

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No. 500-11-049142-157
DATE: July 20TH, 2015

PRESIDING : *Robert Mongeon JCS*

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:

INDUSTRIES COVER INC.

Debtor/Petitioner

-and-

DELOITTE RESTRUCTURING INC.

Trustee

-and-

THE REGISTRAR OF THE LAND REGISTRY OFFICE FOR THE REGISTRY DIVISION OF
MONTRÉAL

-and-

THE REGISTRAR OF THE LAND REGISTRY OFFICE FOR THE REGISTRY DIVISION OF
LOTBINIÈRE

-and-

THE REGISTRAR OF THE LAND REGISTRY OFFICE FOR THE REGISTRY DIVISION OF
CHARLEVOIX II

-and-

THE REGISTRAR OF THE PERSONAL AND MOVABLE REAL RIGHTS REGISTER OF
QUÉBEC

Impleaded Parties

ORDER

ON READING Industries Cover Inc. (the "**Petitioner**")'s *Motion for the Issuance of an Order Approving an Interim Financing and Priority Charges* pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**") and the exhibits, the affidavit of Mr. Dave Kuta filed in support thereof (the "**Motion**"), relying upon the submissions of the parties appearing before the court for the presentation of the Motion and being advised that the interested parties were given prior notice of the presentation of the Motion;

GIVEN the provisions of the BIA;

WHEREFORE, THE COURT:

1. **GRANTS** the Motion.

Service

2. **DECLARES** that sufficient prior notice of the presentation of this Motion has been given by the Petitioner to interested parties who are likely to be affected by the charges created herein.

Effective time

3. **DECLARES** that this Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on the date of this Order (the "**Effective Time**").

Interim Financing (DIP)

4. **ORDERS** that Petitioner be and is hereby authorized to borrow, repay and reborrow from Guardian Industries Canada Corp. (the "**Interim Lender**") such amounts from time to time as Petitioner may consider necessary or desirable, up to a maximum principal amount of \$700,000 outstanding at any time, on the terms and conditions as set forth in the interim financing Term Sheet attached hereto as Schedule A (the "**Term Sheet**") and in the Interim Financing Documents (as defined hereinafter), to fund the ongoing expenditures of Petitioner and to pay such other amounts as are permitted by the terms of the Order and the Interim Financing Documents (as defined hereinafter) (the "**Interim Facility**");
5. **ORDERS** that Petitioner, by its representative, Dave Kuta, is hereby authorized to execute and deliver such credit agreements, security documents and other definitive documents (collectively the "**Interim Financing Documents**") as may be required by the Interim Lender in connection with the Interim Facility and the Term Sheet, and Petitioner is hereby authorized to perform all of its obligations under the Interim Financing Documents;
6. **ORDERS** that Petitioner shall pay to the Interim Lender, when due, all amounts owing (including principal, interest, fees and expenses, including without limitation, all reasonable fees and disbursements of counsel and all other reasonably required advisers to or agents of the Interim Lender on a full indemnity basis (the "**Interim Lender Expenses**") under the Interim Financing Documents and shall perform all of its other obligations to the Interim Lender pursuant to the Term Sheet, the Interim Financing Documents and this Order;
7. **DECLARES** that all of the present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds

thereof of Petitioner (collectively the "**Property**", including the moveable and immoveable property described in Schedule B) are hereby subject to a charge and security for an aggregate amount of \$700,000, plus interest (such charge and security is referred to herein as the "**Interim Lender Charge**") in favour of the Interim Lender as security for all obligations of Petitioner to the Interim Lender with respect to all amounts owing (including principal, interest and the Interim Lender Expenses) under or in connection with the Term Sheet and the Interim Financing Documents. The Interim Lender Charge shall have the priority established by paragraphs 14, 15 and 16 of this Order and **ORDER** that, upon request of the Interim Lender as the case may be, the Registrar of the Register of Personal and Movable Real Rights and the Registrars of each of the Land Registries in respect of each of the Immovable properties described in this Order (Schedule B) shall publish and record this Order as a charge and hypothec in favour of the Interim Lender as herein described;

8. **ORDERS** that the claims of the Interim Lender pursuant to the Interim Financing Documents shall not be compromised or arranged pursuant to any proposal (a "**Proposal**") filed pursuant to the BIA or any plan of arrangement (a "**Plan**") filed pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") or these proceedings and the Interim Lender, in that capacity, shall be treated as an unaffected creditor in these proceedings and in any Proposal or Plan;
9. **ORDERS** that the Interim Lender may:
 - a) notwithstanding any other provision of the Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the Interim Lender Charge and the Interim Financing Documents in all jurisdictions where it deems it is appropriate; and
 - b) notwithstanding the terms of the paragraph to follow, refuse to make any advance to Petitioner if the Petitioner fails to meet the provisions of the Term Sheet and the Interim Financing Documents;
10. **ORDERS** that the Interim Lender shall not take any enforcement steps under the Interim Financing Documents or the Interim Lender Charge without providing at least 5 business days written notice (the "**Notice Period**") of a default thereunder to the Petitioner, the trustee and to creditors whose rights are registered or published at the appropriate registers or requesting a copy of such notice. Upon expiry of such Notice Period, the Interim Lender shall be entitled to take any and all steps under the Interim Financing Documents and the Interim Lender Charge and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA;
11. **ORDERS** that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 4 to 10 hereof unless either (a) notice of a motion for such order is served on the Interim Lender by the moving party within seven (7) days after that party was served with the Order or (b) the Interim Lender applies for or consents to such order;

Administration Charge

12. **ORDERS** that Petitioner shall pay the reasonable fees and disbursements of the trustee, the trustee's legal counsel, if any, the Petitioner's legal counsel and other advisers, directly related to these proceedings, the Sale Process and the Petitioner's restructuring, whether incurred before or after the Order, and may provide each with a

reasonable retainer in advance on account of such fees and disbursements, if so requested.

13. **DECLARES** that the trustee, the trustee's legal counsel, if any, the Petitioner's legal counsel and the trustee and the Petitioner's respective advisers, as security for the professional fees and disbursements incurred both before and after the making of the Order and directly related to these proceedings, the Sale Process and the Petitioner's restructuring, be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$100,000 (the "**Administration Charge**"), having the priority established by paragraphs 14 and 15 hereof.

Priorities and General Provisions Relating to NOI Charges

14. **DECLARES** that the priorities of the Administration Charge and the Interim Lender Charge (collectively, the "**NOI Charges**"), as between them with respect to any Property to which they apply, shall be as follows:
- a) first, the Administration Charge; and
 - b) second, the Interim Lender Charge.
15. **DECLARES** that each of the NOI Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property charged by such Encumbrances.
16. **DECLARES** that notwithstanding the provisions of paragraph 15 above, the Interim Lender Charge shall rank immediately behind and after any existing Encumbrance in favour of Gestion J&N Boudreault Inc. affecting the following property:

DÉSIGNATION

Un immeuble connu et désigné comme étant le lot numéro UN MILLION QUATRE MILLE SOIXANTE-QUATORZE (1 004 474) du Cadastre de Québec, circonscription foncière de Montréal.

Avec bâtisse dessus construite portant le numéro 9 300, Boulevard Ray-Lawson à Anjou (Québec) circonstances et dépendances.

17. **ORDERS** that, except as otherwise expressly provided for herein, the Petitioner shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the NOI Charges unless the Petitioner obtains the prior written consent of the trustee and the prior approval of the Court.
18. **DECLARES** that each of the NOI Charges shall attach, as of the Effective Time, to all present and future Property, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
19. **DECLARES** that the NOI Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Petitioner or any receiving order made pursuant to any such petition or any

assignment in bankruptcy made or deemed to be made in respect of the Petitioner; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Petitioner (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:

- a) the creation of any of the NOI Charges shall not create or be deemed to constitute a breach by the Petitioner of any Third Party Agreement to which it is a party; and
- b) any of the beneficiaries of the NOI Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the NOI Charges.

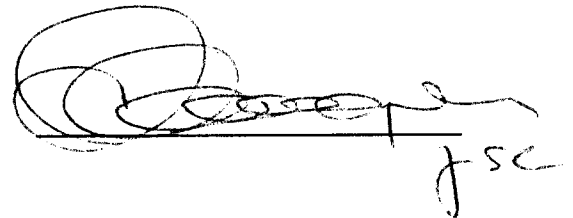
20. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Petitioner and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of the Petitioner, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Petitioner pursuant to the Order and the granting of the NOI Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.
21. **DECLARES** that the NOI Charges shall be valid and enforceable as against all Property and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Petitioner, for all purposes.

General


22. **DECLARES** that the Petitioner and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that the Petitioner shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
23. **DECLARES** that, unless otherwise provided herein, under the BIA, or ordered by this Court, no document, order or other material need be served on any person in respect of these proceedings, unless such person has served a notice of appearance on the solicitors for the Petitioner and the trustee and has filed such notice with this Court, or appears on the service list prepared by the trustee or its attorneys, save and except when an order is sought against a person not previously involved in these proceedings;
24. **DECLARES** that the Petitioner or the trustee may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
25. **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.

26. **DECLARES** that the trustee, with the prior consent of the Petitioner, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which the trustee shall be the foreign representative of the Petitioner. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Trustee as may be deemed necessary or appropriate for that purpose.
27. **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.
28. **ORDERS** the provisional execution of the Order notwithstanding any appeal.

WITHOUT COSTS.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a horizontal line.

COPIE CONFORME


A handwritten signature in black ink, consisting of the letters 'Hk' written above a horizontal line.
Greffier adjoint

**SCHEDULE A
TERM SHEET**

(see attached)

**LETTER OF INTENT FOR A DEMAND LOAN, HYPOTHECS ON MOVABLE
AND IMMOVABLE PROPERTY AGREEMENT
UNDER A "B.I.A. - D.I.P. FINANCING"**

BY AND BETWEEN: **INDUSTRIES COVER INC. / COVER
INDUSTRIES INC.**
(the "Grantor" and "Borrower")

AND: **GUARDIAN INDUSTRIES CANADA CORP.**
(the "Lender")

SECTION 1 – DEFINITIONS AND INTERPRETATIVE PROVISIONS

1.1 *Definitions*

Unless the context indicates otherwise, in the Agreement and its Schedule "A" the following definitions shall apply:

- 1.1.1 "Advance" means a borrowing by the Borrower under the Line of Credit Facility and "Advances" means all of them;
- 1.1.2 "Agreed Amount" – An amount of SEVEN HUNDRED THOUSAND dollars (\$700,000.00) in Canadian currency.
- 1.1.3 "Agreement" means this Letter of intent, as may be amended, restated, replaced or superseded from time to time;
- 1.1.4 "Banking Day" means a day, other than a Saturday or a Sunday or other day on which banks are required or authorized by applicable laws to close in Montreal, Quebec, Canada or New York, New York;
- 1.1.5 "Canadian Dollars" and "Cdn. \$" mean the lawful currency of Canada in immediately available funds;
- 1.1.6 "Charged Property" – The property described in Section 5 of these presents.
- 1.1.7 "Drawdown" means a drawdown of an Advance;
- 1.1.8 "Drawdown Date" means, in relation to any Advance, the date, which shall be a Banking Day, on which the Drawdown of such Advance is made to the Borrower pursuant to a Drawdown Notice;
- 1.1.9 "Drawdown Notice" means a notice substantially in the form set out in Schedule "A";
- 1.1.10 "Hypothecs" – The hypothecs to be constituted by the Grantor in favour of the Lender pursuant to the Demand loan and the D.I.P. Financing.
- 1.1.11 "Line of Credit Facility" has the meaning specified in Section 2.1;
- 1.1.12 "Loan Agreement" means the Demand loan to be signed;

1.1.13 "*Proceeds Account*" means the trust account of Stikeman Elliott LLP or of any other law firm designated by the Borrower and acceptable to the Lender and into which all proceeds of Drawdowns are to be deposited;

1.1.14 "*Secured Obligations*" – the performance of the obligations of the Grantor under the Loan Agreement and the payment of all amounts due by the Grantor to the Lender pursuant to any loans made by the Lender to the Grantor.

1.1.15 "*Stipulated Rate*" – 6 % per annum.

1.2 *Interpretative provisions*

1.2.1 *Governing Laws* – This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

1.2.2 *Successors and Assigns* – This Agreement is binding upon the Parties hereto and cannot be assigned or transferred, save by the Lender.

SECTION 2 – DEMAND LOAN

2.1 *Line of Credit Facility*

The Lender will agree to make available to the Borrower a facility in the amount not to exceed \$700,000.00 in principal and interest outstanding.

2.2 *Availability*

The Line of Credit Facility will be available in the Lender's absolute discretion and will be terminated at any time by notice to the Grantor. Notwithstanding anything contained herein, the Line of Credit Facility will be deemed terminated immediately prior to a bankruptcy under the B.I.A.

2.3 *Purposes*

The Borrower will use the Line of Credit Facility for purposes acceptable to and approved by the Lender.

2.4 *Notice of Advances*

To obtain an Advance, the Borrower will give the Lender a Drawdown Notice signed by a duly authorized representative of the Borrower specifying:

- (i) the amount and purpose of the Advance; and
- (ii) not more frequent than one per week; and
- (iii) the date of the Advance, which must be a Banking Day.

Notice of the Advance will be given in writing and will have to be given not later than 10:00 a.m. (Montreal time) on the second (2nd) Banking Day prior to the date of the Advance.

2.5 *Term and Availability of Advances under the Line of Credit Facility*

The Line of Credit Facility will revolve and, accordingly, Advances will be obtained, repaid and re-borrowed.

2.6 *Repayments on Demand*

Acting in its sole discretion, the lender will be able to demand immediate payment of all amounts borrowed by the Borrower under the Loan Agreement. Upon such demand by the Lender, the Line of Credit Facility will no longer be available.

2.7 *Interest on Advances*

Interest on each Advance shall accrue at the Stipulated Rate. Such interest shall be payable in Canadian Dollars on the first day of each month. All unpaid interest shall bear interest at the Stipulated Rate and compounded monthly. The Lender shall provide the Borrower with a monthly statement showing interest rate calculations for the preceding month.

2.8 *Procedure for Making Advances*

The Lender will make Advances available to the Borrower as required under the Loan Agreement on the relevant Drawdown Date by transferring (or causing to be transferred) the funds in the Proceeds Account.

2.9 *Method and Place of Payment*

Each payment to be made by the Borrower under the Loan Agreement will be made without deduction, set-off or counterclaim.

2.10 *Evidence of Debt*

The Lender will open and maintain books of account evidencing all Advances and all other amounts owing by the Borrower to the Lender under the Loan Agreement. The information entered in the foregoing books of account shall constitute, in the absence of manifest error, prima facie evidence of the obligations of the Borrower to the Lender, the date the Lender will make each Advance available to the Borrower and the amounts the Borrower will pay from time to time on account of the principal and of interest related to the Advances.

2.11 *Conditions for Drawdowns*

The following conditions will have to be satisfied by the Borrower at or prior to the time of an Advance under any Facilities:

- (a) the Borrower will have given to the Lender a Drawdown Notice;
- (b) no material adverse effect will have occurred which will be continuing;

SECTION 3 – AMOUNT OF THE HYPOTHECS

The Hypothecs will be granted for the Agreed Amount with interest thereon from the date of the signature of the Loan Agreement at the Stipulated Rate.

SECTION 4 – OBJECT OF THE HYPOTHECS

The Hypothecs will secure the performance of the Secured Obligations.

SECTION 5 – DESCRIPTION OF CHARGED PROPERTY

The Grantor will hypothecate in favour of the Lender the universality of its immovable and movable rights and property, corporeal and incorporeal, present and future, of any nature whatsoever and wheresoever situated, under a first rank D.I.P. Financing to be granted by the Court after the filing by the Grantor of a N.O.I. under the B.I.A, subject however to precedent D.I.P. order rendered by the Court on September 23, 2014.

SECTION 6 – PROVISIONS TO THE HYPOTHEC ON CLAIMS

The Lender will authorize the Grantor to recover all its claims. However, at any time and at its entire discretion, such authorization will be revoked by the Lender.

SECTION 7 – COVENANTS

The Grantor will undertake to:

7.1 *Information*

To provide the Lender with any information with respect to the Charged Property as it may reasonably request in order to determine whether or not the Grantor complies with the provisions hereof.

7.2 *Accounting Books*

To keep, with respect to the Charged Property, books, vouchers and other documentation, as would a reasonable and diligent administrator, including a list containing the names and addresses of all debtors, and keep them available for the Lender to examine and obtain copies thereof.

7.3 *Insurance*

To insure and maintain all Charged Property insured, in favour of the Lender including formal designation as the first loss-payee, against all loss or damage caused by theft, fire and any other risk with respect to which a prudent administrator would insure himself, by means of an all risks insurance policy acceptable to the Lender.

7.4 *Use and Destination*

Not to change the use or destination of the Charged Property unless it obtains the prior written consent of the Lender.

7.5 *Other Charges on the Charged Property*

Not to permit any hypothec, prior claim, real rights or other charge on the Charged Property without the prior written consent of the Lender.

7.6 *Sale and Disposition*

Not to sell, transfer or otherwise alienate the Charged Property, in whole or in part, without the prior written consent of the Lender, except for the inventory and other property in stock which may be sold in the ordinary course of its business.

SECTION 8 – LENDER'S RECOURSES IN CASE OF DEFAULT OF PAYMENT UPON DEMAND

8.1 *Lender's rights*

The Lender will be able to, in connection with all or part of the obligations to be secured by the Hypothecs, request immediate payment of all Secured Obligations under the Loan Agreement, and to exercise all its recourses against the Grantor to which it will be entitled in case of default under law or under the Loan Agreement.

8.2 *Exercise of recourses*

In case of default, the Lender will exercise whichever hypothecary rights or recourses it may decide to exercise pursuant to the law.

SECTION 9 – GENERAL PROVISIONS

9.1 *Time of Essence*

The Grantor will be deemed "en demeure" by a default, the mere lapse of time provided for the Grantor to perform its obligations or the expiry of any term therefor, without any obligation for the Lender to serve any notice or prior notice upon the Grantor.

SECTION 10 – DATE

In the event that this Agreement is not signed by the Lender and the Grantor on the same day, this Agreement shall bear the date at which it is signed last.

SECTION 11 – ENGLISH LANGUAGE

The parties hereto confirm that the present Agreement has been drawn up in the English language at their request. *Les parties aux présentes confirment que la présente convention a été rédigée en langue anglaise à leur demande.*

AND THE PARTIES have signed.

LENDER:

On July 17, 2015

GUARDIAN INDUSTRIES CANADA CORP.

per:



Doug Girdler

GRANTOR:

On July _____, 2015

**INDUSTRIES COVER INC. /
COVER INDUSTRIES INC.**

per:

SCHEDULE "A"

Form of Drawdown Notice

To: **GUARDIAN INDUSTRIES CANADA CORP.**

This Drawdown Notice relates to an Advance under the Demand Loan and Hypothecs on Immovable and Movable Property made as of _____, 2015 (the "Loan Agreement") between Cover Industries Inc., as Borrower/Grantor and Guardian Industries Canada Corp., as Lender. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

The Borrower hereby requests the following Advance for drawdown under the following Facility. The Advance shall be drawn as follows:

Line of Credit Facility in the principal amount of CDN\$ _____ for drawdown on _____.

The purpose of the Advance is to: [to be completed by the Borrower]

The Borrower hereby irrevocably directs the Lender to deposit the Advance into the Proceeds Account.

DATED this _____ day of _____, _____.

**INDUSTRIES COVER INC. / COVER
INDUSTRIES INC.**

By: _____
Name:
Title:

SCHEDULE « B »

Description of Movable Assets

The universality of the Debtor's movable rights and property, corporeal and incorporeal, present and future, of any nature whatsoever and wheresoever situated

Description of Immovable Assets

- 1- An emplacement situated in the city of Saint-Apollinaire, Province of Québec, and composed of lot number THREE MILLION FIVE HUNDRED EIGHTY-FOUR THOUSAND FOUR HUNDRED AND FORTY-TWO (3 584 442) of the Cadastre du Québec, Registration Division of Lotbinière;

An emplacement situated in the city of Saint-Apollinaire, Province of Québec, and composed of lot number THREE MILLION SIX HUNDRED EIGHTY-EIGHT THOUSAND TWO HUNDRED AND FIFTY-FOUR (3 688 254) of the Cadastre du Québec, Registration Division of Lotbinière;

With all the buildings thereon erected and, more particularly, the building bearing civic number 288 Laurier Street, City of Saint-Apollinaire, Province of Québec;
- 2- An emplacement situated in the city of Saint-Agapit, Province of Québec, and composed of lot number THREE MILLION SIX HUNDRED THIRTY-EIGHT THOUSAND THREE HUNDRED THIRTEEN (3 638 313) of the Cadastre du Québec, Registration Division of Lotbinière;

With all the buildings thereon erected and, more particularly, the building bearing civic number 1236 Principale Street, City of Saint-Agapit, Province of Québec;
- 3- An emplacement situated in the city of Montréal (Borough of Anjou), Province of Québec, and composed of lot number ONE MILLION FOUR THOUSAND SEVENTY-FOUR (1 004 074) of the Cadastre du Québec, Registration Division of Montréal;

With all the buildings thereon erected and, more particularly, the building bearing civic number 9300 Ray-Lawson Boulevard, City of Montréal (Borough of Anjou), Province of Québec;and
- 4- An emplacement situated in the city of Baie-Saint-Paul, Province of Québec, and composed of lot number FOUR MILLION ONE THOUSAND TWO HUNDRED FORTY-SEVEN (4 001 247) of the Cadastre du Québec, Registration Division of Charlevoix TWO (2);
With all the buildings thereon erected and, more particularly, the building bearing civic number 63 Saint-Laurent road, City of Baie-Saint-Paul, Province of Québec.

- Rents, revenues and immovable leases – all the rents, payments and revenues of all kinds, present and future, from the Hypothecated Immovables, as well as all the rights of the Borrower in the leases, present and future, that might affect the Hypothecated Immovables;
- Rent insurance – the proceeds of any insurance, present and future, covering losses of revenues or rent generated by the Hypothecated Immovables; and
- Other insurance – the benefits payables under the terms of any insurance contract relative to the Hypothecated Immovables, as well as all rights, present and future, of the Borrower in all insurance contracts.