did not provide contact details for any other person with whom the Receiver could correspond with to obtain the outstanding documents.
 20. The Receiver understands from the Applicant’s counsel that, on June 20, 2017, during cross-examination on his affidavit, Karras undertook to provide copies of the Leases to the Applicant. Accordingly, the Receiver’s request for copies of the Leases was not the first time the Karras was requested to produce same.
 21. By the evening of August 2, 2017, the Receiver had not received any documentation including the Leases or any of the remaining Urgent Records. At that time, the Receiver reiterated to Karras that the Receivership Order requires him to forthwith provide access to the Records and that the Receivership Order is an order of the Court that must be complied with in a timely manner.

22. Karras promptly responded that certain documents were in the process of being scanned and sent to the Receiver. A copy of the email chain between Karras and John Hendriks of Farber, dated August 2, 2017 is attached hereto as Appendix "D".
23. On the morning of August 3, 2017, the Receiver had not received any of the Urgent Records or other requested documentation from Karras. The Receiver was advised by its technology support team that no email transmissions from known e-mail addresses of Karras or the Debtor had attempted to contact the Receiver's email servers. As such, if any emails were initiated by the Debtor or Karras to the Receiver, the emails failed to send entirely and the Receiver's email servers did not receive or reject any emails from these parties due to spam, file size, type of file attachments or any other reason.
24. On August 3, 2017, the Receiver's legal counsel wrote to Karras and copied the Debtor's legal counsel demanding Karras immediately deliver the Urgent Records. A copy of the letter from the Receiver's counsel to Karras, dated August 3, 2017, is attached hereto as Appendix "E". The Receiver also sent a text message to Karras' known cell phone number to advise that the letter was emailed to him and the Debtor's legal counsel and to check his email for same.
25. The Receiver's counsel did not receive a response from Karras to its letter, however the Debtor's legal counsel did verbally undertake to provide certain documentation in his possession the following morning and to attempt to contact Karras to follow up on the production of the Urgent Records.
26. On the morning of August 4, 2017, the Debtor's legal counsel provided the Receiver with copies of the Restaurant Lease as well as copies of issued statements of claim in respect of two pending actions commenced by the Debtor, among others.
27. A few days later, on August 8, 2017, bE SixFifty Hotel Inc. provided to the Receiver a copy of the Hotel Lease. The corporate profile report in respect of bE SixFifty Hotel Inc., dated August 3, 2017, a copy of which is attached hereto as Appendix "F", lists Karras as the sole director and officer of the company.

28. The remaining Urgent Records and other Records have not been provided to the Receiver despite its repeated requests for same.
29. The Receiver requires the Records, without delay, in order to, *inter alia*:
 - (a) properly discharge its duties and obligations as set forth in the Receivership Order and the *Bankruptcy and Insolvency Act* (Canada);
 - (b) take possession and control of the Property, including confirming that adequate insurance is in place;
 - (c) determine the nature and quantum of the Debtor's pre-receivership liabilities and notify all creditors of its appointment as Receiver;
 - (d) ascertain whether the ongoing Hotel and Restaurant operations at the Real Property are covered by appropriate liability insurance and comply with all regulatory and licensing requirements including, without limitation, building codes, health and safety requirements, and liquor licence requirements; and
 - (e) ascertain whether the ongoing Hotel and Restaurant operations are in compliance with their obligations under the Leases, including the payment of all rent amounts.
30. The refusal of Karras to provide the Records is in direct contravention of the Receivership Order. The Receiver cannot properly and competently undertake and discharge its duties as Receiver without this information.

F. SECURED CREDITORS AND CRA

31. The Real Property is charged to and in favour of eight (8) mortgagees, including the Applicant. The principal amounts of the mortgages registered against title to the Real Property total approximately \$13.25 million. The Visram Affidavit states that the Debtor owes the Applicant approximately \$10 million pursuant to two mortgages, which the Receiver understands is inclusive of interest and extension fees. The face amounts of the other registered mortgages total approximately \$9.95 million.

32. The subsearch in respect of the Real Property, dated May 3, 2017, attached hereto as Appendix "G" shows charges registered in favour of the Applicant and the following parties:
- (a) 932005 Ontario Inc.;
 - (b) Harbour First Mortgage Fund GP Inc.;
 - (c) Goldcard Inc.;
 - (d) CVC Ardellini Investments Inc.;
 - (e) Accomplish Capital Inc.;
 - (f) 9480536 Canada Inc.; and
 - (g) Am-Stat Corporation.
33. The PPSA search results in respect of the Debtor, dated May 2, 2017, attached hereto as Appendix "H" show registrations in favour of the Applicant and following additional parties:
- (a) Am-Stat Corporation;
 - (b) Thinking Capital;
 - (c) Holand Leasing (1995) Ltd.;
 - (d) Gold Card Leasing o/b Goldcard Inc.
34. As the Receiver has not yet been provided with the Records, it is not able at this time to comment on the amounts owing by the Debtor to each of the secured creditors.
35. The Receiver corresponded with the Canada Revenue Agency ("CRA") who advised that, pursuant to an audit completed in March, 2016, approximately \$90,000 in employee payroll deductions are owed by the Debtor to CRA. The CRA further advised that, since the date of the audit, the Debtor has been non-compliant with filing its payroll and HST

returns and, consequently, additional assessments are required. CRA expects to send the Receiver a summary of the CRA's position by August 11, 2017.

G. SALE PROCESS

- 36. The Receivership Order authorizes the Receiver to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- 37. Attached hereto as Appendix "I" is the proposed sale process, including the sale process terms and conditions (collectively, the "Sale Process"), in respect of the Property.
- 38. The purpose of the Sale Process is to identify one or more purchasers for the Property. The Sale Process will be run by the Receiver with bids from all interested parties due six (6) weeks from the date of the Order approving the Sale Process.
- 39. The Receiver will apply to the Court for an order approving the final agreement of purchase and sale entered into with the successful bidder, and vesting the assets identified in the purchase agreement in and to the purchaser.
- 40. A chart summarizing the material terms and deadlines for the proposed Sale Process is set out below:

Sale Process	Date
Sale Process Order	August 15, 2017
Teaser and confidentiality agreement sent to all identified interested parties	Immediately following Sale Process Order
Advertisement in Globe and Mail, Toronto Star, National Post and hotel industry publications	Within 5 days of Sale Process Order
Deadline for Submissions of Offers	September 26, 2017
Selection of Offer	October 3, 2017
Execution of Agreement of Purchase and Sale	October 10, 2017
Court Approval and Granting of Vesting Order	Week of October 16, 2017
Closing	As soon as practicable following Vesting Order

41. The Receiver respectfully recommends that the Court approve the Sale Process as it exposes the Property to the market for a reasonable period of time.
42. The Receiver is confident that it has the experience and network to effectively market the Property without the necessity of retaining a real estate brokerage and paying the additional costs of commission. It intends to reach out directly to Toronto real estate developers and brokerages regarding the Sale Process.
43. The Receiver is empowered by the Receivership Order to market the Debtor's assets for sale. Any sale of the Property will be subject to future Court approval.
44. The Receiver has been advised by Karras and counsel for a prospective purchaser that, prior to the receivership proceedings, the Debtor and the prospective purchaser entered into negotiations for the purchase and sale of the shares of the Debtor. Counsel to the prospective purchaser has advised the Receiver that their client remains interested in the opportunity to purchase the Property and the Receiver intends to invite them to participate in the Sale Process.

H. RECOMMENDATIONS

45. The Receiver respectfully requests that this Honourable Court grant an Order in the form attached as Tab 3 to the Receiver's Motion Record.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED
THIS 9th DAY OF AUGUST, 2017.**

**A. Farber & Partners Inc. in its capacity as Court
Appointed Receiver of 222027 Ontario Inc.
and not in its personal or corporate capacity**

Per: 

Name: Stuart Mitchell
Title: Senior Vice President

APPENDIX "B"

Request ID: 020566575
Transaction ID: 65261299
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/03
Time Report Produced: 16:25:40
Page: 1

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2220277	2220277 ONTARIO INC.	2009/10/08
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
650 BAY STREET	NOT APPLICABLE	NOT APPLICABLE
	New Amal. Number	Notice Date
TORONTO	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		Letter Date
CANADA M5G 1M8		NOT APPLICABLE
Mailing Address	Revival Date	Continuation Date
EVAN KARRAS	NOT APPLICABLE	NOT APPLICABLE
650 BAY ST		Transferred Out Date
TORONTO	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		EP Licence Eff.Date
CANADA M5G 1M8		NOT APPLICABLE
	EP Licence Term.Date	Date Ceased in Ontario
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	
	Minimum Maximum	
	00001 00015	
Activity Classification		
NOT AVAILABLE		

Request ID: 020566575
Transaction ID: 65261299
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/03
Time Report Produced: 16:25:40
Page: 2

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2220277	2220277 ONTARIO INC.

Corporate Name History	Effective Date
2220277 ONTARIO INC.	2009/10/08

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

Administrator: Name (Individual / Corporation)	Address
EVAN KARRAS	475 GEORGE ST COBOURG ONTARIO CANADA K9A 3M9

Date Began	First Director	
2009/10/08	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 020566575
Transaction ID: 65261299
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/03
Time Report Produced: 16:25:40
Page: 3

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2220277	2220277 ONTARIO INC.

Administrator: Name (Individual / Corporation)	Address
EVAN KARRAS	475 GEORGE ST COBOURG ONTARIO CANADA K9A 3M9

Date Began	First Director	Resident Canadian
2009/10/08	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

Administrator: Name (Individual / Corporation)	Address
EVAN KARRAS	475 GEORGE ST COBOURG ONTARIO CANADA K9A 3M9

Date Began	First Director	Resident Canadian
2012/03/23	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	Y

Request ID: 020566575
Transaction ID: 65261299
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/03
Time Report Produced: 16:25:40
Page: 4

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2220277	2220277 ONTARIO INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2014	1C	2017/06/05 (ELECTRONIC FILING)

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

APPENDIX “C”

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

BETWEEN:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED

AFFIDAVIT OF ZAHERALI VISRAM
(sworn May 15, 2017)

I, **ZAHERALI VISRAM**, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the Applicant in this proceeding, and, as such, I have knowledge of the matters contained in this affidavit. The facts set out below are based on my personal knowledge, are determined from the face of the documents attached hereto as exhibits, and are from information and advice provided to me by others. Where I have relied upon such information and advice, I verily believe it to be true.

2. This affidavit is sworn in support of my application for the appointment of A. Farber & Partners Inc. ("Farbers") as receiver of the property, assets and undertakings of the Respondent, 2220277 Ontario Inc. (the "Debtor" or the "Company").

OVERVIEW

3. The Debtor is the owner of commercial property located at the south-west corner of the intersection of Bay Street and Elm Street in Toronto and municipally known as 650 Bay Street and 55 Elm Street, Toronto (the "Property"). A boutique hotel and a cafe/bistro operate from the Property.

4. I hold the first and second mortgages over the Property. The mortgages have matured. The Company is in default under the terms of the mortgages for non-payment. On April 18, 2017, my lawyers issued demands for payment totalling approximately \$10 million and notices of my intention to enforce my security. Despite the demands, the Debtor has failed to pay all or any part of the amounts owing to me.

5. Another mortgagee has issued a notice of sale with respect to the Property and claims to be owed approximately \$3.5 million by the Company. The Property has an additional six mortgages registered against it, with a total aggregate face principal amount of approximately \$7.45 million.

6. The Debtor has attempted without success to complete a refinancing or sale of the Property over the past two years. It is just and convenient, and in the best interests of the Debtor's creditors generally, that a receiver be appointed to market and sell the Property under Court supervision.

THE PARTIES

7. I am 72 years old. I was born in Kenya, and immigrated to Canada in 1967. I became a Canadian citizen in 1972. I am married and have one daughter. I obtained a Bachelor of Commerce degree in Pakistan. I originally worked in the accounting field for many years, after which I got involved with real estate management and financing. The funds I loaned to the Debtor were from my own personal money.

8. The Debtor is a corporation incorporated pursuant to the laws of the Province of Ontario. Its registered and mailing address is 650 Bay Street, Toronto. A copy of a Corporate Profile Report for the Debtor is attached hereto and marked as **Exhibit "1"**.

9. Evan Karras ("**Karras**") is the sole officer and director of the Debtor.

THE PROPERTY

10. The Debtor is the registered owner of the Property. A copy of the parcel register for the Property is attached hereto and marked as **Exhibit "2"**.

11. The Company acquired the Property on or about November 13, 2009 through a transfer by way of power of sale in the amount of \$2.45 million, which was registered against title to the Property on November 13, 2009 as Instrument No. AT2228544 (the "**Transfer**"). The Debtor paid cash in the amount of \$325,000 and granted a \$2.1 million vendor take-back charge/mortgage to the lenders, which was registered against title to the Property on November 13, 2009 as Instrument No. AT2228545 (the "**First Mortgage**"). Copies of the Transfer and the First Mortgage are respectively attached hereto and marked as **Exhibits "3"** and **"4"**.

12. Based on the information provided to me by Karras and my review of the Hotel's website, <http://www.besixfifty.com>, a boutique hotel known as "bE Sixfifty Hotel" is located on the Property (the "Hotel"). The exterior of the Hotel is a heritage building and the interior of the building was renovated by the Company to develop the Hotel. The Hotel has 22 rooms on three floors. A cafe/bistro currently operates from street level premises at the base of the Hotel.

13. It is not clear to me whether the Debtor operates the Hotel or is simply the owner of the Property. However, based on information provided by Karras, I believe that the Hotel is likely operated by a separate numbered company owned and/or controlled by Karras.

14. I have no information concerning the operations and financial affairs of the Hotel.

SECOND MORTGAGE LOAN

15. I was introduced to Karras in 2011 by Naheel Suleman ("Naheel"), who I had known for a few years. Naheel is the owner of Hush Homes Inc. ("Hush Homes") and related companies (collectively, the "Hush Group").

16. At that time, Karras was looking for bridge financing for the Property, as he needed temporary funds to revitalize the heritage building and convert it into a boutique hotel while he continued to search out longer term construction financing.

17. I was informed by Naheel that he was Karras' partner with respect to the Property and a shareholder in the Company and had or would be investing his own funds in this project.

18. I agreed to loan \$1.2 million to the Debtor in January 2012. A copy of the mortgage loan commitment dated January 18, 2012 signed by the Company is attached hereto and marked as **Exhibit "5"**.

19. The terms of the loan commitment, as agreed to by the Debtor, were as follows:
- (a) the loan was to be secured by, among other things, a \$1.2 million second charge/mortgage against the Property;
 - (b) the funds were to be used by the Debtor to, among other things, complete construction of the Hotel and arrange for payment of taxes and costs;
 - (c) guarantees were to be granted by Karras (limited to \$670,000), Naheel Suleman, Musa Suleman (Naheel's father), and Hush Homes (collectively, the "Guarantors"); and
 - (d) the term of the loan was to be for three (3) months with an annual interest rate of 12.0%, and the monthly payments were interest only payments prior to maturity.
20. I was informed by Naheel and Karras that a Hush Group company would be completing the construction/renovation of the Hotel.
21. The Company was represented by Shamim Hansraj in connection with the Second Mortgage.
22. The loan transaction was completed on or about March 6, 2012. Attached hereto and marked as **Exhibit "6"** is a copy of the Charge/Mortgage in the principal amount of \$1.2 million granted by the Company, as chargor, in my favour, as chargee, registered against title to the Property on March 6, 2012 as Instrument No. AT2960459 and the standard charge terms (the "**Second Mortgage**").

23. The Second Mortgage provides that, in the event of default, I am entitled to seek the appointment of a receiver over the Property, either in writing or by Court order.

24. The Company and the Guarantors signed Directions dated March 27, 2012 concerning the use of the funds. Copies of the Directions are collectively attached hereto and marked as **Exhibit "7"**.

First Agreement Amending and Extending Second Mortgage

25. The Second Mortgage matured on April 18, 2012. Karras contacted me and asked whether I would be prepared to extend the term of the Second Mortgage and lend more money to the Debtor, as he was still trying to refinance the Property.

26. I agreed to amend the Second Mortgage to extend the term and increase the loan amount from \$1.2 million to \$1.9 million. Attached hereto and marked as **Exhibit "8"** is a copy of a Notice registered against title to the Property on August 7, 2012 as Instrument No. AT3095262, and the Agreement Amending and Extending Charge/Mortgage of Land dated July 26, 2012 between myself, the Company, and the Guarantors.

27. The agreement, among other things, extended the term of the loan to October 18, 2012.

28. The Company and the Guarantors signed a Direction dated July 26, 2012 concerning the use of the additional \$700,000, a copy of which is attached hereto and marked as **Exhibit "9"**.

29. The additional funds were advanced on or about August 7, 2012.

Second Agreement Amending and Extending Second Mortgage

30. With the term of the Second Mortgage set to mature on October 18, 2012, Karras contacted me in September 2012 and asked for another extension and an increase in the Second Mortgage. Karras told me that he needed at least another million dollars to complete the construction/renovation of the Hotel.

31. I agreed to extend the term and increase the Second Mortgage from \$1.9 million to \$3.0 million. Attached hereto and marked as **Exhibit "10"** is a copy of the Notice registered against title to the Property on October 1, 2012 as Instrument No. AT3141028 and the Agreement Amending and Extending Charge/Mortgage of Land dated September 28, 2012 between myself, the Company and the Guarantors.

32. The Company was represented by Keyser, Mason, Ball LLP in connection with this amendment and the increase of the Second Mortgage.

33. The agreement, among other things, extended the term of the Second Mortgage to March 15, 2013.

34. Again, the Company and the Guarantors signed a Direction dated September 28, 2012 concerning the use of the additional \$1.1 million, a copy of which is attached hereto and marked as **Exhibit "11"**.

35. The additional funds were advanced on or about October 1, 2012.

FORBEARANCE AGREEMENT

36. From the outset, the Company routinely failed to make the required payments under the Second Mortgage. The mortgage matured on March 15, 2013. I was repeatedly told by Karras on

behalf of the Debtor that he was attempting to find alternate financing or sell the Property to repay the amount owing to me under the Second Mortgage.

37. I was patient and provided the Company with approximately 18 months to try to find a buyer for the Property or a replacement lender, but the company was unable to do so.

38. I started a lawsuit against the Company and the Guarantors by way of a statement of claim issued on September 19, 2014, a copy of which is attached hereto and marked as **Exhibit "12"**.

39. In the lawsuit, I sought, among other things, payment from the Debtor and the Guarantors of the amount owing under the Second Mortgage and possession of the Property.

40. The Debtor and the Guarantors served a statement of defence dated December 4, 2014, a copy of which is attached hereto and marked as **Exhibit "13"**.

41. In the defence, they, among other things, disputed the amounts owing under the Second Mortgage.

42. I became aware in March 2015 that the Company was also in default under the First Mortgage when I received a copy of the first mortgagees' application for the appointment of a receiver over the Property. Attached hereto and collectively marked as **Exhibit "14"** are copies of the issued notice of application dated March 26, 2015 and the Affidavit of Stephen Handelman sworn April 1, 2015 (without exhibits).

43. I was concerned about the first mortgagees taking steps to enforce the First Mortgage and how it would impact my ability to recover my loans to the Company that were secured by the Second Mortgage.

44. As a result, I decided to redeem the First Mortgage. A copy of the Transfer of Charge registered against title to the Property on May 28, 2015 as Instrument No. AT3894600 is attached hereto and marked as **Exhibit "15"**.

45. In connection with my redemption of the First Mortgage, the Company and I entered into an Amending Agreement dated May 27, 2015, the terms of which included that the amount of the First Mortgage was to be increased to \$2.6 million and the term of the First Mortgage was extended to May 31, 2016. The Amending Agreement was registered on title to the Property by way of a Notice registered on May 28, 2015 as Instrument No. AT3894601, a copy of which is attached hereto and marked as **Exhibit "16"**.

46. The increase in the principal amount of the First Mortgage from \$2.1 million to \$2.6 million was as a result of payments I made with respect to unpaid property taxes, insurance costs, a construction lien, legal fees to complete the transaction, and certain lender fees and interest owing under the First Mortgage.

47. At the same time, I negotiated a forbearance agreement with the Company and the Guarantors in connection with the lawsuit I had started against them. The Debtor was represented by Wildeboer Dellelce, LLP in connection with the forbearance agreement dated May 21, 2015 (the "**Forbearance Agreement**"), a copy of which is attached hereto and marked as **Exhibit "17"**.

48. Under the Forbearance Agreement, the parties acknowledge and agreed to the following:

- (a) the forbearance period would be from May 21, 2015 to September 15, 2015, unless there was an "Uncured Breach" under the Forbearance Agreement;

- (b) I would not take any further steps in the lawsuit or continue with power of sale proceedings for the Property;
- (c) the amount owing under the Second Mortgage was \$4,289,760, of which the principal amount was \$3.0 million and \$1,289,760 was for accrued interest and fees; and
- (d) the Debtor had obtained independent legal advice with respect to the Forbearance Agreement.

THE DEBTOR ATTEMPTS TO SELL THE PROPERTY

49. One of the reasons that I agreed to enter into the Forbearance Agreement was because I was told by Karras that he was in discussions with a purchaser for the Property and expected to be able to sell the Property for an amount that was greater than what was then owed to me under the First Mortgage and Second Mortgage.

50. The Company entered into an agreement of purchase and sale with Reserve Land Corporation ("**Reserve**") dated June 29, 2015. The closing date was to be September 15, 2015. A redacted copy of the agreement is attached hereto and marked as **Exhibit "18"**.

51. The sale to Reserve was not completed by the Company. Karras did not provide any explanation to me as to why the sale did not close.

52. The Debtor subsequently entered into an agreement of purchase and sale on January 28, 2016 for the sale of the Property to 9329293 Canada Inc. The sale was originally supposed to close on April 12, 2016. A redacted copy of the agreement is attached hereto and marked as **Exhibit "19"**.

53. The sale agreement was extended four times, with the final closing date to be October 15, 2016. It appears that the sale agreement was assigned to 650 Bay Limited Partnership, as that is the name listed as the buyer on the last two extension agreements.

54. In connection with this final closing date, I issued a mortgage discharge statement for the First Mortgage and Second Mortgage, a copy of which is attached hereto and marked as **Exhibit "20"**.

55. The sale was not completed by the Company. Again, Karras did not provide any explanation to me as to why the sale did not close.

56. I subsequently found out that the original purchaser was a company apparently controlled by Karras by obtaining a corporate search report for the company.

57. I have not produced unredacted copies of the sale agreements referred to above as I am concerned that, in the event Farbers is appointed as receiver of the Property by the Court, publicly disclosing the purchase prices could have a negative impact on the ability of the receiver to market the Property for sale by putting a ceiling on the amounts that potential purchasers may be willing to pay for the Property.

SUBSEQUENT MORTGAGEES

58. From March 2012 to March 2017, the Company granted mortgages over the Property to the following parties:

- (a) 9320005 Ontario Inc. ("932"), by way of a Charge/Mortgage in the principal amount of \$625,000 granted by the Company, as chargor, in favour of 932, as chargee, registered against title to the Property on March 9, 2012 as Instrument No.

AT2962763 (the "**Third Mortgage**"), a copy of which is attached hereto and marked as **Exhibit "21"**;

- (b) Harbour First Mortgage Fund GP Inc. ("**Harbour**"), by way of a Charge/Mortgage in the principal amount of \$100,000, granted by the Debtor, as chargor, in favour of Harbour, as chargee, registered against title to the Property on December 12, 2012 as Instrument No. AT3195583 (the "**Fourth Mortgage**"), a copy of which is attached hereto and marked as **Exhibit "22"**;
- (c) Goldcard Inc. ("**Goldcard**"), by way of a Charge/Mortgage in the principal amount of \$100,000 granted by the Debtor, as chargor, in favour of Goldcard, as chargee, registered against title to the Property on May 3, 2013 as Instrument No. AT3292231 (the "**Fifth Mortgage**"), a copy of which is attached hereto and marked as **Exhibit "23"**;
- (d) CVC Ardellini Investments Inc. ("**CVC**"), by way of a Charge/Mortgage in the principal amount of \$2.1 million granted by the Debtor, as chargor, in favour of CVC, as chargee, registered against title to the Property on September 24, 2013 as Instrument No. AT3413716 (the "**Sixth Mortgage**"), a copy of which is attached hereto and marked as **Exhibit "24"**;
- (e) Accomplish Capital Inc. ("**Accomplish**"), by way of a Charge/Mortgage in the principal amount of \$525,000 granted by the Debtor, as chargor, in favour of Accomplish, as chargee, registered against title to the Property on September 10, 2015 as Instrument No. AT4005932 (the "**Seventh Mortgage**"), a copy of which is attached hereto and marked as **Exhibit "25"**;

- (f) 9480536 Canada Inc. ("948"), by way of a Charge/Mortgage in the principal amount of \$600,000 granted by the Debtor, as chargor, in favour of 948, as chargee, registered against title to the Property on November 13, 2015 as Instrument No. AT4065515, as amended by the Notice registered against title to the Property on March 29, 2017 as Instrument No. AT4522643 (the "**Eighth Mortgage**"), copies of which are collectively attached hereto and marked as **Exhibit "26"**; and
- (g) Am-Stat Corporation ("**Am-Stat**"), by way of a Charge/Mortgage in the principal amount of \$5.5 million granted by the Debtor, as chargor, in favour of Am-Stat, as chargee, registered against title to the Property on August 2, 2016 as Instrument No. AT4297814 (the "**Ninth Mortgage**"), a copy of which is attached hereto and marked as **Exhibit "27"**.

59. I obtained postponements from 932 with respect to the Third Mortgage shortly after the Second Mortgage was granted, and when the amount of the Second Mortgage was increased in August 2012 and October 2012. Attached hereto and collectively marked as **Exhibit "28"** are copies of the Postponement granted by 923 in my favour, registered against title to the Property on April 11, 2012 as Instrument No. AT2986827, the Postponement granted by 923 in my favour, registered against title to the Property on August 7, 2012 as Instrument No. AT3095296, and the Postponement granted by 923 in my favour, registered against title to the Property on October 1, 2012 as Instrument No. AT3141050.

60. As noted above, the principal amount of the First Mortgage was increased from \$2.1 million to \$2.6 million after I redeemed it in May 2015. I did not obtain postponements from the

subsequent registered mortgagees at that time, being 932, Harbour, Goldcard and CVC with respect to the Third Mortgage, the Fourth Mortgage, the Fifth Mortgage and the Sixth Mortgage.

PPSA SECURED CREDITORS

61. I have been advised by Sam Rappos, a lawyer with Chaitons LLP (“Chaitons”), which is representing me in connection with this application, that Chaitons obtained the *Personal Property Security Act* (Ontario) (the “PPSA”) Enquiry Response Certificate with respect to the Debtor from the Ministry of Government Services – Personal Property Security Registration System, current as of May 2, 2017 (the “PPSA Search Results”), which is attached hereto and marked as **Exhibit “29”**.

62. As set out in the PPSA Search Results, in addition to myself, the following parties have registered PPSA financing statements against the Company:

- (a) Goldcard, with what appear to be registrations with respect to leases of certain Mercedes Benz vehicles and certain equipment;
- (b) Am-Stat, with a financing statement registered against all collateral classifications other than motor vehicles;
- (c) Holland Leasing (1995) Ltd., with what appears to be a registration with respect to a lease of a 2015 Mercedes Benz vehicle in the amount of \$146,310; and
- (d) Thinking Capital, with a financing registered against all collateral classifications other than motor vehicles and a general collateral description of “universality over all its present and future movable/personal property, books, assets and

undertakings, both corporeal and incorporeal, now owned or hereinafter acquired by the merchant.”

ENFORCEMENT BY CVC

63. In January 2017, I received a notice of sale issued by CVC on January 11, 2017 in connection with the Sixth Mortgage in the total amount of \$3,492,449. The notice indicated that the Debtor had defaulted in making payment to CVC, that CVC was owed \$2.1 million in principal under the Sixth Mortgage, as well \$802,556.28 in interest, \$583,112.84 for fees and expenses, and \$6,780 for legal fees, disbursements and HST. A copy of the notice is attached and marked hereto as **Exhibit “30”**.

64. The redemption period under the notice expired on February 20, 2017.

BREACH OF FORBEARANCE AND DEFAULTS

65. Both prior to and since the time the Forbearance Agreement was entered into, the Company has persistently failed to make the payments owed to me in connection with the First Mortgage and Second Mortgage.

66. I was in regular contact with Karras concerning repayment of the mortgages. On a number of occasions from September 2015 to January 2017 I agreed to extend the maturity dates for the mortgages, so that Karras would have additional time to sell or refinance the Property. Attached hereto and collectively marked as **Exhibit “31”** are copies of emails and handwritten agreements between myself and Karras regarding these extensions.

67. In connection with each extension, the Company agree to pay an extension fee to me, which was added to the amounts secured by the mortgages.

68. With respect to the last extension set out in the handwritten agreement dated January 12, 2017, I received a post-dated cheque from the Company in the amount of \$20,000.

69. On or about February 22, 2017, I was informed by Karras not to deposit the \$20,000 cheque. In an email to Karras dated February 22, 2017, I told him that I was going to proceed to deposit the cheque on February 24, 2017. He responded with an email that same day stating that:

“I requested that you hold the cheque until I notify you, as I have had my account frozen by CRA and I am attempting to resolve that matter...”

A copy of that email train is attached hereto and marked as **Exhibit “32”**.

70. I deposited the cheque on February 24, 2017, which was returned by the bank and marked “payment stopped”.

71. Additionally, the Company had provided a post-dated cheque in the amount of \$50,000. However, this cheque was not issued by the Company but was issued by 756597 Ontario Limited. I understand that Karras is the sole officer and director of 756597 Ontario Limited, as set out in the Corporate Profile Report obtained for this corporation, a copy of which is attached hereto and marked as **Exhibit “33”**.

72. I was told by Karras to hold the cheque until he informed me to deposit it. As a result, and given that the last cheque was returned by the bank and never replaced by the Debtor, I have not taken steps to deposit any of the post-dated cheques provided to me by the Company.

DEMANDS FOR PAYMENT

73. The mortgages matured on April 15, 2017. On April 18, 2017, Chaitons, on my behalf, demanded payment from the Company under the First Mortgage in the amount of \$3,219,486.50

and delivered a notice of my intention to enforce my security. A copy of the demand letter and notice is attached hereto and marked as **Exhibit "34"**.

74. Chaitons also issued a letter to the Company on April 18, 2017 on my behalf, demanding payment from the Debtor under the Second Mortgage in the amount of \$6,610,514 and delivered a notice of my intention to enforce my security. A copy of the demand letter and notice is attached hereto and marked as **Exhibit "35"**.

COMPANY'S LAWSUIT AGAINST ME

75. On May 4, 2017, Chaitons received a letter from Alfred Schorr, lawyer for the Company, which contained a copy of a statement of claim issued by the Company against me dated May 1, 2017, a copy of which is attached hereto and marked as **Exhibit "36"**.

76. The lawsuit raises similar allegations as to the ones previously made by the Company in its statement of defence regarding the amount loaned under the Second Mortgage, notwithstanding that the Company confirmed in the Forbearance Agreement the amount owing under the Second Mortgage as of that date. The other issues raised in the action are now being raised for the first time after demand for payment was made.

NEED FOR THE APPOINTMENT OF A RECEIVER

77. The Debtor owes me approximately \$10 million with respect to the First Mortgage and the Second Mortgage. The Company is in default of its Sixth Mortgage to CVC, which claims to be owed approximately \$3.5 million. The face principal amounts of the other registered mortgages total approximately \$7.45 million.

78. As a result of the Debtor's persistent payment defaults, my security is enforceable and I have the right to appoint a receiver under the terms of my security.

79. I believe it is in the best interests of the Debtor's creditors generally that a receiver be appointed to market and sell the Property in a manner that is open and transparent and is under Court supervision. The proposed receiver would be required to seek approval for the sale of the Property on notice to all interested parties, including all mortgagees.


80. It is my understanding that certain neighbouring properties have been acquired by parties that wish to develop the properties. As a result, in my view, the highest and best use for the Property is for development purposes as opposed to the continued operation of the Hotel. As a result, in the event that the Court grants my application for the appointment of a receiver, I will be requesting that the receiver be authorized not to operate the Hotel and to take steps to immediately cease the Hotel's operations.

81. Accordingly, it is just and convenient in the circumstances to appoint a receiver over the Property and any other property owned by the Debtor, with the power to market and sell the Property for the benefit of all of the Debtor's creditors.

82. I propose that Farbers be appointed as receiver. I have been advised by Stuart Mitchell, a Senior Vice President with Farbers, that Farbers is a licensed insolvency trustee and has agreed to accept the appointment. A copy of Farbers' consent is attached hereto and marked as **Exhibit "37"**.

83. This affidavit is sworn in support of my application for the appointment of a receiver over all of the Company's property, assets and undertaking and for no other or improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
May 15, 2017



Commissioner for Taking Affidavits
(or as may be)

Sam Rappos



ZAHERALI VISRAM

APPENDIX "D"

Van Allen, Sara-Ann

From: EK <ek@alliancevp.com>
Sent: 2-Aug-17 6:11 PM
To: John Hendriks
Cc: ek@alliancevp.com
Subject: RE: 2220277 records - urgent

John,

I do not have time to respond to the points in your email nor am I prepared to debate on what I stated yesterday..

However, we are scanning documents to send to you.

Thank you,

Evan

On Wed, August 2, 2017 5:58 pm, John Hendriks wrote:

> Hi, Evan. I left you a phone message earlier in response to your
> email below. When we spoke yesterday, we reviewed the attached list
> and I clearly stated that the Receiver needed the 5 pieces of
> information specified below so the Receiver could take steps to secure
> the Property as mandated in the Court Order and you agreed to provide
> them to me this morning.
>
> We also agreed that, to accommodate your travel plans, we could wait a
> few days for the balance of the information on the attached list and
> that you would make arrangements to have that information provided to
> us during your travels.
>
> This message and my earlier message are reminders and directions to s.
> 3 and 4 of the Appointment Order about Persons (including you) to
> forthwith deliver the Property and provide us access to the Records.
> I recognize you are busy and travelling, but the Court Order still has
> to be complied with in a timely manner.
>
> It is now almost 6:00 p.m. and we have received none of the information.
> Please forward the requested specific information to my attention
> before you leave and let me know whom we should correspond with during
> your travels regarding the balance.
>
> Thank you, and please do not hesitate to call me if you have any
> questions. I am available tonight on my cell 416-722-1071.
>
> John Hendriks CPA, CA, LIT
> Farber Financial Group
> 150 York Street, Suite 1600
> Toronto, Ontario, M5H 3S5
> Direct: 416-496-3701
> Fax: 416-496-3839
> <mailto:jhendriks@farberfinancial.com>

> <https://protect-eu.mimecast.com/s/JnLGBtoW78eHG>
>
>
>
> Responsive. Practical. Results.
>
>
> This message is intended only for the use of the intended recipients,
> and it may be privileged and confidential. If you are not the intended
> recipient, you are hereby notified that any review, retransmission,
> conversion to hard copy, copying, circulation or other use of this
> message is strictly prohibited and may be illegal. If you are not the
> intended recipient, please notify me immediately by return email and
> delete this message from your system. Thank you.
>
>
> -----Original Message-----
> From: EK [mailto:ek@alliancevp.com]
> Sent: August-02-17 1:41 PM
> To: John Hendriks
> Subject: RE: 2220277 records - urgent
>
>
>
> John,
>
>
> Your statements are inaccurate as far as what I said that I would
> provide.
>
> I confirmed that I would send you the leases today, if I was not able
> to do so yesterday evening, which clearly I was not.
>
> I also stated that I would send you whatever we have readily available
> today from the items you requested.
>
> You are free to contact whom you want as you state you are entitled to
> do so. Doing so does not mean that they will be as co-operatvive or
> respond quicker than I have been.
>
> I do not like repeating the same things over and over again. We
> already discussed what I will provide and when. The day is not over
> nor have I left.
>
> Antagonizing me will not expedite things.
>
>
> Evan
>
>
>
> On Wed, August 2, 2017 1:33 pm, John Hendriks wrote:
>
>> Evan, please email what you have so far as you mentioned the leases

>> were electronic and you hoped to get those to me last night. We
>> agreed that you would at least provide the most recent tax return and
>> financial statement, the insurance information, the leases and the
>> banking information before you left. If you do not provide that
>> today, then I will have to expend more time (and expense) to get it
>> from other sources such as approaching the accountants, tenants etc.
>> for their copies of the documents. Paragraph 4 of the Appointment
>> Order requires them (and
>> you) to provide the information "forthwith" so they do not have an
>> option to not comply with the Court order. Not my preferred
>> approach, but I cannot wait until you get to Europe to restart the
>> document production process.

>>

>> Also, please confirm if either tenant has a liquor license. I know
>> you mentioned the restaurant was waiting for (or was an existing one
>> suspended) pending getting the new Fire Marshall inspector to approve
>> the work you had done.

>>

>> Lastly, is there someone else we can contact, such as your assistant,
>> to follow up the other information in your absence?

>>

>> Thank you for appreciating the timelines imposed on me by the Courts
>> and providing the requested information forthwith.

>>

>> John Hendriks CPA, CA, LIT
>> Farber Financial Group
>> 150 York Street, Suite 1600
>> Toronto, Ontario, M5H 3S5
>> Direct: 416-496-3701
>> Fax: 416-496-3839
>> <mailto:jhendriks@farberfinancial.com>
>> <https://protect-eu.mimecast.com/s/JnLGBtoW78eHG>

>>

>>

>>

>>

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>>

>>

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>> other use of this message is strictly prohibited and may be illegal.
>> If you are not the intended recipient, please notify me immediately
>> by return email and delete this message from your system. Thank you.

>>

>>

>> -----Original Message-----
>> From: EK [<mailto:ek@alliancevp.com>]
>> Sent: August-02-17 12:58 PM
>> To: John Hendriks
>> Subject: Re: 2220277 records

>>

>>

>>

>>
>>
>> Hello John,
>>
>>
>>
>> As agreed yesterday, I will forward the property leases to you later
>> this afternoon when I am in and certainly before I fly.
>>
>> We will also put together as much of the documentation that you
>> require, as we can.
>>
>> Regards,
>>
>>
>>
>> Evan
>>
>>
>>
>>
>> On Wed, August 2, 2017 9:38 am, John Hendriks wrote:
>>
>>
>>> Good morning, Evan.
>>>
>>>
>>>
>>>
>>> I am following up our meeting yesterday regarding the records you
>>> are to provide and your travelling this afternoon. Before you
>>> leave, we most urgently need the bank account information, premises
>>> insurance, most recent financial statements, most recent income tax
>>> return, premises leases and vehicle details including proof of insurance.
>>>
>>> The vehicles are not drivable until we have proof of insurance and
>>> the drivers need to contact me to discuss ongoing arrangements for
>>> the vehicles. Alternatively, let me know where the vehicles are and
>>> we can arrange to have them picked up and we will deal with the
>>> leasing companies. Because of the receivership, 2220277 is no
>>> longer in a position to transfer the leases out of the company
>>> without the Receiver's approval.
>>>
>>>
>>>
>>> Also, please let me know who we should contact in your absence for
>>> the balance of the records.
>>>
>>> Thanks, and have a great trip.
>>>
>>>
>>>
>>>
>>> JMH
>>>
>>>

>>>
>>>
>>> John Hendriks CPA, CA, LIT
>>> Farber Financial Group
>>> 150 York Street, Suite 1600
>>> Toronto, Ontario, M5H 3S5
>>> Direct: 416-496-3701
>>> Fax: 416-496-3839
>>> mailto:jhendriks@farberfinancial.com<blocked::mailto:jhendriks@farber
>>> r
>>> finan cial.com>
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>>> [Description:
>>> LinkedIn]<https://protect-eu.mimecast.com/s/E52ZBtAwae4t7>
>>> [Description: Twitter]
>>> <https://protect-eu.mimecast.com/s/R2AdBS8vLKdsM>
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>>> If you are not the intended recipient, please notify me immediately
>>> by return email and delete this message from your system. Thank you.
>>>
>>>
>>
>>
>> Alliance Venture Partners
>> 650 Bay Street
>> Toronto, Ontario M5G 1M8
>> Tel. 647.362.5700
>> Fax. 416.352.7832
>> https://protect-eu.mimecast.com/s/v0NmBCXLGJmHE
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Books and records of 2220227 Ontario Inc.

Pursuant to paragraph 3 of the Appointment Order, Persons are to advise and turn over to the Receiver any Property (as defined in paragraph 1) and to "...grant **immediate** and continued access to the Property to the Receiver..."

Pursuant to paragraph 4 of the Appointment Order, all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor including any computer programs, disks, other electronic storage device.

Accordingly, the Receiver will need the books and records including, but not limited to:

1. Tax returns
2. Financial statements
3. Bank statements and correspondence including cancelled cheques, cheque register and any un-deposited post-dated tenant cheques
4. Contracts/leases with the various tenants/operators
5. Most recent general ledger/trial balance
6. Employee information including T4 summaries and CRA correspondence/assessments/statements
7. Leased asset leases, including vehicle leases
8. Mortgage files
9. Insurance files
10. Creditor list (including secured, unsecured, utilities, government accounts, accruals, City, etc.) with names, addresses and estimated amounts. Preferably in Excel format.
11. Appraisal and sale effort files
12. HST filings including CRA correspondence/assessments/statements
13. Related party transaction files

APPENDIX "E"

August 3, 2017

File No.: 559456-3

VIA EMAIL: ek@alliancevp.com; ekarras@rogers.com**WITH PREJUDICE**2220277 Ontario Inc.
650 Bay Street and 55 Elm Street
Toronto, ON

Attention: Evan Karras

Dear Mr. Karras:

**RE: In the matter of Zaherali Visram (the "Applicant") v. 2220277 Ontario Inc. (the "Debtor")
Court File No. CV-17-11811-00CL**

We are counsel to A. Farber & Partners Inc. ("**Farber**"), in its capacity as the court-appointed receiver (the "**Receiver**") of the Debtor.

Enclosed herewith is a copy of the Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), dated August 1, 2017 (the "**Receivership Order**"), pursuant to which Farber was appointed Receiver. We understand that you met with the Receiver on August 1, 2017, at which time the Receiver personally delivered to you a copy of the Receivership Order and requested from you specific documentation which, pursuant to the Receivership Order, you were required to deliver forthwith.

To date, you have failed to comply with your obligations as contained in the Receivership Order. In particular, despite the Receiver's repeated requests, you have failed to deliver to the Receiver the following documents:

- (a) tax returns for the most recent tax year;
- (b) most recent financial statements;
- (c) bank account details;
- (d) copies of the leases entered into with any tenants;
- (e) insurance information with respect to the Property (as defined in the Receivership Order); and
- (f) motor vehicle details, including proof of insurance.

On behalf of the Receiver, we hereby demand that you deliver the above-listed documentation without delay. We understand that, on June 20, 2017, you agreed to provide certain of these documents to the Applicant by way of undertakings made under oath. As such, some of these documents were not just requested for the first time yesterday.

In particular, it is urgent that you provide the Receiver with copies of the leases and insurance in respect of the Property so that the Receiver can confirm which parties are in occupation of the Property, whether the hotel and restaurant are being operated pursuant to proper licenses and that adequate insurance coverage is in place. The absence of proper insurance creates substantial risk which the Receiver has a duty to immediately mitigate.

Should you fail to provide the requested documentation on or before 9:00 p.m. on August 3, 2017 or make alternative arrangements satisfactory to the Receiver, in its sole discretion, the Receiver reserves its right to bring a motion before the Court tomorrow at 9:00 a.m. seeking (a) a contempt order against you, and (b) advice and directions regarding the ongoing operations at the Property, including the hotel and restaurant businesses.

The above list of documentation is a preliminary list of documents only and the Receiver expressly reserves its right to request from you additional records, information and documentation as it determines, in its sole discretion.

Yours truly,
Dentons Canada LLP



Sara-Ann Van Allen

SV/lc

Enclosure

c.c. John Hendriks, A. Farber & Partners Inc.
Alfred Schorr, alfred@schorrlaw.ca

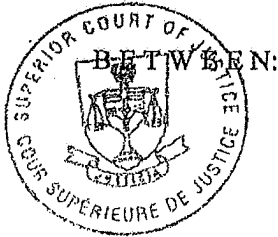
**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE)

TUESDAY, THE 1st

JUSTICE Mesbur)

DAY OF AUGUST, 2017



ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED

**ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "*BIA*") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "*CJA*") appointing A. Farber & Partners Inc. as receiver (the "Receiver") without security, of all of the assets, undertakings and properties of the Respondent, 2220277 Ontario Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Zaherali Visram sworn May 15, 2017 and the Exhibits thereto, the Reply Affidavit of Zaherali Visram sworn June 7, 2017 and the Exhibits thereto, the Affidavit of Evan Karras sworn May 31, 2017 and the Exhibits thereto, and the Minutes of Settlement and Endorsement of Justice Conway dated July 14, 2017, and on hearing the submissions of counsel for the Applicant, and on reading the consent of A. Farber & Partners Inc. to act as the Receiver,

APPOINTMENT

1. **THIS COURT ORDERS** that pursuant to section 243(1) of the *BIA* and section 101 of the *CJA*, A. Farber & Partners Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"), which includes, without limitation, the real property municipally known as 650 Bay Street and 55 Elm Street, Toronto, ON and legally described as follows:

PIN 21199-0067 (LT)

Property Description: PT LT 2 PL 60 TORONTO AS IN
CA720524; CITY OF TORONTO

Land Registry Office: #66

RECEIVER'S POWERS

2. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court, and in such case notice under subsection 63(4) of the Ontario

Personal Property Security Act, or section 31 of the *Ontario Mortgages Act*, as the case may be, shall not be required;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;

- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

4. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that

nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

5. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

6. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any

applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *BIA*, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this

Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the *BIA* or under the *Wage Earner Protection Program Act*.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal

information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any

gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the *BIA* or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the *BIA* or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, mortgages, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.

18. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the *BIA*.

21. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates

evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

24. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol.

25. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

26. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

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

28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

30. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



C. Irwin
Registrar

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

AUG 01 2017

PER / PAR: 

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that A. Farber & Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties 2220277 Ontario Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 1st day of August, 2017 (the "Order") made in an application having Court File No. CV-17-11811-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

A. FARBER & PARTNERS INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name:

Title:

ZAHERALI VISRAM
Applicant

-and-

2220277 ONTARIO INC.
Respondent
Court File No. CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ORDER
(appointing Receiver)

CHATONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Harvey Chaiton (LSUC No. 21592F)
Tel: (416) 218-1129
Fax: (416) 218-1849
E-mail: harvey@chaitons.com

Sam Rappos (LSUC No. 51399S)
Tel: (416) 218-1137
Fax: (416) 218-1837
E-mail: samr@chaitons.com

Lawyers for the Applicant

APPENDIX "F"

Federal Corporation Information

Federal Corporation Information - 984549-6

[Glossary of Terms used on this page](#)

Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

Corporation Number

984549-6

Business Number (BN)

756689899RC0001

Corporate Name

bE SixFifty Hotel Inc.

Status

Active

Governing Legislation

Canada Business Corporations Act - 2016-07-27

Registered Office Address

650 Bay Street
Toronto ON M5G 1M8
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Evan Karras
650 Bay Street
Toronto ON M5G 1M8
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

07-27

Date of Last Annual Meeting

Not Available

Annual Filing Period (MM-DD)

07-27 to 09-25

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2017 - Filed

Corporate History

Corporate Name History

2016-07-27 to Present

bE SixFifty Hotel Inc.

Certificates and Filings

Certificate of Incorporation

2016-07-27

Start New Search

[Return to Search Results](#)

Date Modified: 2017-05-04

Request ID: 020567955
Transaction ID: 65264509
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/04
Time Report Produced: 09:54:49
Page: 1

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
3138514	BE SIXFIFTY HOTEL INC.	2016/07/27
		Jurisdiction
		CANADA
Corporation Type	Corporation Status	Former Jurisdiction
FEDERAL CORP WITH SHARE	REFER TO JURISDICTION	NOT APPLICABLE
Registered or Head Office Address	Date Amalgamated	Amalgamation Ind.
650 BAY STREET	NOT APPLICABLE	NOT APPLICABLE
TORONTO ONTARIO CANADA M5G 1M8	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Principal Place of Business in Ontario		Letter Date
650 BAY STREET		NOT APPLICABLE
TORONTO ONTARIO CANADA M5G 1M8	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	2016/07/27	NOT APPLICABLE
Activity Classification		
NOT AVAILABLE		

Request ID: 020567955
Transaction ID: 65264509
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/04
Time Report Produced: 09:54:49
Page: 2

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

3138514

BE SIXFIFTY HOTEL INC.

Corporate Name History

REFER TO JURISDICTION

Current Business Name(s) Exist: NO

Expired Business Name(s) Exist: NO

Administrator:
Name (Individual / Corporation)

Address

EVAN
KARRAS

650 BAY STREET

TORONTO
ONTARIO
CANADA M5G 1M8

Date Began
2016/07/27

First Director
NOT APPLICABLE

Designation
OFFICER/MANAGER IN ONT.

Officer Type
Resident Canadian
NOT APPLICABLE

Request ID: 020567955
Transaction ID: 65264509
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/04
Time Report Produced: 09:54:49
Page: 3

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

3138514

BE SIXFIFTY HOTEL INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	2	2016/08/16 (ELECTRONIC FILING)

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

APPENDIX "G"



Ontario ServiceOntario

LAND REGISTRY OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

21199-0067 (LT)

21199-0067 (LT)

REGISTRY OFFICE #66 * CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PAGE 1 OF 3

PREPARED FOR LynnLeel
ON 2017/05/03 AT 14:14:58

PROPERTY DESCRIPTION: FT LT 2 PL 60 TORONTO AS IN CA120524; CITY OF TORONTO

PROPERTY REMARKS:
RECENTLY:
FIRST CONVERSION FROM BOOK

REGISTRY OFFICE #66

CAPACITY SHARE
ROWN

OWNERS' NAMES
2220277 ONTARIO INC.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
**		SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *				
**		AND ESCHEATS OR FORFEITURE TO THE CROWN.				
**		THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF				
**		IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY				
**		CONVENTION.				
**		ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.				
**DATE OF CONVERSION TO LAND TITLES: 2003/04/25 **						
63BA1267	1978/05/31	PLAN BOUNDARIES ACT				C
REMARKS: CT297001						
CA65043	1989/12/08	AGREEMENT				C
AT2228544	2009/11/13	TRANS POWER SALE	\$2,425,000	B & M HANDELMAN INVESTMENTS LIMITED JBS CAPITAL MANAGEMENT CORP. TEPERMAN, MARVIN HARZRAV HOLDINGS LIMITED M. HIMEL HOLDINGS INC. UNION FELT PRODUCTS INC. BRENNKIDS INC. STEELE VALLEY DEVELOPMENTS LIMITED 1530468 ONTARIO LTD. GOLDMAN, JENNIFER STANDING DEVELOPMENTS INC. LEDMAR INVESTMENTS LTD. SHARJOD HOLDINGS INC. FLORIANE HOLDINGS LIMITED	CITY OF TORONTO 2220277 ONTARIO INC.	C

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



Ontario ServiceOntario

LAND REGISTRY OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 3
PREPARED FOR LynnLee1
ON 2017/05/03 AT 14:14:58

21199-0067 (LT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CRCD
AT2228545	2009/11/13	CHARGE	\$2,100,000	REARDO CORPORATION 2220277 ONTARIO INC.	B & M HANDELMAN INVESTMENTS LIMITED JRS CAPITAL MANAGEMENT CORP. TEFENMAN, MARVIN HARZHAV HOLDINGS LIMITED M. HIMEL HOLDINGS INC. UNION FELT PRODUCTS INC. BRENKIDS INC. STEELE VALLEY DEVELOPMENTS LIMITED 1530468 ONTARIO LTD. GOLDMAN, JENNIFER STANDING DEVELOPMENTS INC. LEDMAR INVESTMENTS LTD. SHARJOD HOLDINGS INC. FLORDALE HOLDINGS LIMITED REARDO CORPORATION VISRAM, ZAHERALI 932005 ONTARIO INC.	C
AT2960459	2012/03/06	CHARGE	\$1,200,000	2220277 ONTARIO INC.	VISRAM, ZAHERALI	C
AT2962763	2012/03/09	CHARGE	\$625,000	2220277 ONTARIO INC.	VISRAM, ZAHERALI	C
AT2966827	2012/04/11	POSTPONEMENT		932005 ONTARIO INC.	VISRAM, ZAHERALI	C
AT3095262	2012/08/01	NOTICE	\$2	2220277 ONTARIO INC.	VISRAM, ZAHERALI	C
AT3095296	2012/08/07	POSTPONEMENT		932005 ONTARIO INC.	VISRAM, ZAHERALI	C
AT3141028	2012/10/01	NOTICE	\$2	2220277 ONTARIO INC.	VISRAM, ZAHERALI	C
AT3141050	2012/10/01	POSTPONEMENT		932005 ONTARIO INC.	VISRAM, ZAHERALI	C
AT3195583	2012/12/12	CHARGE	\$100,000	2220277 ONTARIO INC.	HARBOUR FIRST MORTGAGE FUND GP INC.	C
AT3195584	2012/12/12	NO ASSIGN RENT GEN		2220277 ONTARIO INC.	HARBOUR FIRST MORTGAGE FUND GP INC.	C

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



Ontario ServiceOntario

LAND
REGISTRY
OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 3 OF 3

PREPARED FOR LymLee1
ON 2017/05/03 AT 14:14:58

21199-0067 (LT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERY/ CHRD
AT3292231	2013/05/03	CHARGE	\$100,000	2220277 ONTARIO INC.	GOLDCARD INC.	C
AT3413716	2013/09/24	CHARGE	\$2,500,000	2220277 ONTARIO INC.	CVC ARDELLINI INVESTMENTS INC.	C
AT3413748	2013/09/24	NO ASSGN RENT GEN REMARKS: AT3413716.		2220277 ONTARIO INC.	CVC ARDELLINI INVESTMENTS INC.	C
AT3894600	2015/05/28	TRANSFER OF CHARGE		B & M HANDELMAN INVESTMENTS LIMITED URS CAPITAL MANAGEMENT CORE. TEPERMAN, MARVIN HARZHAV HOLDINGS LIMITED M. HIMEI HOLDINGS INC. UNION FELT PRODUCTS INC. BRENKIDS INC. STEELE VALLEY DEVELOPMENTS LIMITED 1530466 ONTARIO LTD. GOLDMAN, JENNIFER STANDING DEVELOPMENTS INC. AEDMAR INVESTMENTS LTD. SHARJOD HOLDINGS INC. FLORDALE HOLDINGS LIMITED RABARDO CORPORATION	VISRAM, ZAHERALI	C
AT3894601	2015/05/28	NOTICE REMARKS: AT2228545.	\$2	2220277 ONTARIO INC.	VISRAM, ZAHERALI	C
AT4005932	2015/09/10	CHARGE	\$525,000	2220277 ONTARIO INC.	ACCOMPLISH CAPITAL INC.	C
AT4065515	2015/11/13	CHARGE	\$600,000	2220277 ONTARIO INC.	9480536 CANADA INC.	C
AT4297814	2016/08/02	CHARGE	\$5,500,000	2220277 ONTARIO INC.	AM-STAT CORPORATION	C
AT4297815	2016/08/02	NO ASSGN RENT GEN REMARKS: AT4297814.		2220277 ONTARIO INC.	AM-STAT CORPORATION	C
AT4522643	2017/03/29	NOTICE REMARKS: AT4065515.		9480536 CANADA INC.	2220277 ONTARIO INC.	C

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

APPENDIX “H”

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(8573)

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : 2220277 ONTARIO INC.

FILE CURRENCY : 02MAY 2017

ENQUIRY NUMBER 20170503125352.54 CONTAINS 13 PAGE(S), 7 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

CHATLONS LLP (ADP) - ANTOINETTE DE PINTO
5000 YONGE STREET, 10TH FLOOR,
TORONTO ON M2N 7E9

CERTIFIED BY/CERTIFIÉES PAR
[Signature]
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SURETES MOBILIERES
(c) 18 09/2017

CONTINUED... 2



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

BUSINESS DESTOR
2220277 ONTARIO INC.
02MAY 2017

LINE NO.	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
00	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
01	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
02	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
03	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
04	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
05	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
06	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
07	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
08	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS
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17	DEBTOR NAME	DEBTOR ADDRESS	REGISTRATION NO.	REGISTRATION DATE	REGISTRATION TYPE	REGISTRATION STATUS

CERTIFIED BY / CERTIFIÉES PAR
[Signature]
REGISTRAR OF PERSONAL PROPERTY SECURITY / LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(c)ifs 09/2013)



261

CONTINUED...

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

BUSINESS DEBTOR
SEARCH CONDUCTED ON 2220277 ONTARIO INC.
FILE CURRENCY 02MAY 2017

REGISTRATION NUMBER / SERIAL NUMBER

00 719585703

01 3
GROUP PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION REGISTRATION REGISTRATION
PAGE OF PAGES SCHEDULE NUMBER UNDER FILED
20160815 0935 1590 4821

02 DEBTOR: [REDACTED] 002526918
03 NAME: 61 ELM HOLDCO INC. TORONTO
04 ADDRESS: 401 BAY STREET, SUITE 2410

05 DEBTOR: [REDACTED] ONTARIO CORPORATION NO: 002220277
06 NAME: 2220277 ONTARIO INC. TORONTO
07 ADDRESS: 650 BAY STREET

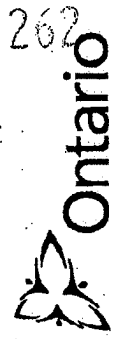
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11 GENERAL COLLATERAL DEBT REGISTRATION
12 REGISTERING AGENT: [REDACTED]
13 ADDRESS: [REDACTED]

14 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
15 CONTINUED...

CERTIFIED BY/CERTIFIÉES PAR
[Signature]
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(c)1s 09/2019



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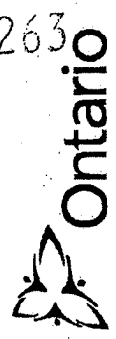
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

BUSINESS DEBTOR
2220277 ONTARIO INC.
02MAY 2017

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REGISTRATION NUMBER	20160815 0935 1590 4821	DEBTOR NAME	650 BAY LIMITED PARTNERSHIP	ADDRESS	650 BAY STREET	TORONTO	ON	M5G 1M8	REGISTRATION NO.	002526919	REGISTRATION DATE	05/03/2017	REGISTRATION TYPE	GENERAL	REGISTRATION STATUS	REGISTERED	REGISTRATION FEE	0.00
REGISTRATION NUMBER	20160815 0935 1590 4821	DEBTOR NAME	650 BAY LIMITED PARTNERSHIP	ADDRESS	650 BAY STREET	TORONTO	ON	M5G 1M8	REGISTRATION NO.	002526919	REGISTRATION DATE	05/03/2017	REGISTRATION TYPE	GENERAL	REGISTRATION STATUS	REGISTERED	REGISTRATION FEE	0.00
REGISTRATION NUMBER	20160815 0935 1590 4821	DEBTOR NAME	650 BAY LIMITED PARTNERSHIP	ADDRESS	650 BAY STREET	TORONTO	ON	M5G 1M8	REGISTRATION NO.	002526919	REGISTRATION DATE	05/03/2017	REGISTRATION TYPE	GENERAL	REGISTRATION STATUS	REGISTERED	REGISTRATION FEE	0.00

CERTIFIED BY/CERTIFIÉES PAR
[Signature]
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(e/f/15 09/2013)



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

DEBTOR OR SECURED PARTY INFORMATION
BUSINESS DEBTOR
2220277 ONTARIO INC.
02MAY 2017

FORM 12 - FINANCING STATEMENT / CATALEGO DE BIENES

00 [REDACTED] 713573118
01 [REDACTED] 001
[REDACTED] 20160126 1004 1462 7186 P PPSA 3

02 [REDACTED] 2220277 ONTARIO INC. TORONTO ON M5G1M8
03 [REDACTED] 650 BAY STREET TORONTO
04 [REDACTED] FIRST CIVIL MADE [REDACTED]
05 [REDACTED] BE SIXTYFIVE HOTEL (TORONTO) TORONTO ON M5G1M8
06 [REDACTED] 650 BAY STREET TORONTO
07 [REDACTED] THINKING CAPITAL MONTREAL QC H3Z1V4
08 [REDACTED] 4200 BOUL DORCHESTER, SUITE #3 MONTREAL QC H3Z1V4

10 [REDACTED] MOTOR VEHICLE AMOUNT DATE OF VALUATION OF MOTOR VEHICLE
[REDACTED] MOTOR VEHICLE AMOUNT DATE OF VALUATION OF MOTOR VEHICLE

11 [REDACTED] MOTOR VEHICLE
12 [REDACTED] MOTOR VEHICLE
13 [REDACTED] UNIVERSALITY OVER ALL ITS PRESENT AND FUTURE MOVABLE/PERSONAL
14 [REDACTED] PROPERTY, BOOKS, ASSETS AND UNDERTAKINGS, BOTH CORPoreal AND
15 [REDACTED] INCORPoreal, NOW OWNED OR HEREINAFTER ACQUIRED BY THE MERCHANT.
16 [REDACTED] THINKING CAPITAL
17 [REDACTED] 4200 BOUL DORCHESTER, SUITE #3 MONTREAL QC H3Z1V4

CERTIFIED BY/CERTIFIÉS PAR
[Signature]
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SURETÉS MOBILIÈRES
(e/116 09/2013)



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2220277 ONTARIO INC.
BY : 02MAY 2017

00 [REDACTED] 706472055

01 [REDACTED] 001 1 20150527 1229 1590 6379 P PPSA 5

02 [REDACTED] 2220277 ONTARIO INC. TORONTO

03 [REDACTED] 650 BAY STREET TORONTO

04 [REDACTED] 2220277 ONTARIO INC. ON M2M 4H7

05 [REDACTED] 7 LAREDO COURT TORONTO

06 [REDACTED] ZAHERALI VISRAM

07 [REDACTED] 7 LAREDO COURT TORONTO

08 [REDACTED] 2220277 ONTARIO INC. ON M2M 4H7

09 [REDACTED] 7 LAREDO COURT TORONTO

10 [REDACTED] 2220277 ONTARIO INC. ON M2M 4H7

11 [REDACTED] 301 - 1595 SIXTEENTH AVE. RICHMOND HILL ON L4B 3M9

12 [REDACTED] PHIL THOMPSON

13 [REDACTED] GENERAL SECURITY AGREEMENT

14 [REDACTED] 301 - 1595 SIXTEENTH AVE. RICHMOND HILL ON L4B 3M9

15 [REDACTED] PHIL THOMPSON

16 [REDACTED] 301 - 1595 SIXTEENTH AVE. RICHMOND HILL ON L4B 3M9

17 [REDACTED] PHIL THOMPSON

CERTIFIED BY/CERTIFIÉES PAR
[Signature]
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(en)16 09/2013



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CONTINUED ... 7

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

BUSINESS DEBTOR
2220277 ONTARIO INC.
02MAY 2017

FINANCIAL STATEMENT / QUALIFICATION

00 702885578

01 20150109 1642 1532 2031 P PISA 4

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03 BUSINESS NAME 650 BAY STREET TORONTO
04 ADDRESS

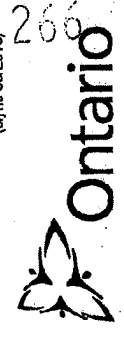
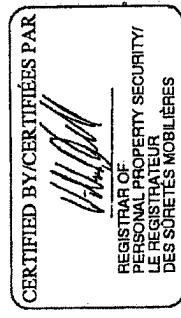
05 DEBTOR NAME
06 BUSINESS NAME
07 ADDRESS

08 SECURED PARTY HOLAND LEASING (1995) LTD.
09 ADDRESS 8525 DECARIE BLVD MONTREAL QC H4P 2J2

10 MOTOR VEHICLE AMOUNT DATE OF NO. FIXED
INVESTMENT EQUIPMENT AGENT'S CATER INCLUDED MATURED OR MAJORITY DATE
088942619

11 MOTOR VEHICLE # MB88868F0FA142653

12 GENERAL COLLATERAL
13 REGISTERING AGENT CSRS
14 ADDRESS 4126 NORLAND AVE BURNABY BC V5G 3S8



*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
CONTINUED... 8

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

BUSINESS DEBTOR
2220277 ONTARIO INC.
02MAY 2017

REGISTRATION PAGE NO. OF PAGES 01 001
MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
PLATE NO. OF PAGES SCHEDULE 20140520 1053-1873 0112 P PPSA 5

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01 2220277 ONTARIO INC. TORONTO ONT M4T 1W1

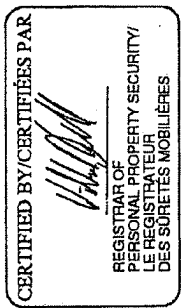
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04 1210 YONGE STREET TORONTO

05 1210 YONGE STREET TORONTO
06 GOLD CARD LEASING O/B GOLDCARD INC.
07 1120 FINCH AVENUE WEST, STE 103 NORTH YORK ONT M3J 3H7

10 MOTOR VEHICLE REGISTRATION
2014 MERCEDES BENZ
GENERAL COLLABORATOR
11 REGISTERING AGENT

12 2014 MERCEDES BENZ
13 GENERAL COLLABORATOR
14 1120 FINCH AVENUE WEST, STE 103 NORTH YORK ONT M3J 3H7

15 1120 FINCH AVENUE WEST, STE 103 NORTH YORK ONT M3J 3H7
16 1120 FINCH AVENUE WEST, STE 103 NORTH YORK ONT M3J 3H7
17 1120 FINCH AVENUE WEST, STE 103 NORTH YORK ONT M3J 3H7



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

BUSINESS DEBTOR
2220277 ONTARIO INC.
02MAY 2017

SEARCH NUMBER : 634536624

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REGISTRATION NUMBER : 20140319 1930 1873 9954 P PSSA 5

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REGISTRATION NUMBER : 20140319 1930 1873 9954 P PSSA 5

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05

REGISTRATION NUMBER : 20140319 1930 1873 9954 P PSSA 5

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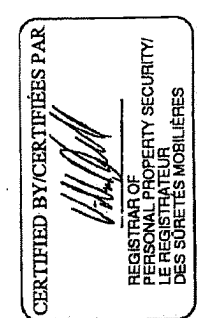
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

BUSINESS DEBTOR
2220277 ONTARIO INC.
02MAY 2017

THIS REGISTRATION HAS BEEN DISCHARGED **

00 0068/5162

01 20130506 1455 1873 9162 P PFSA 5

02 2220277 ONTARIO INC. TORONTO ONT M5G 1M8

03 650 BAY STREET

04 475 GEORGE STREET COBOURG ONT K9H 3M8

05 GOLD CARD LEASING O/B GOLDCARD INC. NORTH YORK ONT M3J 3H7

06 1120 FINCH AVENUE WEST, STE 103

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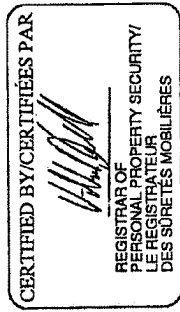
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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

BUSINESS DEBTOR
2220277 ONTARIO INC.
02MAY 2017

HIS REGISTRATION HAS BEEN DISCHARGED **

00

686673162

01

20130506 1455 18/3 9162

02

DEBTOR

NAME

03

DEBTOR

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DEBTOR

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DEBTOR

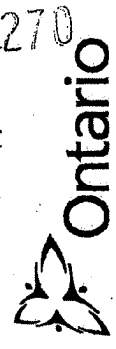
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17

DEBTOR

ADDRESS

CERTIFIED BY/CERTIFIÉES PAR
[Signature]
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETES MOBILIÈRES
(0116 09/2013)



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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

BUSINESS DEBTOR
2220277 ONTARIO INC.
02MAY 2017

FORM 2017/05/03 CHANGE OF BUSINESS DEBTOR

CARRIAGE PAGE OF ORIGINAL MOTOR VEHICLE REGISTRATION RECORDS
FILE NO. OF CHANGE 20170421 1932 1873 2498

01 RECORD NUMBER 686673162

21 PAGE AMENDED NO SPECIFIC PAGE AMENDED
22 REFERENCE DEBTOR/AGENT OR BUSINESS NAME 2220277 ONTARIO INC.

25 OTHER DEBTOR/AGENT OR BUSINESS NAME
26 REASON FOR CHANGE
27 DESCRIPTION
28 DATE OF BIRTH

02/ FIRST GIVEN NAME
05 DEBTOR/AGENT OR BUSINESS NAME
03/ FIRST NAME
06 LAST NAME

29 ASSIGNOR
08 PARTIAL/ALTERN. CHARGEE/ASSIGNOR
09 ADDRESS

10 COLLATERAL CLASSIFICATION
11 MOTOR MAKE
12 MOTOR MAKE
13 YEAR MAKE
14 YEAR MAKE
15 YEAR MAKE
16 YEAR MAKE
17 YEAR MAKE

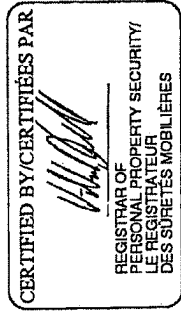
20 COLLATERAL CLASSIFICATION
21 MOTOR MAKE
22 MOTOR MAKE
23 YEAR MAKE
24 YEAR MAKE
25 YEAR MAKE
26 YEAR MAKE
27 YEAR MAKE

GOLD CARD LEASING O/B GOLD CARD INC.
1120 FINCH AVENUE WEST, STE 103

ONT M3J 3H7

*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***

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REPORT : PSSR060
PAGE : 13
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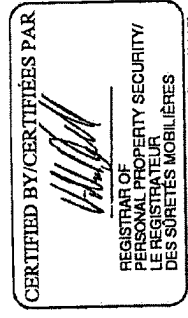
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 123
RUN DATE : 2017/05/03
ID : 20170503125352.54

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2220277 ONTARIO INC.
FILE CURRENCY : 02MAY 2017

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
719385703	20160815 0935 1590 4821		
713573118	20160126 1004 1462 7186		
706472055	20150527 1229 1590 6379		
702885978	20150109 1642 1532 2031		
696256452	20140520 1053 1873 0112		
694536624	20140319 1930 1873 9954		
686673162	20130506 1455 1873 9162		
	20170421 1932 1873 2498		



8 REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

APPENDIX "I"

SALE PROCESS

Purpose

1. The purpose of the within sale process (the “**Sale Process**”) is to identify one or more purchasers of the assets, undertakings and properties (the “**Property**”) of 2220277 Ontario Inc. (the “**Debtor**”). The Sale Process will be conducted by A. Farber & Partners Inc. in its capacity as court-appointed receiver (the “**Receiver**”) of the Property, in consultation with the Debtor’s stakeholders as the Receiver deems appropriate.
2. Unless otherwise indicated herein any event that occurs on a day that is not a business day shall be deemed to occur on the next business day.

Sale Process Procedures

3. The Receiver will compile a list of prospective investors and purchasers (together with any other party expressing an interest in the Property, the “**Interested Parties**”). The Receiver will make best efforts to canvass the interest of all Interested Parties.
4. The Sale Process will be conducted by the Receiver and will provide Interested Parties with the opportunity to submit offers to purchase the Property.
5. The Receiver shall cause a notice of the Sale Process to be published in The Globe and Mail (National Edition), National Post and Toronto Star, as well as any hotel industry publications as the Receiver may deem appropriate, within five (5) days following the issuance of an order of the Ontario Superior Court of Justice (the “**Court**”) approving the Sale Process (the “**Sale Process Order**”).
6. After the issuance of the Sale Process Order, the Receiver will distribute to Interested Parties an interest solicitation letter (the “**Teaser**”) which will provide an overview of this opportunity and the Property. 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**”).

7. The Receiver will provide to each Prospective Offeror (i) a Confidential Information Memorandum (“**CIM**”), (ii) access to an electronic data room (which will include certain financial and other information with respect to the Debtor), and (iii) a proposed form of agreement of purchase and sale (the “**APS**”). The Receiver will also facilitate diligence by Prospective Offerors, including arranging site visits.
8. Notwithstanding paragraph 7 above, the Receiver shall have the right to limit any Prospective Offeror's access to confidential information. This will include limiting access, if deemed appropriate, to parties who the Receiver reasonably believes are not likely to be serious offerors.

Submission of Offers

9. The Receiver in its sole discretion shall determine whether any offers are a “**Qualified Offer**” and each such offeror a “**Qualified Offeror**”, provided that no offer shall qualify as a Qualified Offer unless it meets, among other things, the following minimum criteria:
 - (a) provide the identity of each person or entity (including its shareholders) that is sponsoring or participating in the offer and the complete terms of such participation and evidence of corporate authority;
 - (b) the offer must be submitted in writing and include a blackline of the offer to the APS, reflecting any proposed changes;
 - (c) the offer must be accompanied by a cash deposit (the “**Deposit**”) in the form of certified cheque or bank draft payable to the Receiver which is equal to at least 5% of the aggregate purchase price payable under the offer;
 - (d) the offer must be in the form of a binding offer capable of acceptance, irrevocable until Court approval of an agreement of purchase and sale in respect of the Property;
 - (e) the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction;

- (f) the offer must contain written evidence of a commitment for financing or other evidence of the offeror's financial ability to consummate the sale with appropriate contact information for such financing sources; and
 - (g) the offer must be submitted to the Receiver prior to the Bid Deadline (as set forth below).
10. The Deposit will be refunded in the event an offer, as submitted, is not accepted by the Receiver.

Post-Offer Procedure

11. If one or more Qualified Offers are received, the Receiver may choose to:
- (a) accept a Qualified Offer and take such steps as are necessary to finalize and complete an agreement of purchase and sale; or
 - (b) continue negotiations with a selected number of Qualified Offerors with a view to finalizing an agreement of purchase and sale.
12. The Receiver shall be under no obligation to accept the highest or best offer and the acceptance of a Qualified Offer shall be entirely in the discretion of the Receiver.
13. No party shall be paid any break, termination or similar fee. For greater certainty, all Interested Parties, Qualified Offerors and successful purchasers shall be responsible for their own fees, including legal fees, and costs relating to any transaction.

Other Terms

14. Notwithstanding anything else contained herein, if it becomes evident to the Receiver that no Qualified Offers will be received, the Receiver may terminate the Sale Process.
15. The Receiver shall apply to the Court for an order approving the final agreement of purchase and sale and authorizing the Receiver to undertake such actions as may be necessary or appropriate to carry out the sale transaction.

16. At any time during the Sale Process, the Receiver may, upon reasonable notice to the service list, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder or the approval of a stalking horse bid and any amendments to the Sale Process as may be necessary to implement a stalking horse sale process.

Sale Process Timeline

	Event	Timing
1.	Compile a list of Interested Parties through the Farber network of advisors and investors in the real estate industry.	Immediately following the Sale Process Order
2.	Send a teaser and CA to all parties identified by the Receiver as potentially having an interest in the Property.	Immediately following the Sale Process Order
3.	Advertise the Property and Sale Process in <i>The Globe & Mail</i> (National Edition), National Post, Toronto Star and hotel industry publications.	Within 5 business days of the Sale Process Order
4.	Information pertaining to this opportunity will be posted on the Receiver's website: www.farberfinancial.com which will include: <ul style="list-style-type: none"> • An Invitation for Offers to purchase the Debtors' Property; • The Sales Process Terms and Conditions; • The APS, which is on an "as is, where is" basis with no representations or warranties; and • A CA. 	Within 10 business days of issuance of the Sale Process Order
5.	Interested Parties expressing an interest in participating in the Sale Process will be required to execute a CA, upon which Interested Parties will receive available information in respect of the Property and Sale Process, including access to the Receiver's data room, once established, which will also include a CIM setting out the investment and/or purchase opportunity. In addition, parties wishing to undertake further due diligence will be provided with an opportunity to conduct site visits and review further additional information not available from the virtual data room.	Through to no later than 4:00 PM (EDT) September 26, 2017
6.	Interested Parties will have until 4:00 pm Eastern Daylight Time, on Tuesday, September 26, 2017 (the " Bid Deadline ") to submit a Qualified Offer, which must include the Deposit. Offers are to be made using the APS template and shall remain open for acceptance by the Receiver until Court approval of an agreement of purchase and sale in respect of the Property.	On or before 4:00 PM (EDT), September 26, 2017
7.	The Receiver will review and assess all Qualified Offers received, if any	On or prior to October 3, 2017

Event		Timing
8.	The Receiver will negotiate and finalize an APS and execute same.	On or prior to October 10, 2017
9.	The Receiver will seek Court approval of agreement of purchase and sale and obtain a vesting order.	The week of October 16, 2017 (subject to Court availability)
10.	Close sale to successful purchaser.	As soon as practicable following the Vesting Order

ZAHERALI VISRAM
Applicant

- and -

2220277 ONTARIO INC.
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

**FIRST REPORT OF A. FARBER & PARTNERS
INC. IN ITS CAPACITY AS COURT APPOINTED
RECEIVER OF 2220277 ONTARIO INC.**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Sara-Ann Van Allen (LSUC # 56016C)
Tel: (416) 863-4402
Fax: (416) 863-4592
sara.vanallen@dentons.com

Vanja Ginic (LSUC # 69981W)
Tel: 416-863-4673
vanja.ginic@dentons.com

*Lawyers for A. Farber & Partners Inc., Court Appointed
Receiver of 2220277 Ontario Inc.*

APPENDIX “C” to the Third Report to the Court of
A. Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.

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

BETWEEN:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**SUPPLEMENTAL REPORT TO THE FIRST REPORT TO THE COURT OF A.
FARBER & PARTNERS INC. IN ITS CAPACITY AS COURT APPOINTED RECEIVER
OF 2220277 ONTARIO INC.**

August 14, 2017

1. This Report is supplemental to the First Report to the Court of A. Farber & Partners Inc., dated August 9, 2017 (the “**First Report**”) in its capacity as the Court-appointed receiver (the “**Receiver**”) of the assets, undertakings and properties of 2220277 Ontario Inc. (the “**Debtor**”). All capitalized terms used herein but not otherwise defined shall have the meanings ascribed in the First Report.

A. DOCUMENT PRODUCTION

2. It has been two weeks since the Receiver’s appointment. Karras, the sole director, officer and apparent employee, of the Debtor, returned from his trip to Europe one week ago.
3. As detailed in the First Report, since the date of its appointment, the Receiver has directed numerous requests for the Records (as defined in the Receivership Order) to

Karras, including itemizing certain of the Records in its Motion Record, dated August 9, 2017 (the “**Motion Record**”).

4. To date, Karras has not provided the Receiver with access to any central location where the Records are stored. He advised that there are no records at the 650 Bay Street location. He advised the Receiver that certain of the Records were previously held at a Yonge Street office, which was vacated as of July 31, 2017, and that the Debtor’s new office (at a location not disclosed to the Receiver) was delayed and not ready for occupancy. Accordingly, Receiver does not know the whereabouts of the Debtor’s books and records, including all electronic and hard copies of same.
5. By letter dated August 10, 2017, Alfred Schorr, counsel to the Debtor wrote to the Receiver in response to the Motion Record, seeking clarification of certain of the Receiver’s document production requests. A copy of the letter from Alfred Schorr to the Receiver’s counsel, dated August 10, 2017, is attached hereto as Appendix “A”.
6. By letter dated August 10, 2017, the Receiver’s counsel responded to Mr. Schorr’s letter clarifying certain of the Receiver’s preliminary document requests. A copy of the letter from the Receiver’s counsel to Mr. Schorr is attached hereto as Appendix “B”.
7. By letter dated August 14, 2017, Mr. Schorr wrote to the Receiver and its counsel, responding to the Motion Record and enclosing certain documentation and information requested by the Receiver. A copy of the letter from Mr. Schorr, dated August 14, 2017, with enclosures one and two, is attached hereto as Appendix “C”.
8. The Receiver has, to date, received certain of the information and documentation that it has requested from the Debtor; however, many Records remain outstanding. Below is a summary of the requested Records and the status of production of same:

	Requested Documents	Documents Produced
(a)	tax returns for the previous five (5) years	<ul style="list-style-type: none">• Delivered tax returns for 2010-2014• Returns for 2015 and 2016 remain outstanding and no commitment from the Debtor as to when these may become

	Requested Documents	Documents Produced
		available
(b)	financial statements for the previous five (5) fiscal years	<ul style="list-style-type: none"> • None delivered but the Receiver was referred to the condensed financial information on the tax returns. • As noted above, the returns for 2015 and 2016 remain outstanding so the corresponding condensed financial information is also outstanding for those years
(c)	bank statements for the previous fiscal year and current fiscal year to date and bank correspondence, cancelled cheques, cheque register and any undeposited post-dated tenant cheques	<ul style="list-style-type: none"> • None delivered and letter from Schorr advises that no statements are available as the Debtor did not retain hard or electronic copies of the statements
(d)	all contracts, correspondence and leases with tenants and operators	<ul style="list-style-type: none"> • Only leases have been delivered • Correspondence documents have not been delivered including correspondence relating to an alleged rent abatement afforded to the Restaurant Lease as per Karras
(e)	general ledger or trial balance as of August 10, 2017 and as of June 30, 2017	<ul style="list-style-type: none"> • None delivered • Debtor advised that these documents will be delivered on Friday, August 18, 2017
(f)	employee information, including T-4 summaries, and any correspondence with the Canada Revenue Agency (“CRA”) and any assessments and statements thereof	<ul style="list-style-type: none"> • statement of account for 2016 source deductions delivered, all previous years remain outstanding • No other documentation regarding employees delivered, including T-4 summaries including how/when the Debtor went from having employees to the current status, per Alfred Schorr’s letter, of Karras being “...the only employee (unpaid) of 2220277 Ontario...” • No correspondence with CRA delivered notwithstanding a recent payment plan was negotiated with CRA
(g)	all leases relating to leased assets, including vehicle assets	<ul style="list-style-type: none"> • None delivered and there are three Mercedes vehicles with the Debtor being a lessee/co-lessee as per the PPSA.

	Requested Documents	Documents Produced
(h)	all mortgage documentation	<ul style="list-style-type: none"> None delivered. In the attachment to Alfred Schorr's letter, Karras noted "We do not have any mortgage documents".
(i)	all insurance documentation, including copies of all insurance policies in respect of the Property	<ul style="list-style-type: none"> No proof of current insurance for the Real Property or vehicles has been delivered Only one undated page (of an 8-page document from the insurance broker) showing that the Real Property is/was insured has been delivered. This extract does not reference the Debtor nor show the owner, named insured, term, premiums etc. but does note three loss payees, none of which are the Debtor. No insurance policies have been delivered
(j)	creditor listing, including names of creditors and amounts owed to all secured creditors, unsecured creditors, utilities providers, government agencies and others	<ul style="list-style-type: none"> Incomplete summary of creditors delivered Summary omits secured creditors, mortgagees, insurance broker, EHT, HST and addresses of listed creditors
(k)	confirmation from the Heritage Council that the Property is not designated a heritage building	<ul style="list-style-type: none"> Delivered
(l)	all appraisals and documentation in respect of pre-receivership sales efforts	<ul style="list-style-type: none"> Appraisal dated May 15, 2012 delivered No documentation or correspondence delivered in respect of pre-receivership sales efforts
(m)	HST filings and assessments for the previous fiscal year and the current fiscal year to date.	<ul style="list-style-type: none"> 1-page HST filing summary for the year ended September 30, 2015 has been delivered No HST filings for 2016 and the current fiscal year to date have been delivered
(n)	an accounting in respect of all amounts, including rent, received from (i) 2452482 Ontario Inc. o/a Food Society since April 1, 2017, and (ii) bE SixFifty Hotel Inc. since July 27, 2016	<ul style="list-style-type: none"> None delivered Debtor advised that these documents will be delivered on Friday, August 18th
(o)	all related party transaction documentation, including	<ul style="list-style-type: none"> None delivered

	Requested Documents	Documents Produced
	documentation concerning how the Debtor transferred the operations of the bE SixFifty Hotel from the Debtor to bE SixFifty Hotel Inc. and the consideration paid by bE SixFifty Hotel Inc. for the business and hotel assets	<ul style="list-style-type: none">• Debtor advised that its accountants will provide this information by August 28, 2017• Receiver also requires correspondence and documentation to support these transactions, which are more likely to be in the possession of the Debtor than its accountants

9. At this time, the Receiver is also requesting access to the Debtor's corporate books including the minute books and share registers.
10. The Receiver cannot discharge its duties as Receiver without production of all of the Records. The failure on the part of the Debtor and Karras to provide the Records on a timely basis necessitates the Receiver expending time and resources seeking out the information from third parties, thereby increasing the costs of the receivership for all of the Debtor's stakeholders.
11. Copies of the insurance policies in respect of the Real Property, as well as all bank statements and other banking information are urgently required. The Receiver has a duty to determine whether proper insurance policies are in place in respect of the Real Property and other Property and review the recent financial transactions of the Debtor. The Receiver has been advised by the Debtor's financial institution that its account has been dormant for some time. As a result, the Receiver has no information as to where the monthly rent payments from each of the Tenants were deposited or directed.
12. Further, any additional delay with respect to the production of the Records may impact the Receiver's ability to effectively conduct a sale process in respect of the Property. Many of the documents and information requested by the Receiver will need to be made available to all potential purchasers for the purposes of conducting due diligence in respect of the Debtor and its business.
13. Karras is the sole director and officer of the Debtor. The Records of the Debtor are, or should be, within his possession and control. The Receiver is of the view that the relief

sought is both appropriate and necessary in light of the difficulty it has faced to date in obtaining even the most basic financial information and records in respect of the Debtor's business.

B. SALE PROCESS

14. The Receiver is in receipt of a potential stalking horse bid. To provide the Receiver with time to review and consider the bid, it intends to seek an adjournment of the portion of its motion seeking approval of the proposed Sale Process.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED
THIS 14th DAY OF AUGUST, 2017.**

**A. Farber & Partners Inc. in its capacity as Court
Appointed Receiver of 222027 Ontario Inc.
and not in its personal or corporate capacity**



Per: _____

Name: John Hendriks CPA, CA, CIRP, LIT
Title: Vice President

Appendix "A"

ALFRED S. SCHORR

Barrister & Solicitor
227 Eagle Street East, Suite 200
Newmarket Ontario L3Y 1J8

Commercial Litigation and Counsel

Telephone
(905) 940-9252
Telecopier
(905) 940-5583
E-Mail
alfred@schorrlaw.ca

August 10th 2017

Dentons Canada LLP
77 King Street West
Suite 400
Toronto-Dominion Centre
Toronto, Ontario M5K 0A1

Attention: Sara-Ann Van Allen

Re: 2220277 Ontario Inc. ats Visram

Reference is had to your Motion Record returnable August 15th 2017.

You are seeking two Orders.

The first Order relates to the delivery of records and related relief.

In paragraph 2 of the draft Order you seek a number of things to be delivered by Karras to the Receiver no later than 5:00 p.m. on August 17th 2017. I have reviewed each one of the items in detail with Mr. Karras who is attempting to locate all of these items or provide me with information that those items are not available by 5:00 p.m. on August 17th and as to why. In connection therewith there are a number of areas that are uncertain for which I require your information:

- (a) For what period of time are bank statements etc. in paragraph 2(c) required?;
- (b) What is meant by "recent" general ledger or trial balance referred to in paragraph 2(e)?;
- (c) For what period of time do you require the Harmonized Sales Tax filings and assessments in 2 (m)?.

Alfred Schorr

Page 2

Sara-Ann Van Allen

August 10 2017

I would be obliged for your prompt reply in connection with the above.

Insofar as the sales process is concerned the company is seeking advice as to whether or not it would be appropriate to make a Proposal under the Companies Creditors Arrangement Act. Alternatively financing has now been committed to demonstrate that the company is solvent and to attempt to obtain an Order terminating the receivership. Because of this Mr. Karras is concerned with items, 2, 3 and 4 of the sale process timeline. Karras is requesting that these steps be deferred to September 12th 2017. Please review this with the Receiver and advise as to your position.

Yours very truly,


ALFRED SCHORR

AS/kb

c.c. Mr. Karras

P.S. For the purpose of expediting the exchange of information I would be obliged if you would confirm that I may copy Mr. Hendricks directly on any correspondence with you or that I may directly correspond with Mr. Hendricks provided I copy you.

Appendix "B"

August 10, 2017

File No.: 559456-3

SENT VIA E-MAIL: alfred@schorrlaw.ca

Alfred Schorr
227 Eagle Street East, Suite 200
Newmarket, ON L3Y 1J8

Dear Mr. Schorr:

RE: Zaherali Visram v. 2220277 Ontario Inc. (the "Debtor")

We are in receipt of your letter, dated August 10, 2017.

In response to your questions, and to clarify certain of the documents and information itemized in our Motion Record, returnable August 15, 2017, the Receiver requires the following:

- (a) bank statements for the previous fiscal year and the current fiscal year to date;
- (b) general ledger or trial balance as of today's date and as of June 30, 2017; and
- (c) HST filings and assessments for the previous fiscal year and the current fiscal year to date.

The Receiver reserves the right to request further documents and information in respect of the Debtor and its business as it may require.

The Receiver presently intends to proceed with its motion, returnable August 15, 2017, including approval of the sale process and the proposed timelines set out therein.

Yours truly,
Dentons Canada LLP



Sara-Ann Van Allen

SVA/ac

c.c. Stuart Mitchell (A. Farber & Partners Inc.)
John Hendriks (A. Farber & Partners Inc.)

Appendix "C"

ALFRED S. SCHORR

*Barrister & Solicitor
227 Eagle Street East, Suite 200
Newmarket Ontario L3Y 1J8*

Commercial Litigation and Counsel

*Telephone
(905) 940-9252
Telecopier
(905) 940-5583
E-Mail
alfred@schorrlaw.ca*

August 14th 2017

**Dentons Canada LLP
77 King Street West
Suite 400
Toronto-Dominion Centre
Toronto, Ontario M5K 0A1**

Attention: Sara-Ann Van Allen

Re: 2220277 Ontario Inc. -- Receivership

Reference is had to your Motion Record returnable tomorrow.

I am enclosing herewith the following:

- (a) Pages 4, 5, 16, 17, 18, 19, and 20 of your Motion Record with the comments of Mr. Karras;
- (b) Page 2 of your draft Order with Mr. Karras's comments.

I am also enclosing herewith all of the attachments to which he makes reference. I also spoke with Evan as to the reason for some of these answers.

All of the accounting records are with the Accountant Musa Suleman (416-621-3393). When Evan asked Musa for item (e), (g), (n) and (o) Musa provided him with these answers. Insofar as the ledgers and trial balances are concerned all of this documentation is maintained by a third party bookkeeping service. The gentleman in question is Mr. Royce Luong - telephone 647-838-9968.

Obviously I am concerned as is Mr. Karras that a Court Order requiring documentation within three

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Alfred Schorr

Page 2

Sara-Ann Van Allen

August 14 2017

days of any particular request could under many circumstances be an invitation to find him in contempt. All he can do is his best.

The Court Order allows the Receiver to give notice to third parties who then become bound by the Order. In particular it is open to the Receiver to make third party demands upon Mr. Luong and Mr. Suleman.

Insofar as bank statements are concerned Evan advises that all of this was electronic. We suspect but do not know that the Receiver may have been in touch with the bank and that is why the account was closed. Evan is unable to get access to the bank records.

I have already provided you with the leases and proof of insurance.

Evan advises that he does not physically have any of the mortgage documents. He also did not receive lawyers' reports since these were all handled by lawyers acting for the Suleman family. He is doing what he can to compel these reports.

In our view, and if necessary we will take a strong position in Court concerning the same, the Order which you are seeking is an unreasonable one. It does not take into account circumstances beyond the control of Mr. Karras who is the only employee (unpaid) of 2220277 Ontario Inc. - the company has no other employees.

Like most younger persons Evan relies upon electronic information. As I am an old timer and also because of the Rules of the Law Society I have hard copies of everything. Even then I might be hard pressed to find documents within 3 days particularly if they are several years old. In terms of documentation in this matter we are talking about documents going back to 2012.

Alfred Schorr

Page 3

Sara-Ann Van Allen

August 14 2017

There is already an Order in place requiring full cooperation of Mr. Karras and anyone getting notice of the Order to comply. Is this not enough?

Insofar as pre Receivership sales efforts you will see that in the Affidavit of Mr. Visram he refers to two Agreements of Purchase and Sale which he exhibits. The only omission is that he has redacted the price. Mr. Karras advises that the Agreement of Purchase and Sale with Reserve Land Corporation was for [REDACTED] and the Agreement with 932929 Canada Inc. was for \$ [REDACTED]. Exhibit "B" to the Affidavit of Mr. Karras is an Agreement involving the principals of 650 Bay Limited Partnership and what in effect is a pay out and share participation with Karras in the amount of \$15,000,000.00.

The Affidavit of Mr. Visram to which you make reference and attached (without exhibits) also contains a Statement of Claim that was issued as against Visram by 2220277 Ontario Inc. in which pleadings were noted closed as against the Defendant.

Pursuant to undertakings given by Mr. Karras in the receivership Application Mr. Karras did provide to the Applicant some further Agreements of Purchase and Sale that were not consummated. All of the appraisals referred to in the two Affidavits are the only appraisals of which Mr. Karras has knowledge. He did ask for an update of the most recent appraisal but the appraiser took the position that an update was not appropriate and that a fresh appraisal needed to be done which would take several weeks at considerable costs.

Insofar as the Visram first and second mortgages are concerned the issue as to the amount owed thereunder is yet to be determined.

Alfred Schorr

Page 4

Sara-Ann Van Allen

August 14 2017

In conclusion I would like to reiterate my earlier comments that the outstanding Order appointing the Receiver is sufficient to provide to the Receiver the tools which the Receiver needs to gather all of the necessary information that the Receiver considers to be appropriate in order to perform its duties.

Mr. Karras has not shown a refusal to cooperate but only a slight delay due to the fact that he was in Europe and that a number of the requested documents are not documents over which he has immediate control.

Mr. Karras understands his obligations under the Order and intends to fulfill those obligations if and when required. To impose upon him arbitrary dates for yet undisclosed requirements is, in my submission, quite unreasonable. I would ask you to review this with Mr. Hendricks.

In the meantime I await your reply.

Yours very truly,


ALFRED SCHORR

AS/kb

c.c. Mr. Karras
c.c. Stuart Mitchell
c.c. John Hendricks

13. The Debtor has no discernible operations and the Real Property is leased to the following parties:

- (a) Be SixFifty Hotel Inc., a company of which Karras is the sole director and officer that operates a hotel at the Real Property; and
- (b) 2452482 Ontario Inc. o/a Food Society, which operates a restaurant at the Real Property;

Production of the Records

14. The Receivership Order empowers and authorizes the Receiver to, *inter alia*:

- (a) take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property; and
- (b) receive, preserve, and protect the Property;

15. The Receivership Order obliges the Debtor and Karras, among others, to:

- (a) forthwith advise the Receiver of the existence of any Property in such person's possession or control, grant immediate and continued access to the Property to the Receiver, and deliver all such Property to the Receiver upon the Receiver's request; and
- (b) forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor and to provide or permit the Receiver to make, retain and take away copies of same;

16. On the date of the Receivership Order, the Receiver personally delivered a copy of the Receivership Order to Karras and, in accordance with the Receivership Order, requested various documents, including tax returns, financial statements, bank statements, leases, insurance documentation and lists of creditors;

The Receiver contacted me by text messages on August 1, 2017 at 2:37 pm requesting I contact him. I did so and subsequently spoke and arranged a time to meet at the property. After our arrangement, he sent me a further text message at 3:23 pm stating that he was on his way to the property despite our prior agreement.

The Receiver did NOT personally deliver a copy of the Receivership Order. I received that by email.

I informed the receiver that I was travelling the following day and given the lateness in the day, I would not be able to locate any of the documents, but I would certainly try to get him what I could.

17. Due to Karras' travel plans, and the fact that the books and records relating to the Debtor are not held at a central location or at the Real Property, on August 2, 2017, the Receiver agreed to accept certain urgently required documentation prior to Karras' departure, with the remainder to be provided upon his return;
18. The documentation urgently requested by the Receiver were the following (collectively, the "Urgent Records"):
- (a) tax returns for the most recent tax year;
 - (b) financial statements;
 - (c) bank account details;
 - (d) copies of the leases with the Real Property tenants (the "Leases");
 - (e) insurance information with respect to the Premises; and
 - (f) motor vehicle details, including proof of insurance;

19. Despite the Receiver following up and its repeated requests for same, Karras did not provide any documentation, including the Urgent Records, prior to his departure to Europe;

I only had the leases and was not able to send them by email myself as the files were too large.

20. On August 3, 2017, the Receiver's counsel wrote to Karras, copying the Debtor's counsel, requesting that the Urgent Records be delivered without delay;

Despite the fact that I informed the Receiver that I was travelling out of the country the following day and that I would have limited or no access to email, he proceeded to have a letter sent to me by his legal counsel, which he knew I would not see since I was travelling.

21. To date, the Receiver has only received copies of the Leases. The remaining Urgent Records and other Records have not been provided to the Receiver despite its repeated requests;

The Receiver has received more than the leases through Alfred Schorr.

22. The Receiver requires the Records, without delay, in order to, *inter alia*:

- (a) properly discharge its duties and obligations as set forth in the Receivership Order and the *Bankruptcy and Insolvency Act* (Canada) ("BIA");

11. The Receiver notes that considerable time was incurred seeking information from third parties, as noted above, given the lack of any documentation provided by Karras before

he left for Europe.

It is UNREASONABLE of the Receiver to have expected documents prior to my departure given the time of day we communicated. These costs and efforts could have been avoided had the Receiver waited until my return this week, as I stated to him.

E. DOCUMENT PRODUCTION REQUESTS

12. The Receivership Order empowers and authorizes the Receiver to, *inter alia*:
- (a) take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property; and
 - (b) receive, preserve, and protect the Property.
13. The Receivership Order obliges the Debtor and Karras, among others, to:
- (a) forthwith advise the Receiver of the existence of any Property in such person's possession or control, grant immediate and continued access to the Property to the Receiver, and deliver all such Property to the Receiver upon the Receiver's request; and
 - (b) forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor (the "Records") and to provide or permit the Receiver to make, retain and take away copies of such Records.
14. On August 1, 2017, the date of the Receivership Order, the Receiver met with Karras at the Real Property. At this time, the Receiver requested that Karras provide, in accordance with the Receivership Order, the following documents:
- (a) tax returns;
 - (b) financial statements;
 - (c) bank statements and correspondence including cancelled cheques, cheque register and any undeposited post-dated tenant cheques;

- (d) contracts and leases with the Debtor's tenants and operators;
- (e) a recent general ledger or trial balance;
- (f) employee information including T-4 summaries and any correspondence with the Canada Revenue Agency and any assessments and statements thereof;
- (g) leases relating to leased assets, including vehicle assets;
- (h) mortgage files;
- (i) insurance files;
- (j) lists of creditors including, but not limited to, secured creditors, unsecured creditors, utilities, government accounts, and accruals;
- (k) appraisals and sales effort files;
- (l) Harmonized Sales Tax filings including any correspondence with the Canada Revenue Agency and any assessments and statements thereof; and
- (m) related party transaction files.

I requested to provide me with a list of what documents he required and he did so.

15. Karras advised the Receiver that he would be unable to provide all of the requested documents due to a planned trip abroad commencing the next day, and the fact that the Debtor's records are not held at the Real Property or another central location.
16. In an effort to accommodate Karras' travel plans, the Receiver provided a list of documents urgently required by the Receiver prior to Karras' departure, with the remaining documentation to be delivered upon his return. The urgently requested documents consisted of the following (collectively, the "Urgent Records"):
 - (a) tax returns for the most recent tax year;
 - (b) financial statements;
 - (c) bank account details;

- (d) copies of the leases entered into with any tenants at the Real Property (the "Leases");
 - (e) insurance information with respect to the Real Property; and
 - (f) motor vehicle details, including proof of insurance.
17. The next morning, on August 2, 2017, the Receiver followed up with Karras with respect to its document requests and reiterated the necessity to have the Urgent Records without delay.
18. In the afternoon of August 2, 2017, the Receiver again followed up with Karras regarding delivery of the Urgent Records. At this time, the Receiver advised Karras that the Receivership Order requires him to produce the Urgent Records forthwith. The Receiver also requested the contact information for a representative of the Debtor that the Receiver could contact during the period of Karras's absence.
19. Karras disputed the Receiver's characterization of the agreement regarding delivery of the Urgent Records but confirmed that he would provide the Leases that same day. Karras did not provide contact details for any other person with whom the Receiver could correspond with to obtain the outstanding documents.
- I did not confirm that I would provide anything the same day. The Debtor has no employees to rely upon and I informed the Receiver that I would be the only one able to locate and provide documents and records.*
20. The Receiver understands from the Applicant's counsel that, on June 20, 2017, during cross-examination on his affidavit, Karras undertook to provide copies of the Leases to the Applicant. Accordingly, the Receiver's request for copies of the Leases was not the first time the Karras was requested to produce same.
21. By the evening of August 2, 2017, the Receiver had not received any documentation including the Leases or any of the remaining Urgent Records. At that time, the Receiver reiterated to Karras that the Receivership Order requires him to forthwith provide access to the Records and that the Receivership Order is an order of the Court that must be complied with in a timely manner.

22. Karras promptly responded that certain documents were in the process of being scanned and sent to the Receiver. A copy of the email chain between Karras and John Hendriks of Farber, dated August 2, 2017 is attached hereto as Appendix "D".
23. On the morning of August 3, 2017, the Receiver had not received any of the Urgent Records or other requested documentation from Karras. The Receiver was advised by its technology support team that no email transmissions from known e-mail addresses of Karras or the Debtor had attempted to contact the Receiver's email servers. As such, if any emails were initiated by the Debtor or Karras to the Receiver, the emails failed to send entirely and the Receiver's email servers did not receive or reject any emails from these parties due to spam, file size, type of file attachments or any other reason.
24. On August 3, 2017, the Receiver's legal counsel wrote to Karras and copied the Debtor's legal counsel demanding Karras immediately deliver the Urgent Records. A copy of the letter from the Receiver's counsel to Karras, dated August 3, 2017, is attached hereto as Appendix "E". The Receiver also sent a text message to Karras' known cell phone number to advise that the letter was emailed to him and the Debtor's legal counsel and to check his email for same.
25. The Receiver's counsel did not receive a response from Karras to its letter, however the Debtor's legal counsel did verbally undertake to provide certain documentation in his possession the following morning and to attempt to contact Karras to follow up on the production of the Urgent Records.
Of course they received no response since I was travelling and the Receiver was aware that I was unavailable for 1 week, yet he decided to incur costs unnecessarily.
26. On the morning of August 4, 2017, the Debtor's legal counsel provided the Receiver with copies of the Restaurant Lease as well as copies of issued statements of claim in respect of two pending actions commenced by the Debtor, among others.
27. A few days later, on August 8, 2017, bE SixFifty Hotel Inc. provided to the Receiver a copy of the Hotel Lease. The corporate profile report in respect of bE SixFifty Hotel Inc., dated August 3, 2017, a copy of which is attached hereto as Appendix "F", lists Karras as the sole director and officer of the company.

28. The remaining Urgent Records and other Records have not been provided to the Receiver despite its repeated requests for same.
29. The Receiver requires the Records, without delay, in order to, *inter alia*:
- (a) properly discharge its duties and obligations as set forth in the Receivership Order and the *Bankruptcy and Insolvency Act* (Canada);
 - (b) take possession and control of the Property, including confirming that adequate insurance is in place;
 - (c) determine the nature and quantum of the Debtor's pre-receivership liabilities and notify all creditors of its appointment as Receiver;
 - (d) ascertain whether the ongoing Hotel and Restaurant operations at the Real Property are covered by appropriate liability insurance and comply with all regulatory and licensing requirements including, without limitation, building codes, health and safety requirements, and liquor licence requirements; and
 - (e) ascertain whether the ongoing Hotel and Restaurant operations are in compliance with their obligations under the Leases, including the payment of all rent amounts.
30. The refusal of Karras to provide the Records is in direct contravention of the Receivership Order. The Receiver cannot properly and competently undertake and discharge its duties as Receiver without this information.

I have NOT refused to provide Records!

F. SECURED CREDITORS AND CRA

31. The Real Property is charged to and in favour of eight (8) mortgagees, including the Applicant. The principal amounts of the mortgages registered against title to the Real Property total approximately \$13.25 million. The Visram Affidavit states that the Debtor owes the Applicant approximately \$10 million pursuant to two mortgages, which the Receiver understands is inclusive of interest and extension fees. The face amounts of the other registered mortgages total approximately \$9.95 million.

The Debtor has default judgment against the Applicant.

the Records include, but are not limited to, the following documentation and information in respect of the Debtor:

- (a) tax returns for the previous five (5) years;
Attached are tax returns for the years 2010, 2011, 2012, 2013. I will have a copy of 2014 On August 15, 2017.
- (b) financial statements for the previous five (5) fiscal years;
Please refer to "General Index of Financial Information - GIF1 - in the above stated tax returns..
- (c) bank statements and correspondence including cancelled cheques, cheque register and any undeposited post-dated tenant cheques;
I do not have any bank statements. I attempted to log in to online banking to print, but the account was closed by the bank.
- (d) all contracts, correspondence and leases with tenants and operators;
Leases have already been provided.
- (e) recent general ledger or trial balance and access to the Debtor's accounting system;
This will be available Friday, August 18, 2017.
- (f) employee information including T-4 summaries and any correspondence with the Canada Revenue Agency and any assessments and statements thereof;
Attached is the 2016 T-4 Summary, along with the most recent Statement of Account dated July 4, 2017. However, the amount owing shown is greater than the amount actually due.
- (g) all leases relating to leased assets, including vehicle assets;
I waiting for documents.
- (h) all mortgage documentation;
We do not have any mortgage documents.
- (i) all insurance documentation, including copies of all insurance policies in respect of the Property;
Property Insurance coverage attached.
- (j) creditor listing, including names of creditors and amounts owed to all secured creditors, unsecured creditors, utilities providers, government agencies and others;
Attached summary.
- (k) confirmation from the Heritage Council that the Property is not designated a heritage building;
Attached is an email from April 2016 confirming no heritage status.
- (l) all appraisals and documentation in respect of pre-receivership sales efforts;
Appraisal from 2012 attached. Agreements of Purchase and Sale will be provided Monday, August 14, 2017.
- (m) Harmonized Sales Tax filings including any correspondence with the Canada Revenue Agency and any assessments and statements thereof;
Attached is the 2015 HST Tax filing.
- (n) an accounting in respect of all amounts, including rent, received from, (i) 2452482 Ontario Inc. o/a Food Society since April 1, 2017, and (ii) bE SixFifty Hotel Inc. since July 27, 2016; and
This is being prepared and will be available Friday, August 18, 2017.
- (o) all related party transaction documentation, including documentation concerning how the Debtor transferred the operations of the bE SixFifty Hotel from the Debtor to bE SixFifty Hotel Inc. and the consideration paid by bE SixFifty Hotel Inc. for the business and hotel assets;
- I have requested this information from the company accountant and they have informed me that they will have it to me by August 28, 2017.

ZAHERALI VISRAM
Applicant

- and -

2220277 ONTARIO INC.
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

**SUPPLEMENTAL REPORT TO THE FIRST
REPORT OF A. FARBER & PARTNERS INC. IN
ITS CAPACITY AS COURT APPOINTED
RECEIVER OF 2220277 ONTARIO INC.**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Sara-Ann Van Allen (LSUC # 56016C)
Tel: (416) 863-4402
Fax: (416) 863-4592
sara.vanallen@dentons.com

Vanja Ginic (LSUC # 69981W)
Tel: 416-863-4673
vanja.ginic@dentons.com

*Lawyers for A. Farber & Partners Inc., Court Appointed
Receiver of 2220277 Ontario Inc.*

APPENDIX “D” to the Third Report to the Court of
A. Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.

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

BETWEEN:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**SECOND REPORT TO THE COURT OF A. FARBER & PARTNERS INC. IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF 2220277 ONTARIO INC.**

August 21, 2017

A. GENERAL BACKGROUND

1. On August 1, 2017, pursuant to an order (the “**Receivership Order**”) of this Honourable Court (the “**Court**”), A. Farber & Partners Inc. (“**Farber**”) was appointed receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 and Section 101 of the *Courts of Justice Act*, R.S.O. 1990 over all of the assets, undertakings and properties (the “**Property**”) of 2220277 Ontario Inc. (the “**Debtor**”). A copy of the Receivership Order is attached hereto as Appendix “A”.
2. The Debtor is a corporation incorporated pursuant to the laws of the Province of Ontario. Mr. Evan Karras (“**Karras**”) is the sole officer and director and majority shareholder of the Debtor.

3. The Property includes, without limitation, the real property municipally known as 650 Bay Street and 55 Elm Street located in Toronto, Ontario (the “**Real Property**”). The Debtor acquired the Real Property on November 13, 2009.
4. The Debtor has no discernible operations and the Real Property is leased to the following parties:
 - (a) a boutique hotel called the bE SixFifty Hotel (the “**Hotel**”), which is operated by bE SixFifty Hotel Inc., (“**SixFifty**”) a company related to the Debtor, pursuant to a lease dated July 27, 2016 (the “**Hotel Lease**”); and
 - (b) a bistro café called the Food Society (the “**Restaurant**”), which is operated by 2452482 Ontario Inc. pursuant to a lease between the Debtor and 2452482 Ontario Inc., dated April 1, 2017 (the “**Restaurant Lease**”).
5. The Debtor advises that it previously operated the Hotel until a pipe burst and flooded the premises on or about March 13, 2016. The Debtor entered into the Hotel Lease on July 27, 2016 and SixFifty commenced operating the Hotel in December 2016.
6. As set out in the Receiver’s First Report to the Court, dated August 9, 2017 and the Receiver’s Supplemental Report to the First Report, dated August 14, 2017, the Receiver has faced ongoing difficulty obtaining the Debtor’s books and records from the Debtor and Karras.
7. The August 15, 2017 endorsement of the Honourable Regional Senior Justice Morawetz (the “**Endorsement**”), set out certain documents to be produced by Karras on that day and certain additional information to be produced by 5:00 p.m. Friday August 18, 2017. The Endorsement also required the Receiver to provide a report thereon to be delivered to the Court no later than 12:00 p.m. Monday August 21, 2017.

B. PURPOSE OF THE REPORT

8. The purpose of this Receiver’s Second Report to the Court, dated August 21, 2017 (the “**Second Report**”), is to report to the Court on the status of the production of the Debtor’s books and records.

C. DISCLAIMER

9. In preparing this Second Report the Receiver has relied upon the unaudited, draft and/or internal financial and other information provided by the sole director and officer of the Debtor, its advisors, and other third party sources. Farber has not independently reviewed or verified such information. The Receiver has prepared this Second Report for the sole use of the Court and of the other stakeholders in these proceedings.

D. DOCUMENT PRODUCTION

Form of Productions

10. To date, Karras has delivered to the Receiver a number of documents attached to emails. The Receiver specifically advised Karras that its requests for document productions included any hard copy or electronic copy of documents, including emails, and access to the accounting system for information stored thereon (as per paragraph 4 of the Receivership Order). Despite these requests, the Receiver has not received any hard copies of documents, faxes, pre-receivership emails or electronic documents on storage devices (i.e. a USB key).

Controlled Documents

11. On August 15, 2017, on the advice of the Court, the Receiver and its counsel met with Karras and the Debtor’s counsel, Alfred Schorr, to discuss the availability of the books and records and the timing for the production of same. During this meeting, Karras acknowledged that various documents were within his possession or control (the “**Controlled Documents**”) and would be delivered immediately. Pursuant to the Endorsement, Karras was required to deliver to the Receiver the Controlled Documents that same day, August 15, 2017.

12. Below is a summary of the Controlled Documents the status of their production:

Controlled Documents	Status
Employee documentation - T4s, ROEs etc.	<ul style="list-style-type: none">• 2016 T4s and ROE’s for four employees and Debtor’s analysis of its outstanding payroll account produced on Aug 15, 2017.

Controlled Documents	Status
	<ul style="list-style-type: none">• Additional ROE's received Aug 16, 2017.• <u>Outstanding:</u><ul style="list-style-type: none">○ Documents or correspondence with Murphy and Company who negotiated a payment plan with CRA in or about May 2017○ Copy of the CRA payment plan
Tax documentation	<ul style="list-style-type: none">• Corporation Income Tax Assessment dated April 5, 2017 confirming no corporate income tax owing for 2014 received Aug 15, 2017.• Karras advises that no financial statements or tax returns were prepared for the years ended December 31, 2015 and 2016 so no more recent tax information is available.
Real Property insurance information	<ul style="list-style-type: none">• On Aug 15, 2017, Receiver received an 8-page document titled "Insurance Policy" that was heavily redacted with no indication that the Debtor was the owner, named insured or a loss payee on the Real Property. The accompanying email from Karras stated that he had requested a Certificate of Insurance from the broker.• The Certificate of Insurance was subsequently received showing the Debtor as a named insured and owner of the Property. The Certificate of Insurance confirmed that the policy is in effect with a term expiry date of November 25, 2017.• <u>Outstanding:</u><ul style="list-style-type: none">○ Documentation showing the Debtor as loss payee
Tenant correspondence, lease amending agreement	<ul style="list-style-type: none">• Restaurant lease amending agreement, dated April 3, 2017, documenting a rent abatement received at 7:09 p.m. August 18, 2017.• Rental revenue reconciliation received at 5:42 p.m. on August 18, 2017• <u>Outstanding:</u><ul style="list-style-type: none">○ Documentation regarding lease of the patio to Restaurant notwithstanding the patio is on adjacent properties held by three separate legal entities not related to the Debtor

Controlled Documents	Status
	<ul style="list-style-type: none"> ○ Pre-receivership correspondence with tenants
Motor Vehicle Information	<ul style="list-style-type: none"> • Insurance pink slip confirming vehicle insurance for the three Mercedes (and a 4th vehicle) and showing the Debtor as the Named Insured received August 18, 2017 • <u>Outstanding:</u> <ul style="list-style-type: none"> ○ Trust agreement showing that the three vehicles are owned personally by Karras notwithstanding the Debtor is a lessee/co-lessee on the three vehicles as per a review of the PPSA; ○ Emails or documents regarding transfer of the leased vehicles out of the Debtor’s name; ○ Photos of the vehicles and their odometers.
Related party transaction information	<ul style="list-style-type: none"> • Received: <ul style="list-style-type: none"> ○ On August 18 at 5:42 p.m., a 1-page summary of payments made by SixFifty on Debtor’s behalf since February 2017 ○ On August 18 at 4:01 p.m, a 1-line note that over \$3,000,000 is due to “Evan Karras Et Al” as at September 30, 2014; • <u>Outstanding:</u> <ul style="list-style-type: none"> ○ Accountings and supporting documents of monies owed by the Debtor to Karras personally and/or related parties including SixFifty. ○ Documentation in respect of transfer of hotel assets to SixFifty
Revised creditor listing, including all creditors and contact information	<ul style="list-style-type: none"> • Revised creditor listing received August 18, 2017, including amounts owing to mortgagees • <u>Outstanding:</u> <ul style="list-style-type: none"> ○ Contact details for creditors

13. As set out above, various Controlled Documents were not delivered to the Receiver on or before the August 15, 2017 deadline. On August 17, 2017, the Receiver sent an email to Karras, copying Schorr, enquiring about the status of the Controlled Documents.

Attached hereto as Appendix "B" is a copy of the email from John Hendriks to Karras, dated August 17, 2017.

14. The following additional Controlled Documents were subsequently produced on August 18, 2017: the pink slips for the motor vehicles, a one-page restaurant lease amending agreement, rental reconciliation and revised creditor listing (without contact details).

Other Documents

15. At the August 15, 2017 meeting with the Receiver and its counsel, Karras advised that certain of the Debtors books and records were in the possession of the Debtor's bookkeeper and accountant. Pursuant to the Endorsement, Karras was required to use best efforts to the cause the production of items not within his control (the "Other Documents") by 5:00 p.m. August 18, 2017.
16. On August 15, 2017 Karras advised the Receiver by email that he anticipated meeting with the bookkeeper on Friday August 18, 2017 and had scheduled an appointment with the accountant for Thursday August 17, 2017. Karras subsequently advised that his accountant had to attend a funeral on Thursday so Karras was expecting to meet with him on Friday April 18, 2017. Copies of the emails from Karras to the Receiver are attached hereto as Appendix "C".
17. No documents or emails were received from Karras on Wednesday August 16, 2017.
18. Karras sent a number of the Other Documents to the Receiver by email on Thursday August 17, 2017. A summary of the status of the Other Documents is below:

Other Documents	Status
Financial Statements	<ul style="list-style-type: none">• Received:<ul style="list-style-type: none">○ Income statements and balance sheets for the fiscal years ended December 31, 2010 to 2014, though the loss information per the income statements did not equal the loss information on the balance sheets.○ Restated income statements reconciling the losses

Other Documents	Status
	<p>reported on the balance sheet and for tax purposes for the years ended 2010 to 2014 received after queries from Receiver.</p> <ul style="list-style-type: none"> ○ Prepaid expenses information, including responses to Receiver’s queries regarding same ● <u>Outstanding:</u> <ul style="list-style-type: none"> ○ Financial statements for 2015, 2016 and year-to-date 2017 were not prepared and Karras undertook to send 2015-2017 financial information ‘as-is’. ○ Recent general ledger or trial balance.
Tax returns	<ul style="list-style-type: none"> ● 2010 to 2014 produced ● Karras advises that no returns were prepared since 2014 and no HST filings after September 2014.
Banking information	<ul style="list-style-type: none"> ● No banking documentation provided as banking was conducted electronically ● <u>Outstanding:</u> <ul style="list-style-type: none"> ○ Copies of issued cheques
Leased assets documentation	<ul style="list-style-type: none"> ● <u>Outstanding:</u> <ul style="list-style-type: none"> ○ Vehicle lease documentation ○ Karras undertook to request from the lessor Goldcard ○ Correspondence and documentation on transfer of vehicles out of Debtor’s name
Mortgage documentation	<ul style="list-style-type: none"> ● <u>Outstanding:</u> <ul style="list-style-type: none"> ○ mortgage documentation ○ Karras advised that they are with “the Suleman family” and he undertook to request the record books. Karras has not advised of his efforts to obtain the mortgage documents.
Minute books, corporate records	<ul style="list-style-type: none"> ● Received: <ul style="list-style-type: none"> ○ Electronic minute book as of date of incorporation in 2009 and 2016 resolution of sole director

Other Documents	Status
	<ul style="list-style-type: none">• <u>Outstanding:</u><ul style="list-style-type: none">○ Corporate documents between 2009 and 2016 including the change in directorship.○ Share register

Documents Not in Existence

19. In response to the Receiver’s requests for the books and records, Karras advised the Receiver that certain of the books and records do not exist. In this respect, Karras has undertaken to swear an affidavit setting out those documents not in existence. These include the following:

- (a) tax returns for 2015 and 2016;
- (b) financial statements for 2015, 2016 and 2017;
- (c) cheque books, bank statements (including cancelled cheques), deposit books and post-dated cheques;
- (d) with respect to pre-receivership sales efforts, any correspondence with potential purchasers and documents other than the 2012 appraisal included in the Debtor’s Responding Motion Record and certain other unconsummated sale agreements, copies of which were included in the Applicant’s Application Record or the Responding Motion Record.

Document Production Inadequate

20. The Receiver remains concerned with the status of document production, especially as it relates to transactions with related parties and parties that own the 3 adjacent properties on Elm Street (the “**Elm Street Holdcos**”). Karras has advised the Receiver that he has no involvement with the Elm Street Holdcos, however the Receiver is aware of the following:

- (a) the Debtor purchased then sold on the same day (August 2, 2016), the property at 61 Elm Street to one of the Elm Street Holdcos;
 - (b) a collateral mortgage registered against the Real Property also secures mortgage(s) registered on the Elm Street Holdcos;
 - (c) the Debtor leased the patio to the Restaurant even though the patio is on the Elm Street Holdcos' properties and, as noted above, no documentation has been produced showing the entitlement of the Debtor to include those lands in the Restaurant Lease;
 - (d) the legal structure, ownership of the Debtor and ultimate beneficiaries of the Debtor's Property is unclear given the representations and information provided by Karras in his affidavit attached to the Responding Material filed in this matter; and
 - (e) the blanket insurance policy in respect of the Real Property includes, as other insured properties, the three properties held by the Elm Street Holdcos.
21. With respect to the insurance policy on the Real Property, at the August 15, 2017 meeting, Karras and Schorr advised that the policy included certain other properties owned by Karras and hence a heavily redacted insurance policy was produced. The insurance broker advised the Receiver that, at the date of the receivership: (a) the Debtor was not listed as the owner of the Real Property, (b) the Debtor was shown as owning 61 Elm Street, and (c) the other insured properties are the 3 properties held by the Elm Street Holdcos. The insurance company has, at least partially, updated its records so the Debtor is now shown as the owner and a named insured on the Real Property but no information has been produced showing the Debtor as a loss payee.

E. SUMMARY

22. It appears that the Debtor's books and records have not been adequately maintained. The productions to date from Karras have been incomplete and require additional follow up by the Receiver. Karras has not produced all the Controlled Documents, which are, or

should be, in his possession and control. Certain of the Other Documents also remain outstanding, and although Karras has advised the Receiver of some, but not all, of his efforts to obtain such documents, the Receiver is not aware of when, or if, such documents will be provided to the Receiver.

23. The Receiver has not received any hard copies of documents, USB keys, CD-ROMS or other forms of electronic copies of documents, other than those documents emailed by Karras to the Receiver in response to the Receiver's ongoing documentary requests. In order to aid in the production of the Records (as defined in the Receivership Order), the Receiver itemized certain documents that it absolutely requires to discharge its duties as Receiver and, although the Receivership Order was issued 20 days ago, not all of these documents have been produced. Furthermore, the Receivership Order requires the production of all Records, not simply those that the Receiver may be aware of and therefore specifically requests.
24. The lack of full production of the Records is in direct contravention of the Receivership Order. The Receiver cannot properly and competently undertake and discharge its duties as Receiver without this information produced on a fulsome and timely basis.
25. The alleged non-existence of key books and records is of concern to the Receiver. The lack of full disclosure and documentation to verify the limited disclosure received to date is frustrating the Receiver's efforts to determine and verify the Property of the Debtor and any additional interests that may attach to the Real Property that impact the Receiver's sales efforts.
26. The Receiver expects to have further questions and additional document requests after it has reviewed the documents produced in the last week and when it prepares the sales process materials. Karras is the sole controlling mind, sole owner (apparently through a holding company), sole director and sole (unpaid) employee of the Debtor. The Receiver has had to rely on Karras to provide timely and fulsome production to the Receiver's queries to date and will need to continue looking to Karras for information on an ongoing basis. The alternative of the Receiver dealing with incomplete information and approaching third parties to obtain whatever documentation may be available has been,

and will continue to be, an inefficient, time-consuming and costly process that could easily be mitigated with better productions from Karras.

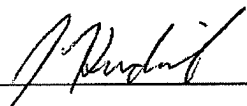
F. RECOMMENDATIONS

27. The Receiver respectfully requests that this Honourable Court grant an order:
- (a) Mandating the production of the outstanding Controlled Documents and Other Documents;
 - (b) Directing that Karras be personally liable for the Receiver's costs incurred due to the multiple court appearances seeking production of the Records; and
 - (c) Providing that, if the Records are not produced to the satisfaction of the Receiver, the Receiver is to schedule a 9:30 chambers appointment during the week of August 28, 2017 to schedule a motion to find Karras in contempt.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED
THIS 21st DAY OF AUGUST, 2017.**

**A. Farber & Partners Inc. in its capacity as Court
Appointed Receiver of 222027 Ontario Inc.
and not in its personal or corporate capacity**

Per: _____


Name: John Hendriks
Title: Vice President

APPENDIX "B"

Campbell, Amanda

From: Van Allen, Sara-Ann
Sent: 20-Aug-17 12:44 PM
To: Campbell, Amanda
Subject: 220277 Ontario Inc. - Books and records so far

From: John Hendriks [<mailto:jhendriks@farberfinancial.com>]
Sent: 17-Aug-17 4:57 PM
To: ek@alliancevp.com; alfred@schorrlaw.ca
Cc: Stuart Mitchell; Van Allen, Sara-Ann
Subject: 220277 Ontario Inc. - Books and records so far

I have taken a quick look at your emails of Tuesday and today pursuant to Justice Morawetz' endorsement (the "Endorsement"). I make these initial observations:

1. Your August 14 email had a few ROE's and the note "(others to follow)" which we have not yet received
2. the insurance documents provided August 14 still show no reference to 222 being insured for the premises. That said, we have since received the Certificate of Insurance showing insurance in place.
3. At our meeting in Court before the Endorsement was made, you referenced a number of additional documents which you had in your possession and/or undertook to provide such as: the restaurant lease amending agreement, the insurance pink slips for the 3 leased Mercedes, documents (if any) that show how 222 is able to lease the patio to the restaurant given the patio is on the 3 Elm Street holdco properties, correspondence relating to the efforts to move the vehicle leases out of 222's name, photos of the cars and odometer readings, accounting of your and/or the hotel operator's accounts showing amounts owing from 222 to them, additional creditors (if any). Please provide these and any other "Items within the control of Evan Karras to be delivered to Receiver today" as set out in the Endorsement.
4. The 2010 to 2014 financial information you sent today makes references to security deposits and prepaids. What do these relate to and what are the current balances?
5. The 2010 to 2-14 statements appear to be printed from a software accounting package. Ask your accountant or bookkeeper to print whatever the system shows for 2015, 2016 and year-to-date 2017 at your meeting with them tomorrow.
6. We will need additional documents for the 2010 to 2014 period reconciling the financial statement losses to the tax return losses. For example, there is a \$123k loss on the 2014 balance sheet but an \$856k loss on the 2014 tax return.
7. The electronic minute books show the 2009 set up of the company with 2 directors. The next page is a July 2016 resolution stating you are the sole director. Please provide the additional documents/filing that transpired between 2009 and 2016.

You advised that your meeting with the accountant is now delayed to tomorrow which is the same day you are meeting with the bookkeeper. Please confirm that as part of your meeting with the accountant, Suleman, you are still endeavouring to obtain the company's mortgage records from "the Suleman family". Let us know if we can be of any assistance or if you want additional copies of the Order to present to them. Alternatively, if you or they have any questions, do not hesitate to call me.

Thank you for the updates and please continue to send them to me so I can report on "Karras will use best efforts to cause production to the made to Receiver by 5:00 p.m..." tomorrow as per the Endorsement.

Yours very truly,

John Hendriks CPA, CA, LIT
Farber Financial Group
150 York Street, Suite 1600
Toronto, Ontario, M5H 3S5
Direct: 416-496-3701
Fax: 416-496-3839
<mailto:jhendriks@farberfinancial.com>
<http://www.farberfinancial.com>



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APPENDIX "C"

Van Allen, Sara-Ann

Subject: FW: Update

From: John Hendriks [<mailto:jhendriks@farberfinancial.com>]
Sent: 15-Aug-17 9:44 PM
To: Stuart Mitchell; Van Allen, Sara-Ann
Subject: Fwd: Update

John Hendriks CPA, CA, LIT
Farber Financial Group
150 York Street, Suite 1600
Toronto, Ontario, M5H 3S5
Direct: 416-496-3701
Fax: 416-496-3839
<mailto:jhendriks@farberfinancial.com>
<http://www.farberfinancial.com>

Begin forwarded message:

From: Evan Karras <ekarras@rogers.com>
Date: August 15, 2017 at 8:30:39 PM EDT
To: "jhendriks@farberfinancial.com" <jhendriks@farberfinancial.com>
Cc: Alfred Schorr <alfred@schorrlaw.ca>
Subject: Update
Reply-To: Evan Karras <ekarras@rogers.com>

Good Evening John,

Further to my earlier email with the documents provided to you, I also wanted to update you with respect to my other efforts.

- 1) I spoke with Royce Luong, the book-keeper, and I advised him that he does not need to complete the 2015 and 2016 tax returns nor the HST filings. I asked him to provide me with the all the entries as they are. I anticipate meeting him by Friday;
- 2) I called the company accountant and again, I requested the material that he has in his possession. I have scheduled a meeting on Thursday with him;
- 3) I contacted my insurance brokers at KRG to request a certificate of insurance and I was told that I should receive it tomorrow.

I will keep you informed as I progress.

Thank you,

Evan

Van Allen, Sara-Ann

Subject: FW: Statements

From: John Hendriks [<mailto:jhendriks@farberfinancial.com>]
Sent: 17-Aug-17 4:01 PM
To: Stuart Mitchell; Van Allen, Sara-Ann
Subject: FW: Statements

John Hendriks CPA, CA, LIT
Farber Financial Group
150 York Street, Suite 1600
Toronto, Ontario, M5H 3S5
Direct: 416-496-3701
Fax: 416-496-3839
<mailto:jhendriks@farberfinancial.com>
<http://www.farberfinancial.com>

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FINANCIAL GROUP

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From: Evan Karras [<mailto:ekarras@rogers.com>]
Sent: August-17-17 3:53 PM
To: John Hendriks; Alfred Schorr
Subject: Statements

Hello John,

My meeting with the accountant today was rescheduled for tomorrow. The accountant had a funeral to attend and was not able to see me.

In the meanwhile, attached herewith please find the Income Statements for the years 2010 to 2014. I will send you the Balance Sheets for the same period in a separate email shortly.

Thank you,

Evan

ZAHERALI VISRAM
Applicant

- and -

Court File No: CV-17-11811-00CL

2220277 ONTARIO INC.
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

**SECOND REPORT OF A. FARBER & PARTNERS
INC. IN ITS CAPACITY AS COURT APPOINTED
RECEIVER OF 2220277 ONTARIO INC.**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Kenneth Kraft (LSUC # 31919P)
Tel: (416) 863-4374
kenneth.kraft@dentons.com

Sara-Ann Van Allen (LSUC # 56016C)
Tel: (416) 863-4402
Fax: (416) 863-4592
sara.vanallen@dentons.com

*Lawyers for A. Farber & Partners Inc., Court Appointed
Receiver of 2220277 Ontario Inc.*

APPENDIX “E” to the Third Report to the Court of
A. Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.

Aug. 15, 2017

Court File No: CV-17-11811-00CL

2220277 ONTARIO INC.
Respondent

- and -

ZAHERALI VISRAM
Applicant

August 15, 2017.

Sale Appraised MSW adjourned to Monday August 28, 2017
(45 min. booked)

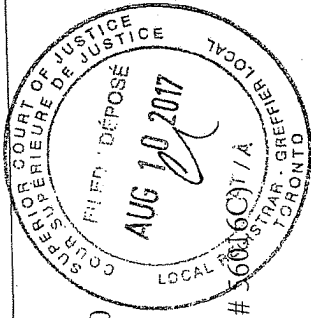
Issues relating to document products
dealt with as follows:

- ① Items within the control of
Evan Karas to be delivered
to Receiver today.
- ② Items not within the control
of The Karas → The Karas
will use best efforts to cause
document ~~to~~ products to
be made to Receiver
by 5:00 pm. Friday August 18, 2017

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD
(Returnable August 15, 2017)



DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1


Sara-Ann Van Allen (LSUC # 56006)
Tel: (416) 863-4402
Fax: (416) 863-4592
sara.vanallen@dentons.com

Vanja Ginic (LSUC # 69981W)
Tel: 416-863-4673
vanja.ginic@dentons.com

Lawyers for A. Farber & Partners Inc.

Receive to provide with the proper
report to me on Monday Aug 21/17 by
12 noon.

If gentle directors are required
parties to attend at 330 University Ave
on Monday August 21/17 at 2:30 pm.

 RST.

APPENDIX “F” to the Third Report to the Court of
A. Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN :

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

AFFIDAVIT

I Evan Karras of the City of Toronto in the Municipality of Metropolitan Toronto
make oath and say as follows:

1. I am the principal of 2220277 Ontario Inc. and have personal knowledge of the matters hereinafter deposed.
2. I have read the Affidavit of Zaherali Visram.
3. I was introduced to the Suleman family by a mortgage broker in the year 2010. The mortgage broker stated words to the effect that he thought there was some synergies between my activities and that of Hush Homes Inc.
4. In due course a Share Purchase Agreement was entered into in connection

with the Bay Street property.

5. Suleman and Hush Homes Inc. did not live up to the terms of the Share Purchase Agreement although I did receive approximately \$500,000.00 over time and some work was done. They were to get 20% of the company for \$1,125,000.00.

6. The property in question is not a heritage building. I was not looking for bridge financing. I was looking for approximately \$1,000,000.00 which I needed to convert the building into a 22 room hotel with space for restaurants or retail on the main floor.

7. It was through my introduction to Hush Homes Inc. and its principals that I met with Mr. Visram. I was advised that Mr. Visram and Musa Suleman had been long time friends and compatriots. I had a financing commitment from another lender but Visram and Hush insisted that it would be best to work with Visram.

8. The full purchase price for the 20% interest was to be paid in cash. When Hush was not able to pay in cash they suggested doing work at the property at their cost. Some work was done but not very much.

9. I provided to Visram the actual budget for construction. The collective idea at this point was that since Hush Homes Inc. and its principals were very much engaged in their own home building business and money was tight that I might be

able to borrow this money (at least on a temporary basis) until Hush Homes could provide the balance of the funds which they were to provide for their 20% interest. If I paid for renovations, then Hush would owe me 20% of those added costs and they were to be responsible for 20% of all costs related to the property, including carrying costs.

10. In connection with Exhibit 5 to the Affidavit of Zaherali Visram I acknowledge executing the same on behalf of the Respondent corporation and as a guarantor. At the bottom of page 49 of the Application Record is the handwritten words "and the \$400,000.00 as described in point 8". These words were added later and although it bears the initials of Mr. Visram I did not initial that addition."

11. The document at Exhibit 5 came to me as somewhat of a surprise. Mr. Visram said that there was some outstanding loans which he had made to Hush Homes Inc. and to the Suleman family that he required to be repaid before he would advance any monies to 2220277 Ontario Inc. At the last minute he refused to advance any monies to 2220277 Ontario Inc. but insisted that all monies to be advanced be advanced to Hush Homes Inc. In the end the Respondent company did not receive directly any funds whatsoever from the Applicant.

12. After the Respondent had purchased the property I entered into a disguised form of partnership with Ben Estreicher in connection with the shares of the

Respondent. Matters did not work out as we had hoped and I agreed to purchase his interest.

13. I did not receive any advance in January nor did I receive any statement from the Applicant in connection with any purported advances in January. I did receive a statement, however, in connection with the second advance which is Exhibit 7 of the affidavit of Zaherali Visram.

14. The second advance statement makes reference to a \$330,000.00 advance that had already been made. I never received any evidence that such an advance was made to anyone. Furthermore in accordance with the mortgage loan commitment (Exhibit 5) the first advance was to be in the amount of \$200,000.00 with a holdback of \$50,000.00 as an estimated partial holdback for any construction liens. To date the \$50,000.00 has never been advanced to the Respondent. The statement further provides for \$400,000.00 "pay down of mortgage - Visram to 2173252 Ontario Inc." in accordance with paragraph 8 of the Commitment. Neither the Respondent nor I have ever had any interest in 2173252 Ontario Inc.

Furthermore paragraph 8 of the commitment letter does not provide for the amount of the \$400,000.00 which constituted the loan which the Applicant allegedly made to 2173252 Ontario Inc. In any event 2173252 Ontario Inc. is not a party to the loan agreement nor is it a guarantor under the mortgage. As indicated earlier apart from some construction work (which I estimate did not exceed \$100,000.00) the Respondent received no benefit whatsoever from this advance. The \$200,000.00

payable to Estreicher was an authorized payment to remove him as a shareholder of the Respondent. I do not know why another \$45,000.00 was paid to Hush Homes Inc. especially since there is no reference to this whatsoever in the mortgage loan commitment. Paragraph 8 of that commitment makes it clear that whatever amount of loan was outstanding was less than the \$400,000.00 as "the balance of the mortgage funds shall be used solely for the purposes of completing construction and other related costs with respect to the property."

15. When Mr. Visram presented to me the first revised Re-Direction for Funds which in effect provided virtually nothing to the Respondent to meet the \$1,000,000.00 budget I protested and pointed out to Mr. Visram that this was not why I had sought his assistance – I needed the \$1,000,000.00 to complete the project. He said words to the effect that I shouldn't be concerned due to my relationship with the Suleman family and that if they didn't come through "I'll give you more money if you need it."

16. As appears from Exhibit 6 of the Affidavit of Zaherali Visram the mortgage was registered on March 6 2012 and provides for a last payment date of April 18 2012. It also provides for a first payment date of February 16 2012 and a last payment date of April 12 2018, a rate of interest at 12%, that the mortgage was closed, and that the Chargor would have the privilege of prepaying at any time without notice upon the payment of one months interest bonus on the principle

amount secured. As appears from the mortgage loan commitment there was a lender's fee of \$48,000.00.

17. As indicated earlier in this Affidavit all of the money that may have been advanced other than the money for title insurance, lender's fee, legal fees and insurance review were advanced to Hush Homes Inc. No monies whatsoever were advanced to the Respondent. Furthermore although there was a lawyer involved it was the lawyer for Hush Homes Inc. I have never received a reporting letter and have no idea as to what happened to all of this money. In particular I did not receive any report concerning the provisions under the heading "Advances" in the mortgage, providing that prior to each advance the Chargor will provide the Chargees' Solicitor a Statutory Declaration confirming that all the trades have been paid to date or will be paid to date from the advance for the work completed to date and a request to advance. "All advances are to be used for the construction of the structures on the property, no funds are to be used for any other project or other property."

18. As the Respondent received no money in connection with the \$1,200,000.00 mortgage and very little construction work was done by the Suleman family and/or Hush Homes Inc. I contacted the Applicant advising that the Respondent needed at least \$700,000.00 to complete the project. In response the Applicant indicated that he was prepared to increase the \$1,200,000.00 second mortgage to \$1,900,000.00. He wanted a \$90,000.00 lender's fee - this would still leave me \$600,000.00. The

Respondent did not get any money in connection with this increased loan to \$1,900,000.00. Instead, at the last minute, the Applicant said that the loan would have to be \$3,000,000.00 in order to free up for the Respondent the \$700,000.00 which I felt what we needed and an extra cushion of \$300,000.00 or \$400,000.00. Reluctantly I agreed.

19. As appears from Exhibit 9 to the Affidavit of the Applicant on the increase of loan from \$1,200,000.00 to \$1,900,000.00 the Applicant received a lender's fee of \$19,000.00; Applicant's lawyer received \$2750.00, outstanding interest payments were deducted. The statement further provides that \$400,000.00 was to be withheld by the Applicant referable to some personal loan. No personal loans were ever made to the Respondent. In addition there is a reference to a \$192,250.00 being paid but those monies were paid to Hush Homes. In short apart from the interest payments the Respondent received nothing.

20. Exhibit 11 is the Direction increasing the \$1,900,000.00 mortgage to \$3,000,000.00. As appears from that Direction there is a lenders' fee of \$90,000.00, legal fees of \$3664.75, outstanding taxes of \$122,751.41 and bailiff charges of \$49,037.00. There are holdbacks for construction lien and a reserve for interest payments totaling \$200,000.00, a repayment of some loan from the Applicant to Hush Homes Inc. in the amount of \$204,000.00 and an alleged net balance to borrower of \$440,046.40. The Respondent did not receive any money. The Respondent has never received credit for the interest holdback nor the construction

lien holdback. The Respondent may have got some benefit from the interest reserve and certainly from the City of Toronto taxes but apart from that, nothing.

21. As appears from Exhibit 7 the purported advance under the original mortgage for \$1,200,000.00 was \$1,078,000.00. No accounting has ever been given for the \$122,000.00 difference between the \$1,078,000.00 and the \$1,200,000.00.

22. The Respondent has committed itself to repay \$3,000,000.00 when it has received a pittance.

23. I am advised by Naheel Suleman and verily believe that some payments were made on the mortgage by him but I have never received an accounting either from Suleman or from the Applicant as to what funds were received prior to the Forbearance Agreement in March of 2015. As appears from page 101 of the Applicant's Record in addition to alleged interest payments outstanding totaling \$908,590.93 a claim is also made for \$59,250.00 for an extension fee. The Respondent never asked for an extension.

24. Insofar as the action that was commenced by the Applicant at page 98 of the Applicant's Record I verily believe that this action was brought because of difficulties which the Applicant was encountering in his various outstanding dealings with the Suleman family and Hush Homes Inc.

25. On January 19 2015 Hush Homes Inc. and its various related companies brought a successful Application under the Companies Creditors Arrangements Act. A successful Plan of Compromise was subsequently made on November 12 2015.

26. Apart from exchange of pleadings the Applicant's action at page 98 of the Applicant's Record did not proceed beyond the pleadings stage.

27. In September 2015 I was able to secure a loan with Accomplish Capital Inc. for \$525,000.00. This was sufficient to complete the project.

28. As appears from Exhibit 2 to the Affidavit of Zaherali Visram there are a number of additional mortgages. The mortgage for \$625,000.00 to 932005 Ontario Inc. was simply a collateral mortgage in connection with an unrelated property. The mortgage to which it is collateral is up to date and not in any way in default. The same is the case in connection with the \$100,000.00 mortgage to Harbour First Mortgage Fund GP Inc. The mortgage in favour of Goldcard has now been paid in full: It was collateral security for equipment for the property. The mortgage to 9480536 Canada Inc. in the amount of \$600,000.00 is from a friendly investor. The mortgage to Am-Stat Corporation in the amount of \$5,500,000.00 is collateral security for mortgages on the three adjoining properties which were acquired by a group of investors with whom I have an outstanding agreement which will be dealt with later in this Affidavit.

29. As far as Ardelini Investments Inc. is concerned again this is a collateral mortgage in connection with properties owned by Hush Homes Inc. Now shown to me and marked as Exhibit "A" to this my Affidavit is the Statement of Defence in that action. The fact as set out in the Statement of Defence are true. The Plaintiff has taken no further steps.

30. The facts as referred to in paragraph 30 of Mr. Visram's Affidavit are untrue. I did not say that I needed another \$1,000,000.00 nor did I ask for an extension or an increase. I pointed out to Mr. Visram that since I got virtually nothing out of the \$1,200,000.00 that was advanced and he had promised that if I needed more he would provide it I then approached him for further funding. Keyser Mason Ball were not lawyers for the Respondent but were the lawyers for and acted for Hush Homes Inc.

31. The Respondent's relationship with the first mortgagee was a good one. The first mortgage matured and I was advised by Mr. Handelman that most of his co-investors were elderly people that wanted their money. I proceeded to attempt to arrange a replacement first mortgagee. I approached the Applicant for his consent to permit the registration of a replacement first mortgage but he refused. Although I had a mortgage commitment from another lender he refused to allow me to obtain this mortgage unless it was through him. I advised Handelman as to the difficulties and Handelman advised me that he had no choice but to bring proceedings. The Applicant then redeemed the first mortgage. The amount outstanding on the first

mortgage was approximately \$2,100,00.00. I verily believe that the Applicant paid less than that.

32. The Applicant then advised me that he would continue the action brought by the first mortgagee unless I agreed to an extension of the first mortgage on the terms as set out in the Amending Agreement commencing at page 149 of the Application Record. As appears from the Amending Agreement the Respondent was required to agree to an increase in the principle amount of \$2,600,000.00. The Respondent did not receive one cent of the differential between what was owed on the mortgage (approximately \$2,100,000.00 and the said \$2,600,000.00). Mr. Visram alleges that the increase was made with respect to unpaid property taxes, insurance costs, a construction lien, legal fees and "certain lender's fees and interest owing under the first mortgage." Mr. Visram has provided no evidence of advances of any of the differential between the discharge amount and the \$2,600,000.00 amendment to the first mortgage and Exhibit 2 does not show any liens having been registered. The Respondent has never received a statement in connection with the Amendment to the Mortgage nor has the Respondent ever received any monies.

33. As indicated at paragraph 47 of Mr. Visram's Affidavit at the time of the acquisition of the first mortgage he demanded that we execute a Forbearance Agreement in connection with the second mortgage. Again the Respondent was not represented separately. The Respondent was represented by the lawyers for Hush Homes Inc.

34. I deny that any time there was \$1,289,760.00 of accumulated interest arrears or fees. I vigorously objected to this Agreement, the outrageous fees that were being charged as provided for in paragraphs 3 and 7 and the allegations of arrears as set out in paragraph 5 of the Agreement.

35. At this point I began to realize that I was the victim of predatory lending practices and that likely the Suleman family were involved with Mr. Visram in this connection. I saw my exit by way of sale of the property.

36. There were two Agreements of Purchase and Sale. The Agreement with Reserve Land Corporation was for a purchase price of \$13,000,000.00. The Agreement with 932929 Canada Inc. was in the amount of \$13,750,000.00. The Agreement with 9329293 Canada Inc. was assigned to 650 Bay Limited Partnership. This partnership was formed as a result of a Joint Venture Agreement between the Respondent and some Investors. I was open and made full disclosure to Mr. Visram about that Agreement. The principals of 650 Bay Limited Partnership are prepared to pay me \$15,000,000.00 as appears from the Agreement now shown to me and marked as Exhibit "B" to this my Affidavit.

37. In the spring of 2016 some pipes burst and there was serious flooding at the property. The property had to be vacated for work to be completed and closed for many months but re-opened in late 2016. I funded the restoration largely with my

own funds. There is a substantial insurance claim outstanding including an insurance claim by the hotel operating company for lost profits. In the meantime the property continues to increase substantially in value. I expect shortly to have an up to date appraisal. It is my belief that the value of the property is somewhere between \$15,000,000.00 and \$20,000,000.00. Even if Mr. Visram is correct and he is owed \$10,000,000.00 on his first and second mortgage there is more than enough equity to discharge the remaining mortgages, the majority of which are collateral and are not owed.

38. The only statements which I ever received from the Applicant are mortgage statements for the second mortgage the commencement date of which is the Forbearance Agreement and for the first mortgage, the commencement date being after the Agreement amending the mortgage. Now shown to me and marked as Exhibit "C" to this my Affidavit are the mortgage statements for the first and second mortgage received from the Applicant.

39. I acknowledge receipt of the letter from Chaitons including the Notice under Section 244 of the Bankruptcy & Insolvency Act. I received it on the 19th of April 2017.

40. Within the 10 days the Respondent commenced its action as against the Applicant. As a courtesy the Lawyer for the Respondent wrote to Chaitons inviting them to accept service of the Statement of Claim. After receiving no response from

Chaitons the Lawyer for the Respondent wrote to the Applicant's real estate lawyer to advise that he had not heard from Chaitons and would accordingly effect service on Mr. Visram personally. Almost immediately the Lawyer for the Respondent received correspondence from Chaitons that they would accept service. They did accept service but not until the 17th of May 2017 despite having received on the 4th of May 2017 a copy of the Statement of Claim as issued. Now shown to me and marked as Exhibit "D" to this my Affidavit is the relevant correspondence.

41. In paragraphs 79 and 81 of his Affidavit Mr. Visram suggests that it is in the interest of the Debtor's Creditors generally that a Receiver be appointed. In paragraph 80 he suggests that the property should be re-developed and the hotel closed. By reason of these allegations I verily believe that this Application is just another form of pressure to attempt to collect unconscionable amounts of money. Mr. Visram well knows that none of the creditors would benefit from this Application as most if not all of the creditors support the Respondent's position as to what is actually owed under the first and second mortgage. Furthermore and in any event there is ample equity to satisfy them so long as the hotel is operating. The hotel makes an annual profit of approximately \$700,000.00 which it has provided to the Respondent for the Respondent's needs. The mortgagees who hold collateral mortgages for other properties (except CVC Ardellini) are likely to provide partial discharges or postpone their mortgages to fresh financing to take out the first and second mortgage once the amounts owed under the first and second mortgage have been established.

42. The neighbouring properties to which Mr. Visram refers in paragraph 80 are the three properties which are owned by the parties to the Joint Venture Agreement referred to in paragraphs 28 and 36 herein and for which the Respondent has provided collateral security. My Co-Venturers and I have no desire that the hotel be closed as it is providing a significant cashflow nor do we wish the property to be sold as it has substantial equity, even if the financial claims of the Applicant are established.

43. Concurrent with this Affidavit I have retained an actuary to prepare a report for this Honourable Court as to the applicable interest rates at the various intervals. I have also retained an appraiser to provide a current appraisal. Now shown to me and marked as Exhibit "E" herein is an appraisal from 2012.

44. At present the intentions of the Respondent and its Co-Venturers on the other three adjoining properties is to expand the hotel by another 20 rooms and to carry on that business.

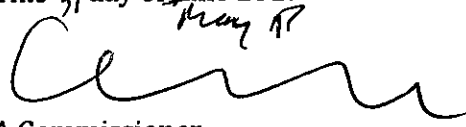
45. Now shown to me and marked as Exhibit "F" to this my Affidavit is the Share Purchase Agreement which I had with Naheel Suleman dated the 20th of July 2010.

46. Now shown to me and marked as Exhibit "G" to this my Affidavit is the second mortgage commitment from Terra Firma which I received in August of 2011

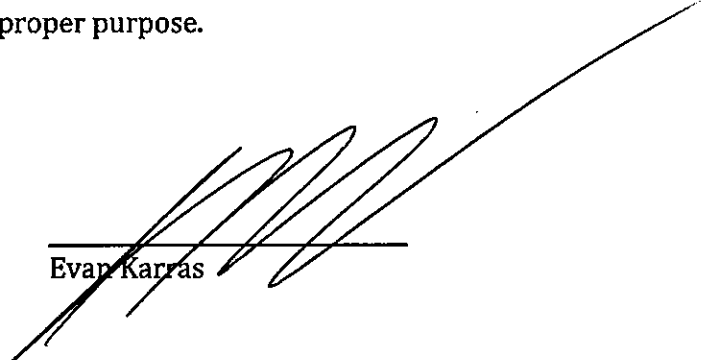
but of which the Respondent did not avail itself because of the suggestion/request of Naheel Suleman that I deal with Mr. Visram.

47. Now shown to me and marked as Exhibit "H" to this my Affidavit is a mortgage commitment dated February 21 2013 for replacement first mortgage. The Respondent was unable to avail itself of this mortgage commitment due to the refusal of Mr. Visram to consent.

48. This Affidavit is sworn in response to the Application by Mr. Visram for the appointment of a Receiver and not for any improper purpose.

Sworn before me at the)
Town of Newmarket in the Regional)
Municipality of York)
This 31st day of June 2017)
May 17)
)

A Commissioner
Alfred Schorr



Evan Karras

APPENDIX “G” to the Third Report to the Court of
A. Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.



Ontario ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #66

21199-0070 (LT)

PAGE 1 OF 3
PREPARED FOR AMcCormick
ON 2017/08/14 AT 14:18:51

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

PROPERTY DESCRIPTION: PT LT 2-3 PL 60 TORONTO AS IN CT997432; DESCRIPTION MAY NOT BE ACCEPTABLE IN THE FUTURE AS IN CT997432; CITY OF TORONTO

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:

FIRST CONVERSION FROM BOOK

PIN CREATION DATE:

2003/08/25

OWNERS' NAMES

61 ELM HOLDCO INC.

CAPACITY SHARE

ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT	INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2003/08/22 **					
**SUBJECT,	ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
**	SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEATS OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70 (2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO	LAND TITLES: 2003/08/25 **					
63BA1267	1978/05/31	PLAN BOUNDARIES ACT				C
REMARKS: CT297001						
CT997432	1988/12/15	TRANSFER			TAN, MARGARET KOK PENG	
*** COMPLETELY DELETED ***						
CT997433	1988/12/15	CHARGE			THE ROYAL BANK OF CANADA	
*** COMPLETELY DELETED ***						
CA92617	1990/05/30	CHARGE			PHOENIX, WALTER	
*** COMPLETELY DELETED ***						
CA514531	1997/12/16	TRANSFER OF CHARGE			PHOENIX, CAROL ANNE PHOENIX, CATHERINE JOANNE	
REMARKS: CA92617						
AT1697750	2008/01/30	DISCH OF CHARGE				
*** COMPLETELY DELETED *** PHOENIX, CAROL ANNE						

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



21199-0070 (LT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AT2632095	2011/02/28	TRANSFER		PHOENIX, CATHERINE JOANNE		
AT2684875	2011/05/05	TRANSFER		*** COMPLETELY DELETED *** TAN, MARGARET KOK PENG	CHOY, WAI LUON	
AT2685694	2011/05/06	APL DEL EXECUTION		*** COMPLETELY DELETED *** TAN, MARGARET KOK PENG	TAN, MARGARET KOK PENG	
AT2715796	2011/06/08	TRANSFER		*** COMPLETELY DELETED *** TAN, MARGARET KOK PENG	NAHIDDI, BABAK NIA, SHARARE	
AT2715797	2011/06/08	CHARGE		*** COMPLETELY DELETED *** NAHIDDI, BABAK NIA, SHARARE	NATIONAL BANK OF CANADA	
AT2745217	2011/07/07	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
AT3549773	2014/04/01	TRANSFER		*** COMPLETELY DELETED *** NAHIDDI, BABAK NIA, SHARARE	RUBINOFF HEALTH FACILITY INC.	
AT3575147	2014/05/06	DISCH OF CHARGE		*** COMPLETELY DELETED *** NATIONAL BANK OF CANADA		
AT4297708	2016/08/02	TRANSFER	\$2,000,000	RUBINOFF HEALTH FACILITY INC.	2220277 ONTARIO INC.	C
AT4297745	2016/08/02	TRANSFER	\$2,400,000	2220277 ONTARIO INC.	61 ELM HOLDCO INC.	C
AT4297812	2016/08/02	CHARGE	\$5,500,000	57 ELM HOLDCO INC. 59 ELM HOLDCO INC.	AM-STAT CORPORATION	C

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

21199-0070 (LT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AT4297813	2016/08/02	NO ASSGN RENT GEN		61 ELM HOLDCO INC. 57 ELM HOLDCO INC. 59 ELM HOLDCO INC. 61 ELM HOLDCO INC.	AM-STAT CORPORATION	C
REMARKS: AT4297812						

APPENDIX “H” to the Third Report to the Court of
A. Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.

Properties

PIN 21199 – 0070 LT *Interest/Estate* Fee Simple
Description PT LT 2-3 PL 60 TORONTO AS IN CT997432; DESCRIPTION MAY NOT BE
 ACCEPTABLE IN THE FUTURE AS IN CT997432; CITY OF TORONTO
Address 61 ELM STREET
 TORONTO

Consideration

Consideration \$2,000,000.00

Transferor(s)

The transferor(s) hereby transfers the land to the transferee(s).

Name RUBINOFF HEALTH FACILITY INC.

Address for Service

I, Corey Rubinoff, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

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

<i>Name</i>	2220277 ONTARIO INC.	Registered Owner
<i>Address for Service</i>	c/o Keyser Mason Ball LLP Barristers & Solicitors 4 Robert Speck Parkway Suite 1600 Mississauga, Ontario L4Z 1S1	

STATEMENT OF THE TRANSFEROR (S): The transferor(s) verifies that to the best of the transferor's knowledge and belief, this transfer does not contravene the Planning Act.

STATEMENT OF THE SOLICITOR FOR THE TRANSFEROR (S): I have explained the effect of the Planning Act to the transferor(s) and I have made inquiries of the transferor(s) to determine that this transfer does not contravene that Act and based on the information supplied by the transferor(s), to the best of my knowledge and belief, this transfer does not contravene that Act. I am an Ontario solicitor in good standing.

STATEMENT OF THE SOLICITOR FOR THE TRANSFEREE (S): I have investigated the title to this land and to abutting land where relevant and I am satisfied that the title records reveal no contravention as set out in the Planning Act, and to the best of my knowledge and belief this transfer does not contravene the Planning Act. I act independently of the solicitor for the transferor(s) and I am an Ontario solicitor in good standing.

Signed By

Jeremy Nathaniel Mandell	1 Adelaide Street E., Suite 801 Toronto M5C 2V9	acting for Transferor(s)	Signed	2016 07 29
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Tel 416-869-1234

Fax 416-869-0547

I am the solicitor for the transferor(s) and I am not one and the same as the solicitor for the transferee(s).

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

David Elio Gennaro Di Gregorio	1600-Four Robert Speck Pkwy Mississauga L4Z 1S1	acting for Transferee(s)	Signed	2016 07 29
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Tel 905-276-9111

Fax 905-276-2298

I am the solicitor for the transferee(s) and I am not one and the same as the solicitor for the transferor(s).

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

Submitted By

KEYSER MASON BALL LLP	1600-Four Robert Speck Pkwy Mississauga L4Z 1S1	2016 08 02
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Submitted By

Tel 905-276-9111

Fax 905-276-2298

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$62.85
<i>Provincial Land Transfer Tax</i>	\$28,475.00
<i>Municipal Land Transfer Tax</i>	\$27,725.00
<i>Total Paid</i>	\$56,262.85

File Number

Transferor Client File Number : 10254-004

Transferee Client File Number : 19894-07

PROVINCIAL AND MUNICIPAL LAND TRANSFER TAX STATEMENTS

In the matter of the conveyance of: 21199 – 0070 PT LT 2–3 PL 60 TORONTO AS IN CT997432; DESCRIPTION MAY NOT BE ACCEPTABLE IN THE FUTURE AS IN CT997432; CITY OF TORONTO

BY: RUBINOFF HEALTH FACILITY INC.

TO: 2220277 ONTARIO INC.

Registered Owner

1. EVAN KARRAS

I am

- (a) A person in trust for whom the land conveyed in the above-described conveyance is being conveyed;
- (b) A trustee named in the above-described conveyance to whom the land is being conveyed;
- (c) A transferee named in the above-described conveyance;
- (d) The authorized agent or solicitor acting in this transaction for _____ described in paragraph(s) () above.
- (e) The President, Vice-President, Manager, Secretary, Director, or Treasurer authorized to act for 2220277 ONTARIO INC. described in paragraph(s) ((c)) above.
- (f) A transferee described in paragraph() and am making these statements on my own behalf and on behalf of _____ who is my spouse described in paragraph() and as such, I have personal knowledge of the facts herein deposed to.

2. I have read and considered the definition of "single family residence" set out in subsection 1(1) of the Act. The land being conveyed herein:

does not contain a single family residence or contains more than two single family residences.

3. The total consideration for this transaction is allocated as follows:

(a) Monies paid or to be paid in cash	2,000,000.00
(b) Mortgages (i) assumed (show principal and interest to be credited against purchase price)	0.00
(ii) Given Back to Vendor	0.00
(c) Property transferred in exchange (detail below)	0.00
(d) Fair market value of the land(s)	0.00
(e) Liens, legacies, annuities and maintenance charges to which transfer is subject	0.00
(f) Other valuable consideration subject to land transfer tax (detail below)	0.00
(g) Value of land, building, fixtures and goodwill subject to land transfer tax (total of (a) to (f))	2,000,000.00
(h) VALUE OF ALL CHATTELS –items of tangible personal property	0.00
(i) Other considerations for transaction not included in (g) or (h) above	0.00
(j) Total consideration	2,000,000.00

PROPERTY Information Record

A. Nature of Instrument: Transfer
LRO 80 Registration No. AT4297708 Date: 2016/08/02

B. Property(s): PIN 21199 – 0070 Address 61 ELM STREET Assessment 1904066 – 54000600
TORONTO Roll No

C. Address for Service: c/o Keyser Mason Ball LLP
Barristers & Solicitors
4 Robert Speck Parkway
Suite 1600
Mississauga, Ontario
L4Z 1S1

D. (i) Last Conveyance(s): PIN 21199 – 0070 Registration No. AT3549773
(ii) Legal Description for Property Conveyed: Same as in last conveyance? Yes No Not known

E. Tax Statements Prepared By: David Elio Gennaro Di Gregorio
1600–Four Robert Speck Pkwy
Mississauga L4Z 1S1

APPENDIX “I” to the Third Report to the Court of A.
Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.

Properties

PIN 21199 – 0070 LT *Interest/Estate* Fee Simple
Description PT LT 2-3 PL 60 TORONTO AS IN CT997432; DESCRIPTION MAY NOT BE
 ACCEPTABLE IN THE FUTURE AS IN CT997432; CITY OF TORONTO
Address 61 ELM STREET
 TORONTO

Consideration

Consideration \$2,400,000.00

Transferor(s)

The transferor(s) hereby transfers the land to the transferee(s).

Name 2220277 ONTARIO INC.
Address for Service c/o Keyser Mason Ball LLP
 Barristers & Solicitors
 4 Robert Speck Parkway
 Suite 1600
 Mississauga, Ontario
 L4Z 1S1

I, Evan Karras, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Transferee(s)

Transferee(s)	Capacity	Share
<i>Name</i> 61 ELM HOLDCO INC.	Registered Owner	
<i>Address for Service</i> c/o Phil Lefko 401 Bay Street Suite 2410 Toronto, Ontario M5M 1M4		

STATEMENT OF THE TRANSFEROR (S): The transferor(s) verifies that to the best of the transferor's knowledge and belief, this transfer does not contravene the Planning Act.

STATEMENT OF THE SOLICITOR FOR THE TRANSFEROR (S): I have explained the effect of the Planning Act to the transferor(s) and I have made inquiries of the transferor(s) to determine that this transfer does not contravene that Act and based on the information supplied by the transferor(s), to the best of my knowledge and belief, this transfer does not contravene that Act. I am an Ontario solicitor in good standing.

STATEMENT OF THE SOLICITOR FOR THE TRANSFEREE (S): I have investigated the title to this land and to abutting land where relevant and I am satisfied that the title records reveal no contravention as set out in the Planning Act, and to the best of my knowledge and belief this transfer does not contravene the Planning Act. I act independently of the solicitor for the transferor(s) and I am an Ontario solicitor in good standing.

Signed By

David Elio Gennaro Di Gregorio	1600-Four Robert Speck Pkwy Mississauga L4Z 1S1	acting for Transferor(s)	Signed	2016 07 29
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Tel 905-276-9111

Fax 905-276-2298

I am the solicitor for the transferor(s) and I am not one and the same as the solicitor for the transferee(s).

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

Michele Dorothy Guy	700-480 University Avenue Toronto M5G 1V2	acting for Transferee(s)	Signed	2016 07 29
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Tel 416-977-0956

Fax 416-977-5331

I am the solicitor for the transferee(s) and I am not one and the same as the solicitor for the transferor(s).

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

Submitted By

COUTTS CRANE
700-480 University Avenue
Toronto
M5G 1V2
2016 08 02

Tel 416-977-0956
Fax 416-977-5331

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$62.85
<i>Provincial Land Transfer Tax</i>	\$34,475.00
<i>Municipal Land Transfer Tax</i>	\$33,725.00
<i>Total Paid</i>	\$68,262.85

File Number

Transferor Client File Number : 19894-07
Transferee Client File Number : 31116

PROVINCIAL AND MUNICIPAL LAND TRANSFER TAX STATEMENTS

In the matter of the conveyance of: 21199 – 0070 PT LT 2–3 PL 60 TORONTO AS IN CT997432; DESCRIPTION MAY NOT BE ACCEPTABLE IN THE FUTURE AS IN CT997432; CITY OF TORONTO

BY: 2220277 ONTARIO INC.

TO: 61 ELM HOLDCO INC.

Registered Owner

1. TONGFANG JIANG

I am

- (a) A person in trust for whom the land conveyed in the above-described conveyance is being conveyed;
- (b) A trustee named in the above-described conveyance to whom the land is being conveyed;
- (c) A transferee named in the above-described conveyance;
- (d) The authorized agent or solicitor acting in this transaction for _____ described in paragraph(s) () above.
- (e) The President, Vice-President, Manager, Secretary, Director, or Treasurer authorized to act for 61 ELM HOLDCO INC. described in paragraph(s) ((c)) above.
- (f) A transferee described in paragraph() and am making these statements on my own behalf and on behalf of _____ who is my spouse described in paragraph() and as such, I have personal knowledge of the facts herein deposed to.

2. I have read and considered the definition of "single family residence" set out in subsection 1(1) of the Act. The land being conveyed herein:

does not contain a single family residence or contains more than two single family residences.

3. The total consideration for this transaction is allocated as follows:

(a) Monies paid or to be paid in cash	2,400,000.00
(b) Mortgages (i) assumed (show principal and interest to be credited against purchase price)	0.00
(ii) Given Back to Vendor	0.00
(c) Property transferred in exchange (detail below)	0.00
(d) Fair market value of the land(s)	0.00
(e) Liens, legacies, annuities and maintenance charges to which transfer is subject	0.00
(f) Other valuable consideration subject to land transfer tax (detail below)	0.00
(g) Value of land, building, fixtures and goodwill subject to land transfer tax (total of (a) to (f))	2,400,000.00
(h) VALUE OF ALL CHATTELS –items of tangible personal property	0.00
(i) Other considerations for transaction not included in (g) or (h) above	0.00
(j) Total consideration	2,400,000.00

PROPERTY Information Record

A. Nature of Instrument: Transfer
LRO 80 Registration No. AT4297745 Date: 2016/08/02

B. Property(s): PIN 21199 – 0070 Address 61 ELM STREET Assessment 1904066 – 54000600
TORONTO Roll No

C. Address for Service: c/o Phil Lefko
401 Bay Street
Suite 2410
Toronto, Ontario
M5M 1M4

D. (i) Last Conveyance(s): PIN 21199 – 0070 Registration No. AT4297708
(ii) Legal Description for Property Conveyed: Same as in last conveyance? Yes No Not known

E. Tax Statements Prepared By: Michele Dorothy Guy
700–480 University Avenue
Toronto M5G 1V2

APPENDIX “J” to the Third Report to the Court of A.
Farber & Partners Inc. in its capacity as court
appointed Receiver of 2220277 Ontario Inc.

SHARE TRANSFER AGREEMENT

THIS AGREEMENT made as of the 29th day of July, 2016.

BETWEEN:

2220277 ONTARIO LIMITED, a corporation formed under the laws of the Province of Ontario ("**Company**")

- and -

EVAN KARRAS, an individual resident in the Province of Ontario (the "**Vendor**")

- and -

9329293 CANADA INC., a corporation formed under the laws of Canada (the "**Evan Holdco**")

- and -

650 BAY LIMITED PARTNERSHIP, a limited partnership formed under the laws of the Province of Ontario, by its general partner 650 Bay GP Inc. (the "**Purchaser**")

RECITALS:

- A. The Vendor is the sole director and officer of the Company.
- B. The Vendor is the legal and beneficial owner of all of the Purchased Shares.
- C. Evan Holdco is a company wholly-owned and controlled by the Vendor and will receive significant benefits arising from the transactions contemplated by this Agreement, including obtaining its interest in the Purchaser.
- D. The Vendor wishes to sell, and the Purchaser wishes to purchase all of the Vendor's right, title and interest in and to the Purchased Shares upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing and the representations, warranties, covenants, conditions, agreements and promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties to this Agreement, including the payment by the Purchaser to Evan Holdco of the amount of ten dollars (\$10.00), now paid, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Throughout this Agreement, the following terms shall have the following corresponding meanings:

"650 Bay Mortgages" means the mortgages on the Property as set out in Schedule 1.1(a), having an aggregate outstanding amount payable, including all principal and all accrued and unpaid interest to and including the Closing Date and including the aggregate amount of all contingent liabilities and obligations under all collateral mortgages, whether or not any amount shall be outstanding or owing at any time, as set out in Schedule 1.1(a) as of the date hereof and as updated as of the Closing Date.

"Adjustment Notice" has the meaning ascribed thereto in Section 2.5.

"Affiliate" has the meaning given to such term in the *Securities Act* (Ontario).

"Agreement" means this share transfer agreement between the Parties, including all instruments amending or restating of this Agreement.

"Annual Financial Statements" means the annual reviewed financial statements of the Company for the fiscal years ended December 31, 2014 and December 31, 2015, copies of which are set out in Schedule 3.1(B)(g).

"Applicable Law" means, with respect to any Person, property, transaction, event or other matter, (i) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law, (ii) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, the **"Law"**) relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of the Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

"arm's length" has the meaning that it has for purposes of the *Income Tax Act* (Canada);

"Assets" means all of the undertaking and all of the property and assets of the Company of every kind and description and wheresoever situate, including all assets shown on the Financial Statements, and all real and personal property, including the Plans and Studies all rights in and to the Plans and Studies.

"Associate" has the meaning given to such term in the *Securities Act* (Ontario).

"Books and Records" means the Financial Records and all other books, records, files and papers of the Company including drawings, engineering information, manuals and data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel, employment and other records, and the minute and share certificate books of the Company and all records, data and information stored electronically, digitally or on computer-related media.

"Business" has the meaning given to such term in the Limited Partnership Agreement.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in Ontario.

“**Capital Contribution**” has the meaning ascribed thereto in Limited Partnership Agreement.

“**Capital Commitment**” has the meaning ascribed thereto in Limited Partnership Agreement.

"**Claims**" means, collectively, Direct Claims and Third Party Claims.

"**Closing**" means the closing of the purchase and sale of the Purchased Shares contemplated by this Agreement, including without limitation, the payment of the Purchase Price and the delivery of the documents to be delivered on the Closing Date in the manner and at the times set forth in this Agreement.

“**Closing Date**” means July ____, 2016 or such earlier or later date as the Parties may agree or as may be extended in accordance with the terms hereof.

“**Closing Time**” means 2 p.m. Toronto time on the Closing Date or such other time on the Closing Date as the Parties shall agree in writing.

“**Consent**” means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person (other than the Company) which is provided for or required: (i) in respect of or pursuant to the terms of any Contract; or (ii) under any Applicable Law, in either case in connection with the sale of the Purchased Shares to the Purchaser on the terms contemplated in this Agreement, to permit the Company to carry on the Business after Closing, or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.

“**Contracts**” means all pending and executory contracts, agreements, leases and arrangements (whether oral or written) to which the Company is a party or by which the Company or any of its Assets or the Business is bound or under which the Company has rights.

“**Damages**” means, whether or not involving a Third Party Claim, any loss, cost, liability, claim, interest, fine, penalty, assessment, damages available at law or in equity, expense (including reasonable costs, fees and expenses of legal counsel and reasonable costs, fees and expenses of investigation) or diminution in value.

“**Debt**” means, with respect to the Company, all debts, indebtedness, liabilities or obligations of any kind whatsoever, whether primary or secondary or absolute or contingent, including, without limitation: (i) the principal amount of any indebtedness for borrowed money, including the 650 Bay Mortgages (including the full amount of contingent liabilities under collateral mortgages forming part of the 650 Bay Mortgages), cheques, overdrafts and orders accepted representing an extension of credit, together with all prepayment premiums or penalties and other amounts in respect thereof to terminate and discharge such obligations; (ii) all payment obligations of the Company for the deferred purchase price for purchases of property; (iii) any capital lease obligation, synthetic lease obligation, obligation under any sale and leaseback transaction or purchase money obligation; (iv) any off-balance sheet financing; (iv) evidenced by notes, bonds, debentures, guaranties, mortgages or similar obligations and any obligation on which interest is customarily paid by a Person, including banker's acceptances and letters of credit; (v) any liability of the Company with respect to interest rate swaps, collars, caps and similar hedging obligations in existence immediately prior to the Closing; (vi) secured by an Encumbrance on any Assets; (vii) any debt like obligations; (viii) any issued and outstanding shares or securities of the Company where a Person may require the redemption or purchase by the Company of such shares or securities and any declared but unpaid,

or accrued but not paid, dividends on shares of the Company; (ix) any indebtedness of the type referred to above of any Person other than the Company in existence immediately prior to the Closing which is either guaranteed by, or secured by a security interest upon any property of the Company; (x) any unpaid interest, prepayment premiums or penalties accrued or owing on any such indebtedness or obligations; (xi) all trade payables and any other payments payable in respect of any trade payables, whether or not incurred in the ordinary course of business; (xii) all Taxes for the period up to and including the Closing Date, including those which may be, or become, due or payable after the Closing Date; (xiii) amounts paid and payable in respect of the Property, including under Permitted Encumbrances, utilities (to the extent such meters have not been read on Closing), and utilities deposits, taxes (including local improvement charges and assessments and business taxes) and other adjustments established by the usual practice in Toronto, Ontario for the purchase and sale of a property similar to the Property; and (xiv) the dollar value of any Damages subject to the Vendor's indemnification obligation hereunder.

“Direct Claim” has the meaning ascribed thereto in Section 5.3.

“Employee” means an individual who is employed by the Vendor whether on a full-time or part-time basis.

“Employee Plans” all written or oral employee benefit, welfare, supplemental unemployment benefit, bonus, pension, profit sharing, executive compensation, current or deferred compensation, incentive compensation, stock compensation, stock purchase, stock option, stock appreciation, phantom stock option, savings, severance or termination pay, retirement, supplementary retirement, hospitalization insurance, salary continuation, legal, health or other medical, dental, life, disability or other insurance (whether insured or self-insured) plan, program, agreement or arrangement, and every other written or oral benefit plan, program, agreement or arrangement sponsored, maintained or contributed to or required to be contributed to by the Vendor for the benefit of the Employees or former Employees and their dependants or beneficiaries.

“Encumbrances” means any mortgage, charge, pledge, security interest, assignment, encumbrance, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or and any other encumbrances of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation other matters capable of becoming any of the foregoing as well as any work orders or deficiency notices issued by any authority having jurisdiction over the Property.

“Engagement” shall have the meaning given to it in Section 4.4.

“Environmental Claims” means a claim, notice, administrative order, citation, complaint, summons, writ, proceeding or demand relating to remediation, investigation, monitoring, emergency response, decontamination, restoration or other mandated action under any Environmental Laws or any notice, claim, demand or other communication alleging or asserting liability, either direct or indirect, and either in whole or by way of contribution or indemnity, for investigatory, monitoring or cleanup costs, Governmental Authority response costs, damages, personal injuries, fines, penalties or for other relief, and arising out of, based on or resulting from: (i) the presence, or Release into the environment, of any Hazardous Materials; or (ii) any non-compliance or alleged non-compliance with any Environmental Laws; or (iii) the failure of the

Property to comply with any environmental standard in Ontario related to the uses proposed for the Project as outlined in the Limited Partnership Agreement.

"Environmental Laws" means all Applicable Laws now or hereafter in existence concerning contamination, pollution, protection or preservation of the environment or otherwise relating to the environment (including the air within any structure or underground space) or to environmental aspects of occupational health and safety, product safety and product liability, including Applicable Laws pertaining to: (i) reporting, licensing, permitting, investigating and remediating the presence of Hazardous Materials; and (ii) the storage, generation, use, handling, manufacture, processing, transportation, treatment, Release and disposal of Hazardous Materials.

"Estimated Closing Statement" has the meaning given to such term in Section 2.4.

"Final Closing Statement" the resulting closing statement from each determination of an amendment to the Estimated Closing Statement in accordance with the terms of this Agreement.

"Financial Records" means all of the Company's books of account and other financial data and information, and includes all records, data and information stored electronically, digitally or on computer-related media.

"Financial Statements" means the Annual Financial Statements and the Interim Financial Statements.

"Governmental Authority" means: (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise); (b) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government; (c) any court, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and (d) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association.

"Hazardous Materials" means any contaminants, pollutants, substances or materials that, when released into the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, including such contaminants, pollutants, substances or materials are prohibited, controlled or regulated by any Governmental Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in any Environmental Laws.

"HST" means the harmonized goods and services tax imposed under Part IX of the *Excise Tax Act*;

"Income Tax Act" means the *Income Tax Act*, R.S.C. 1985, 5th Supplement and the regulations thereunder and any analogous applicable provincial income tax legislation.

"Indemnified Party" means the Purchaser Indemnified Parties or the Vendor Indemnified Parties, as the case may be.

"**Independent Accountant**" has the meaning ascribed thereto in Section 2.5.

"**Intellectual Property**" means all rights to and interests in: (a) all business names, trade names, corporate names, telephone numbers, domain names, domain name registrations, website names and worldwide web addresses and other communications addresses used by the Company; (b) all inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application) used by the Company; (c) all industrial designs and applications for patent and registration of industrial designs and industrial design rights, design patents and industrial design registrations used by the Company; (d) all trade-marks and registrations and applications for registration of trade-marks and all trade dress, logos, slogans and brand names used by the Company; (e) all copyright in all works and database rights and registrations and applications for registrations thereof; (f) all rights and interests in and to processes, journals, notebooks, data, trade secrets, designs, logic diagrams, algorithms, know-how, drawings and manuals, technology, blue prints, plans development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information used by the Company; (g) all other intellectual property rights throughout the world used or held by the Company; and (h) all rights ancillary to such intellectual property.

"**Interim Financial Statements**" means the unaudited financial statements of the Company as at, and for the 6 month period ended, June 30, 2016, and a balance sheet and income statement for the period from June 30, 2016 to the Closing Date, true and complete copies of which are attached as Schedule 3.1(B)(g).

"**Improvements**" means all chattels, plants, buildings, structures, fixtures, erections and improvements located on, over, under or upon the Property and any mechanical, electrical, plumbing, heating and air-conditioning systems relating to the Property, including any of the foregoing under construction.

"**Independent Accountant**" has the meaning ascribed thereto in Section 2.6.

"**Liability**" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"**Licence**" means any licence, permit, authorization, approval or other evidence of authority issued or granted to, conferred upon, or otherwise created for, the Company by any Governmental Authority.

"**Limited Partnership Agreement**" means the amended and restated limited partnership agreement attached hereto as Exhibit "A".

"**Legal Proceedings**" means any court, administrative, regulatory or similar proceeding (including any investigative proceedings by any authority); arbitration or other dispute settlement procedure; enforcement or realization actions and proceedings under security; or any similar matter or

proceeding, including actions, applications, demands, disputes or claims in respect of any of the foregoing as well as any work order or deficiency notice issued by any authority having jurisdiction.

"Notice of Claim" has the meaning ascribed thereto in Section 5.3.

"Material Adverse Change" means a change in the business or assets of the Company or in the operations, affairs, prospects or condition (financial or otherwise) of the Company including any such change arising as a result of any change in Applicable Law, the amendment or revocation of any Licence, relating to any Order, or as a result of fire, explosion, accident, casualty, labour problem, flood, drought, riot, storm, terrorist act, pandemic, disease, act of God or otherwise.

"Notice" has the meaning ascribed thereto in Section 7.3.

"Order" means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

"Parties" means, collectively, the Company, the Vendor, Evan Holdco and the Purchaser, and **"Party"** shall refer to any one of such Persons.

"Partnership Interest" has the meaning ascribed thereto in the Limited Partnership Agreement.

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

"Permitted Encumbrances" means, collectively, those Encumbrances that related solely to the Property and that are described in Schedule 1.1(b) hereto.

"Person" means any individual, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, trust, pension fund, union, governmental authority, and a natural person including in such person's capacity as trustee, heir, beneficiary, executor, administrator or other legal representative.

"Personal Information" means information about an identifiable individual as defined in Privacy Law.

"Personal Property" means all machinery, equipment, furniture, furnishings, office equipment, computer hardware, supplies, materials, vehicles, material handling equipment, implements, parts, tools, jigs, inventory, spare parts and tangible assets owned or used or held by the Company wherever located, including any of the foregoing which are in storage or in transit and any of the foregoing which may be attached to the Property but are not Improvements.

"Plans and Studies" means all plans, drawings, rezoning applications and other documents and studies and investigations with respect to the potential development and construction on the lands comprising the Property of the Project.

"Privacy Law" means the *Personal Information Protection and Electronic Documents Act* (Canada), the *Freedom of Information and Protection of Privacy Act* (Ontario) and any comparable Law of any other province or territory of Canada.

"Project" shall have the meaning ascribed thereto in the Limited Partnership Agreement.

"Property" means all real property in which the Company has any right, title or interest, including legal or beneficial ownership, all of which is set out in Schedule "A".

"Purchaser" means 650 Bay Limited Partnership.

"Purchaser Indemnified Parties" shall have the meaning ascribed thereto Section 5.1.

"Purchase Price" has the meaning ascribed thereto in Section 2.3.

"Purchase Price Adjustment" has the meaning ascribed thereto in Section 2.5.

"Purchased Shares" means all the issued and outstanding shares in the capital of the Company (being 1,000 common shares as of the date of this Agreement and such other shares which may be issued and outstanding as at the Closing).

"Purchaser's Solicitor" means, in respect of real property matters, Coutts Crane, 480 University Ave., Suite 700, Toronto, Ontario, Attention: Harry Polizos and in respect of corporate matters, Lefko Law professional Corporation, 401 Bay Street, Suite 2410, Toronto, Ontario M5H 2Y4, Attention: Phil Lefko.

"Receivables" means all accounts receivable, bills receivable, trade accounts, book debts and insurance claims of the Company together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits.

"Regulatory Approval" means any approval, consent, ruling, authorization, notice, permit, License or acknowledgement that may be required from any Person pursuant to Applicable Law or the conditions of any Order in connection with the sale of the Purchased Shares to the Purchaser on the terms contemplated in this Agreement, to permit the Company to carry on the Business after Closing as contemplated by the Limited Partnership Agreement or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.

"Release" means, in addition to the meaning given to it under any Environmental Laws, any release, spill, leak, pumping, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage or placement.

"Stub Period Returns" has the meaning ascribed thereto in Section 4.2.

"Taxes" means all taxes including all income, sales, use, goods and services, HST, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and

unemployment insurance payments and workers' compensation premiums, together with any installments with respect thereto, and any interest, fines and penalties, in all cases imposed by any Governmental Authority in respect thereof and whether disputed or not.

"Tax Returns" means all returns, information returns, reports, elections, agreements, declarations or other documents of any nature or kind required to be filed with any applicable Governmental Authority in respect of Taxes.

"Third Party Claim" has the meaning ascribed thereto in Section 5.3.

"Threatened", when used in relation to a Legal Proceeding or other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that a Legal Proceeding or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that a Legal Proceeding or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future

"Undrawn Capital" has the meaning ascribed thereto in Limited Partnership Agreement.

"Vendor's Solicitor" means Keyser Mason Ball, LLP, 4 Robert Speck Parkway, Suite 1600, Mississauga, Ontario, L4Z 1S1, Attention: Amy Delisle.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Time** – Time is of the essence in and of this Agreement.
- (b) **Calculation of Time** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.
- (c) **Business Days** – Whenever any action to be taken or payment to be made pursuant to this Agreement would otherwise be required to be made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.
- (d) **Currency** – Unless otherwise specified, all references to amounts of money in this Agreement refer to the lawful currency of Canada.
- (e) **Headings** – The descriptive headings preceding Articles and Sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles or Sections. The division of this Agreement into Articles and Sections shall not affect the interpretation of this Agreement.

- (f) **Including** – Where the word “including” or “includes” is used in this Agreement, it means “including without limitation” or “includes without limitation”.
- (g) **Plurals and Gender** – The use of words in the singular or plural, or referring to a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such persons or circumstances as the context otherwise permits.
- (h) **Statutory References** – Any reference to a statute shall mean the statute in force as at the date of this Agreement (together with all regulations promulgated thereunder), as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute thereto, unless otherwise expressly provided.

1.3 Accounting Principles

Whenever in this Agreement reference is made to generally accepted accounting principles, or to GAAP, such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor entity thereto, applicable as at the date on which such principles are to be applied or on which any calculation or determination is required to be made in accordance with generally accepted accounting principles.

1.4 Applicable Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. References to statutes shall be deemed to be references to such statutes as they exist on the date of this Agreement.

1.5 Knowledge

Where any representation, warranty or other statement in this Agreement is expressed to be made by the Vendor or Evan Holdco to his or its knowledge or the knowledge of the Company or is otherwise expressed to be limited in scope to facts or matters known to the Vendor, the Company or Evan Holdco or of which the Vendor, the Company or Evan Holdco is aware, it shall mean such knowledge as is actually known to, or which could have or should have come to the attention of the Vendor, the Company or Evan Holdco or the directors, officers, employees, agents or representatives of such Persons, after a due and appropriate inquiry by such Persons, including conducting and completing such due diligence respecting 222 and the Property as would be the customary practice of solicitors engaged to act for purchaser's of securities of 222 and/or property similar to the Property, in each case in the City of Toronto as of the date hereof.

ARTICLE 2 **PURCHASE AND SALE**

2.1 Purchase and Sale

Subject to the provisions of this Agreement, at the Closing Time:

- (a) **Purchase and Sale of Purchased Shares** – the Vendor shall sell and the Purchaser shall purchase the Purchased Shares, which shall be free and clear of all Encumbrances;
- (b) **Payment of Purchase Price** – the Purchaser shall satisfy the Purchase Price payable to the Vendor for the Purchased Shares as provided in Section 2.3.
- (c) **Transfer and Delivery of the Purchased Shares** – the Vendor shall transfer and deliver to the Purchaser share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in blank, in either case by the holders of record, and shall take such steps as shall be necessary to cause the Company to enter the Purchaser or its nominee(s) upon the books of the Company as the holder of the Purchased Shares and to issue one or more share certificates to the Purchaser or its nominee(s) representing the Purchased Shares; and
- (d) **Other Documents** – the Vendor and Purchaser shall deliver such other documents as may be necessary to complete the transactions provided for in this Agreement.

2.2 Binding Agreement

Upon the execution and delivery of this Agreement by all Parties hereto on the date hereof, the respective agreements of the Parties set out herein shall and do create and constitute a binding agreement of purchase and sale of the Purchased Shares on and subject to the provisions of this Agreement. The Closing shall take place on the Closing Date, which shall in no event be later than the date that is thirty days from the date of this Agreement.

2.3 Purchase Price

The Vendor and Purchaser agree that the purchase price for the Purchased Shares shall be the amount of \$7,000,000 (the “**Estimated Purchase Price**”). The Estimated Purchase Price assumes that the total Debt of the Company on the Closing Date is \$8,000,000 (the “**Estimated Closing Date Debt**”), which for greater certainty, all calculations of Debt includes, without limitation, the sum of the aggregate amount outstanding under the 650 Bay Mortgages (inclusive of all accrued and unpaid interest, fees, penalties and other amounts payable thereunder to the applicable lenders and plus the aggregate sum of the contingent liabilities and obligations under collateral mortgages on the Property, as more particularly described and itemized in Schedule 1.1(a)) and all Taxes payable by the Company in respect of the period up to and including the Closing Date, whether or not due as the Closing Date.

On the day prior to Closing, the parties will determine the aggregate Debt of the Company (the “**Closing Date Debt**”) and the Closing Date Purchase Price, which shall be the amount equal to \$7,000,000: (a) plus the amount, on a dollar for dollar basis, that the Closing Date Debt is less than \$8,000,000 or (b) less the amount, on a dollar for dollar basis, that the Closing Date Debt is greater than \$8,000,000 (the “**Closing Date Purchase Price**”).

The consideration payable by the Purchaser for the Purchased Shares shall be paid and satisfied by the issuance by the Purchaser to the Vendor, or as the Vendor shall direct, of up to a maximum number of 3,499 Class A limited partnership units (the “**Target Number of Units**”) of the Purchaser. The

Purchaser will satisfy the Closing Date Purchase Price for the Purchased Shares by the issuance to the Vendor, or as the Vendor shall direct, of the number of Class A limited partnership units determined as follows (the "**Closing Date Units**"):

(a) if the Closing Date Debt is equal to or less than \$8,000,000, the Purchaser will issue 3,499 Class A limited partnership units; and

(b) if the Closing Date Debt is greater than \$8,000,000, the Purchaser will issue the number of Class A limited partnership units determined as follows:

Number of Class A limited partnership units Issued = 3,499 Class A limited partnership units x Estimated Closing Debt / Closing Date Debt.

By way of example:

If the Closing Date Debt = \$9,000,000.

Number of Class A limited partnership units Issued = 3,499 Class A limited partnership units x \$8,000,000 / \$9,000,000.

=3,110 Class A limited partnership units.

The difference between the Target Number of Units and the Closing Date Units actually issued is (3,499 - 3,110 = 389 Class A limited partnership units in the above example) is referred to herein as the "**Contingent Units**".

From time to time, at any time following the Closing up to the time on date that 650 Bay Lalu LP Holdings Inc. satisfies its Undrawn Capital under the Partnership Agreement (the "**Cut Off Date**"), the Vendor shall be issued additional Class A limited partnership units out of the number of Contingent Units, proportionate to, the amount in cash that the Vendor shall actually irrevocably pay to and the Purchaser shall have received in full as reimbursement of any Closing Date Debt paid and discharged by the Vendor on behalf of the Purchaser, to a maximum amount of the Closing Date Debt less the Estimated Closing Date Debt. Such Contingent Units will issued upon such payment or discharge of such Closing Date Debt by KarrasCo.

By way of example:

If the Closing Date Debt is \$9,000,000. The difference between the Closing Date Debt and the Estimated Closing Date Debt is \$1,000,000. The number of Contingent Units is 389 and will be issued proportionate to the ratio of the Closing Date Debt that is paid and satisfied by the Vendor. For example, if the Vendor pays \$500,000 to the Purchaser on account of the Closing Date Debt, the Purchaser will issue the Vender $389 \times \$500,000 / \$1,000,000 = 194.5$ Class A limited partnership units.

The Vendor will be credited with a Capital Contribution to the Partnership on the Closing Date equal to the Closing Date Purchase Price. On each date that the Vendor satisfies any Closing Date Debt in excess of \$8,000,000, the Vendor will be credited with a further Capital Contribution to the Purchaser. The final purchase price for the Purchased Shares will be equal to the Closing Date

Purchase Price plus the amount of Closing Date Debt satisfied by the Vendor following the Closing Date prior to the Cut Off Date (the "**Purchase Price**").

The Vendor hereby irrevocably directs the Purchaser to pay and satisfy (a) the Closing Date Purchase Price and (b) each issuance of Contingent Units, by issuance to Evan Holdco of such Class A limited partnership units to be issued by the Purchaser.

2.4 Closing Statement and Determination of Purchase Price.

The Vendor shall prepare and deliver to the Purchaser on the day prior to the Closing an estimated closing statement of the Vendor as of the Closing Date in a form acceptable to the Purchaser (the "**Estimated Closing Statement**"). The Estimated Closing Statement will set out the calculation of the Estimated Closing Debt, the Closing Date Purchase Price and the number of Closing Date Units and identify all adjustments thereto. The Estimated Closing Statement shall be accurate and complete at the time of its delivery and subject to acceptance and agreement by the Purchaser, acting reasonably.

2.5 Purchase Price Adjustment.

If after the Closing, the Purchaser determines at any time and from to time up to the date that is the later of the (a) the Cut Off Date and (b) the date that this eighteen months following the Closing Date that the Estimated Closing Statement delivered by the Vendor pursuant to Section 2.4 was inaccurate or incorrect in any respect, the Purchaser may, at any time, and from time to time, after the Closing Date, notify the Vendor of such determination in writing (an "**Adjustment Notice**"), its basis therefor and any amount it claims is owing to the Purchaser as a result of any such inaccuracy or error in the Estimated Closing Statement (the "**Purchase Price Adjustment**"). For greater certainty, any such Purchase Price Adjustment or period in which to deliver an Adjustment Notice does not in any way limit restrict any other right or remedy of the Purchaser hereunder, including pursuant to the indemnification provisions of Article 5. The Purchaser's right to deliver an Adjustment Notice, shall not be limited by any failure to raise any objections to the Estimated Closing Statement prior to the Closing. For a period of 10 days after giving an Adjustment Notice (or such longer period as may be agreed upon by the Parties) in respect of a Purchase Price Adjustment, the Parties shall negotiate in good faith and endeavor to reach a definitive agreement on the Purchase Price Adjustment, any amendment to the Estimated Closing Statement and the resulting Final Closing Statement. Additionally, any refund or credit pertaining to the period prior to Closing that is paid to the Corporation, shall be credited to the Vendor within five (5) days of the same. The Parties shall cooperate with each other in connection with, and shall provide the other Parties and their Representatives reasonable access to the books and records, working papers and relevant personnel relating to information provided in the Adjustment Notice and the determination of the Purchase Price Adjustment. If the Parties are unable to reach an agreement on the Purchase Price Adjustment during such 10 day period (or longer period as they may agree, if applicable), then the determination thereof shall be submitted by the Parties to a chartered accountant associated with an accounting firm of recognized national standing in Canada, which is independent of the Parties (the "**Independent Accountant**"). If the Parties are unable to agree on the Independent Accountant within a further ten (10) day period, either the Purchaser or the Vendor may apply under the *Arbitration Act, 1991* (Ontario) to have a court appoint the Independent Accountant. The Independent Accountant shall, as promptly as practicable (but in any event, within 45 days following its appointment), make a determination of the Purchase Price Adjustment, if any, based

solely on written submissions of the Parties given by them to the Independent Accountant. The submissions of each Party shall be disclosed to the other Parties and each other Party shall be afforded a reasonable opportunity to respond thereto. The Purchase Price Adjustment, if any, as determined by the Independent Accountant, shall be final and binding upon the Parties and shall constitute the Purchase Price Adjustment for purposes of this Agreement. The Estimated Closing Statement shall be amended to reflect each and every Purchase Price Adjustment and each such amended Estimated Closing Statement, as amended from time to time, shall be the Final Closing Statement as of such determination. The fees and expenses of the Independent Accountant shall be borne by the parties in a manner to be determined by the Independent Accountant based upon the respective merits of their positions.

2.6 Payment of the Purchase Price Adjustment.

Each Purchase Price Adjustment payable by the Vendor to the Purchaser shall be paid forthwith by the Vendor and in any event not later than five Business Days following the final determination of each Purchase Price Adjustment. Any amount payable to the Purchaser in respect of a Purchase Price Adjustment shall accrue interest at the rate of 8% per annum, simple interest, from the Closing Date, and shall be paid at the same time as each payment of the Purchase Price Adjustment is due and payable to the Purchaser. All monies paid or received by the Purchaser in respect of any Purchase Price Adjustment shall be credited first to any interest payable and owing on any Purchase Price Adjustment and then to the Purchase Price Adjustments Payable. In the event that the Vendor fails to make payment of any Purchase Price Adjustment, including all interest payable in respect thereof, to the Purchaser when due, the Purchaser shall adjust the Capital Contribution and Capital Commitment of the Vendor with respect to the Partnership which the Parties acknowledge and agree will result in a downward adjustment to the Partnership Interest of Evan Holdco in the Partnership.

The Parties shall record and report the final Purchase Price (including to take into account the issuance of Contingent Units), and not take any position inconsistent therewith, as finally determined, including in any financial statements, Tax Return or in response to any inquiry or Legal Proceeding respecting Taxes.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties and Covenants of the Vendor

Part (A) - Representations and Warranties and Covenants Relating to the Property

The Vendor and Evan Holdco, jointly and severally, hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement and completing the transactions contemplated hereby:

- (a) the Company is the registered, legal and beneficial owner of the Property free and clear of any Encumbrances, other than Permitted Encumbrances and has a good marketable title to the Property;

- (b) there is no direct or indirect, Contract, agreement, arrangement, option or other right or privilege (at law, in equity or otherwise) outstanding or contingent in favour of any Person for the purchase of the Property or any other right, entitlement or interest (contingent or otherwise) in the Property, except for the rights of the Purchaser to acquire the Purchased Shares hereunder;
- (c) except as set forth in Schedule 3.1(A)(c), there is not now any lease, offer to lease, contract, agreement or arrangement (oral or written) entered into by the Vendor or any other Person affecting or binding the Property. True and complete copies of each such lease, offer to lease, contract, agreement or arrangement have been delivered to the Purchaser and no such lease, offer to lease, contract, agreement or arrangement has been amended or altered in any way, including by any course of conduct, and each remains in full force and effect. None the Company, any of the tenants, subtenants or other relevant parties under any such lease, offer to lease, contract, agreement or arrangement is in default or breach of any term or provision thereunder;
- (d) except as set forth in Schedule 3.1(A)(d), neither the Company, Evan Holdco or the Vendor has received any notification of or has any knowledge of, any outstanding or incomplete work orders, deficiency notices or other current non-compliance with Applicable Laws relating to the Property or any investigations or potential investigations by any Person. No repairs or maintenance are currently required to be completed in respect of the Property that would be on account of capital in accordance with GAAP and no such capital improvements are planned or reasonably anticipated at this time. Full details of each of the outstanding or incomplete work orders, deficiency notices or other current non-compliance with Applicable Laws is disclosed in Schedule 3.1(A)(d). All complete building permits will be closed prior to Closing;
- (e) neither the Company, Evan Holdco or the Vendor has any knowledge of any expropriation or condemnation or other Legal Proceeding pending or Threatened against the Property or any part of the Property;
- (f) in respect of the Property, all accounts for work and services performed or materials placed or furnished upon or in respect of the construction and completion of any improvements have been fully paid and no one is entitled to claim a lien under the *Construction Lien Act* (Ontario) or other similar legislation for such work performed by or on behalf of the Company;
- (g) in respect of the Property, all Permitted Encumbrances which are easements, agreements, rights-of-way, restrictive covenants or restrictions are in good standing and the Company has performed in all respects all obligations required to be performed by it thereunder and there is no breach or default in any respect thereunder nor has any event occurred nor does any circumstance exist that (with or without notice or lapse of time), would constitute such a breach or default;
- (h) spousal consent is not necessary to this transaction under the provisions of the *Family Law Act* (Ontario);

- (i) with respect to environmental matters: (a) there is no actual, pending or Threatened Environmental Claim against the Company, the Vendor, Eric Holdco, or any director or officer of the Company in respect of the Property and neither the Vendor or Eric Holdco has any knowledge of any basis upon which any such Claim could be commenced with any reasonable likelihood of success against the Company or any director or officer; (b) the Company has delivered or made available to the Purchaser, true and complete copies of all soils and environmental reports in respect of the Property in its possession or control, and (c) all written communications between the Company, the Vendor and any Person, if any, relating to the matters set forth in this subsection (i) have been delivered to the Purchaser and if received following the date hereof, will be forthwith delivered to the Purchaser;
- (j) the current uses and future intended use of the Property are permitted under current zoning and land use regulations and Applicable Laws;
- (k) no part of the Property is subject to any building or use restriction that restricts or would restrict or prevent the use and operation of the Property for the Business by the Purchaser or as contemplated to be used by the Purchaser for the development;
- (l) no Improvements encroach on property not forming part of the Property and no buildings, structures or other improvements on adjoining lands encroach upon the Property;
- (m) there are no matters affecting the right, title and interest of the Company in and to the Property which, in the aggregate, would materially and adversely affect the ability of the Purchaser as of the Closing Date, to carry on the Business upon the Property as it has been carried on in the ordinary course by the Company or as contemplated for the development;
- (n) attached at Schedule 3.1(A)(n) is current and up to date survey of the Property;
- (o) the buildings on the Property contain no urea formaldehyde foam insulation;
- (p) the Encroachment Agreement registered on title as Instrument No. CA65043 does not affect the proposed development of the Property and is only applicable to the door swinging outwards of the current building extending on to city owned lands;
- (q) it has provided full, true and complete copies of all documents and information respecting the 650 Bay Mortgages and such documents and information (i) represent the entire agreement respecting the 650 Bay Mortgages, (ii) have not been altered or amended, whether in writing, by course of conduct or otherwise, (iii) are in full force and effect and there are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such documents, (iv) no party to any of the documents respecting any 650 Bay Mortgage is in default thereunder or has failed to perform any covenant or obligation thereunder, (v) no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute a default by any party to any of documents respecting the 650 Bay Mortgages and (vi) the information respecting the 650 Bay Mortgages set forth in Schedule 1.1(a) is

true, accurate and complete;

- (r) each representation and warranty and covenant relating to the Property or the registered owner of the Property made in any agreement or document entered into or furnished to a lender to the Purchaser or any Affiliate of the Purchaser in connection with an Encumbrance to be placed on the Property is true, complete and accurate and each such representation and warranty and covenant is incorporated into this Agreement and deemed to be given by the Company and the Vendor to the Purchaser pursuant to this Agreement, mutatis mutandis, together with any provisions of such loan or document necessary to interpret any such representation or warranty or covenant. Each representation and warranty or covenant made herein and in any such other agreement or document shall be read independent and as stand-alone and independent representations and warranties and covenants; and
- (s) the Property has not been designated as a property of cultural heritage value or interest pursuant to the *Heritage Act* (Ontario) by any Governmental Authority or otherwise subject to any Encumbrance pursuant to such legislation or other Applicable Law, and no such action has been Threatened and the Vendor has not received written notice or had any other communication respecting any such potential designation or Encumbrance affecting the Property.

Part (B) - Representations and Warranties of the Vendor Relating to the Company

The Vendor and Evan Holdco, jointly and severally, hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement:

- (a) *Organization of the Company.* The information set out in Schedule 3.1(B)(a) concerning the name and jurisdiction of incorporation, the authorized, issued and outstanding shares in the capital of the Company and the directors and officers of the Company is true and complete. The Company is a corporation duly created, validly existing and in good standing under the laws of the Province of Ontario. All of the issued and outstanding shares in the capital of the Company have been duly authorized, are validly issued as fully paid and non-assessable shares, were not issued in violation of any pre-emptive rights or in violation of contractual restrictions. There are no shareholders' agreements governing the affairs of the Company or the relationship, rights and duties of its shareholders, nor are there any voting trusts, pooling arrangements or other similar agreements with respect to the ownership or voting of any shares of the Company. There are no rights, subscriptions, warrants, options, conversion rights, calls, commitments or plans or agreements of any kind outstanding which would enable any Person to purchase or otherwise acquire any shares or other securities of the Company including, without limitation, any securities convertible into or exchangeable or exercisable for shares or other securities of the Company. The Company does not have a direct or indirect equity interest in any other Person.
- (b) *Power and Capacity of the Company and Enforceability.* The Company has the power, authority and capacity to execute and deliver this Agreement and to execute and deliver all agreements and instruments to be executed by it as contemplated herein and to perform its

other obligations hereunder and under all such other agreements and instruments. The execution and delivery of this Agreement and all agreements and instruments to be executed and delivered by it pursuant to this Agreement, and the consummation of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Company. This Agreement constitutes, and each other agreement to be executed and delivered by the Company in connection with the Closing will constitute, when executed and delivered by all parties, a valid and binding obligation of the Company enforceable against it in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought.

- (c) *Qualification to do Business.* Neither the nature of the Company's business nor the location or character of the assets owned or leased by the Company requires it to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in the Province of Ontario where it is duly registered, licensed or otherwise qualified for such purpose.
- (d) *Subsidiaries.* The Company does not own or have any interest in any securities or have an ownership interest in any other Person.
- (e) *Corporate Records.* The minute books of the Company have been maintained in accordance with Applicable Law and contain true, correct and complete copies of its articles, its by-laws, the minutes of every meeting of its board of directors and of its shareholders and every written resolution of its directors and shareholders. All meetings of directors and shareholders of the Company have been duly called and held and all resolutions have been duly passed in accordance with Applicable Law at such meetings or by written resolution. The share certificate book, register of shareholders, register of transfers and register of directors and officers of the Company are complete and accurate in all respects.
- (f) *Bankruptcy and Insolvency.* The Company is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and will become an insolvent person as a consequence of the Closing. The Company made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof or had any petition for a receiving order presented in respect of it. The Company has not initiated, or become subject to, any Legal Proceeding, with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver has been appointed in respect of the Company or any of its Assets and no execution or distress has been levied upon any of its Assets and no Legal Proceeding with respect thereto has been Threatened. No act or proceeding has been taken or authorized by or against the Company with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to, the Company nor have any such proceedings been authorized by any other Person.
- (g) *Financial Statements.* The Financial Statements have been prepared in accordance with GAAP consistently applied throughout the periods to which they relate, subject, in the case of the Interim Financial Statements, to usual year-end adjustments and the exclusion of

footnotes. The balance sheets contained in the Financial Statements fairly present the financial position of the Company as of their respective dates and the statements of earnings and retained earnings contained in the Financial Statements fairly present the revenues, earnings and results of operations for the periods indicated. The Financial Statements are accurate and complete and are based upon and are consistent with the Books and Records. True and complete copies of the Financial Statements are attached as Schedule 3.1(B)(g) hereto.

- (h) *Books and Records.* The Vendors have made available to the Purchaser all Books and Records. All material financial transactions of the Company have been accurately recorded in the Financial Records in accordance with all Applicable Law and the Financial Records accurately reflect the basis for the financial condition and the revenues, expenses and results of operations of the Company as of and to the date hereof and as of the Closing Date. All Books and Records are in the full possession and exclusive control of, and are owned exclusively by, the Company and are not dependent upon any computerized or other system, program or device that is not exclusively owned and controlled by the Company.
- (i) *Title to and Sufficiency of Assets.* The Company has good and marketable legal and beneficial title to all of its Assets, free and clear of any and all Encumbrances, except for Permitted Encumbrances. The Assets owned and leased by the Company constitute all of the Assets used or held for use in connection with the Business and are sufficient to permit the continued operation of the Business and development of the Property following Closing as contemplated by the Limited Partnership Agreement. The Assets of the Company are in good operating condition and repair and fit for the intended purposes thereof. Schedule 3.1(B)(i) sets out a complete and accurate list of all Assets and locations where the Assets are situate, including a brief description of the Assets. There is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Company of the Business or of any of its Assets.
- (j) *Laws.* The Company has complied at all times with all Applicable Laws, including all Privacy Laws in connection with the Company’s collection, use and disclosure of Personal Information; and all Personal Information has been collected, used and disclosed with the consent of each individual to whom such Personal Information relates and has been used only for the purposes for which it was initially collected.
- (k) *Personal Property.* Schedule 3.1(B)(k) sets out a list of Personal Property owned or leased by the Company. No Personal Property is in the possession of a third party or is on consignment. There is no item of Personal Property which is material to the Business which is not in good operating condition and repair, ordinary wear and tear excepted and each item is suitable and adequate for the purpose for which it is being used.
- (l) *Contracts.* Schedule 3.1(B)(l) lists and fully identifies all Contracts. The Company has delivered true and complete copies of all such Contracts. Neither the Company or any Affiliate is party to any Contract with any current or former director, officer, employee or shareholder of the Company or any Affiliate or any person is not arm's length to any such Persons. The Company is not, and no other party to any Contract is, in default under any Contract and there has not occurred any event which, with the lapse of time or giving of notice or both, would constitute a default under any Contract by the Company or any other

party to the Contract. Each Contract is in full force and effect, unamended by written or oral agreement, and the Company is entitled to the full benefit and advantage of each Contract in accordance with its terms. The Company has not received any notice of a default by the Company under any Contract or of a dispute between the Company and any other Person in respect of any Contract. Except as disclosed in Schedule 3.1(B)(l), no Consent is required nor is any notice required to be given under any Contract by any party thereto or any other Person in connection with the completion of the transactions contemplated by this Agreement in order to maintain all rights of the Company under such Contract. The completion of the transactions contemplated by this Agreement will not afford any party to any Contract or any other Person the right to terminate any Contract nor will the completion of such transactions result in any additional or more onerous obligation on the Company under any Contract.

- (m) *Receivables.* All Receivables are recorded in the Financial Records and the Receivables are valid obligations which arose in the ordinary course of business and are collectible in the ordinary course of business, in the aggregate, at their full face value and are not subject to any set-off or counterclaim. None of the Receivables is due from an Affiliate of the Company or from any non-arm's length Person to the Company or an Affiliate.

- (n) *Intellectual Property*

Except for the Plans and Studies, the Company has no Intellectual Property and uses no Intellectual Property in its Business. The Company is the first and only owner of the Intellectual Property and is entitled to the exclusive and uninterrupted use of the Intellectual Property without condition, restriction or payment of any royalty or other fees. No Person has any right, title or interest in any of the Intellectual Property and any and all such Persons who might be entitled to any moral right, or similar right under the law of any jurisdiction, in the Intellectual Property, have waived their moral rights in any copyright works within the Intellectual Property. No Person has commenced any Legal Proceeding, or Threatened any Legal Proceeding respecting any such Intellectual Property and the Company is not a party to any settlement agreement or stipulation or is subject to any outstanding decree, order, or judgement, that restricts in any manner the use, other exploitation, transfer or licensing of the Intellectual Property. Neither the use of the Intellectual Property nor the conduct of the Business has infringed or currently infringes upon the Intellectual Property rights of any other Person. The Company has not received any notice of infringement nor does the Vendor, Evan Holdco or the Company have knowledge of any facts that could reasonably be expected to form the basis of Legal Proceedings which could constitute a *bona fide* claim for infringement as such.

- (o) *Licences and Regulatory Approvals.* Schedule 3.1(B)(o) lists all the Licences and Regulatory Approvals and identifies those that by their terms are not transferable. The Licences are the only licences, permits, approvals or evidences of authority of any Governmental Authority required for the operation of the Business and are held by the Company free and clear of any and all Encumbrances. The Company is conducting and has conducted the Business in accordance with all terms and conditions of the Licences and in compliance with Applicable Law. All the Licences are valid and are in full force and effect, the Company is not and has not been in violation of any term or provision or requirement of any Licence, and no Person has Threatened to revoke, amend or impose any condition in

respect of, or commenced proceedings to revoke, amend or impose conditions in respect of, any Licence. No Regulatory Approval is required in connection with the transactions contemplated by this Agreement. No Regulatory Approval or filing with, notice to, or waiver from any Governmental Authority is required to be obtained or made by the Vendor or Evan Holdco or the Company: (a) in connection with the execution and delivery of, and performance by the Vendor, the Company or Evan Holdco of their respective obligations under, this Agreement, any agreement entered into in connection with this Agreement or the consummation of the transactions contemplated hereby or thereby; (b) to avoid the loss of any Licence; or (c) to permit the Company to carry on the Business after the Closing as the Business is currently carried on and as contemplated to be carried on by the Limited Partnership Agreement.

- (p) *Undisclosed Liabilities.* The Company does not have any liabilities or obligations of any nature (whether known or unknown, liquidated or unliquidated, due or to become due and whether absolute, accrued, contingent or otherwise) except for liabilities and obligations disclosed or provided for in the Estimated Closing Statement and the Permitted Encumbrances. As of the Closing Time, the Company has no Debt, other than Permitted Encumbrances. Without limiting the foregoing, the Company is not a party to or bound by any agreement, Contract or commitment providing for the guarantee, indemnification, assumption or endorsement with respect to the obligations, liabilities (contingent or otherwise) or indebtedness of any other Person.
- (q) *Banking Information.* Schedule 3.1(B)(q) sets forth the name and location (including municipal address) of each bank, trust company or other institution in which the Company has an account, money on deposit or a safety deposit box and the name of each Person authorized to draw thereon or to have access thereto and the name of each Person holding a power of attorney from the Company and a summary of the terms thereof.
- (r) *Regulatory Approvals.* No Regulatory Approval or filing with, notice to, or waiver from any Governmental Authority is required to be obtained or made by the Vendor or the Company: (a) in connection with the execution and delivery of, and performance by the Vendor of its obligations under, this Agreement or the consummation of the transactions contemplated hereby; (b) to avoid the loss of any Licence; or (c) to permit the Company to carry on the Business after the Closing as the Business is currently carried on by the Company as contemplated to be carried by the Company following the Closing as described in the Limited Partnership Agreement.
- (s) *Absence of Conflicting Agreements.* The execution, delivery and performance of this Agreement and all other agreements and instruments contemplated herein by the Vendor, Evan Holdco and the Company, as applicable, and the completion (with any required Consents and Regulatory Approvals and the giving of any required notices) of the transactions contemplated by this Agreement do not and will not result in or constitute any of the following directly or indirectly:
 - (i) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of the constating documents of the Company or Evan Holdco, respectively, or of any Contract or Regulatory Approval;

- (ii) an event which, pursuant to the terms of any Contract or Regulatory Approval, would cause any right or interest of the Company to come to an end or be amended in any way or that would entitle any other Person to terminate or amend any such right or interest or relieve any other Person of its obligations thereunder;
 - (iii) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of any payment or other Liability (whether absolute, accrued, conditional or otherwise) of the Company, the Vendor or Evan Holdco in favour of any Person pursuant to any Contract or otherwise;
 - (iv) the creation or imposition of any Encumbrance on any of the Purchased Shares or any Asset of the Company; or
 - (v) the violation of any Applicable Law.
- (t) *Legal Proceedings.* There is no Legal Proceeding in progress, pending or Threatened against or affecting the Company or any of its property or Assets or title thereto, and there is no any factual or legal basis on which any such Legal Proceeding might be commenced. There is no Order outstanding against or affecting the Company or any of its Assets.
- (u) *Environmental Matters.* The Company and the Vendor has carried on all operations, including in respect of its holding of the Property, in compliance with all applicable Environmental Laws. Neither Company or the Vendor has used or permitted to be used, except in compliance with all Environmental Laws, any of its properties (including the Property) or any property or facility which it previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Material and neither the Company or the Vendor has caused or permitted, and has there been not been any Release in any manner whatsoever of any Hazardous Material on, in, around, from or in connection with any such properties (including the Property) or may reasonably be alleged to have Liability. All Hazardous Materials and all other wastes and other materials and substances used in whole or in part by the Company or at the Property have been disposed of, treated and stored in compliance with all Environmental Laws. Neither the Company, any director or officer or the Vendor has ever received any notice of, nor been prosecuted for, non-compliance with any Environmental Laws, and no such Person has settled any allegation of non-compliance prior to prosecution. There are no notices, Orders or directions relating to environmental matters requiring, or notifying the Vendor, the Company or any director or officer that it is or may be responsible for, any containment, clean-up, remediation or corrective action, or any work, repairs, construction or capital expenditures to be made under Environmental Laws with respect to any interest in real property held by the Company at any time.
- (v) *Employment Matters*
- (i) The Company has no Employee Plans and has never had any Employee Plans.
 - (ii) As of the Closing Date, the Company has no Employees or contractors providing services to the Company.

- (iii) Schedule 3.1(B)(v) lists all the Employees and contractors providing services to the Company as of the date of this Agreement and the position, status, length of service, age, compensation and benefits of each Employee. No Employee is on short-term or long-term disability leave, receiving benefits pursuant to applicable workers compensation legislation or otherwise an inactive employee.
- (iv) The Company is not a party to or bound by any Contract in respect of any Employee or contractor except for oral Contracts of indefinite hire that are terminable upon statutory and/or common law notice, as applicable in the relevant jurisdiction, and as of the Closing, the employment of all Employees and services of all contractors has been terminated and all amounts payable to such Employees and contractors whatsoever, under Applicable Law or otherwise has been paid by the Company and the Company has no further Liability to any such Persons whatsoever.
- (v) The Company is not party to or bound by, either directly or by operation of Applicable Law, any collective bargaining agreement, labour contract, letter of understanding, letter of intent, voluntary recognition agreement or legally binding commitment or written communication to any labour union, trade union or employee organization or group which may qualify as a trade union in respect of or affecting Employee or contractors nor is the Company subject to any union organization effort. The Company is not engaged in any labour negotiation. The Company has not engaged in any unfair labour practice and there is no pending or Threatened complaint regarding any alleged unfair labour practice relating to Employees or former Employees or contractors.
- (vi) All of the contractors and other Persons who are receiving remuneration for work or services provided to the Company who are not Employees are treated as independent contractors, are properly characterized as independent contractors and are not likely to be characterized by any Governmental Authority as employees.
- (vii) The Company is in compliance with all Applicable Laws respecting employment, employment practices and standards, terms and conditions of employment, wages and hours, occupational health and safety, human rights, accessibility, labour relations, employment equity, pay equity and workers' compensation. There are no current Legal Proceedings in progress, pending or Threatened under such employment-related Laws against the Company.
- (viii) All current assessments under applicable workers compensation legislation that relate to the Company have been paid or accrued, and the Company has not been subject to any specialty or penalty assessment under such legislation which has not been paid.
- (ix) There are no outstanding Orders made under applicable occupational health and safety laws relating to any Vendor or the Business. The Vendors are operating in compliance with all occupational health and safety laws in all material respects. There are no pending or to the knowledge of the Vendor Threatened charges against any Vendor under occupational health and safety laws. There have been no fatal or critical accidents which have occurred in the course of the operation of the Business

which might lead to charges under applicable occupational health and safety laws. There are no materials present in the Business, exposure to which may reasonably be expected to result in an occupational disease as defined in applicable occupational health and safety legislation. The Vendors have complied in all respects with any Orders issued under occupational health and safety laws

(x) The Company is not a compulsory scheduled employer under the *Workplace Safety and Insurance Act* in the Province of Ontario, or under any similar legislation in any other jurisdiction in which the Company operates. The Company is not required and does not participate in the workers compensation regime in the Province of Ontario or in any other jurisdiction in which the Company operates.][NTD: If this is applicable delete in applicable reps.

(xi) The Company has withheld from each payment made to any Person, including its present and past Employees and contractors and all Persons who are or are deemed to be non-residents of Canada for purposes of the Income Tax Act, all amounts required by Applicable Law to be withheld, and have remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Company has remitted all Canada Pension Plan contributions, provincial pension plan contributions, employment insurance premiums, employer health taxes and other Taxes payable by it in respect of the Employees to the proper Governmental Authority within the time required under Applicable Law. There are no Legal Proceedings in process, pending Threatened against the Company in respect of any Taxes, and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.

(w) *Transactions with Affiliates.* The Company is not liable in respect of advances, loans, guarantees, liabilities or other obligations to or on behalf of any shareholder, officer, director, Employee or Affiliate of the Company or any other Person with whom the Company does not deal at arm's length. There are no intercompany services provided to the Company by Vendor or by any Affiliate of the Vendor. The Company has never been party to any Contracts with any non-arm's length Person.

(x) *Insurance*

Schedule 3.1(B)(x) contains a copy of all insurance policies currently maintained by the Company. Each of such insurance policies is valid and subsisting and in good standing, there is no default thereunder and the Company is entitled to all rights and benefits thereunder. Schedule 3.1(B)(x) sets forth and describes all pending claims under any of such insurance policies and identifies the most recent inspection reports, if any, received from insurance underwriters as to the condition or insurance value of the insured property and assets, copies of which have been made available to the Purchaser. The Company has not failed to give any notice or present any claim under any of such insurance policies in due and timely fashion. There are no circumstances which might entitle the Company to make a claim under any of such insurance policies or which might be required under any of such insurance policies to be notified to the insurers and no claim under any of such insurance policies has ever been made by the Company.

None of such insurance policies is subject to any special or unusual terms or restrictions or provides for a premium in excess of the stipulated or normal rate. No notice of cancellation or non-renewal with respect to, nor disallowance of any claim under, any of such insurance policies has been received by the Company. There are no circumstances or occurrences which would or might form the basis of a material increase in premiums for the current insurance coverage maintained by the Company.

(y) *Tax Matters:*

- (i) *Tax Filings.* The Company has prepared and filed when due with each relevant Governmental Authority all Tax Returns required to be filed by or on behalf of the Company in respect of any Taxes for all fiscal periods ending prior to the date hereof. All such Tax Returns are correct and complete in all material respects, and no material fact has been omitted therefrom. No extension of time in which to file any such Tax Returns is in effect.
- (ii) *Taxes Paid.* The Company has paid in full and when due all Taxes required to be paid on or prior to the date hereof. All Taxes shown on all Tax Returns or on any assessments or reassessments in respect of any such Tax Returns have been paid in full when due or will be paid in full if due between the date hereof and the Closing Date. The provision for Taxes in the Interim Financial Statements will constitute an adequate provision for the payment of all Taxes in respect of all periods ending on or before the Closing Date.
- (iii) *Reassessments of Taxes.* No reassessments of the Company's Taxes have been issued and are outstanding and there are no outstanding issues which have been raised and communicated to the Company by any Governmental Authority for any fiscal period in respect of which a Tax Return of the Company has been filed. No Governmental Authority has challenged or disputed a filing position taken by the Company in any Tax Return. There are no contingent liabilities for Taxes or any grounds for an assessment or reassessment of the Company, including unreported benefits conferred on any shareholder of the Company, aggressive treatment of income, expenses, credits or other claims for deduction under any Tax Return. There is no indication from any Governmental Authority that an assessment or reassessment of the Company is proposed in respect of any Taxes, regardless of its merits. The Company has not executed or filed with any Governmental Authority any agreement or waiver extending the period for assessment, reassessment or collection of any Taxes.
- (iv) *Withholdings and Remittances.* The Company has withheld from each payment made to any Person all amounts required by Applicable Law to be withheld, and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Company has charged, collected and remitted on a timely basis all Taxes as required under Applicable Law on any sale, supply or delivery whatsoever, made by the Company.
- (v) *Books and Records.* The Company has maintained and continues to maintain at its place of business in Canada all books and records required to be maintained under

the *Income Tax Act*, the *Excise Tax Act* (Canada) and any other Applicable Law relating to Taxes.

- (vi) *Future Income Inclusion.* The Company will not be required to include in a taxable period ending after the Closing Date any amount of net taxable income (after taking into account deductions claimed for such a period that relate to a prior period) attributable to income that accrued in a prior taxable period but that was not included in taxable income for that or another prior taxable period.
- (z) *No Material Adverse Change.* Since the date of the balance sheet in the most recent Annual Financial Statements, there has been no Material Adverse Change and no event has occurred nor do any circumstances exist which could result in a Material Adverse Change.
- (aa) *Absence of Certain Changes or Events.* Except as disclosed in Schedule 3.1(B)(aa), since the date of the balance sheet in the most recent Annual Financial Statements, the Company has carried on the Business in the ordinary course, and, in particular, but without limitation, has not:
 - (i) amended its articles or by-laws or adopted any new articles or by-laws;
 - (ii) directly or indirectly, declared, set aside for payment or paid any dividend or made any other payment or distribution on or in respect of any of the shares in its capital;
 - (iii) redeemed, purchased, retired or otherwise acquired, directly or indirectly, any of the shares in its capital;
 - (iv) issued or sold any shares or other securities or issued, sold or granted any option, warrant or right to purchase any of its shares or other securities or issued any security convertible into its shares, granted any registration rights or otherwise made any change to its authorized or issued share capital;
 - (v) disposed of or revalued any of the Assets reflected on the balance sheet forming part of the most recent Annual Financial Statements;
 - (vi) made any change in its accounting principles, policies, practices or methods;
 - (vii) cancelled or waived any debt, claim or other right;
 - (viii) incurred or assumed any Debt, liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise;
 - (ix) mortgaged, pledged, granted a security interest in or otherwise created a Encumbrance on any, or amended any of the terms of any Encumbrance on any, of its Assets;
 - (x) entered into any Contract;
 - (xi) revalued or disposed of any of the Assets;

- (xii) terminated, cancelled, modified or amended in any material respect or received notice or a request for termination, cancellation, modification or amendment of any Contract or taken or failed to take any action that would entitle any party to a Contract to terminate, modify, cancel or amend any Contract;
 - (xiii) cancelled or waived any Debt, claim or other right with a value to the Company in excess of \$2,000;
 - (xiv) given or agreed to give or become a party to or bound by any guarantee, surety or indemnity in respect of indebtedness or other obligations or liabilities of any other Person or become a party to any other commitment by which the Company is, or is contingently, responsible for such indebtedness or other Liability;
 - (xv) purchased or otherwise acquired any interest in any securities of any other Person;
 - (xvi) made any capital expenditure or authorized any capital expenditure or made any commitment for the purchase, construction or improvement of any capital assets;
 - (xvii) entered into any Contract or commitment to hire, or terminated the services of, any employee, contractor or other Person; or
 - (xviii) agreed, committed or entered into any understanding to take any actions enumerated in paragraphs (i) to (xvii) of this Section 3.1(z).
- (bb) *Debt.* Except as set forth in Schedule 3.1(B)(bb), the Company has no Debts or other liabilities or obligations of any kind (whether accrued, absolute, contingent or otherwise), which continue to be outstanding. The Vendor has provided full, true and complete copies of all documents and information respecting the Company and all Debt, including the 650 Bay Mortgages, and that such documents and information (i) represent the entire agreement respecting such Debt, (ii) have not been altered or amended, whether in writing, by course of conduct or otherwise (iii) are in full force and effect and there are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such agreements or documents, (iv) no party to any of the agreements or documents respecting any Debt is in default thereunder or has failed to perform any covenant or obligation thereunder, and (v) no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute a default by any party to any of documents or agreements respecting the Debt. The Vendor will deliver consents to the change of control of 222 in connection with the completion of the Evan Transfer or payout letters from each lender. In the event the lenders do not consent to the change of control, the Partnership will work with KarrasCo to effect a refinancing of the 650 Bay Debt prior to Closing to be effective on Closing. .
- (cc) *Ethical Practices.* No Person has, directly or indirectly, made or received any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to or from any Person, private or public, regardless of form, whether in money, property or services (i) to obtain favourable treatment in securing business, (ii) to pay for favourable treatment in business secured, or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Company; save and except for small seasonal gifts (such as gift baskets, chocolates) to suppliers or customers and give-aways at trade shows.

PART (C) - REPRESENTATIONS AND WARRANTIES OF THE VENDOR RELATING TO THE VENDOR AND THE PURCHASED SHARES

The Vendor hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement.

- (a) *Power and Capacity.* The Vendor has the power and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by him as contemplated herein and to perform his other obligations hereunder and under all such other agreements and instruments.
- (b) *Enforceability of Obligations.* This Agreement and each other agreement to be executed and delivered by the Vendor pursuant to the terms of this Agreement, when executed and delivered by all parties, is a valid and legally binding obligation of the Vendor enforceable against the Vendor in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought.
- (c) *Solvency.* The Vendor is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and will not become an insolvent person as a consequence of the Closing. The Vendor has not made an assignment in favour of his creditors or a proposal in bankruptcy to his creditors or any class thereof or had any petition for a receiving order presented in respect of him. The Vendor has not initiated, or become subject to, any Legal Proceeding with respect to a compromise or arrangement with his creditors and none have been Threatened. There are no grounds on which any Legal Proceeding might be commenced and there is no Order outstanding against or affecting the Vendor which, in any such case, affects adversely or might affect adversely the ability of the Vendor to enter into this Agreement or any other agreement to be entered into in connection with this Agreement or to perform his obligations hereunder or thereunder. No receiver has been appointed in respect of the Vendor or any of his property or assets and no execution or distress has been levied upon any of his property or assets no Legal Proceeding with respect thereto has been Threatened.
- (d) *Absence of Conflicting Agreements.* The execution, delivery and performance of this Agreement by the Vendor and the completion of the transactions contemplated by this Agreement do not and will not result in or constitute any of the following:
 - (i) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any pending or executory Contract, to which the Vendor is a party;
 - (ii) an event which, pursuant to the terms of any pending or executory Contract, to which the Vendor is a party, would cause any right or interest of the Vendor or the Company to come to an end or be amended in any way or entitle any other Person to

terminate or amend any such right or interest or relieve any other Person of its obligations thereunder;

- (iii) the creation or imposition of any Encumbrance on any Asset of the Company or on the Purchased Shares of the Vendor; or
 - (iv) the violation of any Applicable Law.
- (e) *Residence of Vendor.* The Vendor is not a non-resident of Canada for purposes of section 116 of the *Income Tax Act*.
- (f) *Ownership of Purchased Shares.* The Vendor is the registered and beneficial holder of the Purchased Shares with good and marketable title thereto, free and clear of all Encumbrances whatsoever. No Person other than the Purchaser has, or has any right capable of becoming, any agreement, option, right or privilege for the purchase or other acquisition from the Vendor the Purchased Shares. There are no restrictions of any kind on the transfer of any of the Purchased Shares except those set out in the articles of incorporation of the Company, the consent to such transfer which as been obtained by the Company.
- (g) *Consents and Approvals.* No approval, Regulatory Approval, Order, consent of or filing with any Governmental Authority is required on the part of the Vendor in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement or the performance of by Vendor under this Agreement or any other documents and agreements to be delivered under this Agreement, including the Vendor Pledge Agreement.
- (h) *No Broker.* Other than as set out herein, the Vendor has carried on all negotiations relating to this Agreement and the transactions contemplated in this Agreement directly and without intervention on its behalf of any other Person in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser or the Company.
- (i) *Tax Advice.* The Vendor has obtained or been afforded the opportunity to independent legal and financial tax advice as to the tax consequences of the transactions contemplated by this Agreement.
- (j) *Independent Legal Advice.* The Vendor has obtained or been afforded the opportunity to obtain independent legal advice with respect to the transactions contemplated by this Agreement.

PART (D) - REPRESENTATIONS AND WARRANTIES OF EVAN HOLDCO AND THE VENDOR

Evan Holdco and the Vendor, jointly and severally, hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement.

- (a) *Power and Capacity.* Evan Holdco has the power and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations hereunder and under all such other agreements and instruments. The execution and delivery of this Agreement and the other agreements and documents to be executed and delivered by Evan Holdco pursuant to this Agreement have been approved by all required corporate action on the part of Evan Holdco and have been ratified and confirmed by all of the shareholders of Evan Holdco, including the Pledge Agreement.
- (b) *Enforceability.* This Agreement and each other agreement to be executed and delivered by Evan Holdco pursuant to the terms of this Agreement, when executed and delivered by all parties, is a valid and legally binding obligation of Evan Holdco enforceable against Evan Holdco in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought.
- (c) *Qualification to do Business.* Evan Holdco's business or the location or character of the assets owned or leased by Evan Holdco requires it to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in the Province of Ontario where it is duly registered, licensed or otherwise qualified for such purpose.
- (d) *Solvency.* Evan Holdco is an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and it will not become an insolvent person as a consequence of the Closing. Evan Holdco has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof or had any petition for a receiving order presented in respect of it. Evan Holdco has not initiated, or become subject to, any Legal Proceeding with respect to a compromise or arrangement with its creditors and none have been Threatened. There are no grounds on which any Legal Proceeding might be commenced and there is no Order outstanding against or affecting Evan Holdco which, in any such case, affects adversely or might affect adversely the ability of Evan Holdco to enter into this Agreement or any other agreement to be entered into in connection with this Agreement or to perform its obligations hereunder or thereunder. No receiver has been appointed in respect of Evan Holdco or any of its property or assets and no execution or distress has been levied upon any of its property or assets and no Legal Proceeding with respect thereto has been Threatened. No act or proceeding has been taken or authorized by or against Evan Holdco with respect to any amalgamation, merger, consolidation,

arrangement or reorganization of, or relating to, it nor have any such proceedings been authorized by any other Person.

- (e) *Absence of Conflicting Agreements.* The execution, delivery and performance of this Agreement by Evan Holdco and the completion of the transactions contemplated by this Agreement do not and will not result in or constitute any of the following:
- (i) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any pending or executory Contract, to which Evan Holdco is a party;
 - (ii) an event which, pursuant to the terms of any pending or executory Contract to which Evan Holdco is a party, would cause any right or interest of the Vendor, Evan Holdco or the Company to come to an end or be amended in any way or entitle any other Person to terminate or amend any such right or interest or relieve any other Person of its obligations thereunder;
 - (iii) the creation or imposition of any Encumbrance on any Asset of the Company or on the Purchased Shares; or
 - (iv) the violation of any Applicable Law.
- (f) *Residence of Vendor.* Evan Holdco is not a non-resident of Canada for purposes of section 116 of the *Income Tax Act*.
- (g) *Consents and Approvals.* No approval, Regulatory Approval, Order, consent of or filing with any Governmental Authority or other Person is required on the part of the Vendor or Evan Holdco in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement or the performance of Evan Holdco under this Agreement or any other documents and agreements to be delivered under this Agreement, including the Holdco Pledge Agreement.
- (h) *Tax Advice.* Evan Holdco has obtained or been afforded the opportunity to independent legal and financial tax advice as to the tax consequences of the transactions contemplated by this Agreement.
- (i) *Independent Legal Advice.* Evan Holdco has obtained or been afforded the opportunity to obtain independent legal advice with respect to the transactions contemplated by this Agreement.

PART (D) - GENERAL REPRESENTATION AND WARRANTY OF THE VENDOR

The Vendor and Evan Holdco, jointly and severally, hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement.

- (a) *Full Disclosure.* None of the foregoing representations and warranties set out in this Section 3.1 and no document furnished by or on behalf of the Company, the Vendor or Evan Holdco

to the Purchaser or its representatives in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary to make any such statement or representation not misleading to a prospective purchaser of the Purchased Shares seeking full information as to the Company, its Assets, the Business, the Vendor, Evan Holdco, the Purchased Shares and the Pledge Agreement. There are no facts not disclosed in this Agreement which, if learned by a prospective purchaser, might reasonably be expected to materially diminish a prospective purchaser's evaluation of the value of the Purchased Shares or the security interest of Evan Holdco or which might reasonably be expected to deter a prospective purchaser from completing the transactions contemplated by this Agreement on the terms of this Agreement.

3.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Vendor, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Vendor is relying on the accuracy of such representations and warranties in entering into this Agreement:

- (a) the Purchaser is a corporation created, validly existing and in good standing under the laws of the Province of Ontario and has all requisite power and authority to enter into this Agreement and perform its obligations hereunder;
- (b) the execution and delivery of this Agreement has been duly and validly authorized by all necessary action on the part of the Purchaser;
- (c) the execution and delivery of this Agreement and the other agreements and documents to be executed and delivered by the Purchaser pursuant to this Agreement has been duly and validly authorized by all necessary action on the part of the Purchaser. This Agreement, when executed and delivered by all parties, is a valid and legally binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought;
- (d) the Purchaser: (i) is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada); (ii) has not made either an assignment in favour of its creditors or a proposal in bankruptcy to its creditors (or any class thereof); (iii) has not had any petition for a receiving order presented in respect of it; or (iv) has not initiated any proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution; and no receiver has been appointed in respect of the Purchaser or any of its respective assets and no act or proceeding has been taken or authorized by or against the Purchaser with respect to any amalgamation, merger, consolidation, arrangement or reorganization.

3.3 Survival of Representations

No investigations made by or on behalf of the Purchaser at any time shall have the effect of waiving, diminishing the scope or otherwise affecting any representation or warranty made by the Company, the Vendor and/or Evan Holdco in or pursuant to this Agreement or any other agreement or document entered into in connection with this Agreement. No waiver of any condition or other provisions, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. The representations and warranties contained in Sections 3.1 and 3.2 shall not merge on Closing but shall survive the Closing, the transfer of the Purchased Shares, satisfaction of the Purchase Price and the Closing Date for the maximum period permitted by Applicable Law.

3.4 Conduct of Business Prior to Closing

During the period from the date of this Agreement to the Closing Time, the Vendor and Evan Holdco shall, and shall cause the Company, to do the following:

- (a) **Conduct Business in the Ordinary Course** – except as otherwise permitted by this Agreement, conduct its business in the ordinary course, consistent with past practice and not, without the prior written consent of the Purchaser, enter into any transaction which, if effected before the date of this Agreement, would constitute a breach of the representations, warranties or agreements of any of the Company or the Vendor contained in this Agreement;
- (b) **Contracts** - not enter into any Contracts, commitments or transactions except as approved in writing by the Purchaser;
- (c) **Maintain Good Relations** – use all reasonable efforts to maintain good relations with all Persons with whom the Company, Evan Holdco and the Vendor has business relations relating to the Business or the Company;
- (d) **Continue Insurance** – continue in force all policies of insurance maintained by or for the benefit of the Company and give all notices and present claims under all insurance policies in a timely fashion;
- (e) **Comply with Laws** – comply with all Applicable Laws affecting the operation of the Company;
- (f) **Prevent Certain Changes** – not, without the prior written consent of the Purchaser, take any of the actions, do any of the things or perform any of the acts described in Section 3.1(B)(aa), including for greater certainty, not incur or satisfy, in whole or in part, any Debt, obligations or liabilities or make any payment in respect thereof, or acquire or dispose, or agree to acquire or dispose of any Assets or additional assets or declare, pay or authorize dividends or other distributions on any shares of the Company or purchase or redeem any shares of the Company, or amend the articles or change the capital structure of the Company,
- (g) **Approvals** –obtain and diligently pursue all Consents, Licenses, Regulatory Approvals and authorizations required to consummate the transactions contemplated by this Agreement in accordance with the terms hereof;

- (h) **Advise of Changes** – promptly advise the Purchaser orally and in writing (i) of any fact or any change in the Business, operations, affairs, assets, liabilities, capitalization, financial condition or prospects of the Company that could have a Material Adverse Effect; (ii) of any breach by any of the Company, Evan Holdco or the Vendor of any covenant or agreement contained in this Agreement; (iii) of the fact of any representation or warranty provided herein by the Company, Evan Holdco or the Vendor ceases to be true, complete and accurate in all respects and (iii) of any death, disability, resignation or other event or circumstance affected the Company, Evan Holdco or the Vendor; and
- (i) **Remedy any Misrepresentation or Breach of Covenant** - do all things and cause all things to be done to ensure that all of the representations and warranties and covenants of the Vendor, Evan Holdco and the Company contained in this Agreement remain true and correct as if such representations and warranties were continuously made throughout such period and such covenants performed when required pursuant to this Agreement.

3.5 Access for Investigation

The Company shall and the Vendor shall cause the Company to permit the Purchaser and its representatives, between the date of this Agreement and the Closing Time, to have free and unrestricted access during normal business hours to (i) the Assets of the Company, including the Property; (ii) all locations where Books and Records or other material relevant to the business of the Company are stored; and (iii) all the Books and Records. The Vendor or the Company, as the case may be, shall furnish to the Purchaser copies of Books and Records as the Purchaser shall from time to time request. Without limiting the generality of the foregoing, the accounting representatives of the Purchaser shall be afforded ample opportunity to make a full investigation of all aspects of the financial affairs of the Company and the Vendor.

The Vendor will, or will cause the Company to, forthwith deliver to the Purchaser, the following documents and files relating to the Property, to the extent they are within the Vendor's possession and control,:

- (a) An Authorization and Direction, on the Purchaser's Solicitor's form, authorizing all governmental agencies and bodies having jurisdiction to release all information in their files relating to the Property provided such authorization and direction shall specifically prohibit any inspections of the Property;
- (b) Copies of all surveys, planning studies, zoning or official plan amendment applications, leases, soil tests, environmental reports, ecological reports, feasibility studies, engineering reports, claims involving the Property and all other documents and reports relating to the Property, and with respect to any reports or documents prepared by professionals or experts such as environmental reports, a reliance letter from the respective issuer of such report or document permitted the Purchaser to rely on such report or document; and
- (c) Such other material documents, reports or information relating to the Property as may be reasonably requested by the Purchaser and as may be in the Vendor's possession or control.

ARTICLE 4
COVENANTS

4.1 Payment of Taxes

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to any filing, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement.

4.2 Preparation of Tax Returns

The Purchaser shall cause, at the Vendor's expense, to be prepared and filed within the time period prescribed by Applicable Law all Tax Returns for the Company for (a) any period which ends on or before the Closing Date and for which Tax Returns have not been filed as of such date and (b) for any period that begins prior to the Closing Date and ends after the Closing Date for which Tax Returns are required to be prepared and filed (all such Tax Returns referred to in clause (a) and (b) of this Section 4.2 being referred to herein as "**Stub Period Returns**"). The Vendor, Evan Holdco and the Purchaser shall co-operate fully with each other and make available to each other in a timely fashion such data and other information as may reasonably be required for the preparation of all Stub Period Returns and shall preserve such data and other information until the expiration of any applicable limitation period under any Applicable Law with respect to such Stub Period Returns. The Purchaser shall provide to the Vendor for his review a copy of the Stub Period Returns and the costs (including reasonable allocation of internal costs) of the preparation and filing of such Stub Period Returns (as they relate to periods ending on or before the Closing Date or such portion thereof) shall be included as Debt of the Company as of the Closing Date for purposes of the calculation of the Purchase Price. For greater certainty, all Taxes payable for the period represented by the Stub Period Returns are for the account of the Vendor and will be paid the Vendor promptly upon completion of the Stub Period Returns.

4.3 Property Tax Arrears

The Vendor and Evan Holdco, jointly and severally, covenants and agrees that it shall be liable and responsible and that it will pay or cause to be paid all Taxes respecting the Company, including property tax arrears, assessments and other Taxes or charges affecting the Property that relate or arise in respect of period of time prior to Closing, including any re-assessment of the Property that relates to the period prior to the Closing Date.

4.4 Brokers

Except for the engagement of Antonio Piazza and Alex Ivanuk by the Vendor pursuant to an engagement agreement entered into on or around June 1st, 2016 (the "**Engagement**"), neither the Purchaser or the Vendor engaged any broker or other agent in connection with the transactions contemplated by this Agreement and, accordingly, other than the payment as set forth Schedule 4.4 pursuant the Engagement there is no commission, fee or other remuneration payable to any broker or agent who purports or may purport to act or have acted for either party. The Purchaser covenants and agrees to pay or cause to be paid the fees payable pursuant to the Engagement, which are expressly set forth in Schedule 4.4 hereof, against delivery of a receipt, acknowledgement and full

release of any other amounts whatsoever payable pursuant to the Engagement by Antonio Piazza and Alex Ivanuk.

4.5 Termination of Employees and Contractors

Notwithstanding any other provision of this Agreement, the Company shall, and the Vendor shall cause the Company to, terminate the employment of every employee and the service of every contractor to the Company prior to the Closing Date and the Company shall, prior to the Closing, pay and satisfy all Liabilities to all such Persons whatsoever in connection with such termination of employment or service, including all obligations in accordance with Applicable Law.

4.6 Transfer of Hotel Operations and Property Management Business

Prior to the Closing Date the Vendor shall provide the Purchaser with documentation, satisfactory to the Purchaser in its sole discretion, evidencing the transfer to another Person of the entire (a) hotel business and (b) property management business, carried on by the Company, together with all Liabilities now existing or hereinafter arising, whether or not known, and fully release and indemnify the Company from and against any Liability arising directly or indirectly in relation to, out of, or in connection with, such businesses previously carried on by the Company and transferred to another Person.

4.7 Consents

The Vendor covenants and agrees to obtain all Consents and Regulatory Approvals of any other Person necessary or desirable to be obtained by the Company and/or the Vendor in connection with completion of the transactions contemplated by this Agreement, including as may be required by any lender pursuant to any Debt in connection with the change of control of the Company as contemplated by this Agreement. The Vendor further covenants and agrees to cause certain of the collateral mortgages set out in Schedule 3.1(B)(bb) to be discharged prior to the Closing resulting in an aggregate of approximately \$8 million in outstanding Debt of the Company on Closing.

4.8 Requisition Letters

Prior to the Closing Date, the Vendor agrees to fully comply and respond to all matters set forth in requisition letters to be delivered by the Purchaser's real estate solicitors that relate to the Property.

ARTICLE 5 INDEMNIFICATION

5.1 Vendor's Indemnification

The Vendor and Evan Holdco, jointly and severally, agree to indemnify and save the Purchaser and its Affiliates, including 650 Bay GP Inc., the general partner of the Purchaser, and its and their respective shareholders, partners, directors, officers, employees, representatives and agents (the "**Purchaser Indemnified Parties**"), fully harmless and will reimburse or compensate them for, any Damages, whether arising prior to, on or subsequent to the Closing and whether referable to any event, circumstance or matter arising at any time prior to, on or subsequent to the Closing, as a result of, respecting, in connection with or related, directly or indirectly, in any manner whatsoever to:

- (i) any incorrectness in or breach of any representation or warranty of the Company, Evan Holdco or Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (ii) any breach or any non-fulfilment of any covenant or agreement on the part of the Company, Evan Holdco or the Vendor in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (iii) any Legal Proceeding (actual or Threatened) to which the Company is a party or affected by at any time on or prior to the Closing Date, or to which it becomes a party or that is Threatened after the Closing Date arising from facts or circumstances that existed at any time on or prior to the Closing Date, including in respect of any such matter relating to the Assets (including the Property) or the ownership or operations of the hotel business and/or property management business carried on by the Company prior to Closing;
- (iv) without limiting the generality of any other provision of this Section 5.1, relating directly or indirectly to non-compliance of the Property with any Applicable Laws in respect of the period prior to Closing, whether arising prior to or subsequent to Closing, including all costs and expenses relating to any investigations, work orders, notices, directives or letters of non-compliance in respect of the Property originated or issued by any Governmental Authority having jurisdiction, whether or not disclosed in any searches (on or off title);
- (v) any Liability of the Company for Taxes in respect of any taxation year or other period ended prior to the Closing Date, or any portion of a taxation year or other period up to and including the Closing Date, including any Liability for Taxes relating to the transfer of the hotel business and the property management business to another Person;
- (vi) the failure to obtain any necessary approvals, Regulatory Approvals, Consents, waivers or to give any notice, including without limitation, any Claims relating to any resultant termination or renegotiation of any right or entitlement of the Company or any increase in obligations or liabilities arising therefrom affecting the Company;
- (vii) any Liability (including to indemnify or advance any amounts) to any current or former director, officer, employee, consultant, contractor or other person or entity (a) engaged to provide services to the Company or (b) pursuant to any Employee Plan;
- (viii) any Liability of the Company to any non-arm's length person or entity to the Company including any current or former director, officer, employee or shareholder; and

- (ix) without limiting the generality of any other provision of this Section 5.3, any failure by the Vendor to transfer to the Purchaser all of the Purchased Shares with good and marketable title thereto, free and clear of all Encumbrances as contemplated by this Agreement.

The rights to indemnification of the Purchaser Indemnified Parties under this Section 5.1 shall apply notwithstanding any inspection or inquiries made by or on behalf of any of the Purchaser Indemnified Parties, or any knowledge acquired or capable of being acquired by any of the Purchaser Indemnified Parties or facts actually known to any of the Purchaser Indemnified Parties (whether before or after the execution and delivery of this Agreement and whether before or after Closing).

5.2 Purchaser's Indemnification

The Purchaser agrees to indemnify and save the Vendor his heirs, executors, administrators, successors and assigns, as applicable, (the "**Vendor Indemnified Parties**"), fully harmless and will reimburse or compensate them for, any Damages, with respect to any event, circumstance or matter arising at any time prior to, on or subsequent to the Closing, as a result of, respecting, in connection with or related, directly or indirectly, in any manner whatsoever to:

- (i) any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement; and
- (ii) any breach or any non-fulfilment of any covenant or agreement on the part of the Purchaser this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

5.3 Notice of Claim

If an Indemnified Party becomes aware of any act, omission or state of facts that may give rise to Damages in respect of which a right of indemnification is provided for under this Article 5, the Indemnified Party shall promptly give written notice thereof (a "**Notice of Claim**") to the Indemnifying Party. The Notice of Claim shall specify whether the potential Damages arise as a result of a claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the potential Damages do not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available):

- (i) the factual basis for the Direct Claim or Third Party Claim, as the case may be; and
- (ii) the amount of the potential Damages arising therefrom, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive a Notice of Claim in a timely manner to effectively contest the determination of any liability susceptible of being contested, then the liability of the Indemnifying Party to the Indemnified Party under this Article 5 shall be reduced to the extent that Damages are incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give the Notice of Claim on a timely basis, provided that any Notice of Claim delivered with 60 days of the Indemnified Party becoming aware

of a potential Claim for Damages shall not be deemed to be a failure to deliver prompt Notice of Claim.

5.4 Direct Claims

In the case of a Direct Claim, the Indemnifying Party shall have 10 days from receipt of a Notice of Claim in respect thereof within which to make such investigation as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate its right to be indemnified under this Article 5, together with all such other information as the Indemnifying Party may reasonably request. If the Parties fail to agree at or before the expiration of such 10 day period (or any mutually agreed upon extension thereof), the Indemnified Party shall be free to pursue such remedies as may be available to it.

5.5 Third Party Claims

In the case of a Third Party Claim, the provisions in the following paragraphs of this Section 5.5 apply.

- (a) *Rights of Indemnifying Party.* The Indemnifying Party shall have the right, at its expense, to participate in but not control the negotiation, settlement or defence of the Third Party Claim, which control shall rest at all times with the Indemnified Party, unless the Indemnifying Party:
 - (i) irrevocably acknowledges in writing complete responsibility for, and agrees to indemnify the Indemnified Party in respect of, the Third Party Claim; and
 - (ii) furnishes evidence to the Indemnified Party which is satisfactory to the Indemnified Party of its financial ability to indemnify the Indemnified Party;

in which case the Indemnifying Party may assume such control at its expense through counsel of its choice.

- (b) *Respective Rights on Indemnifying Party's Assumption of Control.* If the Indemnifying Party elects to assume control as contemplated in Section 5.5(a), the Indemnifying Party shall reimburse the Indemnified Party for all of the Indemnified Party's out-of-pocket expenses incurred as a result of such participation or assumption. The Indemnified Party shall continue to have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel at its expense or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences), in which case the fees and disbursements of such counsel shall be paid by the Indemnifying Party. The Indemnified Party shall co-operate with the Indemnifying Party so as to permit the Indemnifying Party to conduct such negotiation, settlement and defence and for this

purpose shall preserve all relevant documents in relation to the Third Party Claim, allow the Indemnifying Party access on reasonable notice to inspect and take copies of all such documents and require its personnel to provide such statements as the Indemnifying Party may reasonably require and to attend and give evidence at any trial or hearing in respect of the Third Party Claim.

- (c) *Lack of Reasonable Diligence.* If, having elected to assume control of the negotiation, settlement or defence of the Third Party Claim, the Indemnifying Party thereafter fails to conduct such negotiation, settlement or defence with reasonable diligence, then the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.
- (d) *Necessary Payments prior to Settlement.* If any Third Party Claim is of a nature such that (i) the Indemnified Party is required by Applicable Law or any Order, or (ii) it is necessary in the reasonable view of the Indemnified Party acting in good faith and in a manner consistent with reasonable commercial practices, in respect of a Third Party Claim relating to any Contract which is necessary to the ongoing operations of the Business or any material part thereof, including to preserve the rights of the Indemnified Party under such a Contract, to make a payment to any Person (in this section, a “Third Party”) with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, as the case may be, then the Indemnified Party may make such payment and the Indemnifying Party shall, promptly after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any Liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, promptly after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.
- (e) *Other Rights of Indemnified Party.* If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

5.6 Interest on Damages

The amount of any Damages which is subject to indemnification hereunder shall bear interest from and including the date the Indemnified Party was notified of the claim for Damages at the rate of 8% per annum, simple interest, from and including such date to but excluding the date reimbursement of such Damages by the Indemnifying Party is made, and the amount of such interest shall be deemed to be part of such Damages.

5.7 Set-off

The Purchaser Indemnified Parties shall be entitled to set off the amount of any Damages subject to indemnification by the Vendor and Evan Holdco under this Agreement against any amounts payable by any Purchaser Indemnified Party or an Affiliate or Associate to the Vendor, Evan Holdco or any Affiliate or Associate, whether under this Agreement or under any other agreement or arrangement, including in respect of any distributions paid or payable to Evan Holdco pursuant to the Limited Partnership Agreement. The Vendor and Evan Holdco, on behalf of themselves and their Affiliates and Associates, hereby irrevocably authorizes and directs the Partnership and 650 Bay GP Inc., the general partner of the Partnership, to make all payments payable to the Vendor, Evan Holdco or any Affiliate or Associate of such Persons, otherwise payable to such Persons pursuant to the Limited Partnership Agreement and/or their interests therein, to the Purchaser Indemnified Parties upon written demand for such payment by the Purchaser to 650 Bay GP Inc., and this shall be the 650 Bay Limited Partnership's and 650 Bay GP Inc.'s good and sufficient authority for so making such payments to the Purchaser Indemnified Parties. The Parties agree and acknowledge that neither 650 Bay Limited Partnership's or 650 Bay GP Inc. shall be required or expected to investigate or independently verify the accuracy of any demand and 650 Bay GP Inc. shall comply with any such demand. A copy of this Agreement may be provided to 650 Bay GP Inc. to provide the general partner with evidence of the written direction regarding payments otherwise payable to the Vendor, Evan Holdco or an Affiliate or Associate from 650 Bay Limited Partnership .

5.8 Pledge Agreement

Evan Holdco agrees to enter into a security and pledge agreement (the "**Holdco Pledge Agreement**") granting the Purchaser a security interest and pledge over all of the Partnership Interest of Evan Holdco in the Partnership (the "**Holdco Pledged Securities**") to secure the obligations the Vendor and Evan Holdco under this Agreement; such agreement in the form required by the Purchaser.

The Vendor agrees to enter into a security and pledge agreement (the "**Vendor Pledge Agreement**") granting the Purchaser a security interest and pledge over all of the securities of the Company (the "**Vendor Pledged Securities**") to secure the obligations the Vendor and Evan Holdco under this Agreement; such agreement in the form required by the Purchaser.

In the event that the Purchaser enforces on the security interests created under the Holdco Pledge Agreement and/or the Vendor Pledge Agreement, and takes possession of the Holdco Pledged Securities and/or the Vendor Pledged Securities, in addition to the obligations under this Agreement so secured, Evan Holdco and the Vendor agree to jointly and severally fully indemnify and hold harmless the Purchaser and will compensate the Purchaser for all Damages directly or indirectly arising out of, in connection with our related to, in any manner whatsoever, the costs of enforcement against the Holdco Pledged Securities and/or the Vendor Pledged Securities.

5.9 Trustee and Agent

Each Party acknowledges that the other Party is acting as trustee and agent for the remaining Purchaser Indemnified Parties or Vendor Indemnified Parties, as the case may be, on whose behalf and for whose benefit the indemnity in Section 5.1 and Section 5.2, as the case may be, is provided and that such remaining Indemnified Parties shall have the full right and entitlement to take the benefit of and enforce such indemnity notwithstanding that they may not individually be parties to this Agreement. Each Party agrees that the other Party may enforce the indemnity for and on behalf of such remaining Indemnified Parties and, in such event, the Party from whom indemnification is sought will not in any proceeding to enforce the indemnity by or on behalf of such remaining Indemnified Parties assert any defence thereto based on the absence of authority or consideration or privity of contract and irrevocably waives the benefit of any such defence.

ARTICLE 6
CLOSING

6.1 Closing Arrangements

Subject to the terms and conditions set forth in this Agreement, the transaction contemplated hereunder shall be completed at Closing Time on the Closing Date.

6.2 Documents of the Vendor and Evan Holdco

At the Closing, the Vendor and Evan Holdco, as applicable, shall deliver or cause to be delivered to the Purchaser the following documents:

- (i) the certificate or certificates representing the Purchased Shares;
- (ii) a transfer of the Purchased Shares duly executed by the Vendor, in the form satisfactory to the Purchaser;
- (iii) the minute books, share certificate books and corporate seal of the Company;
- (iv) a certificate the Vendor, Evan Holdco and of a senior officer of the Company dated the Closing Date certifying that the representations and warranties of the Vendor, Evan Holdco and the Company, as applicable, contained in this Agreement and each other agreement executed and delivered pursuant to this Agreement shall be true and correct in all respects at Closing, with the same force and effect as if such representations and warranties were made at and as of such time, such certificates in form and substance satisfactory to the Purchaser, acting reasonably;
- (v) a certificate the Vendor, Evan Holdco and of a senior officer of the Company dated the Closing Date certifying that all of the covenants and conditions of this Agreement and each other agreement executed and delivered pursuant to this Agreement to be complied with or performed by the Vendor, Evan Holdco and the Company at or before Closing shall have been complied with or performed, such certificates to be in form and substance satisfactory to the Purchaser, acting reasonably;
- (vi) a certificate of the Secretary or other officer of the Company and Evan Holdco dated as of the Closing Date, with respect to the Company's and Evan Holdco's constating

documents, resolutions and incumbency, in the form satisfactory to the Purchaser, acting reasonably;

- (vii) a certificate of good standing in respect of each of the Company and Evan Holdco;
- (viii) evidence in form satisfactory to the Purchaser, acting reasonably, that all the Consents and Regulatory Approvals have been obtained, including the consent of each lender under the 650 Bay Mortgages to the assignment and assumption of each 650 Bay Mortgage to the Purchaser, an estoppel letter from each such lender and an assignment and assumption agreement respecting each 650 Bay Mortgage in each case, in absence of which the Purchaser shall refinance the debt pursuant to the Limited Partnership Agreement;
- (ix) a fully executed copy of each of the Holdco Pledge Agreement and the Vendor Pledge Agreement;
- (x) the written resignation of each director and officer of the Company designated by the Purchaser and a release of all claims against the Company by each such director and officer, in the form satisfactory to the Purchaser, acting reasonably;
- (xi) a release of all claims by the Vendor against the Company in the form satisfactory to the Purchaser, acting reasonably;
- (xii) the Estimated Closing Statement;
- (xiii) a statutory declaration of the Vendor and Evan Holdco certifying that it is not a "non-resident" within the meaning of the *Income Tax Act* (Canada);
- (xiv) discharges of all Encumbrances which are not Permitted Encumbrances;
- (xv) such documents, certificates and other instruments and filings as would customarily be imposed in a similar transaction that involves a transfer of commercial real estate similar to the Property in Toronto, Ontario;
- (xvi) a legal opinion of the Vendors' Counsel, in form and substance satisfactory to the Purchaser, acting reasonably, such opinion to include, without limitation, an opinion as to the incorporation and existence of the Company and Evan Holdco, as to ownership of the Purchased Shares and the share capital of the Company and enforceability of this Agreement, the Pledge Agreement and security created thereby, and such other customary opinions as reasonably requested by the Purchaser or Purchaser's Counsel; and
- (xvii) confirmation of payment of all broker and commissions under the Engagement and a receipt and acknowledgement of payment and a release in favour of the Purchaser from all such Persons;
- (xviii) the certificate or certificates representing 1 Class A Unit of the Partnership registered in the name of Evan Holdco together with a share transfer power executed in blank;

- (xix) the certificate or certificates representing 1,000 common shares of the Company registered in the name of Evan Holdco, being all of the issued and outstanding securities of the Company together with a share transfer power executed in blank and an irrevocable certified resolution of the directors and shareholders approving the transfer of the Vendor Pledged Securities;
- (xx) all other conveyances and documents which are required herein and which the Purchaser has reasonably requested on or before the Closing Date;
- (xxi) an undertaking as to certain matters to be performed by the Vendor, the Company and/or Evan Holdco prior to Closing; and
- (xxii) all such other assurances, consents, agreements, conveyances, documents and instruments as may be reasonably required by the Purchaser to give effect to the proper transfer, assignment and conveyance by the Vendor to the Purchaser of the Purchased Shares, free and clear of all Encumbrances other than the Permitted Encumbrances and all other matters contemplated herein, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.

6.3 Documents of the Purchaser

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (i) the certificate or certificates representing the Class A Unit of the Partnership issuable pursuant to Section 2.3 registered in the name of Evan Holdco;
- (ii) a certificate of a senior officer of the Purchaser dated the Closing Date certifying that all of the covenants and conditions of this Agreement and each other agreement executed and delivered pursuant to this Agreement to be complied with or performed by the Purchaser at or before Closing shall have been complied with or performed, such certificates to be in form and substance satisfactory to the Vendor, acting reasonably;
- (iii) a certificate the Purchaser dated the Closing Date certifying that all of the covenants and conditions of this Agreement and each other agreement executed and delivered pursuant to this Agreement to be complied with or performed by the Purchaser at or before Closing shall have been complied with or performed, such certificates to be in form and substance satisfactory to the Vendor, acting reasonably;
- (iv) a certificate of the Secretary or other officer of the Purchaser dated as of the Closing Date, with respect to the Purchaser's constating documents, resolutions and incumbency, in the form satisfactory to the Vendor, acting reasonably; and
- (v) a certificate of good standing in respect of the Purchaser;
- (vi) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Vendor to complete the transactions provided for in

this Agreement, all of which shall be in form and substance satisfactory to the Vendor, acting reasonably;

ARTICLE 7
GENERAL

7.1 Tender

Any tender of documents or money may be made upon the Party being tendered or upon its solicitors and money may be tendered by certified cheque from a Schedule 1 Canadian Chartered Bank or by wire transfer to the Vendor or the Vendor's Solicitors provided that the money will be released to the Vendor in accordance with this Agreement.

7.2 Remedies Cumulative and Waivers

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Indemnified Parties hereunder are cumulative and are in addition to and not in substitution for any rights or remedies provided by Applicable Law and any single or partial exercise by any Indemnified Party of any right of remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or other agreement or document entered into or delivered in connection with this Agreement shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Indemnified Party may be lawfully entitled for such default or breach. Any waiver by the Purchaser of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained or contained in any agreement or document executed and/or delivered pursuant to this Agreement and any indulgence granted either expressly or by course of conduct by the Purchaser, shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Purchaser under this Agreement, or under any other agreement or document as a result of any such default or breach hereunder or thereunder.

7.3 Notice

Any notice, demand, approval, consent, information, agreement, offer, request or other communication (herein referred to as a "Notice") to be given under or in connection with this Agreement shall be in writing and shall be given by personal delivery during regular business hours on any Business Day or by telecopier, facsimile transmission or other electronic communication which results in confirmation of notice being given, addressed or sent as set out below or to such other address or electronic number as may from time to time be the subject of a Notice:

- (a) to the Vendor:

Keyser Mason Ball, LLP
1600 – 4 Robert Speck Blvd.
Mississauga, ON L4Z 1S1
Attn: Evan Karras

Facsimile: (905) 276-2298

(i) with a copy to the Vendor' Solicitors, at the address and to the person set out in the definitions to this Agreement.

(b) to the Purchaser:

Lalu Canada Inc.
50 Minthorn Blvd., Suite 102
Markham, Ontario L3T 7X8
Attention: Gerald Lee
Facsimile:
Email: gerard.lee@lalucanada.com

(i) with a copy to the Purchaser's Solicitors, at the address and to the person set out in the definitions to this Agreement.

Any Notice, if personally delivered, shall be deemed to have been validly and effectively given and received on the date of such delivery and if sent by telecopier, facsimile transmission or other electronic communication with confirmation of transmission prior to 5:00 p.m., shall be deemed to have been validly and effectively given and received on the Business Day it was sent unless the confirmation of transmission was after 5:00 p.m. in which case it shall be deemed to have been received on the next following Business Day.

7.4 Severability

If any provision of this Agreement or portion thereof or the application thereof to any Person or circumstance shall to any extent be illegal, invalid or unenforceable the remainder of this Agreement or the application of such provision or portion thereof to any other Person or circumstance shall not be affected thereby and the illegal, invalid or unenforceable provision shall be read interpreted in a manner so as to implement the intentions set forth in this Agreement to the maximum extent permitted by Applicable Law. Each provision of this Agreement shall be legal, valid and enforceable to the fullest extent permitted by Applicable Law.

7.5 Survival

The provisions of this Agreement, including the indemnities provided for herein, and of any other agreement, certificate or instrument delivered pursuant to this Agreement shall not merge on Closing but shall survive the execution, delivery and performance of this Agreement, the Closing and the execution and delivery of any transfer documents or other documents of title and all other agreements, certificates and instruments delivered pursuant to this Agreement and the payment of the consideration for the Property.

7.6 Further Assurances

The Parties shall do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents, elections or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions. For

greater certainty and with respect to the obligations in Sections 3.1(B)(bb) and 4.7 of KarrasCo to obtain consents relating to the 650 Bay Debt and/or effect a refinancing of the same, the Purchaser shall, acting commercially reasonably, do all such things and provide all such things, including but not limited to security, agreements, guarantees and other, that are customary to a commercial arrangement of that nature and that are within its power and control.

7.7 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding upon the Parties and their respective successors and permitted assigns and shall enure to the benefit of and be enforceable by such successors and permitted assigns.

7.8 Obligations as Covenants

Each agreement and obligation of any of the Parties hereto in this Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.

7.9 Amendment of Agreement

No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by the Parties in the same manner as the execution of this Agreement.

7.10 No Transfer or Assignment

Neither the Vendor or Evan Holdco shall assign, transfer, pledge, convey, hypothecate, create or allow to be created an Encumbrance upon or other interest in the Purchased Shares or the Property which in any way is superior to or that jeopardizes in any manner or respect the Purchaser's rights or interests directly or indirectly to be conveyed under this Agreement. The Purchaser may assign this Agreement and the benefit of any covenants or obligations contained in this Agreement upon written notice the Vendor and the Purchaser shall thereafter be released from all of its liabilities and obligations hereunder upon acceptance of such assignment and acceptance of the Purchaser's liabilities and obligations by the assignee.

7.11 Entire Agreement

This Agreement and any agreements, instruments and other documents herein contemplated to be entered into between, by or including the Parties hereto constitute the entire agreement between the Parties hereto pertaining to the transaction provided for herein and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, with respect thereto, and there are no other warranties or representations and no other agreements between the Parties hereto in connection with the transaction provided for herein except as specifically set forth in this Agreement.

7.12 Expenses

Except as otherwise provided in this Agreement, each Party shall pay all costs and expenses (including the fees and disbursements of legal counsel and other advisers and brokers) it incurs in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement. In particular, the Vendor shall be responsible for any fees and

expenses of any broker or investment advisor retained in connection with the sale of the Purchased Shares, other than pursuant to the Engagement, and such fees and expenses shall not constitute an obligation of the Company or the Purchaser.

7.13 Time of Essence

Time shall be of the essence of this Agreement in all respects.

7.14 Execution by Electronic Transmission

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by facsimile or other means of electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

7.15 Counterparts

This Agreement may be signed in one or more counterparts, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution or transmission of any counterpart, each counterpart shall be deemed to have the effective date first written above.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties have duly signed this Agreement.

650 BAY LIMITED PARTNERSHIP, by its
general partner, 650 Bay GP Inc.

Per: [Signature]
Name:
Title:

I/We have authority to bind the Company.

2220277 ONTARIO INC.

Per: [Signature]
Name:
Title:

I/We have authority to bind the Company.

SIGNED, SEALED & DELIVERED
In the presence of:

[Signature]
Witness Name:

[Signature]
Evan Karras

9329293 CANADA INC.

Per: [Signature]
Name:
Title:

I/We have authority to bind the Company.

SCHEDULE "A"
PROPERTY

Municipal Address

650 Bay Street, Toronto, ON

Legal Description

PT LT 2 PL 60 TORONTO AS IN CA720524; CITY OF TORONTO [PIN:21199-0067 (LT)].

SCHEDULE 1.1(a)
650 BAY MORTGAGES

1. Zaherali Visram- AT2228545 (transfer of Charge AT3894600 and Notice AT 3894601) in the principal amount of \$2,600,000.00.
2. Zaherali Visram – AT2960459 in the principal amount of \$3,000,000.00.
3. 932005 Ontario Inc. – AT3195583 in the principal amount of \$625,000.00.
4. Harbour First Mortgage Fund GP Inc. – AT3195583 in the principal amount of \$100,000.00.
5. Goldcard Inc. – AT3292231 in the principal amount of \$100,000.00.
6. CVC Ardellini Investments Inc. – AT3413716 in the principal amount of \$2,500,000.00.
7. Accomplish Capital Inc. – AT4005932 in the principal amount of \$525,000.00
8. 9480536 Canada Inc. – AT4065515 in the principal amount of \$600,000.00.

**SCHEDULE 1.1(b)
PERMITTED ENCUMBRANCES**

GENERAL

1. Encumbrances for taxes, assessments, public utilities or governmental charges or levies not at the time due or delinquent or the validity of which is being contested at the time by the Vendor in good faith in proceedings before a court or governmental body; and undetermined or inchoate privileges or liens and charges incidental to current operations which have not at such time been filed pursuant to law against the Vendor and which relate to obligations not due or delinquent, provided that all such taxes, assessments, liens and charges shall be fully paid or adjusted at or before Closing.
2. Servitudes, easements, rights-of-way, or other similar rights in land for sewers, electric lines, telegraphs and telephone lines and other utilities and services which do not, in the opinion of the Purchaser, acting reasonably, in the aggregate materially detract from the value of the Property or materially impair the existing uses of the Property, provided in each case that the same have been complied with in all respects.
3. Minor encroachments onto or from neighbouring lands which are permitted under agreements with the owners of such lands.
4. The reservations, limitations, provisos and conditions, if any, expressed in any original grant from the Crown, provided such are complied with in all respects.
5. Minor imperfections in title and encroachments that do not materially interfere with the Purchaser's intended use of the Property and do not render title unmarketable.
6. Registered subdivision, site-plan, development or other municipal agreements provided such are complied with and do not materially detract from the value of the Property or materially impair the existing uses of the Property; provided that the Vendor, if requested by the Purchaser in writing, will obtain and register, on or before Closing, such releases, partial releases and certificates of compliance as may be obtainable at reasonable cost (not exceeding \$1,000) from municipal or other governmental authorities.
7. The provisions of applicable laws, including by-laws, regulations, ordinances and similar instruments relating to development and zoning, provided such in each case have been complied with in all material respects.
8. Encumbrances of labourers, workmen, builders, contractors, suppliers of material or architects or other similar encumbrances incidental to construction, maintenance or operations which have not at the time been registered or filed pursuant to law against the Property or which, although registered or filed, relate to obligations that are not at the time due or delinquent; and provided that all such encumbrances are fully paid and discharged prior to Closing.
9. Encumbrances created or permitted by the Purchaser.
10. The agreements described in s. 3.1 (d) of this Agreement, if any

SPECIFIC

PIN:

Instrument No. Document Description

63BA1267 Plan Boundaries Act

CA65043 Encroachment Agreement

650 Bay Mortgages having an aggregate outstanding principal and interest of approximately \$ 8 million.

SCHEDULE 3.1(A)(c)
RIGHTS OF OTHERS IN THE PROPERTY/LEASES

See Attached Lease Agreement. No other agreements or interests.

**SCHEDULE 3.1(A)(d)
OUTSTANDING OR INCOMPLETE WORK ORDERS, DEFICIENCY NOTICES OR
OTHER CURRENT NON-COMPLIANCE WITH APPLICABLE LAWS AFFECTING
THE PROPERTY**

Encroachment Agreement - attached.

OUTSTANDING WORK PERMIT – FILE NO. 27116 [Copies of each of the following are attached.]

1. Permit No. 12 273109 BLD 00 BA – building permit related.
2. Permit No. 11 188652 PLB 00 PS – building permit related.
3. Permit No. 11 188652 HVA 00 MS - building permit related.
4. Permit No. 11 245945 BLD 00 BA – interior alterations.
5. Permit No. 11 188652 BLD 00 BA – interior alterations.
6. Permit No. 11 245945 HVA 00 MS – building permit related.
7. Permit No. 12 121620 SGN 00 SP – sign.
8. Permit No. 12 121620 DST 00 DS – sign building permit related.
9. Permit No. 11 188652 BLD 01 BA – interior alterations.
10. Application No. 13 26659 00 00 AO – interior alterations.
11. Order to Comply File No. 15 213901 OTC 00VI.
12. Order to Comply File No. 15 213816 OTC 00 VI.

**SCHEDULE 3.1(A)(n)
PROPERTY SURVEY**

Attached.

**SCHEDULE 3.1(B)(a)
CAPITALIZATION AND DETAILS RESPECTING THE COMPANY**

Evan Karras is the sole director, officer and shareholder of 1,000 Common Shares in the capital of 2220277 Ontario Limited.

**SCHEDULE 3.1(B)(g)
FINANCIAL STATEMENTS OF THE COMPANY**

2015 and 2014 Financial Statements Attached. Interim Statements March 30 2016 are also attached.

Interim Financial Statements to June 30, 2016 and to the closing date to be provided and added as of the Closing Date.

**SCHEDULE 3.1(B)(i)
ASSETS OF THE COMPANY**

A/C and HVAC Units for the building.

SCHEDULE 3.1(B)(k)
PERSONAL PROPERTY

See Schedule 3.1 (B)(i)

**SCHEDULE 3.1(B)(I)
CONTRACTS**

See Schedule 3.1(A)(c). No additional Contracts exist.

**SCHEDULE 3.1(B)(o)
LICENSES AND REGULATORY APPROVALS**

Nil.

**SCHEDULE 3.1(B)(q)
BANK ACCOUNTS**

TD Bank Transit Number 031 Account Number 5216601

Branch 472 Eglinton West Toronto.

]

SCHEDULE 3.1 (B) (t)
LITIGATION AND COURT PROCEEDINGS

1. CV12004432110000. YEHUDAIFF v. KARRAS et al .
 - a. This matter has settled.
2. CV13004780170000. ALPA STAIRS AND RAILING INC. v. HUSH HOMES INC. et al.
 - a. No activity has occurred on this file since December, 2014. The Lien has been removed and all parties paid. This should be dismissed.
3. CV1300483227000. SLICE GOURMET INC. v. 2220277 ONTARIO INC.
 - a. An action was brought by Sliced Gourmet Inc. against 2220277 Ontario Inc. for damages arising out of a lease agreement. There has been no activity on this file since April, 2015.
4. CV14005124590000. CVC ARDELLINI INVESTMENTS INC. v. 2142301 ONTARIO INC. et al – DETAILS REQUIRED
5. CV14005125510000. VISRAM v. 2220277 ONTARIO INC. et al.
 - a. An action was brought by Zaherali Visram against 2220277 Ontario Inc. for a covenant to pay the balance on a charge/mortgage. When the mortgagee's second mortgage came due he started an action. The parties agreed to extend the terms of the mortgage. This should be dismissed. An Agreement was signed and the mortgage was extended.
6. CV1600545416000. MARATHON CLEANING CORP. v. 2220277 ONTARIO INC.
 - a. An action was brought by Marathon Cleaning Corp. in relation to a breach of contract for damages in the amount of \$50,613.73. Parties have exchanged documents and examination for discoveries are being scheduled.

**SCHEDULE 3.1(B)(x)
INSURANCE**

1. Intact Insurance Company - Policy No. 501351778 as attached.

**SCHEDULE 3.1(B)(aa)
ABSENCE OF CHANGES**

None.

**SCHEDULE 3.1(B)(bb)
DEBT**

SEE SCHEDULE 1.1(a)

SCHEDULE 4.4
COMMISSIONS AND BROKERGE FEES

1. Alex Evaniuk and Antonio Piazza (the "Brokers") are, for brokerage services rendered in relation to various agreements to effect various transactions, due a fee of Six Hundred Thousand Dollars (\$600,000.00) plus HST paid out equally to each of, Seventy Five Thousand Dollars (\$75,000.00) plus HST relating to such fee is to be paid to each of Alex Evaniuk and Antonio Piazza on the ___ July, 2016.
2. The balance of the fee described in section 1 above, will be paid by way of Twenty Five Thousand Dollar (\$25,000.00) instalments made payable to each of the brokers on the occasion of a executed agreement of purchase an sale for the newly developed homes of 63 – 69 Elm Street between the undersigned and a prospective purchaser. These instalments will be paid on each occasion of same until the balance is completely paid off.
3. In any event, the undersigned agrees to completely pay off any outstanding debt to each of the brokers on the date where the undersigned achieves application approval in relation to 650 Bay Street, and 57-61 Elm Street.

EXHIBIT "A"
LIMITED PARTNERSHIP AGREEMENT

See attached.

ZAHERALI VISRAM
Applicant

- and -

2220277 ONTARIO INC.
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

**THIRD REPORT OF A. FARBER & PARTNERS
INC. IN ITS CAPACITY AS COURT APPOINTED
RECEIVER OF 2220277 ONTARIO INC.**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Kenneth Kraft (LSUC # 31919P)
Tel: (416) 863-4374
kenneth.kraft@dentons.com

Sara-Ann Van Allen (LSUC # 56016C)
Tel: (416) 863-4402
Fax: (416) 863-4592
sara.vanallen@dentons.com

*Lawyers for A. Farber & Partners Inc., Court Appointed
Receiver of 2220277 Ontario Inc.*