

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
Court No: 500-11-046282-147
500-11-046281-149
Estate No: 0000206-2014
0000207-2014

SUPERIOR COURT
(Commercial Division)
*(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C.
1985, c. C-36, as amended)*

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. (1985), c. C-36 WITH
RESPECT TO:**

CASPERDINY IFB REALTY INC., a legal person duly
incorporated under the laws of Canada, having its
principal place of business at 3475 Mountain Street,
Montreal, Quebec, H3G 2A4

-and-

LES APPARTEMENTS CLUB SOMMET INC., a legal
person duly incorporated under the laws of Canada,
having its principal place of business at 3475 Mountain
Street, Montreal, Quebec, H3G 2A4

Petitioners or Debtors

-and-

RICHTER ADVISORY GROUP INC., a duly incorporated
legal person having its principal place of business at
1981 McGill College Avenue, in the city and district of
Montreal, Quebec, H3A 0G6

Monitor

**REPORT OF THE MONITOR ON THE STATE OF PETITIONERS' FINANCIAL AFFAIRS,
AND IN SUPPORT OF THE MOTION SEEKING LEAVE TO TRANSFER AND SURRENDER
SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS
OUTSIDE THE NORMAL COURSE OF BUSINESS
JULY 17, 2014**

INTRODUCTION

1. On March 3, 2014, the Petitioners filed a Notice of Intention to Make a Proposal and Richter Advisory Group Inc. ("Richter") was named Trustee.
2. On March 12, 2014, the Petitioners filed with the Quebec Superior Court, a Motion for the Issuance of an Initial Order pursuant to Section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the "CCAA"). On March 21, 2014, the Honourable Martin Castonguay, J.S.C., issued an initial order (the "Initial Order"), *inter alia* appointing Richter as monitor (the "Monitor").
3. On April 11, 2014, the Petitioners filed with the Quebec Superior Court, a Motion Seeking Extension of the Initial Order. On April 15, 2014, the Honourable Martin Castonguay, J.S.C., granted the Petitioners' motion and extended the Initial Order until May 29, 2014.
4. On May 28, 2014, the Petitioners filed with the Quebec Superior Court, a second Motion Seeking Extension of the Initial Order. On May 29, 2014, the Honourable Martin Castonguay, J.S.C., granted the Petitioners' motion and extended the Initial Order until July 3, 2014.
5. On July 2, 2014, the Petitioners filed with the Quebec Superior Court, a third Motion Seeking Extension of the Initial Order. On July 3, 2014, the Honourable Martin Castonguay, J.S.C., granted the Petitioners' motion and extended the Initial Order until July 18, 2014.
6. All amounts reflected in this report are stated in Canadian currency unless otherwise noted.
7. The purpose of this report is to inform the Court of the following:
 - General Corporate Information;
 - Financial Position and Cash Flow Projections;
 - Solicitation and Sale Process, including the Petitioners' request for approval by this Honorable Court of the Timbercreek Transfer (hereinafter defined);
 - Interim Financing Facility;
 - Activities of the Monitor;
 - Request for an Extension of the Stay of Proceedings to August 19, 2014.
8. The information contained in this report is based on unaudited financial information as well as discussions with representatives of the Debtors' project and property management firm, Asta Corporation Inc. (hereinafter "Management"). The Monitor has not conducted an audit or other verification of such information and accordingly, no opinion is expressed regarding the accuracy, reliability or completeness of the information contained herein.

GENERAL CORPORATE INFORMATION

9. Casperdiny IFB Realty Inc. (hereinafter "Casperdiny") is controlled by Casperdiny IFB Capital Inc. (a Canadian corporation), which, in turn, is wholly-owned by IFB Beteiligungen AG (a German publicly organized company) based in Düsseldorf. Les Appartements Club Sommet Inc. (hereinafter "Sommet") is a wholly-owned subsidiary of Casperdiny.
10. Together, the Debtors own, operate and manage a 16-story, 291-unit apartment building located in downtown Montreal, on de La Montagne Street, corner Sherbrooke Street (hereinafter the "Property"). The Property is operated under the name Club Sommet.
11. The Debtors have no employees involved in the management of the Property. Also, all services relative to the operations of the Property and to tenant amenities are outsourced to third parties service providers.
12. The project management, as well as day-to-day property management and operations, have been outsourced to Asta Corporation Inc. (hereinafter "Asta"), a real estate services firm with its head office located at 555 Richmond West, Suite 300, Toronto, M5V 1Y6.
13. The property management agreement with Asta has been terminated effective July 18, 2014. Pursuant to the Transfer and Surrender Agreement (hereinafter defined) between Timbercreek (as this term is defined in the Initial Order) and the Debtors, Timbercreek will be charged with simple administration of the Property between the execution date of the agreement and the closing of the Timbercreek Transfer. The administration of the Property will be performed without remuneration to Timbercreek.
14. Since the issuance of the Initial Order, the Debtors have continued to operate the Property in the normal course of business, which involves collecting rents, maintaining existing tenant services consistent with the current business model, collecting and returning tenants deposits, and pursuing its lease-up program.
15. We refer you to the report issued on March 18, 2014, by Richter, in its capacity as Proposed Monitor of the Petitioners and in support of the Petition for the issuance of an Initial Order, for details pertaining to the following:
 - General corporate information;
 - Historical events leading to the CCAA filing; and
 - Financial position and operating results pre-CCAA.

FINANCIAL POSITION AND CASH FLOW PROJECTIONS

16. In conjunction with the filing of the Motion Seeking Extension of the Initial Order on May 28, 2014, Management prepared cash flow projections (the "Projections") for the period of May 17 to August 31, 2014. A copy of the Petitioners' Projections was included as Exhibit C to the Second Report of the Monitor on the State of Petitioners' Financial Affairs.
17. Details of actual cash flow results compared to the Projections for the period of May 17 to July 11, 2014 are included in **Exhibit A** entitled Comparative Cash Flow for the period May 17 to July 11, 2014.
18. As of June 30, 2014, the Debtors' book cash balances (net of outstanding checks) amounted to \$54,349 as compared to the projected balance of \$43,027. The positive cash flow variance vs. Projections for May 17 to June 30, 2014, resulted primarily from the following:
 - Cash inflows were slightly below the Projections (\$7,589 negative variance), as ongoing challenges in collecting past due rent receivable were offset in part by greater than projected new tenant deposits in the period;
 - Approximately \$30,000 positive variance in operating disbursements through June 30 was largely due to \$25,700 of projected payments to Hydro Quebec which were not made as scheduled in the period, including:
 - a) \$15,700 requested security deposit, which the debtors no longer intend to make given the imminent transfer of the Property to Timbercreek (the Debtors have assumed that an alternative deposit arrangement will be concluded between Hydro Quebec and Timbercreek);
 - b) \$10,000 projected payment of monthly utility fees in June was not made by month end. The payment of outstanding amounts to Hydro Quebec is addressed in the following paragraph.
19. As of July 11, 2014, the reported book cash balance was \$96,223. Through this date, the Debtors have been paying suppliers based on negotiated terms or upon receipt of invoices, with the exception of the following post-filing payments which were not made in due course:
 - Electricity charges for the period through June 23, 2014: **\$18,420**. The Debtors intend to remit payment for the full amount of this outstanding balance on July 18, 2014;
 - Monthly Syndicate contribution for operating costs, due July 1: **\$23,800**. This payment is forecasted to be made by the end of July, as reflected in the Debtors' Updated Projections (hereinafter defined).

20. In support of the requested extension of the Initial Order, Management has prepared revised cash flow projections (the "Updated Projections") for the period of July 12 to August 19, 2014 (the "Period"). A copy of the Debtors' Updated Projections is included as **Exhibit B**.
21. The Updated Projections reflect sufficient liquidity to maintain operations of the Property in the normal course through August 19, 2014, based on the following:
 - An opening cash balance as of July 11, 2014 of \$96,223;
 - Cash inflows of \$267,071 during the Period, reflecting the current occupancy rate and recent collection patterns;
 - Projected operating disbursements of \$255,902 during the Period include the payment of past due (post-filing) balances to Hydro Quebec and the Syndicate, as well as payment in the normal course of all operating expenses for the Period;
 - \$50,000 of professional fees paid in the week of July 12, 2014, consistent with the amounts provided in the original Projections.
22. The Debtors' Updated Projections are based on financial and other information and assumptions provided by Management. The Updated Projections were prepared using probable assumptions supported and consistent with the plans of the Company for the Period, considering the economic conditions that are deemed the most probable by Management. Since the Projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Updated Projections will be achieved.

SOLICITATION AND SALE PROCESS

23. Subsequent to the issuance of the Initial Order, the Debtors initiated discussions with CBRE Capital Markets - National Apartment Group (hereinafter "CBRE") to implement a solicitation process to attract potential investors and purchasers in respect of the Property (hereinafter the "Solicitation and Sale Process").

24. On April 10, 2014, CBRE presented to the Debtors a "Proposal for Marketing Representation" (attached as an exhibit to the Motion Seeking Extension of the Initial Order), which formally outlined its qualifications, opinion of the property's value and potential marketing approach. Based on CBRE's significant expertise and successful track record of marketing similar properties, as well as its pre-eminent position in the local and international real estate market, Management concluded that CBRE was best positioned to implement the Solicitation and Sale Process.
25. As outlined in the "Activity Report" forwarded to the Debtors on May 23, 2014 (attached as Exhibit B to the Report of the Monitor on the Solicitation and Sale Process – dated May 28, 2014), CBRE undertook the following as part of the implementation of the Solicitation and Sale Process:
 - A. An Introductory Information Brochure ("Teaser") was prepared and forwarded to a targeted list of 35 investors on April 28, 2014 (attached as Exhibit C to the Report of the Monitor on the Solicitation and Sale Process). The Teaser was accompanied by a Confidentiality Agreement, and a Terms and Conditions document (together the "Appendices"), setting out the process and framework for submission of offers for the purchase of the Property by interested bidders;
 - B. A Confidential Information Memorandum (the "CIM") was completed by May 9, 2014, outlining the Property's location highlights, physical characteristics, and CBRE's financial assumptions;
 - C. Relevant due diligence documentation was compiled, including rent rolls, leases, financial statements, certificate of location, etc., and such information was organized in an online data room opened on May 12, 2014. Ten (10) parties who executed the Appendices were provided access to the data room;
 - D. Property tours were organized for potential investors upon request. A total of four (4) tours were completed;
 - E. An e-mail campaign was issued on May 22, 2014, to remind investors of the upcoming bid deadline of May 26, 2014; and
 - F. CBRE participated in numerous meetings and calls with interested parties throughout the process.
26. Pursuant to the CBRE marketing efforts, the Monitor received a total of three (3) Qualifying Offers. Such offers are summarized in paragraph 12, and included in Exhibits F and G of the Report of the Monitor on the Solicitation and Sale Process.

27. After reviewing and analyzing the bids received with the assistance of CBRE and Richter, the Debtors decided to accept the offer from Rakotta Holdings Inc. (hereinafter "Rakotta" or "Retained Bidder"), which was subject to a 30-day due diligence period (hereinafter the "Rakotta Bid").
28. On June 26, 2014, the Retained Bidder informed the Debtors that it was not satisfied of its due diligence findings, and that it therefore would not complete the contemplated transaction.
29. The Rakotta Bid was the only bid received within the CBRE Process contemplating a transaction that was offering a purchase price superior to the secured indebtedness of the Debtors.
30. Within the Solicitation Process, Timbercreek submitted a bid for the Property, (hereinafter the "Timbercreek Bid"). This offer was essentially a credit bid allowing for the transfer and surrender of the Property for consideration corresponding to Timbercreek's secured claim, plus an amount sufficient to cover all other prior ranking claims.
31. Given that the CBRE Process had not given rise to any other bids allowing for the payment of Debtors' secured claims, the Debtors, with the assistance of the Monitor worked with Timbercreek to facilitate the transfer of the Property in the most efficient manner, the whole with a view to minimize the impact of such a transition on the ongoing operations of the Property.
32. In this regard, the Debtors and Timbercreek agreed on the terms and conditions upon which the transfer of the Property would take place as appears from a copy of the Transfer and Surrender Agreement filed in support hereto as **Exhibit C** (the "Transfer and Surrender Agreement"), which may be summarized as follows:
 - A. The Debtors agree to surrender and transfer the Property and any related movable assets to Timbercreek, with the exception of the Sundry Assets, which are essentially comprised of litigated claims to which the Debtors are parties (as further defined in the Transfer and Surrender Agreement);
 - B. Timbercreek agrees to pay the priority payables, namely:
 - i. The amounts due to the Interim Lender pursuant to the Interim Financing Facility;
 - ii. The amounts due to the beneficiaries of the Administration Charge (as this term is defined in the Initial Order); and
 - iii. The amounts due to the Syndicate which are subject to the Syndicate Prior Notice and the Syndicate Motion (as these terms are defined in the Initial Order).

INTERIM FINANCING FACILITY

33. Prior to the filing of the Motion for the Issuance of an Initial Order, IFB Beteiligungen AG (the "Interim Lender") transferred funds in the amount of \$2,177,502 (the "DIP Loan Funds") to Richter in trust, representing the maximum principle amount of the Interim Financing Facility (as this term is defined in the Initial Order) for which approval was sought from the Court.
34. On March 21, 2014, this Honourable Court issued an Initial Order approving the Interim Financing Facility, and authorizing the Debtors to borrow from the Interim Lender in accordance with same.
35. Under the terms of the Interim Financing Facility, as approved in the Initial Order, the DIP Loan Funds were to be used exclusively for payment of the Timbercreek Mortgage Interest. On May 28, 2014, the Interim Lender authorized the Debtors to use up to \$325,000 of DIP Loan Funds for purposes of operating liquidity. On May 29, 2014, the Honourable Martin Castonguay issued an Order authorizing such allocation of DIP Advances to fund the anticipated deficit from operations.
36. Following the issuance of the Initial Order:
 - The DIP Loan Funds have been held in trust by the Monitor, for the Interim Lender;
 - Through July 14, 2014, the Monitor has disbursed \$1,053,780 to Timbercreek Asset Management, representing interest charges on the mortgage loan as detailed below, the whole in accordance with the Initial Order:

Date	Funds Disbursed	Interest Period
02-Apr-14	\$ 327,846	March 4 to 31, 2014
01-May-14	362,967	April 1 to 30, 2014
02-Jun-14	362,967	May 1 to 31, 2014
	<u>\$ 1,053,780</u>	

- In addition, the Monitor disbursed a total of \$325,000 for operational liquidity, with the authorization of the Interim Lender and in accordance with the Court Order dated May 29, 2014.

- As of July 14, 2014, the remaining balance of DIP Loan Funds held in trust by the Monitor, for the Interim Lender, was \$802,125, reconciled as follows:

Interim Financing Facility Funds Held in Trust by Monitor	
DIP Funds received from Interim Lender	\$ 2,177,502
Funding of Timbercreek mortgage interest	(1,053,780)
Funding of operational deficiency	(325,000)
Interest earned, net of transaction fees	3,403
Balance held in trust - July 14, 2014	\$ 802,125

37. Timbercreek has informed the Debtors that it does not wish for the Interim Lender to continue to fund the monthly interest payments payable to Timbercreek as per the Interim Financing Facility Agreement. As such, the June 2014 interest payment (due July 1, 2014) was not made by the Monitor.
38. The balance of the Interim Financing Facility to be repaid by Timbercreek, pursuant to the Timbercreek Transfer, is estimated at \$1,411,127, as follows:

Interim Financing Facility Balance to be repaid by Timbercreek	
DIP Funds advanced by Interim Lender	\$ 2,177,502
Interest payable on DIP Loan *	35,750
Less: amount to be returned by Monitor	(802,125)
Balance payable by Timbercreek at closing	\$ 1,411,127
<i>* Interest payable based on a rate of Prime + 1.25%, for the 141 day period between the execution of the Interim Financing Agreement (Feb. 27, 2014) and the projected closing date of the Timbercreek Transfer (July 18, 2014).</i>	

ACTIVITIES OF THE MONITOR

39. The Monitor's activities since the granting of the extension of the Initial Order on May 29, 2014, have included the following:
- The Monitor has communicated regularly with the Debtors' Management personnel in Toronto and representatives of CBRE, to carry out its duties including the requirement to monitor: i) the Petitioners' cash flow, ii) the status of the lease-up program, iii) the development and progress of the Solicitation and Sale Process, and (iv) negotiation of the Transfer and Surrender Agreement with Timbercreek. As well, the Monitor has had numerous meetings and held frequent conference

calls with Management and legal counsel with a view to keeping all parties apprised of material developments;

- The Monitor has responded to queries from the Debtors' unsecured creditors;
- The Monitor reviewed the Debtors' financial affairs and results;
- The Monitor drafted this Report and reviewed material to be filed by the Petitioners herewith;
- The Monitor has attended to other administrative and statutory matters relating to the Monitor's administration of this mandate.

CONCLUSIONS AND RECOMMENDATION

40. The Monitor is satisfied that the Transfer and Surrender Agreement represents the best transaction possible under the circumstances, and recommends its approval by this Court based on the following:
 - A. The Petitioners have conducted a thorough solicitation process, with the assistance of CBRE, a reputable broker with significant expertise and successful track record of marketing similar properties.
 - B. CBRE and Management applied thoughtful consideration to the development of a marketing strategy that would increase the chances of soliciting meaningful offers in a very compressed timeframe.
 - C. The solicitation process was conducted in a diligent manner, with all interested parties having been provided with the same access to the Property, and to all relevant due diligence information.
 - D. The process was fair and transparent for all parties concerned. All interested bidders had the time and opportunity to analyze all relevant information and present their best offer.
 - E. Other than the Rakotta Bid which was ultimately withdrawn, the CBRE Solicitation Process did not give rise to any bids offering a purchase price superior to the secured indebtedness of the Debtors.
41. The Monitor is supporting the extension of the Initial Order until August 19, 2014, for the following reasons:
 - A. At the present time, it is premature for the Petitioners to devise a Plan of Arrangement and present same to its creditors. The Petitioners are seeking an extension to August 19, 2014 ("Additional Period") in order to allow the closing of the Timbercreek Transfer in accordance with the Transfer and Surrender Agreement executed by Timbercreek and the Debtors.

- B. Considering the Updated Projections and funds currently available in the Debtors' accounts, the Petitioners are in a position to continue their operations on a going concern basis during the Additional Period.
- C. The Petitioners' Management has, and continues to act in good faith, with due diligence and has been cooperating with all stakeholders involved in this process, including but not limited to the Monitor and the Debtors' creditors.
- D. The Petitioners have not prejudiced their creditors as the Updated Projections indicate that they have sufficient liquidity to pay for all post-filing liabilities incurred since the date of filing and projected through the Additional Period.
- E. The extension sought will not materially prejudice any of the secured creditors.

Respectfully submitted at Montreal, this 17th day of July 2014.

Richter Advisory Group Inc.
Monitor



Benoit Gingues, CPA, CA, CIRP

EXHIBIT A

Casperdiny IFB Realty Inc.

Comparative Cash Flow for the period May 17 to July 11, 2014

	May 17-31 Projected	May 17-31 Actual	May 17-31 Variance	June 2014 Projected	June 2014 Actual	June 2014 Variance	Total Variance May 17 to June 30, 2014	July 1 to 11 2014 Actual
Cash Inflows								
Rent Revenues	\$ 40,526	\$ 18,026	\$ (22,500)	\$ 248,244	\$ 234,045	\$ (14,199)	\$ (36,699)	\$ 131,305
Parking	18,372	18,373	1	22,811	20,804	(2,007)	(2,006)	-
Other Income	-	464	464	2,300	2,100	(200)	264	-
Total Rent Collected	58,898	36,863	(22,035)	273,355	256,949	(16,406)	(38,441)	131,305
Deposits Collected from New Leases	12,900	29,018	16,118	21,600	25,534	3,934	20,052	18,800
Deposits Applied against Rent	-	-	-	(17,114)	(6,314)	10,800	10,800	(12,679)
Total Cash Inflow from Operations	71,798	65,881	(5,917)	277,841	276,169	(1,672)	(7,589)	137,426
Cash Outflows								
Leasing and Marketing								
Leasing Salaries	8,122	8,629	(507)	14,000	14,079	(79)	(586)	3,519
Leasing Commissions	1,000	6,026	(5,026)	9,000	7,955	1,046	(3,981)	-
Tenant incentives/Tenant improvements	-	-	-	3,000	-	3,000	3,000	-
Marketing Expenses	5,000	1,607	3,393	10,000	4,371	5,629	9,022	9,022
	14,122	16,263	(2,141)	36,000	26,404	9,596	7,455	12,541
Lifestyle								
Lifestyle Salaries	1,500	1,500	-	4,167	4,828	(661)	(661)	-
Lifestyle Expenses (net of related revenues)	940	1,071	(132)	3,167	8,103	(4,936)	(5,067)	1,233
	2,440	2,571	(132)	7,334	12,931	(5,597)	(5,728)	1,233
Concierge								
Concierge Expenses	-	-	-	2,850	2,702	148	148	2,702
	-	-	-	2,850	2,702	148	148	2,702
Other Expenses								
Club Sommet Monthly Charge	117,853	46,204	71,649	149,373	189,269	(39,896)	31,753	30,673
Corporate	-	985	(985)	4,000	6,600	(2,600)	(3,584)	4,198
Administration Salaries	3,514	3,519	(5)	7,300	7,290	10	5	3,519
Laundry Expenses	-	-	-	300	-	300	300	-
Interest/Bank Charges	-	-	-	300	178	122	122	178
Merchant Fees	-	-	-	900	1,459	(559)	(559)	958
	121,367	50,708	70,660	162,173	204,796	(42,623)	28,036	39,526
Total Cash Outflow from Operations	137,929	69,542	68,388	208,357	246,833	(38,476)	29,911	56,002
Net Cash Flow from Operations	(66,131)	(3,661)	62,471	69,484	29,336	(40,148)	22,322	81,424

	May 17-31 Projected	May 17-31 Actual	May 17-31 Variance	June 2014 Projected	June 2014 Actual	June 2014 Variance	Total Variance May 17 to June 30, 2014	July 1 to 11 2014 Actual
Project Expenses								
Professional Fees - CCAA	150,000	-	150,000	75,000	236,000	(161,000)	(11,000)	25,000
Project management	-	-	-	39,550	39,550	-	-	39,550
	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>114,550</u>	<u>275,550</u>	<u>(161,000)</u>	<u>(11,000)</u>	<u>64,550</u>
Net Cash Flow excluding Interest	(216,131)	(3,661)	212,471	(45,066)	(246,214)	(201,148)	11,322	16,874
Opening Cash Balance	4,224	4,224	-	88,092	563	(87,529)	-	54,349
DiP Loan Funding	300,000	-	(300,000)	-	300,000	300,000	-	25,000
Ending Cash Balance	\$ 88,092	\$ 563	\$ (87,529)	\$ 43,027	\$ 54,349	\$ 11,322	\$ 11,322	\$ 96,223
DIP Loan Funding								
Opening Balance - Monitor Trust Account	1,489,171	1,489,171	-	1,189,171	1,489,171	300,000	-	827,175
Mortgage Interest Paid	-	-	-	(362,967)	(362,967)	-	-	-
Funding of Operations	(300,000)	-	300,000	-	(300,000)	(300,000)	-	(25,000)
Interest Earned on Funds, net of fees	-	-	-	-	970	970	970	(50)
Ending Balance - Monitor Trust Account ⁽¹⁾	1,189,171	1,489,171	300,000	826,204	827,175	970	970	802,125

⁽¹⁾ Excludes funds held in trust pursuant to the Sale Process.

EXHIBIT B

Les Appartements Club Sommet
Cash Flow Projections - July 12 to August 19, 2014

	July 12-18 Projected	July 19-31 Projected	August 1-19 Projected	Total Period Jul 12 - Aug 19 Projected
Revenues:				
Casperdiny Monthly Charge	\$ 39,254	\$ 63,932	\$ 79,871	\$ 183,057
Total Revenues	<u>39,254</u>	<u>63,932</u>	<u>79,871</u>	<u>183,057</u>
Expenses:				
Property Management				
Management Fees	-	-	-	-
Management Offices	-	-	-	-
	-	-	-	-
Utilities				
Telephone	-	800	800	1,600
Cable Expenses	-	7,000	6,000	13,000
Internet Expenses	-	600	400	1,000
Cellphone Expenses	-	300	200	500
Wifi Monitoring	-	1,800	1,800	3,600
Electricity	18,420	10,000	10,000	38,420
Gaz Metro	-	1,723	1,723	3,446
	<u>18,420</u>	<u>22,223</u>	<u>20,923</u>	<u>61,566</u>
Salaries				
Security Staff	1,182	6,194	8,000	15,376
Superintendant	6,026	-	3,000	9,026
Cleaning Staff	463	2,992	3,500	6,955
Maintenance Staff	552	3,076	4,000	7,627
	<u>8,223</u>	<u>12,261</u>	<u>18,500</u>	<u>38,984</u>
Maintenance & Repairs				
General maintenance & repairs	12,611	-	11,000	23,611
	<u>12,611</u>	<u>-</u>	<u>11,000</u>	<u>23,611</u>
Other Expenses				
Major Expenditures	-	5,000	5,000	10,000
Office Expenses	-	650	650	1,300
Interest/Bank Charges	-	-	-	-
Superintendant Unit	-	-	-	-
	<u>-</u>	<u>5,650</u>	<u>5,650</u>	<u>11,300</u>
Syndicate Fees				
Contribution to Syndicate	-	23,798	23,798	47,596
Contingency Funds	-	-	-	-
	<u>-</u>	<u>23,798</u>	<u>23,798</u>	<u>47,596</u>
Total Expenses	<u>39,254</u>	<u>63,932</u>	<u>79,871</u>	<u>183,057</u>
Net Cash Flow	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

S. Muson-Stefanoni
July 17, 2014

Casperdiny IFB Realty Inc.
Cash Flow Projections - July 12 to August 19, 2014

	July 12-18 Projected	July 19-31 Projected	August 1-19 Projected	Total Period Jul 12 - Aug 19 Projected
Cash Inflows				
Rent Revenue	\$ 15,000	\$ 50,000	\$ 150,000	\$ 215,000
Parking	18,449	-	22,811	41,260
Other Income	-	-	2,400	2,400
Total Rent Collected	33,449	50,000	175,211	258,660
Deposits Collected from New Leases	3,850	17,200	21,600	42,650
Deposits Applied against Rent	-	-	(34,239)	(34,239)
Total Cash Inflow from Operations	37,299	67,200	162,572	267,071
Cash Outflows				
Leasing and Marketing				
Leasing Salaries	10,243	-	7,000	17,243
Leasing Commissions/Cost	6,709	-	4,500	11,209
Tenant incentives/Tenant improvements	1,407	-	1,000	2,407
Marketing Expenses	6,541	-	5,000	11,541
	24,900	-	17,500	42,400
Lifestyle				
Lifestyle Salaries	3,320	-	2,083	5,403
Lifestyle Expenses (net of related revenues)	-	-	2,667	2,667
	3,320	-	4,750	8,070
Concierge				
Concierge Expenses	1,568	1,133	2,850	5,551
	1,568	1,133	2,850	5,551
Other Expenses				
Club Sommet Monthly Charge	39,254	63,932	79,871	183,057
Corporate	7,930	-	-	7,930
Administration Salaries	749	2,826	3,519	7,094
Laundry Expenses	-	300	300	600
Interest/Bank Charges	-	-	300	300
Merchant Fees	-	-	900	900
	47,934	67,058	84,890	199,882
Total Cash Outflow from Operations	77,721	68,191	109,990	255,902
Net Cash Flow from Operations	(40,422)	(991)	52,582	11,169
Project Expenses				
Professional Fees - CCAA	50,000	-	-	50,000
Project management	-	-	-	-
	50,000	-	-	50,000
Net Cash Flow excluding Interest	(90,422)	(991)	52,582	(38,831)
Opening Cash Balance	96,223	5,801	4,810	96,223
DIP Loan Funding	-	-	-	-
Ending Cash Balance	5,801	4,810	57,392	57,392

S. Mason-Stefanovic
July 17, 2014

EXHIBIT C

CASPERDINY IFB REALTY INC. (“Casperdiny” or the “Debtor 1”) and

LES APPARTEMENTS CLUB SOMMET INC.

(“Sommet” or the “Debtor 2”)

**(Casperdiny or the Debtor 1 and Sommet or the Debtor 2 are from time to time collectively defined
as the “Debtor”)**

- and -

TIMBERCREEK SENIOR MORTGAGE INVESTMENT CORPORATION

(“Timbercreek”)

TRANSFER AND SURRENDER AGREEMENT

(the “Agreement”)

SCHEDULE

Schedule A

“Permitted Encumbrances”

THIS AGREEMENT is made as of the Seventeenth (17th) day of July 2014.

BETWEEN : Casperdiny IFB Realty Inc. ("**Casperdiny**" or the "**Debtor 1**")
and its wholly-owned subsidiary
Les Appartements Club Sommet Inc. ("**Sommet**" or the "**Debtor 2**")
(Casperdiny or the Debtor 1 and Sommet or the Debtor 2 are from time to time collectively referred to as the "**Debtor** ")

OF THE FIRST PART

AND: Timbercreek Senior Mortgage Investment Corporation ("**Timbercreek**")

OF THE SECOND PART

WHEREAS Sommet is a single purpose entity whose object is to own and manage the Property as hereinafter defined, and all improvements erected thereon and to provide to its shareholders the occupancy of the apartments, balconies, lockers and interior parking spaces for residential use or, if permitted by any applicable law and by-laws of any governmental authority having jurisdiction, for professional use by means of long term leases herein referred to as Proprietary Leases and to dispose of the Property provided that such disposal is made subject to the provisions of the Articles of Sommet;

WHEREAS the maximum number of shares of the capital stock of Sommet in accordance with its Articles, shall consist of 18 564 722 Class A Shares and 18 564 722 Class B Shares apportioned among the apartments, balconies, lockers and interior parking space units of the building located at 3475 Mountain Street, Montreal, Quebec;

WHEREAS Casperdiny is the holder of all 18 564 772 Class B Shares issued by Sommet (the "**Shares**") and has not sold, transferred or alienated same;

WHEREAS as registered shareholder, Casperdiny had the right to obtain from Sommet a Proprietary Lease in the form adopted by the directors of Sommet, as same may be amended from time to time, the whole in conformity with the By-Laws of Sommet. and the Articles provide that Sommet will issue a Proprietary Lease to such Shareholder upon demand for the unit to which its Shares are allocated;

WHEREAS Casperdiny obtained from Sommet Proprietary Leases allocated to all of the apartment units, balcony units, interior parking space units and locker units of the Property (the "**Proprietary Leases**");

WHEREAS Sommet is the registered owner of the Property and Casperdiny is its sole and only shareholder;

WHEREAS on or about November 12, 2012, a loan agreement in the form of a commitment letter (the "**Commitment Letter**") was entered into between Timbercreek, Casperdiny and Sommet whereby, essentially: a) Timbercreek undertook to make advances of up to an amount of \$65,000,000 to Casperdiny b) Casperdiny undertook to repay the capital of the loan within thirty-six (36) months, and c) Sommet agreed to issue a guarantee limited to the Property in favour of a *Fondé de pouvoir pursuant to Article 2692 C.C.Q.*, for this instance Computershare Trust Company of Canada ("**Computershare**") for the benefit of Timbercreek (the "**Timbercreek Guarantee**");

WHEREAS this loan together with all other amounts secured by the other Loan Documents as defined under the **Timbercreek's Security Documents** (as this term is hereinafter defined) were defined as the Loan (the "**Loan**");

WHEREAS to secure the repayment of the Loan and generally the performance of all Obligations (as defined under the Timbercreek's Security Documents) (the "**Obligations**") Casperdiny pledged the Bonds (as defined under the Timbercreek's Security Documents) with Timbercreek and as security for the performance of the Secured Obligations as this term is defined in the Timbercreek's Security Documents, by means of two (2) deeds of hypothecs morefully described in the defined term Timbercreek's Security Documents in section 1.1:

- a) Casperdiny granted a hypothec in an amount of \$81,250,000 in favour of Timbercreek (through its "fondé de pouvoir" Computershare) on *inter alia*:
 - (i) the universality of all present and future Leases, Lease Benefits and Lease Rights (as those terms are defined under the Timbercreek's Security Documents) , and any and all rights and interests to be derived therefrom;
 - (ii) the universality of all present and future Rents (as defined under the Timbercreek's Security Documents);
 - (iii) all of the Shares;
 - (iv) the Proprietary Leases; and
 - (v) the leasehold improvements related to the Property (the "**Leasehold Improvements**");and
- b) Sommet granted a hypothec in an amount of \$81,250,000 in favour of Timbercreek (through its "fondé de pouvoir" Computershare) on *inter alia* :
 - (i) the Property,
 - (ii) the universality of all present and future movable property of Sommet related to the Property;

WHEREAS on August 14, 2013, Timbercreek agreed to amend the Commitment so to increase the maximum amount in principal of the Loan thereof to \$67,000,000 (hereinafter the "**Amended**

Timbercreek Loan"), the additional \$2,000,000 resulting from that amended Timbercreek Loan having been fully disbursed to Casperdiny during the month of August 2013 by Timbercreek;

WHEREAS Debtor is in default towards Timbercreek with respect to the obligations resulting from the Loan and the Timbercreek Amended Loan and the Timbercreek's Security Documents;

WHEREAS on March 3, 2014, Casperdiny and Sommet filed a notice of their intention to submit a proposal to their creditors in accordance with the Bankruptcy and Insolvency Act, R.S.C. (1985) ch. B-3 (hereinafter the "NOI");

WHEREAS pursuant to a motion dated March 12th, 2014, Casperdiny and Sommet have requested that the Superior Court:

- a) Authorizes the continuation of the NOI proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. (1985), ch. C-36, Sections 4 and 11, 11.2 and 11.6 (hereinafter "CCAA");
- b) Issues an initial order pursuant to the CCAA in favour of Casperdiny and Sommet;
- c) Grants a charge in the amount of \$250,000 on the Property in order to guarantee the payment of Richter Advisory Group Inc, as the Monitor, for the Monitor 's fees, the Monitor's legal fees, the Debtor's legal fees and the fees of certain other advisers, including the professional fees and disbursements incurred both before and after the issuance of the Initial Court Order being sought by the aforesaid motion (hereinafter the "**Administration Charge**");
- d) Approves the Interim Financing Facility (as defined in the aforesaid motion), and authorize Casperdiny and Sommet to borrow in accordance with same and execute any and all documents necessary or useful with a view to implement the Interim Financing Facility;
- e) Grants a charge in favour of IFB BETEILIGUNGEN AG i.L. ("**IFB**") for an amount of \$2,721,878 (namely \$2,177,502 advanced by IFB + 25%) over the universality of each of Casperdiny and Sommet property, movable and immovable, corporeal and incorporeal, present and future wherever situated, and ahead of and senior to all other secured and unsecured creditors, interest holders, lien holders, and claimants of any kind whatsoever (the "**Interim Lender's Charge**");

WHEREAS on March 19, 2014, in contestation of the Initial Motion, Timbercreek filed a Motion entitled "Motion for an Order Terminating the Period to Make a Proposal" pursuant to which it was essentially seeking for the termination of the NOI and the lift of the stay of proceedings so to allow it to enforce its secured rights as against the Property (the "**Timbercreek Motion**");

WHEREAS pursuant to its Order dated March 21, 2014 (file numbers 500-11-046282-147 and 500-11-046281-149), the Court granted the Initial Motion and dismissed the Timbercreek Motion (the "**Initial Order**");

WHEREAS *Richter Advisory Group Inc.* ("**Richter**") was first appointed as trustee to the NOI and then Monitor to the CCAA process of both Sommet and Casperdiny;

WHEREAS pursuant to the Initial Order, the Court has granted the Administration Charge and the Interim Lender's Charge;

WHEREAS on or about April 10, 2014, *CBRE Capital Markets - National Apartment Group* (“**CBRE**”) was retained by Sommet and Casperdiny to conduct a solicitation process in respect to the Property (the “**CBRE Process**”);

WHEREAS on May 27, 2014, after reviewing and analyzing the bids submitted within the CBRE Process, Sommet and Casperdiny, with the assistance of CBRE and Richter, decided to accept the bid of *Les Placements Rakotta Inc.* (“**Rakotta**”), subject to the Court’s approval (the “**Rakotta Bid**”);

WHEREAS the Rakotta Bid was the only offer received within the CBRE Process contemplating a transaction that offering a purchase price superior to the secured indebtedness of Casperdiny and Sommet;

WHEREAS the Rakotta Bid was subject to a satisfactory due diligence;

WHEREAS on June 27, 2014, Rakotta informed Casperdiny and Sommet that it was not satisfied of its due diligence process and that therefore it would not complete the transaction contemplated pursuant to the Rakotta Bid;

WHEREAS the Initial Order was extended from time to time until July 18, 2014;

WHEREAS Timbercreek wishes to enforce its secured rights over the Assets (as evidence notably pursuant to the Timbercreek Motion) by credit bidding on same using its Timbercreek Loan Balance;

WHEREAS for a number of reasons and considerations indicated below and in order to allow Timbercreek to obtain clear title to the Assets and to facilitate the transfer of same, Timbercreek wishes to enter into an agreement made in lieu of such enforcement;

WHEREAS Timbercreek wishes that the parties agree to set under this Agreement, the terms and conditions upon which the transfer and surrender of the Assets will be made in favour of Timbercreek;

WHEREAS Timbercreek does not intend to enforce its secured rights over the rights and interest of Sommet in and to the claim of Sommet against The Syndicate of Le Parc Co-Ownership *et al* in the Court file number 500-17-064300-117 and the interest of Casperdiny in and to the claim against Robert Katz and T.T. Katz Counsel Group Inc. in the Court file number 500-17-040876-081, the claim against ImmoParc Holdings Two Canadian Properties resulting from section 2.2 of the Purchase and Sale Agreement made as of the eleventh (11th) day of April, Two Thousand and Five (2005) between this entity and Casperdiny IFB Capital Inc for itself and for a corporation to be created et al and defined therein as the Purchase Price Adjustment and Casperdiny interest in same pursuant to section 2.2 of a Purchase and sale Agreement bearing formal date of the sixth (6th) day of June, Two Thousand and Five (2005) between Casperdiny IFB Capital Inc, Casperdiny and ChauvelCo Realty Inc, and the claims and transfer of rights under a Settlement Agreement between Casperdiny and ImmoParc Holdings Two Canadian Properties and Asta Corporation dated April 30, 2007 (collectively the “**Sundry Assets**”) and to leave same with Casperdiny and Sommet;

WHEREAS Casperdiny and Sommet wish to keep their respective interest in the Sundry Assets and for this reason the Sundry Assets and the Shares need to be excluded from the defined term Casperdiny’s Property;

WHEREAS the Proprietary Leases and Shares cannot be sold or alienated separately, when one ceases to hold the Shares the Proprietary Leases are extinguished and leasehold improvement then become the property of Sommet pursuant to the Articles and By-Laws of Sommet and the terms of the Proprietary Leases;

WHEREAS a vesting order from the Court is required to allow, *inter alia*, the transfer of Casperdiny's interest in the Proprietary Leases without a transfer of the Shares and without extinguishing the Proprietary Leases;

WHEREAS the Transaction is subject to the Court's approval;

WHEREAS since Sommet is wholly owned by Casperdiny and is a surety to the Timbercreek's Security Documents it is also required to minimize the effect of subrogation amongst those entities to proceed with the surrender, transfer and assignment of Casperdiny's Property (as hereinafter defined) in a first step and the surrender, transfer and assignment of Sommet's Property in a second step, both to close on the Closing Date;

WHEREAS the parties covenant that this agreement is being made, subject to a Vesting Order as defined in section 1.1 being rendered, in lieu of such enforcement and for the above mentioned consideration in order to allow Timbercreek to obtain clear title to the Assets and to allow Casperdiny and Sommet to keep ownership of their respective interests in the Sundry Assets and Casperdiny to keep the Shares free and clear of Timbercreek's Security Documents;

NOW THEREFORE the parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

The terms defined in this Section 1.1 shall have, for all purposes of this Agreement, the following meanings, unless the context expressly or by necessary implication otherwise requires:

"Agreement" means this Transfer and Surrender Agreement and the Schedules attached hereto, as amended from time to time;

"Applicable Laws" means all statutes, laws, by-laws, regulations, ordinances and orders of governmental or other public authorities having jurisdiction;

"Article", **"Section"** and **"Subsection"** mean and refer to the specified article, section and subsection of this Agreement;

"Assets" mean and refer to all of Casperdiny's and Sommet's rights and interests, on a consolidated basis, in and to the Casperdiny's Property and Sommet's Property as those terms are defined below;

"Business Day" means any day, other than (i) a Saturday, Sunday or statutory holiday in the Province of Quebec and (ii) a day on which banks are generally closed in the Province of Quebec;

"Capital's Hypothecs" refers to the hypothecs created under the following documents:

- a Deed of Collateral Hypothecs and Contract for a Suretyship Secured by Hypothecs in connection with a grid promissory note between Casperdiny IFB Capital Inc., as lender, Casperdiny, as borrower, and Sommet, as surety, executed before Mtre Rosana Gabriela Ber, notary, on the Thirteenth (13th) day of December, Two Thousand Ten (2010), and registered at the Registry Office for the Registration Division of Montreal under the

number 17 790 297 and at the Register of Personal and Movable Rights under the numbers 10-0878005-0002, 10-0878005-0003 and 10-0878005-0004;

- a Deed of Movable Hypothecs of Shares and Proprietary Leases and Other Movable Property between Casperdiny IFB Capital Inc., as lender, Casperdiny, as borrower, and Sommet, as surety, signed as of the Thirteenth (13th) day of December, Two Thousand Ten (2010), and the hypothecs created thereunder having been registered at the Register of Personal and Movable Real Rights under the numbers 10-0878005-0005 and 10-0878005-0006;
- a Deed of Collateral Third Hypothecs and Contract for a Suretyship Secured by Hypothecs in connection with a Grid Promissory Note executed on November 25th, 2011 between Casperdiny IFB Capital Inc., as lender, Casperdiny, as borrower, and Sommet, as real surety, before Mtre Rosana Gabriela Ber, notary, under her minute number 216 and registered at the registry office for the registration division of Montréal under the number 18 668 239 and registered at the register of personal and movable real rights under the numbers 11-0920171-0002, 11-0920171-0003 and 11-0920171-0004;
- a Deed of Third Movable Hypothecs of Shares and Proprietary Leases and Other Movable Property as of the Twenty-Fifth (25th) day of November, Two Thousand Eleven (2011) between Casperdiny IFB Capital Inc., as lender, and Casperdiny, as borrower, and Sommet, as real surety, and registered at the register of personal and movable real rights under the numbers 11-0920171-0001 and 11-0920171-0005;

“Casperdiny’s Property” refers to the Proprietary Leases, Leases, Lease Benefits and Lease Rights (as those terms are defined under the Timbercreek’s Security Documents) and any and all rights and interests to be derived therefrom the universality of all present and future rents, the Leasehold Improvements and all other movable property belonging to Casperdiny with the exception of and excluding its interest in the Sundry Assets and the Shares;

“Closing” means the closing of the acquisition of the Assets by the issuance of the Monitor’s Certificates substantially in accordance with the form appended to the Vesting Order which certificates for greater certainty can only be issued once the Consideration is paid and the conditions of this Agreement are fulfilled;

“Closing Date” means the date on which the Monitor’s Certificates substantially in accordance with the form appended to the Vesting Order upon payment of the Consideration will be issued; that date to be within thirty (30) days from the date of the judgment authorizing the Debtor to enter into this Agreement;

“Closing Documents” refers collectively to the certificates of the Monitor issued in accordance with the Vesting Order, the application for the Land register and the required forms for the cancellation of the registrations at the Register of Personal and Movable Real Rights and discharge of the registrations in the Ontario Personal property Registry authorised by the Vesting Order and, if required by Timbercreek to expedite the process, a mainlevée and “re” forms for the reduction of the hypothecs at the register of personal and movable real rights to be signed by Casperdiny IFB Capital Inc for the radiation and cancellation of all of Capital’s Hypothecs against the Assets;

“Consideration for Casperdiny’s Property” has the meaning ascribed to it in section 3.1;

“Consideration for Sommet’s Property” has the meaning ascribed to it in section 3.2;

“**Consideration**” means the aggregate of the Consideration for Casperdiny’s Property and the Consideration for Sommet’s Property;

“**Declaration of Co-ownership**” refers to the declaration of co-ownership executed by Immoparc Holdings Two Ltd. and Regentor IC Holdings Inc. before Mtre Josée Bergeron on the Twenty-Fourth (24th) day of March, Two Thousand and Six (2006) and registered at the registry office for the registration division of Montreal under the number 13 145 372;

“**Debtor**” means collectively Casperdiny or the Debtor 1 and Sommet or the Debtor 2;

“**Debtor 1**” means Casperdiny;

“**Debtor 2**” means Sommet”;

“**Debtor’s Solicitors**” means *Fasken Martineau Dumoulin LLP*, or such other firm or firms of solicitors as are appointed in such capacity by the Debtor from time to time and notice of which is provided to Timbercreek;

“**Encumbrances**” means any and all claims, liabilities (direct, indirect, absolute or contingent), obligations, prior claims, right of retention, charges, hypothecs, deemed trusts, judgments, writs of seizure or execution, notices of sale, contractual rights relating to the Assets, encumbrances, whether or not they have been registered, published or filed and whether secured, unsecured or otherwise, including but not limited to:

- the Timbercreek’s Security Documents;
- the Interim Lender’s Charge;
- the Other Approved Charges;
- Capital’s Hypothecs;
- the Notice of Legal Hypothec of a Syndicate of Co-owners registered against the land register at the registry office for the registration of Montreal under the number: 17 666 518;
- the Prior Notice of the exercise of a hypothecary right (sale by judicial authority) and notice of intention to realize a security by the Syndicate of Le Parc Co-ownership registered against the same land register under the number: 20 489 024;

excluding however the Permitted Encumbrances;

“**Governmental Authority**” means any government, regulatory authority, government department, agency, commission, board, tribunal or court having jurisdiction on behalf of any nation, province or state or other subdivision thereof or any municipality, district or other subdivision thereof;

“**Initial Order**” has the meaning ascribed to it in the Preamble;

“**Loan**” has the meaning ascribed to it in the Preamble;

“**Monitor**” refers to Richter in its capacity as Monitor to the CCAA process of Sommet and Casperdiny;

“**Monitor’s Certificate**” or “**Monitor’s Certificates**” means the certificate or certificates taking the form of the certificates appended to the Vesting Order, pursuant to which the Monitor shall confirm that the Transaction is completed and the Consideration paid, it being understood that the Vesting Order shall not be effectuated until the Monitor’s Certificates are filed with the Court’s records;

“**Obligations**” has the meaning ascribed to it in the Preamble;

“**Permitted Encumbrances**” refers to those encumbrances listed in **Schedule A**;

“**Person**” means an individual, partnership, corporation, trust, unincorporated organization, government, or any department or agency thereof, and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual;

“**Property**” means a private portion known and designated as lot number THREE MILLION FOUR HUNDRED SEVENTY-TWO THOUSAND EIGHT HUNDRED NINETY-FOUR (3 472 894) of the Cadastre du Québec, Registration division of Montréal:

- with a building thereon erected defined as Tower C under the Declaration of Co-ownership commonly referred to as bearing civic number 3475, Mountain Street, Montréal, Province of Québec, H3G 2A4;
- with all that is attached or joined to it and is considered immovable by virtue of the law;
- the share of the common portions appurtenant to this fraction currently set in the Declaration of Co-ownership at a thirty-five percent (35%) undivided right of ownership in the common portions known and designated as lot number THREE MILLION FOUR HUNDRED SEVENTY-TWO THOUSAND EIGHT HUNDRED NINETY-ONE (3 472 891) of the Cadastre du Québec, Registration division of Montréal, lot number THREE MILLION FOUR HUNDRED SEVENTY-TWO THOUSAND EIGHT HUNDRED NINETY-FIVE (3 472 895) of the Cadastre du Québec, Registration division of Montréal, lot number THREE MILLION FOUR HUNDRED SEVENTY-TWO THOUSAND EIGHT HUNDRED NINETY-SIX (3 472 896) of the Cadastre du Québec, Registration division of Montréal, lot number THREE MILLION FOUR HUNDRED SEVENTY-TWO THOUSAND EIGHT HUNDRED NINETY-SEVEN (3 472 897) of the Cadastre du Québec, Registration division of Montréal, lot number THREE MILLION FOUR HUNDRED SEVENTY-TWO THOUSAND EIGHT HUNDRED NINETY-EIGHT (3 472 898) of the Cadastre du Québec, Registration division of Montréal and lot number THREE MILLION FOUR HUNDRED SEVENTY-TWO THOUSAND EIGHT HUNDRED NINETY-NINE (3 472 899) of the Cadastre du Québec, Registration division of Montréal;
- with all rights from and subject to the provisions of the Declaration of Co-ownership, as same may be amended from time to time; and
- with and subject to all servitudes affecting same or registered to this date;.

“**Timbercreek’s Solicitors**” means Gowling Lafleur Henderson LLP, or such other firm or firms of solicitors as are appointed by the Timbercreek from time to time and notice of which is provided to the Debtor;

“**Shares**” has the meaning ascribed to it in the Preamble;

“Sommet’s Property” means the Property, the universality of all present and future movable property of Sommet related to the Property with the exception of and excluding its interest in the Sundry Assets;

“Sundry Assets” has the meaning ascribed to it in the Preamble;

“Timbercreek’s Loan Balance” refers to amounts payable by Casperdiny to Timbercreek on the Closing Date pursuant to the Loan, the Timbercreek Amended Loan and the Timbercreek’s Security Documents which as of May 26, 2014 as an indication amounted to \$68,128,173.90 (together with accrued costs and interest) and which amount is to be paid as part of and from the Consideration for Casperdiny’s Property and the Consideration for the Sommet’s Property as provided in section 3.1 and section 3.2;

“Timbercreek’s Security Documents” means:

- a Commitment Letter dated as of the Twelfth (12th) day of November, Two Thousand Twelve (2012);
- a Deed of Hypothecs to Secure Payment of Titles of Indebtedness with Suretyship and Cession of Rank by Intervenant between Computershare as “fondé de pouvoir”, Casperdiny, as issuer, and Sommet, as real surety, entered into before Mtre. Rosana Gabriela Ber, notary, on December 3, 2012 under number 395 of her notarial minutes registered at the registry office of the registration division of Montreal under the number 19 608 487 and inscriptions of movable hypothecs and cession of rank under the numbers 12-1001163-0002, 12-1001163-0003, 12-1001168-0002, 12-1001163-0001 and 12-1001168-0001;
- 25% First Collateral Mortgage Bond dated December 3, 2012 issued under the above-mentioned deed of hypothecs evidencing the Loan by Timbercreek to Casperdiny;
- a Hypothec and Pledge of Bonds and Delivery Agreement between Casperdiny as Issuer, Computershare as “fondé de pouvoir” and Timbercreek as Lender and Casperdiny IFB Capital Inc. as intervenant dated December 3, 2012 and inscriptions at the Register of Personal and Movable Real Rights under the numbers 12-1001272-0002, 12-1001272-0001 and 12-1001293-0001;
- a Deed of Hypothecs to Secure Payment of Titles of Indebtedness with respect to Shares and Proprietary Leases and other Movable Property between Computershare as “fondé de pouvoir”, Casperdiny, as issuer, and Sommet., as real surety and Casperdiny IFB Capital Inc. as intervenant entered into before Mtre. Rosana Gabriela Ber, notary on December 3, 2012 under number 396 of her notarial minutes, and inscriptions of the movable hypothecs and cession of rank at the register of personal and movable real rights under the numbers 12-1001145-0002, 12-1001145-0003, 12-1001145-0001;
- the indemnity agreement made as of December 3, 2012 between Computershare in its capacity as agent, nominee, bare trustee and custodian for and on behalf of Timbercreek and Casperdiny (the “Indemnitor”);
- the intercreditor agreement between Timbercreek, as Senior Creditor, Computershare, as “fondé de pouvoir”, Casperdiny IFB Capital Inc. as Junior Creditor, Casperdiny, as borrower, and Sommet, as real surety, made as of December 3, 2012; and

- an Escrow Agreement Regarding Shares between Sommet, as real surety, Casperdiny (as borrower), Timbercreek, as First Lender, Computershare, as “fondé de pouvoir”, Casperdiny IFB Capital Inc. as Second Lender and Fasken Martineau DuMoulin LLP, as the escrow agent, entered into as of December 3, 2012;

“**Transaction**” means the transactions contemplated pursuant to this Agreement

“**Vesting Order**” refers to the order or orders by the Superior Court that will *inter alia* authorize the transactions contemplated in this Agreement, order and declare that after payment of the Consideration:

- upon issuance of a first Monitor’s Certificate, all right, title and interest in and to Casperdiny’s Property in a first step shall be vested absolutely and exclusively in and with Timbercreek free and clear of any Encumbrances;
- upon issuance of a second Monitor’s Certificate, all right, title and interest in and to Sommet’s Property in a second step shall be vested absolutely and exclusively in and with Timbercreek, free and clear of any Encumbrances; and
- upon issuance of the Monitor’s Certificates, the Timbercreek’s Security Documents registrations at the register of personal and movable real rights will be cancelled against the Sundry Assets and Shares.

ARTICLE 2 TRANSFER AND SURRENDER AGREEMENT

2.1 Preamble

The Preamble to this Agreement forms an integral part hereof as if hereinafter fully set forth, for all intents and purposes.

2.2 Agreement to Transfer and Surrender the Casperdiny’s Property

The Debtor 1 hereby agrees to surrender, transfer and assign its right, title and interest in and to Casperdiny’s Property in a first step to Timbercreek, and Timbercreek hereby agrees to acquire in a first step the Debtor 1’s right, title and interest in and to the Casperdiny’s Property from the Debtor 1 for the Consideration for Casperdiny’s Property as defined in section 1.1, on and subject to the terms and conditions of this Agreement and the Vesting Order.

2.3 Agreement to Transfer and Surrender the Sommet’s Property

The Debtor 2 hereby agrees to surrender, transfer and assign its right, title and interest in and to the Sommet’s Property in a second step to Timbercreek, and Timbercreek hereby agrees to acquire in a second step the Debtor 2’s right, title and interest in and to the Sommet’s Property from the Debtor for the Consideration for Sommet’s property as defined in section 1.1, on and subject to the terms and conditions of this Agreement and the Vesting Order.

2.4 Acceleration of the radiation and cancellation of Capital’s Hypothecs against the Assets

The Debtor agrees if required by Timbercreek to expedite the process, to deliver upon issuance of the Monitor’s Certificates a mainlevée and “re” forms for the reduction of the hypothecs at the

register of personal and movable real rights to be signed by Casperdiny IFB Capital Inc for the radiation and cancellation of all of Capital's Hypothec against the Assets.

ARTICLE 3 CONSIDERATION

3.1 **The Consideration for Casperdiny's Property**

The Consideration for Casperdiny's Property shall be equal to the aggregate of:

- (a) the Interim Lender's Charge, or the balance thereof to be paid on the Closing Date by wire transfer, certified cheque or negotiable bank draft to IFB BETEILIGUNGEN AG i.L;
- (b) the Administration Charge, or the balance thereof to be paid on the Closing Date by wire transfer, certified cheque or negotiable bank draft to the Monitor;
- (c) The balance of any other real right, charge or hypothec that ranks ahead of the rights granted under the Timbercreek Security Documents, the whole as approved by Timbercreek, or, in the event of contestation, as approved by the Court (the "**Other Approved Charges**").
- (d) The sum of 31,122,795\$ payable by compensation and set off of an equivalent amount on the Timbercreek Loan Balance;

3.2 **The Consideration for Sommet's Property**

The Consideration of Sommet's Property shall be equal to the unpaid portion of the Timbercreek Loan Balance after the payment of the Consideration for the Casperdiny's Property and be payable by compensation to and set off of an equivalent amount on the Timbercreek Loan Balance.

3.3 **Release and Mainlevée**

The payment of the Consideration by Timbercreek is in full and final payment of any claim, right or interest that Timbercreek may have as against the Assets, Casperdiny, Sommet, Richter and their respective directors, officers, shareholders and representatives, arising from or in connection with the Loan, the Capital's Hypothecs and/or the Timbercreek Security Documents.

For purpose of clarity, and without limiting the Vesting Order in any manner whatsoever, upon the filing of the Monitor's Certificate in respect to the Transaction, Timbercreek shall have been deemed to have (i) granted a mainlevée and a release in respect to Timbercreek Security Documents, and (ii) granted a release in favour of Casperdiny, Sommet, and their respective directors, officers, shareholders and representatives arising from or in connection with the Loan, the Timbercreek Security Documents and/or the NOI and CCAA processes;

3.4 **Adjustments**

There shall be no adjustments made at the Closing Date. However, if for practical reasons it is not possible or it becomes difficult after the Closing for Timbercreek to access money left in the banking accounts of the Debtor, the Debtor at the request of Timbercreek, will deliver a directive of payment to the relevant bank.

**ARTICLE 4
CONDITIONS PRECEDENT**

4.1 Conditions for Debtor

The obligation of the Debtor 1 and Debtor 2 to complete the Contemplated Transactions shall be subject to fulfillment of each of the following conditions precedent on or before the Closing Date or such earlier date or time as may be herein specified:

- (a) the issuance of a Vesting Order from the Court providing for its execution notwithstanding appeal.
- (b) the payment of the Consideration by Timbercreek;

4.2 Conditions for Timbercreek

The obligations of Timbercreek to complete the Contemplated Transaction shall be subject to fulfillment of each of the following conditions precedent on or before the Closing Date or such earlier date or time as may be herein specified:

- (a) the issuance of a Vesting Order from the Court providing for its execution notwithstanding appeal;
- (b) the Vesting Order shall be in a form satisfactory to Timbercreek;
- (c) the payment of the Consideration;
- (d) IFB ceasing to disburse further funds through the interim lending facility, as of Debtor's acceptance of the present agreement such that the balance owed to IFB under the Interim Lender's Charge shall cease to increase, Timbercreek acknowledging and accepting, as a result thereof, that Debtor shall be unable to pay the interest owing to Timbercreek on the Timbercreek Loan Balance between the date of acceptance hereof and the Closing Date;
- (e) Delivery, if required, of the documents and forms referred to in section 2.4; and
- (f) A direction of payment by the Debtor to its banker to transfer any amount deposited in its bank accounts to Timbercreek or as Timbercreek may instruct;

4.3 Conditions for the Monitor

Notwithstanding the fact that the Vesting Order will be rendered before, the Monitor at the request of the Debtor and Timbercreek and as authorized by the Court, agrees to deliver the Monitor's Certificates upon payment of the Consideration on the Closing Date.

**ARTICLE 5
CLOSING DOCUMENTS**

5.1 Closing Arrangements

The Closing shall commence at 10:00 a.m. on the Closing Date at the office of the Monitor or at such other time or place as the parties shall mutually agree upon in writing and shall continue

until the Closing is completed or this Agreement is validly terminated in accordance with the terms hereof.

Timbercreek shall send a prior written notice of two (2) business days of its intention to close to the Debtor and the Monitor.

5.2 Registration and Other Costs

- (a) Timbercreek shall be responsible for and pay, in addition to the Consideration, any and all mutation taxes payable, if any, on the transfer or transfers of the Assets, all registration fees payable in respect of registration by it of any documents on Closing and all federal and provincial sales and other taxes, if any, payable by a transferree and assignee upon in connection with the conveyance or transfer of the Assets, including provincial retail sales tax and goods and services tax.

**ARTICLE 6
REPRESENTATIONS, WARRANTIES AND COVENANTS**

6.1 "As-Is" Transfer, Surrender and Assignment

- (a) Timbercreek acknowledges and recognizes that Casperdiny and Sommet are not professional sellers, and that the Transaction shall be made on an "as is where is" basis, at its own risks and perils, without any representations or warranties of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise, with respect to the Property including any implied warranties of merchantability or fitness for a particular purpose or environmental compliance, as well as any warranty as to the description, quality, condition, value, marketability, fitness for use, boundary lines, area, title or otherwise;
- (b) Timbercreek shall have relied solely upon its own independent review, due diligence, investigation and/or inspection of any documents and/or the Property in submitting its offer;
- (c) Timbercreek shall not rely upon any written or oral statements, representations, warranties, opinions, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Property or the completeness of any information provided in connection therewith.

**ARTICLE 7
OPERATION UNTIL CLOSING**

7.1 Operation Before Closing

From the date hereof until Closing, Timbercreek will be charged with simple administration with the authority to sign new leases of dwellings in accordance with prudent and usual business practices.

This administration shall not be construed as the possession associated with ownership. There shall be no transfer of ownership otherwise than by delivery of the Monitor's Certificates in accordance with the Vesting Order.

The Closing being delayed at the request of Timbercreek, this administration will be performed without any remuneration.

7.2 Damage Before Closing

The interest of the Debtor in and to the Assets, including but without limiting the generality of the foregoing, in the Property, shall be at the risk of Timbercreek from the date of this Agreement. Without limiting the generality of the foregoing, Timbercreek shall be obliged to close even in the case of an occurrence (whether below the deductibles under or above the deductibles and in this case triggering a claim under the insurance policies in effect).

7.3 Current management Contract

Timbercreek acknowledges and recognizes that the Property Management Agreement with Asta Corporation Inc has been terminated by the Debtor, effective on July 18, 2014

**ARTICLE 8
GENERAL**

8.1 Gender and Number

Words importing the singular include the plural and *vice versa*. Words importing gender include all genders.

8.2 Captions

The captions and headings contained herein are for reference only and in no way affect this Agreement or its interpretation.

8.3 Obligations as Covenants

Each agreement and obligation of any of the parties hereto in this Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.

8.4 Applicable Law

This Agreement and all closing Documents shall be construed and enforced in accordance with the laws of the Province of Quebec and the laws of Canada applicable thereto and shall be treated in all respects as Quebec Contracts.

8.5 Currency

All reference to currency in this Agreement shall be deemed to be reference to Canadian dollars.

8.6 Invalidity

If any immaterial covenant, obligation, agreement or part thereof or the application thereof to any Person or circumstance, to any extent, shall be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement or part thereof to any Person, party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby. Each covenant, obligation and agreement in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

8.7 Assignment

Timbercreek shall be authorized to assign its rights pursuant to this agreement to a wholly owned subsidiary or another entity not dealing at arm's length. In such a case Timbercreek shall remain liable under this Agreement until the Closing and Transaction are being performed.

8.8 Amendment of Agreement

No supplement, modification, waiver or termination (other than a termination pursuant to the terms of this Agreement) of this Agreement shall be binding unless executed in writing by the parties hereto in the same manner as the execution of this Agreement.

8.9 Time

Time shall be of the essence of this Agreement. If anything herein is to be done on a day which is not a Business Day, the same shall be done on the next succeeding Business Day. Unless otherwise provided hereto, all references to time shall mean Montreal time.

8.10 Entire Agreement

This Agreement and any agreements, instruments and other documents made as of the date hereof or herein contemplated to be entered into between, by or including the parties hereto constitute the entire agreement between the parties hereto pertaining to the surrender, transfer and assignment provided for herein and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, with respect thereto, and there are no other warranties or representations and no other agreements between the parties hereto in connection with this Agreement except as specifically set forth in this Agreement or the Schedules attached hereto.

8.11 Waiver

No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise expressed or provided.

8.12 Successors and Assigns

All of the covenants and agreements in this Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall enure to the benefits of and be enforceable by the parties hereto and their respective successors and their permitted assigns pursuant to the terms and conditions of this Agreement.

8.13 Real Estate Commissions

This Agreement is for the surrender, assignment and transfer of the Assets to a secured creditor in lieu of an enforcement of security and thus is not part of the CBRE Process and therefore no commissions are payable by either parties. The Debtor and Timbercreek represent and warrant to each other that they have not retained the services of any real estate agent or broker or other intermediary in connection the surrender, assignment and transfer of the Assets in such context.

8.14 Notice

All communications (including, without limitation, all notices, acceptances, consents and approvals) provided for or permitted hereunder shall be in writing, sent by personal delivery, courier or sent by facsimile or electronic transmission at the following coordinates:

- (a) Debtor: Casperdiny IFB Realty Inc. and
Les Appartements Club Sommet Inc.
555 Richmond St. West Suite 504 – PO Box 504
Toronto, Ontario M5V 3B1 Canada
- Attention: Diana Mason-Stefanovic
Telephone: (416) 364-8257
Email: dmason@astacorp.com
- With a copy to: Fasken Martineau DuMoulin LLP
Stock Exchange Tower, Suite 3700, C.P.242
800, Place Victoria
Montréal, Québec, Canada, H4Z 1E9
- Attention: Luc Morin
Telecopy: (514) 397-7600
Telephone: (514) 397-5121
Email: lmorin@fasken.com
- (b) To Monitor: Richter Groupe Conseil Inc.
1981 Avenue McGill Collège, 12th floor
Montréal, Québec, Canada, H3A 0G6
- Attention: Benoît Gingues
Telephone: (514) 934-3514
Email: bgingues@richter.ca
- (c) To Timbercreek: Timbercreek Senior Mortgage Investment Corporation
1000 Yonge Street, Suite 500
Toronto, Ontario, Canada M4W 2K2
- Attention: Paul Jones, Executive Director
Telephone: (416) 800-1210
Email: pjones@timbercreek.com
- With a copy to: Gowling Lafleur Henderson LLP
3700-1 Place Ville Marie
Montréal, Québec H3B 3P4
- Attention: Alexander Bayus
Telecopy: 514-876-9026
Telephone: 514-392-9426
Email: alexander.bayus@gowlings.com

A notice is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 5:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, email or other similar form of communication, be deemed to have been given and received on the Business Day following the day it was so sent. A party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice to a party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of said notice to that Party. The failure to send a copy of a notice to legal counsel does not invalidate delivery of that notice to a party.

8.15 Effect of Termination of Agreement

Notwithstanding the termination of this Agreement for any reason, the following provisions shall survive and shall remain in full force and effect: (i) the confidentiality provisions contained in the Confidentiality Agreement; and (ii) such other provisions (such as those relating to return of the Deposit following termination) the survival of which following termination are necessary to give practical effect thereto.

8.16 No Registration of Agreement

Timbercreek shall not register this Agreement or any notice of this Agreement on title to the Property.

8.17 Counterparts

This Agreement may be executed in counterpart and by the facsimile transmission of an originally executed document.

8.18 Language

It is the express wish of the parties hereto that this Agreement shall be drafted in English. Les parties ont exigé que la présente entente soit rédigée en langue anglaise.

Timbercreek Senior Mortgage Investment Corporation

by: _____
Name:
Title:

by: _____
Name:
Title:

We are authorized to bind the Corporation.

Casperdiny IFB Realty Inc.

by: D. Mason-Stefanovic
Name: DIANA MASON-STEFANOVIC
Title: VICE-PRESIDENT + SECRETARY

I am authorized to bind the Corporation.

Les Appartements Club Sommet Inc.

by: D. Mason-Stefanovic
Name: DIANA MASON-STEFANOVIC
Title: SECRETARY + TREASURER

I am authorized to bind the Corporation.

Intervened to this Agreement
to accept the conditions of
Section 4.3 only :

Richter Groupe Conseil Inc.

by: Eric Barbieri
Name: ERIC BARBIERI
Title: Partner

by: _____
Name:
Title:

We are authorized to bind the Corporation.

Schedule A

Permitted Encumbrances

1. Servitudes, encroachments, easements, rights-of-way, restrictive covenants or other similar rights in land granted to or reserved by other persons, rights-of-way for sewers, electric lines, telegraphs and telephone lines and other similar purposes or zoning or other restrictions as to the use of the rights-of-way and other similar rights and restrictions, which do not in the aggregate materially detract from the value of the said Property or materially impair the existing uses of the Property. Any servitudes established prior to January 1, 1917, which required no registration, and any servitudes by destination of proprietor established prior to January 1, 1994, which required no registration, and that could affect the Property.

2. The reservations, limitations, provisos and conditions, if any, expressed in any original grant from the Crown.

3. Title defects or irregularities which are of a minor nature and which individually or in the aggregate will not materially impair the existing uses of the Property.

4. Subdivision, site-plan, development or other municipal agreements provided such are complied with and do not materially detract from the value of the said Property or materially impair the existing uses of the Property.

5. Servitudes and other rights resulting from:

5.1 a Deed of Servitude between Dr. Walther Schellhase and Louis Rudberg on one part and Roger Jeanty, Dame Anita Sent, Maurice C. Kaplan and said Louis Rudberg on the other part, executed before Lazarus Bavitch, Notary, on May 15, 1970 and registered under number 2 208 780; real and perpetual servitudes permitting the right of parking automobiles and prohibiting the building above ground of any structures (but not restricting the right to build below ground but without openings) were created against a part of the Property.

5.2 a Deed of Servitude between Walther Schellhase and Louis Rudberg on one part and Heinrich Bodmer, Maurice C. Kaplan and said Louis Rudberg on the other part, executed before André Boileau, Notary, on June 26, 1973 and registered under number 2 441 158; the real and perpetual servitude prohibiting the building above ground of any structures (but not restricting the right to build below ground, but without openings) created pursuant to the Deed of Servitude herein above described under 5.1, was amended in order to permit the building bearing civic number 3475 Mountain Street, and in particular its North-West wall, to remain in its position and location as then constructed.

NOTE: By Deed of Permission between THE CITY OF MONTRÉAL (the "City") on one part and Walther Schellhase and Louis Rudberg on the other part, executed before Normand Latreille, Notary, on March 10, 1971 and registered under number 2 260 751, City accepted the installation of a six (6) inch water pipe on the public domain and its connection to the City's water supply network, for and only for the supplying of the water needed for the operation of the automatic sprinklers system of the building bearing civic number 3450 Drummond Street. The whole in accordance with the municipal by-law 270 and the article 26 of the municipal by-law 2034. Furthermore, City could not be held responsible for any

damage of whatever nature that could happen and especially, but without any limitation, of any damage that could result, directly or indirectly, of any failure in the supplying of water and/or in too high or too low pressure of such water.

By Deed of Permission between THE CITY OF MONTRÉAL (the "City") on one part and Louis Rudberg and Walther Schellhase on the other part, executed before Normand Latreille, Notary, on May 16, 1973 and registered under number 2 430 061, City accepted the installation of a six (6) inch water pipe on the public domain and its connection to the City's water supply network, for and only for the supplying of the water needed for the operation of the automatic sprinklers system of the building bearing civic number 3475 Mountain Street. The whole in accordance with the municipal by-laws 270 and 2034. Furthermore, City could not be held responsible for any damage of whatever nature that could happen and especially, but without any limitation, of any damage that could result, directly or indirectly, of any failure in the supplying of water and/or in too high or too low pressure of such water.

Those two (2) deeds did not create any servitude. They are permits granted by the CITY OF MONTRÉAL.

5.3 the Declaration of Co-Ownership, namely:

NOTE: All capitalized terms under sections 5.3.1 to 5.3.13 inclusive have the same meaning as those used in the Declaration of Co-Ownership.

5.3.1 A servitude of right of passage on foot and vehicle in favour of private portion 3 472 893 and of all tenants, occupants and representatives of the co-owner of private portion 3 472 893 created on the Outdoor Driveway -Tower A Part and on the common passage for vehicles on the top level of the parking garage all of which forms part of private portion 3 472 892, the whole only for the purposes of moving, deliveries, garbage removal and the right to store garbage bins for pick-up, all without blocking the access and egress to the parking spaces and for access and egress to and from the work shop area, the changing area, and the storage area which form part of lot 3 472 898. This servitude further provides that the responsibility for the cost of snow removal, maintenance, repair and replacement of the Outdoor Driveway -Tower A Part and the cost of maintenance, repair and replacement of the said common passage for vehicles on the top level of the said parking garage shall be the responsibility of the co-owner of private portion 3 472 892.

5.3.2 servitude of right of passage on foot and vehicle in favour of private portion 3 472 894 including all tenants, occupants, and representatives of the co-owner of private portion 3 472 894 created on the Outdoor Driveway -Tower A Part and on the common passage for vehicles on the top level of the parking garage all of which forms part of private portion 3 472 892 only for the purposes of deliveries, the whole without blocking the access and egress to the parking spaces and for access and egress to and from the work shop area, the changing area, and the storage area which form part of lot 3 472 898. This servitude further provides that the responsibility for the cost of snow removal, maintenance, repair and replacement of the Outdoor Driveway -Tower A Part and the cost of maintenance, repair and replacement of the said common passage for vehicles on the top level of the said parking garage shall be the responsibility of the co-owner of private portion 3 472 892.

5.3.3 A servitude of right of passage on foot created in favour of private portion 3 472 893 and private portion 3 472 894 including all lessees, occupants and representatives of the co-owners of private portion 3 472 893 and private portion 3 472 894 to get to the elevators and stairwells on the upper garage level, and on the first, second and third floors of Tower A which forms part of lot 3 472 892, including the use of said elevators and stairwells to get to all parts of the Pavilion, and furthermore to go through the hallways on the second and third floors of Tower A to get to the saunas, washrooms and showers, indoor pool, storage room party/conference room, and administration offices.

This servitude further provides that the costs for the maintenance, repair and replacement of all of the servient land therein described, all of which form part of private portion 3 472 892, shall be the responsibility of the co-owner of private portion 3 472 892.

5.3.4 A servitude of right of passage on foot created in favour of private portion 3 472 892 and private portion 3 472 894 on the basement level of private portion 3 472 893 to have access to the supply and inventory room, the staff lunch room, and the superintendent's office.

This servitude further provides that the cost for the maintenance, repair and replacement of the servient land therein described shall be the responsibility of the co-owner of private portion 3 472 893.

5.3.5 A servitude of right of passage on foot created in favour of private portion 3 472 892 on the basement level of private portion 3 472 893 for access to the hydro room which is known and designated as lot 3 472 897.

This servitude further provides that the cost for the maintenance, repair and replacement for the servient land which serves as access to the hydro room, as therein set forth shall be the responsibility of the co-owner of private portion 3 472 893.

5.3.6 A servitude of right of passage on foot in favour of private portion 3 472 893 and private portion 3 472 894 including all lessees, occupants and representatives of the co-owners of private portion 3 472 893 and private portion 3 472 894 created over the hallways, elevators and stairwells on the garage levels of private portion 3 472 892 in order to get to the chiller room.

This servitude further provides that the cost for the maintenance, repair and replacement for the servient land therein referred to shall be the responsibility of the co-owner of private portion 3 472 892.

5.3.7 A servitude of right of passage on foot in favour of private portion 3 472 892 and private portion 3 472 894 including all lessees, occupants and representatives of the co-owners of private portion 3 472 892 and private portion 3 472 894 created over all the hallways, elevators and stairwells of private portion 3 472 893 to have access and egress to the roof of Tower B for the maintenance, repair and replacement of the water tower and the water tower equipment including a right of use of the water tower and the water tower equipment the whole which forms part of private portion 3 472 893.

This servitude further provides that (i) the cost for the maintenance, repair and replacement concerning the hallways, elevators and stairwells in private portion 3 472 893 shall be the responsibility of the co-owner of private portion 3 472 893 and that (ii) the cost for the maintenance, repair and replacement of the said water tower and water tower equipment therein referred to shall be a common expense of the syndicate.

5.3.8 A servitude of right of use in favour of private portion 3 472 893 and private portion 3 472 894 including all lessees, occupants and representatives of the co-owners of private portion 3 472 893 and private portion 3 472 894 created in order to use the winter garden located in Tower A and outdoor terrace on top of the winter garden located in Tower A both of which form part of private portion 3 472 892.

This servitude further provides that the cost for the maintenance, repair and replacement of the winter garden and the outdoor terrace on top of the winter garden shall be a common expense for the syndicate.

5.3.9 A servitude of right of passage on foot in favour of private portion 3 472 894 including all lessees, occupants and representatives of the co-owner of private portion 3 472 894 and in favour of private portion 3 472 892 including all lessees, occupants and representatives of the co-owner of private

portion 3 472 892 created over the hallways, elevators and stairwells located on the ground level and second level of Tower B which form part of private portion 3 472 893 in order to get to the Dépanneur and Dry Cleaners forming part of private portion 3 472 893.

This servitude further provides that the cost for the maintenance, repair and replacement of the servient land therein referred to shall be the responsibility of the co-owner of private portion 3 472 893.

5.3.10 A servitude of right of passage on foot in favour of private portion 3 472 894 including all lessees, occupants and representatives of the co-owner of private portion 3 472 894 created over the hallways, elevators and stairwells located on level G1 of private portion 3 472 892 and the basement of private portion 3 472 893 to get to the Dépanneur and the Dry Cleaners forming part of private portion 3 472 893.

This servitude further provides that the cost for the maintenance, repair and replacement of the hallways, elevators, and stairwells located on the said level G1 of private portion 3 472 892 shall be the responsibility of the co-owner of private portion 3 472 892, and the cost of the maintenance, repair and replacement of the basement of private portion 3 472 893 shall be the responsibility of the co-owner of private portion 3 472 893.

5.3.11 A servitude of right of passage on foot in favour of private portion 3 472 892 and private portion 3 472 893 including all lessees, occupants and representatives of the co-owner of private portion 3 472 892 and private portion 3 472 893 created on the stairs, elevators and hallways from level G3 of private portion 3 472 894 and from level G1 of private portion 3 472 894 to have access and egress to and from the filter, heater and pump room (the "Outdoor Pool Service Room") which is located in private portion 3 472 894 together with the right to use the Outdoor Pool Service Room.

This servitude further provides that (i) the cost for the maintenance, repair and replacement of the servient land therein referred to insofar as concerns the location where the servitude of right of passage on foot is exercised shall be the responsibility of the co-owner of private portion 3 472 894 and that (ii) the cost for the maintenance, repair and replacement of the Outdoor Pool Service Room and all equipment therein shall be the responsibility of the syndicate as a common expense.

5.3.12 A reciprocal servitude in favour of and against private portion 3 472 892, private portion 3 472 893, and private portion 3 472 894 created on each of private portions 3 472 892, 3 472 893, and 3 472 894, with respect to any maintenance and repair to Tower A, Tower B, Tower C, and the Pavilion, in order to respect the harmony of the Immoveable and the existing character of same. Pursuant to this servitude, none of the co-owners of Tower A, of Tower B, and of Tower C can substantially alter or change the exterior appearance of his said tower and/ or the Pavilion from what exists at the time of execution of the Declaration of Co-Ownership, including, without limiting the generality of the foregoing, substantially alter or change the bricks, the windows, and all other aspects of the building, including without limitation, substantially alter or change the colour of same and the quality of materials to be used which should be of at least equal or better quality in order that whatever work will be done on one of the towers will blend in with the other towers. The foregoing shall not apply to any reconstruction to Tower A, Tower B, Tower C, and the Pavilion since any reconstruction must be in conformity with Section 11.6 and Section 11.8 of the ACT CONSTITUTING THE CO-OWNERSHIP of the Declaration of Co-Ownership, the whole insofar as concerns that the reconstruction blends in harmoniously with the residue of the Immoveable.

5.3.13 A legal and perpetual servitude created in favour of each private portion over every other private portion, common portion, and common portion for restricted use in order that any view, overhang, encroachment, and/or underground and surface drainage of a private portion over another private portion, common portion or common portion for restricted use of the Immoveable which is the object of the

Declaration of Co-Ownership which exists at the time of execution of the Declaration of Co-Ownership or which will be existing as a result of a reconstruction made in accordance with the terms of the Declaration of Co-Ownership, shall not be considered illegal.

5.4 The following restrictions contained in the Declaration of Co-Ownership:

"3.1. DESTINATION OF THE IMMOVEABLE

The Immoveable is to be used primarily for residential purposes, although parts of the Immoveable can be used for offices and commercial purposes, the whole as hereinafter set forth and the whole provided the use is permitted by municipal bylaws. Sections 3.2, 3.3, and 3.4 shall not be construed to preclude the presence of ancillary services for residential purposes.

3.4 DESTINATION OF PRIVATE PORTION 3 472 894

The private portion 3 472 894 is to be used for residential purposes. Together with residential use, the apartments in private portion 3 472 894 can be used for offices and commercial purposes provided that the co-owners or occupants use the apartments as a residence, no excess noise or odours emanate from the apartments, and provided there is no coming and going into private portion 3 472 894 by clients, customers, and/or delivery people, and/or any other person doing business with the co-owners or occupants, and the whole provided the use is permitted by municipal by-laws.

3.5 DESTINATION OF THE COMMON PORTIONS

The common portions are intended for the common use of all the co-owners the occupants and the representatives of the co-owners, the whole subject to the provisions of this declaration of co-ownership. Each of the common portions shall be used in accordance with its vocation by the co-owners, the occupants and the representatives of the co-owners to the extent that the use is not reserved to one or more other co-owners. Each co-owner as well as each occupant and each representative of the co-owner must comply with the conditions pertaining to the enjoyment, use and maintenance of the common portions as set forth in this declaration of co-ownership including the by-laws.

3.6 DESTINATION OF THE COMMON PORTIONS FOR RESTRICTED USE

The common portions for restricted use, as hereinabove described are intended to be used by individual co-owners, occupants and the representatives of the co-owners of the private portions, the whole as hereinabove set forth.

Each co-owner as well as each occupant as well as the representatives of the co-owners must comply with the conditions pertaining to the enjoyment, use and maintenance of common portions for restricted use as set forth in this declaration of co-ownership including the by-laws."