

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

BETWEEN:

**ROYAL BANK OF CANADA**

Applicant

- and -

**2292319 ONTARIO INC.**

Respondent

**SUPPLEMENTARY MOTION RECORD**  
**(returnable October 13, 2016)**

Date: September 30, 2016

**AIRD & BERLIS LLP**

Barristers & Solicitors

Brookfield Place

181 Bay Street, Suite 1800

Toronto, Ontario M5J 2T9

**Sanjeev P.R. Mitra (LSUC # 37934U)**

Tel: (416) 865-3082

Fax: (416) 863-1515

E-mail: [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Jeremy Nemers (LSUC # 66410Q)**

Tel: (416) 865-7724

Fax: (416) 863-1515

E-mail: [jnemers@airdberlis.com](mailto:jnemers@airdberlis.com)

*Lawyers for msi Spergel Inc.*

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Tab A

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**ROYAL BANK OF CANADA**

**Applicant**

**- and -**

**2292319 ONTARIO INC.**

**Respondent**

**THIRD REPORT OF MSI SPERGEL INC.  
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF  
2292319 ONTARIO INC.**

**SEPTEMBER 30, 2016**

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## **APPENDICES**

1. Appointment Order
2. SK Leases dated August 17, 2012, November 26, 2012 and February 18, 2014
3. SK Notices of Termination dated May 13, 2016 and May 26, 2016
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5. SK Certificate of Insurance and Commercial Insurance Policy
6. Purported Scrap to Go Certificate of Insurance
7. Purported Scrap to Go Commercial Insurance Policy and Business License
8. Communications to SK's Insurance Broker
9. Communications from SK to the Receiver in Respect of Hydro Usage at the Property
10. Receiver's Reconciliation of Hydro Usage for the period March 31, 2016 to July 21, 2016
11. Property Condition Assessment Report

## **APPOINTMENT AND BACKGROUND**

- 1.0.1 On application made by Royal Bank of Canada ("**RBC**") pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**") and section 101 of the *Courts of Justice Act* (the "**CJA**"), msi Spergel Inc. ("**Spergel**") was appointed as receiver (in such capacities, the "**Receiver**"), without security, of all the assets, undertakings and properties of 2292319 Ontario Inc. ("**229**") by Order of the Honourable Justice Wilton-Siegel dated March 31, 2016 (the "**Appointment Order**"). Attached hereto as **Appendix "1"** is a copy of the Appointment Order.
- 1.0.2 The primary asset of 229 is an 87,000 square foot, commercial building located at 38 Metropolitan Road, Toronto, Ontario (the "**Property**"). The Property is comprised of ground floor office and warehousing space consisting of approximately 64,000 square feet as well as a second floor mezzanine consisting of approximately 23,000 square feet. It appears that that while the building was initially a single user building, the interior has been subdivided and purportedly leased out to multiple parties.
- 1.0.3 The directors of 229 are Wen Qing Su ("**Su**"), Yue Wei Jiang ("**Jiang**"), Sheron Jie Qing Hu ("**Hu**") and Dan Rui Weng ("**Weng**") (collectively referred to as the "**Directors**") who oversaw the administration and day-to-day management of the Property. Despite efforts by the Receiver, they have not communicated with the Receiver since its appointment.
- 1.0.4 RBC sought the appointment of the Receiver to take possession and manage the operations of the Property due to 229's failure to repay its indebtedness to RBC, its significant tax arrears owing to the City of Toronto, its failure to account for its rental income and ongoing disputes among the Directors. At the time of the Receiver's appointment, different portions of the Property were occupied and/or sub-let by S.K. Food Equipment ("**SK**"), Green Island Trading Co. ("**Green Island**") and Universal Trading Company ("**Universal**").
- 1.0.5 As set out further in the First Report of the Receiver dated July 18, 2016 (the "**First Report**"): (i) Universal vacated the Property between May 5 and May 10, 2016; and (ii)



the Receiver was able to obtain copies of written lease documents with Green Island and SK, and identified several defaults thereunder.

- 1.0.6 Attached hereto as **Appendix "2"** are copies of the leases between 229 and SK dated August 17, 2012, November 26, 2012 and February 18, 2014 (collectively, the "**SK Leases**"). As set out further in the First Report, the Receiver notified SK of several defaults under the SK Leases and provided SK with various extensions in which to cure the defaults; however, SK did not cure the defaults in a timely manner or at all, as applicable, and the Receiver undertook legal action to terminate the tenancy of SK at the Property.
- 1.0.7 The Receiver served SK with notices of termination on May 13, 2016 and May 26, 2016 in respect of unpaid hydro arrears and insufficient insurance coverage, copies of which notices of termination are attached hereto as **Appendix "3"**. When SK or its purported sub-tenants, as applicable, did not vacate the Property, the Receiver brought a motion to the Court seeking vacant possession.
- 1.0.8 On July 28, 2016, the Honourable Justice Wilton-Siegel authorized the Receiver to terminate all tenancies at the Property on ten days' notice other than SK's tenancies, in respect of which His Honour granted a ten-day extension for SK to resolve its insurance issues and permit inspections by the Receiver of SK's spaces at the Property (collectively, the "**July 28th Order**"). The substantive relief regarding termination of the SK Leases was therefore adjourned to a 9:30 scheduling hearing. Attached hereto as **Appendix "4"** is a copy of the July 28th Order.
- 1.0.9 A scheduling hearing was held before the Honourable Justice Penny on September 19, 2016, as a result of which the substantive hearing as against SK was scheduled to resume on October 13, 2016.

## **2.0 PURPOSE OF THE THIRD REPORT**

- 2.0.1 The purpose of this report (the “Third Report”) is to bring to the attention of the Court issues with respect to SK’s tenancy at the Property subsequent to the issuance of the July 28<sup>th</sup> Order and support the relief originally sought against SK and its subtenants.

## **3.0 ISSUES WITH RESPECT TO THE TENANCY OF SK**

- 3.0.1 As set out in the First Report, SK does not appear to operate any significant business itself from the Property, but rather purportedly subleases its space to “Scrap to Go” (a scrap metal recycling business) and “Cool Ocean Impex” (a frozen seafood distribution business). In addition, the Receiver has subsequently learned that a rogue individual “Rogue Live Lobster Operator” with neither a sub-lease with SK nor a head-lease with 229 had been operating a live lobster distribution business from the Property. The Receiver had understood until recently that this party was part of Cool Ocean Impex. Any purported “tenancy” of the Rogue Live Lobster Operator was terminated by the Receiver effective on August 4, 2016.
- 3.0.2 As of the date of the July 28<sup>th</sup> Order, SK: (i) had not provided the Receiver with evidence of adequate insurance coverage with respect to its leased space occupied by its sub-tenant Scrap to Go; and (ii) had not remitted payment for its proportionate share of hydro arrears at the Property, which currently amounts to \$48,351 for the period ending July 21, 2016 based on usage. These two issues are now discussed in turn.

### ***Inadequate Insurance***

- 3.0.3 On May 25, 2016, SK provided the Receiver with a certificate of insurance outlining insurance coverage in respect of its tenancy at the Property. On June 16, 2016, SK provided the Receiver with a copy of its commercial insurance policy. The description of business operations provided by both the certificate of insurance and the commercial insurance policy is “cold storage of customer’s perishable goods, office and warehouse.” Neither the certificate of insurance nor the commercial insurance policy makes any

reference to a scrap metal business or metal recycling operations. Attached hereto as **Appendix "5"** is a copy of SK's certificate of insurance and commercial insurance policy.

- 3.0.4 On August 4, 2016, subsequent to the July 28<sup>th</sup> Order, SK provided the Receiver with a further certificate of insurance, this time in the name of Scrap to Go. Attached hereto as **Appendix "6"** is a copy of this certificate. Via a corporate profile search, the Receiver confirmed that Scrap to Go was not a legally incorporated entity and advised SK accordingly. The Receiver also obtained permission to speak to SK's insurance broker to confirm whether the tenant liability rider would cover the portion of the Property occupied by Scrap to Go given that the business was outside the scope of use contemplated by SK's policy.
- 3.0.5 On August 17, 2016, an agent of SK attended at the Receiver's office and delivered the Scrap to Go commercial insurance policy dated August 4, 2016 and a copy of Scrap to Go's business license dated August 4, 2016. Attached hereto as **Appendix "7"** is a copy of the documents filed.
- 3.0.6 The Receiver has contacted SK's insurance broker on multiple occasions to confirm whether or not SK's insurance coverage extends to the space occupied by Scrap to Go. Copies of such correspondence are attached hereto as **Appendix "8"**. As at the time of this report the Receiver has not received a response.
- 3.0.7 The July 28<sup>th</sup> Order provides, amongst other things, that *"the [l]ease in respect of Scrap to Go shall be terminated if insurance for its portion of the [Property] as required by paragraph 7 of the relevant [l]ease has not been provided to the Receiver by August 7, 2016."*

#### ***Hydro Arrears and Refusal to Make Payment***

- 3.0.8 Paragraph 5 of the SK Leases provides that SK is responsible to pay for its proportionate share of hydro consumption at the Property on a monthly basis.
- 3.0.9 SK has acknowledged that it is responsible to pay for its proportionate share of the hydro cost at the Property as per two communications delivered to the Receiver on June 17, 2016 and July 11, 2016. On July 15, 2016, SK sent further communication claiming

that the hydro usage should be split amongst the tenants equally regardless of usage. Attached hereto as **Appendix "9"** are copies of those communications from SK to the Receiver.

3.0.10 On July 29, 2016, the Receiver, along with representatives of SK, attended at the Property and conducted readings of the ten hydro meters identified, of which: (i) three were assigned to SK; (ii) three were assigned to Green Island; (iii) two were assigned to vacant spaces; (iv) one was assigned to the space occupied by the Rogue Live Lobster Operator; and (v) one was not in use.

3.0.11 Prior to the July 26 hydro reading, the last meter reading taken at the Property occurred on March 23, 2016. Based on a comparison of the March 23rd and July 29th meter readings, the Receiver determined that total hydro usage at the Property for the period amounted to 930,628 kWh. The proportionate usage of hydro per tenant based on the sub meters assigned to the occupants was as follows:

- a) SK's proportionate share amounted to 198,946 kWh or 21.38% of the total usage;
- b) Green Island's proportionate usage amounted to 670,052 kWh or 72% of the total usage;
- c) Rogue Live Lobster Operator's proportionate usage amounted to 36,245 kWh or 3.89% of the total usage; and
- d) the proportionate usage in respect of the vacant premises amounted to 25,385 kWh or 2.73% of the total usage.

3.0.12 The Receiver is in receipt of four Toronto Hydro billings to date pertaining to hydro usage at the Property for the period March 31, 2016 to July 21, 2016 totaling \$226,175. Based on each occupant's usage of hydro at the Property, the proportionate share of hydro arrears per tenant is as follows:

- a) SK's is responsible for \$48,351 of the total hydro arrears (and has failed to pay same);
- b) Green Island is responsible for \$162,846 of the total hydro cost;

- c) Rogue Live Lobster Operator is responsible for \$8,809 of the total hydro arrears based on the usage of the meter attached to the space it occupied; and
- d) the proportionate share of the hydro arrears attributable to the vacant premises at the Property amounts to \$6,169.

Attached hereto as **Appendix "10"** is a copy of the Receiver's Reconciliation of Hydro Usage for the period March 31, 2016 to July 21, 2016, which reconciles each party's proportionate share of the hydro arrears to date based on usage.

- 3.0.13 Total arrears owing to Toronto Hydro for hydro usage at the Property for the period ending July 21, 2016 currently amounts to \$157,650. The Receiver is not in possession of sufficient funds to pay the current arrears owing to Toronto Hydro, as the Royal Bank of Canada has notified the Receiver that it will not advance further funds to the estate for the purposes of paying hydro arrears that are the responsibilities of the tenants. The Receiver has advised SK of this fact. SK has notified the Receiver that it intends to pursue legal action against the Receiver if hydro services are interrupted at the Property. The Receiver is not in possession of funds to pay the arrears or ensure continued electrical supply to the Property.
- 3.0.14 SK has not remitted any payment for its proportionate share of hydro arrears to date. SK has notified the Receiver that it does not agree with the hydro readings taken at the Property to date, that it does not agree with the rate of hydro charged as per the Toronto Hydro billings, that it does not agree with the allocation of hydro usage at the property as per the Receiver's Reconciliation of Hydro Usage and that it disputes its share of the outstanding arrears. SK has offered to pay \$35,576 to cover hydro obligations to September 9, 2016. SK has provided no principled basis for this offer as at the date of this report.
- 3.0.15 As noted in its Second Report, Green Island had paid \$84,073.90 towards its hydro obligation. It had initially disputed an obligation to pay the remaining \$78,772. Following the cross-examination of Mr. Tran, Green Island delivered drafts to the

Receiver on answers to undertakings. The Receiver is holding the drafts pending direction on the return of its motion to vary the July 28th Order.

3.0.16 Toronto Hydro is aware of the Receiver's motion as against SK, and has indicated that it will defer terminating electrical service to the Property until October 17, 2016.

3.0.17 The total amount owing to Toronto Hydro for hydro usage at the Property for the period ending August 22, 2016 currently amounts to \$200,507. As of the date of this Third Report, the Receiver is in the process of making arrangements to attend the Property to conduct additional meter readings in order to determine the proportionate usage of hydro amongst the occupants.

***The Receiver's Additional Concerns as against SK***

3.0.18 Subsequent to the issuance of the July 28th Order, the Receiver engaged CCI Group Inc. ("CCI"), an engineering consulting firm, for the purpose of carrying out a condition assessment of the tenanted portions of the Property. CCI attended the Property on August 3, 2016 to conduct its inspection.

3.0.19 CCI's Property Condition Assessment Report in respect of the spaces being occupied by SK's purported sub-tenants (the "**Condition Report**"), attached hereto as **Appendix "11"**, addresses multiple concerns with respect to the spaces currently leased by SK, including, without limitation:

- a) Fireproofing material at the underside of the second floor framing is either damaged or missing;
- b) In the portion of the space occupied by Cool Ocean Impex, a tunnel has been constructed purportedly without a building permit;
- c) No back flow prevention system to the water supply which is a requirement of the Toronto Municipal Code;
- d) modifications by SK and/or its purported sub-tenants to the electrical system to facilitate the operations of Cool Ocean Impex and Scrap to Go appear to have been

undertaken without a proper permit and without inspection or approval by the Electrical Safety Authority;

- e) the condition and use by SK and/or its purported sub-tenants of the modified electrical systems appear to be in violation of the Toronto Municipal Code and the electrical safety code and pose a potential life and safety concern;
- f) interior walls erected by SK and/or its purported sub-tenants to separate the Cool Ocean Impex and Scrap to Go spaces do not provide adequate fire safety between suites in accordance with the Ontario Building Code;
- g) lighting has been removed from the portion of the warehouse occupied by Cool Ocean Impex leaving the area with inadequate lighting in violation of the Toronto Municipal Code;
- h) improper frost protection between the base of the Cool Ocean Impex walk-in coolers and the ground floor concrete slab is allowing water to penetrate and cause corrosion of the underlying slab; and
- i) a failure to keep the space in a clean and sanitary condition contrary to the Toronto Municipal Code;
- j) the existence of black stains (likely mold) at various locations of the space occupied by Cool Ocean Impex, which appears to be a further violation of the Toronto Municipal Code;
- k) impact damage to a wall which has not been repaired in accordance with the Toronto Municipal Code.

3.0.19 Amongst the Condition Report's other concerns, it also comments on a mezzanine space in the area occupied by Cool Ocean Impex, in respect of which drawings provided by the City of Toronto fail to indicate that a building permit was obtained. CCI has an enquiry pending with the City of Toronto to confirm whether building permits were issued and/or completed, and to/by whom, and the Receiver will provide a further update to

the Court should more information become available prior to the hearing on October 13, 2016.

All of which is respectfully submitted.

**MSI SPERGEL INC.,  
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF  
2292319 ONTARIO INC.  
AND NOT IN ANY OTHER CAPACITY**

A handwritten signature in black ink, appearing to read "Philip H. Gennis", written over a horizontal line.

Philip H. Gennis, J.D., CIRP  
Senior Principal



# TAB 1

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE  
JUSTICE WILTON-SIEGEL

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THURSDAY, THE 31<sup>ST</sup>  
DAY OF MARCH, 2016

*Handwritten signature/initials*

**BETWEEN:**

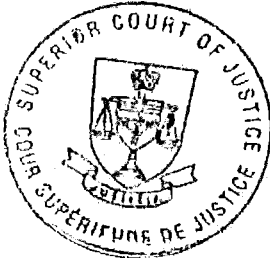
**ROYAL BANK OF CANADA**

**Applicant**

**and**

**2292319 ONTARIO INC.**

**Respondent**



**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 msi Spergel inc. as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of 2292319 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 Richard Crawford sworn March 28, 2016 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, no one appearing for 2292319 Ontario Inc. although duly served as appears from the affidavit of service of Karen Fox sworn March 29, 2016 and on reading the Consent of msi Spergel inc. to act as the Receiver,

### **SERVICE**

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

### **APPOINTMENT**

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, msi Spergel 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").

### **RECEIVER'S POWERS**

3. **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, including but not limited to the collection of rents, 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,

- (i) without the approval of this Court in respect of any transaction not exceeding \$75,000, provided that the aggregate consideration for all such transactions does not exceed \$300,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and

on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

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

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

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. **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.

5. **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 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **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.

7. **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**

8. **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**

9. **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**

10. **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**

11. **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**

12. **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**

13. **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**

14. **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**

15. **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**

16. **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**

17. **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**

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

19. **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.

20. **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**

21. **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 \$100,000 (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.

22. **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.

23. **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.

24. **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**

25. **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 with the following URL '<<http://www.spergel.ca>>'.

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

#### **GENERAL**

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.

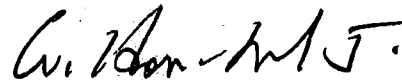
29. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, 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.



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

#2504373 | 4097961

RW MAR 31 2016

**SCHEDULE "A"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that msi Spergel inc., the receiver (the "Receiver") of the assets, undertakings and properties 2292319 Ontario Inc. 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 31<sup>st</sup> day of March, 2016 (the "Order") made in an action having Court file number CV-16-11331-OO-CL, 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 \_\_\_\_\_, 2016.

**MSI SPERGEL INC.**, solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity

Per: \_\_\_\_\_

Name: Phillip H. Gennis, J.D., CIRP

Title: Senior Principal

**BETWEEN**

**ROYAL BANK OF CANADA**  
Applicant

-and-

**2292319 ONTARIO INC.**  
Respondent  
Court File No. CV-16-11331-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**

**MINDEN GROSS LLP**  
Barristers and Solicitors  
2200 - 145 King Street West  
Toronto, ON M5H 4G2

**Catherine Francis** (LSUC# 26900N)  
[cfrancis@mindingross.com](mailto:cfrancis@mindingross.com)  
Tel: 416-369-4137

**Mark A. Freaake** (LSUC# 63656H)  
[mfreaake@mindingross.com](mailto:mfreaake@mindingross.com)  
Tel: 416-369-4326  
Fax: 416-864-9223

Lawyers for the Applicant

# TAB 2

# Agreement to Lease

This Agreement to lease dated this 17<sup>th</sup> day of August, 2012

Tenant : S.K. Food Equipment

Landlord : 2292319 ONTARIO INC.

## 1. The Premises :

The premises municipally know as 38 Metropolitan Road in the City of Toronto, Province of Ontario M1R2T6.

The rented area is crosshatched as "A" and "B" on the plan attached as Schedule A

## 2. Use:

The Premises shall be used only for Warehouse for frozen food and vegetable, show room and office

The Tenant's use of the premises is to comply with all requirement of the municipal zoning by-law, the requirements of the Ministry of the environment and the rules and regulations of the environmental Protection Act and any amendments thereto.

The Tenant warrants to no noxious or environmentally unfriendly chemicals or products shall be allowed to enter the drains throughout the lease term, upon vacating the premises, no such chemicals or products shall be left on the premises.

租戶必須合法使用及符合規劃,環保污染等法例及附例.租戶不可將化學品或污染物倒進水管.租約完時亦不可留下任何化學品或污染物

## 3. Term of Lease :

(a) The lease shall be for a term of Eighty Four ( 84 ) months commencing on the 1st day of September, 2012, and terminating on the 31st day of August, 2019

(b) Provided the Tenant is not at any time in default of any covenants within the Lease, the Tenant shall be entitled to renew this Lease for ONE ( 1 ) additional term(s) of not more than Eighty Four ( 84 ) months (each) on written notice to the Landlord given not less than Three ( 3 ) months prior to the expiry of the current term at a rental rate to be negotiated. In the event the Landlord and Tenant cannot agree on the rent at least two months prior to expiry of the current lease, the rent for the renewal period shall be determined by arbitration in accordance with the Arbitration Act or any successor or replacement act.

租期由 2012 年 9 月 1 日起, 為期 7 年, 提前最少 3 個月通知 可續租 1 次, 每次不多過 7 年

## 4. Rental :

The Gross rent payable by the Tenant shall be :

| From (inclusive) | To (inclusive)  | Per annum (\$) | Per month (\$) | Per sq. feet (\$) |
|------------------|-----------------|----------------|----------------|-------------------|
| Sept 1, 2012     | August 31, 2019 | 53,880.00      | 4,490.00       | --                |
|                  |                 |                |                |                   |
|                  |                 |                |                |                   |
|                  |                 |                |                |                   |
|                  |                 |                |                |                   |

Landlord 業主

SO

Tenant 租戶

SK

Page 1 of 6

plus Harmonized Sales Tax (HST), and other tax (other than income tax) imposed on the Landlord or the Tenant with respect to rent payable by the Tenant, payable on the 1st day of each month commencing Sept 1, 2012  
 由 2012 年 9 月 1 日起每月第 1 日付租連 HST

5. Services:

|   | Elec-<br>tricity | Water | Heating<br>/ Gas | Other<br>Services |  |
|---|------------------|-------|------------------|-------------------|--|
| The Tenant shall pay all costs and charges as may be provided to the premises. The Tenant shall arrange with the local authority for connection in the name of the Tenant<br>租戶自行申請及負擔費用  | ---              | ---   | ---              | YES               |  |
| The Landlord shall provide to the premises.<br>A) The Landlord<br>B) The Tenant<br>shall provide and install a separate meter in the name of Tenant and the Tenant will pay the cost and charges to the Landlord at the end of each month at the same rate as the Landlord pay to the utility providers<br>業主提供, A) 業主/B) 租戶裝分錶, 每月按錶收費                             | A                | ---   | ---              | ---               |  |
| The Landlord shall provide to the premises. There will be no separate meter.<br>A) The Tenant shall pay a proportionate share of the cost and charges to the building.<br>B) Cost and charges will be included in the Additional Rent and Charges<br>C) The Landlord will pay all the costs and charges<br>業主提供, 無分錶<br>A) 租戶依比例分攤費用<br>B) 費用計入 T.M.I.<br>C) 業主負責費用 | ---              | A     | ---              | ---               |  |

|   | Lighting | Heating |  |
|---|----------|---------|--|
| A) The Tenant shall install and shall pay all costs and expenses in maintaining, operating, cleaning and repairing the machinery and equipment.<br>B) The Landlord shall install and shall pay all costs and expenses in maintaining, operating, cleaning and repairing the machinery and equipment.<br>C) The Landlord shall install machinery and equipment. Tenant shall pay all costs and expenses in maintaining, operating, cleaning and repairing<br>A) 租戶安裝及負責保養維修<br>B) 業主安裝及負責保養維修<br>C) 業主安裝, 租戶負責保養維修 | A        | B       |  |

Landlord 業主



Tenant 租戶





## 6. Additional Rent and Charges:

Landlord and Tenant agree that the Gross Rent is including 租金已包括 all costs and expenses incurred by the Landlord in maintaining, operating, cleaning, insuring and repairing the property and, without limiting the generality of the foregoing, such costs and expenses shall include the cost of: 費用包括以下及其他無列出但物業運作, 保險, 維修而需的支出

- i) Snow, garbage, and trash removal; 清理雪, 垃圾
- ii) Landscaping and planters; 園藝
- iii) Heating, ventilating and air-conditioning, and providing hot and cold water and other utilities and services to, and operating the common areas of the property, and maintaining and repairing the machinery and equipment for such utilities and services; 公用地方通風, 冷暖氣, 冷熱水, 包括維修保養
- iv) The realty taxes, assessments, rates, charges and duties levied or assessed against the property 物業一切稅款
- v) Insuring the property and such other insurance as the Landlord will effect against public liability, property damage, loss of rental income and other casualties and risks. 物業一切保險費用

## 7. Tenant's Insurance :

The Tenant shall obtain and maintain, at the expense of the Tenant, during the Term of Lease insurance on the property and operations of the Tenant, including insurance for fire and such additional perils as are normally insured. 租戶自行購買財物及運作所需之損失保險, 包括火險

The Tenant shall obtain and maintain, at the expense of the Tenant, during the Term of Lease all risks insurance covering all of the leasehold improvements in the Premises and all of the Tenant's trade fixtures, goods and chattels and all other fixtures, goods, chattels and equipment for which the Tenant may be responsible in amount not less than the full replacement value. 租戶自行購買財物及運作所需包括租戶裝修工程之意外保險

The tenant shall obtain and maintain, at the expense of the Tenant, during the Term of Lease, liability insurance in an amount not less than \$2,000,000.00 per occurrence. The Tenant shall obtain and maintain such other insurance as is normally obtained by a prudent tenant of similar premises. The Tenant shall provide the Landlord with proof of such insurance.

租戶需向業主提供證明已購買責任保險. 每一個案保額不可少過加幣二百萬.

## 8. Landlord's and Tenant's Work :

The Tenant agrees to complete any additional work necessary to prepare the Premises for the Tenant's use at Tenant's expense. The Tenant shall not proceed with any work within or affecting the Premises without the Landlord's prior written approval, which approval shall not be unreasonably withheld.

租戶同意自費完成租戶工程, 唯租戶開工前需得到業主批准

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## 9. Landlord's Remedies

If the Tenant is in default of its obligation to pay rent or of any of its obligation under this Lease Agreement, for a period of five(5) business days after the Landlord has given the Tenant notice of default, or if the Tenant commits any act of bankruptcy, then the Landlord may exercise its remedies. The Landlord's remedies shall include but are not limited to: the right to terminate this Lease Agreement; the right to re-enter and retake possession of the Premises, or as agent of the Tenant for the purposes of selling chattels and fixtures; the right to cure and charge the costs of so curing to the Tenant together with and administrative fee of 15% of such costs; the right to recover all damages incurred by the Landlord as a result of the Tenant's default; and the right to recover gross/net rent, additional rent/charges and HST falling due for next three(3) months from the Tenant, all without further notice to the Tenant.

如租戶破產或業主給租戶發出違約通知書後 5 工作天仍欠租或仍違反租約，業主可無須通知租戶即可執行違約補償及賠償包括終止租約，進入及收回租地，以代理人身份變賣租戶之物品，扣除相關支出費用及 15% 行政費後，餘款用作補償業主因租戶違約引起之損失。業主可同時收取 3 個月租金作賠償。而這一切無須再通知租戶

## 10. Occupancy or Rent To Abate

In the event the premises are not completed by the Landlord for occupancy by the Tenant on the date set herein for commencement of the Term of the Lease, the rent under this agreement shall abate to the extent of such delay, and the Tenant hereby agree to accept such abatement of rent in full settlement of all claims which the Tenant might otherwise make the Premises were not ready for occupancy by the Tenant.

如業主未能依期完成業主負責之工程而導至租戶未能依期搬入，業主將減收延遲日之租金而租戶不可再要求賠償

## 11. Signage

The Tenant may, at its own expense, erect signage in a good and workmanlike manner, subject to municipal by-laws and government regulations and subject to the Landlord's written approval as to the design, color, and content of any such signs, which approval shall not be unreasonably withheld. The Tenant has to remove the signage, at its own expense, upon the termination of this lease and renewal thereof.

租戶在得到業主同意可自費依法例搭建招牌，租約期滿負責移除

## 12. Assignment

This Agreement to Lease shall be assignable or transferable by the Tenant. In such case, the Tenant shall remain liable for all obligations under the Lease.

If the Tenant is a corporation, the transfer of the majority of the issued shares in the capital stock, or any transfer, issuance or division of shares of the corporation sufficient to transfer control of the corporation shall be deemed for all purposes to be an assignment within the meaning of this Agreement and any Lease. This provision shall not apply to a corporation whose shares are listed and traded on any recognized public exchange in Canada or the United States.

此租約可分租或轉讓，唯租戶仍要為此租約負責。如租戶為公司，當控制權有所更改將視為轉讓

## 13. Termination

The Tenant has the right to terminate this Agreement of Lease anytime before expiry of this Agreement of Lease on written notice to the Landlord at least Two (2) months before termination.

租戶給與業主二個月通知可終止租約

Landlord 業主

Tenant 租戶

#### 14. Claims

The Tenant agrees to indemnify and hold harmless the Landlord from and against any claims, demands, losses, costs, damages, actions, suits or proceedings, which may be brought or commenced by anyone or any group including any environmental agency or group as a result of the Tenant's use of the premises or any breach by the Tenant of any rules, by-laws, and regulations.

租戶將負責業主因租戶使用或違反條例而引起之一切損失及索償

#### 15. Parking

Unless otherwise stipulated, parking, if applicable, shall be in common and unreserved.  
所有車位除註明外全為公用

#### 16. Schedule A attached hereto form part of this agreement

附件 A 為合約一部份

#### 17. Deposit and Prepaid Rent :

The Tenant tenders with this Agreement to Lease a certified / negotiable cheque in the amount of Ten Thousands One Hundred Forty-seven Dollars and forty Cents ( Can \$ 10,147.40 ) payable to the 2292319 ONTARIO INC., is to be applied by the Landlord against the First and Last month's rent and other deposits as follows:

##### Deposit Structure :

First and Last Month Gross / Net Rent : 4,490.00 + 4,490.00 = \$ 8,980.00

Total : \$ 8,980.00

HST( 13% ) : \$ 1,167.40

TOTAL : \$ 10,147.40

#### 18. Others:

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Landlord 業主

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Tenant 租戶

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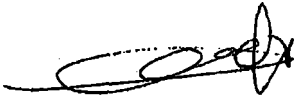
Page 5 of 6

**19. Successors And Assigns:**

The Heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

簽約人及其繼承人, 執行人, 承讓入皆受此合約約束

SIGNED, SEALED AND DELIVERED in the presence of



Tenant 租戶: S. K. Food Equipment

Name 簽約人姓名: Hong Zhou

Title 職位:

I have the authority to bind the corporation 我有合法授權代表公司

Fong So Hau

Landlord 業主: 2292319 ONTARIO INC.

Name 簽約人姓名: FONG SO HAU

Title 職位:

I have the authority to bind the corporation 我有合法授權代表公司

  
Witness

Dated this 17 day of Aug., 2012

Tenant's Contact:

Name : \_\_\_\_\_

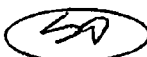
Address : \_\_\_\_\_

Telephone : Office \_\_\_\_\_

Cell \_\_\_\_\_

註: 中文只作簡單解釋參考用, 非合約一部份, 一切以英文為主 Chinese words are for brief explanation only, not part of the contract

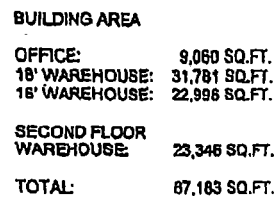
Landlord 業主



Tenant 租戶



schedule A



PHONE 905-271-7010  
FAX 905-271-4468  
PLAN@PLANITMEASURING.COM

Landlord 業主      Tenant 租客

ROOM SIZES SHOULD BE CONSIDERED APPROXIMATE  
SINCE MEASUREMENTS ARE SUBJECT TO CERTIFICATION.  
E & OE.

SEPTEMBER 2009

# Agreement to Lease

This Agreement to lease dated this 26<sup>th</sup> day of November, 2012

Tenant : S.K. Food Equipment

Landlord : 2292319 ONTARIO INC.

## 1. The Premises :

The premises municipally know as 38 Metropolitan Road in the City of Toronto, Province of Ontario M1R2T6.

The rented area is crosshatched as "A" on the plan attached as Schedule A

## 2. Use:

The Premises shall be used only for Storage of waste metal including but not limited to used computers, T.V., automobiles.

The Tenant's use of the premises is to comply with all requirement of the municipal zoning by-law, the requirements of the Ministry of the environment and the rules and regulations of the environmental Protection Act and any amendments thereto.

The Tenant warrants to no noxious or environmentally unfriendly chemicals or products shall be allowed to enter the drains throughout the lease term, upon vacating the premises, no such chemicals or products shall be left on the premises.

租戶必須合法使用及符合規劃,環保污染等法例及附例. 租戶不可將化學品或污染物倒進水管. 租約完時亦不可留下任何化學品或污染物

## 3. Term of Lease :

(a) The lease shall be for a term of Eighty-four ( 84 ) months commencing on the 1st day of December, 2012, and terminating on the 30th day of November, 2021

(b) Provided the Tenant is not at any time in default of any covenants within the Lease, the Tenant shall be entitled to renew this Lease for ONE ( 1 ) additional term(s) of Sixty ( 60 ) months (each) on written notice to the Landlord given not less than Three ( 3 ) months prior to the expiry of the current term at a rental rate to be negotiated. In the event the Landlord and Tenant cannot agree on the rent at least two months prior to expiry of the current lease, the rent for the renewal period shall be determined by arbitration in accordance with the Arbitration Act or any successor or replacement act.

租期由 2012 年 12 月 1 日起, 為期 8 年, 提前最少 3 個月通知 可續租 1 次, 每次 5 年

## 4. Rental :

The Gross rent payable by the Tenant shall be :

| From (inclusive) | To (inclusive) | Per annum (\$) | Per month (\$) | Per sq. feet (\$) |
|------------------|----------------|----------------|----------------|-------------------|
| Dec 1, 2012      | Nov 30, 2017   | 60,000.00      | 5,000.00       | --                |
|                  |                |                |                |                   |
|                  |                |                |                |                   |

plus Harmonized Sales Tax (HST), and other tax (other than income tax) imposed on the Landlord or the Tenant with respect to rent payable by the Tenant, payable on the 1st day of each month commencing December 1, 2012

由 2012 年 12 月 1 日起每月第 1 日付租連 HST

Landlord 業主

Tenant 租戶

Page 1 of 6

5. Services :

|   | Elec-<br>tricity | Water | Heating<br>/ Gas | Other<br>Services |  |
|---|------------------|-------|------------------|-------------------|--|
| The Tenant shall pay all costs and charges as may be provided to the premises. The Tenant shall arrange with the local authority for connection in the name of the Tenant<br>租戶自行申請及負擔費用  | ---              | ---   | ---              | YES               |  |
| The Landlord shall provide to the premises.<br>A) The Landlord<br>B) The Tenant<br>shall provide and install a separate meter in the name of Tenant and the Tenant will pay the cost and charges to the Landlord at the end of each month at the same rate as the Landlord pay to the utility providers<br>業主提供, A) 業主/B) 租戶裝分錶, 每月按錶收費   | A                | ---   | ---              | ---               |  |
| The Landlord shall provide to the premises. There will be no separate meter.<br>A) The Tenant shall pay a proportionate share of the cost and charges to the building.<br>B) Cost and charges will be included in the Additional Rent and Charges<br>C) The Landlord will pay all the costs and charges<br>業主提供, 無分錶<br>A) 租戶依比例分攤費用<br>B) 費用計入<br>C)<br>D)<br>E) T.M.I.<br>F) 業主負責費用 | NA               | A     | ---              | ---               |  |

|   | Lighting | Heating |  |
|---|----------|---------|--|
| A) The Tenant shall install and shall pay all costs and expenses in maintaining, operating, cleaning and repairing the machinery and equipment.<br>B) The Landlord shall install and shall pay all costs and expenses in maintaining, operating, cleaning and repairing the machinery and equipment.<br>C) The Landlord shall install machinery and equipment. Tenant shall pay all costs and expenses in maintaining, operating, cleaning and repairing<br>A) 租戶安裝及負責保養維修<br>B) 業主安裝及負責保養維修<br>C) 業主安裝, 租戶負責保養維修 | A        | B       |  |

Landlord 業主



Tenant 租戶



## 6. Additional Rent and Charges:

Landlord and Tenant agree that the Gross Rent is including 租金已包括 all costs and expenses incurred by the Landlord in maintaining, operating, cleaning, insuring and repairing the property and, without limiting the generality of the foregoing, such costs and expenses shall include the cost of: 費用包括以下及其他無列出但物業運作, 保險, 維修而需的支出

- i) Snow, garbage, and trash removal; 清理雪, 垃圾
- ii) Landscaping and planters; 園藝
- iii) Heating, ventilating and air-conditioning, and providing hot and cold water and other utilities and services to, and operating the common areas of the property, and maintaining and repairing the machinery and equipment for such utilities and services; 公用地方通風, 冷暖氣, 冷熱水, 包括維修保養
- iv) The realty taxes, assessments, rates, charges and duties levied or assessed against the property 物業一切稅款
- v) Insuring the property and such other insurance as the Landlord will effect against public liability, property damage, loss of rental income and other casualties and risks. 物業一切保險費用

## 7. Tenant's Insurance :

The Tenant shall obtain and maintain, at the expense of the Tenant, during the Term of Lease insurance on the property and operations of the Tenant, including insurance for fire and such additional perils as are normally insured. 租戶自行購買財物及運作所需之損失保險, 包括火險

The Tenant shall obtain and maintain, at the expense of the Tenant, during the Term of Lease all risks insurance covering all of the leasehold improvements in the Premises and all of the Tenant's trade fixtures, goods and chattels and all other fixtures, goods, chattels and equipment for which the Tenant may be responsible in amount not less than the full replacement value. 租戶自行購買財物及運作所需包括租戶裝修工程之意外保險

The tenant shall obtain and maintain, at the expense of the Tenant, during the Term of Lease, liability insurance in an amount not less than \$2,000,000.00 per occurrence. The Tenant shall obtain and maintain such other insurance as is normally obtained by a prudent tenant of similar premises. The Tenant shall provide the Landlord with proof of such insurance. 租戶需向業主提供證明已購買責任保險. 每一個案保額不可少過加幣二百萬.

## 8. Landlord's and Tenant's Work :

The Tenant agrees to complete any additional work necessary to prepare the Premises for the Tenant's use, described as "Tenant's Work" in Schedule "B" attached hereto. The Tenant shall not proceed with any work within or affecting the Premises without the Landlord's prior written approval, which approval shall not be unreasonably withheld.

租戶同意完成附件 B 之租戶工程, 唯租戶開工前需得到業主批准

Landlord 業主



Tenant 租戶



Page 3 of 6



## 9. Landlord's Remedies

If the Tenant is in default of its obligation to pay rent or of any of its obligation under this Lease Agreement, for a period of five(5) business days after the Landlord has given the Tenant notice of default, or if the Tenant commits any act of bankruptcy, then the Landlord may exercise its remedies. The Landlord's remedies shall include but are not limited to : the right to terminate this Lease Agreement; the right to re-enter and retake possession of the Premises, or as agent of the Tenant for the purposes of selling chattels and fixtures; the right to cure and charge the costs of so curing to the Tenant together with and administrative fee of 15% of such costs; the right to recover all damages incurred by the Landlord as a result of the Tenant's default; and the right to recover gross/net rent, additional rent/charges and HST falling due for next three(3) months from the Tenant, all without further notice to the Tenant.

如租戶破產或業主給租戶發出違約通知書後 5 工作天仍欠租或仍違反租約, 業主可無須通知租戶即可執行違約補償及賠償包括終止租約, 進入及收回租地, 以代理人身份變賣租戶之物品, 扣除相關支出費用及 15% 行政費後, 餘款用作補償業主因租戶違約引起之損失. 業主可同時收取 3 個月租金作賠償. 而這一切無須再通知租戶

## 10. Occupancy or Rent To Abate

In the event the premises are not completed by the Landlord for occupancy by the Tenant on the date set herein for commencement of the Term of the Lease, the rent under this agreement shall abate to the extent of such delay, and the Tenant hereby agree to accept such abatement of rent in full settlement of all claims which the Tenant might otherwise make the Premises were not ready for occupancy by the Tenant.

如業主未能依期完成業主負責之工程而導至租戶未能依期搬入, 業主將減收延遲日之租金而租戶不可再要求賠償

## 11. Signage

The Tenant may, at its own expense, erect signage in a good and workmanlike manner, subject to municipal by-laws and government regulations and subject to the Landlord's written approval as to the design, color, and content of any such signs, which approval shall not be unreasonably withheld. The Tenant has to remove the signage, at its own expense, upon the termination of this lease and renewal thereof.

租戶在得到業主同意可自費依法例搭建招牌, 租約期滿負責移除

## 12. Assignment

This Agreement to Lease shall not be assignable or otherwise transferable by the Tenant. The Tenant may not sublet or assign or transfer its interest in the Lease contemplated herein without securing the written consent from the Landlord, which consent shall not be unreasonably withheld, provided however, if the consent is granted, the Tenant shall remain liable for all obligations under the Lease.

If the Tenant is a corporation, the transfer of the majority of the issued shares in the capital stock, or any transfer, issuance or division of shares of the corporation sufficient to transfer control of the corporation shall be deemed for all purposes to be an assignment within the meaning of this Agreement and any Lease. This provision shall not apply to a corporation whose shares are listed and traded on any recognized public exchange in Canada or the United States.

此租約未經業主書面許可不可分租或轉讓, 就算得到許可, 租戶仍要為此租約負責. 如租戶為公司, 當控制權有所更改將視為轉讓

## 13. Termination

The Tenant has the right to terminate this Agreement of Lease anytime before expiry of this Agreement of Lease on written notice to the Landlord at least Two (2) months before termination.

租戶給與業主二個月通知可終止租約

**14. Claims**

The Tenant agrees to indemnify and hold harmless the Landlord from and against any claims, demands, losses, costs, damages, actions, suits or proceedings, which may be brought or commenced by anyone or any group including any environmental agency or group as a result of the Tenant's use of the premises or any breach by the Tenant of any rules, by-laws, and regulations.

租戶將負責業主因租戶使用或違反條例而引起之一切損失及索償

**15.**

**16. Parking**

Unless otherwise stipulated, parking, if applicable, shall be in common and unreserved.

所有車位除註明外全為公用

**17. Schedule A attached hereto form part of this agreement**

附件 A 為合約一部份

**18. Deposit and Prepaid Rent :**

The Tenant tenders with this Agreement to Lease a certified / negotiable cheque in the amount of Eleven Thousands Three Hundred Dollars ( Can \$ 11,300.00 ) payable to the 2292319 ONTARIO INC., is to be applied by the Landlord against the First and Last month's rent and other deposits as follows:

**Deposit Structure :**

First and Last Month Gross Rent : 5,000.00 + 5,000.00 = \$ 10,000.00

Total : \$ 10,000.00

HST( 13% ) : \$ 1,300.00

**TOTAL : \$ 11,300.00**

**19. Others:**

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Landlord 業主



Tenant 租戶



**20. Successors And Assigns:**

The Heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

簽約人及其繼承人,執行人,承讓人皆受此合約約束

SIGNED, SEALED AND DELIVERED in the presence of

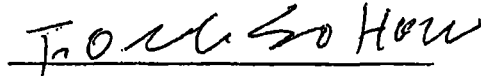


Tenant 租戶 : S. K. Food Equipment

Name 簽約人姓名:

Title 職位:

I have the authority to bind the corporation 我有合法授權代表公司



Landlord 業主: 2292319 ONTAIO INC.

Name 簽約人姓名:

Title 職位:

I have the authority to bind the corporation 我有合法授權代表公司



Witness

Dated this 26 day of November, 2012

Tenant's Contact:

Name : \_\_\_\_\_

Address : \_\_\_\_\_

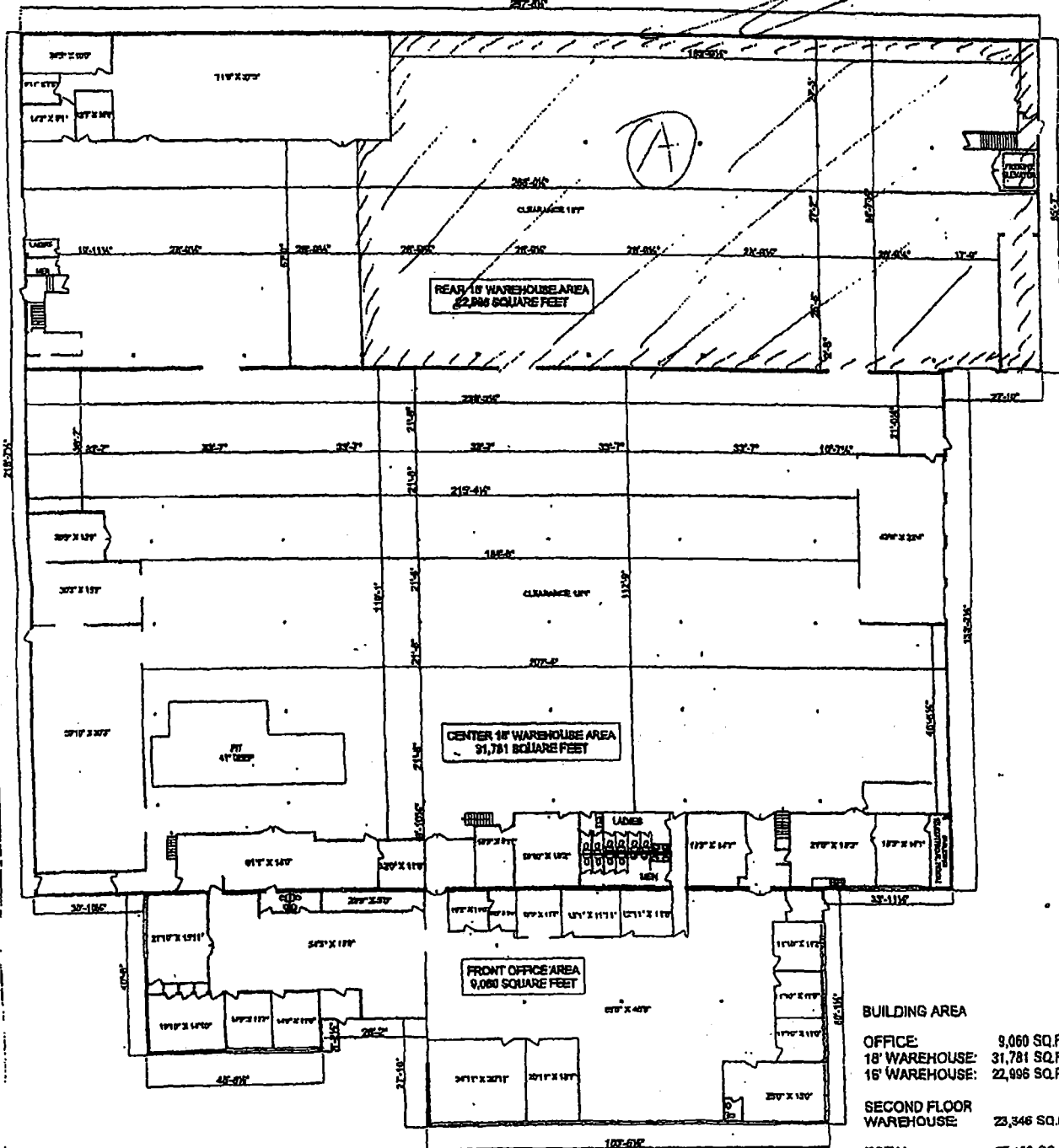
Telephone : Office \_\_\_\_\_

Cell \_\_\_\_\_

註: 中文只作簡單解釋參考用, 非合約一部份, 一切以英文為主 Chinese words are for brief explanation only, not part of the contract

# 38 METROPOLITAN ROAD

*schedule A*



PHONE 905-271-7010  
FAX 905-271-4468  
PLANS@PLANITMEASURING.COM

*Landlord* *Tenant*

SEPTEMBER 2009

ROOM SIZES SHOULD BE CONSIDERED APPROXIMATE  
SINCE MEASUREMENTS ARE SUBJECT TO CERTIFICATION  
& A DE.

# Agreement to Lease

This Agreement to lease dated this 18<sup>th</sup> day of February, 2014

Tenant : S.K. Food Equipment

Landlord : 2292319 ONTARIO INC.

## 1. The Premises :

The premises municipally know as 38 Metropolitan Road in the City of Toronto, Province of Ontario M1R2T6.

The rented area is crosshatched as "A" on the plan attached as Schedule A

## 2. Use:

The Premises shall be used only for Warehouse for frozen food and vegetable, show room and office

The Tenant's use of the premises is to comply with all requirement of the municipal zoning by-law, the requirements of the Ministry of the environment and the rules and regulations of the environmental Protection Act and any amendments thereto.

The Tenant warrants to no noxious or environmentally unfriendly chemicals or products shall be allowed to enter the drains throughout the lease term, upon vacating the premises, no such chemicals or products shall be left on the premises.

租戶必須合法使用及符合規劃、環保污染等法例及附例。租戶不可將化學品或污染物倒進水管。租約完時亦不可留下任何化學品或污染物

## 3. Term of Lease :

(a) The lease shall be for a term of Sixty ( 60 ) months commencing on the 1st day of July, 2014, and terminating on the 30th day of June, 2019

(b) Provided the Tenant is not at any time in default of any covenants within the Lease, the Tenant shall be entitled to renew this Lease for ONE ( 1 ) additional term(s) of not more than Sixty ( 60 ) months (each) on written notice to the Landlord given not less than Three ( 3 ) months prior to the expiry of the current term at a rental rate to be negotiated. In the event the Landlord and Tenant cannot agree on the rent at least two months prior to expiry of the current lease, the rent for the renewal period shall be determined by arbitration in accordance with the Arbitration Act or any successor or replacement act.

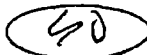
租期由 2014 年 7 月 1 日起，為期 5 年，提前最少 3 個月通知 可續租 1 次，每次不多過 5 年

## 4. Rental :

The Gross rent (including HST) payable by the Tenant shall be :

| From (inclusive) | To (inclusive) | Per annum (\$) | Per month (\$) | Per sq. feet (\$) |
|------------------|----------------|----------------|----------------|-------------------|
| July 1, 2014     | June 30, 2019  | 30,000.00      | 2,500.00       | --                |
|                  |                |                |                |                   |
|                  |                |                |                |                   |
|                  |                |                |                |                   |
|                  |                |                |                |                   |

Landlord 業主



Tenant 租戶



Page 1 of 6

payable on the 1st day of each month commencing July 1, 2014  
 由 2014 年 7 月 1 日起每月第 1 日付租連 HST

5. Services:

|   | Elec-<br>tricity | Water | Heating<br>/ Gas | Other<br>Services |  |
|---|------------------|-------|------------------|-------------------|--|
| The Tenant shall pay all costs and charges as may be provided to the premises. The Tenant shall arrange with the local authority for connection in the name of the Tenant<br>租戶自行申請及負擔費用  | ---              | ---   | ---              | YES               |  |
| The Landlord shall provide to the premises.<br>A) The Landlord<br>B) The Tenant<br>shall provide and install a separate meter in the name of Tenant and the Tenant will pay the cost and charges to the Landlord at the end of each month at the same rate as the Landlord pay to the utility providers<br>業主提供, A) 業主/B) 租戶裝分錶, 每月按錶收費                             | A                | ---   | ---              | ---               |  |
| The Landlord shall provide to the premises. There will be no separate meter.<br>A) The Tenant shall pay a proportionate share of the cost and charges to the building.<br>B) Cost and charges will be included in the Additional Rent and Charges<br>C) The Landlord will pay all the costs and charges<br>業主提供, 無分錶<br>A) 租戶依比例分攤費用<br>B) 費用計入 T.M.I.<br>C) 業主負責費用 | ---              | A     | ---              | --                |  |

|   | Lighting | Heating |  |
|---|----------|---------|--|
| A) The Tenant shall install and shall pay all costs and expenses in maintaining, operating, cleaning and repairing the machinery and equipment.<br>B) The Landlord shall install and shall pay all costs and expenses in maintaining, operating, cleaning and repairing the machinery and equipment.<br>C) The Landlord shall install machinery and equipment. Tenant shall pay all costs and expenses in maintaining, operating, cleaning and repairing<br>A) 租戶安裝及負責保養維修<br>B) 業主安裝及負責保養維修<br>C) 業主安裝, 租戶負責保養維修 | A        | B       |  |

## 6. Additional Rent and Charges:

Landlord and Tenant agree that the Gross Rent is including 租金已包括 all costs and expenses incurred by the Landlord in maintaining, operating, cleaning, insuring and repairing the property and, without limiting the generality of the foregoing, such costs and expenses shall include the cost of: 費用包括以下及其他無列出但物業運作, 保險, 維修而需的支出

- i) Snow, garbage, and trash removal; 清理雪, 垃圾
- ii) Landscaping and planters; 園藝
- iii) Heating, ventilating and air-conditioning, and providing hot and cold water and other utilities and services to, and operating the common areas of the property, and maintaining and repairing the machinery and equipment for such utilities and services; 公用地方通風, 冷暖氣, 冷熱水, 包括維修保養
- iv) The realty taxes, assessments, rates, charges and duties levied or assessed against the property 物業一切稅款
- v) Insuring the property and such other insurance as the Landlord will effect against public liability, property damage, loss of rental income and other casualties and risks. 物業一切保險費用

## 7. Tenant's Insurance :

The Tenant shall obtain and maintain, at the expense of the Tenant, during the Term of Lease insurance on the property and operations of the Tenant, including insurance for fire and such additional perils as are normally insured. 租戶自行購買財物及運作所需之損失保險, 包括火險

The Tenant shall obtain and maintain, at the expense of the Tenant, during the Term of Lease all risks insurance covering all of the leasehold improvements in the Premises and all of the Tenant's trade fixtures, goods and chattels and all other fixtures, goods, chattels and equipment for which the Tenant may be responsible in amount not less than the full replacement value. 租戶自行購買財物及運作所需包括租戶裝修工程之意外保險

The tenant shall obtain and maintain, at the expense of the Tenant, during the Term of Lease, liability insurance in an amount not less than \$2,000,000.00 per occurrence. The Tenant shall obtain and maintain such other insurance as is normally obtained by a prudent tenant of similar premises. The Tenant shall provide the Landlord with proof of such insurance. 租戶需向業主提供證明已購買責任保險。每一個案保額不可少過加幣二百萬。

## 8. Landlord's and Tenant's Work :

The Tenant agrees to complete any additional work necessary to prepare the Premises for the Tenant's use at Tenant's expense. The Tenant shall not proceed with any work within or affecting the Premises without the Landlord's prior written approval, which approval shall not be unreasonably withheld.

租戶同意自費完成租戶工程, 唯租戶開工前需得到業主批准

Landlord 業主

EO

Tenant 租戶

Page 3 of 6

## 9. Landlord's Remedies

If the Tenant is in default of its obligation to pay rent or of any of its obligation under this Lease Agreement, for a period of five(5) business days after the Landlord has given the Tenant notice of default, or if the Tenant commits any act of bankruptcy, then the Landlord may exercise its remedies. The Landlord's remedies shall include but are not limited to: the right to terminate this Lease Agreement; the right to re-enter and retake possession of the Premises, or as agent of the Tenant for the purposes of selling chattels and fixtures; the right to cure and charge the costs of so curing to the Tenant together with and administrative fee of 15% of such costs; the right to recover all damages incurred by the Landlord as a result of the Tenant's default; and the right to recover gross/net rent, additional rent/charges and HST falling due for next three(3) months from the Tenant, all without further notice to the Tenant.

如租戶破產或業主給租戶發出違約通知書後 5 工作天仍未付租或仍違反租約，業主可無須通知租戶即可執行違約補償及賠償包括終止租約，進入及收回租地，以代理人身份變賣租戶之物品，扣除相關支出費用及 15% 行政費後，餘款用作補償業主因租戶違約引起之損失。業主可同時收取 3 個月租金作賠償。而這一切無須再通知租戶

## 10. Occupancy or Rent To Abate

In the event the premises are not completed by the Landlord for occupancy by the Tenant on the date set herein for commencement of the Term of the Lease, the rent under this agreement shall abate to the extent of such delay, and the Tenant hereby agree to accept such abatement of rent in full settlement of all claims which the Tenant might otherwise make the Premises were not ready for occupancy by the Tenant.

如業主未能依期完成業主負責之工程而導致租戶未能依期搬入，業主將減收延遲日之租金而租戶不可再要求賠償

## 11. Signage

The Tenant may, at its own expense, erect signage in a good and workmanlike manner, subject to municipal by-laws and government regulations and subject to the Landlord's written approval as to the design, color, and content of any such signs, which approval shall not be unreasonably withheld. The Tenant has to remove the signage, at its own expense, upon the termination of this lease and renewal thereof.

租戶在得到業主同意可自費依法例搭建招牌，租約期滿負責移除

## 12. Assignment

This Agreement to Lease shall be assignable or transferable by the Tenant. In such case, the Tenant shall remain liable for all obligations under the Lease.

If the Tenant is a corporation, the transfer of the majority of the issued shares in the capital stock, or any transfer, issuance or division of shares of the corporation sufficient to transfer control of the corporation shall be deemed for all purposes to be an assignment within the meaning of this Agreement and any Lease. This provision shall not apply to a corporation whose shares are listed and traded on any recognized public exchange in Canada or the United States.

此租約可分租或轉讓，唯租戶仍要為此租約負責。如租戶為公司，當控制權有所更改將視為轉讓

## 13. Termination

The Tenant has the right to terminate this Agreement of Lease anytime before expiry of this Agreement of Lease on written notice to the Landlord at least Two (2) months before termination.

租戶給與業主二個月通知可終止租約

Landlord 業主

SO

Tenant 租戶



#### 14. Claims

The Tenant agrees to indemnify and hold harmless the Landlord from and against any claims, demands, losses, costs, damages, actions, suits or proceedings, which may be brought or commenced by anyone or any group including any environmental agency or group as a result of the Tenant's use of the premises or any breach by the Tenant of any rules, by-laws, and regulations.

租戶將負責業主因租戶使用或違反條例而引起之一切損失及索償

#### 15. Parking

Unless otherwise stipulated, parking, if applicable, shall be in common and unreserved.

所有車位除註明外全為公用

#### 16. Schedule A attached hereto form part of this agreement

附件 A 為合約一部份

#### 17. Deposit and Prepaid Rent :

The Tenant tenders with this Agreement to Lease a certified / negotiable cheque in the amount of Five Thousands Five Hundred Dollars ( Can \$ 5,500.00 ) payable to the 2292319 ONTARIO INC., is to be applied by the Landlord against the First and Last month's rent and other deposits as follows:

##### Deposit Structure :

First and Last Month Gross / Net Rent : 2,500.00 + 2,500.00 = \$ 5,000.00

Electricity security deposit : = \$ 500.00

Total : \$ 5,500.00

TOTAL : \$ 5,500.00

#### 18. Others:

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Landlord 業主

(50)

Tenant 租戶

(Signature)

Page 5 of 6

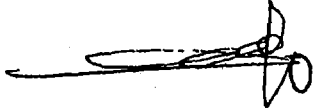
#### 19. Successors And Assigns:

**19. Successors And Assigns:**

The Heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

簽約人及其繼承人, 執行人, 承辦人皆受此合約約束

SIGNED, SEALED AND DELIVERED in the presence of



Tenant 租戶: S. K. Food Equipment

Name 簽約人姓名: Hong Zhou E.

Title 職位:

I have the authority to bind the corporation 我有合法授權代表公司

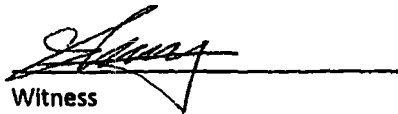
FOUG SO HOW

Landlord 業主: 2292319 ONTARIO INC.

Name 簽約人姓名: FOUG SO HOW

Title 職位:

I have the authority to bind the corporation 我有合法授權代表公司

  
Witness

Dated this 18 day of Feb., 2014

Tenant's Contact:

Name : \_\_\_\_\_

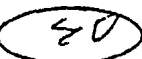
Address : \_\_\_\_\_

Telephone : Office \_\_\_\_\_

Cell \_\_\_\_\_

註: 中文只作簡單解釋參考用, 非合約一部份, 一切以英文為主 Chinese words are for brief explanation only, not part of the contract

Landlord 業主



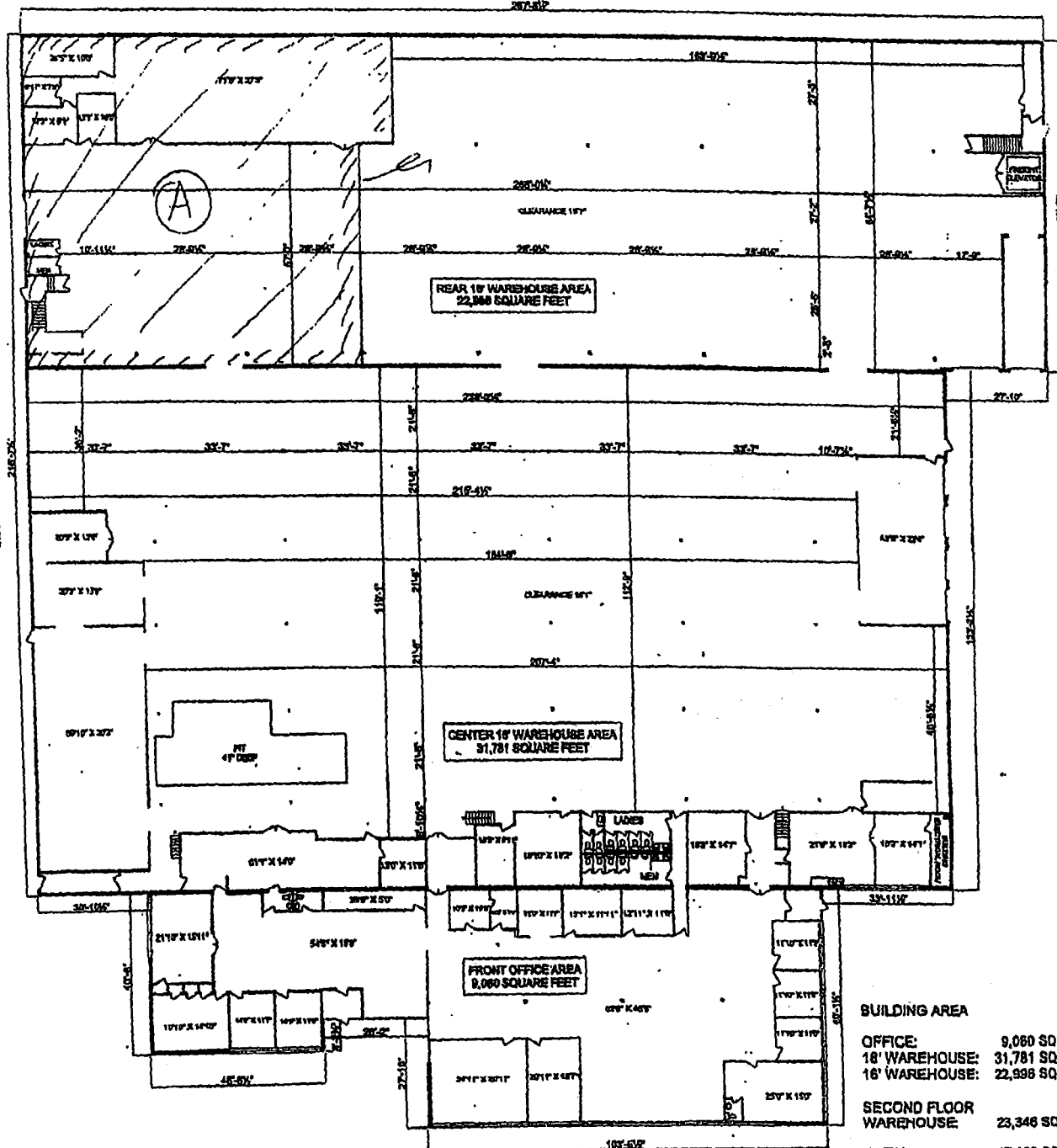
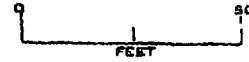
Tenant 租戶



Page 6 of 6

# 38 METROPOLITAN ROAD

*schedule A*



| BUILDING AREA           |                |
|-------------------------|----------------|
| OFFICE:                 | 9,080 SQ. FT.  |
| 18' WAREHOUSE:          | 31,781 SQ. FT. |
| 18' WAREHOUSE:          | 22,998 SQ. FT. |
| SECOND FLOOR WAREHOUSE: | 23,346 SQ. FT. |
| TOTAL:                  | 67,183 SQ. FT. |



PHONE 905-271-7010  
FAX 905-271-4468  
PLANS@PLANITMEASURING.COM

*50*  
*Landlord & Tenant*

SEPTEMBER 2009

ROOM SIZES SHOULD BE CONSIDERED APPROXIMATE  
SINCE MEASUREMENTS ARE SUBJECT TO CERTIFICATION.

# TAB 3

## NOTICE OF TERMINATION

**TO: S.K. Food Equipment**

**RE: Lease dated November 26, 2012 (the "Lease") between 2292319 Ontario Inc. ("Landlord") and S.K. Food Equipment (the "Tenant") of premises known as 38 Metropolitan Road, Toronto, Ontario (the "Premises")**

---

MSI Spergel Inc., in its capacity as Court appointed receiver of 2292319 Ontario Inc., hereby gives you notice that as a result of your default in failing to provide proof of insurance pursuant to section 7 of the Lease, the Lease is hereby terminated effective immediately and the Landlord is hereby taking possession of the Premises. Particulars of your breach, namely a request to provide proof of insurance and an opportunity to remedy the same, were previously provided to you in earlier correspondence dated April 20, 2016, April 29, 2016 and May 3, 2016 and a Notice of Default was served and posted at the premises on May 5, 2016.

While a document purporting to be a certificate of insurance has been provided to the undersigned on May 5, 2016. This document does not confer any liability on the purported insurer. Further, it is not in the name of the Tenant. Finally it does not extend coverage to the activities of the Tenant at the Premises.

This termination of the Lease is without prejudice to any and all of the Landlord's rights as Landlord under the Lease and at law including, without limitation, the right to obtain from you the following:

1. All arrears of rent and other charges owing in respect of the Lease and the Premises up to the date hereof;
2. All costs incurred by the Landlord as a result of any and all breaches of the Lease including, without limitation, legal and other expenses incurred in respect of the termination of the Lease;
3. All costs incurred by the Landlord in re-letting the Premises including, without limitation, all costs incurred in respect of the Premises and in making them fit for re-letting; and

4. All losses and deficiencies sustained by the Landlord as a result of your defaults under the Lease and the resulting termination thereof including, without limitation, the difference between the aggregate amounts that would have been payable pursuant to the Lease over what would have been the unexpired term, less only net amounts, after expenses, actually received by the Landlord in respect of the Premises for the period which would have been the unexpired term but for its termination hereby.

The Landlord does not, as a result of any of its actions, or the aforesaid contents of this notice, acknowledge or accept any obligation in respect of the re-letting of the Premises.

The acceptance by the Landlord of any rent after the date of this notice will not constitute a waiver of the Landlord's rights as a result of the aforementioned default and the time periods for your remedying the default will not hereby be extended. Any failure or delay by the Landlord in strictly enforcing your performance under the Lease are all without prejudice to the Landlord's rights under the Lease and at law.

Any attempt to gain entry to the Premises without permission of the Landlord will be an unlawful trespass and will be dealt with accordingly. Arrangements to retrieve personal property belonging to you and remaining on the Premises should be made by contacting the Landlord. You are hereby notified that, unless all such personal property is removed from the Premises within seven (7) days after the date hereof, the Landlord shall have the right, but not the obligation, to dispose of such personal property in such manner and for such or no consideration as the Landlord desires, or to remove such personal property or any part thereof from the Premises to a place of storage, at the expense of the Tenant, but without assuming any responsibility whatsoever for the safekeeping of such property.

DATED at Toronto, Ontario on May 13<sup>TH</sup>, 2016

**MSI SPERGEL INC., in its capacity as  
receiver of 2292319 ONTARIO INC., and  
not in its personal capacity**

Per: 

Name:

PHILIP H. BENNIS

Title:

SENIOR PRINCIPAL

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I/We have authority to bind the Corporation.

A copy of this notice has been posted at the Premise

25851842.3

## NOTICE OF TERMINATION

TO: S.K. Food Equipment

RE: Leases dated August 17, 2012 and February 18, 2014 (the "Leases") between 2292319 Ontario Inc. ("Landlord") and S.K. Food Equipment (the "Tenant") of premises known as 38 Metropolitan Road, Toronto, Ontario (the "Premises")

---

MSI Spergel Inc., in its capacity as Court appointed receiver of 2292319 Ontario Inc., hereby gives you notice that as a result of your default in failing to provide proof of insurance pursuant to section 7 of the Leases, the Leases are hereby terminated effective immediately and the Landlord is hereby taking possession of the Premises. Particulars of your breach, namely a request to provide proof of insurance and an opportunity to remedy the same, were previously provided to you in earlier correspondence dated April 20, 2016, April 29, 2016 and May 3, 2016 and Notices of Default were served and posted at the premises on May 5, 2016 and May 16, 2016.

While a document purporting to be a certificate of insurance has been provided to the undersigned, this document is not a policy of insurance and does not set out the complete terms of coverage.

This termination of the Leases is without prejudice to any and all of the Landlord's rights as Landlord under the Leases and at law including, without limitation, the right to obtain from you the following:

1. All arrears of rent and other charges owing in respect of the Leases and the Premises up to the date hereof;
2. All costs incurred by the Landlord as a result of any and all breaches of the Leases including, without limitation, legal and other expenses incurred in respect of the termination of the Leases;
3. All costs incurred by the Landlord in re-letting the Premises including, without limitation, all costs incurred in respect of the Premises and in making them fit for re-letting; and



4. All losses and deficiencies sustained by the Landlord as a result of your defaults under the Leases and the resulting termination thereof including, without limitation, the difference between the aggregate amounts that would have been payable pursuant to the Leases over what would have been the unexpired term, less only net amounts, after expenses, actually received by the Landlord in respect of the Premises for the period which would have been the unexpired term but for its termination hereby.

The Landlord does not, as a result of any of its actions, or the aforesaid contents of this notice, acknowledge or accept any obligation in respect of the re-letting of the Premises.

The acceptance by the Landlord of any rent after the date of this notice will not constitute a waiver of the Landlord's rights as a result of the aforementioned default and the time periods for your remedying the default will not hereby be extended. Any failure or delay by the Landlord in strictly enforcing your performance under the Leases are all without prejudice to the Landlord's rights under the Leases and at law.

Any attempt to gain entry to the Premises without permission of the Landlord will be an unlawful trespass and will be dealt with accordingly. Arrangements to retrieve personal property belonging to you and remaining on the Premises should be made by contacting the Landlord. You are hereby notified that, unless all such personal property is removed from the Premises within seven (7) days after the date hereof, the Landlord shall have the right, but not the obligation, to dispose of such personal property in such manner and for such or no consideration as the Landlord desires, or to remove such personal property or any part thereof from the Premises to a place of storage, at the expense of the Tenant, but without assuming any responsibility whatsoever for the safekeeping of such property.

DATED at Toronto, Ontario on May 26<sup>th</sup>, 2016

MSI SPERGEL INC., in its capacity as  
receiver of 2292319 ONTARIO INC., and  
not in its personal capacity

Per: 

Name:

PHILIP DENNIS

Title:

SENIOR PRINCIPAL

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I/We have authority to bind the Corporation.

A copy of this notice has been posted at the Premise

26101599.2

# TAB 4

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) THURSDAY, THE 28TH DAY  
 )  
JUSTICE WILTON-SIEGEL ) OF JULY, 2016

BETWEEN:

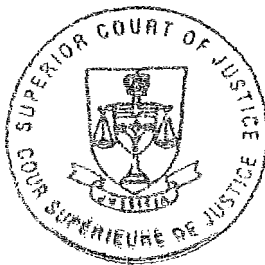
**ROYAL BANK OF CANADA**

Applicant

- and -

**2292319 ONTARIO INC.**

Respondent



**ORDER**

**THIS MOTION**, made by msi Spergel inc. ("**Spergel**"), in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**"), without security, of all of the assets, undertakings and properties of 2292319 Ontario Inc. (the "**Debtor**"), for an order, amongst other things: (i) approving the First Report of the Receiver dated July 18, 2016 (the "**First Report**") and the actions of the Receiver set out therein; (ii) declaring that any purchaser of the premises municipally known as 38 Metropolitan Road, Toronto, Ontario (the "**Premises**") from the Receiver shall be entitled to vacant possession of the Premises, free and clear of the interests and claims, if any, of any and all occupants of the Premises, including, without limitation, any and all leases, subleases and similar arrangements (collectively, the "**Leases**") that may exist in respect of the Premises; (iii) authorizing the Receiver to terminate the Leases in respect of the Premises

and requiring any and all occupants of the Premises to deliver up vacant possession of the Premises to the Receiver; and (iv) approving the fees and disbursements of the Receiver and its counsel, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the First Report and the appendices thereto, including, without limitation, the fee affidavits sworn on behalf of the Receiver and its counsel, and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Christine Doyle sworn July 19, 2016, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the First Report (inclusive of the Receiver's Statement of Receipts and Disbursements therein) be and is hereby approved and the actions of the Receiver described therein be and are hereby approved.

3. **THIS COURT ORDERS AND DECLARES** that, subject only to paragraph 8 herein, any purchaser of the Premises from the Receiver shall be entitled to vacant possession of the Premises, free and clear of the interests and claims, if any, of any and all occupants of the Premises, including, without limitation, any Leases that may exist in respect of the Premises.

4. **THIS COURT ORDERS** that, subject only to paragraph 8 herein, the Receiver be and is hereby authorized to terminate the Leases in respect of the Premises on ten days' notice and that

any and all occupants of the Premises shall comply with such notice of termination and shall deliver up vacant possession of the Premises to the Receiver.

5. **THIS COURT ORDERS** that, prior to delivering up vacant possession of the Premises to the Receiver as provided in paragraph 4 of this Order, all Persons (as defined in the Receivership Order of the Honourable Justice Wilton-Siegel dated March 31, 2016) with notice of this Order who occupy the portion of the Premises occupied by Green Island Trading Co. shall cooperate with the Receiver by permitting it, its agents and any and all potential purchasers with full and unencumbered access to the Premises.

6. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as described in the First Report, be and are hereby approved.

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

8. **THIS COURT ORDERS** that the proposed relief in respect of vacant possession and termination of any and all Leases in respect of the portions of the Premises currently occupied by the businesses known as "Cool Ocean Impex" and "Scap to Go" shall be adjourned to a 9:30 appointment to be set, at which time the Lease in respect of Scrap to Go shall be terminated if

insurance for its portion of the Premises as required by paragraph 7 of the relevant Lease has not been provided to the Receiver by August 7, 2016.

9. **THIS COURT ORDERS** that "S.K. Food Equipment" ("SK") shall provide access to the Receiver and its agents on July 29, 2016 to permit all hydro meters to be read, and SK shall cooperate with the Receiver and/or its agents to locate and identify the hydro meters.

10. **THIS COURT ORDERS** that SK shall provide the Receiver with the keys to SK's portions of the Premises on or before 5 p.m. (Toronto time) on July 29, 2016. The Receiver acknowledges that delivery of the keys to it does not constitute, and shall not be construed as, any abandonment, termination or renunciation by SK of the Premises or its rights under its Leases with the Debtor.

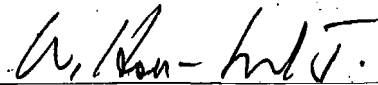
11. **THIS COURT ORDERS** that SK shall provide access to the Receiver and its agents to the portions of the Premises occupied by SK and/or its subtenants on 24 hours' notice to Raymound Young at [888bsc@gmail.com](mailto:888bsc@gmail.com).

12. **THIS COURT ORDERS** that no costs are awarded for today's attendance.

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

JUL 29 2016

PER / PAR: 



ROYAL BANK OF CANADA

- and -

2292319 ONTARIO INC.

Applicant

Respondent

Court File No. CV-16-11331-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced at Toronto

**ORDER**

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

Sanjeev P.R. Mitra (LSUC # 37934U)  
Tel: (416) 865-3085  
Fax: (416) 863-1515  
Email: [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

Jeremy Nemers (LSUC # 66410Q)  
Tel: (416) 865-7724  
Fax: (416) 863-1515  
Email: [jnemers@airdberlis.com](mailto:jnemers@airdberlis.com)

*Lawyers for msi Spergel inc., in its capacity as the Court-appointed  
receiver of 2392319 Ontario Inc.*



# TAB 5



# CERTIFICATE OF PROPERTY INSURANCE

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer.  
This certificate does not amend, extend or alter the coverage afforded by the policies below.

|   |  |   |  |
|---|--|---|--|
| <b>1. CERTIFICATE HOLDER - NAME AND MAILING ADDRESS</b> |  | <b>2. INSURED'S FULL NAME AND MAILING ADDRESS</b> |  |
| Msl Spergel Inc. (Licensed Insolvency Trustee)          |  | S.K. Food Equipment o/b S.K. Food Equipment Ltd.  |  |
| 200-505 Consumers Rd                                    |  | G/F-38 Metropolitan Road                          |  |
| Toronto ON POSTAL CODE M2J 4V8                          |  | Scarborough ON POSTAL CODE M1R 2T6                |  |

|  |
|--|
| <b>3. LOCATION OF PREMISES / DESCRIPTION OF PROPERTY TO WHICH THIS CERTIFICATE APPLIES</b>                             |
| Cold Storage of Customer's Perishable goods, Office and Warehouse at G/F-38 Metropolitan Road, Scarborough, ON M1R 2T6 |

|  |
|--|
| <b>4. COVERAGES</b>  |
| This is to certify that the policies of Insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The Insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies. |

| TYPE OF INSURANCE  | INSURANCE COMPANY AND POLICY NUMBER  | EFFECTIVE DATE<br>YYYY/MM/DD | EXPIRY DATE<br>YYYY/MM/DD | LIMITS OF INSURANCE<br>(Canadian dollars unless indicated otherwise)  |            |                     |
|--|--|------------------------------|---------------------------|---|------------|---------------------|
|  |  |                              |                           | COVERAGE  | DEDUCTIBLE | AMOUNT OF INSURANCE |
| <input checked="" type="checkbox"/> PROPERTY<br><input type="checkbox"/> NAMED PERILS<br><input checked="" type="checkbox"/> BROAD FORM<br><input checked="" type="checkbox"/> CO-INSURANCE % 80<br><input type="checkbox"/> STATED AMOUNT<br><input type="checkbox"/> MARGIN CLAUSE %               | Lloyds Underwriter<br>through BrokerTeam<br>Insurance Solutions Inc.<br><br>Policy # SKFOO-2 | 2016/05/04                   | 2017/05/04                | <input type="checkbox"/> P.O.E.D <input type="checkbox"/> RC <input type="checkbox"/> ACV<br><input type="checkbox"/> BUILDING <input type="checkbox"/> RC <input type="checkbox"/> ACV<br><input checked="" type="checkbox"/> EQUIPMENT <input checked="" type="checkbox"/> RC <input type="checkbox"/> ACV \$2,500<br><input type="checkbox"/> STOCK <input type="checkbox"/> RC <input type="checkbox"/> ACV<br><input type="checkbox"/> C.O.E.D <input type="checkbox"/> RC <input type="checkbox"/> ACV<br><input type="checkbox"/> BUSINESS INCOME<br><input type="checkbox"/> EXTRA EXPENSE<br><input type="checkbox"/> RENTAL INCOME<br><input type="checkbox"/> EARTHQUAKE<br><input type="checkbox"/> FLOOD<br><input type="checkbox"/> SEWER BACKUP<br><input type="checkbox"/> CONTRACTOR'S EQUIPMENT<br><input type="checkbox"/> CARGO |            | \$600,000           |
| <input type="checkbox"/> INLAND MARINE<br><input type="checkbox"/> NAMED PERILS<br><input type="checkbox"/> BROAD FORM<br><input type="checkbox"/> ACTUAL CASH VALUE<br><input type="checkbox"/> REPLACEMENT COST<br><input type="checkbox"/> BOILER & MACHINERY/<br>EQUIPMENT BREAKDOWN<br>OPTION # |  |                              |                           |   |            |                     |
|  |  |                              |                           |   |            |                     |
|  |  |                              |                           |   |            |                     |

|                                  |
|----------------------------------|
| <b>5. ADDITIONAL INFORMATION</b> |
|                                  |
|                                  |
|                                  |

|  |
|--|
| <b>6. CANCELLATION</b>   |
| Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named above, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives. |

|  |   |
|--|---|
| <b>7. BROKERAGE/AGENCY FULL NAME AND MAILING ADDRESS</b> | <b>8. INTERESTED PARTY NAME AND MAILING ADDRESS</b> |
| BrokerTeam Insurance Solutions Inc.                      |   |
| 1550 16th Avenue, Building F, Unit 100                   |   |
| Richmond Hill, ON  |   |
| POSTAL CODE L4B 3K9                                      | POSTAL CODE   |
| BROKER CLIENT ID: SKFOO-2                                | NATURE OF INTEREST:                                 |

|  |   |
|--|---|
| <b>9. CERTIFICATE AUTHORIZATION</b>        |   |
| ISSUER BrokerTeam Insurance Solutions Inc. | CONTACT INFORMATION                                     |
| AUTHORIZED REPRESENTATIVE Estella Mok      | TYPE Tel NO. (905) 770-8828 TYPE Fax NO. (905) 770-8851 |
| SIGNATURE OF AUTHORIZED REPRESENTATIVE     | EMAIL ADDRESS commercial.lines@brokerteam.ca            |
|  | DATE 2016/05/17   |



# CERTIFICATE OF INSURANCE

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

|   |    |  |         |
|---|----|--|---------|
| <b>1. CERTIFICATE HOLDER - NAME AND MAILING ADDRESS</b> |    | <b>2A. INSURED'S FULL NAME AND MAILING ADDRESS</b>   |         |
| Msi Spergel Inc. (Licensed Insolvency Trustee)          |    | S.K. Food Equipment o/b S.K. Food Equipment Ltd  |         |
| 200-505 Consumers Rd                                    |    | G/F-38 Metropolitan Road, Scarborough, ON M1R 2T6  |         |
|   |    | <b>2B. DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS</b><br>(but only with respect to the operations of the Named Insured) |         |
|   |    | Cold Storage of Customer's Perishable Goods, Office and Warehouse at<br>G/F-38 Metropolitan Road, Scarborough, ON M1R 2T6                  |         |
| Toronto   | ON | POSTAL CODE  | M2J 4V8 |

### 3. COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

| TYPE OF INSURANCE   | INSURANCE COMPANY AND POLICY NUMBER  | EFFECTIVE DATE | EXPIRY DATE | LIMITS OF LIABILITY<br>(Canadian dollars unless indicated otherwise)   |  |  |
|---|--|----------------|-------------|--|--|--|
|   |  |                |             | COVERAGE   | DED.   | AMOUNT OF INSURANCE  |
| <b>COMMERCIAL GENERAL LIABILITY</b><br><input type="checkbox"/> CLAIMS MADE <b>OR</b> <input checked="" type="checkbox"/> OCCURRENCE<br><input type="checkbox"/> PRODUCTS AND / OR COMPLETED OPERATIONS<br><input type="checkbox"/> EMPLOYER'S LIABILITY<br><input type="checkbox"/> CROSS LIABILITY<br><input checked="" type="checkbox"/> TENANTS LEGAL LIABILITY<br><input type="checkbox"/> NON-OWNED AUTOMOBILES<br><input type="checkbox"/> HIRED AUTOMOBILES<br><input type="checkbox"/> POLLUTION LIABILITY EXTENSION | Lloyd's Underwriters through<br>BrokerTeam Insurance Solutions<br>Inc<br>Policy# SKFOO-2 | 2016/05/04     | 2017-05-04  | COMMERCIAL GENERAL LIABILITY<br>BODILY INJURY AND PROPERTY DAMAGE<br>LIABILITY - GENERAL AGGREGATE<br>EACH OCCURRENCE<br>PRODUCTS AND COMPLETED OPERATIONS<br>AGGREGATE<br>PERSONAL AND ADVERTISING INJURY<br>LIABILITY<br>MEDICAL PAYMENTS<br>TENANTS LEGAL LIABILITY<br>NON OWNED AUTOMOBILE | \$2,500<br><br><br><br><br><br><br><br>\$2,500 | \$2,000,000<br>\$2,000,000<br><br><br><br><br><br><br><br> |
| <b>AUTOMOBILE LIABILITY</b><br><input type="checkbox"/> DESCRIBED AUTOMOBILES<br><input type="checkbox"/> ALL OWNED AUTOS<br><input type="checkbox"/> LEASED AUTOMOBILES **<br><input type="checkbox"/><br><br>** ALL AUTOMOBILES LEASED IN EXCESS OF<br>30 DAYS WHERE THE INSURED IS REQUIRED<br>TO PROVIDE INSURANCE  |  |                |             | BODILY INJURY AND<br>PROPERTY DAMAGE<br>COMBINED<br>BODILY INJURY<br>(PER PERSON)<br>BODILY INJURY<br>(PER ACCIDENT)<br>PROPERTY DAMAGE  |  |  |
| <b>EXCESS LIABILITY</b><br><input type="checkbox"/> UMBRELLA FORM<br><input type="checkbox"/> OTHER THAN UMBRELLA FORM<br>(specify) _____   |  |                |             | EACH OCCURRENCE<br>AGGREGATE   |  |  |
| <b>OTHER LIABILITY (SPECIFY)</b><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/>  |  |                |             |  |  |  |

### 4. CANCELLATION

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavour to mail 30 days written notice to the certificate holder, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

|  |    |   |         |
|--|----|---|---------|
| <b>5. BROKER'S FULL NAME AND MAILING ADDRESS</b> |    | <b>6. ADDITIONAL INSURED NAME AND MAILING ADDRESS</b> |         |
| BrokerTeam Insurance Solutions Inc.              |    | Msi Spergel Inc. (Licensed Insolvency Trustee)        |         |
| 1550 16th Avenue, Building F, Unit 100           |    | 200-505 Consumers Rd                                  |         |
| Richmond Hill                                    | ON | POSTAL CODE   | L4B 3K9 |
| BROKER'S CLIENT ID: SKFOO-2                      |    | Toronto ON POSTAL CODE M2J 4V8                        |         |

### 7. CERTIFICATE AUTHORIZATION

|  |   |   |                            |
|--|---|---|----------------------------|
| SIGNATURE OF AUTHORIZED REPRESENTATIVE<br>     | PRINT NAME<br>Estella Mok                       | POSITION HELD<br>Lloyd's Underwriter              | DATE<br>2016/05/17         |
| COMPANY<br>BrokerTeam Insurance Solutions Inc. | EMAIL ADDRESS<br>Commercial.Lines@brokerteam.ca | CONTACT NUMBER<br>HOME<br>BUSINESS (905) 770-8826 | CELL<br>FAX (905) 770-8851 |

JUN 16 2016

**LLOYD'S**

# **Commercial Insurance Policy**

## **New Policy**

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Prepared especially for  
**S.K. Food Equipment o/b S.K. Food Equipment Ltd.**

through the facilities of  
**Brokerteam Insurance Solutions Inc.**

Additional Insured

**LLOYD'S**

**Commercial Insurance Policy**  
General Information

**Policy No. LL202757**

**Underwriting Details**

**Effective 5/4/2016**

**BROKER**

Brokerteam Insurance Solutions Inc.

Main: (905) 770-8828  
Web Site: brokerteam.ca  
Email: info@brokerteam.ca  
Main: (905) 770-8828

Fax: (905) 770-8851

Producer: Andy W. Leung, BA

Fax: (905) 770-8851

**INSURER**

Lloyd's Underwriters through BrokerTeam  
Insurance Solutions Inc.  
Agreement Number 16CPBA328AC(01)

Main: +1 (877) 455-6937

**INSURED**

S.K. Food Equipment o/b S.K. Food Equipment  
Ltd.

**POSTAL ADDRESS**

G/F-38 Metropolitan Road  
Scarborough, Ontario M1R 2T6

**PERIOD OF COVERAGE**

From May 04, 2016 to May 04, 2017

**TRANSACTION DETAILS**

Transaction Type: New Policy  
Annual Premium (excl. appl. taxes): \$3,700  
Minimum Retained Policy Premium: \$1,230

Premium Now Payable (excl. appl. taxes): \$3,700

**FORM OF BUSINESS**

Corporation

**INDUSTRY CODE**

Code: 4251  
Description: Refrigerated (Cold Storage Lockers)

**DESCRIPTION OF BUSINESS OPERATIONS**

Cold storage of customer's perishable goods, office and warehouse.

**LIABILITY**

In business since: 2013  
Related prior experience (number of years): 3  
Number of full-time employees: 3  
Covered by WCB: No

Number of part-time employees:

Annual gross receipts: \$1,000,000  
Canadian: 100% U.S.: 0%

Subtrades:  
Foreign: 0% Internet:

Annual Payroll:

Units (Locker): 1

Liquor liability exposure: No

May 31, 2016

JY

**LLOYD'S****Commercial Insurance Policy**  
**Location 1****Policy No. LL202757****Underwriting Details****Effective 5/4/2016****ADDRESS**

G/F-38 Metropolitan Road, Scarborough, Ontario M1R 2T6

**FIRE PROTECTION**

Grade: Protected

**INSPECTION INFORMATION**

Inspection: This risk was not inspected

**BUILDING**

Year Built: 1992

Total Area: 87000 ft<sup>2</sup>

Stories: 2

**CONSTRUCTION**

Walls: Non-combustible with masonry walls

Covering: Tar and gravel

Basement:

Roof: Steel deck

Floors: Poured Concrete or Fire resistive material

**MECHANICAL**

Electrical: Breakers

Plumbing: Copper

Heating: Furnace (central)

Fuel Used: Natural Gas

**BUILDING RENOVATIONS**

Electrical: 2008

Plumbing: 2008

Heating: 2008

Roof: 2008

**FIRE PROTECTION**

Hydrants: Within 300 meters

Ext. Type: Sprinkler System

Ext. Agent:

Standpipe and Hose: No

Fire Hall: Within 5 kilometers

Coverage:

Alarm: Local alarm

**CRIME PROTECTION**

Alarm:

Safe Type:

Exterior Windows Barred/Wire Mesh: No

Deadbolt: Yes

Safe Class:

Breakage Resistant Glass: No

**OCCUPANCIES**

Insured: Cold storage of customer's perishable goods, office and warehouse

Area Occupied: 35000 ft<sup>2</sup>**EXPOSURES** Distance (meters) Occupancy

Left: Various light merchantile

Right: Various light merchantile

Behind:

Front:

May 31, 2016

JY

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## COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effected with certain Lloyd's Underwriters and other insurers  
(hereinafter called the Insurer) through Lloyd's approved  
coverholder ("the Coverholder")

**Policy No. LL202757**

**Declarations**

**Effective 5/4/2016**

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ANY REFERENCE HEREIN TO THE "COMPANY" SHALL BE CONSTRUED AS "THE INSURER"

### PURPOSE OF THIS DOCUMENT

**New Policy** - The Insurer will provide the insurance described in this Policy in return for the premium paid by the Insured and his compliance with the terms of this insurance.

### THE COVERHOLDER

**Brokerteam Insurance Solutions Inc.**  
1550 16th Ave.  
Unit F100  
Richmond Hill, Ontario L4B 3K9

Main: (905) 770-8828  
Web Site: brokerteam.ca  
Email: info@brokerteam.ca

Fax: (905) 770-8851

### NAMED INSURED AND POSTAL ADDRESS

**S.K. Food Equipment o/b S.K. Food Equipment Ltd.**  
G/F-38 Metropolitan Road  
Scarborough, Ontario M1R 2T6

### LOCATION OF RISK

G/F-38 Metropolitan Road, Scarborough, Ontario M1R 2T6

### PERIOD OF INSURANCE

From May 04, 2016 to May 04, 2017  
12:01 a.m. standard time at the Postal Address of the Insured.

### FORM OF BUSINESS

Corporation

### DESCRIPTION OF BUSINESS OPERATIONS

Cold storage of customer's perishable goods, office and warehouse.

### SUMMARY OF INSURANCE COVERAGE AND PREMIUMS

| TYPE OF COVERAGE                     | ANNUAL<br>PREMIUM | MINIMUM<br>RETAINED<br>COVERAGE<br>PREMIUM |
|--------------------------------------|-------------------|--|
| Property                             | \$3,100           | Nil  |
| Liability                            | \$600             | Nil  |
| Additional Exclusions and Conditions | Incl              | Nil  |
| Minimum Retained Policy Premium      | \$1,230           |  |

The Insured is requested to read this policy, and if incorrect, return it immediately for alteration.

In the event of an occurrence likely to result in a claim under this Insurance, immediate notice should be given to the Coverholder whose name and address appears above. All inquiries and disputes are also to be addressed to this Coverholder.

For the purpose of the Insurance Companies Act (Canada), this Canadian Policy was issued in the course of Lloyd's Underwriters' Insurance business in Canada.

### THIS POLICY CONTAINS CLAUSES WHICH MAY LIMIT THE AMOUNT PAYABLE

IN WITNESS WHEREOF THIS POLICY HAS BEEN SIGNED, AS AUTHORIZED BY THE INSURER BY

PER

*[Signature]*

Agreement No.  
16CPBA328AC(01) B113515CPBA328AC

ANNUAL PREMIUM ▶ \$3,700

PREMIUM NOW PAYABLE (EXCL. APPL. TAXES) ▶ \$3,700

May 31, 2016

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## COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effectuated with certain Lloyd's Underwriters and other Insurers (hereinafter called the Insurer) through Lloyd's approved coverholder ("the Coverholder")

**Policy No. LL202757**

**Declarations**

**Effective 5/4/2016**

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### LIST OF SUBSCRIBING COMPANIES

(SUBJECT TO CONDITIONS IN LSW1554 AND LSW1550)

| THE INSURERS AND COVERAGES INSURED  | SUM(S)<br>INSURED OR<br>PERCENTAGE(S) | PREMIUM        | FLAT<br>CHARGE<br>PREMIUM | AUTHORIZED<br>REPRESENTATIVE |
|---|---------------------------------------|----------------|---------------------------|------------------------------|
| <b>Property</b>   |                                       |                |                           |                              |
| Lloyd's Underwriters through BrokerTeam Insurance<br>Solutions Inc. under Agreement No. 16CPBA328AC(01)<br>B113515CPBA328AC | 80.0%                                 | \$2,480        |                           | _____                        |
| Lloyd's Underwriters through BrokerTeam Insurance<br>Solutions Inc. under Agreement No. 15CPBA1307C(04)<br>B113515CPBA1307C | 10.0%                                 | \$310          |                           | _____                        |
| Lloyd's Underwriters through BrokerTeam Insurance<br>Solutions Inc. under Agreement No. 16CPBA1361I(07)<br>B113516CPBA1361I | 10.0%                                 | \$310          |                           | _____                        |
| <b>Total Property</b>   | <b>100.0%</b>                         | <b>\$3,100</b> |                           |                              |
| <b>Liability</b>  |                                       |                |                           |                              |
| Lloyd's Underwriters through BrokerTeam Insurance<br>Solutions Inc. under Agreement No. 16CPBA328AC(01)<br>B113515CPBA328AC | 100.0%                                | \$600          |                           | _____                        |
| <b>Additional Exclusions and Conditions</b>   |                                       |                |                           |                              |
| Lloyd's Underwriters through BrokerTeam Insurance<br>Solutions Inc. under Agreement No. 16CPBA328AC(01)<br>B113515CPBA328AC | 100.0%                                | Incl           |                           | _____                        |
| <b>Total Policy Premium</b>   |                                       | <b>\$3,700</b> |                           |                              |

May 31, 2016

JY



## COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effected with certain Lloyd's Underwriters and other insurers  
(hereinafter called the Insurer) through Lloyd's approved coverholder  
("the Coverholder")

**Policy No. LL202757**

**Declarations**

**Effective 5/4/2016**

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### SUBSCRIPTION POLICY

**LSW1554**

IN CONSIDERATION OF THE INSURED having paid or agreed to pay each of the INSURERS named in the List of Subscribing Companies forming part hereof, or to INSURERS whose names are substituted therefor or added thereto by endorsement, hereinafter called "THE INSURERS", the Premium set against its name in the List of Subscribing Companies (attached hereto),

THE INSURERS SEVERALLY AND NOT JOINTLY agree, each for the Sum(s) Insured or Percentage(s) and for the Coverage(s) Insured set against its name in the List of Subscribing Companies, and subject always to the terms and conditions of this Policy, that if a loss occurs for which insurance is provided by this Policy at any time while it is in force, they will indemnify the INSURED against the loss so caused; the liability of each insurer individually for such loss being limited to that proportion of the loss payable according to the terms and conditions of this Policy which the Sum Insured or the amount corresponding to the Percentage set against its name in the List of Subscribing Companies, or such other sum or percentage as may be substituted therefor by endorsement, bears to the total of the sums insured or of the amounts corresponding to the percentages of the sums insured respectively set out against the coverage concerned on the Declarations page(s).

That as regards each item of property insured which is lost or damaged at any time while this Policy is in force by a peril for which insurance is provided by the terms and conditions of this Policy, the liability of each Insurer individually shall be limited to whichever is the least of:

- (a) that proportion of the actual cash value of the property at the time of the loss, destruction or damage which the amount of the sum insured under this Policy in respect of that property against that peril corresponding to the individual Insurer's proportion of the total sum insured for the coverage concerned as appears from the entry set against its name in the List of Subscribing Companies bears to the total sum insured under this Policy in respect of that property against that peril, or
- (b) that proportion of the interest of THE INSURED in the property which the amount of the sum insured under this Policy in respect of that property against that peril corresponding to the individual Insurer's proportion of the total sum insured for the coverage concerned as appears from the entry set against its name in the List of Subscribing Companies bears to the total sum insured under this policy in respect of that property against that peril, or
- (c) that proportion of the limit of insurance stipulated in respect of the property lost, destroyed or damaged which the amount of the sum insured under this Policy in respect of that property against that peril corresponding to the individual Insurer's proportion of the total sum insured for the coverage concerned as appears from the entry set against its name in the List of Subscribing Companies bears to the total sum insured under this Policy in respect of that property against that peril,

Provided however, that where the insurance applies to the property of more than one person or interest THE INSURERS' total liability for loss sustained by all such persons and interests shall be limited in the aggregate to the specified limit or limits of liability.

If this Policy contains a Co-Insurance Clause or a Guaranteed Amount (Stated Amount) Clause, and subject always to the limit of liability of each Insurer corresponding to the percentage of the sum insured by this Policy as set out above, no Insurer shall be liable for a greater proportion of any loss or damage to the property insured, than the sum insured by such Insurer bears to:

- (a) that percentage, stated in the Co-Insurance Clause, of the actual cash value of the said property at the time of loss, or
- (b) the Guaranteed Amount (Stated Amount) of total insurance stated in the Guaranteed Amount (Stated Amount) Clause, as the case may be.

If the insurance under this Policy is divided into two or more items, the foregoing shall apply to each item separately.

Wherever in this Policy, or in any endorsement attached hereto, reference is made to "The Company", "The Insurer", "This Company", "we", "us", or "our", reference shall be deemed to be made to each of the Insurers severally.

This policy is made and accepted subject to the foregoing provisions, and to the other provisions, stipulations and conditions contained herein, which are hereby specially referred to and made a part of this Policy, as well as such other provisions, agreements or conditions as may be endorsed hereon or added hereto.

May 31, 2016

JY

THIS COMMERCIAL INSURANCE POLICY CONSISTS OF THIS (THESE) DECLARATIONS PAGE(S) ALONG WITH THE "GENERAL CONDITIONS" (OR "STATUTORY CONDITIONS"), AS WELL AS ALL COVERAGE WORDINGS, RIDERS OR ENDORSEMENTS THAT ARE ATTACHED HERETO.

## COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effected with certain Lloyd's Underwriters and other insurers  
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("the Coverholder")

**Policy No. LL202757**

**Declarations**

**Effective 5/4/2016**

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**IN WITNESS WHEREOF** THE INSURERS through their representative(s) duly authorized by them for this purpose have executed and signed this Policy.

**LSW1550**

Where LLOYD'S UNDERWRITERS are subscribing insurers to the Policy, the following applies to them:

### IDENTIFICATION OF INSURER / ACTION AGAINST INSURER

This insurance has been entered into in accordance with the authorization granted to the Coverholder by the Underwriting Members of the Syndicates whose definitive numbers and proportions are shown in the Table attached to the Agreement shown in the List of Subscribing Companies (hereinafter referred to as "the Underwriters"). The Underwriters shall be liable hereunder each for his own part and not one for another in proportion to the several sums that each of them has subscribed to the said Agreement.

In any action to enforce the obligations of the Underwriters they can be designated or named as "Lloyd's Underwriters" and such designation shall be binding on the Underwriters as if they had each been individually named as defendant. Service of such proceedings may validly be made upon the Attorney In Fact in Canada for Lloyd's Underwriters, whose address for such service is 1155, rue Metcalfe, Suite 2220, Montreal, Quebec H3B 2V6.

### NOTICE

Any notice to the Underwriters may be validly given to the Coverholder.

May 31, 2016

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| FORM NO.            | TYPE OF COVERAGE   | DEDUCTIBLE | COINS. % | LIMIT OF INSURANCE |
|---------------------|--|------------|----------|--------------------|
| <b>Property</b>     |  |            |          |                    |
| <b>PA1 (8/04)</b>   | <b>Building, Equipment and Stock (Broad Form)</b>                        |            |          |                    |
|                     | At Loc 1 (G/F-38 Metropolitan Road, Scarborough, Ontario)                |            |          |                    |
|                     | Equipment  | 2,500      | 80%      | 600,000            |
| <b>PE1 (7/00)</b>   | <b>Replacement Cost Extension</b>  |            |          |                    |
| <b>BT014PE10</b>    | <b>Sewer Backup Extension</b>  | 2,500      | 0%       | 50,000             |
| <b>BT006PE10</b>    | <b>Water Damage Limitation Endorsement</b>                               | 2,500      | 0%       | 50,000             |
| <b>BT007PE10</b>    | <b>Robbery &amp;/or Theft &amp;/or Burglary Restriction Endorsement</b>  | 2,500      |          | 25,000             |
| <b>PX6</b>          | <b>Pollution/Contamination Exclusion</b>                                 |            |          |                    |
|                     | <b>AEGIS Unoccupancy Conditions</b>                                      |            |          |                    |
| <b>NMA1191</b>      | <b>Radioactive Contamination Exclusion Clause Physical Damage Direct</b> |            |          |                    |
| <b>PX29 (10/05)</b> | <b>Data Exclusion</b>  |            |          |                    |
| <b>PX30 (10/05)</b> | <b>Terrorism Exclusion</b>   |            |          |                    |

May 31, 2016

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| FORM NO.            | TYPE OF COVERAGE   | DEDUCTIBLE | COINS. % | LIMIT OF INSURANCE |
|---------------------|--|------------|----------|--------------------|
| <b>Liability</b>    |  |            |          |                    |
| <b>L1a (4/06)</b>   | <b>Commercial General Liability (Occurrence Form) (IBC 3/05)</b>               |            |          |                    |
|                     | General aggregate limit  |            |          | 2,000,000          |
|                     | Products-completed operations excluded   |            |          |                    |
|                     | Each occurrence limit  |            |          | 2,000,000          |
|                     | Personal and Advertising injury limit - Any one person or organization         |            |          | 2,000,000          |
|                     | Tenants' legal liability limit - Named location                                |            |          | 3,000,000          |
| <b>LD3c (10/05)</b> | <b>Combined Deductible (Bodily Injury and Property Damage)</b>                 |            |          |                    |
|                     | Per occurrence   | 1,000      |          |                    |
| <b>LE41 (10/05)</b> | <b>Additional Insured Extension</b>  |            |          |                    |
| <b>BT003LE10</b>    | <b>Products Or Completed Operations Exclusion Endorsement</b>                  |            |          |                    |
| <b>LR1a</b>         | <b>Limitation to Designated Premises Restriction</b>                           |            |          |                    |
| <b>BT002LE10</b>    | <b>Total Asbestos Exclusion</b>  |            |          |                    |
| <b>BT010LE10</b>    | <b>Abuse &amp; Harassment and Sexual Harassment Exclusion Endorsement</b>      |            |          |                    |
| <b>NMA1978a</b>     | <b>Nuclear Incident Exclusion Clause - Liability - Direct (Broad) - Canada</b> |            |          |                    |
| <b>LX42 (10/05)</b> | <b>Data Exclusion</b>  |            |          |                    |

May 31, 2016

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# COMMERCIAL INSURANCE POLICY

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**Policy No. LL202757**

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| FORM NO.                                    | TYPE OF COVERAGE   | DEDUCTIBLE | LIMIT OF<br>COINS. % INSURANCE |
|---|--|------------|--------------------------------|
| <b>Additional Exclusions and Conditions</b> |  |            |                                |
| <b>O9 (8/04)</b>                            | <b>War and Civil War Exclusion</b>   |            |                                |
| <b>O10 (8/04)</b>                           | <b>Illegal Substance Exclusion</b>   |            |                                |
| <b>NMA2920</b>                              | <b>Terrorism Exclusion Endorsement</b>                                     |            |                                |
| <b>LMA3100</b>                              | <b>Sanction Limitation and Exclusion Clause</b>                            |            |                                |
| <b>LSW1565C (10/12)</b>                     | <b>Lloyd's Underwriters Code of Consumer Rights &amp; Responsibilities</b> |            |                                |
| <b>R1 (12/09)</b>                           | <b>Additional Agreements and Conditions</b>                                |            |                                |
| <b>LMA5190 (7/12)</b>                       | <b>Canada Subscription Policy</b>  |            |                                |
| <b>R7 (3/02)</b>                            | <b>Short Rate Cancellation Table</b>                                       |            |                                |

May 31, 2016

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| FORM NO. | TYPE OF COVERAGE | DEDUCTIBLE | COINS. % | LIMIT OF INSURANCE |
|----------|------------------|------------|----------|--------------------|
|----------|------------------|------------|----------|--------------------|

**This policy is subject to the following terms, conditions and exclusions:**

- Service of Suit Clause
- Micro-Organism Exclusion (Absolute)
- Several Liability Clause
- Electronic Date Recognition Exclusion
- Notice Concerning Personal Information
- Lloyd's Policyholders' Complaint Protocol

**Annual Premium:**

**\$3,700**

May 31, 2016

JY

THIS COMMERCIAL INSURANCE POLICY CONSISTS OF THIS (THESE) DECLARATIONS PAGE(S) ALONG WITH THE "GENERAL CONDITIONS" (OR "STATUTORY CONDITIONS"), AS WELL AS ALL COVERAGE WORDINGS, RIDERS OR ENDORSEMENTS THAT ARE ATTACHED HERETO.

## COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effected with certain Lloyd's Underwriters and other insurers (hereinafter called the Insurer) through Lloyd's approved coverholder ("the Coverholder")

Policy No. LL202757

Declarations

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH A SPECIFIC LIMIT OF INSURANCE IS SHOWN - ON TERMS AND CONDITIONS CONTAINED IN THE FORMS INDICATED.  
ANY REFERENCE HEREIN TO THE "COMPANY" SHALL BE CONSTRUED AS "THE INSURER"

### CANCELLATION REQUEST

We, the undersigned, do hereby request cancellation of the Policy bearing number LL202757 (together with any renewal certificates relating thereto) as of \_\_\_\_\_ and acknowledge that the Insurers are hereby relieved from all liability as from the cancellation date.

Signature of First Named Insured \_\_\_\_\_ Signature of a Witness \_\_\_\_\_

Signature of Second Named Insured \_\_\_\_\_ Signature of a Witness \_\_\_\_\_

Signature of Third Named Insured \_\_\_\_\_ Signature of a Witness \_\_\_\_\_

Signature of Mortgagee \_\_\_\_\_ Signature of a Witness \_\_\_\_\_

### **Additional Insured Endorsement**

It is noted and agreed that the Commercial General Liability (L1a) and Excess Liability (X1) of this policy is extended to include **Msi Spergel Inc. (Licensed Insolvency Trustee) at 200-505 Consumers Road, Toronto, ON M2J 4V8** as additional insured(s) in their capacity as **Landlord** but only with respect to liability in connection with the operations of the named insured.

All other terms and conditions of this Policy remain unchanged.

Attaching to and forming part of this Policy, its extensions and renewals unless otherwise stated.

Additional Insured



# TAB 6



## CERTIFICATE OF INSURANCE

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

**1. CERTIFICATE HOLDER - NAME AND MAILING ADDRESS**

Mal Spargel Inc. (Licensed Insolvency Trustee)  
200-505 Consumers Rd

**2A. INSURED'S FULL NAME AND MAILING ADDRESS**

SCRAP TO GO o/b Hua Wen Zhang and Joe Hong Li  
38 Metropolitan Rd, G/F, Scarborough, ON M1R 2T6

**2B. DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS**  
(but only with respect to the operations of the Named Insured)

Purchase, Sale and Storage of Scrap Metals and Sheet Metal Works (with no dismantling or application of open flame heat) at 38 Metropolitan Rd, G/F, Scarborough, ON M1R 2T6

Toronto

ON

POSTAL CODE M2J 4V8

**3. COVERAGES**

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies.

LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

| TYPE OF INSURANCE  | INSURANCE COMPANY AND POLICY NUMBER   | EFFECTIVE DATE | EXPIRY DATE | LIMITS OF LIABILITY<br>(Canadian dollars unless indicated otherwise)   |  |   |
|--|---|----------------|-------------|--|--|---|
|  |   |                |             | COVERAGE   | DED.                                   | AMOUNT OF INSURANCE   |
| <b>COMMERCIAL GENERAL LIABILITY</b><br><input type="checkbox"/> CLAIMS MADE OR <input checked="" type="checkbox"/> OCCURRENCE<br><input type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS<br><input type="checkbox"/> EMPLOYER'S LIABILITY<br><input type="checkbox"/> CROSS LIABILITY<br><input checked="" type="checkbox"/> TENANTS LEGAL LIABILITY<br><input type="checkbox"/> NON-OWNED AUTOMOBILES<br><input type="checkbox"/> HIRED AUTOMOBILES<br><input type="checkbox"/> POLLUTION LIABILITY EXTENSION | Lloyds Underwriter through<br>BrokerTeam Insurance Solutions<br>Inc.<br><br>SCRAP-1 | 2016/08/04     | 2017-08-04  | COMMERCIAL GENERAL LIABILITY<br>BODILY INJURY AND PROPERTY DAMAGE<br>LIABILITY - GENERAL AGGREGATE<br>EACH OCCURRENCE<br>PRODUCTS AND COMPLETED OPERATIONS<br>AGGREGATE<br>PERSONAL AND ADVERTISING INJURY<br>LIABILITY<br>MEDICAL PAYMENTS<br>TENANTS LEGAL LIABILITY | 1,000<br><br><br><br><br><br><br>1,000 | 2,000,000<br>2,000,000<br><br>2,000,000<br>2,500<br>3,000,000 |
| <b>AUTOMOBILE LIABILITY</b><br><input type="checkbox"/> DESCRIBED AUTOMOBILES<br><input type="checkbox"/> ALL OWNED AUTOS<br><input type="checkbox"/> LEASED AUTOMOBILES **<br><input type="checkbox"/><br><input type="checkbox"/><br>** ALL AUTOMOBILES LEASED IN EXCESS OF<br>30 DAYS WHILE THE INSURED IS REQUIRED<br>TO PROVIDE INSURANCE   |   |                |             | NON OWNED AUTOMOBILE<br><br>BODILY INJURY AND<br>PROPERTY DAMAGE<br>COMBINED<br><br>BODILY INJURY<br>(PER PERSON)<br><br>BODILY INJURY<br>(PER ACCIDENT)<br><br>PROPERTY DAMAGE  |  |   |
| <b>EXCESS LIABILITY</b><br><input type="checkbox"/> UMBRELLA FORM<br><input type="checkbox"/> OTHER THAN UMBRELLA FORM<br>(Specify)  |   |                |             | EACH OCCURRENCE<br>AGGREGATE   |  |   |
| <b>OTHER LIABILITY (SPECIFY)</b><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/>   |   |                |             |  |  |   |

**4. CANCELLATION**

Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavour to mail 30 days written notice to the certificate holder, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

**5. BROKER'S FULL NAME AND MAILING ADDRESS**

BrokerTeam Insurance Solutions Inc.  
1550 16th Avenue, Building F, Unit 100  
Richmond Hill

ON

POSTAL CODE L4B 3K8

**6. ADDITIONAL INSURED NAME AND MAILING ADDRESS**

Mal Spargel Inc. (Licensed Insolvency Trustee)  
200-505 Consumers Rd

**BROKER'S CLIENT ID:**

Toronto

ON

POSTAL CODE M2J 4V8

**7. CERTIFICATE AUTHORIZATION**

SIGNATURE OF AUTHORIZED REPRESENTATIVE

PRINT NAME

Eugene Yen

POSITION HELD

Lloyds Underwriter

DATE

2016/08/04

COMPANY

BrokerTeam Insurance Solutions Inc.

EMAIL ADDRESS

commercial.lites@brokersteam.ca

CONTACT NUMBER

HOME  
BUSINESS (905) 770-8828

CELL

FAX (905) 770-8851



## CERTIFICATE OF PROPERTY INSURANCE

This certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer.  
This certificate does not amend, extend or alter the coverage afforded by the policies below.

|   |  |   |  |
|---|--|---|--|
| <b>1. CERTIFICATE HOLDER - NAME AND MAILING ADDRESS</b> |  | <b>2. INSURED'S FULL NAME AND MAILING ADDRESS</b> |  |
| Msi Spergel Inc. (Licensed Insolvency Trustee)          |  | SCRAP TO GO a/b Hua Wen Zhang and Joe Hong Li     |  |
| 200-505 Consumers Rd                                    |  | 38 Metropolitan Rd, G/F                           |  |
| Toronto ON POSTAL CODE M2J 4V8                          |  | Scarborough ON POSTAL CODE M1R 2T6                |  |

|  |
|--|
| <b>3. LOCATION OF PREMISES / DESCRIPTION OF PROPERTY TO WHICH THIS CERTIFICATE APPLIES</b>                               |
| Purchase, Sale and Storage of Scrap Metals and Sheet Metal Works (with no dismantling or application of open flame heat) |
| at 38 Metropolitan Rd, G/F, Scarborough, ON M1R 2T6  |


|  |
|--|
| <b>4. COVERAGES</b>  |
| This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirements, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies. |

| TYPE OF INSURANCE  | INSURANCE COMPANY AND POLICY NUMBER   | EFFECTIVE DATE<br>YYYY/MM/DD | EXPIRY DATE<br>YYYY/MM/DD | LIMITS OF INSURANCE<br>(Canadian dollars unless indicated otherwise)  |            |                     |
|--|---|------------------------------|---------------------------|---|------------|---------------------|
|  |   |                              |                           | COVERAGE  | DEDUCTIBLE | AMOUNT OF INSURANCE |
| <input checked="" type="checkbox"/> PROPERTY<br><input type="checkbox"/> NAMED PERILS<br><input checked="" type="checkbox"/> BROAD FORM<br><input checked="" type="checkbox"/> CO-INSURANCE % 80<br><input type="checkbox"/> STATED AMOUNT<br><input type="checkbox"/> MARGIN CLAUSE % | Lloyds Underwriter<br>through BrokerTeam<br>Insurance Solutions Inc.<br><br>SCRAP-1 | 2018/08/04                   | 2017/08/04                | <input type="checkbox"/> P.O.E.D. <input type="checkbox"/> RC <input type="checkbox"/> ACV<br><input type="checkbox"/> BUILDING <input type="checkbox"/> RC <input type="checkbox"/> ACV<br><input checked="" type="checkbox"/> EQUIPMENT <input checked="" type="checkbox"/> RC <input type="checkbox"/> ACV \$1,000 \$50,000<br><input type="checkbox"/> STOCK <input type="checkbox"/> RC <input type="checkbox"/> ACV<br><input type="checkbox"/> C.O.E.D. <input type="checkbox"/> RC <input type="checkbox"/> ACV<br><input type="checkbox"/> BUSINESS INCOME<br><input type="checkbox"/> EXTRA EXPENSE<br><input type="checkbox"/> RENTAL INCOME<br><input type="checkbox"/> EARTHQUAKE<br><input type="checkbox"/> FLOOD<br><input checked="" type="checkbox"/> SEWER BACKUP \$2,500 \$25,000 |            |                     |
| <input type="checkbox"/> INLAND MARINE<br><input type="checkbox"/> NAMED PERILS<br><input type="checkbox"/> BROAD FORM<br><input type="checkbox"/> ACTUAL CASH VALUE<br><input type="checkbox"/> REPLACEMENT COST  |   |                              |                           | <input type="checkbox"/> CONTRACTOR'S EQUIPMENT<br><input type="checkbox"/> CARGO   |            |                     |
| <input type="checkbox"/> BOILER & MACHINERY/<br>EQUIPMENT BREAKDOWN<br>OPTION #  |   |                              |                           |   |            |                     |

|                                  |
|----------------------------------|
| <b>5. ADDITIONAL INFORMATION</b> |
|                                  |
|                                  |

|  |
|--|
| <b>6. CANCELLATION</b>   |
| Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named above, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives. |

|  |   |
|--|---|
| <b>7. BROKERAGE/AGENCY FULL NAME AND MAILING ADDRESS</b> | <b>8. INTERESTED PARTY NAME AND MAILING ADDRESS</b> |
| BrokerTeam Insurance Solutions Inc.                      |   |
| 1550 16th Avenue, Building F, Unit 100                   |   |
| Richmond Hill ON POSTAL CODE L4B 3K9                     | POSTAL CODE   |
| BROKER CLIENT ID:  | NATURE OF INTEREST:                                 |

|  |   |
|--|---|
| <b>9. CERTIFICATE AUTHORIZATION</b>  |   |
| ISSUER BrokerTeam Insurance Solutions Inc.   | CONTACT INFORMATION                                     |
| AUTHORIZED REPRESENTATIVE Eugene Yan   | TYPE Tel NO. (905) 770-8828 TYPE Fax NO. (905) 770-8851 |
| SIGNATURE OF AUTHORIZED REPRESENTATIVE  | EMAIL ADDRESS   |
|  | DATE 2016/08/04   |

# TAB 7

**LLOYD'S**

**Commercial Insurance Policy**  
General Information

**Policy No. LL202873**

**Underwriting Details**

**Effective 8/4/2016**

**BROKER**

**Brokerteam Insurance Solutions Inc.**

Producer: Andy W. Leung, BA

Main: (905) 770-8828  
Web Site: brokerteam.ca  
Email: info@brokerteam.ca  
Main: (905) 770-8828

Fax: (905) 770-8851

Fax: (905) 770-8851

**INSURER**

**Lloyd's Underwriters through BrokerTeam  
Insurance Solutions Inc.  
Agreement Number 16CPBA328AC(01)**

Main: +1 (877) 455-6937

**INSURED**

**SCRAP TO GO o/b Hua Wen Zhang & Joe Hong  
LI**

**POSTAL ADDRESS**

G/F-38 Metropolitan Road  
Scarborough, Ontario M1R 2T6

**PERIOD OF COVERAGE**

From August 04, 2016 to August 04, 2017

**TRANSACTION DETAILS**

Transaction Type: New Policy  
Annual Premium (excl. appl. taxes): \$2,535  
Minimum Retained Policy Premium: \$845

Premium Now Payable (excl. appl. taxes): \$2,535

**FORM OF BUSINESS**

Individual

**INDUSTRY CODE**

Code: 5123  
Description: Metal Scrap

**DESCRIPTION OF BUSINESS OPERATIONS**

Purchase, sale and storage of scrap metal and sheet metal works (with no dismantling or application of open flame heat);  
occupied by others as various light industrial.

**LIABILITY**

In business since: 2011  
Related prior experience (number of years): 5  
Number of full-time employees:  
Covered by WCB: No  
Annual gross receipts: \$0  
Canadian: 100% U.S.: 0%  
Annual Payroll:  
Liquor liability exposure: No

Number of part-time employees:

Subtrades:  
Foreign: 0% Internet:

August 12, 2016

JY

**LLOYD'S**

**Commercial Insurance Policy**  
**Previous/Other Policies and Claims Summary**

**Policy No. LL202873**

**Underwriting Details**

**Effective 8/4/2016**

**PREVIOUS/OTHER POLICIES**

**Has any insurer cancelled, declined or refused to renew or issue commercial insurance to the applicant within the past 5 years?**

**CLAIMS SUMMARY**

**No losses or claims in the last 5 years**

August 12, 2016

JY

**LLOYD'S**

**Commercial Insurance Policy**  
**Location 1**

**Policy No. LL202873**

**Underwriting Details**

**Effective 8/4/2016**

**ADDRESS**

G/F-38 Metropolitan Road, Scarborough, Ontario M1R 2T6

**FIRE PROTECTION**

Grade: Protected

**INSPECTION INFORMATION**

Inspection: This risk was not inspected

**BUILDING**

Year Built: 1992

Total Area: 87000 ft<sup>2</sup>

Stories: 2

**CONSTRUCTION**

Walls: Non-combustible with masonry walls

Covering: Tar and gravel

Basement:

Roof: Steel deck

Floors: Poured Concrete or Fire resistive material

**MECHANICAL**

Electrical: Breakers

Plumbing: Copper

Heating: Furnace (central)

Fuel Used: Natural Gas

**BUILDING RENOVATIONS**

Electrical: 2008

Plumbing: 2008

Heating: 2008

Roof: 2008

**FIRE PROTECTION**

Hydrants: Within 300 meters

Ext. Type:

Ext. Agent:

Standpipe and Hose: No

Fire Hall: Within 5 kilometers

Coverage:

Alarm: Local alarm

**CRIME PROTECTION**

Alarm:

Safe Type:

Exterior Windows Barred/Wire Mesh: No

Deadbolt: Yes

Safe Class:

Breakage Resistant Glass: No

**OCCUPANCIES**

Insured: Purchase, sale and storage of scrap metal and sheet metal works (with no dismantling or application of open flame heat)

Area Occupied: 20000 ft<sup>2</sup>

Others: Various light industrial

**EXPOSURES** Distance (meters) Occupancy

Left: Various light merchantile

Right: Various light merchantile

Behind:

Front:

August 12, 2016

JY



**LLOYD'S**

**Commercial Insurance Policy**  
New Policy

---

Prepared especially for  
**SCRAP TO GO o/b Hua Wen Zhang & Joe Hong Li**

through the facilities of  
**Brokerteam Insurance Solutions Inc.**



THIS COMMERCIAL INSURANCE POLICY CONSISTS OF THIS (THESE) DECLARATIONS PAGE(S) ALONG WITH THE "GENERAL CONDITIONS" (OR "STATUTORY CONDITIONS"), AS WELL AS ALL COVERAGE WORDINGS, RIDERS OR ENDORSEMENTS THAT ARE ATTACHED HERETO.

### COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effected with certain Lloyd's Underwriters (hereinafter called the Insurer) through Lloyd's approved coverholder ("the Coverholder")

**Policy No. LL202873**

**Declarations**

**Effective 8/4/2016**

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH A SPECIFIC LIMIT OF INSURANCE IS SHOWN - ON TERMS AND CONDITIONS CONTAINED IN THE FORMS INDICATED.  
ANY REFERENCE HEREIN TO THE "COMPANY" SHALL BE CONSTRUED AS "THE INSURER"

#### PURPOSE OF THIS DOCUMENT

**New Policy** - The Insurer will provide the insurance described in this Policy in return for the premium paid by the Insured and his compliance with the terms of this Insurance.

#### THE COVERHOLDER

**Brokerteam Insurance Solutions Inc.**  
1550 16th Ave.  
Unit F100  
Richmond Hill, Ontario L4B 3K9

Main: (905) 770-8828  
Web Site: brokerteam.ca  
Email: info@brokerteam.ca

Fax: (905) 770-8851

#### NAMED INSURED AND POSTAL ADDRESS

**SCRAP TO GO o/b Hua Wen Zhang & Joe Hong Li**  
G/F-38 Metropolitan Road  
Scarborough, Ontario M1R 2T6

#### LOCATION OF RISK

G/F-38 Metropolitan Road, Scarborough, Ontario M1R 2T6

#### PERIOD OF INSURANCE

From August 04, 2016 to August 04, 2017  
12:01 a.m. standard time at the Postal Address of the Insured.

#### FORM OF BUSINESS

Individual

#### DESCRIPTION OF BUSINESS OPERATIONS

Purchase, sale and storage of scrap metal and sheet metal works (with no dismantling or application of open flame heat); occupied by others as various light industrial.

#### SUMMARY OF INSURANCE COVERAGE AND PREMIUMS

| TYPE OF COVERAGE                            | ANNUAL PREMIUM | MINIMUM RETAINED COVERAGE PREMIUM |
|---|----------------|-----------------------------------|
| <b>Property</b>                             | \$425          | NII                               |
| <b>Liability</b>                            | \$2,110        | NII                               |
| <b>Additional Exclusions and Conditions</b> | Incl           | NII                               |
| <b>Minimum Retained Policy Premium</b>      | \$845          |                                   |

The Insured is requested to read this policy, and if incorrect, return it immediately for alteration.

In the event of an occurrence likely to result in a claim under this Insurance, immediate notice should be given to the Coverholder whose name and address appears above. All inquiries and disputes are also to be addressed to this Coverholder.

For the purpose of the Insurance Companies Act (Canada), this Canadian Policy was issued in the course of Lloyd's Underwriters' insurance business in Canada.

#### THIS POLICY CONTAINS CLAUSES WHICH MAY LIMIT THE AMOUNT PAYABLE

IN WITNESS WHEREOF THIS POLICY HAS BEEN SIGNED, AS AUTHORIZED BY THE INSURER BY

PER

Agreement No.  
16CPBA328AC(01) B113516CPBA328AC

ANNUAL PREMIUM ▶ \$2,535

PREMIUM NOW PAYABLE (EXCL. APPL. TAXES) ▶ \$2,535

August 12, 2016

JY

THIS COMMERCIAL INSURANCE POLICY CONSISTS OF THIS (THESE) DECLARATIONS PAGE(S) ALONG WITH THE "GENERAL CONDITIONS" (OR "STATUTORY CONDITIONS"), AS WELL AS ALL COVERAGE WORDINGS, RIDERS OR ENDORSEMENTS THAT ARE ATTACHED HERETO.

## COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effected with certain Lloyd's Underwriters (hereinafter called the Insurer) through  
Lloyd's approved coverholder ("the Coverholder")

**Policy No. LL202873**

**Declarations**

**Effective 8/4/2016**

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH A SPECIFIC LIMIT OF INSURANCE IS SHOWN - ON TERMS AND CONDITIONS CONTAINED IN THE FORMS INDICATED.  
ANY REFERENCE HEREIN TO THE "COMPANY" SHALL BE CONSTRUED AS "THE INSURER"

### IDENTIFICATION OF INSURER / ACTION AGAINST INSURER

This insurance has been effected in accordance with the authorization granted to the Coverholder by the Underwriting Members of the Syndicates whose definitive numbers and proportions are shown in the Table attached to Agreement No. 16CPBA328AC(01) (hereinafter referred to as "the Underwriters"). The Underwriters shall be liable hereunder each for his own part and not one for another in proportion to the several sums that each of them has subscribed to the said Agreement.

In any action to enforce the obligations of the Underwriters they can be designated or named as "Lloyd's Underwriters" and such designation shall be binding on the Underwriters as if they had each been individually named as defendant. Service of such proceedings may validly be made upon the Attorney In Fact in Canada for Lloyd's Underwriters, whose address for such service is 1155 rue Metcalfe, Suite 2220, Montreal, Quebec H3B 2V6.

### NOTICE

Any notice to the Underwriters may be validly given to the Coverholder.

August 12, 2016

JY

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# COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effectuated with certain Lloyd's Underwriters (hereinafter called the Insurer) through  
Lloyd's approved coverholder ("the Coverholder")

**Policy No. LL202873**

**Declarations**

**Effective 8/4/2016**

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH A SPECIFIC LIMIT OF INSURANCE IS SHOWN - ON TERMS AND CONDITIONS CONTAINED IN THE FORMS INDICATED  
ANY REFERENCE HEREIN TO THE "COMPANY" SHALL BE CONSTRUED AS "THE INSURER"

| FORM NO.            | TYPE OF COVERAGE   | DEDUCTIBLE | COINS. % | LIMIT OF INSURANCE |
|---------------------|--|------------|----------|--------------------|
| <b>Property</b>     |  |            |          |                    |
| <b>PA1 (8/04)</b>   | <b>Building, Equipment and Stock (Broad Form)</b>                        |            |          |                    |
|                     | At Loc 1 (G/F-38 Metropolitan Road, Scarborough, Ontario)                |            |          |                    |
|                     | Equipment  | 1,000      | 80%      | 50,000             |
| <b>PE1 (7/00)</b>   | <b>Replacement Cost Extension</b>  |            |          |                    |
| <b>BT014PE10</b>    | <b>Sewer Backup Extension</b>  | 2,500      | 0%       | 25,000             |
| <b>BT006PE10</b>    | <b>Water Damage Limitation Endorsement</b>                               | 2,500      | 0%       | 25,000             |
| <b>BT007PE10</b>    | <b>Robbery &amp;/or Theft &amp;/or Burglary Restriction Endorsement</b>  | 2,500      |          | 25,000             |
| <b>PX6</b>          | <b>Pollution/Contamination Exclusion</b>                                 |            |          |                    |
|                     | <b>AEGIS Unoccupancy Conditions</b>                                      |            |          |                    |
| <b>NMA1191</b>      | <b>Radioactive Contamination Exclusion Clause Physical Damage Direct</b> |            |          |                    |
| <b>PX29 (10/05)</b> | <b>Data Exclusion</b>  |            |          |                    |
| <b>PX30 (10/05)</b> | <b>Terrorism Exclusion</b>   |            |          |                    |

August 12, 2016

JY

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## COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effected with certain Lloyd's Underwriters (hereinafter called the Insurer) through  
Lloyd's approved coverholder ("the Coverholder")

**Policy No. LL202873**

**Declarations**

**Effective 8/4/2016**

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH A SPECIFIC LIMIT OF INSURANCE IS SHOWN - ON TERMS AND CONDITIONS CONTAINED IN THE FORMS INDICATED.  
ANY REFERENCE HEREIN TO THE "COMPANY" SHALL BE CONSTRUED AS "THE INSURER"

| FORM NO.            | TYPE OF COVERAGE   | DEDUCTIBLE | COINS. % | LIMIT OF INSURANCE |
|---------------------|--|------------|----------|--------------------|
| <b>Liability</b>    |  |            |          |                    |
| <b>L1a (4/06)</b>   | <b>Commercial General Liability (Occurrence Form) (IBC 3/05)</b>               |            |          |                    |
|                     | General aggregate limit  |            |          | 2,000,000          |
|                     | Products-completed operations excluded   |            |          |                    |
|                     | Each occurrence limit  |            |          | 2,000,000          |
|                     | Personal and Advertising injury limit - Any one person or organization         |            |          | 2,000,000          |
|                     | Medical payments limit - Any one person  |            |          | 2,500              |
|                     | Tenants' legal liability limit - Named location                                |            |          | 3,000,000          |
| <b>LD3c (10/05)</b> | <b>Combined Deductible (Bodily Injury and Property Damage)</b>                 |            |          |                    |
|                     | Per occurrence   | 1,000      |          |                    |
| <b>LE41 (10/05)</b> | <b>Additional Insured Extension</b>  |            |          |                    |
| <b>BT003LE10</b>    | <b>Products Or Completed Operations Exclusion Endorsement</b>                  |            |          |                    |
| <b>LR1a</b>         | <b>Limitation to Designated Premises Restriction</b>                           |            |          |                    |
| <b>BT002LE10</b>    | <b>Total Asbestos Exclusion</b>  |            |          |                    |
| <b>BT010LE10</b>    | <b>Abuse &amp; Harassment and Sexual Harassment Exclusion Endorsement</b>      |            |          |                    |
| <b>NMA1978a</b>     | <b>Nuclear Incident Exclusion Clause - Liability - Direct (Broad) - Canada</b> |            |          |                    |
| <b>LX42 (10/05)</b> | <b>Data Exclusion</b>  |            |          |                    |

August 12, 2016

JY

THIS COMMERCIAL INSURANCE POLICY CONSISTS OF THIS (THESE) DECLARATIONS PAGE(S) ALONG WITH THE "GENERAL CONDITIONS" (OR "STATUTORY CONDITIONS"), AS WELL AS ALL COVERAGE WORDINGS, RIDERS OR ENDORSEMENTS THAT ARE ATTACHED HERETO.

## COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effected with certain Lloyd's Underwriters (hereinafter called the Insurer) through  
Lloyd's approved coverholder ("the Coverholder")

**Policy No. LL202873**

**Declarations**

**Effective 8/4/2016**

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH A SPECIFIC LIMIT OF INSURANCE IS SHOWN - ON TERMS AND CONDITIONS CONTAINED IN THE FORMS INDICATED.  
ANY REFERENCE HEREIN TO THE "COMPANY" SHALL BE CONSTRUED AS "THE INSURER"

| FORM NO.                                    | TYPE OF COVERAGE  | DEDUCTIBLE | COINS. % | LIMIT OF INSURANCE |
|---|---|------------|----------|--------------------|
| <b>Additional Exclusions and Conditions</b> |   |            |          |                    |
| O9 (8/04)                                   | War and Civil War Exclusion                                     |            |          |                    |
| O10 (8/04)                                  | Illegal Substance Exclusion                                     |            |          |                    |
| NMA2920                                     | Terrorism Exclusion Endorsement                                 |            |          |                    |
| LMA3100                                     | Sanction Limitation and Exclusion Clause                        |            |          |                    |
| LSW1565C (10/12)                            | Lloyd's Underwriters Code of Consumer Rights & Responsibilities |            |          |                    |
| R1 (12/09)                                  | Additional Agreements and Conditions                            |            |          |                    |
| R7 (3/02)                                   | Short Rate Cancellation Table                                   |            |          |                    |

August 12, 2016

JY

THIS COMMERCIAL INSURANCE POLICY CONSISTS OF THIS (THESE) DECLARATIONS PAGE(S) ALONG WITH THE "GENERAL CONDITIONS" (OR "STATUTORY CONDITIONS"), AS WELL AS ALL COVERAGE WORDINGS, RIDERS OR ENDORSEMENTS THAT ARE ATTACHED HERETO.

## COMMERCIAL INSURANCE POLICY

**LLOYD'S**

Effected with certain Lloyd's Underwriters (hereinafter called the Insurer) through  
Lloyd's approved coverholder ("the Coverholder")

**Policy No. LL202873**

### Declarations

**Effective 8/4/2016**

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH A SPECIFIC LIMIT OF INSURANCE IS SHOWN - ON TERMS AND CONDITIONS CONTAINED IN THE FORMS INDICATED.  
ANY REFERENCE HEREIN TO THE "COMPANY" SHALL BE CONSTRUED AS "THE INSURER"

| FORM NO. | TYPE OF COVERAGE | DEDUCTIBLE | COINS. % INSURANCE | LIMIT OF |
|----------|------------------|------------|--------------------|----------|
|----------|------------------|------------|--------------------|----------|

**This policy is subject to the following terms, conditions  
and exclusions:**

- Service of Suit Clause
- Micro-Organism Exclusion (Absolute)
- Several Liability Clause
- Electronic Date Recognition Exclusion
- Notice Concerning Personal Information
- Lloyd's Policyholders' Complaint Protocol

**Annual Premium:**

**\$2,535**

August 12, 2016

JY

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### CANCELLATION REQUEST

We, the undersigned, do hereby request cancellation of the Lloyd's Policy bearing number LL202873 (together with any renewal certificates relating thereto) as of \_\_\_\_\_ and acknowledge that the Insurer is hereby relieved from all liability as from the cancellation date.

Signature of First Named Insured \_\_\_\_\_ Signature of a Witness \_\_\_\_\_

Signature of Second Named Insured \_\_\_\_\_ Signature of a Witness \_\_\_\_\_

Signature of Third Named Insured \_\_\_\_\_ Signature of a Witness \_\_\_\_\_

Signature of Mortgagees \_\_\_\_\_ Signature of a Witness \_\_\_\_\_

August 12, 2016

JY

# Building, Equipment and Stock (Broad Form)

PA1

## WORDS AND PHRASES IN QUOTATION MARKS HAVE SPECIAL MEANING AS DEFINED IN CLAUSE 19

### 1. INDEMNITY AGREEMENT

In the event that any of the property insured be lost or damaged by the perils insured against, the Insurer will indemnify the Insured against the direct loss so caused to an amount not exceeding whichever is the least of:

- (a) the actual cash value of the property at the time of loss or damage;
- (b) the interest of the Insured in the property;
- (c) the amount of insurance specified on the "Declarations Page" in respect of the property lost or damaged.

Provided, however, that where the insurance applies to the property of more than one person or interest, the Insurer's total liability for loss sustained by all such persons and interests shall be limited in the aggregate to the amount or amounts of insurance specified on the "Declarations Page".

### 2. PROPERTY INSURED

- A. This form insures the following property but only those items for which an amount of insurance is specified on the "Declarations Page":

"Building"

"Equipment"

"Stock"

"Contents", being "Equipment" and "Stock"

"Building and Contents".

If Blanket coverage applies is indicated on the "Declarations Page", "building" and/or "equipment" and/or "stock" are insured for the amount of insurance so specified on the "Declarations Page".

The insurance in this Clause 2.A. applies only while at the location(s) specified on the "Declarations Page".

- B. This form also insures "equipment" and "stock" but only those items for which an amount of insurance is specified on the "Declarations Page":

Property at temporary locations: "Equipment" and "stock" other than at a specified location except while in transit, but there shall be no liability under this item at any location owned, rented or controlled in whole or in part by the Insured.

Property at newly acquired locations: "Equipment" and "stock" at any acquired location that is owned, rented or controlled by the Insured in whole or in part or in or on vehicles within 100 metres of such location. This limit of insurance attaches at the time of the acquisition and extends for a period of 30 days or to the date of endorsement of this form adding such location whichever first occurs.

Property in transit by parcel post or courier: "Equipment" and "stock" in any one package in course of transit by parcel post or courier.

Property in transit (other than by parcel post or courier): "Equipment" and "stock", in transit other than by parcel post or courier.

Property in custody of sales representatives: "Equipment" and "stock", whether in transit or otherwise, in the custody of a sales representative of the Insured.

The insurance in this Clause 2.B. applies only while the described property is within Canada and the continental United States of America (excluding Alaska).

### 3. DEDUCTIBLE

The Insurer is liable for the amount by which the loss or damage caused by any of the perils insured against exceeds the amount of the deductible specified on the "Declarations Page" in any one occurrence.

### 4. CO-INSURANCE

This clause applies separately to each item for which a co-insurance percentage is specified on the "Declarations Page" and only where the total loss exceeds the lesser of 2% of the applicable amount of insurance or \$5,000.

The Insured shall maintain insurance concurrent with this form on the property insured to the extent of at least the amount produced by multiplying the actual cash value of the property by the co-insurance percentage specified on the "Declarations Page", and failing so to do, shall only be entitled to recover that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

### 5. PERILS INSURED

This form, except as herein provided, insures against all risks of direct physical loss of or damage to the property insured.

### 6. EXCLUSIONS

#### A. PROPERTY EXCLUDED

This form does not insure loss of or damage to:

- (a) sewers, drains or watermain located beyond the outside bearing walls or foundations of the property insured, outside communication towers, antennae (including satellite receivers) and equipment attached thereto, streetclocks, exterior signs, exterior glass or vitrolite and lettering or ornamentation thereon, but this exclusion does not apply to loss or damage caused directly by "Named Perils";



- (b) property at locations which to the knowledge of the Insured, are vacant, unoccupied or shut down for more than thirty (30) consecutive days;
  - (c) electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing, unless fire or explosion as described in Clause 19 (i) ensues and then only for such ensuing loss or damage;
  - (d) growing plants, trees, shrubs or flowers, all while in the open except as provided in the Extensions of Coverage Clause 7(e);
  - (e) animals, fish or birds, but this exclusion does not apply to loss or damage caused directly by "Named Perils" or from theft or attempt thereof;
  - (f) money, bullion, platinum and other precious metals and alloys, securities, stamps, tickets and tokens, evidence of debt or title;
  - (g) automobiles, watercraft, amphibious or air cushion vehicles, aircraft, spacecraft, trailers, motors or other accessories attached to or mounted on such property, but this exclusion shall not apply to watercraft, amphibious or air cushion vehicles held for sale, unlicensed automobiles or unlicensed trailers used in the business of the Insured when on the "premises" of the Insured;
  - (h) furs, fur garments, jewels, jewellery, costume jewellery, watches, pearls, precious and semi-precious stones, and pre-recorded video tapes but this exclusion does not apply to:
    - (i) the first one thousand dollars (\$1,000.) of any loss insured herein;
    - (ii) any loss or damage caused directly by "Named Perils";
  - (i) property insured under the terms of any Marine Insurance, and property while waterborne, except while on a regular ferry or railway car transfer in connection with land transportation;
  - (j) property on loan or on rental or sold by the Insured under conditional sale, instalment payment or other deferred payment plan, from the time of leaving the Insured's custody, but this exclusion does not apply while such property is in the custody of a carrier for hire for the purpose of delivery at the risk of the Insured;
  - (k) property in the custody of a sales representative outside the "premises" of the Insured, unless an amount of insurance is shown on the "Declarations Page" pertaining to "Sales Representative";
  - (l) property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;
  - (m) (i) any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure;
  - (ii) any boiler, including the piping and equipment connected thereto, which contains steam or water under steam pressure (except tanks having an internal diameter of 610 millimetres (24 inches) or less used for the storage of hot water for domestic use);
- caused directly or indirectly by explosion, rupture, bursting, cracking, burning out or bulging of such property while connected ready for use, but this exclusion does not apply to:
- (1) manually portable gas cylinders;
  - (2) explosion of natural, coal or manufactured gas;
  - (3) explosion of gas or unconsumed fuel within a furnace or within the gas passages therefrom to the atmosphere.
- B. PERILS EXCLUDED**
- This form does not insure against loss or damage caused directly or indirectly:
- (a) by earthquake, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from "fire protective equipment", all as described in Clause 19 (i);
  - (b) by flood, including waves, tides, tidal waves, tsunamis, or the rising of, the breaking out or the overflow of, any body of water, whether natural or man-made, but this exclusion does not apply to ensuing loss or damage which results directly from fire, explosion, smoke, leakage from "fire protective equipment", all as described in Clause 19(i) or leakage from a watermain;
- exclusions (a) and (b) do not apply to property in transit;
- (c) (i) by seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings therein, foundations, basement floors, sidewalks, sidewalk lights, or by the backing up of sewers, sumps, septic tanks or drains, unless concurrently and directly caused by a peril not otherwise excluded in Clause 6.B. hereof;
  - (ii) by the entrance of rain, sleet or snow through doors, windows, skylights or other similar wall or roof openings unless through an aperture concurrently and directly caused by a peril not otherwise excluded in Clause 6.B. hereof;
  - (d) by centrifugal force, mechanical or electrical breakdown or derangement in or on the "premises", unless fire ensues and then only for the loss or damage caused directly by such ensuing fire;
  - (e) by dampness or dryness of atmosphere, changes of temperature, contamination, freezing, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, change in colour or texture or finish, rust or corrosion, marring, scratching or crushing, but this exclusion does not apply to loss or damage caused directly by "Named Perils", rupture of pipes or breakage of apparatus not excluded under paragraph (m) of Clause 6.A. hereof, theft or attempt thereof or accident to transporting conveyance. Damage to pipes caused by freezing is insured provided such pipes are not excluded in paragraph (m) of Clause 6.A. hereof;

- (f) by smoke from agricultural smudging or industrial operations;
- (g) by rodents, insects or vermin, but this exclusion does not apply to loss or damage caused directly by a peril not otherwise excluded in Clause 6.B. hereof;
- (h) by delay, loss of market, or loss of use or occupancy;
- (i) by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (j) (i) by any nuclear incident as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any law amendatory thereof or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;
- (ii) by contamination by radioactive material;
- (k) by any dishonest or criminal act on the part of the Insured or any other party of interest, employees or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted), but this exclusion does not apply to physical damage, caused directly by employees of the Insured, which results from a peril otherwise insured and not otherwise excluded under this form;
- (l) to "buildings" by:
  - (i) snowslide, landslide, subsidence or other earth movement, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from "fire protective equipment", all as described in Clause 19 (i);
  - (ii) explosion (except with respect to explosion of natural, coal, or manufactured gas), collapse, rupture, bursting, cracking, burning out or bulging of the following property owned, operated or controlled by the Insured, unless fire ensues and then only for the loss or damage caused directly by such ensuing fire:
    - a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
    - b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
    - c) other vessels and apparatus and pipes connected therewith while under pressure, or while in use or in operation provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure but this exclusion does not apply to loss or damage resulting from the explosion of manually portable gas cylinders or of tanks having an internal diameter of 610 millimetres (24 inches) or less used for the heating and storage of hot water for domestic use;
    - d) moving or rotating machinery or parts thereof;
    - e) any vessels and apparatus and pipes connected therewith while undergoing pressure tests but this exclusion does not apply to other property insured hereunder that has been damaged by such explosion;
    - f) gas turbines;
  - (iii) settling, expansion, contraction, moving, shifting or cracking unless concurrently and directly caused by a peril not otherwise excluded in Clause 6.B. hereof;
- (m) proximately or remotely, arising in consequence of or contributed to by the enforcement of any by-law, regulation, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, which by-law, regulation, ordinance or law makes it impossible to repair or reinstate the property as it was immediately prior to the loss.

**NOR DOES THIS FORM INSURE:**

- (n) wear and tear, gradual deterioration, latent defect, inherent vice, or the cost of making good faulty or improper material, faulty or improper workmanship, faulty or improper design, provided, however, to the extent otherwise insured and not otherwise excluded under this form, resultant damage to the property is insured;
- (o) mysterious disappearance or shortage of "equipment" or "stock" disclosed on taking inventory;
- (p) loss or damage sustained to "equipment" or "stock" while actually being worked upon and directly resulting therefrom or caused by any repairing, adjusting or servicing of "equipment" or "stock", unless fire or explosion as described in Clause 19(i) ensues and then only for such ensuing loss or damage;
- (q) disturbance or erasure of electronic recordings by electric or magnetic injury except by lightning.

**C. POLLUTION EXCLUDED**

This form does not insure against:

- (a) loss or damage caused directly or indirectly by any actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants", nor the cost or expense of any resulting "clean up", but this exclusion does not apply:
  - (i) if the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants" is the direct result of a peril not otherwise excluded under this form;
  - (ii) to loss or damage caused directly by a peril not otherwise excluded under this form;
- (b) cost or expense for any testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

**7. EXTENSIONS OF COVERAGE**

The following extensions of coverage shall not increase the amounts of insurance applying under this form and are subject to all conditions of this form.

- (a) **Removal:** If any of the insured property is necessarily removed from the location(s) specified herein to prevent loss or damage or further loss or damage thereto, that part of the insurance under this form that exceeds the amount of the Insurer's liability for any loss already incurred shall, for 7 days only, or for the unexpired term of the policy if less than 7 days, insure the property removed and any property remaining in the location(s) specified herein in the proportions which the value of the property in each of the respective location(s) bears to the value of the property in them all.

- (b) (i) **Debris Removal:** The Insurer will indemnify the Insured for expenses incurred in the removal from the "premises" of debris of the property insured, occasioned by loss or damage to such property, for which loss or damage insurance is afforded under this form.

The amount payable under this extension shall not exceed 25% of the total amount payable for the direct physical loss to property insured plus the amount of the applicable deductible.

- (ii) **Removal of Windstorm Debris:** The Insurer will indemnify the Insured for expenses incurred in the removal of debris or other property which is not insured by this form but which has been blown by windstorm upon a location specified on the "Declarations Page".

Extensions of coverage b(i) and b(ii) do not apply to costs or expenses:

- (a) to "clean up" "pollutants" from land or water; or  
(b) for testing, monitoring, evaluating or assessing of an actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

Debris removal expense shall not be considered in the determination of actual cash value for the purpose of applying the Co-insurance Clause.

- (c) **Personal Property of Officers and Employees:** At the option of the Insured, "equipment" also includes personal property of officers and employees of the Insured. The insurance on such property:

- (i) shall not attach if it is insured by the owner unless the Insured is obliged to insure it or is liable for its loss or damage;  
(ii) is, in any event, limited to a maximum recovery of \$250 in respect of any one officer or employee;  
(iii) shall apply only to loss or damage occurring at a location specifically described on the "Declarations Page" or included in "Newly Acquired Location".

- (d) **"Building" Damage by Theft:** This form is extended to insure damage (except by fire) to that part of a "building" occupied by the Insured directly resulting from theft or any attempt thereat and from vandalism or malicious acts committed on the same occasion, provided the Insured is the owner of such "building" or is liable for such damage and the "building" is not otherwise insured hereunder. This extension of cover shall be limited to a maximum recovery of twenty-five hundred dollars (\$2,500.) in respect of any one loss. Glass and lettering or ornamentation thereon is excluded from this extension.

- (e) **Growing Plants, Trees, Shrubs or Flowers in the Open:** This form is extended to insure loss or damage to growing plants, trees, shrubs or flowers in the open caused directly by "Named Perils" (with the exception of windstorm or hail as described in clause 19 (i)(G)) or from theft or attempt thereat. This extension of coverage shall be limited to a maximum recovery of five hundred dollars (\$500.) for each growing plant, tree, shrub or flower in the open including debris removal expense.

**8. PERMISSION**

Permission is hereby granted:

- (a) for other Insurance concurrent with this form;  
(b) to make additions, alterations or repairs;  
(c) to do such work and to keep and use such articles, materials, and supplies in such quantities as are usual or necessary to the Insured's business.

**9. BREACH OF CONDITION**

Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this form, the breach shall not disentitle the Insured from recovery if the Insured establishes that the loss was not caused or contributed to by the breach of condition or if the breach of condition occurred in any portion of the premises over which the Insured has no control.

**10. REINSTATEMENT**

Loss under any item of this form shall not reduce the applicable amount of insurance.

**11. SUBROGATION**

The Insurer, upon making any payment or assuming liability therefore under this form, shall be subrogated to all rights of recovery of the Insured against others and may bring action to enforce such rights. Notwithstanding the foregoing, all rights of subrogation are hereby waived against any corporation, firm, individual, or other interest with respect to which Insurance is provided by this policy.

Where the net amount recovered, after deducting the costs of recovery, is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively.

Any release from liability entered into by the Insured prior to loss shall not affect the right of the Insured to recover.

**12. PROPERTY PROTECTION SYSTEMS**

It is agreed that the Insured shall notify forthwith the Insurer of any interruption to, or flaw or defect, coming to the knowledge of the Insured, in any:

- (a) sprinkler or other fire extinguishing system; or
- (b) fire detection system; or
- (c) intrusion detection system;

and shall also notify forthwith the Insurer of the cancellation or non-renewal of any contract which provides monitoring or maintenance services to any of these systems or of the notification of the suspension of police service in response to any of these systems.

**13. PREMIUM ADJUSTMENT**

This clause is applicable if a specific amount of insurance is shown on the "Declarations Page" or the Statement of Values for "Stock".

If within six months after the expiry or anniversary date of each period of insurance, the Insured shall file with the Insurer a Premium Adjustment Application Form showing, for the said period, the actual cash value of the "stock" insured on the last day of each month at each location as commented upon by the Insured's Accountant, the actual premium for the said period shall then be calculated at the rate applying to each location for the average amount of the total values declared. If the premium paid by the Insured for such "stock" exceeds the actual premium thus calculated, the Insurer shall refund to the Insured any excess paid, subject to a maximum refund of 50% of the premium paid. In the event of any monthly declared values being in excess of the amount of insurance, the amount of the excess shall not be included in the premium adjustment calculations.

**14. VERIFICATION OF VALUES**

The Insurer or its duly appointed representative shall be permitted at all reasonable times during the term of this policy, or within a year after termination or expiration, to inspect the property insured and to examine the Insured's books, records and such policies as relate to any property insured hereunder. Such inspection or examination shall not waive nor in any manner affect any of the terms or conditions of this form.

**15. VALUATIONS**

For the purpose of calculating the total value of the property for the application of Co-Insurance, value reporting and for loss adjustment, the following valuation basis applies:

- (a) on unsold "stock" - the actual cash value of the property at the time any loss occurs, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;
- (b) on sold "stock" - the selling price after allowance for discounts;
- (c) on property of others in the custody or control of the Insured for the purpose of performing work thereon - the amount for which the Insured is liable but in no event to exceed the actual cash value at the time and place of loss plus allowance for labour and materials expended to such time;
- (d) on tenant's improvements and records - as defined in paragraphs (a) and (b) of Clause 16;
- (e) on all other property insured under this form and for which no more specific conditions have been set out - the actual cash value at the time the loss or damage occurs but in no event to exceed what it would then cost to repair or replace with material of like kind and quality.

**16. SPECIAL BASIS OF SETTLEMENT**

(a) **Tenant's Improvements:** The liability of the Insurer shall be determined as follows:

- (i) if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended but in no event exceeding the actual cash value of the tenant's improvements immediately prior to the time of destruction or damage;
- (ii) if not repaired or replaced with due diligence and dispatch after such loss, that portion of the original cost of the damaged or destroyed tenant's improvements which the unexpired term of the lease at the time of loss bears to the period(s) from the date(s) such tenant's improvements were made to the expiration date of the lease.

(b) **Records:** The liability of the Insurer for loss or damage to:

- (i) books of accounts, drawings, card index systems and other records, other than as described in (ii) below, shall not exceed the cost of blank books, blank pages or other materials, plus the cost of labour for actually transcribing or copying said records;
- (ii) media, data storage devices, and programme devices for electronic and electro-mechanical data processing or for electronically controlled equipment, shall not exceed the cost of reproducing such media, data storage devices, and programme devices from duplicates or from originals of the previous generation of the media, but no liability is assumed hereunder for the cost of gathering or assembling information or data for such reproduction.

Whichever of the above is applicable shall be the basis to be adopted for the purpose of applying Co-Insurance.

**17. PROPERTY OF OTHERS**

At the option of the Insurer, any loss may be paid to the Insured or adjusted with and paid to the customer or the owner of the property.

**18. LOCKED VEHICLE WARRANTY**

This clause does not apply to property which is under the control of a common carrier.

Warranted by the Insured that any vehicle in which the property insured is carried is equipped with a fully enclosed metal body or compartment, and the Insurer shall be liable in case of loss by theft from an unattended vehicle only as a direct result of forcible entry (of which there shall be visible evidence) into such body or compartment the doors and windows of which shall have been securely locked.

**19. DEFINITIONS**

Wherever used in this form:

(a) **"Declarations Page"** means the Declarations Page applicable to this form.

(b) **"Building"** means:

the building(s) described on the "Declarations Page" and includes:

- (i) fixed structures pertaining to the building(s) and located on the "premises";
- (ii) additions and extensions communicating and in contact with the building(s);
- (iii) permanent fittings and fixtures attached to and forming part of the building(s);
- (iv) materials, equipment and supplies on the "premises" for maintenance of, and normal repairs and minor alterations to the "building" or for building services;
- (v) growing plants, trees, shrubs or flowers inside the "building" used for decorative purposes when the Insured is the owner of the "building".

(c) **"Equipment"** means:

- (i) generally all contents usual to the Insured's business including furniture, furnishings, fittings, fixtures, machinery, tools, utensils and appliances other than "building" or "stock" as herein defined;
- (ii) similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable;
- (iii) tenant's improvements which are defined as building improvements, alterations and betterments made at the expense of the Insured to a "building" occupied by the Insured and which are not otherwise insured, provided the Insured is not the owner of such "building". If the Insured purchased the use interest in tenant's improvements made by a predecessor tenant, this form applies as though such tenant's improvements had been made at the expense of the Insured;

(d) **"Stock"** means:

- (i) merchandise of every description usual to the Insured's business;
- (ii) packing, wrapping and advertising materials; and
- (iii) similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable;

(e) **"Premises"** means the entire area within the property lines and areas under adjoining sidewalks and driveways at the locations described on the "Declarations Page" and in or on vehicles within 100 metres (328 feet) of such locations.

(f) **"Fire Protective Equipment"** includes tanks, watermains, hydrants, valves and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include:

- (i) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
- (ii) any watermains or appurtenances located outside of the described "premises" and forming a part of the public water distribution system;
- (iii) any pond or reservoir in which the water is impounded by a dam.

(g) **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including odour, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

(h) **"Clean Up"** means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants", including testing which is integral to the aforementioned processes.

(i) **"Named Perils"** means:

(A) **FIRE OR LIGHTNING**

(B) **EXPLOSION:** Except with respect to explosion of natural, coal or manufactured gas, there shall in no event be any liability hereunder for loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by the Insured:

- (i)
  - (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
  - (b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
  - (c) the combustion chambers or fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion therefrom;
  - (d) smelt dissolving tanks;
- (ii) other vessels and apparatus, and pipes connected therewith, while under pressure, or while in use or in operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;

- (iii) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
  - (iv) any vessels and apparatus and pipes connected therewith while undergoing pressure tests, but this exclusion shall not apply to other property insured hereunder that has been damaged by such explosion;
  - (v) gas turbines;
- The following are not explosions within the intent or meaning of this section:
- (a) electric arcing or any coincident rupture of electrical equipment due to such arcing;
  - (b) bursting or rupture caused by hydrostatic pressure or freezing;
  - (c) bursting or rupture of any safety disc, rupture diaphragm or fusible plug.
- (C) **IMPACT BY AIRCRAFT, SPACECRAFT OR LAND VEHICLE:** The terms "Aircraft" and "Spacecraft" include articles dropped therefrom.
- There shall in no event be any liability hereunder due to cumulative damage or for loss or damage:
- (i) caused by land vehicles belonging to or under the control of the Insured or any of his employees;
  - (ii) to aircraft, spacecraft or land vehicles causing the loss;
  - (iii) caused by any aircraft or spacecraft when being taxied or moved inside or outside of "buildings".
- (D) **RIOT, VANDALISM OR MALICIOUS ACTS:** The term Riot includes open assemblies of strikers inside or outside the "premises" who have quitted work and of locked-out employees.
- There shall in no event be any liability hereunder for loss or damage:
- (i) due to cessation of work or by interruption to process or business operations or by change(s) in temperature;
  - (ii) due to flood or release of water impounded by a dam, or due to any explosion other than an explosion in respect of which there is insurance under Clause 19(i)(B);
  - (iii) due to theft or attempt thereat.
- (E) **SMOKE:** The term "Smoke" means smoke due to a sudden, unusual and faulty operation of any stationary furnace. There shall in no event be any liability hereunder for any cumulative damage.
- (F) **LEAKAGE FROM FIRE PROTECTIVE EQUIPMENT:** The term Leakage From Fire Protective Equipment means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "premises" described on the "Declarations Page" or for adjoining premises and loss or damage caused by the fall or breakage or freezing of such equipment.
- (G) **WINDSTORM OR HAIL:** There shall in no event be any liability hereunder for loss or damage:
- i) to the interior of the "buildings" insured or their contents unless damage occurs concurrently with and results from an aperture caused by windstorm or hail;
  - (ii) directly or indirectly caused by any of the following, whether driven by wind or due to windstorm or not: snow-load, ice-load, tidal wave, high water, overflow, flood, waterborne objects, waves, ice, land subsidence, landslide.

# Pollution/Contamination Exclusion

PX6

This exclusion modifies coverage provided by forms PA1, PAP1, PAC1, PA2, PA6, PA23, PA27, PA29, PN1, PNP1 and PNC1, but only if indicated on the Declarations Page for the form.

This Policy does not insure any loss or damage, whether direct or indirect, nor any clean up cost incurred resulting from any spill, discharge or seepage of a pollutant/contaminant.

This exclusion does not apply to loss or damage to the property insured caused by an insured peril or to expenses covered under the following debris removal clause:

## DEBRIS REMOVAL CLAUSE

The Insurer will indemnify the Insured for expenses incurred in the removal from the Insured's premises of debris of the property insured occasioned by loss or damage to such property for which loss or damage insurance is afforded under this policy.

The Insurer will indemnify the Insured for expenses incurred in the removal of debris or other property which is not insured by the policy but which has been blown by windstorm upon a location insured hereunder.

Debris removal expenses shall not be considered in the determination of actual cash value for the purpose of applying co-insurance clause.

The coverage provided under this clause shall not increase the limit(s) of liability applying under this policy to the property lost, destroyed or damaged.

**All other terms and conditions of this policy remain unchanged.**

# AEGIS UNOCCUPANCY CONDITIONS

When any building insured or part of any building insured by this Policy are unattended or unoccupied for more than thirty (30) consecutive days, it is a condition precedent to liability that,

1. all reasonable precautions are taken to ensure that the buildings are secure against entry by intruders including:-
  - a) securely locking and fastening all doors and windows;
  - b) any letter boxes being sealed;
  - c) setting all security and alarm protections in full operation and ensuring that the protections are in proper working order.
2. the buildings must be inspected at least once every 7 days by the Insured or the Insured's nominee in order to inspect the premises both internally and externally and to carry out any work necessary to maintain the above security arrangements. A record will be kept of such inspections.
3. all gas and electricity mains supplies will be kept disconnected (except those supplies required to maintain automatic sprinkler installations, lighting or alarm systems which are to remain in operation for security or fire protection purposes), unless there is a full time caretaker or security guard on the premises.
4. all waste refuse and other disused combustible materials will be cleared from the building and removed from the premises at least once a week.



## **Radioactive Contamination Exclusion Clause Physical Damage Direct**

*(Approved by Lloyd's Underwriters' Non-Marine Association)*

**NMA1191**

This policy does not cover any loss or damage arising directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination however such nuclear reaction nuclear radiation or radioactive contamination may have been caused \* **NEVERTHELESS** if Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this policy) be covered **EXCLUDING** however all loss or damage caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.

\*Note.-If Fire is not an insured peril under this policy the words "**NEVERTHELESS**" to the end of the clause do not apply and should be disregarded.

**NMA1191 (7/5/59)**

# Replacement Cost Extension

PE1

This extension modifies coverage provided by forms PA1, PAP1, PAC1, PA2, PA3, PA6, PA11, PA12, PA21, PA22, PA23, PA24, PA26, PA29, PN1, PNP1, PNC1, PN11, PN12, PN21, PN23, PN24 and PN29, but only if indicated on the Declarations Page for the form.

1. The Insurer agrees to amend the basis of settlement from actual cash value to replacement cost subject to the following provisions:
  - (a) replacement shall be effected by the Insured with due diligence and dispatch;
  - (b) replacement shall be on the same site or on an adjacent site;
  - (c) settlement on a replacement cost basis shall be made only when replacement has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such replacement;
  - (d) failing compliance by the Insured with any of the foregoing provisions, settlement shall be made as if this extension had not been in effect;
  - (e) any other insurance effected by or on behalf of the Insured in respect of the perils insured against by this Policy on the property to which this extension is applicable shall be on the basis of replacement cost as defined herein;
  - (f) this extension applies separately to each item(s) listed above.
2. Any reference to actual cash value in a co-insurance clause in this Policy is deemed to be a reference to replacement cost of the property insured.
3. In this extension,
  - (a) "replacement cost" means the cost of replacing, repairing, constructing or re-constructing (whichever is the least) the property on the same site with new property of like kind and quality and for like occupancy without deduction for depreciation; and
  - (b) "replacement" includes repair, construction or re-construction with new property of like kind and quality.
4. In the event that new property of like kind and quality is not obtainable, new property which is as similar as possible to that damaged or destroyed and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purposes of this extension.
5. **EXCLUSIONS**  
This extension does not apply to
  - (a) stock;
  - (b) patterns, dies, moulds;
  - (c) paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelain, rare glassware, bric-a-brac or other articles of art, rarity or antiquity;
  - (d) manuscripts and records meaning books of account, drawings, card index systems and other records, media, data storage devices, and programme devices for electronic electro-mechanical data processing or for electronically controlled equipment;
  - (e) any increase in the cost of replacement occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law.
6. If **Restricted to locations** is indicated on the Declarations Page applicable to this extension, replacement cost coverage is restricted to the locations so indicated.

**All other terms and conditions of this Policy remain unchanged.**

### **Sewer Back-Up Extension**

BT014PE10

This insurance is hereby extended to include loss or damage caused by the backing-up of sewers, sumps, septic tanks or drains but only up to a maximum limit of **\$25,000** any one occurrence and subject to **\$2,500** deductible each and every loss.

This extension does not insure damage caused directly or indirectly:

1. by continuous or repeated seepage or leakage, the escape, overflow, or backing-up of water from sewers due to rising or overflowing of streams or other bodies of water;
2. or occurring while the building is vacant or while the building insured or containing the property is in the course of construction, irrespective of any permission given elsewhere in the policy for the vacancy or construction;
3. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, windows or other openings in such sidewalks, driveways, foundations, walls or floors;
4. any of the following perils whether or not caused by or attributable to flood, fire, explosion, smoke, leakage from fire protective equipment or from a watermain, theft, riot, vandalism or malicious acts.

The Insurer is liable for the amount by which the loss or damage caused by any of the perils insured against under this extension exceeds in any one occurrence the specified deductible.

**Co-Insurance Clause:** For the purpose of this extension, this extension is **NOT** subject to co-insurance notwithstanding anything contained in the Policy Declarations to the contrary.

**All other terms and conditions of this Policy remain unchanged**

Attached to and forming part of this Policy, its extensions or renewals unless otherwise stated.

# Data Exclusion

PX29

This extension modifies coverage provided by the Property, Business Interruption and Business Income forms, but only if indicated on the Declarations Page for the form.

## THIS POLICY DOES NOT INSURE

1. "Data", as defined herein.
2. loss or damage caused directly or indirectly by "Data Problem", as defined herein.  
However, if loss or damage caused by "Data Problem" results in the occurrence of further loss of or damage to property insured by the Form to which this endorsement is attached, that is directly caused by the perils of:
  - (a) Fire or Lightning;
  - (b) Explosion;
  - (c) Smoke;
  - (d) Leakage From Fire Protective Equipment;
  - (e) Impact by Aircraft, Spacecraft or Land Vehicle;
  - (f) Windstorm or Hall;and if insured under this policy
  - (g) Earthquake;
  - (h) Flood; or
  - (i) Water Escape,this paragraph 2. shall not apply to such resulting loss or damage.

"Data" means representations of information or concepts, in any form.

"Data Problem" means the erasure, destruction, corruption, misappropriation or misinterpretation of "Data"; error in creating, amending, entering, deleting or using "Data"; or the inability to receive, transmit or use "Data".

All other terms and conditions of this policy remain unchanged.

# Terrorism Exclusion

PX30

This extension modifies coverage provided by the Property, Business Interruption and Business Income forms, but only if indicated on the Declarations Page for the form.

THIS POLICY DOES NOT INSURE loss or damage caused directly or indirectly, in whole or in part, by "Terrorism" or by any activity or decision of a government agency or other entity to prevent, respond to or terminate "Terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

If Limited coverage for ensuing loss or damage applies is indicated on the Declarations Page applicable to this exclusion, then coverage applies for ensuing loss or damage which results directly from the following perils:

(A) Fire

(B) Explosion: Except with respect to explosion of natural, coal or manufactured gas, there shall in no event be any liability hereunder for loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by the Insured:

- (i) (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
- (b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
- (c) the combustion chambers or fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion therefrom;
- (d) smelt dissolving tanks;
- (ii) other vessels and apparatus, and pipes connected therewith, while under pressure, or while in use or in operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;
- (iii) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
- (iv) any vessels and apparatus and pipes connected therewith while undergoing pressure tests, but this exclusion shall not apply to other property insured hereunder that has been damaged by such explosion;
- (v) gas turbines;

The following are not explosions within the intent or meaning of this section:

- (a) electric arcing or any coincident rupture of electrical equipment due to such arcing;
- (b) bursting or rupture caused by hydrostatic pressure or freezing;
- (c) bursting or rupture of any safety disc, rupture diaphragm or fusible plug.

For the purpose of this Exclusion, "Terrorism" means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.

All other terms and conditions of this policy remain unchanged.

## **Water Damage Limitation Endorsement # 1**

**BT006PE10**

Notwithstanding anything contained in the Commercial Building, Equipment & Stock Broad Form PA1 to the contrary, this policy only insures up to a maximum limit of **\$25,000** any one loss or damage caused by WATER and resulting from an insured peril, subject to **\$2,500** 'deductible' each and every loss. However, terms of this Endorsement shall not apply to loss or damage caused by Leakage from Fire Protective Equipment or by Fire Fighting.

**Co-Insurance Clause:** For the purpose of this extension, this extension is **NOT** subject to co-insurance notwithstanding anything contained in the Policy Declarations to the contrary.

All other terms and conditions of this Policy remain unchanged.

Attaching to and forming part of this Policy, its extensions or renewals unless otherwise stated.

**BT006PE10**  
**(07/23/13 - revised)**

## **Robbery &/or Theft &/or Burglary Restriction Endorsement**

BT007PE10

Notwithstanding anything contained in the Commercial Building, Equipment & Stock (Broad Form ) PA1 to the contrary, indemnity provided by this policy against loss or damage arising out of the perils of **ROBBERY, THEFT OR BURGLARY &/OR ATTEMPT THEREAT** shall be limited to the amounts and subject to the deductibles stated below.

[X] **ROBBERY** – Up to a maximum limit of **\$25,000** any one loss, subject to **\$2,500** deductible and every loss.

[X] **THEFT** – Up to a maximum limit of **\$25,000** any one loss, subject to **\$2,500** deductible and every loss.

[X] **BURGLARY** – Up to a maximum limit of **\$25,000** any one loss, subject to **\$2,500** deductible each and every loss.

**ONLY THE PERIL(S) CHECKED [x] SHALL APPLY.**

### **DEFINITIONS FOR THE PURPOSES OF THIS ENDORSEMENT:**

**ROBBERY** means the taking of Insured property from a "custodian" by a person or persons who have:

1. Caused or threatened to cause the "custodian" bodily harm; or
2. Committed an overt unlawful act witnessed by the "custodian"; or
3. Taken such property from a "custodian" who has been killed or rendered unconscious.
4. "ROBBERY OF A WATCHMAN" means the unlawful taking of insured property by violence or threat of violence inflicted upon a "watchman" and while such "watchman" is on duty within the "premises".

**THEFT** means the felonious abstraction of Insured property from within the "premises" show cases or show windows by a person or persons when the "premises" are open for business and of which the Insured is not cognizant.

**BURGLARY** means the felonious abstraction of Insured property from within the premises, show cases or show windows by a person or persons making felonious entry therein or exit therefrom by actual force and violence as evidenced by visible marks on the perimeter of the premises, show cases or show windows, at the place of such entry or exit, when the premises closed for business.

**CUSTODIAN** means the Insured or the Insured's partner(s) or any employee authorized to have the care and custody of insured property, excluding any person while acting as a "guard", janitor, porter, or "watchman".

**GUARD** means any able-bodied person who accompanies the custodian by the direction of the Insured, but how is not a driver of a public conveyance.

**WATCHMAN** means any person or persons employed exclusively to have care and custody of insured property inside the premises while the premises are closed for business, and who has/have no other duties.

**PREMISES** means the interior of that portion of any building described at the location designated in the Declarations and the space surrounding such portion of the building occupied solely by the Insured in conducting his business.

**All other terms and conditions of this policy remain unchanged.**

Attaching to and forming part of this Policy, its extensions or renewals, unless otherwise stated.

BT007PE10 (07/23/13 - revised)

# Commercial General Liability (Occurrence Form)

L1a

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under Paragraph 3. of Section II – Who is an Insured. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V –Definitions.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

## SECTION I – COVERAGES

### COVERAGE A. BODILY INJURY and PROPERTY DAMAGE LIABILITY

#### 1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as "compensatory damages" because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "action" seeking those "compensatory damages". However, we will have no duty to defend the insured against any "action" seeking "compensatory damages" for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "action" that may result. But:
  - (1) The amount we will pay for "compensatory damages" is limited as described in Section III – Limits Of Insurance; and
  - (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A, B or D or medical expenses under Coverage C. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A, B and D.
- b. This insurance applies to "bodily injury" and "property damage" only if:
  - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and
  - (2) The "bodily injury" or "property damage" occurs during the policy period; and
  - (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
  - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
  - (2) Receives a written or verbal demand or claim for "compensatory damages" because of the "bodily injury" or "property damage"; or
  - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. "Compensatory damages" because of "bodily injury" include "compensatory damages" claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

#### 2. Exclusions

This insurance does not apply to:

##### a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

##### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay "compensatory damages" by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for "compensatory damages":

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable legal fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be "compensatory damages" because of "bodily injury" or "property damage", provided:
  - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and



## Commercial General Liability (Occurrence Form)

L1a

- (b) Such legal fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which "compensatory damages" to which this insurance applies are alleged.
- c. **Workers' Compensation and Similar Laws**  
Any obligation of the insured under a workers' compensation, disability benefits or unemployment or employment compensation law or any similar law.
- d. **Employer's Liability**  
"Bodily injury" to:  
(1) An "employee" of the insured arising out of and in the course of:  
(a) Employment by the insured; or  
(b) Performing duties related to the conduct of the insured's business; or  
(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph 2. d. (1) above.  
This exclusion applies:  
(i) Whether the insured may be liable as an employer or in any other capacity; and  
(ii) To any obligation to share "compensatory damages" with or repay someone else who must pay "compensatory damages" because of the injury.  
This exclusion does not apply to:  
(a) Liability assumed by the insured under an "insured contract"; or  
(b) A claim made or an "action" brought by a Canadian resident "employee" on whose behalf contributions are made by or required to be made by you under the provisions of any Canadian provincial or territorial workers' compensation law, if cover or benefits have been denied by any Canadian Workers' Compensation Authority.
- e. **Aircraft or Watercraft**  
"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others by or on behalf of any insured of:  
(i) Any aircraft, air cushion vehicle or watercraft owned or operated by or rented or loaned to any insured; or  
(ii) Any premises for the purpose of an airport or aircraft landing area and all operations necessary or incidental thereto.  
Use includes operation and "loading or unloading".  
This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft or watercraft that is owned or operated by or rented or loaned to any insured.  
This exclusion does not apply to:  
(1) A watercraft while ashore on premises you own or rent;  
(2) A watercraft you do not own that is:  
(a) Less than 8 metres long; and  
(b) Not being used to carry persons or property for a charge;  
(3) "Bodily injury" to an "employee" of the insured on whose behalf contributions are made by or required to be made by the insured under the provisions of any Canadian provincial or territorial workers' compensation law, if the "bodily injury" results from an "occurrence" involving watercraft.
- f. **Automobile**  
"Bodily injury" or "property damage" arising directly or indirectly, in whole or in part, out of the ownership, maintenance, use or entrustment to others of any "automobile" owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading". This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "bodily injury" or "property damage".  
This exclusion applies to any motorized snow vehicle or its trailers and any vehicle while being used in any speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity.  
This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any "automobile" that is owned or operated by or rented or loaned to any insured.  
This exclusion does not apply to:  
(1) "Bodily injury" to an "employee" of the insured on whose behalf contributions are made by or required to be made by the insured under the provisions of any Canadian provincial or territorial workers' compensation law.  
(2) "Bodily injury" or "property damage" arising out of a defective condition in, or improper maintenance of, any "automobile" owned by the insured while leased to others for a period of 30 days or more provided the lessee is obligated under contract to ensure that the "automobile" is insured.  
(3) the ownership, use or operation of machinery, apparatus or equipment mounted on or attached to any vehicle while at the site of the use or operation of such equipment, but this exception does not apply when such equipment is used for the purpose of "loading or unloading".
- g. **Damage To Property**  
"Property damage" to:

## Commercial General Liability (Occurrence Form)

L1a

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
  - (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
  - (3) Property loaned to you;
  - (4) Personal property in your care, custody or control;
  - (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations;
  - (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.  
Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.  
Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.  
Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".
- h. **Damage To Your Product**  
"Property damage" to "your product" arising out of it or any part of it.
  - i. **Damage To Your Work**  
"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".  
This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.
  - j. **Damage To Impaired Property or Property Not Physically Injured**  
"Property damage" to "impaired property" or property that has not been physically injured, arising out of:
    - (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
    - (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.  
This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.
  - k. **Recall of Products, Work or Impaired Property**  
"Compensatory damages" claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:
    - (1) "Your product";
    - (2) "Your work"; or
    - (3) "Impaired property";  
if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.
  - l. **Electronic Data**  
"Compensatory damages" arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.
  - m. **Personal and Advertising Injury**  
"Bodily injury" arising out of "personal and advertising injury".
  - n. **Professional Services**  
"Bodily injury" (other than "incidental medical malpractice injury"), or "property damage" due to the rendering of or failure to render by you or on your behalf of any "professional services" for others, or any error or omission, malpractice or mistake in providing those services.
  - o. **Abuse**
    - a. Claims or "actions" arising directly or indirectly from "abuse" committed or alleged to have been committed by an insured, including the transmission of disease arising out of any act of "abuse".
    - b. Claims or "actions" based on your practices of "employee" hiring, acceptance of "volunteer workers" or supervision or retention of any person alleged to have committed "abuse".
    - c. Claims or "actions" alleging knowledge by an insured of, or failure to report, the alleged "abuse" to the appropriate authority(ies).
  - p. **Asbestos** – see Common Exclusions
  - q. **Fungi or Spores** – see Common Exclusions
  - r. **Nuclear** – see Common Exclusions
  - s. **Pollution** – see Common Exclusions
  - t. **Terrorism** – see Common Exclusions
  - u. **War Risks** – see Common Exclusions

**COVERAGE B. PERSONAL and ADVERTISING INJURY LIABILITY****1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as "compensatory damages" because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "action" seeking those "compensatory damages". However, we will have no duty to defend the insured against any "action" seeking "compensatory damages" for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "action" that may result. But:
  - (1) The amount we will pay for "compensatory damages" is limited as described in Section III – Limits Of Insurance; and
  - (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A, B or D or medical expenses under Coverage C.No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A, B and D.
- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

**2. Exclusions**

This insurance does not apply to:

- a. **Knowing Violation Of Rights Of Another**  
"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".
- b. **Material Published With Knowledge Of Falsity**  
"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.
- c. **Material Published Prior To Policy Period**  
"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.
- d. **Criminal Acts**  
"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.
- e. **Contractual Liability**  
"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for "compensatory damages" that the insured would have in the absence of the contract or agreement.
- f. **Breach Of Contract**  
"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".
- g. **Quality Or Performance Of Goods – Failure To Conform To Statements**  
"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".
- h. **Wrong Description Of Prices**  
"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".
- i. **Infringement Of Copyright, Patent, Trademark or Trade Secret**  
"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.  
However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.
- j. **Insureds In Media and Internet Type Businesses**  
"Personal and advertising injury" committed by an insured whose business is:
  - (1) Advertising, broadcasting, publishing or telecasting;
  - (2) Designing or determining content of web-sites for others; or
  - (3) An Internet search, access, content or service provider.However, this exclusion does not apply to Paragraphs 21. a., b. and c. of "personal and advertising injury" under the Definitions Section.  
For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.
- k. **Electronic Chatrooms or Bulletin Boards**  
"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.
- l. **Unauthorized Use Of Another's Name or Product**  
"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your email address, domain name or metatag, or any other similar tactics to mislead another's potential customers.
- m. **Asbestos – see Common Exclusions**
- n. **Fungi or Spores – see Common Exclusions**

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- o. Nuclear— see Common Exclusions
- p. Pollution — see Common Exclusions
- q. Terrorism — see Common Exclusions
- r. War Risks — see Common Exclusions

### COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement
  - a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
    - (1) On premises you own or rent;
    - (2) On ways next to premises you own or rent; or
    - (3) Because of your operations;provided that:
    - (1) The accident takes place in the "coverage territory" and during the policy period;
    - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
    - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
  - b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance as described in Section III — Limits of Insurance. We will pay reasonable expenses for:
    - (1) First aid administered at the time of an accident;
    - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
    - (3) Necessary ambulance, hospital, professional nursing and funeral services.
2. Exclusions

We will not pay expenses for "bodily injury":

  - a. Any Insured

To any insured, except "volunteer workers".
  - b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.
  - c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.
  - d. Workers Compensation and Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
  - e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
  - f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".
  - g. Coverage A Exclusions

Excluded under Coverage A.

### COVERAGE D. TENANTS' LEGAL LIABILITY

1. Insuring Agreement
  - a. We will pay those sums that the insured becomes legally obligated to pay as "compensatory damages" because of "property damage" to which this insurance applies. This insurance applies only to "property damage" to premises of others rented to you or occupied by you. We will have the right and duty to defend the insured against any "action" seeking those "compensatory damages". However, we will have no duty to defend the insured against any "action" seeking "compensatory damages" for "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "action" that may result. But:
    - (1) The amount we will pay for "compensatory damages" is limited as described in Section III — Limits Of Insurance; and
    - (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A, B or D or medical expenses under Coverage C.No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments — Coverages A, B and D.
  - b. This insurance applies to "property damage" only if:

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- (1) The "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
  - (2) The "property damage" occurs during the policy period; and
  - (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "property damage" occurred, then any continuation, change or resumption of such "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
  - c. "Property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "property damage" after the end of the policy period.
  - d. "Property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
    - (1) Reports all, or any part, of the "property damage" to us or any other insurer;
    - (2) Receives a written or verbal demand or claim for "compensatory damages" because of the "property damage";
    - (3) Becomes aware by any other means that "property damage" has occurred or has begun to occur.
2. Exclusions
- This insurance does not apply to:
- a. Expected or Intended Injury  
"Property damage" expected or intended from the standpoint of the insured.
  - b. Contractual Liability  
"Property damage" for which the insured is obligated to pay "compensatory damages" by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for "compensatory damages":
    - (1) That the insured would have in the absence of the contract or agreement; or
    - (2) Assumed in a contract or agreement that is an "insured contract", provided the "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable legal fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be "compensatory damages" because of "property damage", provided:
      - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
      - (b) Such legal fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which "compensatory damages" to which this insurance applies are alleged.
  - c. Asbestos – see Common Exclusions
  - d. Fungi or Spores – see Common Exclusions
  - e. Nuclear – see Common Exclusions
  - f. Pollution – see Common Exclusions
  - g. Terrorism – see Common Exclusions
  - h. War Risks – see Common Exclusions

### COMMON EXCLUSIONS – COVERAGES A, B, C and D

This insurance does not apply to:

1. Asbestos  
"Bodily injury", "property damage" or "personal and advertising injury" related to or arising from any actual or alleged liability for any legal remedy of any kind whatsoever (including but not limited to damages, interest, mandatory or other injunctive relief, statutory orders or penalties, legal or other costs, or expenses of any kind) in respect of actual or threatened loss, damage, cost or expense directly or indirectly caused by, resulting from, in consequence of or in any way involving, asbestos or any materials containing asbestos in whatever form or quantity.  
This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "bodily injury", "property damage" or "personal and advertising injury".
2. Fungi or Spores
  - a. "Bodily injury", "property damage" or "personal and advertising injury" or any other cost, loss or expense incurred by others, arising directly or indirectly from the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, presence of, spread of, reproduction, discharge or other growth of any "fungi" or "spores" however caused, including any costs or expenses incurred to prevent, respond to, test for, monitor, abate, mitigate, remove, cleanup, contain, remediate, treat, detoxify, neutralize, assess or otherwise deal with or dispose of "fungi" or "spores";
  - b. Any supervision, instructions, recommendations, warnings, or advice given or which should have been given in connection with a. above; or

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- c. Any obligation to pay damages, share damages with or repay someone else who must pay damages because of such injury or damage referred to in a. or b. above.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "bodily injury", "property damage" or "personal and advertising injury".

### 3. Nuclear Energy Liability

- a. Liability imposed by or arising from any nuclear liability act, law or statute, or any law amendatory thereof;
- b. "Bodily injury", "property damage" or "personal and advertising injury" with respect to which an insured under this policy is also insured under a contract of nuclear energy liability insurance (whether the insured is unnamed in such contract and whether or not it is legally enforceable by the insured) issued by the Nuclear Insurance Association of Canada or any other insurer or group or pool of insurers or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability;
- c. "Bodily injury", "property damage" or "personal and advertising injury" resulting directly or indirectly from the "nuclear energy hazard" arising from:
- 1) The ownership, maintenance, operation or use of a "nuclear facility" by or on behalf of an insured;
  - 2) The furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility";
  - 3) The possession, consumption, use, handling, disposal or transportation of "fissionable substances", or of other "radioactive material" (except radioactive isotopes, away from a nuclear facility, which have reached the final stage of fabrication so as to be useable for any scientific, medical, agricultural, commercial or industrial purpose) used, distributed, handled or sold by an insured.

This exclusion applies regardless of any other contributing or aggravating cause or event that contribute concurrently or in any sequence to the "bodily injury", "property damage" or "personal and advertising injury".

### 4. Pollution

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of the actual, alleged or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants":
- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapour or soot from equipment used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
  - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
  - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
- (i) Any insured; or
  - (ii) Any person or organization for whom you may be legally responsible; or
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
- (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of mobile equipment or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
  - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapours from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
  - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:

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- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants";
- (b) Claim or "action" by or on behalf of a governmental authority for "compensatory damages" because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this Section (2) does not apply to liability for "compensatory damages" because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "action" by or on behalf of a governmental authority.

5. Terrorism

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly, in whole or in part, out of "terrorism" or out of any activity or decision of a government agency or other entity to prevent, respond to or terminate "terrorism". This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "bodily injury", "property damage" or "personal and advertising injury".

6. War Risks

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly, in whole or in part, out of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "bodily injury", "property damage" or "personal and advertising injury".

### SUPPLEMENTARY PAYMENTS – COVERAGES A, B and D

1. We will pay, with respect to any claim we investigate or settle, or any "action" against an insured we defend:

- a. All expenses we incur.
- b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- c. All reasonable expenses you incur at our request to assist us in the investigation or defense of the claim or "action", including actual loss of earnings up to \$250 a day because of time off from work.
- d. All costs assessed or awarded against you in the "action".
- e. Any interest accruing after entry of judgment upon that part of the judgment which is within the applicable limit of insurance and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against an "action" and an indemnitee of the insured is also named as a party to the "action", we will defend that indemnitee if all of the following conditions are met:

- a. The "action" against the indemnitee seeks "compensatory damages" for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "action" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "action" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:

(1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "action";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "action";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee;

and

(2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "action"; and
- (b) Conduct and control the defense of the indemnitee in such "action".

So long as the above conditions are met, legal fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b. (2) of Section I – Coverage A – Bodily Injury and Property Damage Liability, such payments will not be deemed to be "compensatory damages" for "bodily injury" and "property damage" and will not reduce the limits of insurance.

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Our obligation to defend an insured's indemnitee and to pay for legal fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

### SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:
  - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b. A partnership, limited liability partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d. An organization other than a partnership, limited liability partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your shareholders are also insureds, but only with respect to their liability as shareholders.
  - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
  - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, limited liability partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
    - (1) "Bodily injury" or "personal and advertising injury":
      - (a) To you, to your partners or members (if you are a partnership, limited liability partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
      - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1) (a) above;
      - (c) For which there is any obligation to share "compensatory damages" with or repay someone else who must pay "compensatory damages" because of the injury described in Paragraphs (1)(a) or (b) above;
      - (d) Arising out of his or her providing or failing to provide professional health care services; or
      - (e) To any person who at the time of injury is entitled to benefits under any workers' compensation or disability benefits law or a similar law.
    - (2) "Property damage" to property:
      - (a) Owned, occupied or used by,
      - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership, limited liability partnership or joint venture), or any member (if you are a limited liability company).
  - b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
  - c. Any person or organization having proper temporary custody of your property if you die, but only:
    - (1) With respect to liability arising out of the maintenance or use of that property; and
    - (2) Until your legal representative has been appointed.
  - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.
3. Any organization you newly acquire or form, other than a partnership, limited liability partnership or joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
  - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
  - b. Coverage A and D does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
  - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, limited liability partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III - LIMITS OF INSURANCE



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1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "actions" brought; or
  - c. Persons or organizations making claims or bringing "actions".
2. The **General Aggregate Limit** is the most we will pay for the sum of:
  - a. "Compensatory damages" under Coverage A, except "compensatory damages" because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
  - b. "Compensatory damages" under Coverage B; and
  - c. Medical expenses under Coverage C.
3. The **Products-Completed Operations Aggregate Limit** is the most we will pay under Coverage A for "compensatory damages" because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. or 3. above, whichever applies, the **Each Occurrence Limit** is the most we will pay for the sum of:
  - a. "Compensatory damages" under Coverage A; and
  - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".
5. Subject to 2. above, the **Personal and Advertising Injury Limit** is the most we will pay under Coverage B for the sum of all "compensatory damages" because of all "personal and advertising injury" sustained by any one person or organization.
6. The **Tenants' Legal Liability Limit – Any one premises** is the most we will pay under Coverage D for "compensatory damages" because of "property damage" to any one premises.
7. Subject to 4. above, the **Medical Payments Limit – Any one person** is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.
8. If **Products-completed operations excluded** is indicated in the Declarations, this insurance does not apply to "bodily injury" or "property damage" included in the "products-completed operations hazard".

The Limits of Insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

### SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**  
Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.
2. **Canadian Currency Clause**  
All limits of insurance, premiums and other amounts as expressed in this policy are in Canadian currency.
3. **Changes.**  
This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent.  
This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
4. **Duties In The Event Of Occurrence, Offense, Claim or Action**
  - a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
    - (1) How, when and where the "occurrence" or offense took place;
    - (2) The names and addresses of any injured persons and witnesses; and
    - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
  - b. If a claim is made or "action" is brought against any insured, you must:
    - (1) Immediately record the specifics of the claim or "action" and the date received; and
    - (2) Notify us as soon as practicable.You must see to it that we receive written notice of the claim or "action" as soon as practicable.
  - c. You and any other involved insured must:

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- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "action";
  - (2) Authorize us to obtain records and other information;
  - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "action"; and
  - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
  - d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
5. **Examination Of Your Books and Records.**  
We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
6. **Inspections and Surveys**
1. We have the right to:
    - a. Make inspections and surveys at any time;
    - b. Give you reports on the conditions we find; and
    - c. Recommend changes.
  2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
    - a. Are safe or healthful; or
    - b. Comply with laws, regulations, codes or standards.
  3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
  4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under provincial or municipal statutes, ordinances, bylaws or regulations, of boilers, pressure vessels or elevators.
7. **Legal Action Against Us**  
No person or organization has a right under this policy:
  - a. To join us as a party or otherwise bring us into an "action" asking for "compensatory damages" from an insured; or
  - b. To sue us on this policy unless all of its terms have been fully complied with.A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for "compensatory damages" that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.
8. **Other Insurance**  
If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A, B or D of this policy, our obligations are limited as follows:
  - a. **Primary Insurance**  
This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.
  - b. **Excess Insurance**  
This insurance is excess over:
    - (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
      - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
      - (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
      - (c) If the loss arises out of the maintenance or use of watercraft to the extent not subject to Exclusion e. of Section I – Coverage A – Bodily Injury and Property Damage Liability.
    - (2) Any other primary insurance available to you covering liability for "compensatory damages" arising out of the premises or operations or products-completed operations for which you have been added as an additional insured by attachment of an endorsement.When this insurance is excess, we will have no duty under Coverages A, B or D to defend the insured against any "action" if any other insurer has a duty to defend the insured against that "action". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

## Commercial General Liability (Occurrence Form)

L1a

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this policy.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

9. Premium Audit

- a. We will compute all premiums for this policy in accordance with our rules and rates.
- b. If Premium adjustment information is provided in the Declarations, the premium shown is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured subject to the retention of the minimum retained premium shown in the Declarations of this policy.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

10. Premiums

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

11. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

12. Separation Of Insureds, Cross Liability

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "action" is brought.

13. Termination

- a. The first Named Insured shown in the Declarations may terminate this policy by mailing or delivering to us advance written notice of termination.
- b. We may terminate this policy by mailing or delivering to the first Named Insured written notice of termination at least:
  - 1) 15 days before the effective date of termination if we terminate for nonpayment of premium; or
  - 2) 30 days before the effective date of termination if we terminate for any other reason.Except in Quebec, if notice is mailed, termination takes effect 15 or 30 days after receipt of the letter by the post office to which it is addressed, depending upon the reason for termination. Proof of mailing will be sufficient proof of notice. In Quebec, termination takes effect either 15 or 30 days after receipt of the notice at the last known address of the first Named Insured, depending upon the reason for termination.
- c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- d. The policy period will end on the date termination takes effect.
- e. If this policy is terminated, we will send the first Named Insured any premium refund due. If we terminate, the refund will be pro rata. If the first Named Insured terminates, the refund may be less than pro rata. The termination will be effective even if we have not made or offered a refund.

14. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "action" or transfer those rights to us and help us enforce them.

15. Transfer Of Your Rights and Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

## Commercial General Liability (Occurrence Form)

L1a

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

### SECTION V – DEFINITIONS

1. **"Abuse"** means any act or threat involving molestation, harassment, corporal punishment or any other form of physical, sexual or mental abuse.
2. **"Action"** means a civil proceeding in which "compensatory damages" because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Action" includes:
  - a. An arbitration proceeding in which such "compensatory damages" are claimed and to which the insured must submit or does submit with our consent; or
  - b. Any other alternative dispute resolution proceeding in which such "compensatory damages" are claimed and to which the insured submits with our consent.
3. **"Advertisement"** means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
4. **"Automobile"** means a land motor vehicle, trailer or semitrailer that is required by law to be insured under a contract evidenced by a motor vehicle liability policy, or any vehicle insured under such a contract, including any attached machinery or equipment.
5. **"Bodily injury"** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
6. **"Compensatory damages"** means damages due or awarded in payment for actual injury or economic loss.  
"Compensatory damages" does not include punitive or exemplary damages or the multiple portion of any multiplied damage award.
7. **"Coverage territory"** means:
  - a. Canada and the United States of America (including its territories and possessions).
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in a. above;
    - (2) The activities of an insured person whose home is in the territory described in a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication provided the insured's responsibility to pay "compensatory damages" is determined in an "action" on the merits, in the territory described in a. above or in a settlement we agree to.
8. **"Employee"** includes a "leased worker" and a "temporary worker".
9. **"Executive officer"** means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
10. **"Fissionable substance"** means any prescribed substance that is, or from which can be obtained, a substance capable of releasing atomic energy by nuclear fission.
11. **"Fungi"** includes, but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any "fungi" or "spores" or resultant mycotoxins, allergens or pathogens.
12. **"Hostile fire"** means one which becomes uncontrollable or breaks out from where it was intended to be.
13. **"Impaired property"** means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;  
if such property can be restored to use by:
    - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
    - b. Your fulfilling the terms of the contract or agreement.
14. **"Incidental medical malpractice injury"** means "bodily injury" arising out of the rendering of or failure to render, during the Policy Period, the following services:

## Commercial General Liability (Occurrence Form)

L1a

- i) medical, surgical, dental, x-ray or nursing services or treatment or the furnishing of food or beverages in connection therewith;
  - ii) the furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances; by any insured or any indemnitee causing the "incidental medical malpractice injury" who is not engaged in the business or occupation of providing any of the services described in i) and ii) above.
15. "Insured contract" means:
- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
  - b. A sidetrack agreement;
  - c. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
  - d. Any other easement agreement;
  - e. An obligation, as required by ordinance or bylaw, to indemnify a municipality, except in connection with work for a municipality;
  - f. An elevator maintenance agreement;
  - g. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "compensatory damages" because of "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- Paragraph g. does not include that part of any contract or agreement:
- (1) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
    - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
    - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
  - (2) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render "professional services", including those listed in (1) above and supervisory, inspection, architectural or engineering activities.
16. "Leased worker" means a person leased to you by a labour leasing firm under an agreement between you and the labour leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
17. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "automobile";
  - b. While it is in or on an aircraft, watercraft or "automobile"; or
  - c. While it is being moved from an aircraft, watercraft or "automobile" to the place where it is finally delivered; but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "automobile".
18. "Nuclear energy hazard" means the radioactive, toxic, explosive, or other hazardous properties of radioactive material.
19. "Nuclear facility" means:
- a) any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of plutonium, thorium and uranium or any one or more of them;
  - b) any equipment or device designed or used for (i) separating the isotopes of plutonium, thorium and uranium or any one or more of them, (ii) processing or packaging waste;
  - c) any equipment or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 or in the isotope uranium 235, or any one or more of them if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
  - d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste radioactive material; and includes the site on which any of the foregoing is located, together with all operations conducted thereon and all premises used for such operations.
20. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
21. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

## Commercial General Liability (Occurrence Form)

L1a

- f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
22. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, odour, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
23. "Products-completed operations hazard":
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
    - (1) Products that are still in your physical possession; or
    - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
      - (a) When all of the work called for in your contract has been completed.
      - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
      - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
  - b. Does not include "bodily injury" or "property damage" arising out of:
    - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
    - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.
24. "Professional services" shall include but not be limited to:
- a. Medical, surgical, dental, x-ray or nursing service or treatment, or the furnishing of food or beverages in connection therewith;
  - b. Any professional service or treatment conducive to health;
  - c. Professional services of a pharmacist;
  - d. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;
  - e. The handling or treatment of deceased human bodies including autopsies, organ donations or other procedures;
  - f. Any cosmetic, body piercing, tonsorial, massage, physiotherapy, chiropody, hearing aid, optical or optometrical services or treatments;
  - g. The preparation or approval of maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications;
  - h. Supervisory, inspection, architectural, design or engineering services;
  - i. Accountant's, advertiser's, notary's (Quebec), public notary's, paralegal's, lawyer's, real estate broker's or agent's, insurance broker's or agent's, travel agent's, financial institution's, or consultant's professional advices or activities;
  - j. Any computer programming or re-programming, consulting, advisory or related services; or
  - k. Claim, investigation, adjustment, appraisal, survey or audit services.
25. "Property damage" means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
  - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
- For the purposes of this insurance, electronic data is not tangible property.  
As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
26. "Radioactive material" means uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances which may be designated by any nuclear liability act, law or statute, or any law amendatory thereof, as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy;
27. "Spores" includes, but is not limited to, any reproductive particle or microscopic fragment produced by, emitted from or arising out of any "fungi".
28. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
29. "Terrorism" means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.

## Commercial General Liability (Occurrence Form)

L1a

30. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
31. "Your product":
- a. Means:
    - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
      - (a) You;
      - (b) Others trading under your name; or
      - (c) A person or organization whose business or assets you have acquired; and
    - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
  - b. Includes
    - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
    - (2) The providing of or failure to provide warnings or instructions.
  - c. Does not include vending machines or other property rented to or located for the use of others but not sold.
32. "Your work":
- a. Means:
    - (1) Work or operations performed by you or on your behalf; and
    - (2) Materials, parts or equipment furnished in connection with such work or operations.
  - b. Includes
    - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and
    - (2) The providing of or failure to provide warnings or instructions.

**Products or Completed Operations Exclusion Endorsement**

**BT003LE10**

It is hereby understood and agreed that this policy shall not apply to bodily injury or property damage arising out of the 'products hazard' or 'completed operations hazard' as defined.

All other terms and conditions remain unchanged.

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Signature of Scrap to Go o/b Hua Wen Zhang & Joe Hong Li

Policy # LL202873

**BT003LE10**



## **TOTAL ASBESTOS EXCLUSION**

**APPLICABLE TO THE COMMERCIAL GENERAL LIABILITY FORM/ OWNERS' LANDLORDS' &  
TENANTS' LIABILITY FORM**

**BT002LE10**

This Insurance shall not apply to and does not cover any actual or alleged liability for any claim in respect of loss, damage, cost or expenses directly or indirectly caused by, resulting from or in consequence of, or in any way involving asbestos, or any materials containing asbestos in whatever form or quantity.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the loss, damage, cost or expense.

Except as otherwise provided in this endorsement, all term, provisions and conditions of the policy shall have full force and effect.

**BT002LE10  
(31/05/10)**

## **Abuse & Harassment And Sexual Harassment Exclusion Endorsement**

BT010LE10

It is a condition of this Policy that the following Exclusions shall apply to coverage provided under **Commercial General Liability form L1a or Owners', Landlords' and Tenants' Liability form L 17**, whichever is applicable.

### **Abuse & Harassment Exclusion**

It is agreed that no coverage shall apply to any claim, demand or suit arising out of or resulting from the alleged, actual, threatened or proposed act of physical abuse, mental abuse, sexual abuse or licentious, immoral or sexual behavior intended to lead to or culminating in any sexual act, nor the transmission of disease arising out of any act as referred to above:

1. Caused by the Insured or any of his employees;
2. At the instigation or direction of the Insured or any of his employees;
3. The result of an omission by the Insured or any of his employees;
4. The failure to take all reasonable and proper steps to guard against the possibility of any of the foregoing.

### **Sexual Harassment Exclusion**

It is agreed that coverage provided excludes any Claim based upon, arising out of, or involving in any way, the actual or alleged intentional or negligent violation of any federal, state, provincial or local law or statute or common law pertaining to sexual harassment which results in alleged or actual defamation, humiliation, bodily injury, death, sickness, emotional distress, harassment or any other damages allegedly suffered by an employee, a former employee or by the spouse, child, parent, brother or other relative or dependent of any such employee or former employee.

**All other terms and conditions of this policy remain unchanged.**

Attached to and forming part of this Policy, its extensions or renewals unless stated otherwise.

BT010LE10 (08/23/10)

## Nuclear Incident Exclusion Clause - Liability - Direct (Broad) - Canada

NMA1978a

(For use with all Public Liability Policies except Personal, Farmers' and Storekeepers')

It is agreed that this Policy does not apply:

- (a) to liability imposed by or arising from any nuclear liability act, law or statute, or any law amendatory thereof; nor
- (b) to bodily injury or property damage with respect to which an Insured under this policy is also insured under a contract of nuclear energy liability insurance (whether the Insured is unnamed in such contract and whether or not it is legally enforceable by the Insured) issued by the Nuclear Insurance Association of Canada or any other insurer or group or pool of insurers or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; nor
- (c) to bodily injury or property damage resulting directly or indirectly from the nuclear energy hazard arising from:
  - (i) the ownership, maintenance, operation or use of a nuclear facility by or on behalf of an Insured;
  - (ii) the furnishing by an Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility; and
  - (iii) the possession, consumption, use, handling, disposal or transportation of fissionable substances, or of other radioactive material (except radioactive isotopes, away from a nuclear facility, which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose) used, distributed, handled or sold by an Insured.

As used in this policy:

1. The term "nuclear energy hazard" means the radioactive, toxic, explosive, or other hazardous properties of radioactive material;
2. The term "radioactive material" means uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances which may be designated by or pursuant to any law, act or statute, or law amendatory thereof as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy;
3. The term "nuclear facility" means:
  - (a) any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of plutonium, thorium and uranium or any one or more of them;
  - (b) any equipment or device designed or used for
    - (i) separating the isotopes of plutonium, thorium and uranium or any one or more of them,
    - (ii) processing or utilising spent fuel, or
    - (iii) handling, processing or packaging waste;
  - (c) any equipment or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 or in the isotope uranium 235, or any one or more of them if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
  - (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste radioactive material; and includes the site on which any of the foregoing is located, together with all operations conducted thereon and all premises used for such operations.
4. The term "fissionable substance" means any prescribed substance that is, or from which can be obtained, a substance capable of releasing atomic energy by nuclear fission.
5. With respect to property, loss of use of such property shall be deemed to be property damage. It is understood and agreed that, except as specifically provided in the foregoing of the contrary, this Cause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

NMA1978a (01/4/96)

## **Limitation to Designated Premises Restriction**

**LR1a**

**This restriction modifies coverage provided by form L1, L1a, L2 and L3, but only if indicated on the Declarations Page for the form.**

**This insurance applies only to "bodily injury", "property damage", "personal injury", and medical expenses arising out of the ownership, maintenance or use of the premises shown in the Declarations and operations necessary or incidental to those premises.**

**All other terms and conditions of this policy remain unchanged.**

# Combined Deductible (Bodily Injury and Property Damage)

LD3c

This deductible modifies coverage provided by form L1a, but only if indicated on the Declarations Page for the form.

**AMOUNT AND BASIS OF DEDUCTIBLE** - The amount and basis of deductible is as indicated in the Declarations for this deductible as **Per occurrence** or **Per claim**.

## APPLICATION OF DEDUCTIBLE

1. Our obligation under Bodily Injury and Property Damage Liability to pay "compensatory damages" on your behalf applies only to the amount of "compensatory damages" in excess of any deductible amounts stated in the Declarations, as applicable to such coverages, and the limits of insurance applicable to **Each occurrence limit** for Bodily Injury and Property Damage Liability will be reduced by the amount of such deductible.
2. The deductible amount applies as follows:
  - A. **PER OCCURRENCE BASIS** - if the deductible is on a **Per occurrence** basis, the deductible amount applies under Coverage A - Bodily Injury and Property Damage Liability to all "compensatory damages" because of "bodily injury" and "property damage" as the result of any one "occurrence" regardless of the number of persons or organizations who sustain "compensatory damages" because of that "occurrence".
  - B. **PER CLAIM BASIS** - if the deductible is on a **Per claim** basis, the deductible amount applies Under Coverage A - Bodily Injury Liability and Property Damage Liability to all "compensatory damages" because of "bodily injury" and "property damage" sustained by one person.
3. The terms of this insurance, including those with respect to:
  - a) our right and duty to defend any "action" seeking those "compensatory damages"; and
  - b) your duties in the event of an "occurrence", claim or action apply irrespective of the application of the deductible amount.
4. We may pay any part or all of the deductible amount to effect settlement of any claim or "action" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

**All other terms and conditions of this policy remain unchanged.**

# Data Exclusion

**LX42**

**This exclusion modifies coverage provided by the Liability forms, but only if indicated on the Declarations Page for the form.**

The following Exclusions are hereby added to:

Bodily Injury and Property Damage Liability,

Liability for

- 1) erasure, destruction, corruption, misappropriation, misinterpretation of "data",
  - 2) erroneously creating, amending, entering, deleting or using "data",
- including any loss of use arising therefrom.

Personal Injury Liability,

"Personal injury" arising out of the distribution or display of "data", by means of an Internet Website, the Internet, an intranet, extranet, or similar device or system designed or intended for electronic communication of "data".

Advertising Liability,

"Advertising injury" arising out of the distribution or display of "data", by means of an Internet Website, the Internet, an intranet, extranet, or similar device or system designed or intended for electronic communication of "data".

Tenants Legal Liability,

"Property damage" arising out of liability for:

- (i) erasure, destruction, corruption, misappropriation, misinterpretation of "data",
  - (ii) erroneously creating, amending, entering, deleting or using "data",
- including any loss of use arising therefrom.

**"Data"** means representations of information or concepts, in any form.

**All other terms and conditions of this policy remain unchanged.**

### **Additional Insured Endorsement**

It is noted and agreed that the Commercial General Liability (L1a) and Excess Liability (X1) of this policy is extended to include **Msi Spergel Inc. (Licensed Insolvency Trustee) at 200-505 Consumers Road, Toronto, ON M2J 4V8** as additional insured(s) in their capacity as **Landlord** but only with respect to liability in connection with the operations of the named insured.

All other terms and conditions of this Policy remain unchanged.

Attaching to and forming part of this Policy, its extensions and renewals unless otherwise stated.

## **War and Civil War Exclusion**

**O9**

Notwithstanding anything to the contrary contained herein, this Policy does not cover Loss or Damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.



# Illegal Substance Exclusion

O10

## APPLICABLE TO ALL PROPERTY COVERAGES OF THIS POLICY

This policy does not insure:

Any loss or damage directly or indirectly caused by, or in any way arising from, any activity connected with the growth, manufacturing, storage, production or distribution of any drug(s), narcotic(s) or illegal substance(s) activity including alteration of the insured premises to facilitate such activity, whether or not the Insured has or had prior knowledge of such activity.

## APPLICABLE TO ALL BUSINESS INTERRUPTION COVERAGES OF THIS POLICY

The insurer shall not be liable for loss of "Business Income", "Gross Profit", "Rental Income", "Gross Rent", "Rental Value", "Gross Earnings", "Earnings" or any "Extra Expense" resulting from:

Any loss or damage directly or indirectly caused by, or in any way arising from, any activity connected with the growth, manufacturing, storage, production or distribution of any drug(s), narcotic(s) or illegal substance(s) activity including alteration of the insured premises to facilitate such activity, whether or not the Insured has or had prior knowledge of such activity.

## APPLICABLE TO ALL LIABILITY COVERAGES OF THIS POLICY

This insurance does not apply to "bodily injury", "property damage", or "personal injury" arising out of any activity connected with the growth, manufacturing, storage, production or distribution of any drug(s), narcotic(s) or illegal substance(s) activity including alteration of the insured premises to facilitate such activity, whether or not the Insured has or had prior knowledge of such activity.

## APPLICABLE TO ALL UMBRELLA LIABILITY COVERAGES OF THIS POLICY

This insurance does not apply to "bodily injury", "property damage", or "personal injury" arising out of any activity connected with the growth, manufacturing, storage, production or distribution of any drug(s), narcotic(s) or illegal substance(s) activity including alteration of the insured premises to facilitate such activity, whether or not the Insured has or had prior knowledge of such activity.

## DEFINITIONS

**Illegal Substance** means any substance that is not legal for the Insured or any other party of interest, the Insured's employees or agents, tenants or any person to whom the Insured has entrusted the property insured, to possess, obtain, produce, provide, sell, traffic or use, and includes any controlled substance enumerated in the Schedule of the Controlled Drugs and Substances Act currently in force.

**Illegal Substance Activity** means any activity relating to the growing, cultivating, propagating or harvesting, manufacturing, distributing, storing or selling of any Illegal Substance.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY SHALL HAVE FULL FORCE AND EFFECT**

**SERVICE OF SUIT CLAUSE (CANADA)**  
**(Action against Insurer)**

NMA1970b

In any action to enforce the obligations of the Underwriters liable hereunder they can be designated or named as "Lloyd's Underwriters" and such designation shall be binding on the Underwriters liable hereunder as if they had each been individually named as defendant. Service of such proceedings may validly be made upon the Attorney In Fact in Canada for Lloyd's Underwriters, whose address for such service is 1155 rue Metcalfe, Suite 2220, Montreal, Quebec H3B 2V6.

## **TERRORISM EXCLUSION ENDORSEMENT**

**NMA2920**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s) committed for political, religious, ideological or similar purposes including the intention to influence any government and or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**NMA2920 (08/10/2001)**

**MICRO-ORGANISM EXCLUSION (MAP)**  
**(Absolute)**

2791MAP00001

This Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

Mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This Exclusion applies regardless whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This Exclusion replaces and supersedes any provision in the Policy that provides insurance, in whole or in part for these matters.

2791MAP00001

### **Sanction Limitation and Exclusion Clause**

**LMA3100**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

**LMA3100 (September 15, 2010)**

## Several Liability Clause

**LSW1001**

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

## Additional Agreements and Conditions

R1

**A. STANDARD MORTGAGE CLAUSE (approved by the Insurance Bureau of Canada) - IT IS HEREBY PROVIDED AND AGREED THAT**

1. **BREACH OF CONDITIONS BY MORTGAGOR, OWNER OR OCCUPANT** - This insurance and every documented renewal thereof-AS TO THE INTEREST OF THE MORTGAGEE ONLY THEREIN-is and shall be in force notwithstanding any act, neglect, omission or misrepresentation attributable to the mortgagor, owner or occupant of the property insured, including transfer of interest, any vacancy or non-occupancy, or the occupation of the property for purposes more hazardous than specified in the description of the risk;  
PROVIDED ALWAYS that the Mortgagee shall notify forthwith the Insurer (if known) of any vacancy or non-occupancy extending beyond thirty (30) consecutive days, or of any transfer of interest or increased hazard THAT SHALL COME TO HIS KNOWLEDGE; and that every increase of hazard (not permitted by the Policy) shall be paid for by the Mortgagee-on reasonable demand-from the date such hazard existed, according to the established scale of rates for the acceptance of such increased hazard, during the continuance of this insurance.
2. **RIGHT OF SUBROGATION** - Whenever the Insurer pays the Mortgagee any loss award under this Policy and claims that -as to the Mortgagor or Owner-no liability therefor existed, it shall be legally subrogated to all rights of the Mortgagee against the Insured; but any subrogation shall be limited to the amount of such loss payment and shall be subordinate and subject to the basic right of the Mortgagee to recover the full amount of its mortgage equity in priority to the Insurer, or the Insurer may at its option pay the Mortgagee all amounts due or to become due under the mortgage or on the security thereof, and shall thereupon receive a full assignment and transfer of the mortgage together with all securities held as collateral to the mortgage debt.
3. **OTHER INSURANCE** - If there be other valid and collectible insurance upon the property with loss payable to the Mortgagee-at law or in equity-then any amount payable thereunder shall be taken into account in determining the amount payable to the Mortgagee.
4. **WHO MAY GIVE PROOF OF LOSS** - In the absence of the Insured, or the inability, refusal or neglect of the Insured to give notice of loss or deliver the required Proof of Loss under the Policy, then the Mortgagee may give the notice upon becoming aware of the loss and deliver as soon as practicable the Proof of Loss.
5. **TERMINATION** - The term of this mortgage clause coincides with the term of the Policy;  
PROVIDED ALWAYS that the Insurer reserves the right to cancel the Policy as provided by Statutory provision but agrees that the Insurer will neither terminate nor alter the Policy to the prejudice of the Mortgagee without the notice stipulated in such Statutory provision.
6. **FORECLOSURE** - Should title or ownership to said property become vested in the Mortgagee and/or assigns as owner or purchaser under foreclosure or otherwise, this insurance shall continue until expiry or cancellation for the benefit of the said Mortgagee and/or assigns.

SUBJECT TO THE TERMS OF THIS MORTGAGE CLAUSE (and these shall supersede any policy provisions in conflict therewith BUT ONLY AS TO THE INTEREST OF THE MORTGAGEE), loss under this policy is made payable to the Mortgagee.

**B. APPLICATION OF DEDUCTIBLE**

Should one occurrence give rise to the application of more than one deductible, only the largest individual deductible amount shall apply.

**C. COMMERCIAL PROPERTY POLICY CONDITIONS (Applicable in all jurisdictions except the Province of Québec)**

1. **MISREPRESENTATION** - If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge of the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.
2. **PROPERTY OF OTHERS** - Unless otherwise specifically stated in the contract, the Insurer is not liable for loss or damage to property owned by any person other than the Insured, unless the interest of the Insured therein is stated in the contract.
3. **CHANGE OF INTEREST** - The Insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy Act or change of title by succession, by operation of law, or by death.
4. **MATERIAL CHANGE** - Any change material to the risk and within the control and knowledge of the Insured avoids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if he desires the contract to continue in force, he must, within fifteen days of the receipt of the notice, pay to the Insurer an additional premium, and in default of such payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.
5. **TERMINATION**
  - i) This contract may be terminated
    - (a) by the Insurer giving to the Insured fifteen days' notice of termination by registered mail or five days' written notice of termination personally delivered
    - (b) by the Insured at any time on request.
  - ii) Where this contract is terminated by the Insurer,

## Additional Agreements and Conditions

R1

- (a) the Insurer shall refund the excess of premium actually paid by the Insured over the pro rata premium for the expired time, but, in no event, shall the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified, and
  - (b) the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.
  - iii) Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of the premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.
  - iv) The refund may be made by money, postal or express company money order or cheque payable at par.
  - v) The fifteen days mentioned in clause (a) of subcondition i) of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.
6. REQUIREMENTS AFTER LOSS
- i) Upon the occurrence of any loss of or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11
    - (a) forthwith give notice thereof in writing to the Insurer
    - (b) deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration,
      - (i) giving a complete inventory of the destroyed and damaged property and showing in detail quantities, costs, actual cash value and particulars of amount of loss claimed
      - (ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes
      - (iii) stating that the loss did not occur through any willful act or neglect or the procurement, means or connivance of the Insured
      - (iv) showing the amount of other insurances and the names of other Insurers
      - (v) showing the interest of the Insured and of all others in the property with particulars of all liens, encumbrances and other charges upon the property
      - (vi) showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract
      - (vii) showing the place where the property insured was at the time of loss
    - (c) if required, give a complete inventory of undamaged property and showing in detail quantities, cost, actual cash value
    - (d) if required and if practicable, produce books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.
  - ii) The evidence furnished under clauses (c) and (d) of sub-paragraph i) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.
7. FRAUD - Any fraud or willfully false statement in a statutory declaration in relation to any of the above particulars, vitiates the claim of the person making the declaration.
8. WHO MAY GIVE NOTICE AND PROOF - Notice of loss may be given and proof of loss may be made by the agent of the Insured named in the contract in case of absence or inability of the Insured to give the notice or make the proof, and absence or inability being satisfactorily accounted for, or in the like case, or if the Insured refuses to do so, by a person to whom any part of the insurance money is payable.
9. SALVAGE
- i) The Insured, in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto.
  - ii) The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub-paragraph i) of this condition according to the respective interests of the parties.
10. ENTRY, CONTROL, ABANDONMENT - After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer is not entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.
11. APPRAISAL - In the event of disagreement as to the value of the property insured, the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under The Insurance Act before there can be any recovery under this contract whether the right to recover on the contract is disputed or not, and independently of all other questions. There shall be no right to an appraisal until a specific demand therefor is made in writing and until after proof of loss has been delivered.
12. WHEN LOSS PAYABLE - The loss is payable within sixty (60) days after completion of the proof of loss, unless the contract provides for a shorter period.
13. REPLACEMENT



- i) The Insurer, instead of making payment, may repair, rebuild, or replace the property damaged or lost, giving written notice of its intention so to do within thirty (30) days after receipt of the proofs of loss.
  - ii) In that event the Insurer shall commence to so repair, rebuild, or replace the property within forty-five (45) days after receipt of the proofs of loss, and shall thereafter proceed with all due diligence to the completion thereof.
- 14. **ACTION** - Every action or proceeding against the Insurer for the recovery of any claim under or by virtue of this contract is absolutely barred unless commenced within one year\* next after the loss or damage occurs.  
\* two years in Province of Manitoba and Yukon Territory.  
Saskatchewan Statutory Condition 14 is repealed. See The Limitations Act, S.S. 2004, c.L-16.1
- 15. **NOTICE** - Any written notice to the Insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the Insurer in the Province. Written notice may be given to the Insured named in the contract by letter personally delivered to him or by registered mail addressed to him at his latest post office address as notified to the Insurer. In this condition, the expression "registered" means registered in or outside Canada.
- 16. **CONTRIBUTION** - If on the happening of any loss or damage to property in consequence of which a claim is or may be made under this policy there is in force more than one contract covering the same interest, the liability of the Insurer hereunder shall be limited to its rateable proportion of such claim.
- D. ADDITIONAL CONDITIONS (Applicable in all jurisdictions except the Province of Québec)**
  - 1. **NOTICE TO AUTHORITIES** - Where the loss is due to malicious acts, burglary, robbery, theft, or attempt thereof, or is suspected to be so due, the Insured shall give immediate notice thereof to the police or other authorities having jurisdiction.
  - 2. **NO BENEFIT TO BAILEE** - It is warranted by the Insured that this insurance shall in no wise enure directly or indirectly to the benefit of any carrier or other bailee.
  - 3. **PAIR AND SET** - In the case of loss of or damage to any article or articles, whether scheduled or unscheduled, which are a part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, but in no event shall such loss or damage be construed to mean total loss of set.
  - 4. **PARTS** - In the case of loss of or damage to any part of the insured property whether scheduled or unscheduled, consisting, when complete for use, of several parts, the insurer is not liable for more than the insured value of the part lost or damaged, including the cost of installation.
  - 5. **SUE AND LABOUR** - It is the duty of the Insured in the event that any property insured hereunder is lost to take all reasonable steps in and about the recovery of such property. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with the foregoing according to the respective interests of the parties.
  - 6. **BASIS OF SETTLEMENT** - Unless otherwise provided, the Insurer is not liable beyond the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality.
  - 7. **SUBROGATION** - The Insurer, upon making any payment or assuming liability therefor under this Policy, shall be subrogated to all rights of recovery of the Insured against any person, and may bring action in the name of the Insured to enforce such rights. Where the net amount recovered after deducting the costs of recovery is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportions in which the loss or damage has been borne by them respectively.
- E. GENERAL CONDITIONS (Applicable in the Province of Québec)**  
This policy is subject to the Civil Code of the Province of Québec  
Reference to Civil Code articles in some instances is for easier reading only and should not be construed as exact quotations.  
For all coverages except where inapplicable.
  - 1. **STATEMENTS**
    - 1.1 **Representation of risk (article 2408)**  
The client, and the Insured if the Insurer requires it, is bound to represent all the facts known to him which are likely to materially influence an insurer in the setting of the premium, the appraisal of the risk or the decision to cover it, but he is not bound to represent facts known to the Insurer or which from their notoriety he is presumed to know, except in answer to inquiries.  
The client means the person submitting an insurance application.
    - 1.2 **Material change in risk (articles 2466 and 2467)**  
The Insured shall promptly notify the Insurer of any change that increases the risks stipulated in the policy and that results from events within his control if it is likely to materially influence an Insurer in setting the rate of the premium, appraising the risk or deciding to continue to insure it.  
On being notified of any material change in the risk, the Insurer may cancel the contract or propose, in writing, a new rate of premium. Unless the new premium is accepted and paid by the Insured within thirty days of the proposal, the policy ceases to be in force.
    - 1.3 **Misrepresentations or concealment (Articles 2410, 2411 and 2466)**  
Any misrepresentation or concealment of relevant facts mentioned in section 1.1 and in the first paragraph of section 1.2 by the client or the Insured nullifies the contract at the instance of the Insurer, even in respect of losses not connected with the risk so misrepresented or concealed.

Unless the bad faith of the client or of the Insured is established or unless it is established that the Insurer would not have covered the risk if he had known the true facts, the Insurer remains liable towards the Insured for such proportion of the indemnity as the premium he collected bears to the premium he should have collected.

**1.4 Warranties (Article 2412)**

Any increase in risk resulting from a breach of warranty suspends the coverage until accepted by the Insurer or until such breach has been remedied by the Insured.

**2. GENERAL PROVISIONS**

**2.1 Insurable Interest (Articles 2481 and 2484)**

(Applicable only to property insurance)

A person has an insurable interest in a property where the loss or deterioration of the property may cause him direct and immediate damage. It is necessary that the insurable interest exist at the time of the loss but not necessary that the same interest have existed throughout the duration of the contract. The insurance of a property in which the Insured has no insurable interest is null.

**2.2 Changes (Article 2405)**

The terms of this policy shall not be waived or changed except by endorsement.

**2.3 Assignment (Articles 2475 and 2476)**

This policy may be assigned only with the consent of the Insurer and in favour of a person who has an insurable interest in the insured property.

Upon the death or bankruptcy of the Insured or the assignment of his interest in the insurance to a co-Insured, the insurance continues in favour of the heir, trustee in bankruptcy or remaining Insured, subject to his performing the obligations that were incumbent upon the Insured.

**2.4 Books and records**

The Insurer and its authorized representatives shall have the right to examine the Insured's books and records related to the subject matter of this insurance at any time during the period of this policy and the three subsequent years.

**2.5 Inspection**

The Insurer and its authorized representatives shall have the right but are not obligated to make inspections of the risk, inform the Insured of the conditions found and recommend changes. Any inspections, surveys, findings or recommendations relate only to insurability and the premiums to be charged. They shall not constitute a warranty that the premises, property or operations are safe or healthful or comply with laws, codes or standards.

**2.6 Currency**

All limits of insurance, premiums and other amounts as expressed in this policy are in Canadian currency.

**3. LOSSES**

**3.1 Notice of loss (Article 2470)**

The Insured shall notify the Insurer of any loss which may give rise to an indemnity, as soon as he becomes aware of it. Any interested person may give such notice.

In the event that the requirement set out in the preceding paragraph is not fully complied with, all rights to compensation shall be forfeited by the Insured where such non-compliance has caused prejudice to the Insurer.

**3.2 Information to be provided (Article 2471)**

The Insured shall inform the Insurer as soon as possible of all the circumstances surrounding the loss, including its probable cause, the nature and extent of the damage, the location of the insured property, the rights of third parties, and any concurrent insurance; he shall also furnish him with vouchers and swear or warrant to the truth of the information.

Where, for a serious reason, the Insured is unable to fulfil such obligation, he is entitled to a reasonable time in which to do so. If the Insured fails to fulfil his obligation, any interested person may do so on his behalf.

In addition, the Insured shall forthwith send to the Insurer a copy of any notice, letter, subpoena or writ or document received in connection with a claim.

**3.3 False representation (Article 2472)**

Any deceitful representation entails the loss of the right of the person making it to any indemnity in respect of the risk to which the representation relates.

However, if the occurrence of the event insured against entails the loss of both movable and immovable property or of both property for occupational use and personal property, forfeiture is incurred only with respect to the class of property to which the representation relates.

**3.4 Intentional Fault (Article 2464)**

The Insurer is never liable to compensate for injury resulting from the Insured's intentional fault.

Where there is more than one Insured, the obligation of coverage remains in respect of those Insureds who have not committed an intentional fault.

Where the Insurer is liable for injury caused by a person for whose acts the Insured is liable, the obligation of coverage subsists regardless of the nature or gravity of that person's fault.

**3.5 Notice to police (applicable to property insurance only)**

The Insured must promptly give notice to the police of any loss caused by vandalism, theft or attempted theft or other criminal act.

- 3.6 **Safeguarding and examination of property (Article 2495)**  
(applicable to property insurance only)  
At the expense of the Insurer, the Insured must take all reasonable steps to prevent further loss or damage to the insured property and any further loss or damage resulting directly or indirectly from the Insured's failure to take such action shall not be recoverable.  
The Insured may not abandon the damaged property if there is no agreement to that effect. The Insured shall facilitate the salvage and inspection of the insured property by the Insurer.  
He shall, in particular, permit the Insurer and his representatives to visit the premises and examine the insured property before repairing, removing or modifying the damaged property, unless so required to safeguard the property.
- 3.7 **Admission of liability and cooperation**  
The Insured shall cooperate with the Insurer in the processing of all claims  
(The following two paragraphs are applicable to liability insurance only: article 2504)  
No transaction made without the consent of the Insurer may be set up against him.  
The Insured shall not admit any liability nor settle or attempt to settle any claim, except at his own risk.
- 3.8 **Right of action (Article 2502)**  
(applicable to liability insurance only)  
The Insurer may set up against the injured third person any grounds he could have invoked against the Insured at the time of the loss, but not grounds pertaining to facts that occurred after the loss; the Insurer has a right of action against the Insured in respect of facts that occurred after the loss.
4. **COMPENSATION AND SETTLEMENT**
  - 4.1 **Basis of settlement (Articles 2490, 2491, 2493)**  
(applicable to property insurance only)  
Unless otherwise provided, the Insurer shall not be liable for more than the actual cash value of the property at the time of loss as normally determined.  
In unvalued policies, the amount of insurance does not make proof of the value of the insured property. In valued policies, the agreed value makes complete proof, between the Insurer and the Insured, of the value of the insured property.  
If the amount of insurance is less than the value of the property the Insurer is released by paying the amount of the insurance in the event of total loss or a proportional indemnity in the event of partial loss.
  - 4.2 **Pair and set (applicable to property insurance only)**  
In the case of loss of or damage to any article or articles, whether scheduled or unscheduled, which are part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, but in no event shall such loss or damage be construed to mean total loss of set.
  - 4.3 **Parts (applicable to property insurance only)**  
In the case of loss of or damage to any part of the insured property, whether scheduled or unscheduled, consisting, when complete for use, of several parts, the Insurer is not liable for more than the insured value of the part lost or damaged, including the cost of installation.
  - 4.4 **Replacement (Article 2494)**  
(applicable to property insurance only)  
Subject to the rights of preferred and hypothecary creditors, the Insurer reserves the right to repair, rebuild or replace the insured property. He is then entitled to salvage and may take over the property.
  - 4.5 **Time of payment (Articles 1591, 2469 and 2473)**  
The Insurer shall pay the indemnity within sixty days after receiving the notice of loss or, at his request, all relevant information and vouchers, provided the Insured shall have complied with all the terms of the contract.  
Any outstanding premium may be deducted from the indemnity payable.
  - 4.6 **Property of others (applicable to property insurance only)**  
Where a claim is made as a result of loss of or damage to property not owned by the Insured, the Insurer reserves the right to pay the indemnity to the Insured or to the owner of the property and to deal directly with such owner.
  - 4.7 **Waiver**  
Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of the policy by any act relating to arbitration or to the completion or delivery of proof of loss, or to the investigation or adjustment of the claim.
  - 4.8 **Limitation of actions (Article 2925)**  
Every action or proceeding against the Insurer under this policy shall be commenced within three years from the date the right of action has arisen.
  - 4.9 **Subrogation (Article 2474)**  
Unless otherwise provided, the Insurer shall be subrogated to the extent of the amount paid or the liability assumed therefor under this policy to the rights of the Insured against persons responsible for the loss except when they are members of the Insured's household. The Insurer may be fully or partly released from his obligation towards the Insured where, owing to any act of the Insured, he cannot be so subrogated.

**5. OTHER INSURANCE****5.1 Property insurance (Article 2496)**

The Insured who, without fraud, is insured by several insurers, under several policies, for the same interest and against the same risk so that the total amount of indemnity that would result from the separate performance of such policies would exceed the loss incurred may be indemnified by the insurer or insurers of his choice, each being liable only for the amount he has contracted for.

No clause suspending all or part of the performance of the contract by reason of other insurance may be used against the Insured.

Unless otherwise agreed, the indemnity is apportioned among the insurers in proportion to the share of each in the total coverage, except in respect of specific insurance, which constitutes primary insurance.

**5.2 Liability insurance**

The liability insurance provided under this policy is primary insurance except when stated to apply in excess of, or contingent upon the absence of, other insurance. When this insurance is primary and the Insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the insurer's liability under this policy shall not be reduced by the existence of such other insurance. When both this insurance and other insurance apply to the loss on the same basis whether primary, excess or contingent, the insurer shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

— Contribution by equal share:

If all of such other collectible insurance provides for contribution by equal shares, this insurer shall not be liable for a greater proportion of such loss than would be payable if each insurer contributed an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

— Contribution by limits:

If any such other insurance does not provide for contribution by equal shares, this insurer shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

**6. CANCELLATION (Articles 2477 and 2479)**

This policy may be cancelled at any time:

- (a) By mere written notice from each of the Named Insureds. Termination takes effect upon receipt of the notice and the Insured shall therefore be entitled to a refund of the excess of the premium actually paid over the short-term rate for the expired time.
- (b) By the Insurer giving written notice to each Named Insureds. Termination takes effect fifteen days following receipt of such notice by the Insured at his last known address and the Insurer shall refund the excess of premium actually paid over the pro rata premium for the expired time. If the premium is subject to adjustment or determination as to amount, the refund shall be made as soon as practicable.

Where one or more of the Named Insureds have been mandated to receive or send the notices provided for under paragraph (a) or (b) above, notices sent or received by them shall be deemed to have been sent or received by all Named Insureds.

In this Condition, the words "premium actually paid" mean the premium actually paid by the Insured to the Insurer or its representative but do not include any premium or part thereof paid to the Insurer by a representative unless actually paid to the representative by the Insured.

**7. NOTICE**

Any notice to the Insurer may be sent by any recognized means of communication to the Insurer or its authorized representative. Notice may be given to the named Insured by letter personally delivered to him or by mail addressed to him at his last known address.

It is incumbent upon the sender to prove that such notice was received.

# Electronic Date Recognition Exclusion

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## APPLICABLE TO ALL PROPERTY AND BUSINESS INTERRUPTION COVERAGES OF THIS POLICY

### THIS POLICY DOES NOT INSURE:

- (a) loss, damage or expense directly or indirectly caused by or consisting of or arising from the failure or inability of any computer hardware, computer software including operating systems, data processing equipment or media, microchip, integrated circuit or similar device, whether the property of the Insured or not, and whether occurring before, during or after the year 2000 to:
  - (i) correctly recognize any date as the true calendar date, or
  - (ii) capture, save, or retain, and/or to correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date otherwise than as the true calendar date, or
  - (iii) capture, save, retain or to correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or to correctly process such data on or after any date;

- (b) loss, damage or expense directly or indirectly caused by or arising from any advice, assessment, audit, correction, rectification, remediation, conversion, renovation, rewriting or replacement of any computer hardware, computer software including operating systems, data processing equipment or media, microchip, integrated circuit or similar device whether the property of the insured or not, related to ensuring the ability to correctly recognize, process distinguish, interpret or accept any date as the true calendar date.

Exclusions (a) and (b) above do not apply to ensuing loss, damage, expense or consequential loss, which results from "Named Perils" as defined herein, or from theft or attempt thereof, or from escape of water from any tank, apparatus or pipe, only if otherwise insured and not otherwise excluded by this policy. However, insurance is not provided for the cost or expense to rectify or remediate the deficiencies described in Exclusion (a) above.

"Named Perils" means:

#### (A) FIRE OR LIGHTNING

- (B) **EXPLOSION:** Except with respect to explosion of natural, coal or manufactured gas, there shall in no event be any liability hereunder for loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by the insured:

- (i) (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
- (b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
- (c) the combustion chambers of fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion therefrom;
- (d) smelt dissolving tanks;
- (ii) other vessels and apparatus, and pipes connected therewith, while under pressure, or while in use or in operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;
- (iii) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
- (iv) any vessels and apparatus and pipes connected therewith while undergoing pressure tests, but this exclusion shall not apply to other property insured hereunder that has been damaged by such explosion;
- (v) gas turbines;

The following are not explosions within the intent or meaning of this section:

- (a) electric arcing or any coincident rupture of electrical equipment due to such arcing;
- (b) bursting or rupture caused by hydrostatic pressure or freezing;
- (c) bursting or rupture of any safety disc, rupture diaphragm or fusible plug.

- (C) **IMPACT BY AIRCRAFT, SPACECRAFT OR LAND VEHICLE:** The terms "Aircraft" and "Spacecraft" include articles dropped therefrom.

There shall in no event be any liability hereunder due to cumulative damage or for loss or damage:

- (i) caused by land vehicles belonging to or under the control of the Insured or any of his employees;
- (ii) to aircraft, spacecraft or land vehicles causing the loss;
- (iii) caused by any aircraft or spacecraft when being taxied or moved inside or outside of "buildings"

- (D) **RIOT, VANDALISM OR MALICIOUS ACTS:** The term Riot includes open assemblies of strikers inside or outside the "premises" who have quitted work and of locked-out employees.

There shall be in no event any liability hereunder for loss or damage:

- (i) due to cessation of work or by interruption to process or business operations or by change(s) in temperature;
- (ii) due to flood or release of water impounded by a dam, or due to any explosion other than an explosion in respect of which there is insurance under Clause (B);
- (iii) due to theft or attempt thereof.

## Electronic Date Recognition Exclusion

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- (E) **SMOKE:** The term "Smoke" means smoke due to a sudden unusual and faulty operation of any stationary furnace. There shall in no event be any liability hereunder for any cumulative damage.
- (F) **LEAKAGE FROM FIRE PROTECTIVE EQUIPMENT:** The term "Leakage From Fire Protective Equipment" means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "premises" described on the "Declarations Page" or for adjoining premises and loss or damage caused by the fall or breakage or freezing of such equipment.
- (G) **WINDSTORM OR HAIL:** There shall in no event be any liability hereunder for loss or damage:
- (i) to the interior of the "buildings" (insured or their contents unless damage occurs concurrently with and results from an aperture caused by windstorm or hail;
  - (ii) directly caused by any of the following whether driven by wind or due to windstorm or not; snow-load, ice-load, tidal wave, tsunamis, high water, overflow, flood, waterborne objects, waves, ice, land subsidence, landslide.

All other terms and conditions of this policy remain unchanged.

### APPLICABLE TO ALL LIABILITY COVERAGES OF THIS POLICY

This insurance does not apply to "bodily injury", "property damage" or "personal injury", directly or indirectly caused by or contributed to by or arising from:

- (a) the failure of or inability of any computer hardware, computer software including operating systems, data processing equipment or media, microchip, integrated circuit or similar device, whether the property of the Insured or not, and whether occurring before, during or after the year 2000 to:
  - (i) correctly recognize any date as the true calendar date, or
  - (ii) capture, save, or retain, and/or to correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date otherwise than as the true calendar date, or
  - (iii) Capture, save, retain or to correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or to correctly process such data on or after any date:
- (b) any advice, assessment, audit, correction, rectification, remediation, conversion, renovation, rewriting or replacement of any computer hardware, computer software including operating systems, data processing equipment or media, microchip, integrated circuit or similar device, whether the property of the insured or not, related to ensuring the ability to correctly recognize, process, distinguish, interpret or accept any date as the true calendar date.

All other terms and conditions of this policy remain unchanged.

## **NOTICE CONCERNING PERSONAL INFORMATION**

### **How we use your information**

By purchasing insurance from certain Underwriters at Lloyd's, London ("Lloyd's"), a customer provides Lloyd's with his or her consent to the collection, use and disclosure of personal information. Consent is subject to the customer's understanding of the nature, purpose and consequences of the collection, use or disclosure of their personal information.

Information is collected and stored for the following purposes:

- the communication with Lloyd's policyholders
- the underwriting of policies
- the evaluation of claims
- the analysis of business results
- purposes required or authorized by law

### **What personal information we collect about you**

We collect, process and store the following personal information about you:

- Name
- Address including postal code and country
- Policy number
- Claim number
- Credit card details
- Bank account details

We also collect information about you when you visit [www.lloyds.com](http://www.lloyds.com). Further details can be found on our online Privacy & Cookies policy at <http://www.lloyds.com/common/privacy-and-cookies-statement>.

We will not use your personal information for marketing purposes and we will not sell your personal information to other parties.

### **Who we disclose your information to**

For the purposes identified, personal information may be disclosed to Lloyd's related or affiliated organisations or companies, their agents/mandataires, and to certain non-related or unaffiliated organisations or companies, including service providers. These entities may be located outside Canada therefore a customer's information may be processed in a foreign jurisdiction (the United Kingdom and the European Union) and their information may be accessible to law enforcement and national security authorities of that jurisdiction.

### **Disclosure without consent**

The following are reasonable grounds to permit the disclosure of personal information without the knowledge or consent of a customer:

- Detecting or suppressing fraud
- Investigating or preventing financial abuse
- For communication with the next of kin or authorized representative of an injured, ill or deceased individual
- Investigating a breach of an agreement or a contravention of the laws of Canada or a foreign jurisdiction
- Witness statement necessary to assess, process or settle insurance claims
- Information produced in the course of employment and the disclosure is consistent with the purpose it was produced for

### **How to access your information and/or contact us**

To access and request correction or deletion of your information, or to obtain written information about Lloyd's policies and practices in respect of service providers located outside Canada, please contact the Ombudsman at [info@lloyds.ca](mailto:info@lloyds.ca). The Ombudsman will also answer customer's questions about the collection, use, disclosure or storage of their personal information by such Lloyd's service providers.

Further information about Lloyd's personal information protection policy may be obtained from the customer's broker or by contacting Lloyd's on: 514 861 8361, 1 877 455 6937, or through [info@lloyds.ca](mailto:info@lloyds.ca).

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**LLOYD'S UNDERWRITERS' POLICYHOLDERS' COMPLAINT PROTOCOL**

Lloyd's strives to enhance your customer experience with us through superior service and innovative insurance products.

We have developed a formal complaint handling protocol in accordance with the Insurance Companies Act of Canada to ensure your concerns as our valued customer are addressed expeditiously by our representatives. This protocol will assist you in understanding the steps we will undertake to help resolve any dispute which may arise with our product or service. All complaints will be handled in a professional manner. All complaints will be investigated, acted upon, and responded to in writing or by telephone by a Lloyd's representative promptly after the receipt of the complaint. If you are not satisfied with our products or services, you can take the following steps to address the issue:

- Firstly, please contact the broker who arranged the insurance on your behalf about your concerns so that he or she may have the opportunity to help resolve the situation.
- If your broker is unable to help resolve your concerns, we ask that you provide us in writing an outline of your complaint along with the name of your broker and your policy number.

Please forward your complaint to:

**Lloyd's Underwriters**

Attention: Complaints Officer:

1155 rue Metcalfe, Suite 2220, Montréal (Québec) H3B 2V6

Tel: 1-877-455-6937 - Fax: (514) 861-0470

E-mail: [info@lloyds.ca](mailto:info@lloyds.ca)

Your complaint will be directed to the appropriate business contact for handling. They will write to you within two business days to acknowledge receipt of your complaint and to let you know when you can expect a full response. If need be, we will also engage internal staff in Lloyd's Policyholder and Market Assistance Department in London, England, who will respond directly to you, and in the last stages, they will issue a final letter of position on your complaint.

In the event that your concerns are still not addressed to your satisfaction, you have the right to continue your pursuit to have your complaint reviewed by the following organizations:

**General Insurance OmbudService (GIO)**: assists in the resolution of conflicts between insurance customers and their insurance companies. The GIO can be reached at:

Toll free number: 1-877-225-0446

[www.giocanada.org](http://www.giocanada.org)

**For Quebec clients:**

**Autorité des marchés financiers (AMF):** The regulation of insurance companies in Quebec is administered by the AMF. If you remain dissatisfied with the manner in which your complaint has been handled, or with the results of the complaint protocol, you may send your complaint to the AMF who will study your file and who may recommend mediation, if it deems this action appropriate and if both parties agree to it. The AMF can be reached at

Toll Free: 1-877-525-0337

Québec: (418) 525-0337

Montréal: (514) 395-0311

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

If you have a complaint specifically about Lloyd's Underwriters' complaints handling procedures you may contact the FCAC.

**Financial Consumer Agency of Canada (FCAC)** provides consumers with accurate and objective information about financial products and services, and informs Canadians of their rights and responsibilities when dealing with financial institutions. FCAC also ensures compliance with the federal consumer protection laws that apply to banks and federally incorporated trust, loan and insurance companies. The FCAC does not get involved in individual disputes. The FCAC can be reached at:

427 Laurier Avenue West, 6th Floor, Ottawa ON K1R 1B9

Services in English: 1-866-461-FCAC (3222)

Services in French: 1-866-461-ACFC (2232)

[www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)

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# **Lloyd's Underwriters Code of Consumer Rights & LSW1565C Responsibilities**

Insurers (including Lloyd's Underwriters), along with the brokers and agents who sell home, auto and business insurance are committed to safeguarding your rights both when you shop for insurance and when you submit a claim following a loss. Your rights include the right to be informed fully, to be treated fairly, to timely complaint resolution, and to privacy. These rights are grounded in the contract between you and your insurer and the insurance laws of your province. With rights, however, come responsibilities including, for example, the expectation that you will provide complete and accurate information to your insurer. Your policy outlines other important responsibilities. Insurers and their distribution networks, and governments also have important roles to play in ensuring that your rights are protected.

## **Right to Be Informed**

You can expect to access clear information about your policy, your coverage, and the claims settlement process. You have the right to an easy-to-understand explanation of how insurance works and how it will meet your needs. You also have a right to know how insurers calculate price based on relevant facts. Under normal circumstances, insurers will advise an insurance customer or the customer's intermediary of changes to, or the cancellation of a policy within a reasonable prescribed period prior to the expiration of the policy, if the customer provides information required for determining renewal terms of the policy within the time prescribed, which could vary by province, but is usually 45 days prior to expiry of the policy.

You have the right to ask who is providing compensation to your broker or agent for the sale of your insurance. Your broker or agent will provide information detailing for you how he or she is paid, by whom, and in what ways.

You have a right to be told about insurers' compensation arrangements with their distribution networks. You have a right to ask the broker or agent with whom you deal for details of how and by whom it is being paid. Brokers and agents are committed to providing information relating to ownership, financing, and other relevant facts.

## **Responsibility to Ask Questions and Share Information**

To safeguard your right to purchase appropriate coverage at a competitive price, you should ask questions about your policy so that you understand what it covers and what your obligations are under it. You can access information through one-on-one meetings with your broker or agent. You have the option to shop the marketplace for the combination of coverages and service levels that best suits your insurance needs. To maintain your protection against loss, you must promptly inform your broker or agent of any change in your circumstances.

## **Right to Complaint Resolution**

Insurers, their brokers and agents are committed to high standards of customer service. If you have a complaint about the service you have received, you have a right to access Lloyd's Underwriters' complaint resolution process for Canada. Your agent or broker can provide you with information about how you can ensure that your complaint is heard and promptly handled. Consumers may also contact their respective provincial insurance regulator for information. Lloyd's is a member of an independent complaint resolution office, the General Insurance OmbudService.

## **Responsibility to Resolve Disputes**

You should always enter into the dispute resolution process in good faith, provide required information in a timely manner, and remain open to recommendations made by independent observers as part of that process.

## **Right to Professional Service**

You have the right to deal with insurance professionals who exhibit a high ethical standard, which includes acting with honesty, integrity, fairness and skill. Brokers and agents must exhibit extensive knowledge of the product, its coverages and its limitations in order to best serve you.

## **Right to Privacy**

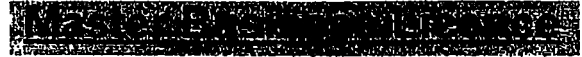
Because it is important for you to disclose any and all information required by an insurer to provide the insurance coverage that best suits you, you have the right to know that your information will be used for the purpose set out in the privacy statement made available to you by your broker, agent or insurance representative. This information will not be disclosed to anyone except as permitted by law. You should know that Lloyd's Underwriters are subject to Canada's privacy laws - with respect to their business in Canada.

# Short Rate Cancellation Table

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Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of the premium actually paid by the Insured over the short rate premium for the expired time as indicated in the table below. In no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.

| Days<br>in<br>force | % of<br>premium<br>returned | Days<br>in<br>force | % of<br>premium<br>returned | Days<br>in<br>force | % of<br>premium<br>returned | Days<br>in<br>force | % of<br>premium<br>returned | Days<br>in<br>force | % of<br>premium<br>returned | Days<br>in<br>force | % of<br>premium<br>returned |
|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|
| 1                   | 0.95                        | 64                  | 0.72                        | 127                 | 0.55                        | 190                 | 0.38                        | 253                 | 0.24                        | 316                 | 0.10                        |
| 2                   | 0.94                        | 65                  | 0.72                        | 128                 | 0.54                        | 191                 | 0.38                        | 254                 | 0.24                        | 317                 | 0.10                        |
| 3                   | 0.93                        | 66                  | 0.71                        | 129                 | 0.54                        | 192                 | 0.37                        | 255                 | 0.24                        | 318                 | 0.10                        |
| 4                   | 0.93                        | 67                  | 0.71                        | 130                 | 0.54                        | 193                 | 0.37                        | 256                 | 0.23                        | 319                 | 0.10                        |
| 5                   | 0.92                        | 68                  | 0.71                        | 131                 | 0.54                        | 194                 | 0.37                        | 257                 | 0.23                        | 320                 | 0.09                        |
| 6                   | 0.92                        | 69                  | 0.71                        | 132                 | 0.53                        | 195                 | 0.37                        | 258                 | 0.23                        | 321                 | 0.09                        |
| 7                   | 0.91                        | 70                  | 0.70                        | 133                 | 0.53                        | 196                 | 0.37                        | 259                 | 0.23                        | 322                 | 0.09                        |
| 8                   | 0.91                        | 71                  | 0.70                        | 134                 | 0.53                        | 197                 | 0.36                        | 260                 | 0.23                        | 323                 | 0.09                        |
| 9                   | 0.90                        | 72                  | 0.70                        | 135                 | 0.53                        | 198                 | 0.36                        | 261                 | 0.22                        | 324                 | 0.08                        |
| 10                  | 0.90                        | 73                  | 0.70                        | 136                 | 0.52                        | 199                 | 0.36                        | 262                 | 0.22                        | 325                 | 0.08                        |
| 11                  | 0.89                        | 74                  | 0.69                        | 137                 | 0.52                        | 200                 | 0.36                        | 263                 | 0.22                        | 326                 | 0.08                        |
| 12                  | 0.89                        | 75                  | 0.69                        | 138                 | 0.52                        | 201                 | 0.35                        | 264                 | 0.22                        | 327                 | 0.08                        |
| 13                  | 0.88                        | 76                  | 0.69                        | 139                 | 0.51                        | 202                 | 0.35                        | 265                 | 0.21                        | 328                 | 0.08                        |
| 14                  | 0.88                        | 77                  | 0.68                        | 140                 | 0.51                        | 203                 | 0.35                        | 266                 | 0.21                        | 329                 | 0.07                        |
| 15                  | 0.87                        | 78                  | 0.68                        | 141                 | 0.51                        | 204                 | 0.35                        | 267                 | 0.21                        | 330                 | 0.07                        |
| 16                  | 0.87                        | 79                  | 0.68                        | 142                 | 0.51                        | 205                 | 0.35                        | 268                 | 0.21                        | 331                 | 0.07                        |
| 17                  | 0.86                        | 80                  | 0.68                        | 143                 | 0.50                        | 206                 | 0.34                        | 269                 | 0.21                        | 332                 | 0.07                        |
| 18                  | 0.86                        | 81                  | 0.67                        | 144                 | 0.50                        | 207                 | 0.34                        | 270                 | 0.20                        | 333                 | 0.06                        |
| 19                  | 0.85                        | 82                  | 0.67                        | 145                 | 0.50                        | 208                 | 0.34                        | 271                 | 0.20                        | 334                 | 0.06                        |
| 20                  | 0.85                        | 83                  | 0.67                        | 146                 | 0.50                        | 209                 | 0.34                        | 272                 | 0.20                        | 335                 | 0.06                        |
| 21                  | 0.84                        | 84                  | 0.66                        | 147                 | 0.49                        | 210                 | 0.33                        | 273                 | 0.20                        | 336                 | 0.06                        |
| 22                  | 0.84                        | 85                  | 0.66                        | 148                 | 0.49                        | 211                 | 0.33                        | 274                 | 0.19                        | 337                 | 0.06                        |
| 23                  | 0.83                        | 86                  | 0.66                        | 149                 | 0.49                        | 212                 | 0.33                        | 275                 | 0.19                        | 338                 | 0.05                        |
| 24                  | 0.83                        | 87                  | 0.66                        | 150                 | 0.48                        | 213                 | 0.33                        | 276                 | 0.19                        | 339                 | 0.05                        |
| 25                  | 0.83                        | 88                  | 0.65                        | 151                 | 0.48                        | 214                 | 0.33                        | 277                 | 0.19                        | 340                 | 0.05                        |
| 26                  | 0.82                        | 89                  | 0.65                        | 152                 | 0.48                        | 215                 | 0.32                        | 278                 | 0.19                        | 341                 | 0.05                        |
| 27                  | 0.82                        | 90                  | 0.65                        | 153                 | 0.48                        | 216                 | 0.32                        | 279                 | 0.18                        | 342                 | 0.05                        |
| 28                  | 0.82                        | 91                  | 0.65                        | 154                 | 0.47                        | 217                 | 0.32                        | 280                 | 0.18                        | 343                 | 0.04                        |
| 29                  | 0.82                        | 92                  | 0.64                        | 155                 | 0.47                        | 218                 | 0.32                        | 281                 | 0.18                        | 344                 | 0.04                        |
| 30                  | 0.81                        | 93                  | 0.64                        | 156                 | 0.47                        | 219                 | 0.31                        | 282                 | 0.18                        | 345                 | 0.04                        |
| 31                  | 0.81                        | 94                  | 0.64                        | 157                 | 0.46                        | 220                 | 0.31                        | 283                 | 0.17                        | 346                 | 0.04                        |
| 32                  | 0.81                        | 95                  | 0.63                        | 158                 | 0.46                        | 221                 | 0.31                        | 284                 | 0.17                        | 347                 | 0.03                        |
| 33                  | 0.80                        | 96                  | 0.63                        | 159                 | 0.46                        | 222                 | 0.31                        | 285                 | 0.17                        | 348                 | 0.03                        |
| 34                  | 0.80                        | 97                  | 0.63                        | 160                 | 0.46                        | 223                 | 0.31                        | 286                 | 0.17                        | 349                 | 0.03                        |
| 35                  | 0.80                        | 98                  | 0.63                        | 161                 | 0.45                        | 224                 | 0.30                        | 287                 | 0.17                        | 350                 | 0.03                        |
| 36                  | 0.80                        | 99                  | 0.62                        | 162                 | 0.45                        | 225                 | 0.30                        | 288                 | 0.16                        | 351                 | 0.03                        |
| 37                  | 0.79                        | 100                 | 0.62                        | 163                 | 0.45                        | 226                 | 0.30                        | 289                 | 0.16                        | 352                 | 0.02                        |
| 38                  | 0.79                        | 101                 | 0.62                        | 164                 | 0.45                        | 227                 | 0.30                        | 290                 | 0.16                        | 353                 | 0.02                        |
| 39                  | 0.79                        | 102                 | 0.62                        | 165                 | 0.44                        | 228                 | 0.30                        | 291                 | 0.16                        | 354                 | 0.02                        |
| 40                  | 0.79                        | 103                 | 0.61                        | 166                 | 0.44                        | 229                 | 0.29                        | 292                 | 0.15                        | 355                 | 0.02                        |
| 41                  | 0.78                        | 104                 | 0.61                        | 167                 | 0.44                        | 230                 | 0.29                        | 293                 | 0.15                        | 356                 | 0.01                        |
| 42                  | 0.78                        | 105                 | 0.61                        | 168                 | 0.43                        | 231                 | 0.29                        | 294                 | 0.15                        | 357                 | 0.01                        |
| 43                  | 0.78                        | 106                 | 0.60                        | 169                 | 0.43                        | 232                 | 0.29                        | 295                 | 0.15                        | 358                 | 0.01                        |
| 44                  | 0.77                        | 107                 | 0.60                        | 170                 | 0.43                        | 233                 | 0.28                        | 296                 | 0.15                        | 359                 | 0.01                        |
| 45                  | 0.77                        | 108                 | 0.60                        | 171                 | 0.43                        | 234                 | 0.28                        | 297                 | 0.14                        | 360                 | 0.01                        |
| 46                  | 0.77                        | 109                 | 0.60                        | 172                 | 0.42                        | 235                 | 0.28                        | 298                 | 0.14                        | 361                 | 0.00                        |
| 47                  | 0.77                        | 110                 | 0.59                        | 173                 | 0.42                        | 236                 | 0.28                        | 299                 | 0.14                        | 362                 | 0.00                        |
| 48                  | 0.76                        | 111                 | 0.59                        | 174                 | 0.42                        | 237                 | 0.28                        | 300                 | 0.14                        | 363                 | 0.00                        |
| 49                  | 0.76                        | 112                 | 0.59                        | 175                 | 0.42                        | 238                 | 0.27                        | 301                 | 0.14                        | 364                 | 0.00                        |
| 50                  | 0.76                        | 113                 | 0.59                        | 176                 | 0.41                        | 239                 | 0.27                        | 302                 | 0.13                        | 365                 | 0.00                        |
| 51                  | 0.76                        | 114                 | 0.58                        | 177                 | 0.41                        | 240                 | 0.27                        | 303                 | 0.13                        |                     |                             |
| 52                  | 0.75                        | 115                 | 0.58                        | 178                 | 0.41                        | 241                 | 0.27                        | 304                 | 0.13                        |                     |                             |
| 53                  | 0.75                        | 116                 | 0.58                        | 179                 | 0.40                        | 242                 | 0.26                        | 305                 | 0.13                        |                     |                             |
| 54                  | 0.75                        | 117                 | 0.57                        | 180                 | 0.40                        | 243                 | 0.26                        | 306                 | 0.12                        |                     |                             |
| 55                  | 0.74                        | 118                 | 0.57                        | 181                 | 0.40                        | 244                 | 0.26                        | 307                 | 0.12                        |                     |                             |
| 56                  | 0.74                        | 119                 | 0.57                        | 182                 | 0.40                        | 245                 | 0.26                        | 308                 | 0.12                        |                     |                             |
| 57                  | 0.74                        | 120                 | 0.57                        | 183                 | 0.39                        | 246                 | 0.26                        | 309                 | 0.12                        |                     |                             |
| 58                  | 0.74                        | 121                 | 0.56                        | 184                 | 0.39                        | 247                 | 0.25                        | 310                 | 0.12                        |                     |                             |
| 59                  | 0.73                        | 122                 | 0.56                        | 185                 | 0.39                        | 248                 | 0.25                        | 311                 | 0.11                        |                     |                             |
| 60                  | 0.73                        | 123                 | 0.56                        | 186                 | 0.39                        | 249                 | 0.25                        | 312                 | 0.11                        |                     |                             |
| 61                  | 0.73                        | 124                 | 0.56                        | 187                 | 0.39                        | 250                 | 0.25                        | 313                 | 0.11                        |                     |                             |
| 62                  | 0.73                        | 125                 | 0.55                        | 188                 | 0.38                        | 251                 | 0.24                        | 314                 | 0.11                        |                     |                             |
| 63                  | 0.72                        | 126                 | 0.55                        | 189                 | 0.38                        | 252                 | 0.24                        | 315                 | 0.10                        |                     |                             |



**Date Issued:** 2016-08-04  
(yyyy-mm-dd)

**Business Number:**

**Business Name and Mailing Address:**

SCRAP TO GO  
G/F-38 METROPOLITAN ROAD  
SCARBOROUGH, ONTARIO CANADA M1R 2T6

**Business**

**Address:** SAME AS ABOVE

**Telephone:**

**Ext:**

**Fax:**

**Email:**

**Legal** HUA WEN ZHANG  
**Name(s):** JOE HONG LI

**Type of**

**Legal Entity:** GENERAL PARTNERSHIP (This business has 2 partner(s) recorded on this licence)

**Business**

**Activity:** SCRAP METALS & SHEET METAL WORKS

| Business Information       | Number    | Effective Date<br>(yyyy-mm-dd) | Expiry Date<br>(yyyy-mm-dd) |
|----------------------------|-----------|--------------------------------|-----------------------------|
| BUSINESS NAME REGISTRATION | 260793195 | 2016-08-04                     | 2021-08-03                  |

Page 1 of 1

**To the Client:** When the Master Business Licence is presented to any Ontario business program, you are not required to repeat information contained on this licence. Each Ontario business program is required to accept this licence when presented as part of its registration process. If you have any questions about this Master Business Licence call the ServiceOntario Contact Centre at 1-800-565-1921 or 1-416-314-9151 or TTY 1-416-326-8566. For more information, or to access other business-related services, call the Business Info Line, a collaboration between ServiceOntario and Industry Canada, at 1-888-745-8888 or 1-416-212-8888 or TTY 800-268-7095. A business name registration is effective for 5 years from the date that it is accepted for registration. It is the registrant's responsibility to renew the business name prior to the expiry date and to pay the required fee.

**To the Ontario business program:** A client is not required to repeat any information contained in this licence in any other form used in your registration process.

2016-08-04

# TAB 8

## Daniel Battiston

---

**From:** Daniel Battiston  
**Sent:** September 12, 2016 11:38 AM  
**To:** 'info@brokerteam.ca'  
**Cc:** Sanjeev Mitra (smitra@airdberlis.com) (smitra@airdberlis.com); Philip Gennis; 'Jeremy Nemers'  
**Subject:** RE: SK Food Equipment ("SK"), Policy No. LL202757


Andy,

I have not received a response from you with respect to my email of last week. I would appreciate if you can provide me with a response by Friday of this week.

Thank you

Daniel Battiston, CPA, CA | Corporate Estate Manager

 **msi Spergel inc., Licensed Insolvency Trustee**  
505 Consumers Road, Suite 200, Toronto, Ontario, M2J 4V8  
T 647-288-7625 | F 416-494-7199  
**SPERGEL** [dbattiston@spergel.ca](mailto:dbattiston@spergel.ca) | [www.spergel.ca](http://www.spergel.ca)

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Canadian Insolvency Network



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**From:** Daniel Battiston  
**Sent:** September 6, 2016 03:55 PM  
**To:** 'info@brokerteam.ca'  
**Cc:** Sanjeev Mitra (smitra@airdberlis.com) (smitra@airdberlis.com); Philip Gennis; Jeremy Nemers  
**Subject:** SK Food Equipment ("SK"), Policy No. LL202757

Andy,

I have been given your name by Raymond Young who appears to work for SK. He indicated that you would be prepared to answer questions regarding the insurance policy you have arranged in connection with the property municipally known as 38 Metropolitan Road, Toronto, Ontario ("the Property"). As you are aware, I am with msi Spergel inc. ("msi") which is the Court appointed Receiver of 2292319 Ontario Inc. which is the registered owner of that property. msi is also a loss payee on the policy you have placed from what we understand. SK is required to have certain insurance under its lease.

Would you please confirm the following:

1. msi is a loss payee under the attached policy of insurance;
2. the policy covers all areas of the Property occupied by SK and its sub tenants; and,
3. the policy will cover any losses suffered by msi occasioned by the sub tenants of SK including the scrap metal and plastic business operated by the tenants under the business style "Scrap to Go".

We require your response as soon as possible and will diarize same for September 8, 2016.

Best regards,

Daniel Battiston, CPA, CA | Corporate Estate Manager

# TAB 9



**From:** SHERRY CHEN [mailto:singkong02@yahoo.com]  
**Sent:** June 17, 2016 12:20 PM  
**To:** Daniel Battiston  
**Subject:** Fw: Fw: Notice of Outstanding Utility Charges and Demand for Payment

With reference to your Notice of Outstanding Utility Charges and Demand for Payment dated Jun 16, 2016, I have responses as follows:

I am strongly disagree that I am in default of the terms of my lease agreement. I don't know the purpose of sending me the Toronto Hydro Bills. I am not responsible to pay the Toronto Hydro Bills, it is Landlord/Receiver's responsibility, I will pay my proportionate usage only. I want to record that I haven't received any invoice for my proportionate usage of hydro since your appointment on March 31, 2016. I am not in default of payment because I have never received any invoice from the Landlord nor Appointed Receiver for my proportionate share usage of hydro.

The Receiver has no problem to access the TWO meters(C & F) in my premises and has taken readings on June 8, 2016 already. There is no access to any other meters from my premises and I don't have the key for the entry of other tenants' premises where all other meters were installed. Therefore, I cannot accept that I have not provided proper access to conduct the required meter readings by the Receiver.

You demand that I remit payment of my proportionate share of the amounts outstanding immediately. Would you please advise me the outstanding amount I owed. Since I cannot access to all meters and have no record of hydro usage of other tenants, I am not able to calculate my proportionate usage. **It is Landlord/Receiver's responsibility and can only be done by the Landlord/Receiver.** Please issue invoice to me regarding my proportionate share of the amounts outstanding immediately so I can arrange payment.

According to the past record and readings of the Two meters in my premises on June 8, 2016, provisionally, I agree to pay an amount of \$7722.85 for Meter C (48847 units @ \$0.14) and \$2116.24 for Meter F (13377 units @ \$0.14) within 3 business days of this email. Please be noted that the amount paid is the best estimation I can make for the period from Mar 23, 2016 to May 19, 2016 and the payment by me is not a waiver or to release Landlord/Receiver's responsibility to provide me with my actual proportionate shares of hydro used. The upcoming invoice should be adjusted by the amount of this provisional payment.

Please be reminded that Electricity is to be provided by Landlord and I pay my proportionate share usage only. I will pay my proportionate share usage of hydro immediately after I have received the invoice, but I cannot pay without knowing my proportionate share usage. I want to record that I will not accept any responsibility of interest incurred due to the delay in splitting the proportionate usage of hydro by Landlord/Receiver.

In order not to disturb the Electricity Supply, **please arrange to pay the Toronto Hydro Bills IMMEDIATELY** and issue invoices to all Tenants regarding their proportionate shares as soon as possible.

In pursuance to Clause 5 of Lease Agreement, **Landlord shall provide electricity to the premises.** I reserve my right to claim for any damages or losses, if any, due to the disruption of Electricity supply. It is not a default of payment if I do not received invoice from Landlord/Receiver. Please be reminded that any agreement between Landlord/Receiver and the other Tenants, or, collection of other tenants' hydro payment shall not affect the Electricity Supply to my premises.

Best Regards,

Sherry

July 11, 2016

Attention : Sanjeev P.R. Mitra

In response to your email dated July 8, 2016, I disagree that there is any default under the Leases and would like to have comments as follows:

**Insurance**

1. Under the Lease Agreements, we have to provide evidence to prove we have Liabilities Insurance only. There is no activity connected with the growth, manufacturing, storage, production or distribution of illegal substances in my premises. I don't know why it is necessary for us to have insurance to cover the event of a loss or damage caused by the activity connected with the growth, manufacturing, storage, production or distribution of illegal substances by others. Please advise us under which clause of the Lease Agreement that we haven't provided sufficient coverage required.
2. If there is any loss or damage caused by growing marijuana in the building by another Tenant, it is the liability of another tenant and the Landlord / Receiver, and should be covered by the Liabilities Insurance of the Tenant which is growing marijuana. It is the same as if there is a new Gas Station built beside our premise, it is not reasonable to request us and is not necessary for us to have insurance to cover the loss or damage caused by the storage of gas in the Gas Station. In the event of any loss or damage caused by the Gas Station, it should be covered by the Liabilities Insurance of the Gas Station.
3. As the Receiver is aware there are other tenants which are growing marijuana on the premises, it is the Receiver's responsibility to ensure that other tenants have the Liabilities Insurance and we are covered by the Liabilities Insurance of other tenants. Otherwise the Receiver will be responsible for the loss or damage caused by growing marijuana in the building because the lack of due diligence.

**Hydro Bills**

1. There is only one meter and one hydro bill for the whole building by Toronto Hydro. Every tenant in the building will pay their proportionate share of the hydro used according to individual meter of each tenant. To the best of my knowledge, there are 8 to 10 meters in different locations in the building. Two of the meters are in my premises and other meters are in the premises of other tenants. Every tenant has separate entrance and individual meter. We don't know the exact location of all meters in the building and we have no access or authority to enter the premises of other tenants.
2. The Receiver has no problem to access the two meters in my premise and did take the reading on June 8, 2016. The access to the two meters in my premises are always open and is accessible anytime during working hours. I understand that the Receiver has problem to access to the meters in the premises of other tenants, but I have told the Receiver many times that we have no relationship with the other tenants and we don't have any access to the meters in the premises of other tenants. So, I cannot accept that we have failed to provide the Receiver or its agents access to the hydro meters.

3. In one point the Receiver said that there is no access to the meters and cannot take the meter reading. On the other hand the Receiver said that it has calculated the outstanding hydro arrears to SK Food Equipment to be \$47,065.22. I want to know which statement is true. I want to record that we haven't received any invoice or calculation from the Receiver for the payment of our proportionate share of hydro. We have received only copies of the Hydro Bill issued by Toronto Hydro. We cannot make any payment if we have only the Bills from Toronto Hydro without calculation of our proportionate share. Please provide us the invoice and detail calculation of our proportionate share of hydro used. If we do not receive the invoice of our proportionate share, we cannot make any payment and thus it is not a default of payment.

4. It is not correct that we have failed to make any payment for hydro since the appointment of the Receiver. Although we haven't received the calculation of our proportionate share of hydro by the Receiver, in order to show our co-operative, we have made a payment of 9839.09 on Jun. 20, 2016 for provisional hydro payment which is calculated based on the meter readings in my premises. I have pointed out to the Receiver that it is the best estimation we can make because we don't have all the meter readings. I have urged the Receiver to give us the invoice of our proportionate share of hydro bill. We haven't received the invoice for payment of \$47,065.22, so it is not correct that we failed to make the payment. If the amount \$47,065.22 is the balance of the hydro bill still owed to Toronto Hydro after our payment, then the said arrears are actually arrears attributed to other tenants in the building and not arrears attributable to SK Food Equipment.

5. I have reminded the Receiver many times that without the calculation of our proportionate share of hydro, it is not possible for us to make any payment. But the Receiver still ignore the true situation and just sending us the Hydro Bill issued by Toronto Hydro and have never provide us the calculation of our proportionate share. I have pointed out to the Receiver that it is its responsibility, and it is only the Receiver can do, to provide us the calculation of our proportionate share of hydro. We will pay our proportionate share of hydro used once if we have received the invoice with calculation from the Receiver but not the full hydro bill issued by Toronto Hydro. We don't take any responsibility if the delay in payment is because of the late provision of calculation of our proportionate share of hydro .

6. Since we have provided the Receiver or its agents access to the meters in our premises, and we have no authority to provide the Receiver access to the premises of other tenants, therefore we are not liable for any delay in calculation of proportionate share of hydro by the Receiver. Under the term of Lease Agreements, it is the landlord's, and thus the Receiver's, responsibility to provide electricity to us and we pay for our proportionate share used. We reserve our rights to claim the Receiver for any loss or damage caused, if any, due to the late payment to the Toronto Hydro or interruption of electricity supply because the Receiver fail to provide us the invoice of our proportionate share of hydro used in a timely manner.

Since it is clear that there is no default under the Leases, we request you to withdraw the motion to the Court scheduled on July 28, 2016.

Followings are my comment about the reconciliation by the Receiver

- 1) The reading of meter '902424-0' is incorrect. Since the meter has only 5 digits, it will reset to 0 when over 99999. Both meters '72827017' and '902424-0' are for growing marijuana on 2nd floor. It is not possible for one meter has reading of 544,747 and the other has only 58,934. According to past records, meter '902424-0' and meter '72827017' has similar readings. So, the reading of '902424-0' should be 596,913.
- 2) There are 7 sub-meters from the main supply from hydro and 4 of them are for tenants growing marijuana (2 on G/F, 2 on 2/F). 4 tenants growing marijuana are major electricity users and use most of the electricity supplied to the building. By the metrology used by the Receiver, total of readings of all 7 sub-meters should equal to the reading from Toronto Hydro. If we use the corrected reading 596,913 for '902424-0', total of 3 meters for growing marijuana already equal to 98.79% of Hydro reading. The remaining 1.21% is for the total of 4th tenant growing marijuana (which is 1 of 4 major electricity users), both premises of SK Food and the tenant doing Lobsters business. It is not reasonable.
- 3) All meters in the southern part of the building are in the same location of meter '93000398'. Since the Receiver has taken the reading of meter '93000398' on Jun 25, 2016, he should have taken the reading of all meters in the southern part of the building. I don't know why the Receiver didn't use all the readings for reconciliation.
- 4) Although there are 7 sub-meters from the main supply, they are belongs to 4 parties : (I) Green Island (II) unknown tenant growing marijuana in rooms on G/F (III) Lobster (IV) SK Food. So, the Hydro bill should be split amongst 4 parties. Is there 5th party? I am not sure, but I am sure and can testify if necessary that there were at least 4 parties in the building when the Receiver was appointed.

**Conclusion :** I have 100% confidence that the calculation from the Receiver is completely wrong, both readings and metrology. The portion of hydro usage by tenants excluding Green Island, i.e. \$47,065.22, is definitely incorrect and has to be split into 3 parts and SK is responsible for one of it.

# TAB 10

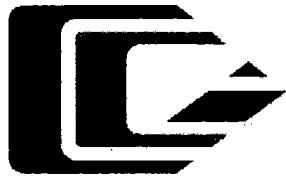
38 Metropolitan Road  
 Summary of Hydro Usage Mar-31-16 to Jul-21-16  
 Prepared: August 25, 2016

| Summary of hydro usage & costs to date: | Cost<br>(incl. HST)  |
|---|----------------------|
| Apr-25-2016 billing                     | \$ 69,756.16         |
| May-19-2016 billing                     | \$ 61,346.15         |
| Jun-21-2016 billing                     | \$ 53,026.03         |
| Jul-21-2016 billing                     | \$ 42,046.44         |
| Total kWh usage                         | <b>\$ 226,174.78</b> |

| Occupant                                 | Sub-meter no. | Jul-29<br>reading | Mar-23<br>reading | Difference     |
|--|---------------|-------------------|-------------------|----------------|
| Not in Use                               | 45759120      | -                 | -                 | -              |
| Green Island                             | 72827021      | 609,194           | 801,681           | 207,519        |
| Green Island                             | 902424-0      | 135,815           | 37,878            | 97,937         |
| Green Island                             | 93000398      | 576,063           | 211,482           | 364,601        |
| SK Food                                  | 93000399      | 329,046           | 188,722           | 145,324        |
| SK Food                                  | 93092826      | 407,989           | 353,467           | 53,622         |
| Milestone (Vacant)                       | 45942080      | 71,224            | 70,140            | 1,084          |
| Universal (Vacant)                       | 72827020      | 185,071           | 160,770           | 24,301         |
| Scrap to Go (Submeter of meter 93000399) | 9392828       | 340,724           | 308,002           | 32,722         |
|  |               | <b>2,682,426</b>  | <b>1,751,798</b>  | <b>930,628</b> |

|                             | Green<br>Island | SK<br>Foods  | Scrap to<br>Go | Vacant<br>Premises | Total         |
|-----------------------------|-----------------|--------------|----------------|--------------------|---------------|
| Usage since March 23, 2016  | 670,051.51      | 198,946.00   | 32,722.00      | 25,385.00          |               |
| Less: Scrap to Go usage     | 0.00            | -32,722.00   | 0.00           | 0.00               |               |
| Adjusted usage              | 670,051.51      | 166,224.00   | 32,722.00      | 25,385.00          |               |
| Share of total usage - %    | 72.00%          | 17.86%       | 3.52%          | 2.73%              | 100.00%       |
| Share of total cost - \$    | \$ 162,845.77   | \$ 40,398.20 | \$ 7,952.58    | \$ 6,169.44        | \$ 226,174.78 |
| Less: payments made to date | \$ 84,073.90    | \$ -         | \$ -           | \$ -               | \$ -84,073.90 |
| Arrears owing to date       | \$ 78,771.87    | \$ 40,398.20 | \$ 7,952.58    | \$ 6,169.44        | \$ 142,100.88 |

# TAB 11

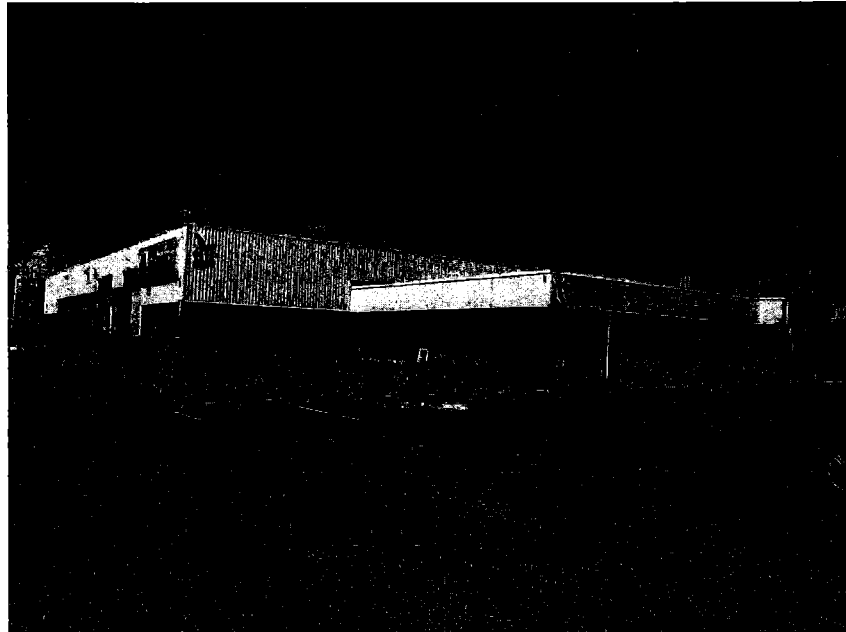


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7900 KEELE STREET SUITE 200 CONCORD ON L4K 2A3

## **PROPERTY CONDITION ASSESSMENT**



at

**S.K. Food Equipment  
38 Metropolitan Road  
Toronto, Ontario**

Prepared for: **msi Spergel inc.**

CCIG Project No: T1611742CA

CCIG Contact: Medil Gamage, P.Eng.

medilg@ccigroupinc.ca

September 28, 2016



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## PROPERTY CONDITION ASSESSMENT

S.K. Food Equipment, 38 Metropolitan Road, Toronto, ON

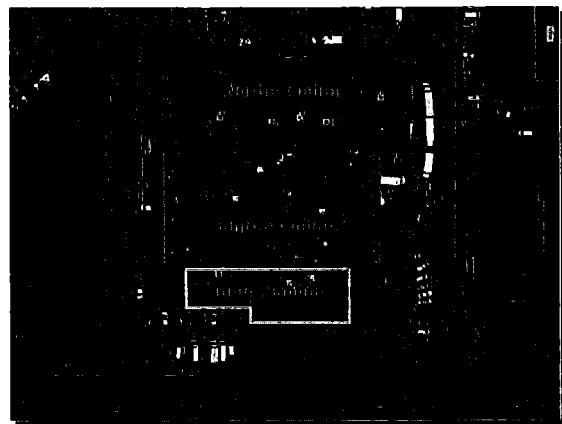
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### 1.0 INTRODUCTION

Personnel with CCI Group Inc. visited the property located at 38 Metropolitan Road in Toronto, Ontario on August 3<sup>rd</sup>, 2016 for the purpose of carrying out a condition assessment of the tenant space leased by S.K. Food Equipment.

The purpose of this evaluation was to obtain the information necessary to document the condition of the S.K. Food Equipment space, to prepare a report describing its condition and to provide recommendations regarding the repair work that is currently required. Destructive investigation and testing work was not carried out as part of this assessment.

The existing development consists of a multi-tenant light industrial building with ancillary office areas along the south side. The south and centre sections of the building are one storey in height. The north section of the building is two storeys in height. It appears that the south and centre sections of the building were constructed in the mid-1960's and the north section was added in the late 1990's. We understand (based on the information provided by our client) that the gross floor area of the building is 87,183 square feet.



The total footprint area of the building is estimated to be approximately 64,000 square feet.

The west portion of the south and centre sections of the building are currently vacant. The east portion of the south section of the building is currently occupied by a live lobster distribution business. The west portion of the ground floor of the north section and the north-east portion of the centre section are currently leased by S.K. Food Equipment and are occupied by Cool Ocean Impex Inc., a sea food distribution business. The east portion of the ground floor of the north section is currently leased by S.K. Food Equipment and is occupied by Scrap-to-Go, a scrap metal recycling business. The south-east portion of the centre section and the 2<sup>nd</sup> floor of the north section are currently occupied by Green Island Trading Company, for the production of medical marihuana.

Generally, the exterior walls of the building are covered with a combination of masonry and metal siding. Additionally, there are stucco panels covering the walls of the south section of the building. Single glazed window units with anodized aluminum frames provide fenestration for the south office section of the building. There several loading docks along the east side and several drive-in bays along the west side that are enclosed by metal sectional overhead doors.

## PROPERTY CONDITION ASSESSMENT

S.K. Food Equipment, 38 Metropolitan Road, Toronto, ON

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There are three "flat" roof areas above the building that are divided by changes in elevation. All the roof areas utilize conventional roof systems that incorporate built-up asphalt roof membranes.

The structure of the building consists of metal roof decks that are supported by open-web steel joists that span between steel beams that frame into steel columns and between masonry walls. The second floor of the north section of the building is formed by a concrete topped metal deck that spans between steel joists. The underside of the second floor framing is covered with spray applied fireproofing material. A poured concrete slabs-on-ground form the ground floor of the building.

Asphaltic concrete pavement forms the parking area located at the south-west side, drive aisles and shipping/receiving areas located along the east and west sides and the drive aisle located along the north side. Access to the site is provided by two curb cuts along the south side of the property, off of Metropolitan Road.

The interior of the building is finished with a variety of materials including carpeting, painted gypsum wallboard and suspended acoustical ceiling tile.

The audit work addresses the following components of the property:

- interior finishes
- structural framing
- mechanical and electrical installations
- fire separations

The threshold reporting level for this report is \$5,000. Repair and maintenance items with an estimated cost of \$5,000 or less are assumed to be funded from operating budgets and may not be included in this report.

We were provided with the following documentation prior to our site visit:

- Agreement to Lease, dated August 17<sup>th</sup>, 2012, and signed by a representative of S.K. Food Equipment (tenant) and a representative of 2292319 Ontario Inc. (landlord),
- Agreement to Lease, dated November 26<sup>th</sup>, 2012, and signed by a representative of S.K. Food Equipment (tenant) and a representative of 2292319 Ontario Inc.(landlord), and
- Agreement to Lease, dated February 18<sup>th</sup>, 2014, and signed by a representative of S.K. Food Equipment (tenant) and a representative of 2292319 Ontario Inc. (landlord).

## **PROPERTY CONDITION ASSESSMENT**

S.K. Food Equipment, 38 Metropolitan Road, Toronto, ON

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We were accompanied on our site visit by Mr. Daniel Battistan, Corporate Estate Manager with msi Spergel inc.

Subsequent to our site visit the following information was provided by the City of Toronto:

- Property Information Report dated August 25, 2016 as prepared by Toronto Building and signed by Mr. Dwayne Tapp, Manager, Customer Service.
- Drawings A1 and A2 titled "38 Metropolitan Rd. Warehouse", as prepared by Tran Dieu and Associates Inc., and stamped received by Toronto Building on January 27, 2012. The drawings are stamped by Toronto Building as having been reviewed for compliance with the Ontario Building Code on February 2, 2012 and are identified with Application # 11 327509.
- Surveyors Real Property Report, as prepared by Bennett Young Limited, Professional Land Surveyors and dated January 31, 2005. The drawing is stamped by Toronto Building as having been reviewed for compliance with the Ontario Building Code and is identified with Application # 13 194141 BLD 00.
- Drawings A1 and A2 titled "Proposed Interior Alteration to 38 Metropolitan Road, Scarborough, Ontario", as prepared by Tran Dieu and Associates Inc., and stamped received by Toronto Building on October 22, 2013. The drawings are stamped by Toronto Building as having been reviewed for compliance with the Ontario Building Code and are identified with Application # 13 194141 BLD 00.
- Drawings A1, A2, M1, S1 and S2 titled "Proposed Interior Alteration to 38 Metropolitan Road, Scarborough, Ontario", as prepared by Tran Dieu and Associates Inc., and stamped received by Toronto Building on July 5, 2013. The drawings are stamped by Toronto Building as having been reviewed for compliance with the Ontario Building Code and are identified with Application # 13 194141 BLD 00.
- Ontario Building Code Notice, as prepared by Toronto Building (Karim Gilani, Building Code Examiner). The notice is identified with Application # 13 194141 BLD 00.

## PROPERTY CONDITION ASSESSMENT

S.K. Food Equipment, 38 Metropolitan Road, Toronto, ON

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### 2.0 INTERIOR FINISHES

#### 2.1 Description

A visual review was conducted in all accessible areas of the tenant space.

The following components were examined:

- the type and condition of the floor coverings
- the wall construction and finishes
- the ceiling construction and finishes

#### 2.2 Observations

The following is a summary of conditions that were observed during our visual review of the interior finishes:

- .1 General view of the west portion of the ground floor of the north section of the building that is currently occupied by Cool Ocean Impex Inc. Minimal finishes are installed within the space. The majority of the floor slab was covered with material and was not fully visible for review. Where exposed the floor slab appears to be in generally fair condition.



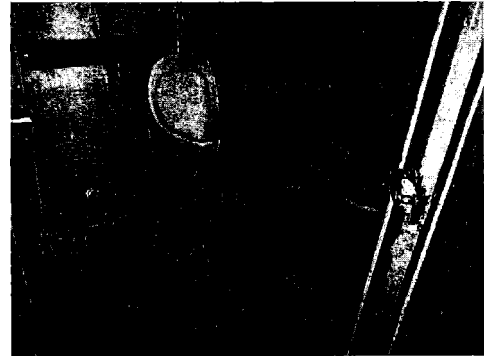
- .2 Black stains were observed on the outer surface of a freezer wall within the Cool Ocean Impex Inc. tenant space. There is the potential that the black stains are mold.



## PROPERTY CONDITION ASSESSMENT

S.K. Food Equipment, 38 Metropolitan Road, Toronto, ON

- .3 Finishes in washrooms within the Cool Ocean Impex Inc. space are in generally poor condition and are not maintained.



Section 629-6 of the Toronto Municipal Code (Property Standards) details the following requirement:

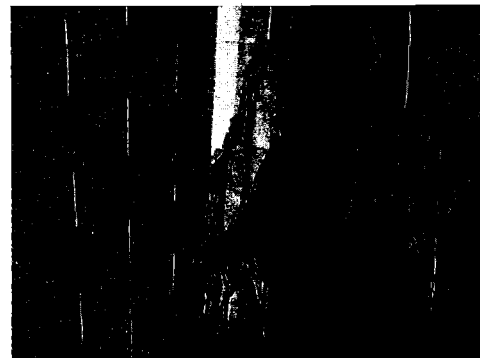
### **629-6. Occupant's duties.**

Every person who occupies property shall:

- A. Maintain the property in a clean and sanitary condition;
- B. Maintain all plumbing, cooking, refrigerating appliances and fixtures, and all storage facilities and other equipment in or on the property in a clean and sanitary condition;
- C. Maintain all sanitary facilities and every fixture in a sanitary facility in a clean and sanitary condition; [Amended 2009-05-27 by By-law No. 570-20098]
- D. Keep all exits from the property clear and unobstructed;
- E. Co-operate with the landlord in complying with the requirements of this chapter;
- F. Limit the number of occupants to the maximum number permitted by this chapter; and
- G. Take immediate action to eliminate any unsafe condition.

In our opinion, the current condition of the ground floor tenant space occupied by Cool Ocean Impex Inc. does not meet the requirements detailed in Section 629-6 of the Toronto Municipal Code.

- .4 In one location, a concrete masonry wall within the Cool Ocean Impex Inc. space is impact damaged.



## PROPERTY CONDITION ASSESSMENT

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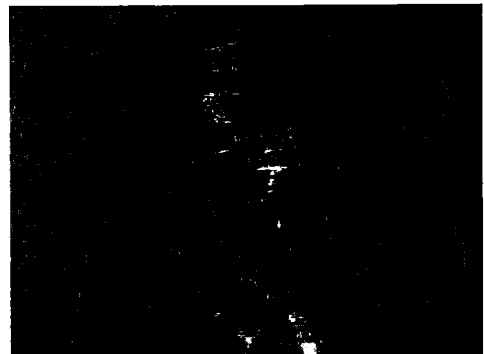
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### 629-27. Walls and ceilings.

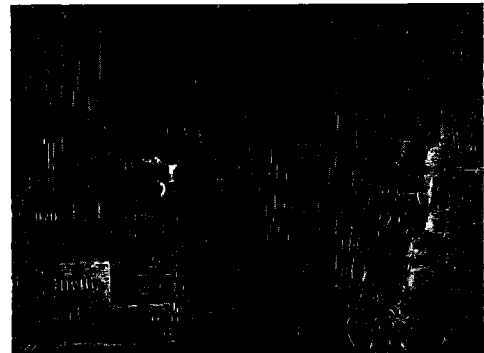
- A. Every wall and ceiling shall be maintained clean and free of holes, cracks and damaged and deteriorated surface material, and each repair shall be finished to reasonably match the existing walls or ceilings.
- B. Previously finished walls and other surfaces in public areas of property shall be maintained in good repair and shall be renewed or refinished, when necessary, to maintain a similar appearance.
- C. Marks, stains, graffiti, smoke damage, painted slogans or other similar markings or defacements on previously finished walls and other surfaces in public areas of property shall be removed and the surface refinished.
- D. Where noxious fumes, odours or gases are, or could be, present, all elements of separation shall be of gas-tight construction and maintained in a good state of repair so as to effectively prevent the passage of noxious fumes, odours or gases through the separation.

In our opinion, the current condition of the ground floor tenant space occupied by Cool Ocean Impex Inc. does not meet the requirements detailed in Section 629-27 of the Toronto Municipal Code.

- .5 Several skids of stock within the freezer are leaning and pose a potential safety hazard.

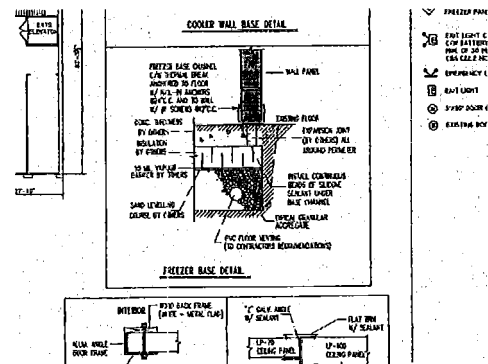


- .6 General view of the freezer within the Cool Ocean Impex Inc. space. It does not appear that thermal insulation is installed below the floor slab within the freezer to prevent frost damage to the floor slab and column footings, as detailed on drawing A1 of application 11 327509. The majority of the floor slab was covered with stock and was not fully visible for review. Where exposed, the floor slab appears to be in generally fair condition.

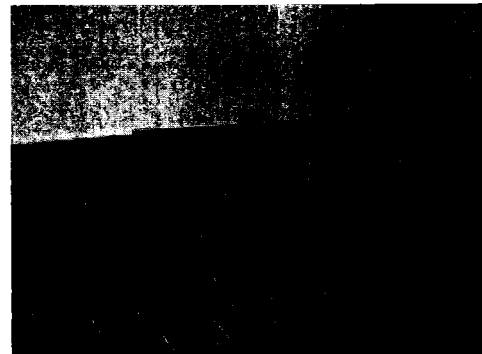


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.7 The adjacent detail is reproduced from drawing A1 of application 11 327509 and details a requirement for thermal insulation to be installed below the freezer floor slab.



8 There is standing water on the floor along the east "demising" wall of the vacant warehouse space. It appears that water is flowing from the adjacent tenant space (to the east) that is occupied by Cool Ocean Impex Inc.



9 General view of the east portion of the ground floor of the north section of the building that is currently occupied by Scrap-to-Go, a scrap metal recycling business. Minimal finishes are installed within the space. The majority of the floor slab was covered with scrap metal and stock and was not visible for review. Where exposed, the floor slab appears to be in generally fair condition.



## 2.3 Recommendations

Leaning skids within the freezers pose a potential safety hazard and should be re-stacked immediately.

Based on our visual review, we are of the opinion that the interior finishes within Cool Ocean Impex Inc.'s tenant space are in generally fair to poor condition. In our opinion, the following repair work is required immediately:



## PROPERTY CONDITION ASSESSMENT

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- Sample the areas of black stains within the tenant spaces and carry out laboratory analysis to determine if mold is present, and
- Clean the areas of black stains from the surfaces within the tenant spaces. Cleaning procedures are dependent on the results of the laboratory analysis.

It does not appear that frost protection has been provided below the freezer floor slabs within the Cool Ocean Impex Inc. space to prevent frost action (heaving) of the floor slabs. It is our opinion that installation of insulation below the floor slab within the freezers is required, as detailed on drawing A1 of application 11 327509.

The condition of water flowing into the vacant warehouse space from the adjacent Cool Ocean Impex Inc. tenant space should be investigated and necessary measures to prevent/mitigate flowing of water should be taken immediately. The water appears to be condensate from the freezers and coolers to the east of the vacant warehouse space.

The condition of the washrooms and the area of impact damaged wall do not meet the requirements detailed in the Toronto Municipal Code. Repair to the finishes in the washroom and the impact damaged masonry wall is currently required.

## **PROPERTY CONDITION ASSESSMENT**

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### **3.0 STRUCTURAL FRAMING**

#### **3.1 Description**

The structural framing of the building was typically concealed by interior finishes in the office areas and some warehouse areas. The majority of the steel columns within the occupied tenant spaces were concealed by stock and/or material at the time of our site visit and were not fully visible for review. Our review was limited to the structural framing exposed in the warehouse areas.

The structure of the building consists of metal roof decks that are supported by open-web steel joists that span between steel beams that frame into steel columns and between masonry walls. The second floor of the north section of the building is formed by a concrete topped metal deck that spans between steel joists. The underside of the second floor framing is covered with spray applied fireproofing material. Poured concrete slabs-on-ground form the ground floor of the building. Foundation walls of the building appear to be formed by a combination of poured concrete and concrete masonry.

The extent to which the integrity of a structure is evaluated can vary from a simple visual inspection of those parts of the structure exposed to view to a program of sophisticated non-destructive and destructive testing designed to reveal information concerning "as-built" conditions followed by a structural analysis carried out to determine the extent of compliance of the structure with the requirements detailed in the relevant edition of the Ontario Building Code. The terms of reference governing our review of this structure limited our work to a visual inspection of those parts of the structure exposed at the time of our visit. For the purpose of this assessment our review was visual in nature and, other than where may be noted otherwise, completed from floor level. As a result of this limitation our review should not be presumed to include confirmation of the presence of welds or fasteners of appropriate size at all connections.

It should be noted that we did not remove or lift any ceiling tile, gypsum board or fireproofing or any other material that concealed the structural framing members from view during our cursory visual review.

#### **3.2 Observations**

The following is summary of conditions that were identified during our visual review of the exposed structural framing members:

## PROPERTY CONDITION ASSESSMENT

S.K. Food Equipment, 38 Metropolitan Road, Toronto, ON

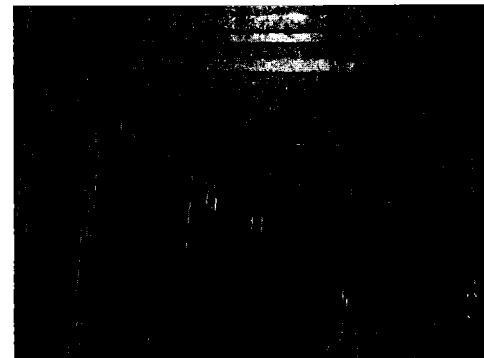
- .1 General view of the underside of the second floor framing at the north section as viewed from the Cool Ocean Impex Inc. space. Structural framing members are covered with spray applied fireproofing material.



- .2 In isolated locations, fireproofing material at the underside of the second floor framing is damaged/missing. Damaged fireproofing requires immediate repair.



- .3 There is a wood framed "tunnel" within the tenant space occupied by Cool Ocean Impex Inc. that connects the north-west tenant space to the centre-east tenant space. The drawings submitted to Toronto Building do not include any information regarding the construction of this tunnel and it appears that this "tunnel" was constructed without the benefit of a building permit.



- .4 General view of the underside of the second floor framing at the north section as viewed from the Scrap-to-Go space. Structural framing members are covered with spray applied fireproofing material.



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### **3.3 Recommendations**

Based on our cursory visual review of the structural framing members that were visible at the time of our site visit, we recommend that the following remedial work be carried out immediately.

- Confirm with the tenant that a building permit was obtained for the construction of the wood framed "tunnel" within the space occupied by Cool Ocean Impex Inc. (in the event that a building permit was not obtained, remove the wood framed tunnel or have the tunnel reviewed by a structural engineer and obtain a building permit),
- Repair the areas of damaged fireproofing at the underside of the second floor framing.

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### 4.0 MECHANICAL AND ELECTRICAL INSTALLATIONS

#### 4.1 Description

The mechanical and electrical systems associated with the S.K. Food Equipment leased space were visually reviewed during our site visit. Our review was limited to accessible equipment, with limited review of available drawings.

Tests were not performed nor were dismantling of systems carried out to verify the condition of the interior components of HVAC equipment. Unit heaters and other equipment suspended from high ceilings were not observed due to inaccessibility. Seasonal use should be considered with regards to any comments made about the condition of any HVAC equipment.

Calculations were not made to verify the adequacy of the electrical supply, domestic water, or HVAC performance.

Tests were not performed on life safety systems such as fire alarm and suppression systems including sprinklers, standpipe, and smoke control systems.

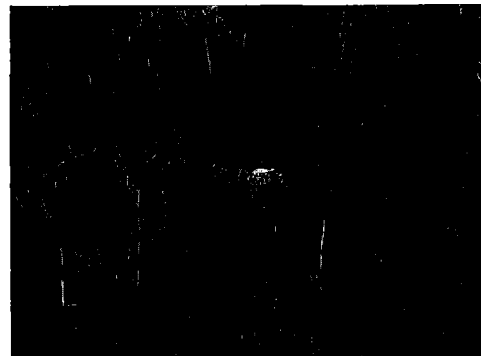
#### 4.2 Observations

##### 4.2.1 Domestic Hot and Cold Water System

Domestic hot water for the washrooms is generated by electric hot water tanks in the ceiling spaces. The domestic hot water tank heaters were inaccessible for the visible review during our site visit.

Municipal incoming water supply enters the building in the service room and is connected to a meter and three (3) shut-off valves.

Based on our visual review it appears that there is backflow prevention provided to prevent contaminants from entering the municipal potable water system.



Due to the nature of the businesses within the building, we recommend back flow prevention be installed to the incoming water supply at each occupancy in accordance with Chapter 851 (Water Supply) of the Toronto Municipal Code. This work should be carried out in conjunction with a cross-connection survey which may identify additional areas that require protection.

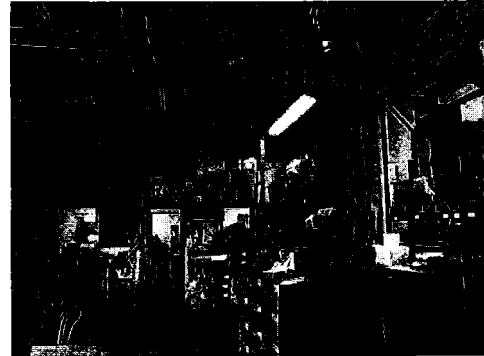
## PROPERTY CONDITION ASSESSMENT

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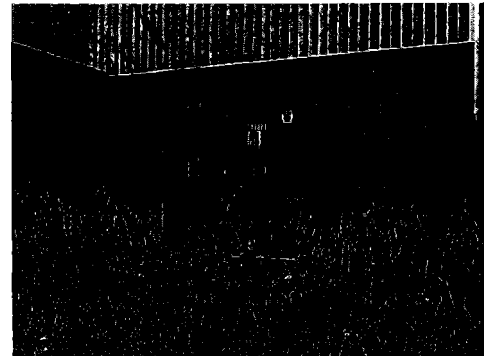
### 4.2.2 Heating, Ventilation and Air Conditioning

Heating to the tenant spaces is provided by several natural gas-fired unit heaters. The unit heaters are manufactured by "Reznor". The unit heaters appear to have been installed in the early 2000s' and to be in working condition.



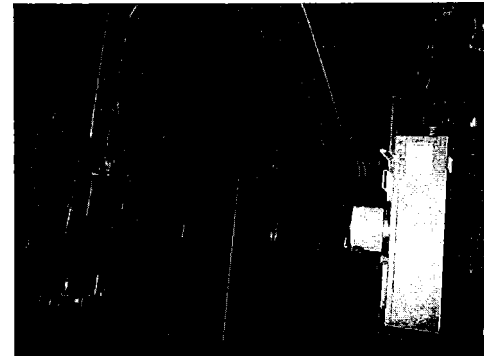
### 4.2.3 Power Supply and Distribution

The electrical power supply is fed from a transformer mounted on a concrete housekeeping pad located outdoors.



The main disconnect switch and the splitter are located in the new electrical room. The disconnect switch is manufactured by "Cutler-Hammer" and rated for 800 amperes, 600 volts, 3 phase, 4 wire.

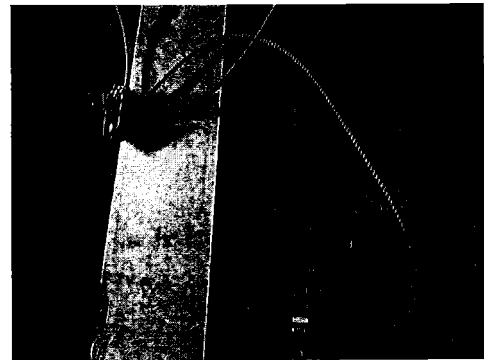
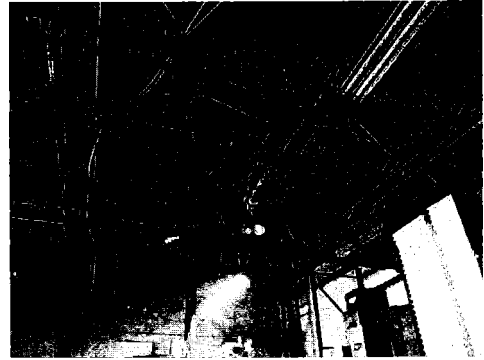
There is another disconnect switch for the older section of the building located in the old electrical room and is rated for 600 amps.



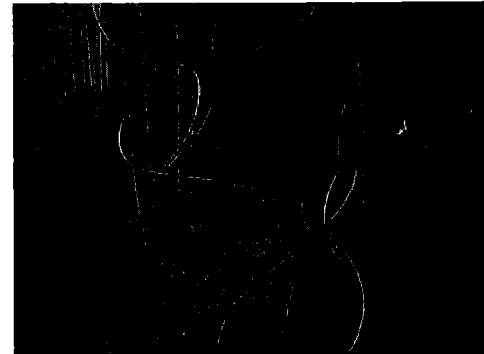
## PROPERTY CONDITION ASSESSMENT

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Loose live wiring, temporary wiring, unsecured junction boxes and receptacles and missing lighting fixtures were observed in the Cool Ocean Impex Inc and the Scrap-to-Go tenant spaces.



The electrical distribution panel located in the Scrap-to-Go tenant space is placed on the floor. We recommend the distribution panel be properly installed on the wall.



The power supply to tenant owned equipment is not professionally installed. We did not observe any ground fault circuit (GFC) breakers located within the tenant spaces.

Article 629-35.C of the Toronto Municipal Code (Property Standards) details the following requirement:

**629-35. Electrical service and outlets.**

- C. All electrical fixtures, switches, receptacles and connections to them shall be maintained in a safe and complete condition and in good working order.

## PROPERTY CONDITION ASSESSMENT

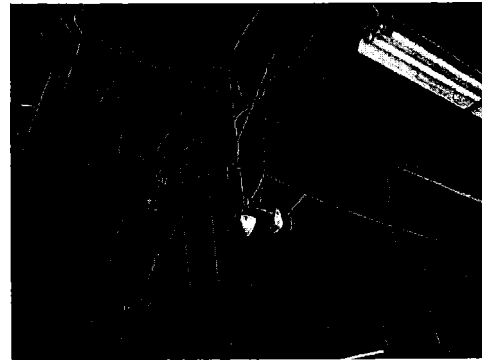
S.K. Food Equipment, 38 Metropolitan Road, Toronto, ON

In our opinion, the current condition of the electrical panels, junction boxes, receptacles and light fixtures in the S.K. Food Equipment leased space does not meet the requirements detailed in Article 629-35.C of the Toronto Municipal Code.

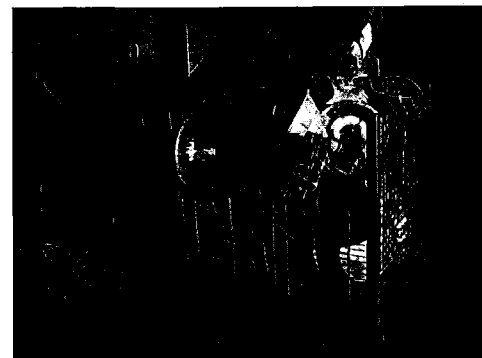
Due to the above observations, it appears the electrical distribution system is not maintained and it poses potential life, safety and fire hazards. Additionally, it does not appear that electrical installations were carried out with the benefit of an electrical permit or that the electrical modifications were inspected and approved by the Electrical Safety Authority (ESA). We recommend that an electrical permit be obtained from ESA for the electrical modifications/installations.

### 4.2.4 Lighting

Lighting to the Cool Ocean Impex Inc is provided by one (1) ft. x four (4) ft. fluorescent lamp pendent type fixtures and HID lamp high bay lighting fixtures.



High bay lighting fixtures have been removed from the warehouse (the Cool Ocean Impex Inc) areas and other storage rooms. These areas do not appear to have adequate lighting levels. We recommend high bay fixtures be re-installed in the area where necessary.



Lighting to the Scrap to Go tenant space is provided by one (1) ft. x four (4) ft. dual tube fluorescent lamp pendent type fixtures.





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The north east side of the warehouse (Scrap to Go) area does not have adequate lighting. We recommend adequate lighting be installed in the area where necessary.

### 629-36. Lighting.

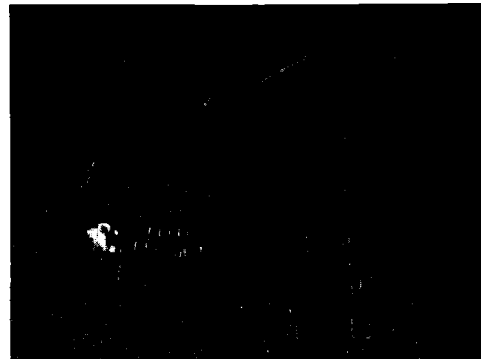
- A. Adequate artificial light required to maintain the level of illumination shall be provided at all times.

In our opinion, the current condition of the warehouse and other storage areas of the tenant space does not meet the requirements detailed in Article 629-36.A of the Toronto Municipal Code. We recommend high bay fixtures be re-installed in the area where necessary to provide the required lighting.

### 4.2.5 Miscellaneous Fire Safety Systems

During our site visit we observed that the required fire separations between tenant spaces are not maintained.

Currently the walk-in freezer and cooler walls and ceilings are used for the fire separations between the metal recycling facility (Scrap-to-Go) and the Cool Ocean Impex tenant space.



Article 3.3.1.1. of the Ontario Building Code details the following requirements for the separation of suites:

#### 3.3.1.1. Separation of Suites

- (1) Except as permitted by Sentences (2) and (3), each *suite* in other than *business and personal services occupancies* shall be separated from adjoining *suites* by a *fire separation* having a *fire-resistance rating* not less than 1 h.
- (2) The *fire-resistance rating* of the *fire separation* required by Sentence (1) is permitted to be less than 1 h but not less than 45 min provided the *fire-resistance rating* required by Subsection 3.2.2. is permitted to be less than 1 h

## PROPERTY CONDITION ASSESSMENT

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for,

- (a) the floor assembly above the *floor area*, or
- (b) the floor assembly below the *floor area*, if there is no floor assembly above.

(3) *Occupancies* that are served by *public corridors* conforming to Clause 3.3.1.4.(4)(b) in a *building* that is *sprinklered*, are not required to be separated from one another by *fire separations* provided the *occupancies* are,

- (a) *suites of business and personal services occupancy*,
- (b) fast food vending operations that do not provide seating for customers,
- (c) *suites of mercantile occupancy*, or
- (d) any combination of these *occupancies*.

Article 3.3.1.1. details a requirement for the fire separations between suites (i.e., between adjacent tenant spaces) to have a fire resistance rating of not less than 1 hour.

We recommend an architect or engineer be retained to design the fire separations and means of egress from the S.K Food Equipment leased spaces and that a building permit be obtained for the required remedial work.

### 4.3 Recommendations

Based on our visual review we are of the opinion that the following repair/remedial work is required immediately:

- Install a backflow prevention device at the water supply to each tenant space,
- Obtain an electrical permit from the Electrical Safety Authority for the electrical installations/modifications within the tenant spaces.
- Re-install high bay lighting fixtures in the area where necessary
- Mount the power distribution panel that is currently resting on the floor on the wall,
- Provide adequate lighting fixtures in the area where necessary, and
- Obtain a building permit from Toronto Building for the interior alterations (including fire separations).

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### 5.0 ZONING REVIEW

#### 5.1 General

City of Toronto Zoning By-law 569-2013, as amended, regulates the use of land, the bulk, height, location, erection and use of buildings and structures, the provision of parking spaces, loading spaces and other associated matters in the City of Toronto.

The following uses are currently being carried out at 38 Metropolitan Road:

- Cold storage facility,
- Food manufacturing facility,
- Medical marihuana production facility (use to be confirmed), and
- Recovery facility for the recycling of electronics and metals.

#### 5.2 Comments

- .1 Chapter 5 of Zoning By-law 569-2013 details regulations applying to all lands, uses, buildings and structures in the City of Toronto. Based on our review we are of the opinion that the property at 38 Metropolitan Road meets the regulations detailed in this chapter of the zoning by-law.
- .2 Chapter 60 of Zoning By-law 569-2013 details regulations applying to the Employment – Industrial Zone category. The Employment – Industrial Zone category is divided into the following 4 zones:
  - Employment Light Industrial Zone (EL)
  - Employment Industrial Zone (E)
  - Employment Heavy Industrial Zone (EH)
  - Employment Industrial Office Zone (EO)
- .3 The Zoning By-law Map in Section 990.10 of By-law 569-2013 identifies that the property at 38 Metropolitan Road in Toronto is located in an Employment Industrial Zone (identified by the letter 'E' on the zoning map).
- .4 Furthermore, the Zoning By-law Map details a requirement for the property at 38 Metropolitan Road to have a Floor Space Index (FSI) of no more than 0.80.
- .5 Section 60.5 of Zoning By-law 569-2013 details regulations applying to all lands, uses, buildings and structures in the Employment – Industrial Zone category. Based on our review we are of the opinion that the property at 38 Metropolitan Road meets the regulations detailed in this section of the zoning by-law.

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S.K. Food Equipment, 38 Metropolitan Road, Toronto, ON

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- .6 Clause 60.5.40.40 of Zoning By-law 569-2013 details gross floor area regulations that apply to properties within the Employment – Industrial Zone category, including the procedure for calculating the Floor Space Index (FSI) of a building in this category. Based on the information provided to us, we calculate that the building at 38 Metropolitan Road has an FSI of approximately 0.67, and therefore, we are of the opinion that the building at 38 Metropolitan Road meets the FSI regulation detailed in the zoning by-law.
- .7 Section 60.20 of Zoning By-law 569-2013, as amended by Zoning By-law 0403-2014 (currently under appeal with the Ontario Municipal Board (OMB)), details regulations applying to all lands, uses, buildings and structures in the Employment Industrial Zone (E).
- .8 Clause 60.20.20.10 details the permitted uses within the E zone. The use of the property for Cold Storage and Food Manufacturing and as a Metal Recycling Facility are permitted uses.

## **6.0 LIMITATIONS**

Any maintenance, repair or replacement schedules contained in this report are based on the assumption that the recommendations contained in this report will be carried out, that the property will be maintained on a regular and routine basis by skilled and qualified tradesmen and that a program of periodic professional review will be carried out throughout the life of the property. Failure to undertake any of these tasks in an expeditious manner may result in unanticipated failure of any of the systems and components that form the property and its improvements and lead to issues of public safety.

The information presented in this report is based on direct visual observation made by personnel with CCI Group Inc. and in some instances as noted within the report on information provided by others. Recommendations contained within our report reflect our informed opinion based on the information gathered during our investigation. The findings cannot be extended to components of the building or portions of the site that were not reviewed or that were concealed or unavailable for direct observation at the time of our visit. There is a possibility for additional deficiencies being present in the building which have not been identified during our visit, given the limited nature of this review.

Our mandate is to complete a visual walk-through survey of items, components and systems that are conspicuous, patent and which may be observed visually during the walk-through survey without intrusion, removal of material, exploratory probing or the use of special equipment. Therefore, concealed or inaccessible physical deficiencies are specifically excluded from our mandate. Our interviews of building personnel attempt to uncover known concerns in the building, but we cannot attest to the integrity or knowledge of the interviewees, nor can this process, or the proposed scope of work in its entirety, be considered technically exhaustive or be considered to eliminate all risks related to owning or having a financial interest in this property.

No legal survey, soil test, detailed structural engineering investigation, or quantity survey compilation have been made. Our scope of services for this assignment did not include a design review or engineering analysis of any of the building's systems or components. No responsibility, therefore, is assumed concerning these matters, or for any failure to carry out those technical or engineering procedures required to discover any inherent or hidden condition of this property since such investigation work was not included in the terms of reference governing this study.

The conclusions and recommendations detailed in this report are based upon the information available at the time of preparation of the report. No investigative method eliminates the possibility of obtaining imprecise or incomplete information. Professional judgement was

## PROPERTY CONDITION ASSESSMENT

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exercised in gathering and analyzing the information obtained and in the formulation of our conclusions and recommendations. The recommendations are not intended to be utilized as a detailed specification for any remedial work that may be required. CCI Group Inc. accepts no responsibility for interpretation of our recommendations, or actions taken based on them without our consultation and supervision.

The mechanical and electrical equipment and the fire safety systems were visually inspected where accessible. The systems were not dismantled to verify the condition of the internal components.

We did not carry out a review to check compliance with all Building or Fire Code requirements which may have been applied at the time of construction, or which may be retroactively applied to this building. Our review assumes that the design professionals and building permit process have created a design (and subsequent construction) that is code compliant.

Information provided by CCI Group Inc. is intended for the exclusive use of **msi Spergel inc.** CCI Group Inc. will not provide results or information to any party other than the client, unless the client, in writing, requests that information be provided to a third party or unless disclosure by CCI Group Inc. is required by law. Any use by a third party, of reports or documents authored by CCI Group Inc., or any reliance by a third party, or decisions made by a third party, on the findings described in reports or documents authored by CCI Group Inc., is the sole responsibility of such third parties. CCI Group Inc. accepts no responsibility for damages suffered by any third party as a result of decisions made or work carried out based on reports or documents authored by CCI Group Inc.

CCI Group Inc. makes no representations concerning the legal and medical significance of our findings. With respect to regulatory compliance requirements, regulations change from time to time, and interpretation of their meaning and intent may also change. CCI Group Inc. accepts no responsibility for any legal interpretation of the Regulations, or the consequent financial effect on transactions, property values, or requirements for follow-up actions and costs.

The liability of CCI Group Inc. or its staff is limited to the fees paid or actual damages incurred by the client, whichever is less. CCI Group Inc. is not responsible for consequential or indirect damages. All claims by the client shall be deemed relinquished if not made within two years after last date of services provided.

The client expressly agrees that it has entered into this agreement with CCI Group Inc., both on its own behalf and as agent on behalf of its employees and principals.

## PROPERTY CONDITION ASSESSMENT

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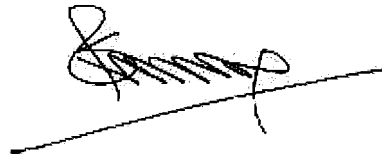
The client expressly agrees that CCI Group Inc.'s employees and principals shall have no personal liability to the client in respect of a claim, whether in contract, or tort, or in any other cause of action in law. Accordingly, the client expressly agrees that it will bring no proceedings and will take no action in any court of law against any of CCI Group Inc.'s employees or principals.

We trust that the foregoing information is sufficient for your present needs and will be pleased to review the contents of this report in greater detail should you so require.

Yours truly,  
CCI Group Inc.



Medil Gamage, P.Eng.  
Building Assessment Group



Sam Appuhamy, P.Eng.,  
Building Assessment Group

*Reviewed by:*



Mari Subero, P.Eng.  
Building Assessment Group

# Tab B



## SERVICE LIST

TO: **MINDEN GROSS LLP**  
Barristers and Solicitors  
2200-145 King St. W.  
Toronto, ON M5H 4G2

**Ken Kallish**  
Tel: 416.369.4137  
Fax: 416.864.9223  
Email: [KKallish@mindengross.com](mailto:KKallish@mindengross.com)

**Mark A. Freake**  
Tel: 416.369.4326  
Fax: 416.864.9223  
Email: [mfreake@mindengross.com](mailto:mfreake@mindengross.com)

Counsel for the Applicant

AND TO: **MSI SPERGEL INC.**  
505 Consumers Rd., Suite 200  
Toronto, ON M2J 4V8

**Philip H. Gennis**  
Tel: 416.498.4325  
Fax: 416.498.4325  
Email: [pgennis@spergel.ca](mailto:pgennis@spergel.ca)

Court-appointed receiver of 2292319 Ontario Inc.

AND TO: **2292319 ONTARIO INC.**  
c/o Allan B. Shusterman  
Barrister, Solicitor and Notary  
3320 Midland Avenue, Suite 207  
Scarborough, ON M1V 5E6

Tel: 416.291.6176  
Fax: 416.291.6047  
Email: [alshus@hotmail.com](mailto:alshus@hotmail.com)  
Email: [syant1331@gmail.com](mailto:syan1331@gmail.com)

AND TO: **CANADA REVENUE AGENCY**  
c/o Department of Justice  
Ontario Regional Office  
The Exchange Tower  
130 King Street West, Suite 3400  
Toronto, ON M5X 1K6

**Diane Winters**  
Tel: 416.973.3172  
Fax: 416.973.0810  
Email: [diane.winters@justice.gc.ca](mailto:diane.winters@justice.gc.ca)

AND TO: **HER MAJESTY THE QUEEN IN RIGHT OF THE  
PROVINCE OF ONTARIO AS REPRESENTED BY  
THE MINISTER OF FINANCE**  
Legal Services Branch  
777 Bay Street, 11th Floor  
Toronto, ON M5G 2C8

**Kevin J. O'Hara**  
Tel: 416.327.8463  
Fax: 416.325.1460  
Email: [kevin.ohara@fin.gov.on.ca](mailto:kevin.ohara@fin.gov.on.ca)

AND TO: **SK Food Equipment**  
P.O. Box 7233  
Warden Centre PO  
Markham, ON L3R 5V1

**Attention: Raymond Young and Sherri Chen**

**Sherri Chen**  
Email: [singkong02@yahoo.com](mailto:singkong02@yahoo.com)

**Raymond Young**  
Email: [888bsc@gmail.com](mailto:888bsc@gmail.com)

AND TO: **DARREN S. SEDEROFF & ASSOCIATES, P.C.**  
4789 Yonge Street  
Suite 805  
Toronto, ON M2N 0G3

**Darren S. Sederoff**  
Tel: 416.366.9303  
Fax: 416.364.2308  
Email: [dsderoff@rogers.com](mailto:dsderoff@rogers.com)

Counsel for Green Island Trading

AND TO: **2292319 ONTARIO INC.**  
38 Metropolitan Road  
Toronto, ON M1R 2T6

AND TO: **2292319 ONTARIO INC.**  
26 Heathrow Court  
Markham, ON L3R 3T8

AND TO: **SCRAP TO GO**  
P.O. Box 7233  
Warden Centre PO  
Markham, ON L3R 5V1

AND TO: **COOL OCEAN IMPEX**  
P.O. BOX 7233  
Warden Centre PO  
Markham, ON L3R 5V1

**ROYAL BANK OF CANADA**

- and -

**2292319 ONTARIO INC.**

Applicant

Respondent

Court File No. CV-16-11331-00CL

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

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**SUPPLEMENTARY MOTION RECORD**

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

**Sanjeev P.R. Mitra (LSUC # 37934U)**  
Tel: (416) 865-3085  
Fax: (416) 863-1515  
Email: [smitra@airdberlis.com](mailto:smitra@airdberlis.com)

**Jeremy Nemers (LSUC # 66410Q)**  
Tel: (416) 865-7724  
Fax: (416) 863-1515  
Email: [jnemers@airdberlis.com](mailto:jnemers@airdberlis.com)

*Lawyers for msi Spergel inc.*