

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

AL-CHERAGH INTERNATIONAL CORPORATION,
6413340 CANADA INC. and 7149816 CANADA INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended and Section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. c-43, as amended

**MOTION RECORD
(RETURNABLE MAY 16, 2018)**

May 4, 2018

MILLER THOMSON LLP

One London Place
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Lawyers for MSI Spergel Inc., the Court
appointed Receiver of the assets, undertakings
and properties of Al-Cheragh International
Corporation, 6413340 Canada Inc. and
7149816 Canada Inc.

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TAB 1

**ONTARIO
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**NOTICE OF MOTION
(returnable May 16, 2018)**

msi Spergel Inc., the Court appointed receiver and manager (the "Receiver") of the assets, undertakings, and properties of the Respondents will make a motion to the Court, on Wednesday, May 16, 2018, at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- ☐ in writing under subrule 37.12.1(1) because it is on consent or unopposed or made without notice;
- ☐ in writing as an opposed motion under subrule 37.12.1(4);
- ☒ orally.

THE MOTION IS FOR:

1. Orders substantially in the form attached hereto as Appendices "A" and "B":
 - (a) if necessary, abridging the time for and validating service of this Notice of Motion and the First and Final Report of the Receiver to the Court dated May 4, 2018 (the "Report") and directing that any further service of this Notice of Motion and

the Report be dispensed with such that this motion is properly returnable on May 16, 2018;

- (b) approving the sale by the Receiver of certain real and personal property (the "Purchased Assets") of the debtor, Al-Cheragh International Corporation (the "Debtor"), to Noorallah Naworzada and Alex Scholyar in Trust for a corporation to be incorporated (the "Purchaser") pursuant to the terms of an Agreement of Purchase and Sale dated April 17, 2018 (the "Agreement") and the vesting of the Purchased Assets in the Purchaser free and clear of all encumbrances save and except the permitted encumbrances as identified in the Agreement;
- (c) approving the Report and the conduct and activities of the Receiver reported therein;
- (d) approving the distributions as set out in the Report of all funds remaining in the Receiver's hands following the completion of the transaction contemplated by the Agreement after payment of all realty tax arrears, the costs and expenses to complete the administration of the receivership estate and the fees of the Receiver and its legal counsel;
- (e) sealing the confidential appendices to the Report until further order of the Court or the completion of the transaction contemplated by the Agreement, whichever is earlier;
- (f) approving the Receiver's statement of receipts and disbursements for the period ending April 30, 2018 and its projected statement of receipts and disbursements;
- (g) approving the professional fees and disbursements of the Receiver and its legal counsel; and
- (h) subject to the completion of the transaction contemplated by the Agreement and the Receiver completing its administration of the receivership estate as described in the Report and filing a Certificate of Completion and a copy of the final statement of receipts and disbursements with this Honourable Court, discharging msi Spergel Inc. as receiver of the assets, undertakings and properties of the Debtor and the other respondents (together, the "Debtors") and releasing msi Spergel Inc. from any and all liability.

2. such further and other relief as counsel may advise and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) by order of the Honourable Mr. Justice Hainey dated February 1, 2018, the Receiver was appointed as receiver without security of the assets, undertakings and properties of the Debtors used in relation to a business carried on by the Debtors pursuant to Section 243 of the *Bankruptcy and Insolvency Act* and Section 101 of the *Courts of Justice Act* (the "Appointment Order");

Approval of Sale Agreement for the Purchased Assets

- (a) the Receiver has entered into the Agreement, subject to Court approval;
- (b) the market for the Purchased Assets has been canvassed;
- (c) the Agreement is commercially reasonable and represents the highest and best price available for the Purchased Assets; and
- (d) Bank of Montreal ("BMO") is the primary secured creditor and will suffer a shortfall on its loans. BMO supports the completion of the transaction.

Approval of the Report and the Receiver's Activities and Statements of Receipts and Disbursements

- (a) the Receiver has carried out its duties and responsibilities in accordance with the terms of the Appointment Order;

Distributions

- (a) the Receiver has received an independent legal opinion which, subject to the customary assumptions and qualifications, provides that the security held by BMO and SNAP Commercial Financing Corp ("SNAP") over the assets in the receivership estate is valid and enforceable; and
- (b) there is a CRA deemed trust claim having priority over the secured claims of BMO and SNAP which will be paid in accordance with its priority.

Sealing Order

- (a) the confidential appendices to the Report contain sensitive and confidential information, the disclosure of which at this time would be detrimental to the interests of the stakeholders;

Approval of Professional Fees

- (a) pursuant to Paragraph 18 of the Appointment Order, the Receiver and counsel to the Receiver were granted a first charge on the property of the Debtors as security for their professional fees, both before and after the making of the Appointment Order;
- (b) pursuant to Paragraph 19 of the Appointment Order, the accounts of the Receiver and its legal counsel must be passed from time to time by a judge of the Commercial List of the Ontario Superior Court of Justice; and
- (c) it is the Receiver's opinion that the professional fees are fair and reasonable and justified in the circumstances and accurately reflect the work performed by the Receiver and its legal counsel in connection with the receivership proceedings;

Discharge of the Receiver

- (a) Upon the completion of the transaction provided for in the Agreement, the administration of the receivership estate will be substantially complete and it is appropriate that the Receiver be discharged, subject to the completion of the outstanding matters as set out in the Report, and released from any further liability;

Other

- (a) Rules 1.04, 1.05, 2.03, 3.02, 16 and 37 of the Rules of Civil Procedure; and
- (b) such further and other grounds as set forth in the Report and the Confidential Supplement.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) the Report and confidential appendices;
- (b) the fee affidavit of Sherry Kettle sworn May 3, 2018;

- (c) the fee affidavit of Deborah Hornbostel sworn May 2, 2018; and
- (d) such further and other material as counsel may advise and this Honourable Court permit.

May 4, 2018

MILLER THOMSON LLP

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSO#: 29008M
Tel: 519.931.3509
Fax: 519.858.8511

Lawyers for msi Spergel Inc., the Court-appointed
Receiver of the assets, undertakings and properties
of Al-Cheragh International Corporation, 6413340
Canada Inc. and 7149816 Canada Inc.

TO:

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, ON M2N 1E9

Christopher J. Staples LSO#: 31302R

Tel: 416.218.1147
Fax: 416.218.1847
Email: chris@chaitons.com

Lawyers for Bank of Montreal

AND TO:

AL-CHERAGH INTERNATIONAL CORPORATION

847 Mantle Crescent
Mississauga, ON L5V 2G3

AND TO:

6413340 CANADA INC.

847 Mantle Crescent
Mississauga, ON L5V 2G3

AND TO:

7149816 CANADA INC.

329 Johnson Street
Barrie, ON L4M 7A2

AND TO:

SNAP COMMERCIAL FINANCE CORP.

538 Cambie Street
Vancouver, BC V6B 2N7

AND TO: **THE TORONTO-DOMINION BANK**
66 Dunlop Street East & Owen
P.O. Box 220
Barrie, ON L4M 4T3

AND TO: **CANADA REVENUE AGENCY**
Tax Centre
National Insolvency Office
166 Frederick Street
Kitchener, ON N2H 0A9

Attention: Wendy Rueger, Revenue Collections
Tel: 519.570.5438
Fax: 519.570.5424
Email: wendy.welke@cra-arc.gc.ca

AND TO: **MSI SPERGEL INC.**
200-505 Consumers Road
Toronto, ON M2J 4V8

Attention: Deborah Hornbostel
Email: deborah@spergel.ca

Court-Appointed Receiver of Al-Cheragh International Corporation,
641330 Canada Inc. and 7149816 Canada Inc.

AND TO: **DEPARTMENT OF JUSTICE**
Ontario Regional Office
The Exchange Tower, Box 36
130 King Street West, Suite 3400
Toronto, ON M5X 1K6

Attention: Diane Winters
Tel: 416.973.3172
Email: diane.winters@justice.gc.ca

Attention: Rakhee Bhandari
Tel: 416.952.8563
Email: Rakhee.Bhandari@justice.gc.ca

AND TO: **MINISTRY OF FINANCE**
33 King Street West, 6th Floor
Oshawa, ON L1H 8E9

Attention: Kevin O'Hara
Email: kevin.ohara@ontario.ca

APPENDIX "A"

Court File No. CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	WEDNESDAY, THE 16TH
)	
JUSTICE)	DAY OF MAY, 2018

B E T W E E N:**BANK OF MONTREAL**

Applicant

- and -

**AL-CHERAGH INTERNATIONAL CORPORATION,
6413340 CANADA INC and 7149816 CANADA INC.**

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended and Section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. c-43, as amended

APPROVAL AND VESTING ORDER

THIS MOTION, made by msi Spergel Inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Al-Cheragh International Corporation, 6413340 Canada Inc. and 7149816 Canada Inc. (the "Debtors") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and Noorallah Nawrozada and Alex Scholyar, in trust for 2633720 Ontario Inc. (the "Purchaser") dated April 17, 2018 and appended to the Report of the Receiver dated May 4, 2018 (the "Report"), and vesting in the Purchaser the Debtors' right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report 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 Julie Franchini sworn May ____, 2018 filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtors' right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Hailey dated February 1, 2018; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act*, (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Land Titles Division of Simcoe (#51) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtors;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. THIS COURT ORDERS that the Confidential Appendices to the Report shall be sealed until the earlier of a) the completion of the Transaction, and b) further order of this Court.

8. 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.

Schedule A – Form of Receiver's Certificate

Court File No. CV-18-590085-00CL

**ONTARIO
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Applicant

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R.S.O. 1990, c. c-43, as amended

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (the "Court") dated February 1, 2018, msi Spergel Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Al-Cheragh International Corporation, 6413340 Canada Inc. and 7149816 Canada Inc. (the "Debtors").

B. Pursuant to an Order of the Court dated May 16, 2018, the Court approved the agreement of purchase and sale made as of April 17, 2018 (the "Sale Agreement") between the Receiver and Noorallah Nawrozada and Alex Scholyar, in trust for 2633720 Ontario Inc. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 11 and 12 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 11 and 12 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

**msi Spergel Inc, in its capacity as Receiver
of the assets, undertakings and properties of
AL-CHERAGH INTERNATIONAL
CORPORATION, 6413340 CANADA INC. AND
7149816 CANADA INC., and not in its
personal capacity**

Per: _____

Name: Deborah Hornbostel

Title: Senior Principal

Schedule B – Purchased Assets

1. The real property legally described as PT LT A CON 2 EPR ORO PTS 1 & 2, 51R6107; ORO-MEDONTE (PIN 58552-0076 in LRO #51) together with all buildings and improvements thereon ("Real Property");
2. The right, title and interest, if any, of the Debtors in all leases or agreements to lease (collectively, "Leases") in respect of the Real Property, or any portion thereof, including, without limitation, the following leases:
 - (a) Lease dated April 26, 2015 between Al-Cheragh International Corporation and Rocket Fireworks Inc.; and
 - (b) Lease dated January 28, 2008 between Al-Cheragh International Corporation and PCO Services Corporation.
3. The right, title and interest, if any, of the Debtors in all benefits, advantages, licences, guarantees, warranties, income, rents and options relating to the Real Property; and
4. The personal property described on Schedule B1.

Schedule B1 – Personal Property

QTY.	PIC	DESCRIPTION	MODEL	S/N
1	1	QBD , TWO DOOR, REFRIGERATED MERCHANDISER	CD45S	N/A
15	2-5	WOOD CHAIR	N/A	N/A
5	2-5	RECTANGULAR TABLE	N/A	N/A
1	6	TRUE , GLASS DOOR, REFRIGERATED MERCHANDISER	GDM-10	N/A
1	7	SINGLE BASIN, STAINLESS STEEL, SINK	N/A	N/A
1	8	DUAL BASIN, STAINLESS STEEL, WASH SINK	N/A	N/A
1	9	CURTIS , 6' X 18', WALK-IN COOLER / FREEZER	N/A	N/A
1	10	SINGLE BASIN, STAINLESS STEEL, WASH SINK	N/A	N/A
1	11	GARLAND , 24", STAINLESS STEEL, CHARBROILER	N/A	N/A
1	12	PREMIERE CHEST FREEZER	N/A	N/A
1	13	SINGLE BASIN, STAINLESS STEEL, WASH SINK	N/A	N/A
1	14	CURTIS , 3' X 6', WALK-IN COOLER	IJIC	9754
1	15	TRUE , SINGLE DOOR, REACH-IN REFRIGERATOR	T-19	5267481
1	16	CORNELIUS , 1000 SERIES, ICE MAKER	TAD1030	63M0040BC
1	17	TRIMEN VENT HOOD	N/A	N/A
1	18	GARLAND , 36", CHARR BROILER	N/A	N/A
1	19	GARLAND , 8', GRIDDLE	N/A	N/A
1	20	TRIMEN , 12' (APPROX.), STAINLESS STEEL, VENT HOOD WITH FIRE SUPPRESSION	N/A	N/A

QTY.	PIC	DESCRIPTION	MODEL	S/N
1	21	GARLAND WARMER	N/A	N/A
2	22-23	FRYMASTER , 40 LB, COMMERCIAL GAS FRYER	GF14SD	9606FM0361 0506FM0413
1	24	FRYMASTER , 40 LB, COMMERCIAL GAS FRYER	PMJ135SD	0608FA0011
1	25	SAVORY , STAINLESS STEEL, COMMERCIAL TOASTER	RT2VSH0	RT0017986
1	26	COMMERCIAL PREP TABLE, 6 DOOR	N/A	N/A
1	27	TAYLOR , 3 HEAD,SOFT SERVE ICE CREAM MACHINE	62-33	J9013636
1	28	QBD BAKERY DISPLAY CASE	CTD3560	HH05A083
1	29	KOOL-AIR REFRIGERATED DISPLAY CASE	N/A	2060048
1	30	AD WELDING , 2 DOOR, REFRIGERATED, PREP TABLE	FRUIT	997-15
1	31	REFRIGERATED, PREP TABLE, 3 DOOR	N/A	N/A
1	32	SERVEND , 6 HEAD, FOUNTAIN SODA MACHINE	N/A	N/A
1		LOT OF BENCHES, PLASTIC DISPLAY RACKS, WOODEN DISPLAY SHELVES, INVENTORY - NON FOOD ITEMS, CASH REGISTER, STAINLESS STEEL SINKS, MICROWAVES, COOLERS AND PREP TABLES NOT OTHERWISE LISTED, STAINLESS STEEL STRAINERS, PANS, BAKING RACKS, ASSORTED KITCHEN EQUIPMENT, POS SYSTEM, MENU LCDS, CONTENTS OF STORAGE ROOM, COMPUTERS, HIGHCHAIRS, TELEVISIONS, LOTTO MACHINE ETC.	N/A	N/A

Schedule C – Claims to be deleted and expunged from title to Real Property

1. Charge registered as No. SC899724 on May 5, 2011 to Bank of Montreal in the amount of \$1,725,000;
2. Notice of Assignment of Rents registered as No. SC899725 on May 5, 2011 by Bank of Montreal;
3. Notice of security interest registered as No. SC1180060 on December 4, 2014 by SNAP Commercial Financial Corp.;
4. Lien registered as No. SC1362455 on November 17, 2016 by Her Majesty the Queen in Right of Canada as Represented by The Minister of National Revenue; and
5. Application Court Order registered as No. SC1502966 on April 10, 2018 by msi Spergel Inc.

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. Any undetermined or inchoate liens and charges incidental to the Purchased Assets;
2. The Leases, as defined on Schedule B;
3. The reservations, limitations, provisos, conditions, restrictions and exceptions expressed in the letters patent or grant from the Crown and all statutory exceptions to title;
4. The provisions of governing municipal by-laws;
5. Municipal taxes, liens, charges, including hydro and water charges, rates and assessments accruing from day to day and not yet due and payable;
6. Any defects or minor encroachments which might be revealed by an up to date survey of the Real Property;
7. Any right of expropriation conferred upon, reserved to or vesting in Her Majesty the Queen in Right of Canada and Ontario;
8. Any registered restrictions or covenants that run with the Real Property provided that same have been complied with in all material respects;
9. Any easements, rights of way or right of re-entry in favour of a developer, not materially or adversely impairing the present use of the Real Property; and
10. Any agreements with municipal, utilities or public authorities provided that same have been complied with in all material respects.

APPENDIX "B"

Court File No. CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**THE HONOURABLE
JUSTICE)
)
)WEDNESDAY, THE 16TH
DAY OF MAY, 2018

B E T W E E N :

BANK OF MONTREAL

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- and -

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APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended and Section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. c-43, as amended**DISCHARGE ORDER**

THIS MOTION, made by msi Spergel Inc. in its capacity as the Court-appointed receiver and manager (the "Receiver") of the assets, undertakings, and properties of Al-Cheragh International Corporation, 6413340 Canada Inc., and 7149816 Canada Inc. (together, the "Debtors") for, *inter alia*, an order,

- (a) if necessary, abridging the time for and validating service of this Notice of Motion and the First and Final Report of the Receiver to the Court dated May 4, 2018 (the "Report") and directing that any further service of this Notice of Motion and the Report be dispensed with such that this motion is properly returnable on May 16, 2018;
- (b) Approving the sale by the Receiver of certain real and personal property (the "Purchased Assets") of the debtor, Al-Cheragh International Corporation to Noorallah Nawrozada and Alex Scholyar, in trust for 2633720 Ontario Inc. (the

"Purchaser") pursuant to the terms of an Agreement of Purchase and Sale dated April 17, 2018 (the "Agreement") and the vesting of the Purchased Assets in the Purchaser free and clear of all encumbrances save and except the permitted encumbrances as identified in the Agreement;

- (c) approving the Report and the conduct and activities of the Receiver reported therein;
- (d) approving the distributions as set out in the Report of all funds remaining in the Receiver's hands following the completion of the transaction contemplated by the Agreement after payment of all realty tax arrears, the costs and expenses to complete the administration of the receivership estate and the fees of the Receiver and its legal counsel;
- (e) sealing the confidential appendices to the Report until further order of the Court or the completion of the transaction contemplated by the Agreement, whichever is earlier;
- (f) approving the Receiver's statement of receipts and disbursements for the period ending April 30, 2018 and its projected statement of receipts and disbursements;
- (g) approving the professional fees and disbursements of the Receiver and its legal counsel; and
- (h) subject to the completion of the transaction contemplated by the Agreement and the Receiver completing its administration of the receivership estate as described in the Report and filing a Certificate of Completion and a copy of the final statement of receipts and disbursements with this Honourable Court, discharging msi Spergel Inc. as receiver of the assets, undertakings and properties of the Debtor and the other respondents (together, the "Debtors") and releasing msi Spergel Inc. from any and all liability.

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, Report 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 Julie Franchini sworn May ____, 2018 filed:

1. THIS COURT ORDERS that the Report and the conduct and activities of the Receiver reported therein be and the same are hereby approved.
2. THIS COURT ORDERS that the Receiver's Statement of Receipts and Disbursements for the period from February 1, 2018 to April 30, 2018 and the Receiver's projected Statement of Receipts and Disbursements as set forth in the Report be and are hereby approved.
3. THIS COURT ORDERS that following the completion of the transaction contemplated by the Agreement all funds remaining in the Receiver's hands from the realization of the assets, undertakings and properties of the receivership estate after payment of all realty tax arrears, the costs and expenses to complete the administration of the receivership estate and the fees of the Receiver and its legal counsel, including the Fee Accrual as defined in the Report, shall be distributed by the Receiver as provided for in the Report.
4. THIS COURT ORDERS that the professional fees and disbursements of the Receiver and Miller Thomson LLP, counsel to the Receiver, as set forth in the fee affidavit of Deborah Hornbostel sworn May 2, 2018 and the fee affidavit of Sherry Kettle sworn May 3, 2018 together with the Fee Accrual be and are hereby approved.
5. THIS COURT ORDERS that upon the Receiver filing a certificate certifying that it has completed the administration of the receivership estate together with a copy of the Final Statement of Receipts and Disbursements, the Receiver shall be discharged as Receiver of the assets, undertakings and properties of the Debtors, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of msi Spergel Inc. in its capacity as Receiver.
6. THIS COURT ORDERS AND DECLARES that msi Spergel Inc. is hereby released and discharged from any and all liability that msi Spergel Inc. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of msi Spergel Inc. while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, msi Spergel Inc. is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

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.

BANK OF MONTREAL
Applicant

and
**AL-CHERAGH INTERNATIONAL
CORPORATION, et al.**
Respondents

Court File No: CV-18-590085-00CL

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

Proceeding commenced at TORONTO

DISCHARGE ORDER

**MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON CANADA N6A 5R8**

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appointed Receiver of the assets,
undertakings and properties of Al-Cheragh
International Corporation, 6413340 Canada
Inc. and 7149816 Canada Inc.

BANK OF MONTREAL
Applicant

**AL-CHERAGH INTERNATIONAL
CORPORATION, et al.**
Respondents

Court File No: CV-18-590085-00CL

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

Proceeding commenced at TORONTO

**NOTICE OF MOTION
(RETURNABLE MAY 16, 2018)**

**MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
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Lawyers for msi Spergel Inc., the Court
appointed Receiver of the assets,
undertakings and properties of Al-Cheragh
International Corporation, 6413340 Canada
Inc. and 7149816 Canada Inc.

TAB 2

**SPERGEL**

Court File. No. CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

BETWEEN**BANK OF MONTREAL**

Applicant

- and -

**AL-CHERAGH INTERNATIONAL CORPORATION,
6413340 CANADA INC. and 7149816 CANADA INC.**

Respondents

FIRST AND FINAL REPORT OF THE RECEIVER**May 4, 2018**

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APPENDICES

- A. Order of the Honourable Justice Hainey, dated February 1, 2018
- B. Agreement of Purchase and Sale, dated April 17, 2018 (redacted)
- C. Parcel Register dated April 25, 2018
- D. Correspondence from BMO regarding indebtedness, dated April 26, 2018
- E. Correspondence from SNAP Commercial Finance Corp. dated April 24, 2018
regarding indebtedness and payout
- F. Correspondence from Miller Thomson LLP re legal opinion, dated May 2, 2018
- G. Canada Revenue Agency Deemed Trust Claim dated March 8, 2018
- H. Tax Profile from Township of Oro-Medonte, dated April 30, 2018
- I. Fee Affidavit of Deborah Hornbostel, sworn May 3, 2018
- J. Fee Affidavit of Sherry Kettle, sworn May 3, 2018
- K. Receiver's Statements of Receipts and Disbursements as at April 30, 2018

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CONFIDENTIAL APPENDICES

- A. InFocus Appraisals Appraisal, dated March 16, 2018
- B. Ridley & Associates Appraisal Services Limited Appraisal, dated March 20, 2018
- C. Stry Appraisals International Ltd. Appraisal dated March 28, 2016
- D. Summary of Appraisals Memo
- E. Platinum Asset Appraisals Appraisal, dated March 9, 2018
- F. Confidential Information Memorandum, dated March 9, 2018
- G. Summary of Offers Received During Sales Process
- H. Agreement of Purchase and Sale, dated April 17, 2018
- I. Projected Final Statement of Receipts and Disbursements

I. INTRODUCTION AND BACKGROUND

1. On application made by the Bank of Montreal ("**BMO**") 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 receiver (in such capacity, the "**Receiver**"), without security, of the assets, undertakings and properties of **Al-Cheragh International Corporation ("Al-Cheragh")**, **6413340 Canada Inc. ("641")** and **7149816 Canada Inc. ("714")** (collectively referred to as the "**Debtors**") by Order of the Honourable Justice Hainey dated February 1, 2018 (the "**Appointment Order**"). Attached hereto as **Appendix "A"** is a copy of the Appointment Order.

2. Al-Cheragh was incorporated on June 28, 2005 and owns real property located at 1525 Highway 11 N, Shanty Bay, ON, more particularly described as:

PIN: 58552 - 0076 (LT)

Description: PT LT A CON 2 EPR ORO PTS 1 & 2, 51R6107; ORO-MEDONTE

Hereinafter referred to as the "**Property**".

3. The Property comprises 4.78 acres improved with a 5,000 square feet, single storey commercial building and gas pumping facilities. Prior to the receivership, an Esso branded gas station, convenience store and restaurant were operated by the Debtors from the Property. The buildings on the Property also include additional retail and office space leased to two arms-length tenants. As of the date of the Appointment Order, the overall state of the Property was poor as a result of deferred maintenance to various aspects of the interior and exterior of the Property, as well as significant deterioration to the existing roofing system.

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4. In addition to being the owner of the Property, Al-Cheragh is also the owner of the restaurant equipment. Abdul Kareem ("**Kareem**") is the sole director and officer of Al-Cheragh.
5. 641 was incorporated on June 30, 2005 and operated the gas station and convenience store from the Property prior to the appointment of the Receiver. Kareem is the sole director and officer of 641. The operations of 641 were terminated by the Receiver on the date of the Appointment Order. The assets of 641 consisted of fuel inventory and convenience store inventory of minimal value.
6. 714 was incorporated on April 1, 2009 and operated the restaurant at the Property. Kareem's wife, Namoos Kareem, is the sole director and officer of 714. The operations of 714 ceased prior to the issuance of the Appointment Order. The Receiver subsequently discovered that 741 Canada was dissolved in January 2017 for non-compliance with its corporate filings. The Receiver is not aware of any assets owned by 714.

II. PURPOSE OF THIS REPORT

7. The purpose of this report (the "**First Report**") is to seek the Order of the Court:
 - (a) approving the First Report and the actions of the Receiver described herein, including, without limitation the sale process conducted with respect to the Property as detailed herein;
 - (b) approving the agreement of purchase and sale between the Receiver, as vendor, and Noorallah Nawrozada and Alex Scholyar, in trust for a corporation to be incorporated (the "**Proposed Purchasers**"), as purchasers, dated April 17, 2018 (the "**Sale Agreement**"), and authorizing the Receiver to complete the transaction contemplated thereby (the "**Transaction**");

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- (c) with respect to the completion of the Transaction, vesting in the Proposed Purchasers, Al-Cheragh's right, title and interest in and to the Purchased Assets (as defined in the Agreement of Purchase and Sale), free and clear of any claims and encumbrances;
- (d) sealing the Confidential Appendices (as defined herein) until completion of the Transaction or further Order of this Court;
- (e) approving the fees and disbursements of the Receiver and the Receiver's counsel, including the estimated accrual described in this First Report for fees and disbursements to be incurred to the completion of these proceedings;
- (f) approving the Receiver's Statement of Receipts and Disbursements as at April 30, 2018 and its Projected Statement of Receipts and Disbursements.
- (g) authorizing and directing the Receiver to distribute the net proceeds of the estate of Al-Cheragh in accordance with the protocol outlined by the Receiver and contained within the First Report;
- (h) effective upon the filing of a certificate by the Receiver certifying that all outstanding matters to be attended to in connection with the receiverships of the Debtors have been completed to the satisfaction of the Receiver, discharging Spergel as the Receiver and releasing Spergel from any and all liability that Spergel has or, may hereafter, have by reasons of, or in any way arising out of, the acts or omissions of Spergel while acting in its capacity as Receiver, including, without limitation, any and all dealings with the Property, save and except for any gross negligence or wilful misconduct on the Receiver's part; and,
- (i) such further and other relief as counsel may advise and this Court may permit.

III. ACTIONS OF THE RECEIVER UPON APPOINTMENT

8. Upon its appointment on February 1, 2018, the Receiver attended at the Property for the purpose of taking possession and securing the Property. Additionally, the Receiver undertook the following activities:

- (a) secured the books and records of the Debtors;
- (b) secured the gas station's onsite fuel tanks and took inventory of the remaining petroleum;
- (c) secured and took inventory of the convenience store goods;
- (d) prepared and filed all statutory notices in accordance with the BIA;
- (e) arranged for insurance coverage and security in respect of the Property;
- (f) notified the commercial tenants at the Property of the Receiver's appointment and proceeded to collect rents;
- (g) engaged Miller Thomson LLP ("**Miller Thomson**") as the Receiver's independent legal counsel; and
- (h) attended to audits by the Canada Revenue Agency ("**CRA**") for the Debtors various accounts.

9. Since the date that it took possession of the Property, the Receiver's activities have been focused primarily on the day-to-day management and safeguarding of the Property, including, without limitation, the collection of monthly rent from the remaining tenants, the management and payment of monthly utilities, conducting regular inspections of the Property and resolving any tenant-related matters as they arose.

10. The Receiver investigated its options with respect to reopening the gas station and convenience store and after consideration of the projected revenue and costs and operating risk, decided against reopening the businesses and then proceeded to market the Property for sale.

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11. The Receiver then investigated its options with respect to the disposition of the petroleum inventory and eventually negotiated a sale of it to 1753927 Ontario Inc., a third-party purchaser that is in the business of operating gas stations. The sale price for the petroleum inventory was \$15,400.41, which was within the threshold for sales of assets without further court approval as permitted by the Appointment Order.

12. The Receiver also arranged for the return of third party property located on site, for the return of eligible items of the convenience store inventory to obtain refunds from suppliers and for the proper disposal of tobacco products.

13. On February 16, 2018 the Receiver was notified of an onsite accident whereby a motorist had accidentally veered off of the highway due to poor winter road conditions and struck the diesel pumps and canopy on the Property. The Receiver arranged for immediate onsite inspection by a certified specialist to assess the situation and to secure the exposed electrical wires, product line and general area. The Receiver notified its insurer and filed a claim. The repair work has been approved but is still not complete.

14. The Receiver attended to a request for the de-branding of the gas station and the return of certain equipment to Parkland Fuel Corporation ("**Parkland**"). The Receiver took issue with some of the work performed by some of Parkland's contractors on the pumps during the de-branding and insisted that Parkland rectify the situation, which it did.

15. The Receiver engaged the services of InFocus Appraisals ("**InFocus**") and Ridley & Associates Appraisal Services Limited ("**Ridley**") to attend at and conduct appraisals of the Property. The Receiver obtained appraisals from InFocus on March 16, 2018 and from Ridley on March 20, 2018. Both appraisals addressed visible signs of deferred maintenance, including significant deterioration to the existing roofing system. Copies of the InFocus and Ridley appraisals are being filed with the Court as **Confidential Appendices "A" and "B"**.

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16. BMO had previously engaged the services of Stry Appraisals International Ltd. ("Stry") to conduct an appraisal of the Property. BMO provided the Receiver with a copy of the Stry appraisal dated March 16, 2018, a copy of which is also being filed with the Court as **Confidential Appendix "C"**.

17. In its review of the InFocus and Ridley appraisals, the Receiver has noted specific flaws with the overall methodologies used to determine the appraised values of the Property presented in both appraisals. The Receiver has addressed and summarized these issues as per the Summary of Appraisals Memo (the "**Appraisals Memo**"), which is being filed with the Court as **Confidential Appendix "D"**. In addition, the Receiver has attempted to formulate an appropriate value of the Property utilizing specific components contained within the InFocus and Ridley appraisals and has summarized its approach to value in the Appraisals Memo.

18. The Receiver engaged the services of Platinum Asset Appraisals ("**Platinum**") to conduct an appraisal of the restaurant equipment located at the Property. The Receiver obtained an appraisal from Platinum on March 9, 2018. A copy of the Platinum Appraisal is being filed with the Court as **Confidential Appendix "E"**.

IV. SALES PROCESS

19. On March 9, 2018, the Receiver commenced a sales process to actively market the Property and the restaurant equipment for sale on an "as-is, where-is" basis. As part of its marketing efforts, the Receiver arranged for the following newspaper advertisements:

- (a) two advertisements in the National Post on March 13, 2018 and March 22, 2018 respectively;
- (b) two advertisements in the Toronto Sun on March 21, 2018 and March 29, 2018 respectively; and,

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- (c) three advertisements in the Toronto Star on March 17, 2018, March 24, 2018 and March 27, 2018 respectively.
- (d) The Receiver also arranged for online advertising via Kijiji.ca which commenced on March 12, 2018 and lasted for the duration of the sales process as well as on-site marketing signage of the sale at the Property.

20. The Receiver prepared a Confidential Information Memorandum (the “**CIM**”) which contained all material information in the Receiver’s possession that related to the Property and restaurant equipment for sale. The CIM also contained the terms and conditions of the sale which stipulated a deadline for offers on Friday, April 13, 2018 at noon. A copy of the CIM is being filed with the Court as **Confidential Appendix “F”**.

21. In response to the advertising, the Receiver received 19 requests from interested parties for a copy of the CIM, which was delivered to each party upon execution of a confidentiality agreement.

22. The Receiver was initially presented with four offers to purchase on April 13, 2018. Later that day, after a review and discussion of the offers with BMO as the primary secured creditor, the Receiver rejected all offers presented. At the same time, all offerors were provided with the Receiver’s template Agreement of Purchase and Sale and were requested to submit their best offer utilizing that form by 5:00 PM on April 16, 2018.

23. On April 16, 2018 the Proposed Purchasers submitted a revised offer utilizing the Receiver’s template Agreement of Purchase and Sale. The offer received from the Proposed Purchasers represents the highest amount offered for the Property and the restaurant equipment to date and was presented on an unconditional basis. Attached hereto as **Confidential Appendix “G”** is a summary of all offers received during the duration of the sales process.

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24. On April 17, 2018, the Sale Agreement was executed by the Proposed Purchasers and the Receiver. Attached hereto as **Appendix "B"** is a redacted copy of the Sale Agreement dated April 17, 2018. An un-redacted copy of the Sale Agreement is being filed with the Court as **Confidential Appendix "H"**.

V. THE RECEIVER'S ASSESSMENT OF THE SALE AGREEMENT

25. The Receiver is of the view that the sales process was fair and transparent and allowed for sufficient exposure of the Property to properly canvass the market for a purchaser. To the best of the Receiver's knowledge, all reasonable requests for information made by potential purchasers were satisfied.

26. The Receiver believes that the Sale Agreement represents the highest and best realization for the Property, that the terms and conditions contained within the Sale Agreement are commercially reasonable and that the proposed purchase price is fair value for the Property, particularly in light of the visible signs of deferred maintenance, the significant deterioration to the existing roofing system and the estimated costs associated with fully remediating the Property. The Receiver recommends that the Court approve the Transaction.

27. The Receiver also notes that BMO is in support of the Sale Agreement and that no realty sales commission is payable by the Receiver.

VI. REQUEST FOR A SEALING ORDER

28. The Receiver seeks a sealing order in respect of the items contained within Confidential Appendices "A" to "H" (the "**Confidential Appendices**") until the closing of the Transaction or further Order of the Court. Each of the Confidential Appendices contains

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commercially sensitive information, the release of which would prejudice the Debtor's stakeholders in the event that the Transaction does not close.

VII. SECURED CREDITORS AND PROPOSED DISTRIBUTION

29. Attached hereto as **Appendix "C"** is a copy of the Parcel Register for the Property as at April 25, 2018 which shows the following encumbrances registered against the Property:

Reg. No.	Creditor	Date	Amount	Comments
SC154358	Shell Canada Products Limited	25-Sep-03	\$ 2	Notice of Lease
SC524543	Shell Canada Products Limited	01-Mar-07	\$ 2	Notice of Lease
SC899724	Bank of Montreal	05-May-11	\$1,725,000	Charge
SC899725	Bank of Montreal	05-May-11		Assignment of Rents
SC1180060	SNAP Commercial Finance Corp.	04-Dec-14	\$ 10,320	Security Interest
SC1362455	Her Majesty the Queen in Right of Canada	17-Nov-16	\$ 24,253	Lien

30. The two Notices of Lease registered by Shell Canada Products Limited have since been deleted from title by reason of the fact that the leases had expired and there is no occupation under the leases.

31. The following is a summary of the Ontario Personal Property Security Act ("PPSA") registrations against Al-Cheragh as at April 24, 2018:

Creditor	Date	Security Particulars
Toronto Dominion Bank	05-Oct-05	Inventory, Equipment, Accounts, Other
Bank of Montreal	05-May-11	Inventory, Equipment, Accounts, Other
SNAP Commercial Finance Corp	08-Dec-14	Equipment & Other
Bank of Montreal	27-Jul-16	Inventory, Equipment, Accounts, Other

32. The following is a summary of the PPSA registrations against 641 as at April 24, 2018:

Creditor	Date	Security Particulars
Toronto Dominion Bank	05-Oct-05	Inventory, Equipment, Accounts, Other
Bank of Montreal	05-May-11	Inventory, Equipment, Accounts, Other
Bank of Montreal	27-Jul-16	Inventory, Equipment, Accounts, Other

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33. The following is a summary of the PPSA registrations against 714 as at April 24, 2018:

Creditor	Date	Security Particulars
Bank of Montreal	05-May-11	Inventory, Equipment, Accounts, Other
Bank of Montreal	27-Jul-16	Inventory, Equipment, Accounts, Other

34. BMO holds a first mortgage in the principal amount of \$1,725,000 on the Property registered on May 11, 2011 (the “**BMO Mortgage**”). BMO also holds an assignment of rents registered on May 11, 2011 which is collateral security to the BMO Mortgage. BMO also holds General Security Agreements from each of the Debtors in respect of which registrations have been effected under PPSA.

35. Attached hereto as **Appendix “D”** is a copy of correspondence from BMO dated April 26, 2018 confirming that the total amount owing to BMO and secured under its security was \$1,616,160.57 as at April 26, 2018, comprised of \$1,370,368.89 from Al-Cheragh and \$245,791.68 from 641.

36. SNAP Commercial Finance Corp. (“**SNAP**”) has registered a security interest with respect to a lease agreement for an HVAC unit with a purchase option. Attached hereto as **Appendix “E** is a copy of correspondence from SNAP dated April 24, 2018 indicating a payout amount of \$2,572.05.

37. Attached hereto as **Appendix “F”** is a copy of a letter from Miller Thomson dated May 2, 2018 providing its opinion that the security comprised of the BMO Mortgage, BMO General Security Agreements and BMO Assignment of Rents are valid and effective security. The Miller Thomson opinion also confirms that SNAP’s security interest in the HVAC unit is valid and effective security and has priority over BMO’s security interest in the HVAC unit.

38. The Receiver provided the statutory receivership notices to the Toronto Dominion Bank ("**TD Bank**") with respect to the receiverships of Al-Cheragh and 641 and requested information on amounts owing to it and copies of its security documentation. TD Bank did not provide the Receiver with any of the requested information. The Receiver is not aware of any amounts owing by Al-Cheragh to TD Bank or of any cross guarantees between the Debtors and TD Bank. The affidavit of BMO's representative, Alice Tien, filed in support of the Application to obtain the Appointment Order also indicates that communications from BMO's legal counsel to TD Bank regarding any outstanding indebtedness owing to it went unanswered.

39. On November 17, 2016, a lien was registered by Her Majesty the Queen in Right of Canada as Represented by the Minister of National Revenue against the Property in the principal amount of \$24,253 with respect to Harmonized Sales Tax ("**HST**") (the "**CRA Lien**"). As indicated in the claim letter from CRA dated March 8, 2018, attached hereto as **Appendix "G"**, the current value of the CRA Lien is \$23,780.87 with respect to HST owing for the periods ending September 30, 2010 through March 31, 2016. The letter also indicates a current outstanding deemed trust claim in the amount of \$22, 809.12 against Al-Cheragh.

40. The Receiver notes that the BMO Mortgage was registered on May 5, 2011 and constitutes a prescribed security interest. Based on the information contained in the March 8, 2018 letter from CRA, as at the date of registration of the BMO Mortgage, CRA would have had a trust claim in priority to the BMO Mortgage of \$4,391.22. Payment of that amount would leave an outstanding deemed trust balance of \$18,417.90 which would rank in priority to all other creditors with respect to the realizations from the sale of the chattels of Al-Cheragh, and more specifically, the sale of the restaurant equipment. As the Sale Agreement does not contain an allocation of price between the real estate and the chattels, the Receiver proposes that the appraised value of the chattels be used as the amount applicable for payment of CRA's trust claim from the proceeds of the Transaction.

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The Receiver has discussed the foregoing with the collection agent for CRA and has received its agreement with that proposal.

41. The Township of Oro-Medonte (the “**Township**”) has a priority charge to the BMO Mortgage in respect of property tax arrears that have accrued in respect of the Property. Attached hereto as **Appendix “H”** is a statement from the Township indicating outstanding property taxes of \$43, 482.10 as at April 30, 2018.

42. The Receiver notes that CRA does not have any payroll trust claim against Al-Cheragh. CRA has also provided the Receiver with notification of trust claims for HST against 714 and 641 in the approximate amounts of \$6,146 and \$118, 257 respectively. It has also asserted a payroll trust claim against 641 in the approximate amount of \$13,900. The Receiver notes that there are no realizations for distribution in the receiverships of 641 and 714 to pay any trust claims.

43. From the net proceeds of the sale of the Property, the Receiver proposes to pay the following:

- i. The Receiver’s borrowings of \$30,000 plus applicable interest;
- ii. The fees and disbursements of the Receiver and Miller Thomson (both to date and accrued to completion);
- iii. The Township for Property Taxes;
- iv. \$4,391.22 to CRA with respect to the CRA Lien
- v. The appraised value of the chattels to CRA with respect to its remaining HST deemed trust claim;
- vi. \$2,572.05 to SNAP with respect to its registered security in the HVAC Unit;
and,
- vii. The remaining balance to BMO

VIII. FEES AND DISBURSEMENTS

44. Attached hereto as **Appendix "I"** is the Fee Affidavit of Deborah Hornbostel, sworn May 3, 2018, which incorporates, by reference, a copy of the Receiver's time dockets pertaining to the receiverships of the Debtors to and including April 30, 2018. The Receiver has separated its time with respect to the receivership of 641 in order to properly allocate costs against realizations. In total, the Receiver has incurred professional fees in the amount of \$114,357, not inclusive of HST and disbursements. This represents a total of 313.3 hours at an average rate of \$365 per hour.
45. Attached hereto as **Appendix "J"** is the Fee Affidavit of Sherry Kettle, sworn May 3, 2018, which attaches a copy of the billing statement of Miller Thomson which reflects the services provided to the Receiver in the amount of \$8,192.00 plus disbursements of \$515.30 and applicable taxes in the amount of \$1,107.12, for the period of March 2, 2018 to and including April 30, 2018 along with supporting dockets.
46. The Receiver has reviewed Miller Thomson's accounts and, given the Receiver's involvement in this matter, the Receiver is of the opinion that all the work set out in Miller Thomson's account's was carried out and was necessary. The hourly rates of the lawyers and clerks at Miller Thomson who worked on this matter are reasonable in light of the services required and the services were carried out by lawyers and clerks with the appropriate levels of experience.
47. The Receiver estimates that the additional fees and disbursements for itself and Miller Thomson that are necessary to complete the receivership proceedings including Miller Thomson's preparation for and attendance on the motion before this Court on May 16, 2018 and services rendered with respect to completing and reporting on the Transaction, will be approximately \$20,000 for the Receiver and \$13,500 for Miller

Thomson (collectively the “**Fee Accrual**”). To the extent that the Fee Accrual is not utilized, the Receiver will distribute any remaining funds to BMO.

IX. RECEIVER’S STATEMENTS OF RECEIPTS AND DISBURSEMENTS

48. Attached hereto as **Appendix “K”** is a copy of the Receiver’s Statements of Receipts and Disbursements as at April 30, 2018 for Al-Cheragh and 641. The Receiver notes that the costs of the receivership of 641 have exceeded the realizations and accordingly there are no funds to distribute for the receivership of 641. As previously mentioned, there are no assets available for realization in 714.

49. The Receiver has also included as **Confidential Appendix “I”** its Projected Final Statement of Receipts and Disbursements in accordance with its proposed distributions as discussed earlier in this report.

X. DISCHARGE OF THE RECEIVER

50. Subsequent to the date of this First Report, and prior to the Receiver’s discharge, the Receiver proposes to attend to the following:

- (a) all matters regarding the closing of the Transaction with the Proposed Purchasers;
- (b) payment of distributions as identified above;
- (c) other residual and/or administrative matters in connection with Spergel’s appointment as the Receiver; and
- (d) filing of the Receiver’s certificate of discharge.

XI. RECOMMENDATION

51. For the reasons discussed in this First Report, the Receiver recommends that the Court grant the relief specified at paragraph 7 of this First Report.

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This Report is respectfully submitted this 4th day of May, 2018.

msi Spergel Inc.,

In its capacity as Court Appointed Receiver of
Al-Cheragh International Corporation,
6413340 Canada Inc. and 7149816 Canada Inc.
and not in its personal or corporate capacity

Per:

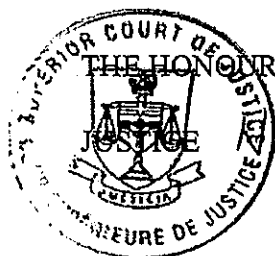


Deborah Hornbostel, CPA, CA, CFE, CIRP, LIT

APPENDIX “A”

Court File No. CV-18-590085-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST



THE HONOURABLE

MR.

AINEY

) THURSDAY, THE

)

) 1st DAY OF FEBRUARY, 2018

BANK OF MONTREAL

Applicant

- and -

AL-CHERAGH INTERNATIONAL CORPORATION,
6413340 CANADA INC. and 7149816 CANADA INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3,
and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

ORDER
(Appointing Receiver)

THIS MOTION 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 Spargel Inc. as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of each of Al-Cheragh International Corporation ("ACIC"), 6413340 Canada Inc. ("641") and 7149816 Canada Inc. ("714") (collectively the "Debtors")

acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the affidavit of Alice Tien sworn January 4, 2018 and the Exhibits thereto and on hearing the submissions of counsel for Bank of Montreal, no one appearing for the respondent although duly served,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application 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 Debtors, or any one of them, acquired for, or used in relation to a business carried on by the Debtors, 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 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

- 3 -

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 Debtors, 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 Debtors;
- (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 Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (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 Debtors, 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 Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby

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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 \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; 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 or, in the opinion of the Receiver, court approval is otherwise necessary or desirable regardless of the value of the transaction;

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;

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- (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 Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (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.

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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 Debtors, 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

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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 Debtors 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 Debtors 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 Debtors, 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 Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors 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 Debtors, 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 Debtors 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 Debtors 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 Debtors' 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 Debtors 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 Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' 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 Debtors, 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 \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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->

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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.

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 Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors 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 Debtors.

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,

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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 motion, 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 Debtors' 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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FEB 01 2018

PER / PAR:

A handwritten signature in cursive script, appearing to read "ml", written below the text "PER / PAR:".

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 of Al-Cheragh International Corporation, 6413340 Canada Inc. and 7149816 Canada Inc. (collectively the "Debtors"), acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number ____-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

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to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the ____ day of _____, 20__.

msi Spergel inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

BANK OF MONTREAL

Applicant

and

AL-CHERAGH INTERNATIONAL CORPORATION *ET AL*

Respondents

Court File No. CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at TORONTO

ORDER

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

Christopher J. Staples (LSUC #31302R)
Tel: 416-218-1147
Fax: 416-218-1847

Lawyers for the Applicant

APPENDIX “B”

AGREEMENT OF PURCHASE AND SALE

(1525 Highway 11, Shanty Bay, Ontario)

THIS AGREEMENT dated as of the 16th day of April, 2018.

BETWEEN:

MSI SPERGEL INC., in its capacity as Court-appointed receiver of the assets, undertakings and properties of **AL-CHERAGH INTERNATIONAL CORPORATION**, and not in its personal or corporate capacity and without personal or corporate liability.

(the "Vendor")

OF THE FIRST PART

- and -

Noorallah Nawrozida & Alex Scholier
in Trust for a corporation to be incorporated

(the "Purchaser")




OF THE SECOND PART

IN CONSIDERATION of the mutual agreements contained in this Agreement, the sufficiency of which is acknowledged by each of the Vendor and the Purchaser, the Vendor and the Purchaser agree as follows:

1. DEFINITIONS

In this Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

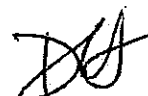
- (a) "**Act**" means, for purposes of Section 16 hereof only, the *Excise Tax Act* (Canada);
- (b) "**Agreement**" means this agreement of purchase and sale executed by the Purchaser and accepted by the Vendor, together with the attached schedules;
- (c) "**Approval and Vesting Order**" means an order of the Court substantially in the form of the template Approval and Vesting Order for use on the Commercial List of the Court on notice to the service list in the Debtor's receivership proceeding, all persons having a registered Encumbrance against the Purchased Assets, or any part thereof, and such other persons as the Purchaser may reasonably request, approving the transaction provided for in this Agreement, the completion by the Vendor of the transaction provided for in this Agreement and vesting in the Purchaser, or as the Purchaser may

- 2 -

direct, all of the right, title and interest, if any, of the Debtor in the Purchased Assets free and clear of any right, title or interest of the Debtor, Vendor or any other person, including any Encumbrances, save and except any Permitted Encumbrances;

- (d) **"Buildings"** means the buildings, improvements, installations and fixtures of every nature and kind situate in, on and/or over the Lands;
- (e) **"Business Day"** means any day other than a Saturday or a Sunday or a statutory holiday in the Province of Ontario;
- (f) **"Closing"** shall have the meaning ascribed to it in Section 6 hereof;
- (g) **"Court"** means the Ontario Superior Court of Justice (Commercial List);
- (h) **"Court Order"** means the order of the Honourable Justice Hainey dated the 1st day of February, 2018, whereby the Vendor was appointed receiver of the assets, undertakings and properties of the Debtor, a copy of which order is attached as Schedule "A";
- (i) **"Damages"** shall have the meaning ascribed to it in Section 8 hereof;
- (j) **"Date of Closing"** shall have the meaning ascribed to it in Section 6 hereof;
- (k) **"Debtor"** means Al-Cheragh International Corporation;
- (l) **"Deposit"** shall have the meaning ascribed to it in Section 3(a) hereof;
- (m) **"DRA"** shall have the meaning ascribed to it in Section 7(a)(i) hereof;
- (n) **"Encumbrances"** means all claims, liabilities, liens, mortgages, pledges, security interests, charges, restrictions and encumbrances of any kind or description, fixed or contingent, accrued or unaccrued, arising under contract, tort, statute or otherwise affecting or in any way relating to the Purchased Assets;
- (o) **"Environmental Activity"** means any past or present activity, event or circumstance in respect of any Hazardous Materials, including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation or its release, escape, leaching, dispersal, emission, discharge or migration into the natural environment, including movement through or in the air, soil, subsoil, surface water or ground water, or in indoor spaces;
- (p) **"Environmental Law"** means any and all applicable federal, provincial, municipal and local laws, by-laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives, authorizations, rules, codes, permits, licenses, agreement or other governmental restrictions having the force of law relating to the environment, occupational health and safety, health protection, Hazardous Materials or any Environmental Activity;

na AS


- 3 -

- (q) "Government Authority" means any person, body, department, bureau, agency, board, tribunal, commission, branch or office of any federal, provincial or municipal government having or claiming to have jurisdiction over part or all of the Purchased Assets, the transaction contemplated in this Agreement and/or one or both of the parties hereto and shall include a board or association of insurance underwriters;
- (r) "Hazardous Materials" means any substance, material, matter or thing defined or regulated by any Environmental Law, contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in any Environmental Law and, not to limit the generality of the foregoing, includes asbestos, mould, urea formaldehyde foam insulation and mono- or poly-chlorinated biphenyl wastes;
- (s) "HST" shall have the meaning ascribed thereto in Section 16(a) hereof;
- (t) "ICA" shall have the meaning ascribed thereto in Section 10(b) hereof;
- (u) "Lands" means the lands legally described on Schedule "B" hereto, together with all easements, rights-of-way, privileges and appurtenances attaching thereto and enuring to the benefit thereof;
- (v) "Leases" means all leases or agreement to lease for the Lands and/or Buildings, or any portion thereof, including, without limitation, the following leases:
- (i) Lease dated April 26, 2015 between the Debtor and Rocket Fireworks Inc.; and
 - (ii) Lease dated January 28, 2008 between the Debtor and PCO Services Corporation.
- (w) "Permitted Encumbrances" means the encumbrances listed in Schedule "C" hereof;
- (x) "Personal Property" means the personal property listed on Schedule "D" hereof;
- (y) "Purchase Price" shall have the meaning ascribed thereto in Section 3 hereof;
- (z) "Purchased Assets" means the Lands, the Buildings, the Personal Property and the Rights;
Norollah Nur Razak & Aishah Scholiar
- (aa) "Purchaser" means in Trust for a corporation to be incorporated
- (bb) "Purchaser's Solicitor" means Jack Frymer (Telephone No. (416) 446-1200, Telecopier No. 416-446-1201);

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- (cc) "Registry Office" shall have the meaning ascribed to it in Section 7(a) hereof;
- (dd) "Requisition Date" means the third business day immediately preceding the return date of the motion to obtain the Approval and Vesting Order;
- (ee) "Rights" means the right, title and interest, if any, of the Debtor in the Leases and all benefits, advantages, licences, guarantees, warranties, indemnities, income, rents and options relating to the Land and the Buildings;
- (ff) "TRS" shall have the meaning ascribed to it in Section 7(a) hereof;
- (gg) "Vendor" means MSI Spergel Inc., in its capacity as Court-appointed receiver of the assets, undertakings and properties of the Debtor, and not in its personal or corporate capacity and without personal or corporate liability;
- (hh) "Vendor's Deliveries" shall have the meaning ascribed thereto in Section 5 hereof; and
- (ii) "Vendor's Solicitors" means the firm of Miller Thomson LLP;

2. NATURE OF TRANSACTION

The Purchaser shall purchase and the Vendor shall sell all of the right, title and interest, if any, of the Debtor in the Purchased Assets, upon and subject to the terms of this Agreement.

3. PURCHASE PRICE

The aggregate purchase price (the "Purchase Price") for the Purchased Assets shall be the sum of [REDACTED] Dollars.

The Purchase Price shall be paid, accounted for and satisfied as follows:

- (a) Deposit: By the Purchaser delivering to the Vendor concurrently upon the execution of this Agreement by both parties hereto, the sum of [REDACTED] Dollars (the "Deposit"), by way of certified cheque, bank draft or wire transfer drawn upon one of Canada's chartered banks or other financial institution acceptable to the Vendor, which sum shall be held by the Vendor, in trust, as a deposit pending Closing or termination of this Agreement. Subject only to the terms of this Agreement, the Deposit is to be credited on account of the Purchase Price upon completion of the transaction contemplated in this Agreement. In the event that this Agreement is not completed due to the Purchaser's default, the Vendor, in addition to any other remedies that it may have, shall be entitled to retain the Deposit as liquidated damages and not as a penalty. In the event that this Agreement is terminated for any reason whatsoever other than the default of the Purchaser, the Deposit shall be returned to the Purchaser forthwith, without interest or deduction; and

Balance Due at Closing: the balance of the Purchase Price, net of the Deposit and subject to the adjustments contained in this Agreement, by payment at Closing to the Vendor (or as the Vendor may otherwise direct in writing) by way of certified cheque, bank draft or wire transfer drawn upon one of Canada's chartered banks or other financial institution acceptable to the Vendor.

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- (b) Allocations: The Vendor and the Purchaser acknowledge and agree that they shall each make their own allocations of the Purchase Price between the Purchased Assets for the purposes of the *Income Tax Act* (Canada) and any filings in accordance with the provisions thereof.

4. CLOSING AND POST-CLOSING ADJUSTMENTS

- (a) Closing Adjustments: Adjustment shall be made, as of 12:01 a.m. on the Date of Closing, for realty taxes, local improvement rates, municipal/provincial levies and charges, water and assessment rates, utilities, fuel costs, and any other items which are usually adjusted in purchase transactions involving commercial properties in Ontario. The Date of Closing shall be for the account of the Purchaser, both as to income and expense. The Vendor shall not be required to re-adjust after Closing any item on or omitted from the statement of adjustments.
- (b) Reduction in Property Taxes: The Purchaser acknowledges and agrees that the Vendor shall be entitled to the benefit of any reduction in the property taxes payable with respect to the Lands for the period prior to the Closing Date.

5. TERMS OF PURCHASE

- (a) "As Is, Where is": The Purchaser acknowledges that the Vendor is selling and the Purchaser is purchasing the Purchased Assets on an "as is, where is" basis subject to whatever defects, conditions, impediments, Hazardous Materials or deficiencies which may exist on the Date of Closing, including, without limiting the generality of the foregoing, any latent or patent defects in the Purchased Assets and such defects as may be revealed in the Vendor's Deliveries. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets, that the Purchaser shall have conducted such inspections of the condition and title to the Purchased Assets as it deems appropriate and shall have satisfied itself with regard to these matters. No representation, warranty or condition expressed or implied, statutory or non-statutory, oral or written has been or will be given by the Vendor as to title, encumbrances, description, fitness for any present or intended purpose or use, the existence or non-existence of Hazardous Materials, compliance or non-compliance with any Environmental Law, any Environmental Activity from, on or in relation to the Lands, the existence, state, nature, identity, extent or effect of any investigations, administrative orders, control orders, stop orders, compliance orders or any other orders, proceedings or actions under any Environmental Law in relation to the Lands, merchantability, condition, or quality, cost, state of repair, degree of maintenance, durability or in respect of any other matter or thing whatsoever concerning the Purchased Assets, or the right of the Vendor to sell same save and except as expressly provided for in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* of Ontario do not apply hereto and have been waived by the Purchaser. The descriptions of the Purchased Assets contained in this Agreement are for the purposes of identification only and no representation, warranty or condition has or will be given by the Vendor concerning the accuracy of such descriptions. Any documentation, materials or information provided by the Vendor to


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the Purchaser regarding the Purchased Assets, or any part thereof, was provided solely for the convenience of the Purchaser and is not warranted or represented to be complete or accurate and does not form part of this Agreement. The Purchaser shall and shall be deemed to rely entirely on its own inspections and investigations concerning the Purchased Assets. The Purchaser acknowledges that it shall have no recourse to the Vendor with respect to the environmental condition of the Lands and has satisfied itself with respect to same. If the Closing occurs, the Purchaser shall assume any and all risks relating to the physical condition of the Purchased Assets which existed on or prior to the Closing Date. Neither the Purchaser nor any permitted occupant of the Lands shall have any recourse to the Vendor as a result of the nature or condition of the Purchased Assets. This section 5(a) shall not merge on Closing and is deemed incorporated by reference into all Closing documents and deliveries.

- (b) Title and Other Requisitions: The Purchaser acknowledges that it shall, at its own expense, examine title to the Lands and satisfy itself as to the state thereof, satisfy itself as to outstanding work orders affecting the Lands, satisfy itself as to the use of the Lands being in accordance with applicable zoning requirements and satisfy itself that the Buildings may be insured to the satisfaction of the Purchaser. Title to the Lands shall be good and marketable title in fee simple free from all Encumbrances save and except Permitted Encumbrances. The Purchaser shall be allowed until the Requisition Date, at its own expense, to satisfy itself that on Closing it will acquire title to the Purchased Assets free of any Encumbrances other than Permitted Encumbrances and shall provide Vendor's counsel with notice in writing of any valid requisition or objection in respect of Encumbrances against the Purchased Assets by no later than 5:00 p.m. (Eastern Standard Time) on the Requisition Date. The Vendor agrees to take reasonable steps and utilize its best efforts to satisfy or comply with any valid requisition. If the Vendor shall, through any cause, be unable to answer or comply with any valid requisition or objection which the Purchaser will not waive, this Agreement shall be at an end (notwithstanding any intervening negotiations or litigation or any attempt to remove or comply with the same) and the full amount of the Deposit shall be returned to the Purchaser forthwith, without interest or deduction and the Purchaser shall not be entitled to any other compensation of any kind whatsoever with respect to the failure to satisfy or comply with such requisition. The Vendor shall not be required to furnish or produce any survey, abstract, deed, declaration or document or evidence of title except those in its possession.
- (c) Leases and Tenancies: The Purchaser agrees to accept title to the Lands subject to the Leases and any existing tenancies thereunder. The Vendor makes no representation or warranty whatsoever with respect to the Leases or the tenancies thereunder including, without limitation, the following matters:
- (i) whether rent deposits, damage deposits or like payments have been made or not;
 - (ii) the correctness of the calculation, both past and present, of all sums received on account of such tenancies;



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- (iii) the existence of any renewal rights or the terms associated with any renewal privileges;
- (iv) the absence of any ongoing disputes with the tenants with respect to any matter including the physical condition of the leased premises, any claim of setoff, the existence of rent deposits or renewal privileges;
- (v) the absence of any rights conferred upon the tenants in any lease or tenancy agreement or ancillary document granting to the tenant additional rights or privileges, including rights of first refusal, options or any exclusivity or non-competition clause; and
- (vi) the absence of any commitment made by the Debtor or any party acting on behalf of the Debtor to grant additional rights or privileges to the tenants.

The Purchaser acknowledges that the Vendor shall only be obliged to provide on Closing such information as it may have in hand relating to the names of tenants, the amount of the monthly rent, the date of the month on which rent is paid and whether the rent has been paid for the current month, together with any leases or renewal agreements which are actually in the Vendor's possession. The Purchaser acknowledges that the Vendor shall not be obliged to provide on Closing any documentation other than a direction to tenants instructing them to pay future rent to the Purchaser or pursuant to the Purchaser's direction.

The Purchaser acknowledges the Vendor shall not be obliged to provide keys to any of the rental premises, signed acknowledgments, estoppel certificates or any other documents signed by the tenants confirming the terms of the tenancies or the absence of any dispute with respect to the tenancies and acknowledge that the only adjustment to be provided on the Statement of Adjustments with respect to any tenancies shall be an adjustment for the rents for the month in which Closing occurs if received by the Vendor.

6. DATE OF CLOSING

Subject to the provisions of Section 12 hereof, the transaction contemplated hereunder shall be completed (the moment of completion shall be referred to as "Closing") on the first business day following the date upon which the time to appeal the Approval and Vesting Order has expired, or, in the event that an appeal from the Appeal and Vesting Order is filed, the first business day following the final dismissal of the appeal (the "Date of Closing"), unless the parties hereto otherwise agree to such other date in writing. All documents and monies shall be delivered in accordance with the provisions of Section 7 of this Agreement.

7. ELECTRONIC REGISTRATION

- (a) In the event that the electronic registration system ("TERS") is operative in the relevant land registry office (the "Registry Office"), the following provisions shall apply:

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- (i) The Purchaser shall be obliged to retain a solicitor who is an authorized TERS user, has the necessary computer facilities to complete the transaction via TERS and is in good standing with the Law Society of Upper Canada to represent the Purchaser in connection with the completion of the transaction and shall authorize such solicitor to enter into the Vendor's solicitor's standard form of escrow closing agreement or document registration agreement which will establish the procedures and timing for closing this transaction, provided they are in accordance with Law Society guidelines (the "DRA").
- (ii) The delivery and exchange of the Closing Documents:
 - (1) shall not occur contemporaneously with the registration of the Deed and other registerable documentation; and
 - (2) shall be governed by the DRA, pursuant to which the Vendor's Solicitors and Purchaser's Solicitor shall hold all Closing Documents in escrow, and will not be entitled to release them except in strict accordance with the provisions of the DRA.
- (b) The Purchaser expressly acknowledges and agrees that the Vendor will not release the Approval and Vesting Order described in Section 13(a) of this Agreement for registration until the balance of funds due on Closing, in accordance with the Statement of Adjustments, are remitted by personal delivery to the Vendor's Solicitors (or in such other manner as the Vendor or Vendor's Solicitors may direct) prior to the release of the Approval and Vesting Order for registration, which the Vendor's Solicitors will hold in escrow.
- (c) Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Vendor upon the Purchaser when the Vendor's Solicitors have:
 - (i) delivered all Closing Documents required to be delivered by the Vendor to the Purchaser pursuant to Section 13 hereof;
 - (ii) advised the Purchaser's Solicitor in writing that the Vendor is ready, willing and able to complete the transaction in accordance with the terms and provisions of this Agreement; and
 - (iii) completed all steps required by TERS to complete this transaction that can be performed or undertaken by the Vendor's Solicitors without the cooperation or participation of the Purchaser's Solicitor, and specifically when the "completeness signatory" for the Approval and Vesting Order has been electronically "signed" by the Vendor's Solicitors,

without the necessity of personally attending upon the Purchaser or the Purchaser's Solicitor with the Closing Documents, and without any requirement to have an independent witness evidencing the foregoing.



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- (d) Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Purchaser upon the Vendor, when the Purchaser's Solicitor has:
- (i) delivered the balance due at Closing and all the Closing Documents required to be delivered by the Purchaser to the Vendor pursuant to Section 14 hereof;
 - (ii) advised the Vendor's Solicitors in writing that the Purchaser is ready, willing and able to complete the transaction in accordance with the terms and provisions of this Agreement; and
 - (iii) completed all steps required by TERS to complete this transaction that can be performed or undertaken by the Purchaser's Solicitor without the cooperation or participation of the Vendor's Solicitors, and specifically when the "completeness signatory" for the Approval and Vesting Order has been electronically "signed" by the Purchaser's Solicitor,

without the necessity of personally attending upon the Vendor or the Vendor's Solicitors with the Closing Documents, and without any requirement to have an independent witness evidencing the foregoing.

- (e) If through no fault of the Purchaser's Solicitor or the Vendor's Solicitors TERS is unavailable on the Closing Date, such that the Purchaser's Solicitor is unable to register the Approval and Vesting Order, then the transaction contemplated by this Agreement shall be completed in escrow in accordance with the terms of the DRA which shall apply until such time as TERS becomes available. Upon TERS becoming available, the Vendor's Solicitors shall advise the Purchaser's Solicitor forthwith and the parties shall arrange to complete the registration of the Approval and Vesting Order as expeditiously as possible, whereupon the escrow shall be released.

In the event of any conflict or inconsistency between the terms of this Section 7 and the terms of the DRA, the terms of this Section 7 shall prevail.

8. PRE-CLOSING RISK AND POST-DAMAGE ENTITLEMENTS

The Purchased Assets are and shall remain at the Vendor's risk until Closing. In the event of damage to the Purchased Assets prior to the Closing Date, in excess of two hundred and fifty thousand (\$250,000) Dollars, as determined by an independent third party expert appointed by the Vendor ("Material Damage"), the Purchaser may, at its option: (a) complete the transaction contemplated by this Agreement without reduction of the Purchase Price, in which event all proceeds of insurance or compensation shall be payable to the Purchaser; or (b) rescind this Agreement, and the parties hereto shall have no further rights and remedies against each other and the Deposit shall be returned to the Purchaser forthwith, without interest or deduction, and the Purchaser shall not be entitled to any other compensation of any kind whatsoever with respect to the failure to close as a result of such loss or damage. The Vendor shall use its best efforts to advise the Purchaser, in writing, within twenty-four (24) hours of the Vendor learning of any Material Damage to the Purchased Assets. The Purchaser

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shall have five (5) days, or such longer period as the Vendor in its sole and absolute discretion may agree to in writing, from delivery of such notice to advise the Vendor in writing as to its election, if any. In the event that the Purchaser fails to notify the Vendor in writing as to its election within the prescribed time period, the Vendor may terminate this Agreement immediately by providing written notice to the Purchaser and the parties hereto shall have no further rights and remedies against each other and the Deposit shall be returned to the Purchaser forthwith, without deduction, failing which, the Purchaser shall be deemed to have elected to complete the transaction in accordance with subparagraph (a) above.

9. VENDOR'S REPRESENTATIONS AND WARRANTIES

The Vendor represents and warrants to the Purchaser that, as at the date hereof and as of the Closing Date:

- (a) Non-Residency: the Vendor is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada); the Vendor is not now and does not intend to become, prior to Closing, an agent or a trustee of such non-resident;
- (b) Court Order: the Court Order is in full force and effect.

10. PURCHASER'S REPRESENTATIONS AND WARRANTIES

The Purchaser represents and warrants to the Vendor that, as at the date hereof and as of the Closing Date:

- (a) Corporate Matters Regarding Purchaser: the Purchaser is a corporation duly incorporated, organized and validly subsisting under the laws of Ontario and has all requisite corporate power, authority and capacity to execute and deliver and to perform each of its obligations pursuant to this Agreement; neither the execution of this Agreement nor the performance (such performance shall include, without limitation, the exercise of any of the Purchaser's rights and compliance with each of the Purchaser's obligations hereunder) by the Purchaser of the transaction contemplated hereunder will violate:
 - (i) the Purchaser's articles of Incorporation and by-laws;
 - (ii) any agreement to which the Purchaser is bound or is a party;
 - (iii) any judgement or order of a court of competent authority or any Government Authority; or
 - (iv) any applicable law;

and the Purchaser has duly taken, or has caused to be taken, all requisite corporate action required to be taken by it to authorize the execution and delivery of this Agreement and the performance of each of its obligations hereunder; and

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- (b) Investment Canada Act (Canada): either (i) the Purchaser is not a "non-Canadian", as defined in the *Investment Canada Act (Canada)* ("ICA"); or (ii) if the Purchaser is a "non-Canadian", this transaction is not a reviewable transaction under the ICA, or, if applicable, the Purchaser is a non-Canadian for the purpose of the ICA and will within three (3) Business Days of the execution of this Agreement submit to Investment Canada a fully completed Application for Review with respect to the transaction contemplated in this Agreement and will use its best efforts to obtain Investment Canada Approval within ten (10) days thereafter.

The Purchaser shall promptly deliver to the Vendor written notice specifying the occurrence or likely occurrence of any event which may result in any of the Purchaser's representations and warranties contained in this Agreement not continuing to be true as at Closing.

11. CONDITIONS OF CLOSING IN FAVOUR OF THE VENDOR

- (a) The Vendor's obligations contained in this Agreement shall be subject to the fulfilment at or prior to Closing, of each of the following conditions:
- (i) Representations and Warranties: each of the Purchaser's representations and warranties contained in this Agreement shall be true at and as of the date hereof and each of such representations and warranties shall continue to be true as at Closing;
 - (ii) Covenants/Agreements: the Purchaser shall have complied with each and every covenant/agreement made by it herein and required to be completed at or prior to Closing;
 - (iii) Redemption or Loss of Control: the Vendor shall not have lost its ability to convey the Purchased Assets or any part thereof;
 - (iv) No Legal Action: no action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the completion of the transaction contemplated by this Agreement or the right of the Purchaser to own the Purchased Assets after the time of Closing and no Order restraining or prohibiting Closing shall have been made by the Court;
 - (v) Approval and Vesting Order: the Vendor shall have obtained the Approval and Vesting Order. The Approval and Vesting Order shall not have been stayed, varied or vacated and shall be in full force and effect and no appeal of the Approval and Vesting Order shall have been commenced and be outstanding; and
 - (vi) Corporate Steps and Proceedings: all necessary corporate steps and proceedings shall have been taken by the Purchaser to permit the Purchaser's execution of this Agreement and performance of each of the Purchaser's obligations hereunder.

For greater certainty, each of the conditions contained in this Section 11(a) have been inserted for the benefit of the Vendor.

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- (b) The Vendor covenants to use reasonable commercial efforts to fulfil or cause to be fulfilled the condition contained in Section 11(v) and the Purchaser covenants to use its reasonable commercial efforts to fulfil or cause to be fulfilled the conditions contained in Section 11 hereof prior to Closing which are under the Purchaser's control.
- (c) In the event that any of the foregoing conditions shall not be fulfilled, in whole or in part, at or prior to Closing, the Vendor may, in its absolute and unfettered discretion, terminate this Agreement by written notice to the Purchaser without penalty or liability whatsoever to the Vendor, subject to the provisions of Section 3(a) hereof with respect to the Deposit, and otherwise without cost or other compensation and each of the Vendor and the Purchaser shall be released from their obligations and liabilities hereunder.

12. CONDITIONS OF CLOSING IN FAVOUR OF THE PURCHASER

- (a) The Purchaser's obligations contained in this Agreement shall be subject to the fulfilment, at or prior to Closing, of each of the following conditions:
 - (i) Representations and Warranties: each of the Vendor's representations and warranties contained in this Agreement shall be true at and as of the date hereof and each of such representations and warranties shall continue to be true as at Closing;
 - (ii) Covenants/Agreements: the Vendor shall have complied with each and every covenant/agreement made by it herein and required to be completed at or prior to Closing;
 - (iii) No Legal Action: no action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the completion of the transaction contemplated by this Agreement or the right of the Purchaser to own the Purchased Assets after the time of Closing and no Order restraining or prohibiting Closing shall have been made by the Court; and
 - (iv) Approval and Vesting Order: the Purchaser shall have obtained the Approval and Vesting Order. The Approval and Vesting Order shall not have been stayed, varied or vacated and shall be in full force and effect and no appeal of the Approval and Vesting Order shall have been commenced and be outstanding.

For greater certainty, each of the conditions contained in this Section 12(a) have been inserted for the benefit of the Purchaser.

- (b) The Vendor covenants to use reasonable commercial efforts to fulfil or cause to be fulfilled all of the conditions contained in section 12 which are under the Vendor's control.
- (c) In the event that any of the foregoing conditions shall not be fulfilled at or prior to Closing, the Purchaser may, in its absolute and unfettered discretion, terminate this Agreement by written notice to the Vendor without any penalty or liability whatsoever to the Purchaser, subject to the provisions of Section 3(a) hereof with respect to the

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Deposit, and otherwise without cost or other compensation and each of the Vendor and the Purchaser shall be released from all other obligations hereunder.

13. VENDOR'S CLOSING DELIVERIES

The Vendor covenants to execute, where applicable, and deliver the following to the Purchaser at Closing or on such other date expressly provided herein:

- (a) Approval and Vesting Order: A copy of the Issued and entered Approval and Vesting Order;
- (b) Statement of Adjustments: a statement of adjustments prepared in accordance with Section 4 hereof, to be delivered not less than two (2) Business Days prior to Closing;
- (c) Vendor's Certificate: the Vendor's Certificate setting out that each of the Vendor's representations and warranties contained in this Agreement are true as of Closing and that each of the conditions in section 11 have been fulfilled, performed or waived as of the Time of Closing;
- (d) Direction Regarding Funds: a direction from the Vendor designating the party or parties to which the balance of the Purchase Price described in Subsection 3(b) hereof shall be paid; in the event that the Vendor designates more than one party then it shall also designate amounts payable to each of the parties;
- (e) Keys, etc.: all keys, security cards and access codes for the Buildings in the Vendor's possession;
- (f) Receiver's Certificate: the Receiver's Certificate as provided for in the Approval and Vesting Order;
- (g) Non-Residence Certificate: the Vendor's certificate setting out that the Vendor is not a "non-resident" of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada) and is not the agent nor trustee of a "non-resident"; and
- (h) Further Documentation: such further documentation relating to the completion of this Agreement as may be reasonably required by the Purchaser or the Purchaser's Solicitor, provided that such further documentation is in a form satisfactory to the Vendor, taking into consideration the fact that the Vendor is selling the Purchased Assets as Receiver.

14. PURCHASER'S CLOSING DELIVERIES

The Purchaser covenants to execute, where applicable, and deliver the following to the Vendor at or prior to Closing:

- (a) Undertaking To Re-Adjust: the Purchaser's undertaking to re-adjust any item on or omitted from the statement of adjustments, subject to the limitation contained in Subsection 4(a) hereof;

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- (b) Purchaser's Certificates: the Purchaser's certificate setting out that each of the Purchaser's representations and warranties contained in this Agreement are true as at Closing and that each of the conditions in section 12 have been fulfilled, performed or waived as of the Time of Closing;
- (c) Directors' Resolution: a certified copy of a resolution of the board of directors of the Purchaser authorizing the execution of this Agreement and performance of each of the Purchaser's obligations hereunder;
- (d) Property Tax Reduction: such directions, acknowledgments and other documents as may be necessary or desirable to ensure that the benefit of any reduction in the property taxes payable with respect to the Lands for the period prior to the Closing Date is received by the Vendor;
- (e) Taxes: payment or evidence of payment of applicable federal and provincial taxes or alternatively, appropriate self-assessment or exemption documentation;
- (f) HST Indemnity: the indemnity provided for under Subsection 16(d) hereof;
- (g) Certificate of Incumbency: a certificate of incumbency setting out the names and specimen signatures of each of the directors and officers of the Purchaser;
- (h) Purchaser's Agents Commissions: evidence of payment by the Purchaser of any commission or other remuneration payable to the Purchaser's agent, if any, in connection with the purchase of the Purchased Assets, or a certificate from the Purchaser certifying that it has not retained any such agent and that no such commission or other remuneration is payable;
- (i) Environmental Indemnity: an environmental indemnity indemnifying and holding the Vendor harmless from any and all damages, claims, actions, losses, costs, liabilities or expenses (collectively "Damages") suffered or incurred by the Vendor, directly or indirectly, as a result of or in connection with any of the following, and without restricting the generality of the foregoing, which include Damages incurred in addressing an administrative order by a Government Authority or in addressing a notice, investigation or other process which could reasonably be anticipated to result in such an order:
 - (i) the presence or release of any Hazardous Materials in, on or under the Lands or the threat of a release;
 - (ii) the presence of any Hazardous Materials in, on or under properties adjoining or proximate to the Lands;
 - (iii) any other environmental matters relating to the Lands;
 - (iv) the breach by the Purchaser or those for whom it is responsible at law of any Environmental Law applicable to the Lands; or,

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- (v) the release or threatened release of any Hazardous Materials owned, managed, generated, disposed of, controlled or transported by or on behalf of the Purchaser.
- (j) Balance Due at Closing: the balance of the Purchase Price described in Subsection 3(b) hereof; and
- (k) Further Documentation: any other documentation relative to the completion of this Agreement as may reasonably be required by the Vendor or the Vendor's Solicitors.

15. PLANNING ACT (ONTARIO)

This Agreement shall be effective to create an interest in the Lands for the Purchaser only if Part VI of the *Planning Act* (Ontario) is complied with prior to Closing.

16. HARMONIZED GOODS AND SERVICES TAX

- (a) Application of HST to this Agreement: If the transaction contemplated hereunder shall be subject to Harmonized sales tax ("HST") levied pursuant to the Act, then HST shall be in addition to and not included in the Purchase Price, shall be payable by the Purchaser and shall be collected and remitted in accordance with the Act.
- (b) HST Registration: The Purchaser is registered for the purposes of the Act, and its HST number is V/A.
- (c) Self-Assessment: If part or all of the said transaction is subject to HST then, where applicable, the Purchaser shall have the option of furnishing the Vendor with appropriate exemption certificates and/or self-assessment indemnification documentation in form satisfactory to the Vendor. If available, the Vendor agrees to execute an election pursuant to s. 167(1) of the Act to have the sale of the Purchased Assets take place without the requirement for the collection or remittance of HST to the extent possible. In such case, the Purchaser agrees to file such election in accordance with the provisions of the Act.
- (d) HST Indemnity: The Purchaser shall indemnify and save harmless the Vendor from all claims, liabilities, penalties, interest, costs and legal and other expenses incurred, directly or indirectly, in connection with the assessment of HST payable in respect of the transaction contemplated hereunder.

17. POSSESSION

The Vendor shall remain in possession of the Purchased Assets until the time of Closing. Upon the completion of the transaction, the Vendor shall yield up possession of the Purchased Assets to the Purchaser and the Purchaser shall take possession of the Purchased Assets where situate. Title to the Purchased Assets shall not pass to the Purchaser until the completion of the transaction provided for herein and the Receiver's Certificate has been delivered to the Purchaser. The Vendor shall be entitled, but shall not be obligated, to remove from the Buildings any chattels, books, records, documents or other personal property situate in the Buildings which does not form part of the Purchased Assets

Handwritten initials and signature in the bottom right corner of the page.

- 16 -

18. NOTICE

Any notice given hereunder shall be in writing and delivered or communicated by facsimile or electronic transmission to:

in the case of the Purchaser to:

(a) In the case of the Purchaser:

Daniel Tamborillo
301 Raintree Drive Ed.
Unit 2
Uxbridge, Ontario
L4L 8H1

Attention: Daniel Tamborillo
 Tel.: 905-856-8111
 Fax: 905-856-8113
 Email: dtamborillo@Versant.com

and with a copy to the Purchaser's Solicitor:

Jack Frymer
5255 Yonge Street
Suite 1200
Toronto, ONT
M4B 3C2

Attention: Jack Frymer
 Tel.: 416 446-1230
 Fax: 416 446-1201
 Email: jfrymer@VNLCLaw.com

and in the case of the Vendor to:

msi Spergel Inc., in its Capacity as
 Court-Appointed Receiver of Al-Cheragh International Corporation
 200-505 Consumers Road
 Toronto, ON M2J 4V8

Attention: Deborah Hornbostel
 Email: deborah@spergel.ca
 Tel. & Telecopier: (416) 498-4308

Handwritten initials and signature: "AA" in a circle and a large signature.

- 17 -

with a copy to the Vendor's Solicitors at:

Miller Thomson LLP
One London Place
255 Queens Avenue, Suite 2010
London, ON N6A 5R8

Attention: Tony Van Klink
Email: tvanklink@millerthomson.com
Tel: 519-931-3509
Telecopier: 519-858-8511

Such notice shall be deemed to have been delivered upon delivery or communicated upon transmission unless such notice is delivered or transmitted outside of usual business hours, in which event the notice shall be deemed to have been delivered or transmitted on the next Business Day. A party may change its address and/or telecopier machine number by providing notice in accordance with this Section 17.

19. WAIVER OF CONDITIONS

Except as otherwise provided in this Agreement, all conditions contained herein have been inserted for the benefit of either the Vendor or the Purchaser, as indicated, and are conditions of the obligations of such party to complete the transaction contemplated hereunder at Closing and are not conditions precedent of this Agreement. Any one or more of the said conditions may be waived, in writing, in whole or in part, by the benefiting party without prejudice to the benefiting party's right of termination in the event of the non-fulfilment of any other condition, and, if so waived, this Agreement shall be read exclusive of the said condition or conditions so waived. For greater certainty, the closing of the transaction contemplated hereunder by a party hereof shall be deemed to be a waiver by such party of compliance with any condition inserted for its benefit and not satisfied at Closing.

20. SEVERABILITY

If any provision contained in this Agreement or the application thereof to any person/entity or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement and the application of such provision to persons/entities or circumstances other than those to whom/which it is held invalid or unenforceable, shall not be affected thereby and each provision contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

21. DIVISION/HEADINGS

The division of this Agreement into Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings or captions are for convenience of reference only and shall not affect the construction or interpretation of this Agreement or any part hereof.



- 18 -

22. ENTIRE AGREEMENT

This Agreement and the schedules attached hereto constitute the entire agreement between the Vendor and the Purchaser in respect of the Purchased Assets. Each of the parties acknowledges that, except as contained in this Agreement, there is no representation, warranty, collateral agreement or condition (whether a direct or collateral condition or an express or implied condition) which induced it to enter into this Agreement.

23. CUMULATIVE REMEDIES

No remedy conferred upon or reserved to one or both of the parties hereto is intended to be exclusive of any other remedy, but each remedy shall be cumulative and in addition to every other remedy conferred upon or reserved hereunder, whether such remedy shall be existing or hereafter existing, and whether such remedy shall become available under common law, equity or statute.

24. INTERPRETATION

This Agreement shall be read with all changes of gender and number as required by the context.

25. REFERENCES TO STATUTES

Except as otherwise provided in this Agreement, references to any statute herein shall be deemed to be a reference to such statute and any and all regulations from time to time promulgated thereunder and to such statute and regulations as amended or re-enacted from time to time. Any reference herein to a specific section or sections, paragraph or paragraphs and/or clause or clauses of any statute or regulations promulgated thereunder shall be deemed to include a reference to any corresponding provision of future law.

26. TIME OF ESSENCE

Time shall in all respects be of the essence hereof provided that the time for the doing or completing of any matter referred to herein may be extended or abridged by an agreement, in writing, executed by the Vendor and the Purchaser or their respective solicitors who are hereby expressly appointed for that purpose.

27. CANADIAN FUNDS

All references to dollar amounts contained in this Agreement shall be deemed to refer to Canadian funds.

28. TENDER

Any tender of notices, documents and/or monies hereunder may be made upon the Vendor or the Purchaser or their respective solicitors. Monies may be tendered by a negotiable cheque certified by a Canadian chartered bank or by an official bank draft drawn upon one of Canada's five largest chartered banks.

Handwritten initials and signatures at the bottom right of the page. There are two circular stamps, one containing the letters 'UA' and the other containing the letters 'AS'. Below these stamps is a large, stylized handwritten signature.

- 19 -

29. FURTHER ASSURANCES

Except as otherwise expressed herein to the contrary, each party shall, without receiving additional consideration therefore, co-operate with and take such additional actions as may be requested by the other party, acting reasonably, in order to carry out the purpose and intent of this Agreement.

30. CONFIDENTIALITY

The Purchaser and its agents, advisors and authorized representatives shall maintain in strict confidence, until Closing, all information and materials delivered or made available pursuant to this Agreement, except as may reasonably be disclosed by the Purchaser:

- (a) to facilitate the procurement of financing for the Purchased Assets;
- (b) to enforce any of its rights/remedies hereunder;
- (c) to enforce any of its other rights/remedies, if any, pursuant to common law, equity or statute; or
- (d) to comply with laws requiring disclosure.

In the event that the transaction contemplated in this Agreement is, for any reason whatsoever, not completed, then the Purchaser shall, upon request from the Vendor, promptly return to the Vendor all materials delivered hereunder and deliver to the Vendor all copies of materials made available hereunder.

31. NON-BUSINESS DAYS

In the event that any date specified or any date contemplated in this Agreement shall fall upon a day other than a Business Day, then such date shall be deemed to be the next following Business Day.

32. DOCUMENTATION PREPARATION AND REGISTRATION

The Purchaser shall prepare or cause to be prepared the land transfer tax affidavit to be attached to the Approval and Vesting Order described in Subsection 13(a) hereof. Each of the parties shall deliver draft documentation to the other not less than five (5) Business Days prior to Closing. Except as otherwise expressly provided in this Agreement, all such documentation shall be in form and have substance satisfactory to the Vendor and the Purchaser, acting reasonably. The Purchaser shall be responsible for and pay all registration costs incurred in connection with the transaction contemplated in this Agreement. Except as otherwise expressly provided in this Agreement, each of the Vendor and the Purchaser shall be responsible for and pay all legal and other professional/consultant fees and disbursements incurred by it, directly or indirectly, in connection with this Agreement.

Handwritten initials "AM" in a circle and a signature "JH" with a flourish.

- 20 -

33. LAND TRANSFER TAXES AND RETAIL SALES TAXES

The Purchaser shall pay on or prior to Closing all applicable federal and provincial taxes exigible in connection with the transaction hereunder including, without limitation, HST and land transfer taxes (as required pursuant to the *Land Transfer Tax Act* (Ontario)).

34. GOVERNING LAWS

This Agreement has been executed in the Province of Ontario and, for all purposes, shall be construed in accordance with and governed by the laws in effect within the Province of Ontario and each of the parties irrevocably attains to the Courts of the Province of Ontario.

35. ASSIGNMENT AND ENUREMENT

The Purchaser shall not assign part or all of its interest under this Agreement without the prior written consent of the Vendor, which consent may be arbitrarily withheld. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

36. COMMISSION

The Vendor has not retained an agent in regard to the sale of the Purchased Assets to the Purchaser. The Vendor agrees that in the event that it does hire an agent that it shall be responsible for paying any commission or other remuneration payable to any agent retained by the Vendor in connection with the sale of the Purchased Assets and the Vendor agrees to indemnify and save harmless the Purchaser from and against any claim for such commission or other remuneration.

37. NON-REGISTRATION OF AGREEMENT

The Purchaser acknowledges that this Agreement is personal to the Purchaser and that this Agreement or any monies paid hereunder do not create an interest in the Lands and the Purchaser further acknowledges that upon any breach of this Agreement by the Vendor, the Purchaser has an adequate remedy in damages. The Purchaser agrees that it will not register or cause or permit to be registered this Agreement and that no reference to or notice of it or any caution, certificate of pending litigation or other similar court process in respect thereof shall be registered on title to the Lands, and the Purchaser shall be deemed to be in default under this Agreement if it makes any registration or causes or permits any registration to be made on title to the Lands prior to the Date of Closing.

38. VENDOR'S CAPACITY

It is acknowledged by the Purchaser that msi Spergel Inc. is entering into this Agreement solely in its capacity as Court-appointed receiver pursuant to the Court Order and that msi Spergel Inc. shall have no personal or corporate liability under or as a result of this Agreement. Any claim against msi Spergel Inc. shall be limited to and only enforceable against the property and assets then held by or available to it in its capacity as receiver of the Debtor, and shall not apply to its personal property and other assets held by it in any other capacity. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Purchased Assets.

Handwritten signatures and initials, including a large stylized signature and several circular marks.

- 21 -

39. FURTHER ASSURANCES

Each of the parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other parties hereto may reasonably require from time to time after Closing at the expense of the requesting party for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement. Provided that upon the discharge of the Vendor as receiver, the Vendor's obligations under this paragraph shall be at an end and neither the Vendor nor msi Spergel Inc. shall have any continuing obligation under this paragraph.

40. WAIVER, AMENDMENT

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

41. TIME FOR ACCEPTANCE

The offer to purchase comprising this Agreement shall be irrevocable by the Purchaser and open for acceptance by the Vendor until 5:00 o'clock p.m. on the 30th day of April, 2018, after which time, if not accepted and notice of such acceptance communicated to the Purchaser, then the said offer to purchase shall be null and void and of no further force and effect.

DATED Apr. 16, 2018, Ontario as of the date first mentioned above.

Noorallah Yawroozada & Alex Schuyler
in Trust for a Corporation to be incorporated

By:

Name:

Director

Title: NOORALLAH YAWROOZADA

I have authority to bind the Corporation.

MSI
AS
DJ

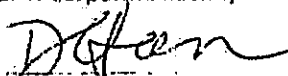
- 22 -

The Vendor hereby accepts the foregoing offer to purchase and its terms and agrees with the Purchaser to duly complete the transaction contemplated thereunder.

DATED at Toronto, Ontario this 17th day of April, 2018.

msi Spergel Inc., in its capacity as Court-Appointed Receiver of the assets, undertakings and properties of Al-Cheragh International Corporation, and not in its personal or corporate capacity and without personal or corporate liability

By:


Name: Deborah Hornbostle
Title: Senior Principal

I have authority to bind the Corporation.

Schedule "B" – LEGAL DESCRIPTION

PT LT A CON 2 EPR ORO PTS 1 & 2, 51R6107; ORO-MEDONTE

PIN 58552 - 0076 (LT)

 
DY

**Schedule "A" – COURT ORDER
OF THE HONOURABLE MR. JUSTICE HAINEY
February 1, 2018**

 
DY

Schedule "C" – PERMITTED ENCUMBRANCES

1. Any undetermined or inchoate liens and charges incidental to the Purchased Assets.
2. The Leases.
3. The reservations, limitations, provisos, conditions, restrictions and exceptions expressed in the letters patent or grant from the Crown and all statutory exceptions to title;
4. The provisions of governing municipal by-laws;
5. Municipal taxes, liens, charges, including hydro and water charges, rates and assessments accruing from day to day and not yet due and payable;
6. Any defects or minor encroachments which might be revealed by an up to date survey of the Lands;
7. Any right of expropriation conferred upon, reserved to or vesting in Her Majesty the Queen in Right of Canada and Ontario;
8. Any registered restrictions or covenants that run with the Lands provided that same have been complied with in all material respects;
9. Any easements, rights of way or right of re-entry in favour of a developer, not materially or adversely impairing the present use of the Lands;
10. Any agreements with municipal, utilities or public authorities provided that same have been complied with in all material respects;
11. Notice of Lease registered September 25, 2003 as Instrument No. SC1S4358; and
12. Notice of Lease registered March 1, 2007 as Instrument No. SC524543.



APPENDIX “C”



Ontario ServiceOntario

LAND
REGISTRY
OFFICE #51

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 4

PREPARED FOR Rebecca01
ON 2018/04/25 AT 13:32:47

50552-0076 (L2)

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

PROPERTY DESCRIPTION: PT 1/4 CON 2 EPR ORO PYS 1 & 2, 51R6107; ORO-MEDONTE

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LIT CONVERSION QUALIFIED

RECENTLY:

FIRST CONVERSION FROM BOOK

OWNERS' NAMES

AL-CHERAGH INTERNATIONAL CORPORATION

CAPACITY SHARE

ROHN

PIN CREATION DATE:

2000/05/23

REG. NO.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHG
EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 2000/05/23 ON THIS PIN						
WAS REPLACED WITH THE "PIN CREATION DATE" OF 2000/05/23						
** INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2000/05/19 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO						
SUBSECTION 4(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
AND ESCHEATS OR FORFEITURE TO THE CROWN.						
THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
CONVENTION.						
ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 2000/05/23 **						
R0372254	1971/10/15	LEASE		*** COMPLETELY DELETED ***	LEEMENS, JASPER C.	
51R61C7	1976/09/01	PLAN REFERENCE		*** COMPLETELY DELETED ***	CALAUTTI, ROCCO CALAUTTI, MARIA	C
R01192597	1992/07/08	CHARGE		*** COMPLETELY DELETED ***	ROYAL BANK OF CANADA	
R01192598	1992/07/08	CHARGE		*** COMPLETELY DELETED ***	SHELL CANADA PRODUCTS LIMITED	
R01348371	1997/06/13	NOTICE OF LEASE		*** COMPLETELY DELETED ***		
R01354376	1997/08/15	CHARGE		*** COMPLETELY DELETED ***		

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



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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #51

58552-0076 (LT)

PAGE 2 OF 4
PREPARED FOR Rebecca01
ON 2018/04/25 AT 13:32:47

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CERO
REMARKS: DISCHARGED BY R01418345, DELETED 2003/07/02 BY J. POTTER ADLR					THE TORONTO-DOMINION BANK	
R01354977	1997/08/15	POSTPONEMENT		*** COMPLETELY DELETED ***		
REMARKS: R01192597, R01354976						
R01356188	1997/08/26	DISCH OF CHARGE		*** COMPLETELY DELETED ***		
REMARKS: R01192598						
R01415480	1999/07/08	DISCH OF CHARGE		*** COMPLETELY DELETED ***		
REMARKS: R01192597						
R01415481	1999/07/08	TRANSFER		*** COMPLETELY DELETED ***	1362692 ONTARIO LIMITED	
R01415482	1999/07/08	CHARGE		*** COMPLETELY DELETED ***	972560 ONTARIO LTD.	
R01415483	1999/07/08	ASSIGNMENT GENERAL		*** COMPLETELY DELETED ***		
REMARKS: LEASES & RENTS, R01415482						
SC98615	2003/03/07	NOTICE		*** COMPLETELY DELETED ***		
REMARKS: R01415482				1362692 ONTARIO LIMITED		
SC131391	2003/07/11	APL (GENERAL)		*** COMPLETELY DELETED ***		
REMARKS: DELETE R01348371 - EXPIRED 2002/04/30				1362692 ONTARIO LIMITED		
SC131392	2003/07/11	CHARGE		*** COMPLETELY DELETED ***		
SC131393	2003/07/11	NO ASSGN RENT GEN		1362692 ONTARIO LIMITED	INNISFIL CREDIT UNION LTD.	
REMARKS: SC131392 & RENTS				1362692 ONTARIO LIMITED		
SC131394	2003/07/11	DISCH OF CHARGE		*** COMPLETELY DELETED ***		
REMARKS: RE: R01415482				972560 ONTARIO LTD.	INNISFIL CREDIT UNION LTD.	

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PAGE 3 OF 4

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58552-0076 (LT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERS/ CERO
SC154358	2003/09/25 REMARKS: SC486774	NOTICE OF LEASE	\$2	1362692 ONTARIO LIMITED	SHELL CANADA PRODUCTS LIMITED	C
SC429669	2006/04/24 REMARKS: - DELETES LEASE R0372254	APL (GENERAL)		*** COMPLETELY DELETED *** 1362692 ONTARIO LIMITED		
SC429858	2006/04/24	TRANSFER	\$945,500	1362692 ONTARIO LIMITED	AL-CHERAGH INTERNATIONAL CORPORATION	C
SC429859	2006/04/24	CHARGE		*** COMPLETELY DELETED *** AL-CHERAGH INTERNATIONAL CORPORATION	PEOPLES CREDIT UNION LIMITED	
SC429864	2006/04/24	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** AL-CHERAGH INTERNATIONAL CORPORATION	PEOPLES CREDIT UNION	
SC429916	2006/04/24	CHARGE		*** COMPLETELY DELETED *** AL-CHERAGH INTERNATIONAL CORPORATION	1362692 ONTARIO LIMITED	
SC429917	2006/04/24	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** AL-CHERAGH INTERNATIONAL CORPORATION	1362692 ONTARIO LIMITED	
SC451391	2006/06/28 REMARKS: RE: SC429916	DISCH OF CHARGE		*** COMPLETELY DELETED *** PEOPLES CREDIT UNION LIMITED		
SC524543	2007/03/01 REMARKS: RE: SC451392	NOTICE OF LEASE	\$2	AL-CHERAGH INTERNATIONAL CORPORATION	SHELL CANADA PRODUCTS LIMITED	C
SC534040	2007/04/12	CHARGE		*** COMPLETELY DELETED *** AL-CHERAGH INTERNATIONAL CORPORATION	ARSHAD, MUHAMMAD ARSHAD, TAHIRA	
SC711628	2009/01/12	DISCH OF CHARGE		*** COMPLETELY DELETED *** ARSHAD, MUHAMMAD ARSHAD, TAHIRA		
SC711630	2009/01/12 REMARKS: RE: SC534040	CHARGE		*** COMPLETELY DELETED *** AL-CHERAGH INTERNATIONAL CORPORATION	PEOPLES CREDIT UNION LIMITED	
SC711632	2009/01/12	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** AL-CHERAGH INTERNATIONAL CORPORATION	PEOPLES CREDIT UNION LIMITED	

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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 4 OF 4

PREPARED FOR Rebecca01
ON 2018/04/25 AT 13:32:47

58552-0076 (LT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
SC711708	REMARKS: SC711630 - RENTS 2009/01/13 DISCH OF CHARGE REMARKS: RE: SC429916			*** COMPLETELY DELETED *** 1362692 ONTARIO LIMITED		
SC899724	2011/05/05 CHARGE		\$1,725,000	AL-CHERAGH INTERNATIONAL CORPORATION	BANK OF MONTREAL	C
SC899725	2011/05/05 NO ASSEN RENT GEN REMARKS: SC899724.			AL-CHERAGH INTERNATIONAL CORPORATION	BANK OF MONTREAL	C
SC909031	2011/05/16 DISCH OF CHARGE REMARKS: SC429916.			*** COMPLETELY DELETED *** PEOPLES CREDIT UNION LIMITED		
SC922396	2011/08/10 DISCH OF CHARGE REMARKS: SC711630.			*** COMPLETELY DELETED *** PEOPLES CREDIT UNION LIMITED		
SC964549	2012/02/24 CONSTRUCTION LIEN			*** COMPLETELY DELETED *** SOLOMON ENTERPRISES CORP.		
SC1180060	2014/12/04 NO SEC INTEREST		\$10,320	SNAP COMMERCIAL FINANCE CORP.		
SC1184620	2014/12/24 CERT TAX ARREARS			*** COMPLETELY DELETED *** THE CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE		
SC1333123	2016/08/18 APL (GENERAL) REMARKS: SC1184620			*** COMPLETELY DELETED *** THE CORPORATION OF THE TOWNSHIP OF ORO-MEDONTE		
SC1362455	2016/11/17 LIEN		\$24,253	HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		
SC1401963	2017/04/18 APL DEL CONST LIEN REMARKS: SC964549.			*** COMPLETELY DELETED *** SOLOMON ENTERPRISES CORP.		
SC1439962	2017/08/11 DIR TITLES ORDER			*** COMPLETELY DELETED *** DIRECTOR OF TITLES		
SC1502966	2018/04/10 APL COURT ORDER			ONTARIO SUPERIOR COURT OF JUSTICE	MSI SPERGEL INC.	

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

APPENDIX “D”

deborah@spergel.ca

Inbox

Draft

Sent

Trash

Address Book

Profile

[PROTECT] Al-Cheragh International

Reply

Reply All

Forward

From: "Weber, Rosemarie" <Rosemarie.Weber@bmo.com>
To: "Deborah Hornbostel (deborah@spergel.ca)" <deborah@spergel.ca>
CC: "TIEN, ALICE" <ALICE.TIEN@bmo.com>
Date: 2018-04-27 10:26:26.0
Subject: [PROTECT] Al-Cheragh International
Payout Inq Al-Cheragh and 6413340 Apr 26 2018.xls

Attachments

Please find attached a payout statement

Rosemarie Weber

Account Officer

Special Accounts Management Unit

100 King Street West, 7th Floor

Toronto, Ontario M5X 1A1

rosemarie.weber@bmo.com

T

416-643-1645

F

416-643-1653

This email and its attachments are confidential. Any unauthorized use or disclosure is prohibited. If you receive this email in error please notify me by reply email and permanently delete the original without making any copies or disclosing its contents.

ACCT. MANAGER:

Alice Tien

BORROWER:

AL-CHERAGH INTERNATIONAL CORPORATION

INTEREST UP TO AND INCLUDING:

April 26/18

PRIME RATE:	CDN	USD
	3.45%	5.00%

INTEREST CALCULATION

CDN \$ LOAN NO:	PRIME +	RATE	PRINCIPAL	TOTAL INT	TOTAL	PER DIEM
0379-6999-940	3.0000%	6.4500%	\$1,213,753.12	\$156,615.77	\$1,370,368.89	\$241.05
TOTAL CDN			\$1,213,753.12	\$156,615.77	\$1,370,368.89	\$241.05

UAI	773 LN	773 UAI
\$150,348.38	\$5,576.61	\$690.78
\$150,348.38	\$5,576.61	\$690.78

ACCT. MANAGER:

Alice Tien

BORROWER:

6413340 CANADA INC.

INTEREST UP TO AND INCLUDING:

April 26/18

PRIME RATE:	CDN	USD
	3.45%	5.00%

TRANSIT:

CDN \$ LOAN NO:	PRIME +	RATE	PRINCIPAL	TOTAL INT	TOTAL	PER DIEM
0379-6999-465	3.0000%	6.4500%	\$50,610.64	\$10,538.85	\$61,149.49	\$10.76
0379-6999-633	4.8750%	8.3250%	\$145,557.70	\$39,084.49	\$184,642.19	\$41.87
TOTAL CDN			\$196,168.34	\$49,623.34	\$245,791.68	\$52.62

INTEREST CALCULATION

UAI	273 LN	273 UAI
\$10,259.18	\$232.53	\$47.14
\$37,995.99	\$863.18	\$225.32
\$48,255.17	\$1,095.71	\$272.46

APPENDIX “E”



(Formally known as Navigate Capital Corp.)

Portfolio Administration
 534 Cambie Street
 Vancouver, BC V6B 2N7
 Tel. 604.609.5390
 Fax. 604.609.5391

***** WITHOUT PREJUDICE *****

April 24, 2018

AL CHERAGH INTERNATIONAL CORPORATION
 ADBUL ALIA KAREEM
 8104 8TH LINE
 ESSA, ON LOM 1T0

Attn:

Fax:

Contract Number: 64600

Equipment: (1) NEW YORK 4 TON ROOF TOP UNIT

Payments Remaining	(7 @ 215.00)	1,505.00
Purchase Option		10.00
Subtotal		<hr/> 1,515.00
GST/HST	13%	196.95
Outstanding Amounts		860.10
Total Due		<hr/> 2,572.05

Quote is valid to **the end of the month** and assumes that all payments credited as of today's date clear your financial institution. If you wish to payout at this time, please notify us immediately.

X

Phone 604-609-5390

12/28/2008 13:57

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GASOLINE ALLEY SHELL

PAGE 01/06



SNAP Commercial Finance Corp. "SNAP"
638 Canals Street
Vancouver, BC V6B 3N7
www.snapfinancial.com

Toll Free Tel: 866-894-2008
Toll Free Fax: 866-894-2007
commercial@snapfinancial.com
CST #R7016 2210

RENTAL AGREEMENT

RENTAL AGREEMENT #: 62600

(1) Legal Name: Al Cheragh International Corporation		(2) Legal Name: Abdul Alla Kareem	
(3) Legal Name:		(4) Legal Name:	
Jointly hereafter referred to as the "Customer"			
Customer(s) Address: 8104 8th Line		City: Essa	Province: ON
Contact Name: Abdul Kareem		Position: Owner/Landlord	
Tel: (705) 725-9084	Fax:	Email: abdulalla@hotmail.com	
LOCATION Address (if different than above): 1525 Hwy 11 North, Shanty Bay, ON L0L 2L0 Province: ON Landlord Address (if Equipment is located on rented premises): Landlord Tel: Landlord Fax: Landlord Name: Landlord Email:			
SUPPLIER Equipment Suppliers Name: Air One (Barrie) Heating & Cooling Supplier Address: 304 Dunlop Street, West, #A-3 Barrie Ontario L4N 7L2 Supplier Tel: Supplier Fax:			
DETAILS 1x New YORK 4 Ton Pkg Rooftop Unit w/ all accessories, attachments & installation			

						INITIAL PAYMENT DUE	
Rental Term (Months)	Payment Frequency	Number of Rentals	Pre-tax Rental Amount	GST/HST on Rental Payment	PST on Rental Payment	Total Rental Payment	First Rental and Taxes
48	Monthly	48	\$215.00	\$27.95		\$242.95	\$242.95
						\$0.00	(1) Last Rental and Taxes
							Admin Fee and Taxes
							Security Fee and Taxes
							Total Initial Payment Amount

Pre-Authorized Payment Plan

SNAP is hereby authorized to periodically draw payment under its Pre-Authorized Payment Plan from the bank account specified in the Bank Information section and/or as outlined on the attached sample cheque to cover the Rental and other amounts due under this Agreement.

Customer further authorizes SNAP to process the Total Initial Payment Due of \$ \$598.90

Authorized Cheque Signer(s): [1] _____ Title(s): Owner

Please attach an unsigned sample cheque

YOU have read, understand, and accept this Agreement, including the attached 2 pages of Terms and Conditions, and hereby affirm that you are authorized to execute this Agreement. You agree that a facsimile copy of this Agreement with your facsimile signature(s) and SNAP's original signature shall constitute the original of this Agreement for all purposes, and shall be admissible as evidence of this Agreement. You further confirm and acknowledge: (1) that the Equipment described in the Equipment Rental Details has been inspected and received in satisfactory condition not more than ten (10) days prior to the date you execute this Certificate; (2) that there are no maintenance, service, or other agreements which attach to this Agreement; (3) that SNAP is not an agent of the Vendor(s), not a manufacturer or a distributor, and that the essential element of this Agreement is equipment rental only; and (4) that SNAP is authorized to pay the Vendor(s) for the Equipment and to commence the Agreement on the date to be established by SNAP.

Dated _____ day of _____, 20____

(1) Customer Authorized Signature / Title (if applicable)
Al Cheragh International Corporation

(2) Customer Authorized Signature / Title (if applicable)
Abdul Alla Kareem

(3) Customer Authorized Signature / Title (if applicable)

(4) Customer Authorized Signature / Title (if applicable)

Date Accepted by SNAP:

December 09, 14

Date Rental Agreement Commences:

December 01, 14

Date Next Payment is Due:

January 01, 15

This Rental Agreement shall not become binding upon SNAP until Accepted in writing as evidenced by the signature of a duly authorized officer of SNAP below

SNAP Commercial Finance Corp.

By: [Signature]

Name/Title: S. Kirkell Sr. Manager

12/28/2008 13:57
Rental Agreement #

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GASOLINE ALLEY SHELL

TERMS AND CONDITIONS (Cont.)

PAGE 02/06 Customer's signature			
(1)	(2)	(3)	(4)

14. **Default; Remedies:** If the Customer fails to pay any rent or other amount provided herein within five (5) days after it is due and payable, or if the Customer fails to observe, keep or perform any other provision of this Rental Agreement, or if the Customer ceases doing business as a going concern, or if a petition is filed by or against the Customer under the Bankruptcy Act (Canada) or any amendment thereto, or if a receiver is appointed for the Customer or its property, or if the Customer becomes insolvent, or if the Customer, without SNAP's prior written consent, attempts to remove, sell, transfer, encumber, sublet or part with the possession of said Equipment, or if SNAP deems the property to be in jeopardy, or if any guarantor of the Customer's obligations hereunder disputes its obligations under its guarantee, or seeks to determine its obligations thereunder or to terminate its guarantee, or if a default or event of default occurs under any agreement between (A) the Vendor and Customer including, without limitation, the Purchase Agreement, (B) SNAP and its affiliates and subsidiaries and the Customer or (C) any other party and the Customer if, in SNAP's sole discretion, such third party agreement is material, SNAP may deem the Rental Agreement to be in default. If the Customer is in default under this Rental Agreement, all payments and other amounts due to the end of the term are immediately and without notice due and payable. The Customer will immediately return all Equipment to SNAP in good working order at the Customer's cost and in a manner and to a location SNAP designates. SNAP may, without notice and without resort to legal process, take immediate possession of the Equipment. SNAP may enter the premises where the Equipment is located without incurring any liability to the Customer. SNAP is entitled to sell, rent, lease or otherwise dispose of the Equipment on such terms as SNAP sees fit. SNAP is entitled to any other remedies available, whether in law or in equity or by statute or otherwise. These remedies shall be cumulative and not alternative. The Customer shall pay all costs of collection or re-possession of the Equipment and of enforcement of all its rights including without limitation legal fees and disbursements on a full indemnity basis.
15. **Purchase Option:** In this Section: (a) "Default" includes any event or circumstance which, with the giving of notice or the lapse of time or both, would constitute a Default; and (b) "Fair Market Value" means the delivered and installed, all-inclusive, purchase price for equipment in good repair in a sale between an arm's length purchaser buying for its own use and a seller dealing in such equipment in the ordinary course of business, as such purchase price is determined by SNAP acting reasonably. Provided there has been no Default during the term of the Rental Agreement, any Purchase Option set forth herein may be exercised by the Customer: (i) giving SNAP written notice no more than 60 days and no fewer than 30 days prior to the Option Date of its intention to exercise such option; and (ii) paying SNAP the Option Price, plus taxes no later than the Option Date. After the giving of such notice and the making of such payment, and provided no Default exists on the Option Date, Customer shall acquire SNAP's interest in the Equipment on the Option Date on an "as is, where is" basis without any condition, representation or warranty by SNAP of any kind whatsoever except that Customer acquires such interest from SNAP free of Encumbrances caused by SNAP. In the event Customer does not exercise this option, the Rental Agreement shall continue to its termination at which time the Customer may (i) purchase the Equipment from the SNAP for its then Fair Market Value; or (ii) return the Equipment to the SNAP; or (iii) retain the Equipment subject to the terms and conditions of the Rental Agreement including the obligation to pay rental to SNAP.
16. **Customer's Waiver and Governing Law:** This Rental Agreement shall be interpreted and enforced in accordance with the laws of the province in which the Equipment is located. Customer waives the provisions of the Limitations of Civil Rights Act (Saskatchewan). Customer agrees that in enforcing its rights under this Rental Agreement, SNAP is not restricted to fees set out in the Distress Act (Manitoba). To the extent permitted by law, Customer waives its rights, benefits and protection given by the Judicature Act (Alberta).
17. **Assignment:** This Rental Agreement and all rights, remedies and benefits of SNAP hereunder may be assigned by SNAP without notice to or the consent of Customer and Customer accepts such assignments and waives notice of the assignment and the delivery of a copy of any assignment. Upon such assignment: (A) the assignee ("Assignee") shall be entitled to enforce the rights and remedies and to receive all benefits which would otherwise accrue to SNAP under this Rental Agreement; (B) the Assignee shall be deemed to be SNAP for the purpose of all such rights, remedies and benefits;
- (C) the Assignee shall have no obligation to Customer to perform any of the obligations of SNAP hereunder or otherwise in respect of the Equipment, all of which are retained by SNAP; and (D) Customer's rights hereunder as against SNAP shall be unaffected except as herein specifically provided. Customer agrees not to assert against the Assignee any claim by way of abatement, defense, set-off, compensation, counterclaim or the like which Customer may have against SNAP. Upon notice of an assignment Customer shall unconditionally pay to such Assignee all rental payments and other amounts due hereunder and shall not assert any defense against such Assignee in any action for rental payments or other amounts due and payable hereunder, except the defense of payment to the Assignee.
18. **Credit Checks:** The Customer has consented to various financial and credit checks for the purpose of qualifying the Customer(s) for this Rental Agreement and hereby agree to supply ongoing financial information on a timely basis to SNAP, upon SNAP's request, including the delivery of updated financial statements, cash flow statements and projections which shall become automatically subject to the representations set out in Clause 12 (E) above. The Customer hereby consents to any continuing and/or supplemental credit checks with any institutions, banks or bureaus during the term hereof for the purpose of evaluating ongoing credit risk to the SNAP or pursuing any action under this Rental Agreement. The Customer agrees to sign any form of consent reasonably requested by SNAP for the purposes indicated above. Also SNAP may use or disclose any of the Customer's (or Co-Customer's) confidential information for the purposes indicated above.
19. **Security Interests:** To secure Customer's performance of its obligations hereunder Customer grants SNAP a continuing security interest in any interest Customer has in the Equipment. In all proceeds thereof (including proceeds of insurance) and in any rental payments receivable on any sub-rent permitted by SNAP, Customer agrees that SNAP has all rights of a secured party under any applicable personal property security interest (as the terms "security interest" and "purchase money security interest" are used in the Personal Property Security Act (Ontario) and shall be interpreted with similar effect under analogous legislation in force in any other relevant jurisdiction. In this Rental Agreement the term "security interest" includes a movable hypothec without delivery. Where applicable by law, Customer hereby waives right of notification of Personal Property Security Act registration.
20. **Fees:** SNAP shall be entitled to charge Customer such fees and other charges as it may establish from time to time for the administration of any ancillary matters to this Rental Agreement.
21. **Security Fee:** If requested by SNAP, Customer shall make a Security Fee payment to SNAP, simultaneously with the initial rental payment hereunder. This fee is in further mitigation of the risk assumed by SNAP in granting credit to the Customer. Only in circumstances where during the entire term of the Rental Agreement there has been no event of Default or any event or circumstance which, with the giving of notice or the lapse of time, or both, would constitute Default; and, no two payments have been past due, this Security Fee will be credited first, against Purchase Option amounts and second against final rental payments due under the Rental Agreement.
22. **Entire Agreement:** This Rental Agreement including any schedule, addendum or amendment to this Rental Agreement which is in writing, references this Rental Agreement and is signed by Customer and SNAP at any time constitutes the entire agreement between SNAP and Customer with respect to its subject matter.
23. **Language:** The parties hereby acknowledge that they have required this contract, and all other agreements and notices required or permitted to be entered into or given pursuant hereto, to be drawn up in the English language only. Les parties reconnaissent avoir demandé que le présent contrat ainsi que toute autre entente ou avis requis ou permis à être conclué ou donné en vertu des dispositions du présent contrat, soient rédigés en langue anglaise seulement.

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GASOLINE ALLEY SHELL

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Rental Agreement #

64600

TERMS AND CONDITIONS

Customer(s) Initial(s)

(1)	(2)
(3)	(4)

Parties agree a facsimile copy of this Rental Agreement with facsimile signatures and /or initials may be treated as an original and will be admissible as evidence of this Rental Agreement.

In consideration of the covenants herein contained, and other good and valuable consideration (the receipt and sufficiency of which is acknowledged), SNAP Commercial Finance Corp. "SNAP" and Customer agree as follows:

- Rental Agreement:** This is a business transaction and not a consumer transaction. SNAP hereby rents to Customer, and Customer hereby rents from SNAP, the equipment described in the page one hereof, together (collectively the "Equipment"). THIS RENTAL AGREEMENT CANNOT BE CANCELLED OR TERMINATED BY CUSTOMER.
- Rental Agreement:** Customer shall pay to SNAP on the first day of each payment period the periodic rental amount set forth herein. The first rental payment is due upon execution of this Rental Agreement by the Customer. If the rental payment includes the cost of a service contract, Customer agrees to increase the rental payment by the amount of any increase in the cost of such service contract as may be imposed by the supplier thereof during the Term of this Rental Agreement. Customer hereby agrees to pay a daily rental for the period from the date of delivery and installation of the Equipment to the Rental Agreement Commencement Date calculated based upon the full periodic rental amount pro-rated to the number of days in such period. Customer's obligation to pay rent and its other obligations under this Rental Agreement are not subject to any abatement, set-off, defense, reduction or counter-claim for any reason whatsoever. From time to time the monthly pre-authorized debit (PAD) may be adjusted to include unpaid balances or credits including, but not limited to, returned payment fees and late payment fees. THERE WILL BE NO PRE-NOTIFICATION FOR THESE ADJUSTMENTS. We will provide you 30 days advance notice of any other change in the amount or the payment date. If you wish to change the amount of your PAD you may contact us by phone or in writing. To obtain a sample cancellation form or for further information on your right to cancel a PAD agreement contact your Financial Institution or visit www.cdngpay.ca. You have certain recourse rights if any debit does not comply with this agreement, such as the right to receive reimbursement for any PAD that is not authorized or is not consistent with this agreement. To obtain more information on your rights, you may contact your Financial Institution or visit www.cdngpay.ca.
- Interest On Overdue Payments:** Customer(s) shall without notice pay interest at the rate of thirty-six percent (36%) per annum, calculated and compounded monthly and not in advance, on: (A) any past due rental payments (B) any amounts which bear interest according to this Rental Agreement and (C) any other amounts due to SNAP hereunder which are not paid on their due dates; in each case from the date any such amount becomes due or interest bearing, before and after maturity, default and judgment, until such arrears or other amounts are paid in full.
- Installation, Maintenance and Repair:** Customer shall, at its expense, be responsible for: (A) the delivery, installation, de-installation and re-delivery of the Equipment and (B) the maintenance, upkeep, care, servicing and repair (including necessary replacements of parts) ("Maintenance") of the Equipment.
- Use:** Customer shall use the Equipment in a careful and prudent manner and not for any unlawful purpose. Customer shall only use the Equipment in connection with its business or in the carrying on of an enterprise and only for commercial, industrial, professional or handicraft purposes and shall not use the Equipment for any personal, family, household or farming purposes.
- Loss and Damage:** Customer shall, until this Rental Agreement is terminated and Customer's obligations hereunder are discharged in full (including the return of the Equipment), bear the entire risk of loss, damage, destruction, theft, seizure or governmental taking of the Equipment or any part thereof (any such case being a "Loss"), regardless of whether it is caused by any default or neglect of Customer. No Loss shall relieve Customer of its obligations hereunder.
- Title and Identification:** The Equipment is and shall at all times be and remain the sole personal and moveable property of SNAP, shall not be affixed or attached to or otherwise become a fixture or accession to any lands, buildings or chattels and Customer shall have no right, title or interest in or to the Equipment except as expressly set forth herein.
- Location and Inspection:** Customer shall maintain the Equipment at the Equipment Location specified in the page one hereof and shall not move the Equipment from such location. SNAP shall have the right to inspect the Equipment and Customer's Maintenance, Insurance and Tax records at any time.
- Net Rental Agreement:** All costs and expenses relating to the equipment or its use, maintenance or possession shall be borne by Customer, including all taxes and all fees, charges, claims and fines incurred or arising in connection with the registration, licensing or operation of the equipment.
- Taxes:** Customer shall pay all Provincial Sales Tax, Goods and Services Tax and/or Harmonized Sales Tax and other applicable taxes to SNAP with each payment. SNAP shall be entitled to claim any applicable cost allowance, investment tax credit or similar benefit under applicable tax legislation from time to time pertaining to the Equipment and/or the Rental Agreement and Customer shall not make any such claim in respect thereof.
- Insurance:** The Customer assumes the entire risk of loss or damage to the Equipment, and any liability arising from damage to property from others, and any liability arising from bodily injury or personal injury from any cause whatsoever. No loss or damage to the Equipment or any part thereof, shall affect or impair the obligations of the Customer hereunder which shall continue in full force and effect. The Customer shall obtain and maintain for the entire term of this Rental Agreement, at its own expense, insurance against loss or damage to the Equipment including without limitation, loss by fire and theft, naming SNAP as the sole loss payee. The amount of insurance covering damage to or loss of the Equipment shall not be less than the full replacement value of the Equipment. Such insurance and written evidence thereof shall be delivered to SNAP or the SNAP's designee and must be satisfactory to SNAP. If the Customer fails to provide such evidence at any point during the duration of the Rental Agreement, then SNAP shall have the right, but not the obligation, to have SNAP's own insurance placed at the Customer's expense. SNAP may at the SNAP's discretion use the SNAP's insurance on the Equipment at the Customer's expense until evidence of satisfactory insurance is received by SNAP or the SNAP's designee. The Customer's expense shall include the full premium paid for the SNAP's insurance (not reduced by any credit or refund or any other amount due or paid to SNAP or the SNAP's affiliate with respect to the SNAP's insurance) and any charges or fees of SNAP and of its designee's associated with SNAP's insurance. The Customer shall pay such amounts in equal installments allocated to each Rental Agreement payment plus interest on such amounts at 1.5% per month or the highest rate permitted by law, whichever is less. In the event that any item of Equipment shall become lost, stolen, destroyed or damaged beyond repair for any reason, or in the event of any condemnation, confiscation, theft or seizure or expropriation of such item, the Customer shall promptly pay to SNAP an amount equal to (1) the cost that the subject Rental Agreement is based on and (2) the amount of income earned by SNAP to the date of repudiation as determined by generally accepted and standard accounting principles as they pertain to installment payment transaction and (3) the amount of any sales taxes remitted by SNAP in respect to the Customer's unpaid payments less the total of the rental payments and unencumbered rental deposits, if any, not including sales taxes, made by the Customer.
- Representations:** Customer represents, warrants and covenants throughout the Term that: (A) if Customer is a body corporate, it is and will continue to be validly incorporated (or otherwise established), organized and existing and in good standing; (B) it has all necessary power and authority to execute, deliver and perform this Rental Agreement, (C) this Rental Agreement is and will continue to be the legal, valid and binding obligation of Customer enforceable against it and effective against its creditors in accordance with its terms; (D) there are no pending or threatened actions or proceedings before any court, administrative agency or other tribunal that could have a material adverse effect on Customer; (E) financial statements and other related information furnished by Customer to SNAP are prepared in accordance with generally accepted accounting principles and fairly present Customer's financial position on their respective date.
- Termination and Renewal:** Upon expiration of the Term, Customer agrees to deliver the Equipment to SNAP at Customer's expense, in good working order and repair. If the Customer chooses to return the equipment upon the termination of this Rental Agreement but returns it incomplete, the customer shall be fully liable to SNAP for the value of the unreturned components as determined by SNAP. If the Customer does not return the Equipment to SNAP upon the termination of this Rental Agreement in accordance with the terms of this paragraph, then this Rental Agreement shall be automatically renewed without notice for an additional twelve (12) month term subject to the same terms and conditions hereof (including the renewal provision) and the periodic rent payable during such renewal period will be the amount due for the last such period prior to the expiry of the Initial Term of this Rental Agreement.

12/28/2008 13:57

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GASOLINE ALLEY SHELL

PAGE 04/06



SNAP Commercial Finance Corp. "SNAP"
530 Centre Street
Vancouver, BC V6B 2N7
www.snapfinancial.com

Toll Free Tel: 866-894-2806
Tel/Fax: 604-694-2807
commercial@snapfinancial.com
GST #R7045 2218

ADDENDUM

PURCHASE OPTION AVAILABILITY

Subject to the Terms and Conditions under the Equipment Rental Agreement No. 64600, you may purchase the Equipment after 48 months for \$10.00 plus applicable taxes subject to the following conditions:

1. You are not in Default as defined in Section 14 of the Equipment Rental Agreement;
2. You have paid all rentals and other charges prior to the Option Date on their due dates;
3. You notify us in writing of your intent to exercise such option no more than sixty (60) days and no fewer than thirty (30) days prior to the Option Date;
4. You pay us the Option Price plus applicable taxes no later than the Option Date.

Subject to the above noted conditions and after receipt of notice and payment, we will transfer all of our interest in the Equipment to you on the Option Date on an "as is, where is" basis without any condition, representation, or warranty by us of any kind whatsoever except that you acquire such interest from SNAP free of Encumbrances caused by us.

BUYER ACKNOWLEDGEMENT	
(1) Legal Name: Al Cheragh International Corporation	(1) Authorized Signature:
(2) Legal Name: Abdul Alla Kareem	(2) Authorized Signature:
(3) Legal Name:	(3) Authorized Signature:
(4) Legal Name:	(4) Authorized Signature:

RECEIVED BY	
SNAP Commercial Finance Corp.	Authorized Signature: Acceptance Date: <u>Dec 9/14</u>

This Addendum is non-binding on SNAP if not accompanied by the subject Rental Agreement and executed by the same officer who executes the Rental Agreement.

APPENDIX “F”



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON N6A 5R8
CANADA

T 519.931.3500
F 519.858.8511

MILLERTHOMSON.COM

May 2, 2018

Tony Van Klink
Direct Line: 519.931.3509
tvanklink@millerthomson.com

Delivered via E-mail (deborah@spergel.ca)

File: 0225982.0002

msi Spergel Inc.
200-505 Consumers Road
Toronto, ON M2J 4V8

Attention: Deborah Hornbostel

Dear Deborah:

Re: AI-Cheragh International Corporation ("AIC"), 6413340 Canada Inc. ("641 Canada") and 7149816 Canada Inc. ("714 Canada" and collectively, the Debtors")

By Order of the Honourable Mr. Justice Hainey dated February 1, 2018, msi Spergel Inc. (the "Receiver") was appointed as receiver of the assets, undertakings and properties of the Debtors. In general terms, the assets of the Debtors consist of the following:

1. The real property municipally known as 1525 Highway 11, North, Shanty Bay, Ontario and legally described as PT LT A CON 2 EPR ORO PTS 1 & 2, 51R6107; ORO-MEDONTE (being PIN 58552-0076 in the Simcoe (#51) Land Registry Office) (the "Real Property");
2. The chattels and personal property used in the operation of the businesses from the Real Property (the "Personal Property"); and
3. The leases and rents for the Real Property (the "Leases and Rents").

The Receiver has entered into an Agreement of Purchase and Sale dated April 16, 2018 for the sale of the right, title and interest, if any, of the Debtors in the Real Property, the Personal Property and the Leases. We understand that 714 Canada previously operated a restaurant located on the Real Property, but had ceased operating the restaurant at the date of the Receivership Order. As of the date of the Receivership Order AIC operated the restaurant and was the owner of the chattels located in the restaurant. As such, it is our understanding that the proposed sale does not include any personal property of 714 Canada.

The Personal Property includes a rooftop HVAC unit ("HVAC Unit") rented by AIC from SNAP Commercial Finance Corp. ("SNAP") which is affixed to the Real Property.

During the course of the receivership, the Receiver has collected the rents for the Real Property.

The following is our report to you and our opinion on the following:

1. The validity and enforceability of the mortgage security held by Bank of Montreal ("BMO") against the Real Property;
2. The validity and enforceability of the security held by BMO against the Personal Property;
3. The validity and enforceability of the security held by BMO against the Leases and Rents;
4. The validity and enforceability of the security held by SNAP against the HVAC Unit; and
5. The relative priority of the security held by BMO and SNAP to the HVAC unit.

ASSUMPTIONS AND QUALIFICATIONS

The opinions expressed in this letter are subject to the qualifications and assumptions set forth on Schedule "A" to this letter.

SEARCHES

We have conducted the following searches concerning AIC:

1. Corporate Search - We conducted a corporate search on April 25, 2018 which confirmed that AIC was incorporated under the laws of Canada under its present name on June 28, 2005. The search confirmed that AIC is overdue on its annual filings, but had not been dissolved;
2. Land Titles – We performed a subsearch of the Real Property on April 25, 2018. That subsearch disclosed the following registrations:
 - (a) Notice of Lease in favour of Shell Canada Products Limited registered on September 25, 2003 as instrument SC154358;
 - (b) Notice of Lease in favour of Shell Canada Products Limited registered on March 1, 2007 as instrument SC524543;
 - (c) Charge in the principal amount of \$1,725,000 in favour of BMO registered on May 5, 2011 as instrument SC899724 ("BMO Charge");
 - (d) Notice of Assignment of Rents in favour of BMO registered on May 5, 2011 as instrument SC899725 ("Assignment of Rents");
 - (e) Notice of Security Interest in the principal amount of \$10,320 in favour of SNAP registered on December 4, 2014 as instrument SC1180060; and
 - (f) Lien in the principal amount of \$24,253 in favour of Her Majesty the Queen in Right of Canada as Represented by the Minister of National Revenue registered on November 17, 2016 as instrument SC1362455.



3. *Planning Act* – We completed abutting lands searches for the Real Property as of the date of the granting of the BMO Charge to ensure compliance of the BMO Charge with s. 50 of the *Planning Act*. The abutting lands searches confirmed that AIC was not the registered owner of any abutting lands at the date of the registration of the BMO Charge on title to the Real Property;
4. *Personal Property Security Act* (Ontario) ("*PPSA*") – We obtained a search of registrations against AIC under the *PPSA* which search was current as of April 24, 2018. The registrations disclosed by that search are summarized on Schedule "B" to this letter; and
5. *Bank Act* (Canada) – We conducted a search of registrations against AIC under the *Bank Act* which search was current as of April 25, 2018. That search did not disclose any outstanding registrations against AIC as of that date.

We have conducted the following searches concerning 641 Canada:

1. Corporate Search - We conducted a corporate search on April 25, 2018 which confirmed that 641 Canada was incorporated under the laws of Canada under its present name on June 30, 2005. The search confirmed that 641 Canada is overdue on its annual filings, but had not been dissolved;
2. *PPSA* – We obtained a search of registrations under the *PPSA* against 641 Canada with a file currency of April 24, 2018. The registrations disclosed by that search are summarized on Schedule "C" to this letter; and
3. *Bank Act* (Canada) – We conducted a search of registrations against 641 Canada under the *Bank Act* which search was current as of April 25, 2018. That search did not disclose any outstanding registrations against 641 Canada as of that date.

We have conducted the following searches concerning 714 Canada:

1. Corporate Search - We conducted a corporate search on April 25, 2018 which confirmed that 714 Canada was incorporated under the laws of Canada under its present name on April 1, 2009. The search confirmed that 714 Canada is overdue on its annual filings and that a Certificate of Dissolution was issued on January 23, 2017;
2. *PPSA* – We obtained a search of registrations under the *PPSA* against 714 Canada with a file currency of April 24, 2018. The registrations disclosed by that search are summarized on Schedule "D" to this letter; and
3. *Bank Act* (Canada) – We conducted a search of registrations against 714 Canada under the *Bank Act* which search was current as of April 25, 2018. That search did not disclose any outstanding registrations against 714 Canada as of that date.



SECURITY REVIEWED**BMO**

We have reviewed copies of the following security documents granted by AIC to BMO:

1. The BMO Charge together with an Acknowledgment and Direction dated January 24, 2011 executed by AIC authorizing the registration of the BMO Charge; and
2. A General Security Agreement dated December 24, 2011 ("BMO AIC GSA").

We have reviewed a copy of the following security document granted by 641 Canada to BMO:

1. A General Security Agreement dated December 24, 2011 ("BMO 641 Canada GSA").

We have reviewed a copy of the following security document granted by 714 Canada to BMO:

1. A General Security Agreement dated January 24, 2011 ("BMO 714 Canada GSA").

SNAP

We have reviewed a copy of the following agreement between SNAP and AIC:

1. Rental Agreement number 64600 dated December 9, 2014 with respect to the HVAC Unit ("SNAP Agreement").

The BMO Charge

The BMO Charge was registered electronically in the Simcoe Land Registry Office on May 5, 2011 as instrument SC899724. The registered BMO Charge indicates that it was signed by Abdul Alla Kareem on behalf of AIC. The Acknowledgment and Direction authorizing the electronic registration of the BMO Charge was also signed by Mr. Kareem on behalf of AIC.

The BMO Charge is in the principal amount of \$1,725,000 and is a collateral charge securing all indebtedness of AIC to BMO.

The BMO AIC GSA

The BMO AIC GSA has been executed by Mr. Kareem on behalf of AIC. Under the terms of the BMO AIC GSA, AIC granted BMO a security interest in all of AIC's present and after acquired personal property as security for all of its present and future indebtedness to BMO.

The BMO 641 Canada GSA

The BMO 641 Canada GSA has been executed by Mr. Kareem on behalf of 641 Canada. Under the terms of the BMO 641 Canada GSA, 641 Canada granted BMO a security interest in all of 641 Canada's present and after acquired personal property as security for all of its present and future indebtedness to BMO.



The BMO 714 Canada GSA

The BMO 714 Canada GSA has been executed by Mr. Kareem on behalf of 714 Canada. Under the terms of the BMO 714 Canada GSA, 714 Canada granted BMO a security interest in all of 714 Canada's present and after acquired personal property as security for all of its present and future indebtedness to BMO.

Notice of Assignment of Rents

The Notice of Assignment of Rents was registered on title to the Real Property on May 5, 2022. An Acknowledgment and Direction authorizing the electronic registration of the Notice of Assignment of Rents was signed by Mr. Kareem on behalf of AIC. Under the Notice of Assignment of Rents, AIC assigned its interest in the rents of the Real Property to BMO.

The SNAP Agreement

The SNAP Agreement has been executed by Mr. Kareem on behalf of AIC and a senior manager on behalf of SNAP. Under the terms of the SNAP Agreement, SNAP agreed to lease the HVAC Unit to AIC for a term of 48 months commencing on December 1, 2014. The SNAP Agreement includes a purchase option which permits AIC to purchase the HVAC Unit at the conclusion of the 48 month term for \$10, plus applicable taxes.

Given the nominal amount of the purchase option, in our opinion the SNAP Agreement is a financing arrangement that in substance creates a security interest and is subject to the *PPSA*.

PPSA Registrations

The *PPSA* registrations outstanding against the Debtors as of April 24, 2018 are summarized on Schedules "B", "C" and "D".

The registrations in favour of BMO against the Debtors are in proper form and perfect the security interests created by the BMO AIC GSA, BMO 641 Canada GSA, BMO 714 Canada GSA and the Notice of Assignment of Rents.

The registration in favour of SNAP against AIC is in proper form and perfects the security interest in the HVAC Unit created by the SNAP Agreement.

The BMO registration under the *PPSA* is prior in time to the SNAP registration under the *PPSA*. However, because SNAP's security interest in the HVAC equipment is a purchase money security interest, it will have priority over BMO's security interest in the HVAC unit.

The Toronto-Dominion Bank has outstanding *PPSA* registrations against AIC and 641 Canada. We understand that no indebtedness remains owing by AIC and 641 Canada to The Toronto-Dominion Bank.

SNAP Notice of Security Interest

SNAP registered a Notice of Security Interest in respect of the HVAC Unit against title to the Real Property on December 4, 2014 as instrument SC1180060.

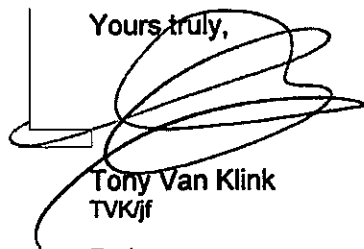


OPINIONS

Subject to the qualifications and assumptions set forth on Schedule "A" to this letter, we are of the opinion that:

1. The BMO Charge is valid and enforceable security against the Real Property;
2. BMO has a valid and perfected security interest in the Personal Property;
3. BMO has a valid and perfected security interest in the Leases and Rents;
4. SNAP has a valid and perfected purchase money security interest in the HVAC Unit;
5. SNAP's purchase money security interest in the HVAC Unit has priority over BMO's security interest in the HVAC Unit; and
6. If the HVAC Unit is a fixture to the Real Property, the security interest of SNAP in the HVAC unit has priority over BMO's security in the HVAC Unit under the BMO Charge.

Yours truly,



Tony Van Klink
TVK/jf

Enclosure



SCHEDULE "A"

Genuineness and Authenticity

We assume the genuineness of all signatures and the authenticity of all documents or copies thereof.

Equity and other Statutory Limitations

The opinions herein expressed are subject to any equities between the parties of which we have no notice or knowledge.

Proper Corporate Authorization

We assume that the security documents described in the attached letter have been executed by proper signing officers of the Debtors duly authorized.

Accuracy of PPSA Register and Public Records

We have assumed the accuracy of all public records, indexes and filing systems which we have searched or have caused inquiries to be made. We also assume that the registrations disclosed by the *PPSA* and *Bank Act* searches which we have conducted accurately reflects the contents of and all registrations affecting the Debtors made by all secured parties.

Laws of Ontario

The opinions expressed herein, insofar as same relate to personal property, are limited to personal property located in the Province of Ontario. The opinions expressed herein are, as well, limited to the laws of the Province of Ontario and all federal laws applicable therein.

Attachment

We assume that the Debtors either owned or had rights akin to ownership in respect of the Personal Property to permit the security interests created in the BMO AIC GSA, BMO 641 CANADA GSA, BMO 714 CANADA GSA and SNAP Agreement to attach within the meaning of the *PPSA*.

Consideration and Outstanding Indebtedness

We assume that consideration was given by the secured parties to whom the security documents described in the attached letter were granted to support the granting of those security documents.

Subordination

We assume that there is no agreement between BMO and SNAP by which SNAP agreed to subordinate its security interest in the HVAC Unit to the BMO security.



SCHEDULE "B"**ONTARIO PERSONAL PROPERTY SECURITY ACT SEARCH
IN THE NAME OF AL-CHERAGH INTERNATIONAL CORPORATION****FILE CURRENCY: APRIL 24, 2018**

REGISTRATION NO.	SECURED PARTY	COLLATERAL CLASSIFICATION	PPSA (P)/ RSLA (R)
20051005 1938 1531 1454 20100810 1452 1530 8052 20150817 1946 1531 8484	The Toronto-Dominion Bank – Barrie C.B.C. 20722 CAS 3471	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	P
20110505 1416 1793 9104 20160324 1146 9011 2046	Bank of Montreal	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	P
20141208 1700 1901 0290	SNAP Commercial Finance Corp.	Equipment, Other	P
20160727 0915 1590 3556	Bank of Montreal	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	P



SCHEDULE "C"**ONTARIO PERSONAL PROPERTY SECURITY ACT SEARCH
IN THE NAME OF 6413340 CANADA INC.****FILE CURRENCY: APRIL 24, 2018**

REGISTRATION NO.	SECURED PARTY	COLLATERAL CLASSIFICATION	PPSA (P)/ RSLA (R)
20051005 1938 1531 1444 20100810 1452 1530 8051 20150817 1946 1531 8483	The Toronto-Dominion Bank – Barrie C.B.C. 20722 CAS 3471	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	P
20110505 1414 1793 9102 20160324 1200 9011 2047	Bank of Montreal	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	P
20160727 0909 1590 3555	Bank of Montreal	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	P



SCHEDULE "D"**ONTARIO PERSONAL PROPERTY SECURITY ACT SEARCH
IN THE NAME OF 7149816 CANADA INC.****FILE CURRENCY: APRIL 24, 2018**

REGISTRATION NO.	SECURED PARTY	COLLATERAL CLASSIFICATION	PPSA (P)/ RSLA (R)
20110505 1416 1793 9105 20160324 1201 9011 2048	Bank of Montreal	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	P
20160727 0919 1590 3557	Bank of Montreal	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	P



APPENDIX “G”



Canada Revenue Agency
Agence du revenu
du Canada

MAR 14 2018

Tax Centre
Kitchener ON N2H 0A9

March 08, 2018

AL-CHERAGH INTERNATIONAL CORPORATION
C/O MSI SPERGEL INC
200 - 505 CONSUMERS RD
NORTH YORK ON M2J 4V8

Account Number
83448 2275 RT0001

Dear Sir or Madam:

Re: AL-CHERAGH INTERNATIONAL CORPORATION

We understand that you have been appointed Receiver for the above GST/HST registrant. Currently, the registrant owes us goods and services tax / harmonized sales tax (GST/HST) of \$29,424.82.

Period outstanding	GST/HST payable	Penalty & Interest	Total payable
2010-09-30	\$ 176.51	\$ 142.40	\$ 318.91
2010-12-31	\$3,192.53	\$1,358.74	\$4,551.27
2011-03-31	\$1,022.18	\$ 421.29	\$1,443.47
2011-06-30	\$6,271.15	\$2,465.70	\$8,736.85
2011-09-30	\$ 462.62	\$ 174.75	\$ 637.37
2011-12-31	\$ 187.58	\$ 105.16	\$ 292.74
2012-03-31	\$ 95.95	\$ 111.12	\$ 207.07
2012-06-30	\$ 440.74	\$ 143.82	\$ 584.56
2012-09-30	\$ 338.55	\$ 142.15	\$ 480.70
2012-12-31	\$ 579.08	\$ 170.26	\$ 749.34
2013-03-31	\$ 182.49	\$ 51.82	\$ 234.31
2014-03-31	\$ 751.80	\$ 159.68	\$ 911.48
2014-06-30	\$ 814.56	\$ 170.39	\$ 984.95
2014-09-30	\$ 419.64	\$ 77.29	\$ 496.93
2015-03-31	\$ 779.10	\$ 128.38	\$ 907.48
2015-06-30	\$ 529.16	\$ 79.49	\$ 608.65
2015-09-30	\$1,480.15	\$ 230.12	\$1,710.27
2015-12-31	\$ 883.69	\$ 109.88	\$ 993.57
2016-03-31	\$ 97.72	\$ 10.81	\$ 108.53
2016-06-30	\$ 89.91	\$ 8.68	\$ 98.59
2016-09-30	\$ 466.28	\$ 44.96	\$ 511.24
2016-12-31	\$ 982.75	\$ 73.49	\$1,056.24

.../2

Canada

National Insolvency Office
166 Frederick Street
Kitchener ON N2H 0A9

Local : 519-570-5438
Toll Free : 1-866-323-0336
Fax : 519-570-5424
Web site : canada.ca/taxes

- 2 - Acct No: 83448 2275 RT0001

2017-03-31	\$1,375.23	\$ 99.31	\$1,474.54
2017-06-30	\$1,189.75	\$ 60.74	\$1,250.49

Under subsection 222(3) of the "Excise Tax Act," \$22,809.12 which is included in the above totals, is held in trust and forms no part of the property, business, or estate of AL-CHERAGH INTERNATIONAL CORPORATION in receivership. This is the case whether or not those funds have in fact, been kept separate and apart from the person's own money or from the assets of the estate.

The Receiver General should be paid the total amount of this trust, namely \$22,809.12, out of the realization of any property subject to these statutory trusts. This should take priority over all other creditors. Please forward your payment by return mail as soon as possible. If this is not possible, please indicate when payment will be forthcoming.

Please advise when payment of the remaining balance of \$6,615.70, will be forthcoming. We draw your attention to sections 266 and 270 of the "Excise Tax Act."

This letter will also serve to notify you that as a Receiver you are required to collect and remit GST/HST according to paragraph 266(2)(d) and to file any applicable returns as provided in paragraphs 266(2)(f) and (g) of the "Excise Tax Act."

Please note, on November 17, 2016 Canada Revenue Agency registered a lien on title on PIN: 58552-0076 with legal description: PT LT A CON 2 EPR ORO PTS 1 & 2, 51R6107; ORO-MEDONTE, known municipally as: 1525 Hwy 11 North, Shanty Bay, ON, in the amount of \$24,253.39. The current value of the lien is \$23,780.87, and applies to all GST/HST owing for periods ending 2010-09-30 through 2016-03-31. Interest will continue to accrue on this balance until payment in full is received.

If you have any questions, please contact W. Rueger of the Revenue Collection Division at one of the telephone numbers provided in this letter.

Yours truly,



W. Rueger 1215
Revenue Collections

APPENDIX “H”

Tax Profile**Township of Oro-Medonte**

148 Line 7 South Oro-Medonte ON L0L 2E0

Roll Number

4346-010-007-02000-0000

Legal DescriptionCON 2 PT LOT A RP 51R6107
PARTS 1 & 2**Location**

01525 HIGHWAY 11

AL-CHERAGH INTERNATIONAL
CORPORATION
8104 8th LINE
ESSA ON L0M 1T0

Date	Reference	Transaction	Type	Description	Amount	Balance
2018/01/01		1st Year Arrears Interest	Interest	Balance Transfer from 2017	\$972.70	\$972.70
2018/01/01		2nd Year Arrears Interest	Interest	Balance Transfer from 2017	\$460.92	\$1,433.62
2018/01/01		1st Year Arrears	Adjustment	Balance Transfer from 2017	\$20,799.50	\$22,233.12
2018/01/01		2nd Year Arrears	Adjustment	Balance Transfer from 2017	\$9,218.33	\$31,451.45
2018/01/09		1st Year Arrears Interest	Interest	Batch 1	\$259.99	\$31,711.44
2018/01/09		2nd Year Arrears Interest	Interest	Batch 1	\$115.23	\$31,826.67
2018/01/19	1	Interim - 1st inst.	Billing		\$5,200.75	\$37,027.42
2018/01/19	1	Interim - 2nd inst.	Billing		\$5,199.00	\$42,226.42
2018/02/06		1st Year Arrears Interest	Interest	Batch 1	\$259.99	\$42,486.41
2018/02/06		2nd Year Arrears Interest	Interest	Batch 1	\$115.23	\$42,601.64
2018/03/08		1st Year Arrears Interest	Interest	Batch 1	\$259.99	\$42,861.63
2018/03/08		2nd Year Arrears Interest	Interest	Batch 1	\$115.23	\$42,976.86
2018/03/08		Interim - 1st inst. Interest	Interest	Batch 1	\$65.01	\$43,041.87
2018/04/06		1st Year Arrears Interest	Interest	Batch 1	\$259.99	\$43,301.86
2018/04/06		2nd Year Arrears Interest	Interest	Batch 1	\$115.23	\$43,417.09
2018/04/06		Interim - 1st inst. Interest	Interest	Batch 1	\$65.01	\$43,482.10

	2015	2016	2017	2018	Totals	Deferred/Legal
Levied	\$19,960.09	\$20,060.24	\$20,799.50	\$10,399.75		
Owing	\$0.00	\$9,218.33	\$20,799.50	\$10,399.75	\$40,417.58	\$0.00
Interest	\$0.00	\$921.84	\$2,012.66	\$130.02	\$3,064.52	\$0.00
Totals	\$0.00	\$10,140.17	\$22,812.16	\$10,529.77	\$43,482.10	\$0.00

APPENDIX “I”

Court File No. CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

**AL-CHERAGH INTERNATIONAL CORPORATION,
6413340 CANADA INC. and 7149816 CANADA INC.**

Respondents

**AFFIDAVIT OF DEBORAH HORNBOSTEL
(Sworn May 2, 2018)**

I, DEBORAH HORNBOSTEL, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a licensed trustee with msi Spergel Inc. ("MSI"), and as such have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.
2. By Order of the Honourable Justice Hainey dated February 1, 2018, Spergel was appointed as Receiver of the Respondents.
3. In connection with the receiverships of the Respondents, total fees of \$114,357 were incurred by MSI to and including April 30, 2018, exclusive of HST, as detailed in the

Consolidated Summary of Receiver Fees appended hereto as **Exhibit "1"** to this my Affidavit.

This represents 313.30 hours at an effective hourly rate of \$365.

4. The corresponding detailed time dockets for each receivership is appended hereto as **Exhibit "2"** to this my Affidavit.

5. To the best of my knowledge the rates charged by MSI in connection with acting as Receiver are comparable to the rates charged by other firms for the provision of similar services.

SWORN before me at the City of
Toronto, in the Province of Ontario
this 2nd day of May, 2018.



Commissioner for Taking Affidavits

Barbara Eileen Sturge, a Commissioner, etc.,
Province of Ontario, for MSI Spergel Inc. and
Spergel & Associates Inc.
Expires September 21, 2019.

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)
)
)
)



Deborah Hornbostel

**Exhibit "1" of the Affidavit of
Deborah Hornbostel
Sworn before me on this 2nd day of May, 2018**

B. Eileen Sturge
A Commissioner, Etc.

**Barbara Eileen Sturge, a Commissioner, etc.,
Province of Ontario, former Spengel Inc. and
Spengel & Associates Inc.
Expires September 21, 2019.**

Consolidated Summary of Receiver's Fees to April 30, 2018

<u>Estate:</u>	<u>Al-Cheragh International Corporation</u>	<u>6413340 Canada</u>	<u>7149816 Canada</u>	<u>Total</u>
		<u>Inc.</u>	<u>Inc.</u>	
Fees	\$ 70,670.00	\$ 35,448.50	\$ 8,238.50	\$ 114,357.00
Hours	191.60	97.10	24.60	313.30
Average Fees per Hour	\$ 368.84	\$ 365.07	\$ 334.90	\$ 365.01

**Exhibit "2" of the Affidavit of
Deborah Hornbostel
Sworn before me on this 2nd day of May, 2018**

B. Eileen Sturge
A Commissioner, Etc.

Barbara Eileen Sturge, a Commissioner, etc.,
Province of Ontario, for ms1 Spergel Inc. and
Spergel & Associates Inc.
Expires September 21, 2019.

Filters Used:

- Time Entry Date: 1/01/70 to 4/30/18
 - File ID: AAACIC-R: to AAACIC-R;

MSGG - Detailed Time Dockets

Printed on: 5/02/18

Page 1 of 9

File Name (ID): AL-CHERAGH INTERNATIONAL CORPORATION (AAACIC-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Alan Spergel (ASP)					
Mon	02/26/2018	Review / sign cheque (1)	0.10	\$495.00	\$49.50
Wed	03/28/2018	Review and sign cheque	0.10	\$495.00	\$49.50
Fri	04/20/2018	Review + sign cheque	0.10	\$495.00	\$49.50
Alan Spergel (ASP)			0.30		\$148.50
Daniel Battiston (DBA)					
Tues	01/30/2018	Review court application record and documents received from BMO in anticipation of receivership appointment.	0.80	\$325.00	\$260.00
Wed	01/31/2018	Draft notices in anticipation of receivership appointment. Arrange for locksmith to attend premises.	1.00	\$325.00	\$325.00
Thur	02/01/2018	Receivership appointment. Travel to debtor premises. Meet with principals to discuss appointment and serve court order. Taking possession matters (photos of premises, post notices, inventory of goods on site, changing of locks to premises and fuel tanks, etc). Meeting with tenants to serve appointment order and notice re: direction of rent. Return travel.	2.30	\$325.00	\$747.50
Fri	02/02/2018	Further communication with tenants re: appointment of receiver. Service of appointment order and notice re: direction of rent to Rocket Fireworks. Review of insurance certificate and draft lease agreement provided by Rocket Fireworks. Discussions with Orkin Canada re: freezing of pipes issues. Discussions with contractors re: snow removal at premises. Review snow removal quotes obtained. Draft and send notices to CIBC and TD re: freezing and redirection of funds from corporate bank accounts. Follow up attempts with CIBC and TD.	2.20	\$325.00	\$715.00
Mon	02/05/2018	Review corporate profile search and PPSA. Draft and send notices to Meridian Credit Union re: appointment of receiver and request to freeze corporate bank accounts. Address snow removal at premises. Address issue re: frozen pipes within tenant premises. Discussions with DH re: outstanding matters to date and strategy moving forward.	2.20	\$325.00	\$715.00
Tues	02/06/2018	Assistance with Orkin Canada issue re: frozen water pipes. Discussions with DH re: operate or not, sales process, and appraisals. Review of appraisals and environmental reports received to date.	2.10	\$325.00	\$682.50
Thur	02/08/2018	Prepare letters and correspondence to utility and service providers re: appointment of receiver and request for new accounts for service. Prepare and send correspondence to Township re: property tax information. Prepare and finalize notice of receiver. Review correspondence from Township re: property tax information. Discussion with Cletus Castellino re: affairs of debtor.	1.90	\$325.00	\$617.50
Fri	02/09/2018	Correspondence to corporate accountant re: appointment of receiver and request for financial information.	0.50	\$325.00	\$162.50
Mon	02/12/2018	Arrangements re: on-site inspections. Assistance with arranging access for appraisals. Review mail. Respond to inquiries from creditors. Review environmental report. Draft correspondence to creditors and service providers. Assistance with opening estate bank accounts.	1.30	\$325.00	\$422.50
Wed	02/14/2018	Respond to tenants re: heating and water issues. Draft additional correspondence to Orkin Canada re: lease and insurance documentation.	1.00	\$325.00	\$325.00

Filters Used:

- Time Entry Date: 1/01/70 to 4/30/18
 - File ID: AAACIC-R: to AAACIC-R:

MSGG - Detailed Time Dockets

Printed on: 5/02/18

Page 2 of 9

File Name (ID): AL-CHERAGH INTERNATIONAL CORPORATION (AAACIC-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Daniel Battiston (DBA)					
Fri	02/16/2018	Correspondence with appraiser re: outstanding items required. Review tenant lease documentation obtained to date. Draft rent roll. Assist with responding to incident on-site re: car accident, and arrange for on-site response. Discussions with on-site contractors re: clean-up and safety matters. Follow up with responding police units re: incident report. Discussions with gas contractor. All other matters re: resolution of incident.	3.70	\$325.00	\$1,202.50
Tues	02/20/2018	Further matters re: car accident at property. Initiated insurance claim with insurance broker/provider. Arrange for access to Rocket Fireworks premises to access gas pump management system. Assistance with heating issue at Orkin Pest Control. Look into matter re: minor flooding at Rocket Fireworks. Discussions with Robin Jones (appraiser) and provide additional information required for appraisal of property. Follow up with tenants re: lease delivery and payment of February rent. Address issues with Hydro One billings. Follow up with CIBC, TD, Meridian re: notices to freeze bank accounts. Review information provided by CIBC re: withdrawal of funds from corporate account prior to receipt of appointment order. Arrange for appraiser to re-attend premises.	4.20	\$325.00	\$1,365.00
Wed	02/21/2018	Further assistance with Orkin Canada heating issue. Arrange for HVAC contractor to attend premises and address heating problem. Additional follow up with tenants re: February rent payments and delivery of leases.	2.60	\$325.00	\$845.00
Thur	02/22/2018	Review response from TD re: corporate accounts.	0.60	\$325.00	\$195.00
Fri	02/23/2018	Provide further assistance to appraisers re: additional information required. Discussion with interested party re: vacant space at premises and arrange for site visit. Discussions with claims adjuster re: insurance claim and provide requested information to assist with claim to date.	2.10	\$325.00	\$682.50
Mon	02/26/2018	Further assistance to appraiser re: additional information required with respect to tenant leases and rent roll. Begin drafting CIM re: sales process.	1.60	\$325.00	\$520.00
Tues	02/27/2018	Assistance with septic tank and tenant plumbing issues. Arrange for contractor to attend property to address. Continue drafting CIM re: sales process.	2.60	\$325.00	\$845.00
Wed	02/28/2018	Correspondence with tenants re: payment of March 2018 rent. Review insurance certificate provided by Orkin Canada. Follow up with Parkland Management re: equipment supply agreement. Discussions with DH re: Parkland claim for third party equipment. Review of inspector photos re: February 27th attendance at property. Review correspondence from TD Bank re: collection action against principal. Draft non-disclosure agreement re: CIM.	3.60	\$325.00	\$1,170.00
Thur	03/01/2018	Review correspondence from Access Cash re: terminal located on site. Review supplier invoices received. Draft offer sheet and terms of conditions of sale re: CIM.	3.20	\$325.00	\$1,040.00
Fri	03/02/2018	Confirmation of tenant rent payment. Prepare deposit requisitions for banking. Correspondence with Rocket Fireworks re: water leak into unit.	1.40	\$325.00	\$455.00
Tues	03/06/2018	Assist with Dante Petroleum access to Rocket Fireworks unit. Continue drafting CIM and related appendices.	1.20	\$325.00	\$390.00

Filters Used:

- Time Entry Date: 1/01/70 to 4/30/18
 - File ID: AAACIC-R; to AAACIC-R;

MSGG - Detailed Time Dockets

Printed on: 5/02/18

Page 4 of 9

File Name (ID): AL-CHERAGH INTERNATIONAL CORPORATION (AAACIC-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Daniel Battiston (DBA)					
Mon	03/26/2018	Review quote from Dante Petroleum re: pump & light pole replacement. Assistance with sales process re: distribution of confidentiality agreement/CIM to interested buyers and reposing to questions/concerns. Request for Dante Petroleum to quote replacement of paneling on pumps. Contact signage suppliers re: property "for sale" sign.	3.60	\$325.00	\$1,170.00
Tues	03/27/2018	Assistance with sales process re: distribution of confidentiality agreement/CIM to interested buyers and reposing to questions/concerns. Correspondence with Cardwell Sign re: property "for sale" sign. Obtain quote from Cardwell Sign. Draft and finalize artwork for signage. Review of contractor invoice re: snow clearing and processing for payment. Respond to prospective purchaser questions re: sales process. Review claims letter from Claims Pro re: insurance claim. Review quote from Cardwell Sign. Follow up with Parkland Management re: pump de-branding issues. Email correspondence with Rocket Fireworks re: potential access to unit and water issues.	4.60	\$325.00	\$1,495.00
Wed	03/28/2018	Further correspondence with Cardwell sign re: quote and installation of signage. Further email correspondence with Rocket Fireworks re: water issues. Resolution of Parkland Management/Country Signs de-branding of gas pump issues. Deposit requisition for tenant rent collection. Reconciliation of tenant rents received to date.	3.10	\$325.00	\$1,007.50
Thur	03/29/2018	Assistance with sales process re: distribution of confidentiality agreement/CIM to interested buyers and reposing to questions/concerns. Approval of "for sale" sign artwork. Draft and finalize Kijiji advertisement re: sale of property.	2.80	\$325.00	\$910.00
Fri	03/30/2018	Assistance with sales process re: distribution of confidentiality agreement/CIM to interested buyers and reposing to questions/concerns.	2.10	\$325.00	\$682.50
Mon	04/16/2018	Assistance with sales process and re-submission of offers from prospective purchasers. Discussions with DH. Discussions with prospective purchasers re: deadline to submit revised offers.	2.30	\$325.00	\$747.50
Tues	04/17/2018	Assistance with property matters re: Rocket Fireworks and snow clearing at property. Review and process supplier invoices for payment. Assistance with execution of purchase and sale agreement and correspondence with agent of proposed purchaser. Discussions with other parties re: rejected offers and return of deposits.	2.00	\$325.00	\$650.00
Wed	04/18/2018	Discussions with EM and TP re: closing of property. Review of letters and correspondence to be issued subsequent to closing.	1.40	\$325.00	\$455.00
Thur	04/19/2018	Being draft of report to court.	2.10	\$325.00	\$682.50
Fri	04/20/2018	Continue drafting court report. Additional matters re: wrap-up of sales process. Discussions with LockIt re: repair and maintenance work required at property.	5.10	\$325.00	\$1,657.50
Mon	04/23/2018	Further drafting of court report.	2.60	\$325.00	\$845.00
Tues	04/24/2018	Prepare and finalize correspondence re: permission letter for Rocket Fireworks. Review statement of claim from creditor. Review SNAP Commercial documentation and discussion with DH. Further review of PPSA. Further drafting of court report.	4.60	\$325.00	\$1,495.00
Wed	04/25/2018	Follow up with insurance adjuster re: status of claim. Court report.	1.50	\$325.00	\$487.50
Daniel Battiston (DBA)			112.50		\$36,562.50
Deborah Hornbostel (DHO)					
Mon	01/22/2018	Review email from Chris Staples, execute and issue Consent to act as Receiver and send pdf via email to Chaitons.	0.10	\$495.00	\$49.50

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File Name (ID): AL-CHERAGH INTERNATIONAL CORPORATION (AAACIC-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Deborah Hornbostel (DHO)					
Thur	01/25/2018	Commence review of application record	0.50	\$495.00	\$247.50
Fri	01/26/2018	Complete review of application record, email to Alice Tien for further information	0.80	\$495.00	\$396.00
Mon	01/29/2018	Review background information received from BMO	1.50	\$495.00	\$742.50
Tues	01/30/2018	Email exchanges with Alice Tien and Chris Staples re document production, search for realtors and appraisers, planning discussion with DB re taking possession	1.40	\$495.00	\$693.00
Wed	01/31/2018	Appointment update from Chris Staples, instructions to DB re taking possession	0.20	\$495.00	\$99.00
Thur	02/01/2018	Review of various documents received from Chaitons banking file, update from Chaitons re Court Order issuance, attend onsite to take possession and meet with Abdul Kareem, email to Alice re banking info	2.00	\$495.00	\$990.00
Fri	02/02/2018	Email exchanges with Alice Tien re banking info, tc to Ken Moorhouse of McLean Dickey insurance, provide court order by email and request to be added to policy, supervise sorting of records by Paul, review certain documents, instructions to DB to contact CIBC and TD, updates from DB re snowplow cost quote, dealings with tenants, arrange for posting of Court order on website	2.50	\$495.00	\$1,237.50
Mon	02/05/2018	Email to Abdul Kareem to demand records of the company, tcs to appraisers Scanlon, Thompson, John LaCount, Bob Kosar, email exchange with Lauren Doughly of CBRE, tcs and emails with Ken Moorhouse re insurance issues, update DB re Meridian bank account, tc to update Alice Tien and discuss funding of Receivership, discuss freezing pipes, electrical room and snow removal issues with DB	2.50	\$495.00	\$1,237.50
Tues	02/06/2018	Supervise FK re document sorting/creditor listing/purchases, emails and tc with Abdul Kareem and his consultant, compile funding requirements and prepare advance request to BMO, emails with CBRE reps re listing proposals, email exchange with Ken Moorhouse re insurance payment options, email with John LaCount of Stry appraisals, discussion with Daniel re onsite inspection and issues re electrical room and freezing pipes	1.70	\$495.00	\$841.50
Wed	02/07/2018	Meeting with Abdul Kareem and his consultant re turnover of records and financial and operational issues, email exchange with Wissam re updated information and operational issues, tc to Alice Tien to update on priority payables and TD loan balance and operational funding, supervise preparation of creditor listing and NOR, email to Bob Kosar re appraisal, tc with Brad Wadford of CBRE wrt listing proposal of the property, supervise preparation of creditor listing and NOR	2.60	\$495.00	\$1,287.00
Thur	02/08/2018	Review emails with Snap Commercial, send email of Receivership Order	0.20	\$495.00	\$99.00
Mon	02/12/2018	Review appraisal proposal of John LaCount of Stry Appraisals, tc with him to discuss, appraisal instructions and coordination with Bob Kosar, tcs to Robyn Jones and Dan Brewer for alternative appraisal, tc from Shaun of Snap Commercial, review listing proposal from CBRE, receipt and review of 2016 NTR financial statements, discussion with Alice Tien of BMO re funding status, email to Ken Moorhouse re insurance payment arrangements, update from DB re site access and status, instructions re bank account opening	2.50	\$495.00	\$1,237.50

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File Name (ID): AL-CHERAGH INTERNATIONAL CORPORATION (AAACIC-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Deborah Hornbostel (DHO)					
Tues	02/13/2018	Respond to email from Alice Tien re priority payables and funding, meeting with Brad of CBRE re listing proposal, prepare Receiver's Certificate and email executed copy to Alice Tien, cover ltr to her to send original, discussion with DB re Receiver's sale process preparation, execute banking documents for new account	1.80	\$495.00	\$891.00
Wed	02/14/2018	Attend to confirmation of BMO funding, tc with Robin Jones re appraisal, email information to him, receipt and review of engagement letter, emails with Ken Moorehouse regarding insurance policy payment, instructions to DB re rent roll, review various emails from Abdul, utility instructions to DB	1.20	\$495.00	\$594.00
Thur	02/15/2018	Attend to finalizing insurance coverage payment and retaining InFocus Appraisal, requisitioning payments for them and cover letters for remittances	0.90	\$495.00	\$445.50
Fri	02/16/2018	Review and respond to emails from Rocco and Daniel re accident onsite	0.50	\$495.00	\$247.50
Sat	02/17/2018	Email to Alice Tien of BMO to advise of accident	0.20	\$495.00	\$99.00
Wed	02/21/2018	Email from DB advising of withdrawal of funds by principal from cibc	0.10	\$495.00	\$49.50
Mon	02/26/2018	Discussion with DB re various o/s issues and CIM preparation, update to Alice Tien	0.50	\$495.00	\$247.50
Tues	02/27/2018	Review and sign cheque, receipt of insurance endorsement	0.20	\$495.00	\$99.00
Thur	03/01/2018	Review of draft CIM package, provide instructions to DB on related issues	0.60	\$495.00	\$297.00
Fri	03/02/2018	TC from Ken Moorehouse re insurance, Review and sign cheque	0.30	\$495.00	\$148.50
Mon	03/05/2018	Instructions to DB on CIM	0.10	\$495.00	\$49.50
Tues	03/06/2018	TC with Tony Van Klink of Miller Thomson, prepare email for conflict check, provide copies of application record and appointment order	0.30	\$495.00	\$148.50
Wed	03/07/2018	Review email from BAE Environmental re current status, release of report to pp and new phase 2, discussion and instructions to DB to follow up with BAE	0.30	\$495.00	\$148.50
Thur	03/08/2018	Review and amend draft ad, supervise FK re obtaining and reviewing newspaper advertising quotes, review and amend draft CIM package	1.60	\$495.00	\$792.00
Fri	03/09/2018	Review of emails re Abdul's taking and return of funds, advertising planning and instructions thereof, final review of CIM and change of date	0.50	\$495.00	\$247.50
Mon	03/12/2018	Review and finalize advertising with FK for three papers,	0.20	\$495.00	\$99.00
Tues	03/13/2018	Finalize advertising arrangements with FK, prepare website posting for sale, provide prospective purchaser info to DB for follow up, review and comment on CA by Clifetus	0.80	\$495.00	\$396.00
Thur	03/15/2018	Review and sign cheques, meeting with CRA auditor	0.60	\$495.00	\$297.00
Fri	03/16/2018	Receipt and review of appraisal by Robin Jones	1.20	\$495.00	\$594.00
Mon	03/19/2018	Discussion with DB on status of prospective purchasers, site sign, advertising etc., update tc with Alice Tien of BMO	0.50	\$495.00	\$247.50
Tues	03/20/2018	Requisition cheque for Toronto Star, prepare and submit online CRA access request, discuss site signage with DB, sign cheque	0.80	\$495.00	\$396.00
Wed	03/21/2018	Review appraisal by Bob Kosar of Ridley, email to him, discussion with DB re CRA correspondence on RT2 filing request, sign cheque	0.90	\$495.00	\$445.50
Thur	03/22/2018	Review correspondence on the replacement of the diesel pump and approve acceptance and insurance coverage	0.30	\$495.00	\$148.50
Fri	03/23/2018	Receipt of site photos from Wissam Behno, forward to DB for investigation, discussion/instructions to DB re remediation of pumps, commence drafting of APS template	3.40	\$495.00	\$1,683.00

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File Name (ID): AL-CHERAGH INTERNATIONAL CORPORATION (AAACIC-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Deborah Hornbostel (DHO)					
Mon	03/26/2018	Discussion with Sam Behno re potential purchaser, finalize draft APS and send to Tony Van Klink for comments	1.20	\$495.00	\$594.00
Tues	03/27/2018	Review and approve site signage, email to Monika of TD Bank to request claims status, check CRA online status, execute new RC59 form and request RT2 account, review sign quote and email to DB re queries on it	0.40	\$495.00	\$198.00
Wed	03/28/2018	Review and respond to email from Tony Van Klink, review clean up pictures from Country Signs/Parkland, update from DB on for sale signage	0.50	\$495.00	\$247.50
Thur	03/29/2018	Respond to email from Tony Van Klink re tenants, provide lease documentation, approve art work for sale signage, confirm status of April rents	0.30	\$495.00	\$148.50
Mon	04/02/2018	Review email from Tony Van Klink regarding Shell registration on title, email to Frieda regarding Shell records, update from DB re potential purchasers	0.20	\$495.00	\$99.00
Tues	04/03/2018	Review pro forma APS amendments by Tony Van Klink, email exchange with Abdul re Shell Cda, locate and review parcel registry re Shell Canada and respond to Tony	0.80	\$495.00	\$396.00
Thur	04/05/2018	Review status of signage, discuss with DB and authorize	0.20	\$495.00	\$99.00
Tues	04/10/2018	Review of appraisals with DB and status of prospective purchasers, respond to enquiry from Snap Commercial	0.50	\$495.00	\$247.50
Wed	04/11/2018	Email from Abdul re Enbridge gas, forward to DB with query	0.20	\$495.00	\$99.00
Thur	04/12/2018	Review registration of RO on title, provide APS template to DB	0.20	\$495.00	\$99.00
Fri	04/13/2018	Review and discuss offers received with DB, email summary of offers to Alice Tien and Tony Van Klink and discuss with each of them, review appraisals with DB and instruct him to prepare summary memo regarding our concerns, review and email it to Tony Van Klink, discussion with him regarding offers received and proposed response, appraisal concerns, claims of secured and trust creditors, CRA lien registration and its impact on chattels and real estate etc, instructions to DB on the issuance of correspondence to offerors to resubmit offers on APS by new deadline date	1.50	\$495.00	\$742.50
Mon	04/16/2018	Updates and discussions with DB re status and results of re submission of offers	0.50	\$495.00	\$247.50
Tues	04/17/2018	Review offers received, discuss with DB, email to Alice Tien and Tony Van Klink re offer submissions and recommendation, tc with Alice, email to Tony, execute acceptance of offer, scan and send to Tony, instruct DB to send executed version to purchaser, instructions to DB on court report, email to Tony to request security opinion on BMO and updated parcel register	1.40	\$495.00	\$693.00
Fri	04/20/2018	Review and approve accounts payable	0.10	\$495.00	\$49.50
Mon	04/23/2018	Work on court report re appraisal issues	1.50	\$495.00	\$742.50
Tues	04/24/2018	Review and approve accounts payable, emails with Sean Avery of Snap Commercial, work on sale justification for court report, email to Tony Van Klink re court date, review Snap commercial finance security documentation, email to Tony on it	2.30	\$495.00	\$1,138.50
Wed	04/25/2018	Email exchanges with Tony Van Klink re court date and Snap Commercial security, review documentation on ownership of restaurant chattels and respond to Tony, review and execute Acknowledgement and Direction re lease removals, scan and email to Tony, commence reviewing draft court report	1.60	\$495.00	\$792.00
Thur	04/26/2018	Respond to email from Sean Avery of Snap Commercial re security status, request payout statement from Alice Tien BMO, report drafting, deposit requisition re Orkin rent	2.50	\$495.00	\$1,237.50

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File Name (ID): AL-CHERAGH INTERNATIONAL CORPORATION (AAACIC-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Deborah Hornbostel (DHO)					
Fri	04/27/2018	Email to township to request status of property taxes, review CRA claims and correspondence, to Wendy Rueger of CRA, review security opinion of Miller Thomson, report drafting, approve accounts payable	6.40	\$495.00	\$3,168.00
Mon	04/30/2018	Tel. call from Wendy Rueger of CRA to discuss proposed claims handling, prepare deposit requisition for Rocket rent, email to DB to follow up on short-payment, email from Shannon of Township of Ore-Medonte, respond, Complete report drafting and send to Tony Van Klink for review, email him draft memo on appraisals, prepare appendices	3.40	\$495.00	\$1,683.00
Deborah Hornbostel (DHO)			62.00		\$30,690.00
Frieda Kanaris (FKA)					
Tues	02/06/2018	Sort through and compile documents from premises; prepare creditor list.	0.70	\$220.00	\$154.00
Wed	02/07/2018	Prepare Appendix "A" schedule of creditors.	0.30	\$220.00	\$66.00
Thur	02/08/2018	Prepare fax sheet, print and fax Notice of Receiver to O.R.; photocopy notices, prepare labels for mailing to creditors.	0.50	\$220.00	\$110.00
Fri	02/09/2018	Prepare labels and folders, sort and file documents.	0.90	\$220.00	\$198.00
Wed	02/14/2018	Set-up estate in Ascend, order licence.	0.20	\$220.00	\$44.00
Tues	02/20/2018	T/c's to CIBC and TD re closing accounts.	0.10	\$220.00	\$22.00
Wed	02/21/2018	T/c's with CIBC; follow-up t/c with TD.	0.20	\$220.00	\$44.00
Thur	02/22/2018	T/c's with TD bank re closing account; email letter and court order to legal department, review responding email; t/c with Hydro One.	0.50	\$220.00	\$110.00
Mon	02/26/2018	Follow-up t/c with CIBC; t/c with Hydro One.	0.20	\$220.00	\$44.00
Thur	03/08/2018	Requisition payment for payables; review CIBC bank statements, discuss with Daniel; numerous emails with Postmedia and Toronto Star regarding placing ad for sale of property/business in newspapers, discussions with Deborah re same;	0.90	\$220.00	\$198.00
Fri	03/09/2018	Discussion with Deborah re advertising for offers, email's to and from Globe and Mail; t/c's and emails with Toronto Star, emails to and from National Post.	1.10	\$220.00	\$242.00
Mon	03/12/2018	Various t/c's, emails, revisions and discussions with Deborah regarding placing ads for offers in Toronto Star, Toronto Sun and National Post.	1.50	\$220.00	\$330.00
Tues	03/13/2018	Various t/c's, emails, revisions and discussions with Deborah regarding placing ads for offers in Toronto Star, Toronto Sun and National Post; meet with CRA auditor and discuss payroll and HST accounts and documents required for upcoming audit, review same with Daniel.	0.20	\$220.00	\$44.00
Wed	03/14/2018	Review and respond to email from Toronto Star re Ad, provide credit card info.	0.40	\$220.00	\$88.00
Thur	03/15/2018	Email exchange with Toronto Sun; meet with CRA auditor, provide bank statements, subsequent meeting with auditor and Deborah.	0.30	\$220.00	\$66.00
Mon	03/19/2018	Exchange of emails with Toronto Sun approving ad and confirming dates for running ad.	0.50	\$220.00	\$110.00
Tues	03/27/2018	Prepare cheque requisition for payables; complete RC59 form, HST10 form, letter and fax to CRA to open RT0002 account and add msi as authorized representative.	0.20	\$220.00	\$44.00
Wed	03/28/2018	T/c with Bankruptcy Highway (representing TD Bank), advised no bankruptcy at this time, only receivership; requisition payment for payables.	0.20	\$220.00	\$44.00
Tues	04/03/2018	Requisition payment for Toronto Sun, request tear sheets from Toronto Sun and National Post.			

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File Name (ID): AL-CHERAGH INTERNATIONAL CORPORATION (AAACIC-R)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Frieda Kanaris (FKA)					
Wed	04/18/2018	Review and requisition payment for National Post invoice.	0.10	\$220.00	\$22.00
Wed	04/25/2018	Requisition payment for Hydra One, review previous billings.	0.10	\$220.00	\$22.00
Fri	04/27/2018	Review email from Daniel and requisition payment for septic service.	0.10	\$220.00	\$22.00
		Frieda Kanaris (FKA)	0.30		\$66.00
Harvey S. Lipman (HLI)					
Thur	02/15/2018	To cheque review and sign	0.20	\$495.00	\$99.00
Fri	03/02/2018	To cheque review and sign	0.10	\$495.00	\$49.50
		Harvey S. Lipman (HLI)	0.30		\$148.50
Inga Friptuleac (IFR)					
Mon	02/12/2018	Issue cheques	0.40	\$50.00	\$20.00
Mon	02/26/2018	Deposit: Issue cheque	0.40	\$50.00	\$20.00
Mon	03/05/2018	Issue cheque	0.20	\$50.00	\$10.00
Mon	03/12/2018	Issue payments	0.80	\$50.00	\$40.00
Mon	03/19/2018	Deposit: Issue cheques	0.60	\$50.00	\$30.00
Mon	03/26/2018	Deposit: Issue cheque	0.40	\$50.00	\$20.00
Mon	04/02/2018	deposit: issue payments	1.00	\$50.00	\$50.00
Mon	04/09/2018	Issue cheque	0.20	\$50.00	\$10.00
Mon	04/16/2018	Issue cheque	0.20	\$50.00	\$10.00
Mon	04/23/2018	Issue cheques	0.60	\$50.00	\$30.00
		Inga Friptuleac (IFR)	4.80		\$240.00
Philip H. Genns (PGE)					
Fri	03/09/2018	Review and approve payables.	0.20	\$495.00	\$99.00
Wed	03/14/2018	Review and approve payables.	0.20	\$495.00	\$99.00
Tues	03/20/2018	Review and approve payables.	0.10	\$495.00	\$49.50
Wed	03/21/2018	Review and approve payable.	0.10	\$495.00	\$49.50
Mon	04/02/2018	Review and approve payables.	0.10	\$495.00	\$49.50
Tues	04/03/2018	Review and approve payables.	0.10	\$495.00	\$49.50
Fri	04/06/2018	Review and approve payables.	0.20	\$495.00	\$99.00
Wed	04/11/2018	Review and approve payable.	0.10	\$495.00	\$49.50
Tues	04/24/2018	Review and approve payables.	0.20	\$495.00	\$99.00
		Philip H. Genns (PGE)	1.30		\$643.50
Shenaz Tolat (STO)					
Mon	02/05/2018	Corporate Profile search and PPSA for Daniel Battiston	0.30	\$50.00	\$15.00
		Shenaz Tolat (STO)	0.30		\$15.00
Total for File ID AAACIC-R:			191.60		\$70,670.00
Grand Total:			191.60		\$70,670.00

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File Name (ID): 6413340 Canada Inc. o/a Esso (AAESSO-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Daniel Battiston (DBA)					
Tues	01/30/2018	General	0.80	\$325.00	\$260.00
Wed	01/31/2018	Draft notices in anticipation of receivership appointment. Arrange for locksmith to attend premises.	1.00	\$325.00	\$325.00
Thur	02/01/2018	Receivership appointment. Travel to debtor premises. Meet with principals to discuss appointment and serve court order. Taking possession matters (photos of premises, post notices, inventory of goods on site, changing of locks to premises and fuel tanks, etc). Measurement of fuel in fuel tanks. Return travel.	3.40	\$325.00	\$1,105.00
Fri	02/02/2018	Full inventory of cigarettes and other tobacco products removed from premises. Draft and send notices to CIBC and TD re: freezing and redirection of funds from corporate bank accounts. Follow up attempts with CIBC and TD.	3.60	\$325.00	\$1,170.00
Mon	02/05/2018	Review corporate profile search and PPSA. Draft and send notices to Meridian Credit Union re: appointment of receiver and request to freeze corporate bank accounts. Discussions with DH re: outstanding matters to date and strategy moving forward.	0.70	\$325.00	\$227.50
Tues	02/06/2018	Discussions with DH re: operate or not, sales process, and appraisals. Review of appraisals and environmental reports received to date.	1.10	\$325.00	\$357.50
Thur	02/08/2018	Prepare letters and correspondence to utility and service providers re: appointment of receiver and request for new accounts for service. Prepare and send correspondence to Township re: property tax information. Prepare and finalize notice of receiver. Review correspondence from Township re: property tax information. Discussion with Cletus Castellino re: affairs of debtor.	1.90	\$325.00	\$617.50
Fri	02/09/2018	Correspondence to corporate accountant re: appointment of receiver and request for financial information.	0.50	\$325.00	\$162.50
Mon	02/12/2018	Arrangements re: on-site inspections. Assistance with arranging access for appraisals. Review mail. Respond to inquiries from creditors. Review environmental report. Draft correspondence to creditors and service providers. Assistance with opening estate bank accounts.	1.60	\$325.00	\$520.00
Wed	02/14/2018	Discussions with DH re: decision to operate gas station or not. Review of historical sales data and other financial information.	1.00	\$325.00	\$325.00
Fri	02/16/2018	Follow up with CIBC and TD re: freeze of corporate accounts. Review of corporate records in anticipation of CRA audits. Assist with responding to incident on-site re: car accident.	1.30	\$325.00	\$422.50
Tues	02/20/2018	Follow up with CIBC, TD, Meridian re: notices to freeze bank accounts.	0.60	\$325.00	\$195.00
Wed	02/21/2018	Correspondence with Parkland Management re: removal of items from premises. Discussions with CRA re: scheduling of trust examinations. Provide additional information to appraisal to assist with preparation of appraisal. Call to OLG re: lottery terminal.	1.50	\$325.00	\$487.50
Thur	02/22/2018	Review response from TD re: corporate accounts. Discussion with CRA re: trust examination and documents required.	0.60	\$325.00	\$195.00
Fri	02/23/2018	Review Parkland Management Esso Supply Agreement.	0.90	\$325.00	\$292.50
Mon	02/26/2018	Begin drafting CIM re: sales process.	1.00	\$325.00	\$325.00
Tues	02/27/2018	Continue drafting CIM re: sales process.	0.90	\$325.00	\$292.50
Wed	02/28/2018	Draft non-disclosure agreement re: CIM.	1.00	\$325.00	\$325.00
Thur	03/01/2018	Draft offer sheet and terms of conditions of sale re: CIM.	1.20	\$325.00	\$390.00
Mon	03/05/2018	Discussions with Parkland Management re: removal of third-party equipment from site. Correspondence with Parkland to authorize access to site. Arrangements with inspector re: Parkland attendance.	1.40	\$325.00	\$455.00

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File Name (ID): 6413340 Canada Inc. o/a Esso (AAESSO-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Daniel Battiston (DBA)					
Tues	03/06/2018	Continue drafting CIM and related appendices.	0.80	\$325.00	\$260.00
Wed	03/07/2018	Discussions with OLG re: removal of lottery terminal from premises. Make arrangements to allow OLG access to premises. Discussions with EZ cash re: removal of ATM machine from premises. Make arrangements to allow EZ cash access to premises. Continue drafting CIM and related appendices.	0.40	\$325.00	\$130.00
Thur	03/08/2018	Draft newspaper advertisement re: sales process. Instructions to FK re: advertising. CIM and appendices. Prepare listing of assets for sale re: CIM.	1.00	\$325.00	\$325.00
Fri	03/09/2018	Finalize CIM and all appendices. Create sales package. Follow up re: equipment appraisal, property appraisal and environmental reliance letter.	0.60	\$325.00	\$195.00
Tues	03/13/2018	Distribute confidentiality agreements to prospective purchasers. Further assistance with sales process.	0.50	\$325.00	\$162.50
Tues	03/20/2018	Assistance with sale of gas inventory and instructions re: removal of perishable store inventory.	0.30	\$325.00	\$97.50
Wed	03/21/2018	Further assistance with sale of gas inventory and instructions re: removal of perishable store inventory.	0.40	\$325.00	\$130.00
Fri	03/23/2018	Further assistance with sale of gas inventory and instructions re: removal of perishable store inventory.	0.20	\$325.00	\$65.00
Tues	03/27/2018	Assistance with arrangements for on site staff to supervise sale and removal of fuel inventory.	1.10	\$325.00	\$357.50
Mon	04/02/2018	Further assistance with sales process re: responding to questions and concerns from interested parties, distribution of confidentiality agreements and CIM, advertising of sale and all other matters related to upcoming deadline for offers.	2.20	\$325.00	\$715.00
Tues	04/03/2018	Assistance with matters re: sale of gasoline including measurement discrepancies.	2.20	\$325.00	\$715.00
Tues	04/03/2018	Further assistance with sales process re: responding to questions and concerns from interested parties, distribution of confidentiality agreements and CIM, advertising of sale and all other matters related to upcoming deadline for offers.	2.20	\$325.00	\$715.00
Wed	04/04/2018	Further assistance with matters re: sale of gasoline.	2.10	\$325.00	\$682.50
Wed	04/04/2018	Further assistance with sales process re: responding to questions and concerns from interested parties, distribution of confidentiality agreements and CIM, advertising of sale and all other matters related to upcoming deadline for offers. Review and approval of Danje Petroleum invoicing provided to date.	2.10	\$325.00	\$682.50
Thur	04/05/2018	Further assistance with sales process re: responding to questions and concerns from interested parties, distribution of confidentiality agreements and CIM, advertising of sale and all other matters related to upcoming deadline for offers. Assistance with tenant matters re: roof and water leaks. Correspondence with creditor re: removal of third-party equipment. Review ownership documentation and approve removal of equipment from site.	2.70	\$325.00	\$877.50
Fri	04/06/2018	Further assistance with sales process re: responding to questions and concerns from interested parties, distribution of confidentiality agreements and CIM, advertising of sale and all other matters related to upcoming deadline for offers.	2.00	\$325.00	\$650.00
Mon	04/09/2018	Finalize advertising and correspondence with supplier re: installation.	1.30	\$325.00	\$422.50

Filters Used:

- Time Entry Date: 1/01/70 to 4/30/18
 - File ID: AAESSO-R: to AAESSO-R:

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File Name (ID): 6413340 Canada Inc. o/a Esso (AAESSO-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Daniel Battiston (DBA)					
Tues	04/10/2018	Detailed review with DH of property appraisals conducted to date in anticipation of deadline for offers including analysis of value re: income-approach and direct comparison approach. Review updated insurance certificate provided by Rocket Fireworks. Review site inspections photos provided by Lockit. Discussion with Lockit and Tenant re: repairs to exterior door. Discussion with Lockit re: roof repairs required. Payment of Carwell Sign invoice. Further assistance with sales process.	4.10	\$325.00	\$1,332.50
Wed	04/11/2018	Review and approve Lockit invoice. Follow-up with Lockit re: roof repairs and additional building repairs. Further assistance with sales process.	2.30	\$325.00	\$747.50
Thur	04/12/2018	Review and prepare and finalize loss claim form for insurance adjuster. Further assistance with sales process.	3.30	\$325.00	\$1,072.50
Fri	04/13/2018	Assistance with sales process and correspondence with prospective purchasers and offerors. Review offers submitted to date. Draft summary of offers received to date. Discussions with DH and BMO. Reject all offers received and extend deadline to submit revised offers. Communications with offerors to advise re: extended offer deadline.	2.60	\$325.00	\$845.00
Daniel Battiston (DBA)			40.40		\$19,630.00
Deborah Hornbostel (DHO)					
Mon	01/22/2018	Review email from Chris Staples, execute and issue Consent to act as Receiver and send pdf via email to Chaitons	0.10	\$495.00	\$49.50
Thur	01/25/2018	General	0.50	\$495.00	\$247.50
Fri	01/26/2018	Complete review of application record, email to Alice Tien for further information	0.80	\$495.00	\$396.00
Tues	01/30/2018	Planning discussion with DB	0.30	\$495.00	\$148.50
Wed	01/31/2018	Appointment update from Chris Staples, instructions to DB re taking possession	0.20	\$495.00	\$99.00
Thur	02/01/2018	Review of various documents received from Chaitons banking file, update from Chaitons re Court Order issuance, search for potential gas bar operator, tc and emails with Wisam Behno, attend onsite to take possession and meet with Abdul Kareem	4.50	\$495.00	\$2,227.50
Fri	02/02/2018	Email exchanges with Alice Tien re banking info, tc to Ken Moorhouse of McLean Dickey insurance, provide court order by email and request to be added to policy, supervise sorting of records by Paul, review certain documents, instructions to DB to contact CIBC and TD, arrange for posting of Court order on website	0.80	\$495.00	\$396.00
Mon	02/05/2018	Email to Abdul Kareem to demand records of the company, review and discuss the management proposal from Wissam Behno, tc to appraisers Scanlon, Thompson, John LaCount, Bob Kosar, email exchange with Lauren Doughty of CBRE, tc and emails with Ken Moorhouse re insurance issues, update DB re Meridian bank account, tc to update Alice Tien and discuss funding of Receivership	3.30	\$495.00	\$1,633.50
Tues	02/06/2018	Review sales and purchase report information, supervise FK re document sorting/creditor listing/purchases, tc with Wissam Behno to discuss management contract and banking and delivery issues, compile funding requirements and prepare advance request to BMO, email exchange with Ken Moorhouse re insurance payment options, email to Wissam Behno re decreased sales expectations and Parkland Distribution agreement, review his responding email	2.80	\$495.00	\$1,386.00

Filters Used:

- Time Entry Date: 1/01/70 to 4/30/18
 - File ID: AAESSO-R: to AAESSO-R:

MSGG - Detailed Time Dockets

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File Name (ID): 6413340 Canada Inc. o/a Esso (AAESSO-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Deborah Hornbostel (DHO)					
Wed	02/07/2018	Meeting with Abdul Kareem and his consultant re turnover of records and financial and operational issues, email exchange with Wissam re updated information and operational issues, tc to Alice Tien to update on priority payables and TD loan balance and operational funding, supervise preparation of creditor listing and NOR	1.90	\$495.00	\$940.50
Thur	02/08/2018	Review and forward 38 emails from A.Kareem	0.40	\$495.00	\$198.00
Mon	02/12/2018	Review fuel inventory report and various emails from Mr. Kareem, tel call with Alice Tien to discuss funding and related issues, tel call to Wissam to discuss operating and shut down issues, update and discuss issues with DB	1.40	\$495.00	\$693.00
Tues	02/13/2018	Provide fuel inventory details to Wisam, respond to email from Alice Tien re priority payables and funding, prepare Receiver's Certificate and email executed copy to Alice Tien, cover ltr to her to send original, discussion with DB re liquidation of fuel inventory, email exchange with Abdul re daily sales	0.50	\$495.00	\$247.50
Wed	02/14/2018	Email and tc with Wisam Behno re fuel disposal/sale, discussion re same with DB	0.40	\$495.00	\$198.00
Thur	02/15/2018	Attend to finalizing insurance coverage payment, requisitioning payment and cover letter for remittance	0.20	\$495.00	\$99.00
Wed	02/21/2018	Review email from Parkland requesting return of signage, provide instructions to DB	0.10	\$495.00	\$49.50
Mon	03/05/2018	Review email from Parkland requesting return of property, discuss with DB re same and destruction of cigarettes, email with Wissam Behno re replacement cost etc	0.40	\$495.00	\$198.00
Tues	03/06/2018	Telephone calls with Sheri and Samantha of OLG, prepare inventory of lottery tickets for return, instructions to DB re scheduling appointment and return of tickets	1.50	\$495.00	\$742.50
Wed	03/07/2018	Update from DB re OLG and emails with Wissam re fuel verification	0.20	\$495.00	\$99.00
Thur	03/08/2018	arrange site inspection for Wissam Behno	0.20	\$495.00	\$99.00
Fri	03/09/2018	TC with Celine of unit 1206	0.30	\$495.00	\$148.50
Sat	03/17/2018	Review and forward offer for gas to DB for calculation and consideration, review response	0.20	\$495.00	\$99.00
Mon	03/19/2018	Discussion with DB re offer for gas purchase and alternatives	0.30	\$495.00	\$148.50
Tues	03/20/2018	Respond to Wissam Behno re fuel offer	0.20	\$495.00	\$99.00
Wed	03/21/2018	Email to and tc with Wissam Behno re fuel sale	0.30	\$495.00	\$148.50
Mon	03/26/2018	Update from DB on paint removal status, provide further instructions re Parkland, tc from Wissam Behno re fuel offer and arrangements for removal, instruct BMO to open bank account	0.60	\$495.00	\$297.00
Tues	03/27/2018	Prepare sales quote and undertaking to adjust for final calculations, coordinate onsite and banking arrangements, execute new RC59 form and request RT2 account, arrange for opening of Ascend account	1.70	\$495.00	\$841.50
Wed	03/28/2018	Review improved pricing from Wissam, prepare new draft invoice and email to him	0.40	\$495.00	\$198.00
Thur	03/29/2018	Review email from Wissam re status of funds for fuel purchase, confirm scheduling with DB, confirm receipt of funds in bank account and prepare deposit requisition	0.40	\$495.00	\$198.00
Mon	04/02/2018	Email contact information to Rocco for fuel sale tomorrow	0.10	\$495.00	\$49.50
Tues	04/03/2018	Various telephone calls with Sam and Rocco and discussion with DB re fuel measurement issues, provide instructions to Rocco to attend in Cambridge for final measurement etc	1.20	\$495.00	\$594.00
Wed	04/04/2018	Review emails and supporting documentation from Rocco and Wissam, recalculate/reconcile, discussions with them re final fuel sale volumes	1.40	\$495.00	\$693.00

Filters Used:

- Time Entry Date: 1/01/70 to 4/30/18
 - File ID: AAESSO-R: to AAESSO-R:

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File Name (ID): 6413340 Canada Inc. o/a Esso (AAESSO-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Deborah Hornbostel (DHO)					
Thur	04/05/2018	Prepare final invoice for fuel, requisition refund and payment of Lockit invoice, email invoice to Sam to confirm and obtain mailing address	0.70	\$495.00	\$346.50
Fri	04/20/2018	Email from Wissam re refund cheque status, investigate and respond	0.20	\$495.00	\$99.00
		Deborah Hornbostel (DHO)	28.50		\$14,107.50
Frieda Kanaris (FKA)					
Tues	02/06/2018	Sort and compile documents from premises; prepare creditor list; prepare schedule of gasoline delivered.	2.70	\$220.00	\$594.00
Wed	02/07/2018	Prepare Appendix "A" schedule of creditors.	0.80	\$220.00	\$176.00
Thur	02/08/2018	Print and sort invoices and settlement reports; prepare fax cover sheet, print and fax Notice of Receiver to O.R.; photocopy notices, prepare labels for mailing to creditors.	1.50	\$220.00	\$330.00
Fri	02/09/2018	Prepare labels and folders, sort and file documents.	0.80	\$220.00	\$176.00
Tues	02/13/2018	Print reports; discussion with Deborah re amounts owed to CRA.	0.30	\$220.00	\$66.00
Tues	02/20/2018	T/c's to CIBC and TD re closing accounts.	0.10	\$220.00	\$22.00
Tues	03/13/2018	Meet with CRA auditor and discuss payroll and HST accounts and documents required for upcoming audit, review same with Daniel.	0.20	\$220.00	\$44.00
Thur	03/15/2018	Meet with CRA auditor, provide bank statements, subsequent meeting with auditor and Deborah.	0.30	\$220.00	\$66.00
Tues	03/27/2018	Complete RC59 form, HST10 form, letter and fax to CRA to open RT0002 account and add msi as authorized representative.	0.40	\$220.00	\$88.00
		Frieda Kanaris (FKA)	7.10		\$1,562.00
Haran Sivanathan (HSI)					
Mon	04/02/2018	General	0.20	\$75.00	\$15.00
		Haran Sivanathan (HSI)	0.20		\$15.00
Inga Friptuleac (IFR)					
Mon	04/02/2018	deposit; issue payment	0.40	\$50.00	\$20.00
		Inga Friptuleac (IFR)	0.40		\$20.00
Philip H. Gennis (PGE)					
Wed	04/04/2018	Review and approve payable.	0.10	\$495.00	\$49.50
Fri	04/06/2018	Review and approve payables.	0.10	\$495.00	\$49.50
		Philip H. Gennis (PGE)	0.20		\$99.00
Shenaz Tolat (STO)					
Mon	02/05/2018	Corporate Profile search and PPSA for Daniel Battiston	0.30	\$50.00	\$15.00
		Shenaz Tolat (STO)	0.30		\$15.00
Total for File ID AAESSO-R:			97.10		\$35,448.50
Grand Total:			97.10		\$35,448.50

Filters Used:

- Time Entry Date: 1/01/70 to 4/30/18
 - File ID: AA7149-R: to AA7149-R:

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File Name (ID): 7149816 Canada Inc. (AA7149-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Daniel Battiston (DBA)					
Tues	01/30/2018	General	0.80	\$325.00	\$260.00
Wed	01/31/2018	Draft notices in anticipation of receivership appointment. Arrange for locksmith to attend premises.	0.60	\$325.00	\$195.00
Thur	02/01/2018	Receivership appointment. Travel to debtor premises. Meet with principals to discuss appointment and serve court order. Taking possession matters (photos of premises, post notices, inventory of goods on site, changing of locks to premises and fuel tanks, etc). Return travel.	1.30	\$325.00	\$422.50
Fri	02/02/2018	Draft and send notices to CIBC and TD re: freezing and redirection of funds from corporate bank accounts. Follow up attempts with CIBC and TD.	1.20	\$325.00	\$390.00
Mon	02/05/2018	Review corporate profile search and PPSA. Draft and send notices to Meridian Credit Union re: appointment of receiver and request to freeze corporate bank accounts. Discussions with DH re: outstanding matters to date and strategy moving forward.	0.70	\$325.00	\$227.50
Tues	02/06/2018	Discussions with DH re: operate or not, sales process, and appraisals. Review of appraisals and environmental reports received to date.	1.10	\$325.00	\$357.50
Thur	02/08/2018	Prepare letters and correspondence to utility and service providers re: appointment of receiver and request for new accounts for service. Prepare and send correspondence to Township re: property tax information. Prepare and finalize notice of receiver. Review correspondence from Township re: property tax information. Discussion with Cletus Castellino re: affairs of debtor.	1.90	\$325.00	\$617.50
Fri	02/09/2018	Correspondence to corporate accountant re: appointment of receiver and request for financial information.	0.50	\$325.00	\$162.50
Mon	02/12/2018	Arrangements re: on-site inspections. Assistance with arranging access for appraisals. Review mail. Respond to inquiries from creditors. Review environmental report. Draft correspondence to creditors and service providers. Assistance with opening estate bank accounts.	1.30	\$325.00	\$422.50
Wed	02/14/2018	Review CRA correspondence and outstanding HST arrears.	0.60	\$325.00	\$195.00
Fri	02/16/2018	Follow up with CIBC and TD re: freeze of corporate accounts. Review of corporate records in anticipation of CRA audits. Assist with responding to incident on-site re: car accident.	1.00	\$325.00	\$325.00
Wed	02/21/2018	Follow up with CIBC, TD, Meridian re: notices to freeze bank accounts.	0.60	\$325.00	\$195.00
Thur	02/22/2018	Review response from TD re: corporate accounts. Discussion with CRA re: trust examination and documents required.	0.60	\$325.00	\$195.00
Mon	02/26/2018	Begin drafting CIM re: sales process.	0.20	\$325.00	\$65.00
Tues	02/27/2018	Continue drafting CIM re: sales process.	0.90	\$325.00	\$292.50
Wed	02/28/2018	Draft non-disclosure agreement re: CIM.	1.00	\$325.00	\$325.00
Thur	03/01/2018	Arrange for appraisal of restaurant equipment. Draft offer sheet and terms of conditions of sale re: CIM.	1.60	\$325.00	\$520.00
Tues	03/06/2018	Continue drafting CIM and related appendices.	0.70	\$325.00	\$227.50
Wed	03/07/2018	Discussions with OLG re: removal of lottery terminal from premises. Make arrangements to allow OLG access to premises. Discussions with EZ cash re: removal of ATM machine from premises. Make arrangements to allow EZ cash access to premises. Continue drafting CIM and related appendices.	0.30	\$325.00	\$97.50
Thur	03/08/2018	Draft newspaper advertisement re: sales process. Instructions to FK re: advertising. CIM and appendices. Prepare listing of assets for sale re: CIM.	1.00	\$325.00	\$325.00

Filters Used:

- Time Entry Date: 1/01/70 to 4/30/18
 - File ID: AA7149-R: to AA7149-R:

MSGG - Detailed Time Dockets

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File Name (ID): 7149816 Canada Inc. (AA7149-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Daniel Battiston (DBA)					
Fri	03/09/2018	Finalize CIM and all appendices. Create sales package. Follow up re: equipment appraisal, property appraisal and environmental reliance letter.	0.60	\$325.00	\$195.00
			Daniel Battiston (DBA)	18.50	\$6,012.50
Deborah Hornbostel (DHO)					
Mon	01/22/2018	Review email from Chris Staples, execute and issue Consent to act as Receiver and send pdf via email to Chaitons	0.10	\$495.00	\$49.50
Thur	01/25/2018	Commence review of application record	0.20	\$495.00	\$99.00
Fri	01/26/2018	Complete review of application record, email to Alice Tien for further information	0.20	\$495.00	\$99.00
Thur	02/01/2018	Review of various documents received from Chaitons banking file, update from him re Court Order issuance, attend onsite to take possession and meet with Abdul Kareem	1.50	\$495.00	\$742.50
Fri	02/02/2018	Email exchanges with Alice Tien re banking info, lc to Ken Moorhouse of McLean Dickey Insurance, provide court order by email and request to be added to policy, supervise sorting of records by Paul, review certain documents, instructions to DB to contact CIBC and TD, arrange for posting of Court order on website	0.40	\$495.00	\$198.00
Mon	02/05/2018	Email to Abdul Kareem to demand records of the company	0.20	\$495.00	\$99.00
Wed	02/07/2018	supervise preparation of creditor listing and NOR	0.30	\$495.00	\$148.50
Mon	02/12/2018	Instructions to DB re appraisal of assets	0.20	\$495.00	\$99.00
Tues	02/13/2018	Respond to email from Alice Tien re priority payables and funding, prepare Receiver's Certificate and email executed copy to Alice Tien, cover ltr to her to send original, discussion with DB re Receiver's sale process	0.20	\$495.00	\$99.00
Thur	02/15/2018	Attend to finalizing insurance coverage payment, requisitioning payment and cover letter for remittance	0.10	\$495.00	\$49.50
			Deborah Hornbostel (DHO)	3.40	\$1,683.00
Frieda Kanaris (FKA)					
Tues	02/06/2018	Sort and compile documents from premises; prepare creditor list.	0.70	\$220.00	\$154.00
Wed	02/07/2018	Prepare Appendix "A" schedule of creditors.	0.30	\$220.00	\$66.00
Thur	02/08/2018	Prepare fax sheet, print and fax Notice of Receiver to O.R.; photocopy notices, prepare labels for mailing to creditors.	0.50	\$220.00	\$110.00
Fri	02/09/2018	Prepare labels and folders, sort and file documents.	0.40	\$220.00	\$88.00
Tues	03/13/2018	Meet with CRA auditor and discuss payroll and HST accounts and documents required for upcoming audit, review same with Daniel.	0.20	\$220.00	\$44.00
Thur	03/15/2018	Meet with CRA auditor, provide bank statements, subsequent meeting with auditor and Deborah.	0.30	\$220.00	\$66.00
			Frieda Kanaris (FKA)	2.40	\$528.00
Shenaz Tolat (STO)					
Mon	02/05/2018	Corporate Profile Search and PPSA for Daniel Battiston	0.30	\$50.00	\$15.00
			Shenaz Tolat (STO)	0.30	\$15.00
			Total for File ID AA7149-R:	24.60	\$8,238.50
			Grand Total:	24.60	\$8,238.50

APPENDIX “J”

Court File No. CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

AL-CHERAGH INTERNATIONAL CORPORATION,
6413340 CANADA INC. and 7149816 CANADA INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended and Section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. c-43, as amended

AFFIDAVIT OF SHERRY KETTLE

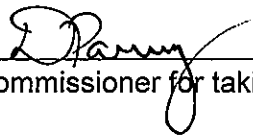
I, Sherry Kettle, of the City of London, in the County of Middlesex, in the Province of Ontario, MAKE OATH AND SAY:

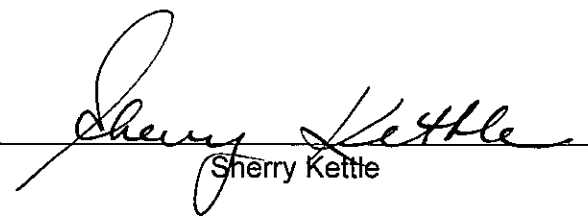
1. I am a partner with the law firm of Miller Thomson LLP ("MT"), lawyers for msi Spergel Inc., in its capacity as Court-appointed Receiver (the "Receiver"), of the assets, undertakings and properties of Al-Cheragh International Corporation, 6413340 Canada Inc. and 7149816 Canada Inc. and, as such, have knowledge of the matters to which I hereinafter depose.
2. I make this Affidavit in support of the Receiver's motion for, among other things, having the fees and disbursements of MT, as legal counsel to the Receiver, approved.
3. Attached hereto to this my Affidavit and marked as Exhibit "A" is a copy of a billing statement which reflects, *inter alia*, fees and disbursements of MT for the period March 28, 2018 to April 30, 2018. I affirm that the billing statement accurately reflects the services provided by MT during that period and the fees and disbursements claimed by it. The total fees are \$8,192.00, the disbursements are \$515.30, plus applicable taxes in the amount of \$1,107.12. Attached hereto to this my Affidavit and marked as Exhibit "B" is a statement summarizing MT's fees. Lawyers and staff at MT have collectively expended a total of 17.10

billable hours in connection with this matter as outlined in the summary of fees attached as Exhibit "B".

4. To the best of my knowledge, the rates charged by MT throughout these proceedings are comparable to the rates charged by other firms in the Southwestern Ontario market for the provision of similar services. No premiums have been charged.


SWORN before me at the City of London,
in the County of Middlesex, Province of
Ontario this 3rd day of May, 2018


A Commissioner for taking affidavits.

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Sherry Kettle

**Danielle Marie Parry, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires August 22, 2020.**

Attached are Exhibits "A" and "B" to the
Affidavit of Sherry Kettle sworn the 3rd
day of May, 2018



A Commissioner, Etc.

**Danielle Marie Parry, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires August 22, 2020.**

Client Matter ID 0225982.0002
 Client Name msi Spengel Inc.
 Matter Description Al-Cheragh International Corporation
 Rate Code 1
 Bill Group 00001 Primary Bill Group

Billing Lawyer: Van Klink, Anthony
 Responsible Lawyer: Van Klink, Anthony
 Assigned Lawyer: Van Klink, Anthony

Prebill Number: 392147
 Time to Date: April 30, 2018
 Printed Date: May 3, 2018

Last Bill Date:
 Last Pay Date:

BILLING ADDRESS

505 Consumers Road, Suite #200
 Toronto, ON M2J 4V8
 Attention: Deborah Hornbostel, Trustee

APPROVAL:

Approved by Finance Committee
 Approved by Billing Lawyer

Tax Type Ontario HST 13%
 (R119440766)

Total Fees: 8,192.00
 Total Disbursements: 515.30
 Total Tax: 1,107.12
 Total Statement: 9,814.42
 Acc. Rec. Balance: 0.00

Billing Instructions:

Write Off

Make Noted Changes

Bill

TIME SUMMARY

TK #	TK NAME	TITLE	YOC	LOCATION	HOURS	WORKED RATE	WORKED AMOUNT	STANDARD AMOUNT	BILL AMOUNT	EDITS
05721	Armstrong, Rebecca	Paraprofes sional	0	London	2.90	130.00	377.00	377.00	377.00	
05948	Chornaby, Ashley	Paraprofes sional	0	Waterloo	1.20	175.00	210.00	210.00	210.00	
05403	Van Klink, Anthony	Partner	1988	London	13.00	585.00	7,605.00	7,605.00	7,605.00	

TIME SUMMARY

TK #	TK NAME	TITLE	YOC	LOCATION	HOURS	WORKED RATE	WORKED AMOUNT	STANDARD AMOUNT	BILL AMOUNT	EDITS
		Total Fee:			17.10		8,192.00	8,192.00	8,192.00	
		Average Rate for Current Prebill				479.06				
		Tax on Fee (Ontario HST 13% (R119440766))							1,064.96	
		Total Fees							9,256.96	

DISBURSEMENT SUMMARY

DISBURSEMENT TYPE	COST CODE	TAXABLE	RATE	UNIT	WORKED AMT	BILL AMT	EDITS
Teraview Service Fee	00119	Y	0.00	0.00	31.80	31.80	
Certificate of Status/Compliance	00542	Y	10.00	2.00	20.00	20.00	
Online Searches - Teranet	00638	Y	0.00	0.00	206.55	206.55	
PPSA Registration	00691	Y	8.00	3.00	24.00	24.00	
Bankruptcy Search/Bank Act Search	00694	Y	14.00	3.00	42.00	42.00	

Subtotal Taxable Disbursements:

324.35

Tax on Disbursements (Ontario HST 13% (R119440766)):

42.16

Total Taxable Disbursements:

366.51

DISBURSEMENT TYPE	COST CODE	TAXABLE	RATE	UNIT	WORKED AMT	BILL AMT	EDITS
Registration Fee	00065	N	0.00	0.00	190.95	190.95	

Subtotal Non-Taxable Disbursements:

190.95

Total Disbursements

557.46

UNBILLED HOURS AND FEES

TIME ID	TK NAME	DATE	HOURS	RATE	AMOUNT	DESCRIPTION	PRT	TASK	TBB	ACTION
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UNBILLED HOURS AND FEES

TIME ID	TK NAME	DATE	HOURS	RATE	AMOUNT	DESCRIPTION	PRT	TASK	TBB	ACTION
23823754	Van Klink, Anthony	March 28, 2018	3.60	585.00	2,106.00	Reviewing Application materials; working on pro forma Agreement of Purchase and Sale	Y			T
23825501	Van Klink, Anthony	March 29, 2018	2.50	585.00	1,462.50	Working on pro forma Agreement of Purchase and Sale	Y			T
23833176	Van Klink, Anthony	April 2, 2018	0.50	585.00	292.50	Working on pro forma APS	Y			T
23839818	Van Klink, Anthony	April 3, 2018	0.50	585.00	292.50	E-mails with Ms. Hornbostel; reviewing Notices of Lease and e-mails with clerk thereon	Y			T
23840095	Armstrong, Rebecca	April 3, 2018	0.20	130.00	26.00	Obtaining copies of instruments SC154358, SC486774 and SC524543 and SC429669 from LRO #51; reporting to T. Van Klink	Y			T
23844082	Armstrong, Rebecca	April 4, 2018	0.70	130.00	91.00	Drafting Application Generals to delete Notice of Lease registrations; discussion with the Land Registry Office concerning abstraction of registration relating to Notice of Lease;	Y			T
23853544	Armstrong, Rebecca	April 6, 2018	0.80	130.00	104.00	Drafting Application to Register Court Order; revising Applications to Delete Lease and drafting Acknowledgment and Direction for same; reporting to T. Van Klink;	Y			T
23865407	Armstrong, Rebecca	April 10, 2018	0.20	130.00	26.00	Attending to registration of Application to Register Court Order and reporting to T. Van Klink;	Y			T
23878836	Van Klink, Anthony	April 13, 2018	1.20	585.00	702.00	Review CIM, Sale Terms, Summary of Offers and Appraisal Summary; considering CRA issue; e-mails with Ms. Hornbostel; telephone call with Ms. Hornbostel re sales process and next steps	Y			T
23889737	Van Klink, Anthony	April 17,	0.40	585.00	234.00	Review Offer; e-mails with Ms.	Y			T

UNBILLED HOURS AND FEES

TIME ID	TK NAME	DATE	HOURS	RATE	AMOUNT	DESCRIPTION	PRT	TASK	TBB	ACTION
23920610	Armstrong, Rebecca	April 25, 2018	0.20	130.00	26.00	Hornbostel Obtaining a copy of the parcel register for PIN 58552-0076 in LRO#51 and copies of instrument numbers SC1180060 and SC1362455.	Y			T
23920878	Chornaby, Ashley	April 25, 2018	0.40	175.00	70.00	Obtain Corporation Profile Report, Certificate of Status, Personal Property Securities Act certificate, Bank Act certificate against Al-Cheragh International Corporation and provide search results to T. Van Klink;	Y			575
23921025	Van Klink, Anthony	April 25, 2018	2.00	585.00	1,170.00	Reviewing security, searches; working on opinion	Y			T
23921097	Van Klink, Anthony	April 25, 2018	0.20	585.00	117.00	Reviewing and revising application to remove Notices of Lease from title; e-mail to Ms. Hornbostel	Y			T
23921111	Armstrong, Rebecca	April 25, 2018	0.30	130.00	39.00	Revising Application to Delete Notice of Lease registrations and reporting to T. Van Klink;	Y			T
23921207	Chornaby, Ashley	April 25, 2018	0.40	175.00	70.00	Obtain Corporation Profile Report, Personal Property Securities Act certificate, Bank Act certificate against 7149816 Canada Inc. and provide search results to T. Van Klink;	Y			575
23921218	Chornaby, Ashley	April 25, 2018	0.40	175.00	70.00	Obtain Corporation Profile Report, Certificate of Status, Personal Property Securities Act certificate, Bank Act certificate against 6413340 Canada Inc. and provide search results to T. Van Klink;	Y			575
23921329	Van Klink, Anthony	April 25,	0.40	585.00	234.00	Reviewing searches; consideration	Y			T

UNBILLED HOURS AND FEES

TIME ID	TK NAME	DATE	HOURS	RATE	AMOUNT	DESCRIPTION	PRT	TASK	TBB	ACTION
		2018				of dissolution issue; e-mail to Ms. Hornbostel				
23921514	Armstrong, Rebecca	April 25, 2018	0.30	130.00	39.00	Completing adjoining lands search for PIN 58552-0076 and reporting to T. Van Klink;	Y			T
23925045	Armstrong, Rebecca	April 26, 2018	0.20	130.00	26.00	Discussion with the land registry office prior to attending to registration; completing registration of Applications to Delete Notice of Lease registrations and reporting to T. Van Klink	Y			T
23925179	Van Klink, Anthony	April 26, 2018	1.20	585.00	702.00	Reviewing searches, working on security opinion	Y			T
23936705	Van Klink, Anthony	April 30, 2018	0.50	585.00	292.50	Revising Receiver's Report	Y			T
Total			17.10		8,192.00					

UNBILLED DISBURSEMENTS

DISB ID	TK NAME	DATE	TAXABLE	AMOUNT	DESCRIPTION	PRT	DISB CODE
25445905	Armstrong, Rebecca	April 3, 2018	Y	12.00	Online Searches - Teranet -	Y	00638
25445895	Archer, Alison	April 4, 2018	Y	39.00	Online Searches - Teranet -	Y	00638
25451044	Rohoman, Farah	April 10, 2018	Y	10.60	Teraview Service Fee - PAYEE: MILLER THOMSON LLP; REQUEST#: 1341414; DATE: 4/10/2018. - SC1502966	Y	00119
25458693	Chornaby, Ashley	April 25, 2018	Y	24.00	PPSA Registration - PPSA Registration	Y	00691
25458694	Chornaby, Ashley	April 25, 2018	Y	42.00	Bankruptcy Search/Bank Act Search - Bankruptcy Search/Bank Act Search	Y	00694
25458696	Chornaby, Ashley	April 25, 2018	Y	20.00	Certificate of Status/Compliance -	Y	00542

UNBILLED DISBURSEMENTS

DISB ID	TK NAME	DATE	TAXABLE	AMOUNT	DESCRIPTION	PRT	DISB CODE
25461410	Armstrong, Rebecca	April 25, 2018	Y	155.55	Online Searches - Teranet -	Y	00638
25461317	Armstrong, Rebecca	April 26, 2018	Y	10.60	Teraview Service Fee - PAYEE: MILLER THOMSON LLP; REQUEST#: 1344927; DATE: 4/26/2018. - SC1506328	Y	00119
25461319	Armstrong, Rebecca	April 26, 2018	Y	10.60	Teraview Service Fee - PAYEE: MILLER THOMSON LLP; REQUEST#: 1344928; DATE: 4/26/2018. - SC1506329	Y	00119

Total Taxable Disbursements

324.35

DISB ID	TK NAME	DATE	TAXABLE	AMOUNT	DESCRIPTION	DISB CODE
25451043	Rohoman, Farah	April 10, 2018	N	63.65	Registration Fee - PAYEE: MILLER THOMSON LLP; REQUEST#: 1341414; DATE: 4/10/2018. - SC1502966	00065
25461316	Armstrong, Rebecca	April 26, 2018	N	63.65	Registration Fee - PAYEE: MILLER THOMSON LLP; REQUEST#: 1344927; DATE: 4/26/2018. - SC1506328	00065
25461318	Armstrong, Rebecca	April 26, 2018	N	63.65	Registration Fee - PAYEE: MILLER THOMSON LLP; REQUEST#: 1344928; DATE: 4/26/2018. - SC1506329	00065

Total Non Taxable Disbursements

190.95

Total Disbursements

515.30

EXHIBIT "B"
Miller Thomson's Fees

Hours	<u>Year of Call</u>	<u>Rate 2018</u>	<u>Total</u>
T. Van Klink	1988	\$585.00	13.00
A. Chornaby	N/A	\$175.00	1.20
R. Armstrong	N/A	\$130.00	2.90
			17.10
Total \$			
T. Van Klink	1988	\$585.00	\$7,605.00
A. Chornaby	N/A	\$175.00	\$210.00
R. Armstrong	N/A	\$130.00	\$377.00
			\$8,192.00
Summary			
Fees			\$8,192.00
Disbursements			\$515.30
HST			\$1,107.12
Total			\$9,814.42

BANK OF MONTREAL
Applicant

**AL-CHERAGH INTERNATIONAL
CORPORATION, et al.**
Respondents

Court File No: CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

AFFIDAVIT OF SHERRY KETTLE

MILLER THOMSON LLP
One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSUC#: 29008M
Tel: 519.931.3509
Fax: 519.858.8511
tvanklink@millerthomson.com

Lawyers for msi Spergel Inc, the Court-appointed
Receiver of the assets, undertakings and
properties of Al-Cheragh International
Corporation, 6413340 Canada Inc. and 7149816
Canada Inc.

APPENDIX “K”

In the Matter of the Receivership's of
Al-Cheragh International Corporation ("Al-Cheragh") and 6413340 Canada Inc. ("641")
Receiver's Statements of Receipts and Disbursements
as at April 30, 2018

<u>Receipts</u>	<u>Al-Cheragh</u>	<u>641</u>	<u>Combined</u>
Deposit on Sale of Property and Chattels	\$ 120,000	\$ -	\$ 120,000
Advance from Secured Creditor	30,000	-	30,000
Sale of Fuel Inventory	-	15,400	15,400
Rental Income	15,360	-	15,360
HST Collected	1,733	2,002	3,735
Cash on Hand	200	-	200
Miscellaneous Receipts	142	3	145
Total Receipts	167,434	17,405	184,840
<u>Disbursements</u>			
Appraisal Fees	5,433	-	5,433
Insurance	5,262	-	5,262
Locksmith Costs and Security	4,494	854	5,348
Advertising of Sales Process	3,941	-	3,941
HST Paid on Disbursements	1,979	111	2,090
Utilities	1,615	-	1,615
Repairs and Maintenance	1,395	-	1,395
Filing Fee, License Fee and Travel	548	70	618
Total Disbursements	24,667	1,035	25,702
Total Receipts less Disbursements	\$ 142,768	\$ 16,370	\$ 159,138 E&EO

TAB 3

Revised: January 21, 2014

Court File No. CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEEKDAYWEDNESDAY, THE #16TH
JUSTICE)
DAY OF MONTHMAY, 20YR2018

BETWEEN:

PLAINTIFF

Plaintiff

BANK OF MONTREALApplicant

- and -

DEFENDANT

Defendant

AL-CHERAGH INTERNATIONAL CORPORATION,
6413340 CANADA INC and 7149816 CANADA INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended and Section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. c-43, as amended

APPROVAL AND VESTING ORDER

THIS MOTION, made by [~~RECEIVER'S NAME~~]msi Spergel Inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of [~~DEBTOR~~] (the "~~Debtor~~"Al-Cheragh International Corporation, 6413340 Canada Inc. and 7149816 Canada Inc. (the "Debtors") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and [~~NAME OF PURCHASER~~]Noorallah Nawrozada and Alex Scholyar, in trust for 2633720

Ontario Inc. (the "Purchaser") dated ~~[DATE]~~April 17, 2018 and appended to the Report of the Receiver dated ~~[DATE]~~May 4, 2018 (the "Report"), and vesting in the Purchaser the ~~Debtor's~~Debtors' right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, ~~[NAMES OF OTHER PARTIES APPEARING]~~, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~Julie Franchini sworn ~~[DATE]~~May, 2018 filed¹:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and the execution of the Sale Agreement by the Receiver³ is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the ~~Debtor's~~Debtors' right, title and interest in and to the Purchased Assets described in the Sale Agreement ~~[and listed on Schedule B hereto]~~⁴ shall vest absolutely in the Purchaser, free and clear of and from any and all security interests

¹ ~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

² ~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

³ ~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

⁴ ~~To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

(whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims"⁵) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice ~~[NAME]~~Hainey dated ~~[DATE]~~February 1, 2018; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act*, (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. THIS COURT ORDERS that upon the registration in the Land Registry Office for the ~~[Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver~~[Land Titles Division of {LOCATION}]Simcoe (#51) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased Assets shall stand in the place and

⁵ The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

⁶ Elect the language appropriate to the land registry system (Registry vs. Land Titles).

⁷ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁸, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

~~6. THIS COURT ORDERS that, pursuant to clause 7(3)(e) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "●" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.~~

6. ~~7.~~ THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the ~~Debtor~~Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the ~~Debtor~~Debtors;

⁸ ~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~Debtors and shall not be void or voidable by creditors of the ~~Debtor~~Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. ~~8.-THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) that the Confidential Appendices to the Report shall be sealed until the earlier of a) the completion of the Transaction, and b) further order of this Court.~~

8. ~~9.-THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the 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.~~

Revised: January 21, 2014

Schedule A – Form of Receiver's CertificateCourt File No. CV-18-590085-00CL**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**BETWEEN:~~BETWEEN:~~**PLAINTIFF**

Plaintiff

BANK OF MONTREALApplicant

- and -

DEFENDANT

Defendant

AL-CHERAGH INTERNATIONAL CORPORATION,
6413340 CANADA INC and 7149816 CANADA INC.RespondentsAPPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended and Section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. c-43, as amended**RECEIVER'S CERTIFICATE****RECITALS**

A. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~ Mr. Justice Hainey of the Ontario Superior Court of Justice (the "Court") dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~ February 1, 2018, msi Spengel Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of ~~[DEBTOR]~~ (the "~~Debtor~~" Al-Cheragh International Corporation, 6413340 Canada Inc. and 7149816 Canada Inc. (the "Debtors")).

- 2 -

B. Pursuant to an Order of the Court dated ~~[DATE]~~May 16, 2018, the Court approved the agreement of purchase and sale made as of ~~[DATE OF AGREEMENT]~~April 17, 2018 (the "Sale Agreement") between the Receiver ~~[Debtor]~~ and ~~[NAME OF PURCHASER]~~and Noorallah Nawrozada and Alex Scholyar, in trust for 2633720 Ontario Inc. (the "Purchaser") and provided for the vesting in the Purchaser of the ~~Debtor's~~Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in ~~section~~sections 11 and 12 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in ~~section~~sections 11 and 12 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

~~[NAME OF RECEIVER]~~msi Spergel Inc., in its capacity as Receiver of the ~~undertaking, property and assets of [DEBTOR]~~assets, undertakings and properties of AL-CHERAGH INTERNATIONAL CORPORATION, 6413340 CANADA INC. AND 7149816 CANADA INC., and not in its personal capacity

Per: _____

Name: Deborah Hornbostel

Title: Senior Principal

- 2 -

Schedule B – Purchased Assets

1. The real property legally described as PT LT A CON 2 EPR ORO PTS 1 & 2, 51R6107: ORO-MEDONTE (PIN 58552-0076 in LRO #51) together with all buildings and improvements thereon ("Real Property");
2. The right, title and interest, if any, of the Debtors in all leases or agreements to lease (collectively, "Leases") in respect of the Real Property, or any portion thereof, including, without limitation, the following leases:
 - (a) Lease dated April 26, 2015 between Al-Cheragh International Corporation and Rocket Fireworks Inc.; and
 - (b) Lease dated January 28, 2008 between Al-Cheragh International Corporation and PCO Services Corporation.
3. The right, title and interest, if any, of the Debtors in all benefits, advantages, licences, guarantees, warranties, income, rents and options relating to the Real Property; and
4. The personal property described on Schedule B1.

~~Revised: January 21, 2014~~

Schedule B1 – Personal Property

Schedule C – Claims to be deleted and expunged from title to Real Property

1. Charge registered as No. SC899724 on May 5, 2011 to Bank of Montreal in the amount of \$1,725,000;
2. Notice of Assignment of Rents registered as No. SC899725 on May 5, 2011 by Bank of Montreal;
3. Notice of security interest registered as No. SC1180060 on December 4, 2014 by SNAP Commercial Financial Corp.;
4. Lien registered as No. SC1362455 on November 17, 2016 by Her Majesty the Queen in Right of Canada as Represented by The Minister of National Revenue; and
5. Application Court Order registered as No. SC1502966 on April 10, 2018 by msi Spergel Inc.

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. Any undetermined or inchoate liens and charges incidental to the Purchased Assets;
2. The Leases, as defined on Schedule B;
3. The reservations, limitations, provisos, conditions, restrictions and exceptions expressed in the letters patent or grant from the Crown and all statutory exceptions to title;
4. The provisions of governing municipal by-laws;
5. Municipal taxes, liens, charges, including hydro and water charges, rates and assessments accruing from day to day and not yet due and payable;
6. Any defects or minor encroachments which might be revealed by an up to date survey of the Real Property;
7. Any right of expropriation conferred upon, reserved to or vesting in Her Majesty the Queen in Right of Canada and Ontario;
8. Any registered restrictions or covenants that run with the Real Property provided that same have been complied with in all material respects;
9. Any easements, rights of way or right of re-entry in favour of a developer, not materially or adversely impairing the present use of the Real Property; and
10. Any agreements with municipal, utilities or public authorities provided that same have been complied with in all material respects.

<u>BANK OF MONTREAL</u>	<u>and</u>	<u>AL-CHERAGH INTERNATIONAL CORPORATION et al.</u>	<u>Court File No. CV-18-590085-00CL</u>
<u>Applicant</u>		<u>Respondents</u>	
			<u>ONTARIO</u> <u>SUPERIOR COURT OF JUSTICE</u> <u>(COMMERCIAL LIST)</u> <u>Proceeding commenced at TORONTO</u>
			<u>APPROVAL AND VESTING ORDER</u>

MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
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Tony Van Klink LSO#: 29008M
Tel: 519.931.3509
Fax: 519.858.8511
tvanklink@millerthomson.com

Lawyers for msi Spergel Inc., the Court
appointed Receiver of the assets,
undertakings and properties of Al-Cheragh
International Corporation, 6413340 Canada
Inc. and 7149816 Canada Inc.

Document comparison by Workshare Compare on Friday, May 04, 2018
10:55:29 AM

Input:	
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Description	#31088288v1<Legal> - MODEL APPROVAL AND VESTING ORDER
Document 2 ID	interwovenSite://MTDMS.MILLERTHOMSON.CORP/Legal/31110424/1
Description	#31110424v1<Legal> - draft Approval and Vesting Order - May 16, 2018 (Al-Cheragh)
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved-deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
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Deletions	82
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	218
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TAB 4

Revised: May 11, 2010

Court File No. — CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE ———) ~~WEEKDAY~~ WEDNESDAY, THE #16TH
JUSTICE ———)
DAY OF MONTH MAY, 20YR2018

~~BETWEEN:~~**PLAINTIFF**

Plaintiff

BETWEEN:BANK OF MONTREALApplicant

- and —

DEFENDANT

Defendant

AL-CHERAGH INTERNATIONAL CORPORATION,
6413340 CANADA INC and 7149816 CANADA INC.

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended and Section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. c-43, as amended

DISCHARGE ORDER

THIS MOTION, made by [~~RECEIVER'S NAME~~]msi Spergel Inc. in its capacity as the Court-appointed receiver and manager (the "Receiver") of the ~~undertaking~~, property and assets of [~~DEBTOR~~] ~~(undertakings and properties of Al-Cheragh International Corporation, 6413340 Canada Inc., and 7149816 Canada Inc. (together, the "Debtor Debtors")~~); for, inter alia, an order:

±

(a) if necessary, abridging the time for and validating service of this Notice of Motion and the First and Final Report of the Receiver to the Court dated May 4, 2018 (the "Report") and directing that any further service of this Notice of Motion and the Report be dispensed with such that this motion is properly returnable on May 16, 2018;

(b) Approving the sale by the Receiver of certain real and personal property (the "Purchased Assets") of the debtor, Al-Cheragh International Corporation to Noorallah Nawrozada and Alex Scholyar, in trust for 2633720 Ontario Inc. (the "Purchaser") pursuant to the terms of an Agreement of Purchase and Sale dated April 17, 2018 (the "Agreement") and the vesting of the Purchased Assets in the Purchaser free and clear of all encumbrances save and except the permitted encumbrances as identified in the Agreement;

(c) 1. approving the Report and the conduct and activities of the Receiver as set out in the report of the Receiver dated [DATE] (the "Report"); reported therein;

~~2. approving~~

(d) approving the distributions as set out in the Report of all funds remaining in the Receiver's hands following the completion of the transaction contemplated by the Agreement after payment of all realty tax arrears, the costs and expenses to complete the administration of the receivership estate and the fees and disbursements of the Receiver and its legal counsel;

~~3. approving the distribution of the remaining proceeds available in the estate of the Debtor;~~
~~{and}~~

(e) sealing the confidential appendices to the Report until further order of the Court or the completion of the transaction contemplated by the Agreement, whichever is earlier;

(f) approving the Receiver's statement of receipts and disbursements for the period ending April 30, 2018 and its projected statement of receipts and disbursements;

(g) approving the professional fees and disbursements of the Receiver and its legal counsel; and

(h) ~~4. discharging [RECEIVER'S NAME] as Receiver of the undertaking, property and assets of the Debtor;~~ and subject to the completion of the transaction contemplated by the Agreement and the Receiver completing its administration of the receivership estate as described in the Report and filing a Certificate of Completion and a copy of the final statement of receipts and disbursements with this Honourable Court, discharging msi Spergel Inc. as receiver of the assets, undertakings and properties of the Debtor and the other respondents (together, the "Debtors") and releasing msi Spergel Inc. from any and all liability.

~~5. releasing [RECEIVER'S NAME] from any and all liability, as set out in paragraph 5 of this Order~~¹;

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, ~~Report, the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits"), and on hearing the submissions of counsel for the Receiver, no one else appearing for any other person on the service list, although properly served as evidenced by~~ appears from the Affidavit of [NAME], Julie Franchini sworn {DATE}, May, 2018 filed²;

1. THIS COURT ORDERS that the Report and the conduct and activities of the Receiver, as set out in the Report, reported therein be and the same are hereby approved.

2. THIS COURT ORDERS that ~~the fees and disbursements of the Receiver and its counsel, as set out~~ the Receiver's Statement of Receipts and Disbursements for the period from February 1, 2018 to April 30, 2018 and the Receiver's projected Statement of Receipts and Disbursements as set forth in the Report ~~be and the Fee Affidavits,~~ are hereby approved.

3. THIS COURT ORDERS that, following the completion of the transaction contemplated by the Agreement all funds remaining in the Receiver's hands from the realization of the assets,

¹ If this relief is being sought, stakeholders should be specifically advised, and given ample notice. See also Note 4, below.

² This model order assumes that the time for service does not need to be abridged.

undertakings and properties of the receivership estate after payment of the fees and disbursements herein approved, all realty tax arrears, the costs and expenses to complete the administration of the receivership estate and the fees of the Receiver shall pay the monies remaining in its hands to [NAME OF PARTY]³ and its legal counsel, including the Fee Accrual as defined in the Report, shall be distributed by the Receiver as provided for in the Report.

4. THIS COURT ORDERS that the professional fees and disbursements of the Receiver and Miller Thomson LLP, counsel to the Receiver, as set forth in the fee affidavit of Deborah Hornbostel sworn May 2, 2018 and the fee affidavit of Sherry Kettle sworn May 3, 2018 together with the Fee Accrual be and are hereby approved.

5. 4-THIS COURT ORDERS that upon payment of the amounts set out in paragraph 3 hereof [and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Report] administration of the receivership estate together with a copy of the Final Statement of Receipts and Disbursements, the Receiver shall be discharged as Receiver of the undertaking, property and assets assets, undertakings and properties of the DebtorDebtors, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of [RECEIVER'S NAME]msi Spergel Inc. in its capacity as Receiver.

6. 5-[THIS COURT ORDERS AND DECLARES that [RECEIVER'S NAME]msi Spergel Inc. is hereby released and discharged from any and all liability that [RECEIVER'S NAME]msi Spergel Inc. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of [RECEIVER'S NAME]msi Spergel Inc. while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, [RECEIVER'S NAME]msi Spergel Inc. is hereby forever released and discharged from any and all liability relating to

³ ~~This model order assumes that the material filed supports a distribution to a specific secured creditor or other party.~~

matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.]⁴

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.

⁴ The model order subcommittee was divided as to whether a general release might be appropriate. On the one hand, the Receiver has presumably reported its activities to the Court, and presumably the reported activities have been approved in prior Orders. Moreover, the Order that appointed the Receiver likely has protections in favour of the Receiver. These factors tend to indicate that a general release of the Receiver is not necessary. On the other hand, the Receiver has acted only in a representative capacity, as the Court's officer, so the Court may find that it is appropriate to insulate the Receiver from all liability, by way of a general release. Some members of the subcommittee felt that, absent a general release, Receivers might hold back funds and/or wish to conduct a claims bar process, which would unnecessarily add time and cost to the receivership. The general release language has been added to this form of model order as an option only, to be considered by the presiding Judge in each specific case. See also Note 1, above.

<p><u>BANK OF MONTREAL</u></p> <p><u>Applicant</u></p>	<p><u>and</u></p> <p><u>AL-CHERAGH INTERNATIONAL CORPORATION, et al.</u></p> <p><u>Respondents</u></p>	<p>Court File No: <u>CV-18-590085-00CL</u></p>
		<p><u>ONTARIO</u></p> <p><u>SUPERIOR COURT OF JUSTICE</u></p> <p><u>(COMMERCIAL LIST)</u></p> <p><u>Proceeding commenced at TORONTO</u></p>
		<p><u>DISCHARGE ORDER</u></p>

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International Corporation, 6413340 Canada
Inc. and 7149816 Canada Inc.

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BANK OF MONTREAL
Applicant

and

AL-CHERAGH INTERNATIONAL CORPORATION,
et al.
Respondents

Court File No: CV-18-590085-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**MOTION RECORD
(RETURNABLE MAY 16, 2018)**

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