

**ONTARIO SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c.  
B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF LA SALLE MOTEL (KINGSTON) LTD., A CORPORATION  
INCORPORATED UNDER THE LAWS OF ONTARIO**

**MOTION RECORD  
(Returnable September 27, 2023)**

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**TO: SERVICE LIST**

**IN THE MATTER OF LA SALLE MOTEL CO. (KINGSTON) LTD.**

**PROPOSAL PROCEEDINGS  
SERVICE LIST**

**UPDATED: September 18, 2023**

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**ONTARIO SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c.  
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# Tab 1

Court File No.: 33-2929085

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985,  
c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD.,  
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

**NOTICE OF MOTION**

La Salle Motel Co. (Kingston) Ltd. (the "**Applicant**" or the "**Company**") will make a motion before Justice Kershman of the Ontario Superior Court of Justice (the "**Court**") on September 27, 2023, at 10:00 a.m. or as soon after that time as the motion can be heard.

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

☐ In writing under subrule 37.12.1(1).

☐ In writing as an opposed motion under subrule 37.12.1(4).

☒ **In person.**

☐ By telephone conference.

☐ By video conference.

**THE MOTION IS FOR:**

1. An order substantially in the form attached at Tab 3 of the Motion Record (the "**Order**"),  
*inter alia*:

- a. extending the time for the Applicant to file a proposal under the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and extending the corresponding stay of proceedings (the "**Fourth Extended Period**" or the "**Stay Extension**") for 14 days, to and including, October 2, 2023.
  - b. approving Link and Associate Inc.'s (the "**Proposal Trustee**") third report, to be filed (the "**Third Report**"), and the activities of the Proposal Trustee referred to therein; and
  - c. sealing the confidential appendices to the Third Report (the "**Confidential Appendices**"), until the filing of the Proposal Trustee's Certificate (as defined in the Approval and Vesting Order (as defined below)).
2. An order substantially in the form attached at Tab 4 of the Motion Record (the "**Approval and Vesting Order**"), inter alia, approving the sale transaction (the "**Transaction**") contemplated by the Agreement of Purchase and Sale (the "**SISP APS**") between the Company and Messrs. Ajay Jain and Pavel Abdur-Rahman for a corporation to be incorporated (the "**Purchaser**"), dated September 15, 2023, and upon closing, vesting in the Purchaser all of Company's right, title and interest in and to the Purchased Assets (as defined in the SISP APS).
3. Such further and other relief as the Court deems just.

**THE GROUNDS FOR THE MOTION ARE:**

4. The Company is a corporation duly registered pursuant to the laws of Ontario having its head office in Kingston, Ontario. The Company is currently the owner of the LaSalle Hotel and the LaSalle Property (defined below).
5. Peter Karkoulis ("**Peter**"), is a 92-year old individual residing in Kingston, Ontario and is an officer and director of the Company.

6. John Karkoulis (“**John**”) is a 96-year old individual residing in Kingston, Ontario and is an officer and director of the Company.

7. Peter Karkoulis Jr. (“**Peter Jr.**”) is an individual residing in the City of Kingston, Ontario and nephew of Peter and John. He is the former general manager of the LaSalle Hotel.

8. In or about 1966 or 1967, Peter, John, and Peter Jr.’s deceased father, George Karkoulis (“**George**”), purchased the LaSalle Motel and Cavalier Room in Kingston, Ontario. The LaSalle Motel would eventually become the LaSalle Hotel, which has been a family-owned and operated business since its inception.

9. After years of deliberation and family discussions, Peter and John agreed to sell certain assets of the Company, including the LaSalle Property, to 1000073686 Ontario Inc. (hereinafter referred to as “**686**”) in December of 2021 and the sale was scheduled to close on August 10, 2022 (the “**Sale Transaction**”).

10. On or about August 5, 2022, Peter Jr. commenced an action against the Company and Peter and John in their capacities as directors of the Company, brought an *ex parte* motion in writing and obtained an order that a Certificate of Pending Litigation (“**CPL**”) be issued and registered against the real property municipally known as 2360 Princess Street, Kingston, Ontario, and legally described as PT LT 14 CON 3 KINGSTON AS IN FR315986; S/T FR332477, TKU12314; KINGSTON registered as PIN 36086-0103 (the “**La Salle Property**”).

11. In addition, the *ex parte* order enjoined the Company from encumbering or otherwise dealing with the LaSalle Property.

12. By allegations contained in the action he commenced, Peter Jr asserted and continues to assert an interest in the La Salle Property by virtue of resulting trust and/or proprietary estoppel.

13. As a result of the registration of the CPL and the issuance of the *ex parte* order of the Honourable Mr. Justice Mew, the Sale Transaction did not close on August 10, 2022 and the closing was extended to allow the Company to bring a motion to vacate or lift the CPL.

14. The Company's motion was heard by the Honourable Madam Justice Ryan Bell on October 6 and 21 2022 and on January 19, 2023, was dismissed.

15. In the Reasons delivered, Justice Ryan Bell determined that:

- a. the LaSalle Property should not be sold to 686 pending the outcome of Peter Jr.'s action because doing so would prejudice his claim before it had been decided; and
- b. the CPL and injunction were not improperly ordered and remain in force.

16. As the CPL was not vacated or removed, the Company, Peter and John were unable to close the Sale Transaction and no further extensions of the closing occurred after January 31, 2023.

17. Over the course of the first few months of 2023, the Company was having difficulty meeting its obligations as they became due (and overdue). Those obligations included payment of urgent expenses to suppliers, utilities, and legal fees associated with the litigation with Peter Jr.

18. In addition, three (3) separate actions were commenced against Peter, John and the Company between February 2023 and March 2023.

### ***The Proposal Process***

19. To address its liquidity and cash flow issues, the Applicant filed a Notice of Intention to Make a Proposal (the "**NOI**") on April 3, 2023, pursuant to section 50.4(1) of BIA. Link & Associates Inc. was appointed as the Proposal Trustee.

20. With a view to advancing its restructuring efforts, the Applicant sought and, on April 19, 2023, obtained an order from the Court (the "**First Stay Extension Order**"), among other things:

- a. extending the time for the Applicant to file a proposal under the BIA and extending the corresponding stay of proceedings to and including June 19, 2023;
- b. approving the First Report of the Proposal Trustee dated April 14, 2023, and the activities of the Proposal Trustee referred to therein;
- c. authorizing the Applicant to execute and deliver to the Bank of Montreal ("**BMO**") such credit agreements and other documents as may be reasonably required by BMO to increase the amount of credit to be made available by BMO to the Applicant under its current revolving lending facility (the "**Increased Credit Availability**")
- d. Granting a charge in the aggregate amount of \$100,000 on the current and future assets, undertakings and properties of the Applicant of every nature and kind whatsoever (including all real and personal property), and wherever situate, including all proceeds thereof (collectively, the "**Property**") in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Applicant (the "**Administration Charge**");
- e. granting a charge in the aggregate of \$150,000 on the Property in favour of BMO as security for the Increased Credit Availability under the security previously granted by the Applicant to BMO (the "**DIP Loan**");
- f. Directing all of the Company's former directors, officers, current and former employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a



"Person") to forthwith advise the Company of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") and/or Property in that Person's possession or control, and deliver said Records and/or Property to the Company.

21. On June 21 and 23, 2023, the Applicant sought and, on June 23, 2023, obtained an order from the Court (the "**SISP and Second Stay Extension Order**" or the "**SISP Order**"), among other things:

- a. extending the time for the Applicant to file a proposal under the BIA and extending the corresponding stay of proceedings to and including August 3, 2023;
- b. approving the Second Report of the Proposal Trustee dated June 12, 2023, and the activities of the Proposal Trustee referred to therein;
- c. authorizing the Applicant to engage Avison Young Commercial Real Estate Services, LLP ("**Avison**") to act as Sale and Investment Solicitation Process ("**SISP**") Advisor (the "**SISP Advisor**"); and
- d. approving the SISP and authorizing and directing the Applicant and the Proposal Trustee to carry out the SISP in accordance with its terms and the terms of the SISP Order.

### ***The SISP***

22. The Company, the SISP Advisor and the Proposal Trustee commenced the SISP immediately on receipt of the SISP Order by:

- a. finalizing a listing agreement;

- b. preparing marketing materials to be used in connection with the SISP along with arranging for various reports and surveys of the La Salle Property;
  - c. establishing a Data Room (as defined in the SISP, and filling it with content regarding the Property); and
  - d. engaging in an exclusive marketing period (on or about July 17).
23. The initial exclusive offering was positively received by potential buyers and there has been significant interest.
24. On July 31, 2023, the SISP Advisor expanded the marketing to several multiple listings service platforms with an offer deadline of August 29, 2023.
25. On the same day, the Applicant obtained an order from the Court extending the time for the Applicant to file a proposal under the BIA and extending the corresponding stay of proceedings to and including September 18, 2023 (the “**Third Extension Order**”).
26. In accordance with the SISP and the SISP Order, the Company, the SISP Advisor, and the Proposal Trustee subsequently:
- a. executed confidentiality agreements with interested parties;
  - b. identified Potential Bidders (as defined in the SISP);
  - c. provided Potential Bidders with access to a data room for the purposes of conducting due diligence;
  - d. reviewed Final Bids (as defined in the SISP) submitted on or before the Final Bid Deadline (as defined in the SISP) of August 29, 2023 by seven (7) Potential Bidders, in consultation with the SISP Advisor and the Proposal Trustee;

- e. provided additional due diligence to Qualified Bidders (as defined in the SISP).
- f. Determined three (3) of the Final Bids to be Qualified Asset Bids (as defined in the SISP) and were asked to deliver their ‘best and final’ bid by September 1, 2023 (the “**Extended Final Bid Deadline**”);
- g. reviewed, in consultation with the SISP Advisor and the Proposal Trustee, the revised Final Bids ;
- h. held discussions with the Qualified Bidders to clarify their final bids;
- i. in consultation with the SISP Advisor and the Proposal Trustee, identified the Purchaser as having submitted the Winning Bid (as defined in the SISP) and selected a Qualified Asset Bid to act as a backup bid;
- j. in consultation with Proposal Trustee and SISP advisor, extended Final Agreement Deadline (as defined in the SISP) to September 18, 2023; and
- a. finalized the SISP APS with the Purchaser (the “**Successful Bidder**”) and executed the SISP APS on September 18, 2023.

### ***The SISP APS and the Transaction***

27. The SISP APS and the Transaction can be summarized as follows:

- a. the Purchased Assets comprise all or substantially all of Company’s assets (including but not limited to accounts receivable, any assumed contracts, all intellectual property, all books and records, certain contract and warranty rights and all goodwill and intangible assets associated with the Business (each as defined in the SISP APS));

- b. the Purchase Price (as defined in the SISP APS) will be paid entirely in cash, at closing;
  - c. the Purchaser has paid a deposit equal to 10% of the Purchase Price (the "**Deposit**"), and the Deposit is being held by the Proposal Trustee's counsel;
  - d. the Purchaser is purchasing the Purchased Assets on an "as-is, where-is" basis, with minimal representations and warranties from Company;
  - e. the Purchaser shall, prior to Closing (as defined in the SISP APS) and within 30 days of Court approval, make offers of employment to all of employees of the Company (other than shareholders of the Company and their families);
  - f. the Transaction is conditional on the granting of the proposed Approval and Vesting Order and, if applicable, an order assigning to the Purchaser any assumed contracts; and
  - g. the Closing (as defined in the SISP APS) is sixty (60) days from the date of the granting of the Approval and Vesting Order.
28. Among other things, the SISP APS and the Transaction:
- a. are superior to all of the other Qualified Asset, Land, and Investment and Refinancing Bids (as defined in the SISP) submitted in the SISP; and
  - b. provide greater recovery to Company's stakeholders than could be obtained in a liquidation or bankruptcy.
29. The Proposal Trustee is supportive of the SISP APS. The Transaction is the best possible outcome for Company and its stakeholders in the circumstances.

*The Stay Extension*

30. The time for the Applicant to file a proposal and the corresponding stay of proceedings expires on September 18, 2023. The Applicant is seeking a Stay Extension to and including October 2, 2023.

31. The Applicant has acted, and continues to act, in good faith and with due diligence in seeking to preserve its ordinary course business operations and pursue the SISP, for the benefit of its stakeholders.

32. The Stay Extension will allow the Applicant to maintain its ordinary course business operations while the Transaction is concluded.

33. The Proposal Trustee supports the granting of the Stay Extension. Moreover, the Proposal Trustee does not believe that the Stay Extension will materially prejudice any creditor.

*Sealing*

34. The Applicant is seeking a sealing order in respect of the Confidential Appendices to the Third Report, until the closing of the Transaction.

35. The Confidential Appendices contain commercially sensitive information, including the amount of the Deposit and Purchase Price in the SISP APS, as well as information about the other Final Bids submitted in the SISP. The proposed sealing order is necessary to protect the integrity of the SISP, in the event that the Transaction does not close.

36. The Proposal Trustee has advised that it does not believe that any stakeholder will be materially prejudiced if the Confidential Appendices are sealed.

**OTHER GROUNDS:**

37. The provisions of the BIA, including sections 50.4, 50.6, 62, 64.1, 64.2, 65.13, 69 and 183, and the inherent and equitable jurisdiction of the Court.

38. Rules 1.04, 1.05, 2.03, 3.02, 16, 17, 37 and 39 of the Ontario Rules of Civil Procedure, R.R.O 1990, Reg. 194, as amended and section 137(2) of the Courts of Justice Act, R.S.O. 1990, c. C. 43, as amended.

39. Such further and other grounds as counsel may advise and this honourable Court may permit.

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

- The Affidavit of John Karkoulis and the Exhibits thereto.
- The Third Report and the appendices thereto.
- Such further and other evidence as counsel may advise and this Court may permit.

Date: September 18, 2023

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**TO: SERVICE LIST**

**IN THE MATTER OF LA SALLE MOTEL CO. (KINGSTON) LTD.**

**PROPOSAL PROCEEDINGS  
SERVICE LIST**

**UPDATED: September 18, 2023**

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IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT  
R.S.C., 1985, c. B-3, AS AMENDED  
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL  
CO. (KINGSTON) LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF THE PROVINCE OF  
ONTARIO

Estate/Court File No. 33-2929085

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

**NOTICE OF MOTION**

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RCP-F 4C (September 1, 2020)

# Tab 2

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT***  
**R.S.C., 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION**  
**TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD., A**  
**CORPORATION INCORPORATED UNDER THE LAWS OF THE**  
**PROVINCE OF ONTARIO**

**AFFIDAVIT OF JOHN KARKOULIS**  
**(Sworn September 18, 2023)**

I, John Karkoulis, of the City of Kingston, in the Province of Ontario, MAKE OATH AND SAY THAT:

1. I am a shareholder and one of the directors of the La Salle Motel Co. (Kingston) Inc. (the "**Company**" or the "**Applicant**"). As such, I have personal knowledge of the Applicant and the matters deposed to in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. I swear this affidavit in support of a motion by the Company for the following orders pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"):

a. An order substantially in the form attached at Tab 3 of the motion record, *inter alia*:

- i. extending the time for the Company to file a proposal under the BIA, extending the corresponding stay of proceedings (the "**Stay Extension**") to and including October 2, 2023;

- ii. approving Link & Associate Inc.’s (the “**Proposal Trustee**”) third report, to be filed (the “**Third Report**”), and the activities of the Proposal Trustee referred to therein; and
    - iii. sealing the confidential appendices to the Third Report (the “**Confidential Appendices**”), until the filing the Proposal Trustee’s Certificate (as defined in the Approval and Vesting Order (as defined below);
  - b. an order substantially in the form attached at Tab 4 of the motion record (the “**Approval and Vesting Order**”), *inter alia* approving the sale transaction (the “**Transaction**”) contemplated by the Agreement of Purchase and Sale (the “**SISP APS**”) between the Company and Messrs. Ajay Jain and Pavel Abdur-Rahman for a corporation to be incorporated (the “**Purchaser**”) dated September 15, 2023, and upon closing, vesting in the Purchaser all of the Company’s right, title and interest in and to the Purchased Assets (as defined in the SISP APS); and
  - c. such further and other relief as this Honourable Court deems just.
3. All capitalized terms not otherwise defined herein have the meaning ascribed to them in:
- a. the affidavit that my daughter, Gina Karkoulis, previously affirmed in these proceedings (the “**Proposal Proceedings**”) on April 17, 2023 (the “**First Karkoulis Affidavit**”); and
  - b. my previously affidavits sworn on June 12, 2023 (the “**Second Karkoulis Affidavit**”) on July 21, 2023 (the “**Third Karkoulis Affidavit**”).

Attached as **Exhibits "A", "B", and "C"** to this affidavit are copies of the First Karkoulis Affidavit and my previously sworn Second Karkoulis Affidavit and Third Karkoulis Affidavits, respectively (without exhibits).

4. All references to currency in this affidavit are in Canadian dollars unless noted otherwise. The Company does not intend to waive any applicable privilege by any statement herein.

***Background***

5. The Company owns the real property municipally known as 2360 Princess Street, Kingston, Ontario (the **"La Salle Property"**), along with the business that operates on the La Salle Property as "Travelodge Kingston La Salle Hotel" (the **"La Salle Hotel"**).

6. My brother, Peter Karkoulis (**"Peter"**), and I are individuals residing in Kingston, Ontario. At all times, Peter and I have been and continue to be the officers and directors of the Company.

7. In or about 1967, Peter and I along with our now deceased brother, George Karkoulis (**"George"**), purchased the La Salle Motel and Cavalier Room in Kingston, Ontario. The 'La Salle Motel' would eventually become the La Salle Hotel.

8. Peter and I are the co-executors and trustees of George's estate. By operation of the terms of George's Will, after George died in 1995, Peter and I were to receive all of George's shares, however the buy/sell agreement referred to in George's Will was never finalized. Ever since George's death, Peter and I have owned and operated the Company as shareholders, directors and officers.

9. Given our ages (Peter is 92 and I am 96), Peter and I have not been actively involved in the day-to-day management of operations of the Company for years. This task was delegated to the General Manager.

*Update on the Proposal Proceedings*

10. Facing significant sales and cash challenges, the Company filed a Notice of Intention to Make a Proposal (the "**NOI**") on April 3, 2023 pursuant to section 50.4 of the BIA. Link & Associates Inc. was named as proposal trustee in respect of the NOI (the "**Proposal Trustee**"). Attached as **Exhibit "D"** to this affidavit is a copy of the Company's Certificate of Filing of a Notice of Intention to Make a Proposal.

11. With a view to advancing its restructuring efforts, the Company sought and, on April 19, 2023, obtained an order from the Court (the "**First Stay Extension Order**"), among other things:

- a. extending the time for the Applicant to file a proposal under the BIA and extending the corresponding stay of proceedings to and including June 19, 2023;
- b. approving the First Report of the Proposal Trustee dated April 14, 2023, and the activities of the Proposal Trustee referred to therein;
- c. authorizing the Applicant to execute and deliver to the Bank of Montreal ("**BMO**") such credit agreements and other documents as may be reasonably required by BMO to increase the amount of credit to be made available by BMO to the Applicant under its current revolving lending facility (the "**Increased Credit Availability**")
- d. Granting a charge in the aggregate amount of \$100,000 on the current and future assets, undertakings and properties of the Applicant of every nature and kind whatsoever (including all real and personal property), and wherever situate, including all proceeds thereof (collectively, the "**Property**") in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Applicant (the "**Administration Charge**");

- e. granting a charge in the aggregate of \$150,000 on the Property in favour of BMO as security for the Increased Credit Availability under the security previously granted by the Applicant to BMO (the “**DIP Loan**”);
- f. Directing all of the Company’s former directors, officers, current and former employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) to forthwith advise the Company of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) and/or Property in that Person's possession or control, and deliver said Records and/or Property to the Company.

Attached hereto as **Exhibit “E”** to this affidavit is a copy of the First Stay Extension Order.

12. On June 21 and 23, 2023, the Company sought and, on June 23, 2023, obtained an order from the Court (the “**SISP and Second Stay Extension Order**” or the “**SISP Order**”), among other things:

- a. extending the time for the Applicant to file a proposal under the BIA and extending the corresponding stay of proceedings to and including August 3, 2023;
- b. approving the Second Report of the Proposal Trustee dated June 12, 2023, and the activities of the Proposal Trustee referred to therein;
- c. authorizing the Applicant to engage Avison Young Commercial Real Estate Services, LLP to act as Sale and Investment Solicitation Process (“**SISP**”) Advisor (the “**SISP Advisor**”); and



- d. approving the SISP and authorizing and directing the Applicant and the Proposal Trustee to carry out the SISP in accordance with its terms and the terms of the SISP Order.

Attached hereto as **Exhibit “F”** to this affidavit is a copy of the SISP Order. Additional details regarding the Company's business, financial circumstances and reasons for commencing the Proposal Proceedings are set out in the First Karkoulis Affidavit, the Second Karkoulis Affidavit and the Third Karkoulis Affidavit.

13. The Company, the SISP Advisor and the Proposal Trustee commenced the SISP immediately following receipt of the SISP Order to solicit interest in the Applicant's assets and business by:

- a. finalizing a listing agreement;
- b. preparing marketing materials to be used in connection with the SISP along with arranging for a building condition report and other various materials to be prepared;
- c. establishing (and populating a Data Room (as defined in the SISP)); and
- d. engaging in an exclusive marketing period (on or about July 17).

14. I am advised by the SISP Advisor and verily believe it to be true that the initial exclusive offering was positively received by potential buyers.

15. On or about July 31, 2023, the SISP Advisor expanded the marketing to multiple MLS platforms with an offer deadline to follow on August 29, 2023.

16. On the same day, the Court granted an order extending the time for the Applicant to file a proposal under the BIA and extending the corresponding stay of proceedings to and including

September 18, 2023 (the “**Third Extension Order**”). Attached hereto as **Exhibit “G”** to this affidavit is a copy of the Order of Associate Justice Fortier dated July 31, 2023.

17. Since the date of the Third Extension Order, the Company has, with the assistance of the Proposal Trustee, acted in good faith and with due diligence to, among other things:

- a. liaise with key stakeholders regarding the proposal proceedings;
- b. assist the Proposal Trustee and the SISP Advisor in implementing the SISP (as described below);
- c. work with the Proposal Trustee and the SISP Advisor to respond to questions from prospective bidders in the SISP, and provide due diligence information for the use of prospective bidders;
- d. work with suppliers to ensure the uninterrupted supply of goods and services to allow the Company to continue operating its business during the Proposal Proceedings; and
- e. prepare materials in support of the within motion.

***The SISP***

18. The SISP was developed by the Applicant in consultation with the Proposal Trustee and was approved by the Court via the SISP Order.

19. The SISP was designed to provide a broad, fair, transparent and value-maximizing process for the solicitation of interest in Company’s business, assets and or land. To this end, the SISP solicited offers for the assets, shares and land only.

20. The Company commenced the SISP immediately following receipt of the SISP Order. In accordance with the SISP and the SISP Order, the Company, the SISP Advisor and the Proposal Trustee subsequently:

- a. executed confidentiality agreements with interested parties;
- b. identified Potential Bidders (as defined in the SISP);
- c. provided Potential Bidders with access to a data room for the purposes of conducting due diligence;
- d. received six (6) Asset Bids and one (1) Investment and Refinancing Bid (“**IRB**”) on the Offer Deadline of August 29, 2023 (each as defined in the SISP);
- e. determined that three (3) of the Asset Bids were Qualified Asset Bids and the other three (3) Asset Bids were not;
- f. determined that the IRB was not a Qualified IRB (as defined in the SISP);
- g. determined that the three (3) Qualified Asset Bids were competitive and comparable offers;
- h. provided additional due diligence materials to the Qualified Bidders (as defined in the SISP);
- i. invited the three (3) Qualified Bidders to make final and best offers by September 1, 2023;
- j. reviewed, in consultation with the SISP Advisor and the Proposal Trustee, the final bids;
- k. held discussions with the Qualified Bidders to clarify their final bids;

- l. in consultation with the SISP Advisor, identified the Purchaser as having submitted the Winning Bid (each as defined in the SISP) and a Qualified Asset Bid to act as a backup bid; and
- m. finalized and executed the SISP APS with the Purchaser.

***The SISP APS and the Transaction***

21. The SISP APS is the product of the extensive efforts of the SISP Advisor, the Proposal Trustee and the Company to solicit interest in the Company's business or assets in accordance with the SISP and the SISP Order, with a view to maximizing value for the Company's stakeholders. I understand that a redacted copy of the SISP APS will be attached as an Appendix to the Third Report (from which the amount of the Deposit and the Purchase Price will have been redacted) and an unredacted copy of the SISP APS will also be attached as a Confidential Appendix to the Third Report.

22. The SISP APS and the Transaction can be summarized as follows:
- a. the Purchased Assets comprise all or substantially all of the Company's assets (including but not limited to the La Salle Property, the La Salle Hotel, accounts receivable, various assumed contracts, all intellectual property, all books and records, certain contract and warranty rights, and all goodwill and intangible assets associated with the Business (as defined in the SISP APS));
  - b. the Purchase Price (as defined in the SISP APS) will be paid entirely in cash, at closing;
  - c. the Purchaser has paid a deposit equal to 10% of the Purchase Price (the "**Deposit**"), and the Deposit is being held by the Proposal Trustee's counsel;

- d. the Purchaser is purchasing the Purchased Assets on an "as-is, where-is" basis, with minimal representations and warranties from the Company;
  - e. the Purchaser shall, prior to Closing (as defined in the SISP APS) and within 30 days of Court approval, make offers of employment to all of employees of the Company (other than shareholders of the Company and their families);
  - f. the Transaction is conditional on the granting of the proposed Approval and Vesting Order and, if applicable, an order assigning to the Purchaser any assumed contracts; and
  - g. the Closing (as defined in the SISP APS) is sixty (60) days from the granting of the proposed Approval and Vesting Order.
23. In my view and in consultation with the SISP Advisor, the Company's accountant, and Proposal Trustee, the SISP APS and the Transaction:
- a. are superior to all of the other Qualified Asset Bids submitted in the SISP, based on, among other things, purchase price, tax considerations, timing of payment of the purchase price, and conditionality;
  - b. will, if consummated, ensure that the Purchaser offers employment to the employees which are employed on the Closing Date (except for any family members, shareholders or related parties) such that the Purchaser is the successor employer and assumes all responsibility for employees' years of service upon and after Closing;
  - c. require the Purchaser to assume and/or enter into a new Travelodge Franchise and License Agreement and other operating agreements;

- d. provide for a purchase price that is commensurate with the value of the Company's assets, as tested by the SISP; and
- e. provide greater recovery to the Company's stakeholders than could be obtained in a liquidation or bankruptcy.

24. The Proposal Trustee and the SISP Advisor have advised that they are supportive of the SISP APS and the Transaction. The Transaction is the best possible outcome for the Company and its stakeholders in the circumstances.

***Stay Extension***

25. Under the last extension Order of July 31, 2023, the time for the Applicant to file a proposal and the corresponding stay of proceedings expires on September 18, 2023. Pursuant to the proposed Order, the Applicant is seeking a Stay Extension, to and including October 2, 2023.

26. In connection with the proposed Stay Extension and extension of time to file a proposal, the Applicant, with the assistance of the Proposal Trustee, prepared a revised cash flow analysis (the "**Updated Cash Flow Projection**") to determine its funding requirements. I understand that a copy of the Updated Cash Flow Projection will be attached to the Third Report. As the Updated Cash Flow Projection illustrates, the Applicant is forecast to have sufficient liquidity to fund its obligations and the costs of the proposal proceedings through the end of the extended proposed Stay Extension.

27. In light of the foregoing, the proposed Stay Extension and extension of time to file a proposal is appropriate in my view because:

- a. The Company has acted and continues to act in good faith and with due diligence;

- b. the proposed Stay Extension and extension of time to file a proposal will allow the Company to obtain the Approval and Vesting Order for the benefit of its stakeholders; and
- c. the proposed Stay Extension and extension of time to file a proposal will not materially prejudice any of the Company's creditors.

28. I believe that the Applicant has acted, and continues to act, in good faith and with due diligence in seeking to preserve its ordinary course business operations, address its liquidity issues and pursue the SISP, for the benefit of all of its stakeholders.

29. To date, I have not been made aware of any creditor of the Company who intends to object to the Company's application for the proposed Stay Extension or extension of time to file a proposal.

30. The Proposal Trustee has advised that it supports the granting of the proposed Stay Extension. Moreover, the Proposal Trustee has advised that it does not believe that the Stay Extension will materially prejudice any creditor.

### ***Sealing***

31. The Applicant is seeking a sealing order in respect of the Confidential Appendices to the Third Report, until the Proposal Trustee files the Proposal Trustee's Certificate (as defined in the Approval and Vesting Order). The Confidential Appendices contain commercially sensitive information, including the amount of the Deposit and Purchase Price in the SISP APS, and information about the other final bids submitted in the SISP.

32. The proposed sealing order is necessary to protect the integrity of the SISP, in the event that the Transaction does not close. In particular, disclosure of this information before closing of

the Transaction could jeopardize the Applicant's ability to close a value-maximizing transaction for the benefit of the Company's stakeholders, if the Transaction does not close. Having regard to these concerns, the sealing terms of the proposed Order are limited in time (i.e. only until the Transaction closes) and remain subject to further order of the Court.

33. The Proposal Trustee has advised that it does not believe that any stakeholder will be materially prejudiced if the Confidential Appendices are sealed in the manner proposed in the Order being sought by the Applicant.

34. The proposed Order would also approve the Third Report, as well as the activities of the Proposal Trustee described therein.


### ***Conclusion***

35. I believe the proposed Approval and Vesting Order and the other Order being sought are in the best interests of the Company and its stakeholders. Further, I believe that the proposed Orders are necessary at this time to ensure the closing of the Transaction, the continuation of the business and to advance the purposes of the Proposal Proceedings, including the maximization of value for the benefit of the Company's stakeholders.

36. I make this affidavit in support of the Company's motion for the proposed Order and for no other or improper purpose



SWORN by John Karkoulis at the City of  
Kingston, in the Province of Ontario, before  
me at the City of Ottawa, in the Province of  
Ontario, on September 18, 2023, in  
accordance with O. Reg. 431/20,  
*Administering Oath or Declaration Remotely.*

  
\_\_\_\_\_  
Commissioner for Taking Affidavits  
(or as may be)

Sandra Ann Noe, a Commissioner, etc.,  
Province of Ontario, for Borden Ladner  
Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.

  
\_\_\_\_\_  
JOHN KARKOULIS

This is Exhibit “A” referred to in the Affidavit of John Karkoulis sworn by John Karkoulis of the City of Kingston, in the Province of Ontario, before me at the City of Ottawa, in the Province of Ontario, on September 18, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



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*Commissioner for Taking Affidavits (or as may be)*

**SANDRA NOE**

Sandra Ann Noe, a Commissioner, etc., Province of Ontario,  
for Borden Ladner Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.

Estate/Court File No. 33-2929085

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*  
R.S.C., 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD., A  
CORPORATION INCORPORATED UNDER THE LAWS OF THE  
PROVINCE OF ONTARIO

**AFFIDAVIT**

I, Gina Karkoulis, of the City of Kingston, in the Province of Ontario, MAKE OATH AND  
SAY THAT:

1. I am the interim general manager of La Salle Motel Co. (Kingston) Inc. (the "**Company**" or the "**Applicant**") and daughter of one of its directors, John Karkoulis. I have served in this role since March, 2023. As such, I have personal knowledge of the Applicant and the matters deposed to in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. The Applicant does not intend to waive any applicable privilege by any statement herein. I swear this affidavit in support of a motion by the Applicant for an order (the "**Order**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"):

- a. abridging the time for and validating the service of the Applicant's notice of motion and the motion record and dispensing with service on any person other than those served;

- b. extending the time for the Applicant to file a proposal under the BIA, and extending the corresponding stay of proceedings (the "**Stay Extension**") to and including June 19, 2023;
- c. granting a super-priority charge in the aggregate amount of \$100,000 on the current and future assets, undertakings and properties of the Applicant of every nature and kind whatsoever (including all real and personal property), and wherever situate, including all proceeds thereof (collectively, the "**Property**") in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Applicant (the "**Administration Charge**");
- d. authorizing the Applicant to execute and deliver to the Bank of Montreal ("**BMO**") such credit agreements and other documents as may be reasonably required by BMO to increase the amount of credit to be made available by BMO to the Applicant under its current revolving lending facility (the "**Increased Credit Availability**"), and the Applicant is hereby authorized and empowered to perform its obligations thereunder and to make the borrowings permitted thereunder from BMO, as lender, in order to finance the Applicant's working capital requirements (including those of its operating facilities), these proposal proceedings, and other general corporate purposes and capital expenditures, provided that borrowing under such credit facility shall not exceed \$450,000.00, unless permitted by further order of this Court.
- e. granting a super-priority charge in the aggregate of \$150,000 on the Property in favour of BMO as security for the Increased Credit Availability under the security previously granted by the Applicant to BMO (the "**DIP Charge**");
- f. directing all of the Company's former directors, officers, current and former employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") to forthwith advise the Company of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs

of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") and/or Property in that Person's possession or control, and deliver said Records to the Company; and

- g. approving the First Report to the Court of the Proposal Trustee, to be filed (the "**First Report**") and approving the Proposal Trustee's activities set out therein; and
- h. such further and other relief as this Honourable Court deems just.

## **BACKGROUND**

3. The Company is a corporation duly registered pursuant to the laws of Ontario having its head office in Kingston, Ontario. Attached hereto as **Exhibit "A"** to this affidavit is a copy of the corporate profile report of the Company.

4. The Company owns the real property municipally known as 2360 Princess Street, Kingston, Ontario (the "**LaSalle Property**"), along with the business that operates on the LaSalle Property as "Travelodge Kingston LaSalle Hotel" (the "**LaSalle Hotel**").

5. Peter Karkoulis ("**Peter**") and John Karkoulis ("**John**"), are individuals residing in Kingston, Ontario. At all times, Peter and John have been and continue to be the officers and directors of the Company.

6. In or about 1967, Peter and John along with their now deceased brother, George Karkoulis ("**George**"), purchased the LaSalle Motel and Cavalier Room in Kingston, Ontario. The LaSalle Motel would eventually become the LaSalle Hotel. Attached hereto as **Exhibit "B"** to this affidavit is a copy of the Certificate of Incorporation and Articles of Amendment.

7. I am advised by my father John and verily believe to be true that, by operation of the terms of George's Will, after George died in 1995, Peter and John were to receive all of George's shares, however the buy/sell agreement referred to in George's Will was never finalized. Peter and John

are also the co-executors of George's estate. Ever since George's death, Peter and John have owned and operated the Company as shareholders, directors and officers. Attached hereto as **Exhibit "C"** to this affidavit is a copy of the shareholder registry.

8. Peter Karkoulis ("**Peter Jr.**") is George's son and Peter and John's nephew. He was recently the General Manager of the LaSalle Hotel. Given their advanced ages (Peter is 92 and my dad is 96), Peter and John have not been actively involved in the day-to-day management of operations of the Company for years. This task was delegated to the General Manager.

### **FINANCIAL POSITION AND NOI PROCEEDINGS**

9. Peter and John started thinking about selling the business many years ago. In November of 2016, they engaged a real estate agent, Janis Biro ("**Biro**"), to assist them with a possible sale of the Company and the LaSalle Property.

10. For ease of reference, a detailed history of the sales process and Peter Jr.'s involvement in the process was set out in sworn statements delivered in previous court filings. Those court proceedings and originating documents are referenced and found as exhibits to the affidavit of Sandra Noe sworn April 17, 2023 (the "**Noe Affidavit**"), also filed in support of this motion.

11. In short, after several starts and stops and listings, John and Peter decided to move forward in an effort to sell the business and the La Salle Property in September 2021. They signed a fresh listing agreement with Biro.

12. On or about December 3, 2021, Peter and John agreed to the sale of the LaSalle Property along with the assets of the Company to third-party purchaser 'Hao Chen in trust to be incorporated.' The Purchaser became 1000073686 Ontario Inc. (the "**Purchaser**" or "**686**").

13. The Agreement of Purchase and Sale (the “**APS**”) was finalized and accepted on December 14, 2021.

14. After a lengthy due diligence period, the sale was scheduled to close on August 10, 2022.

15. As set out in the Noe Affidavit, Peter Jr. commenced legal proceedings on August 5, 2022 against the Company, John and Peter and obtained an *ex parte* order permitting Peter Jr. to register a Certificate of Pending Litigation (“**CPL**”) against the title of the La Salle Property and barring the Company from encumbering or otherwise dealing with the La Salle Property.

16. As a result of the litigation that followed (the Company tried unsuccessfully to have the CPL lifted in order to close the sale transaction to 686), various members of the family became involved with the Company to assist my dad (John), and my uncle (Peter) with reviewing various Company records, files, and finances. At the time (the Fall of 2022), Peter Jr. was still employed by the Company as its General Manager.

17. On January 19, 2023, the Court dismissed the Company’s motion to lift the CPL. As a result, the Company could not close the sale transaction with 686 and no further extensions were given after January 31, 2023.

18. In or around this time, I am advised by John and verily believe it to be true that Peter Jr. came to my dad and advised him that the Company was unable to pay a large invoice from one its food suppliers and told John that he needed to put more money into the business account.

19. For ease of reference, beginning in December 2022 and over the course of the first few months of 2023, both Peter and John deposited their own personal funds into the Company to help the Company meet its obligations as they became due (and overdue). Those obligations included payment of urgent expenses and legal fees associated with the litigation with Peter Jr.

20. However, I am advised by John and do verily believe that, soon after he and Peter deposited the \$110,000, Peter Jr. came to John and asked him for funds to be deposited in the Company's business account. Therefore, John borrowed \$100,000 from his wife (who has her own account with some money that she had inherited from an uncle of hers in Greece). She transferred the money to John so he could use it temporarily to pay outstanding expenses of the Company. Attached hereto as **Exhibit "D"** to this affidavit is a copy of the transfer shown from my mother's account. The handwritten explanatory notes on the documents are mine (at my mother's direction). John did not know how much money was needed so he deposited all of it.

21. I am advised by John and I verily believe it to be true that he gave Peter Jr. the cheque for \$100,000 and Peter Jr. deposited the cheque in the business account.

22. I am advised by Peter and John and verily believe it to be true that in February 2023 they made the decision to stop all dividend payments to shareholders. The decision was made after the Company bounced a large cheque to a supplier in January.

23. I am advised by John and verily believe it to be true that Peter Jr. was the person who issued the dividend cheques twice a month and was told to stop issuing the dividends to everyone (starting February) since the Company had no money to operate the business, purchase supplies and food and pay the employees.

24. Later, when John believed that the Company had more money in the business account, he withdrew \$90,000 of the \$100,000 previously deposited to return to my mother. John left \$10,000 in the account so that he and Peter Sr. contributed an equal \$60,000 (because, as set out above, John and Peter had each early deposited \$50,000 and \$60,000, respectively, in December 2022 to pay bills).



25. Peter Jr. was still the General Manager at the time that John withdrew the \$90,000, and both Peter and John have advised me that they were completely unaware of the large amount of outstanding bills and tax arrears owed by the Company. Both Peter and John told me that they were under the assumption that the finances were under control. Neither Peter or John know or understand how to access the computer records and credit cards statements. As it was later discovered, the Company was three (3) months behind in payments at the time, including a large bill still owing for HST for Q4 of 2022.

26. On February 15, 2023, 686 commenced an action against the Company and its directors for, among other things, specific performance of the Sale Transaction. Peter Jr. was included as a defendant in those proceedings.

27. On March 15, 2023, the Company terminated Peter Jr.'s employment.

28. The Company immediately inserted members of John's and Peter Sr.'s family to attend the hotel to assist with the business and to work through the Company records, including assisting with the operations of the business.

29. At around this time, I was appointed as interim general manager of the hotel to assist in the business operations of the Company. I had been the General Manager of the business for years prior to Peter Jr. taking over and I am quite familiar with the responsibilities required to do the job. Since my appointment, I have been dealing with many of the Company's creditors. For example, I have been informed by almost all of the Company's suppliers that they will no longer extend credit to the Company. Fortunately, most have agreed to continue supplying the business on a "cash-on-delivery" (C.O.D.) or pre-payment basis. This has been a cumbersome process that requires me to be onsite for most of the day, everyday. Finally, it has come to our attention that hydro service provider is now asking for a three (3) month security deposit, which is over \$30,000.

30. Some suppliers deliver at 7:00 a.m., so I am often driving back and forth to the business late at night to prepare payments. This arrangement has severely impacted my personal business as a licenced real estate broker. I have lost clients due to the demands on my presence at the business - whether it is accounting or hosting in the restaurant or assisting at the hotel front desk. I have also had to pay many suppliers personally as they are not set up for direct payment and they will no longer accept cheques.

31. My sister Maggie Karkoulis ran the accounting for an international organization for many years and has assisted me with implementing a proper accounting program at the business, as there was not one in place in order to monitor the bills and cashflow. I am now recording all supplier invoices on an accounting system (that was already at the property but had never been used) so that we can more closely monitor costs and billing.

32. As I previously indicated, I am a real estate broker with Chestnut Park and, unfortunately, I have had to take a temporary leave from my full-time job in order to assist my father and uncle. As a result of my previous 20 years of experience as the General Manager of the hotel, I am the only member of the family with the knowledge and expertise to get things back on track so that a permanent General Manager can be brought in to continue the work.

33. At the hotel, the Company runs a small restaurant. It has been a local establishment for as long as I can remember. When I arrived in mid-March, the restaurant needed a thorough clean and the prices on the menus changed (as they had not been changed in years). I reviewed and analyzed restaurant sales by hour and have reduced restaurant hours to times that bring in the most business.

34. In addition to taking over the accounting, I am also hosting in the restaurant for breakfast, lunch, and dinner to keep labour costs down and am also assisting with the hotel front desk.

35. On March 21, 2023, Peter Jr.'s mother and George's widow, Andrea Karkoulis ("**Andrea**") by her litigation guardian Valerie Demitt (Andrea's daughter and Peter Jr.'s sister) commenced legal proceedings against the Company, Peter and John and sought an urgent case conference to schedule, among other things, the hearing of an urgent motion for an order reinstating monthly payments that were previously cancelled by Peter and John.

36. Andrea is 88-years old and by statements made by Valerie in her supporting affidavit, alleges that Andrea suffers from dementia. Regardless of how these monthly payments to Andrea have been (or continue to be) characterized, I am advised by Peter and John that they were cancelled in February 2023.

37. On March 28, 2023, counsel for Andrea and counsel for the Company attended an urgent case conference before the Honourable Madam Justice Williams and it was adjourned to April 6, 2023.

38. On March 28, 2023, Peter Jr. brought another action against the Company and its directors for wrongful dismissal.

39. After review and analysis by members of the family and in consultation with Peter and John, it was determined that the Company's business has suffered significantly over the years due to poor management and, more recently, the litany of civil litigation described above. This has resulted in a significant deterioration in the Company's working capital. The only significant asset of the Company is the LaSalle Property and it cannot be sold nor can the Company refinance the LaSalle Property to fund its operations.

40. In light of its significant cash challenges, the Company filed a Notice of Intention to Make a Proposal (the "**NOI**") on April 3, 2023, pursuant to section 50.4 of the BIA (the "**Proposal Proceedings**").

41. Link & Associates Inc. was named as proposal trustee in respect of the NOI (the "**Proposal Trustee**"). A copy of the Company's Certificate of Filing of a Notice of Intention to Make a Proposal can be found at Exhibit "K" of the Noe Affidavit.

42. BMO is the Company's only secured lender and, as of April 3, 2023, was owed approximately \$896,694.15 plus interest and costs and has only nominal remaining room to borrow under its existing credit facilities. Attached hereto as **Exhibit "E"** to this affidavit is a copy of BMO's current lending letter of June 18, 2020. Attached hereto as **Exhibit "F"** to this affidavit is a copy of the Company's list of creditors with claims of \$250 or more as of filing the NOI (the "**Creditors List**"), which was prepared by the Company in consultation with the Proposal Trustee.

43. According to the Creditors List, as of the date of the NOI filing, the Company owed approximately \$528,650.77 to its unsecured creditors and approximately \$120,000 to the Canada Revenue Agency ("**CRA**") for unpaid HST.

#### **BOOKS, RECORDS AND PROPERTY OF THE COMPANY**

44. As previously stated, John, Peter, Maggie, and I have started working through the books and records and financials of the Company. While we did our best to piece together the current state of affairs, there is missing information, receipts, invoices, bank records. Once the Proposal Trustee was engaged, we worked with the Proposal Trustee to develop a projected 13-week cashflow (discussed in more detail below) but there is missing information. The Company requires an order directing all persons who may be in receipt of various Company records to return those

records to the Company to allow it to prepare a more complete, accurate and fulsome financial assessment as well as to provide accurate information to the Proposal Trustee.

#### **ADMINISTRATION CHARGE**

45. The Applicant seeks the Administration Charge to secure the fees and disbursements of the Proposal Trustee, along with its counsel, and the Applicant's counsel, incurred in connection with the Proposal Proceedings, up to a maximum of \$100,000. The Administration Charge is proposed to have first-ranking super-priority over all other charges and encumbrances, including the DIP Charge.

46. The Applicant requires the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the Proposal Proceedings. Each of the beneficiaries of the Administration Charge will have distinct roles in the Proposal Proceedings.

47. The quantum of the proposed Administration Charge was estimated by the Applicant with the assistance of the Proposal Trustee, and in consultation with BMO. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the Proposal Trustee supports the Administration Charge and am unaware of any party who opposes it.

#### **EXTENSION OR INCREASE TO CURRENT BMO CREDIT FACILITY**

48. Attached as **Exhibit "G"** to this affidavit is a projected 13-week cashflow statement that Company has prepared with the assistance of the Proposal Trustee for the period from the week ending April 7, 2023, to the week ending July 7, 2023 (the "**Cashflow Projection**"). It is projected that during the period covered by the Cashflow Projection, the Company will require approximately \$150,000 of additional liquidity (the "**Liquidity Shortfall**"), over and above its current borrowing limits under its existing facility with BMO.

49. BMO has agreed in principle to provide an increase to the existing facility from \$300,000 up to a maximum of \$450,000 to cover the Liquidity Shortfall. A draft Letter of Agreement – Amendment is attached as **Exhibit “H”** to this affidavit. Formal bank approval may not be in place until as late as the first week of May. It is anticipated that it will be approved but not guaranteed until there is a formal credit approval. However, based on the Cashflow Projection, the increased funding will not be required until May 12. The Company and BMO may require further amendments to the letter, which is reflected in the language of the draft Order.

50. BMO requires a debtor-in-possession charge (“**DIP Charge**”) to secure the increased credit availability under the Letter of Agreement – Amendment, which will be subordinate to the proposed Administration Charge but would rank in priority to all other charges and encumbrances.

#### **STAY EXTENSION**

51. Since the filing of the NOI, the Company has been working diligently and in good faith with the Proposal Trustee towards a restructuring and formulation of a proposal to creditors.

52. As a result of the NOI, and unless an extension is granted, the Company must file a proposal on or before May 3, 2023 (the “**Filing Period**”). Despite the Company’s diligence and good faith efforts, no proposal is currently ready for submission to creditors. I am advised by Mr. Dutrizac that, accordingly, absent an extension of the Filing Period, the Applicant will be deemed to have made an assignment in bankruptcy under the BIA.

53. Given the circumstances, the Company requires an extension of the Filing Period and the accompanying stay of proceedings afforded to it under the BIA. The proposed 45-day extension will allow the Company to continue to work with the Proposal Trustee, BMO and its other stakeholders to substantially advance a sales and investment solicitation process (“**SISP**”) that will

IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT* R.S.C., 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON)  
LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO

<hr/>	
<p><i>ONTARIO</i></p> <p><b>SUPERIOR COURT OF JUSTICE IN BANKRUPTCY AND INSOLVENCY</b></p> <p>Proceeding commenced at Ottawa</p>	
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<p><b>AFFIDAVIT</b></p>	
<hr/>	
<p><b>BORDEN LADNER GERVAIS LLP</b> 100 Queen Street, Suite 1300 Ottawa ON K1P 1J9</p> <p><b>Jason Dutrizac</b> (50004T) jdutrizac@blg.com 613.787.3535</p> <p>Lawyers for the Applicant / Moving Party</p>	

This is Exhibit “B” referred to in the Affidavit of John Karkoulis sworn by John Karkoulis of the City of Kingston, in the Province of Ontario, before me at the City of Ottawa, in the Province of Ontario, on September 18, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



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*Commissioner for Taking Affidavits (or as may be)*

**SANDRA NOE**

Sandra Ann Noe, a Commissioner, etc., Province of Ontario,  
for Borden Ladner Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.



**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT***  
**R.S.C., 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION**  
**TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD., A**  
**CORPORATION INCORPORATED UNDER THE LAWS OF THE**  
**PROVINCE OF ONTARIO**

**AFFIDAVIT OF JOHN KARKOULIS**  
**(Sworn June 12, 2023)**

I, John Karkoulis, of the City of Kingston, in the Province of Ontario, MAKE OATH AND SAY THAT:

1. I am a shareholder and one of the directors of the La Salle Motel Co. (Kingston) Inc. (the "**Company**" or the "**Applicant**"). As such, I have personal knowledge of the Applicant and the matters deposed to in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. I swear this affidavit in support of a motion by the Applicant for an order (the "**Order**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"):

- a. abridging the time for and validating the service of the Applicant's notice of motion and the motion record and dispensing with service on any person other than those served;

- b. extending the time for the Applicant to file a proposal under the BIA, and extending the corresponding stay of proceedings (the "**Stay Extension**") to and including August 4, 2023;
  - c. authorizing the Applicant and Link & Associates Inc. (the "**Proposal Trustee**") to conduct a sale and investment solicitation process (the "**SISP**") substantially in the form attached at Schedule "A" to the Order;
  - d. approving the listing agreement dated June \_\_, 2023 (the "**SISP Advisor Listing Agreement**"), among the Applicant and Janis Biro of Royal LePage. ("**Biro**" or the "**SISP Advisor**");
  - e. authorizing the Applicant, the Proposal Trustee, and the SISP Advisor in their conduct of the SISP, to disclose personal information about identifiable individuals, as necessary and on a confidential basis;
  - f. approving the Second Report to the Court of the Proposal Trustee, to be filed (the "**Second Report**") and approving the Proposal Trustee's activities set out therein; and
  - g. such further and other relief as this Honourable Court deems just.
3. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the affidavit that my daughter, Gina Karkoulis, previously affirmed in these proceedings (the "**Proposal Proceedings**") on April 17, 2023 (the "**First Karkoulis Affidavit**"). Attached as **Exhibit "A"** to this affidavit is copy of the First Karkoulis Affidavit (without exhibits).
4. The Applicant does not intend to waive any applicable privilege by any statement herein.

## I. BACKGROUND

5. The Company owns the real property municipally known as 2360 Princess Street, Kingston, Ontario (the “**La Salle Property**”), along with the business that operates on the La Salle Property as "Travelodge Kingston La Salle Hotel" (the "**La Salle Hotel**").

6. My brother, Peter Karkoulis (“**Peter**”), and I are individuals residing in Kingston, Ontario. At all times, Peter and I have been and continue to be the officers and directors of the Company.

7. In or about 1967, Peter and I along with our now deceased brother, George Karkoulis (“**George**”), purchased the La Salle Motel and Cavalier Room in Kingston, Ontario. The ‘La Salle Motel’ would eventually become the La Salle Hotel.

8. Peter and I are the co-executors and trustees of George’s estate. By operation of the terms of George’s Will, after George died in 1995, Peter and I were to receive all of George’s shares, however the buy/sell agreement referred to in George’s Will was never finalized. Ever since George’s death, Peter and I have owned and operated the Company as shareholders, directors and officers.

9. Peter Karkoulis (“**Peter Jr.**”) is our nephew. He was recently the General Manager of the LaSalle Hotel. Given our ages (Peter is 92 and I am 96), Peter and I have not been actively involved in the day-to-day management of operations of the Company for years. This task was delegated to the General Manager.

## II. UPDATE ON THE PROPOSAL PROCEEDINGS

10. Facing significant sales and cash challenges, the Company filed a Notice of Intention to Make a Proposal (the "**NOI**") on April 3, 2023 pursuant to section 50.4 of the BIA. Link & Associates Inc. was named as proposal trustee in respect of the NOI (the "**Proposal Trustee**").

Attached as **Exhibit "B"** to this affidavit is a copy of the Company's Certificate of Filing of a Notice of Intention to Make a Proposal.

11. With a view to advancing its restructuring efforts, the Company sought and, on April 19, 2023, obtained an order from the Court (the "**Stay Extension Order**"), among other things:

- a. extending the time for the Applicant to file a proposal under the BIA and extending the corresponding stay of proceedings to and including June 19, 2023;
- b. approving the First Report of the Proposal Trustee dated April 14, 2023, and the activities of the Proposal Trustee referred to therein;
- c. authorizing the Applicant to execute and deliver to the Bank of Montreal ("**BMO**") such credit agreements and other documents as may be reasonably required by BMO to increase the amount of credit to be made available by BMO to the Applicant under its current revolving lending facility (the "**Increased Credit Availability**")
- d. Granting a charge in the aggregate amount of \$100,000 on the current and future assets, undertakings and properties of the Applicant of every nature and kind whatsoever (including all real and personal property), and wherever situate, including all proceeds thereof (collectively, the "**Property**") in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Applicant (the "**Administration Charge**");
- e. granting a charge in the aggregate of \$150,000 on the Property in favour of BMO as security for the Increased Credit Availability under the security previously granted by the Applicant to BMO (the "**DIP Charge**");
- f. Directing all of the Company's former directors, officers, current and former employees, agents, accountants, legal counsel and shareholders, and all other

persons acting on its instructions or behalf, and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") to forthwith advise the Company of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") and/or Property in that Person's possession or control, and deliver said Records and/or Property to the Company.

### III. SISP ADVISOR AND SISP ADVISOR LISTING AGREEMENT

12. Subject to approval of the Court, the Company has agreed to retain Janis Biro of Royal LePage ("**Biro**" or "**SISP Advisor**") for the purpose of facilitating the SISP. Biro has extensive experience and background in commercial real estate. In particular, Biro has a wealth of experience in listing, marketing, advising buyers and sellers of commercial real estate in Ontario. Biro has previously marketed the La Salle Property for sale, which I believe makes her ideally suited to achieve a fair selling price in an efficient sales process. I attach a copy of Biro's affidavit sworn (without exhibits) in the Company's previous litigation with Peter Jr. as **Exhibit "C"** to this affidavit. That affidavit sets out Biro's history with the Company and attempts to sell the La Salle Property.

13. Pursuant to the Listing Agreement that Biro delivered to the Company on Tuesday, June 6, 2023, Biro will perform the duties, responsibilities, and services of a licenced real estate agent in Ontario (the "**Services**") in connection with the SISP and potential sale, transfer or disposition of all or part of the Applicant's property in one sale transaction.

14. In consideration for providing the Services to the Applicant, Biro is entitled to a commission of three percent (3.0%) of the sale price with one and a half percent (1.5%) commission for any participating or cooperating real estate agent for a potential buyer. Attached hereto as **Exhibit “D”** to this affidavit is a copy of the Listing Agreement. On court approval, the Company intends to sign back the Listing Agreement.

15. The Company believes that Biro’s engagement and remuneration are appropriate given her experience, the breadth of the Services and the benefit expected to accrue to the Company and its stakeholders by virtue of her involvement in the SISP.

16. The Proposal Trustee is supportive of Biro’s engagement and the proposal approval of the SISP Advisor Listing Agreement.

#### **IV. THE SISP<sup>1</sup>**

17. In November of 2016, the Company engaged Biro to assist them with a possible sale of the La Salle Hotel and the La Salle Property.

18. For ease of reference, a detailed history of the sales process and Peter Jr.’s involvement in the process was set out in sworn statements delivered in previous court filings. Those court proceedings and originating documents are referenced and found as exhibits to the affidavit of Sandra Noe sworn April 17, 2023 (the “**Noe Affidavit**”), also filed in support of this motion.

19. In short, after several starts and stops and listings, Peter and I decided to move forward with our efforts to sell the La Salle Hotel and the La Salle Property in September 2021. We signed a fresh listing agreement with Biro.

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<sup>1</sup> Capitalized terms used in this section and not otherwise defined have the meaning ascribed to them in the SISP.

20. On or about December 3, 2021, Peter and I agreed to the sale of the La Salle Hotel and the LaSalle Property to third-party purchaser 'Hao Chen in trust to be incorporated.' The Purchaser became 1000073686 Ontario Inc. (the "**Purchaser**" or "**686**").

21. The Agreement of Purchase and Sale (the "**APS**") was finalized and accepted on December 14, 2021.

22. The sale was scheduled to close on August 10, 2022.

23. For reasons previously described in the First Karkoulis Affidavit, the transaction did not close.

24. Following the filing of the NOI, the Applicant has developed the SISP in consultation with the Proposal Trustee and Biro. The SISP provides that Biro, with the assistance of the Applicant, will solicit interest in, and opportunities for, a sale of the La Salle Hotel and La Salle Property, in whole or in part. Specifically, the proposed SISP will solicit offers for: a sale of all, or substantially all, of the La Salle Hotel and La Salle Property as a going concern or otherwise. In the alternative, a sale of the La Salle Property only. Attached hereto as **Exhibit "E"** is a copy of the SISP.

25. The SISP is to be conducted in accordance with the timelines set out immediately below:

<b><u>Event</u></b>	<b><u>Date</u></b>
The Company's Application to the Court for Approval of the SISP	June 21, 2023
SISP Advisor to review, revise and update all previous marketing materials used in connection with the sale of the Company and La Salle Property and list the Company and La Salle Property for Sale using Multiple Listing Service (MLS)	By June 22, 2023
SISP Advisor to immediately contact all serious Buyers that expressed interest from the last sales process plus any additional serious Buyers that have subsequently emerged	As soon as practical and no later than June 25, 2023

SISP Advisor to circulate the updated and revised marketing information package to commercial brokerage and investment/development firms	As soon as practical and no later than June 25, 2023
SISP Advisor to schedule a "TOUR/INSPECTION DATE" for prospective and qualified clients to take place with cooperation of the Company and Proposal Trustee	On or before July 6, 2023
"OFFER DATE"	July 14, 2023
Acceptance of successful Offer	On or before July 18, 2023
Company's Application to the Court for Approval Order(s)	July , 2023
Closing of the Transaction	Within 30-days of court approved sale.

26. I am advised by the Proposal Trustee and Biro and believe the aforementioned SISP timelines are appropriate in the circumstances and will provide sufficient opportunity to solicit interest for a sale of the Company's assets and/or the La Salle Property.

27. I am advised by the Proposal Trustee and Biro that they will commence the SISP on June 22, 2023, as contemplated in the timelines set out above.

28. I believe that the SISP will result in a fair and equitable process that will appropriately canvass the market in order to maximize the value of the La Salle Hotel and/or the La Salle Property and recovery for the Company's stakeholders.

## **V. STAY EXTENSION**

29. Since the filing of the NOI, the Company and its management team have been working diligently and in good faith with the Proposal Trustee, towards a formulation of a proposal to creditors.



30. As a result of the NOI, and unless an extension is granted, the Company must file a proposal on or before June 19, 2022 (the "**Filing Period**"). Despite the Company's diligence and good faith efforts, no proposal is currently ready for submission to creditors. Accordingly, absent an extension of the Filing Period, the Applicant will be deemed to have made an assignment in bankruptcy under the BIA.

31. Given the circumstances, the Company requires an extension of the Filing Period and the accompanying stay of proceedings afforded to it under the BIA. The proposed 45-day extension will allow the Company to continue to work with Biro, the Proposal Trustee, and its other stakeholders to substantially advance the SISP and develop a proposal.

32. In my view, an extension of the Filing Period is appropriate, because:

- a. The Company has acted and continues to act in good faith and with due diligence;
- b. The Company will likely be able to make a viable proposal if the extension of the Filing Period is granted; and
- c. the extension of the Filing Period will not materially prejudice any of the Company's creditors.

33. To date, I have not been made aware of any creditor of the Company intending to object to an extension of the stay of proceedings and the Filing Period.

## **VI. CONCLUSION**

34. I believe the proposed Order is in the best interests of Company and its stakeholders. Further, I believe that the proposed Order is necessary at this time to ensure the Company's continued operation in the ordinary course of business and advance the purposes of the Proposal Proceedings, including the maximization of value for the benefit of the Company's stakeholders.

35. For the reasons expressed herein, I am of the view that the Company is acting in good faith and with due diligence in seeking approval of the SISP, an extension of the Filing Period, and the appointment of Biro as SISP Advisor under the proposed Order.

36. I make this affidavit in support of the Company's motion for the proposed Order and for no other or improper purpose.

**SWORN REMOTELY** by John Karkoulis at the City of Kingston, in the Province of Ontario, before me at the City of Maniwaki, in the Province of Quebec, on June 12, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely



Commissioner for Taking Affidavits  
(or as may be)

  
JOHN KARKOULIS

Sandra Ann Noe, a Commissioner etc., Province of Ontario,  
for Borden Ladner Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT  
R.S.C., 1985, c. B-3, AS AMENDED  
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL  
CO. (KINGSTON) LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF THE PROVINCE OF  
ONTARIO

Estate/Court File No. 33-2929085

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

**AFFIDAVIT**

**BORDEN LADNER GERVAIS LLP**

100 Queen Street, Suite 1300

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**Kathleen McDormand** (46367A)

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T: 613.787.3556 direct

**Jason Dutrizac** (50004T)

E: [jdutrizac@blg.com](mailto:jdutrizac@blg.com)

T: 613.787.3535 direct

Lawyer for the Applicant

**File Number: 346075/000004**

RCP-F 4C (September 1, 2020)

This is Exhibit “C” referred to in the Affidavit of John Karkoulis sworn by John Karkoulis of the City of Kingston, in the Province of Ontario, before me at the City of Ottawa, in the Province of Ontario, on September 18, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



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*Commissioner for Taking Affidavits (or as may be)*

**SANDRA NOE**

Sandra Ann Noe, a Commissioner, etc., Province of Ontario,  
for Borden Ladner Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.

Estate/Court File No. 33-2929085

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT***  
**R.S.C., 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION**  
**TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD., A**  
**CORPORATION INCORPORATED UNDER THE LAWS OF THE**  
**PROVINCE OF ONTARIO**

**AFFIDAVIT OF JOHN KARKOULIS**  
**(Sworn July 21, 2023)**

I, John Karkoulis, of the City of Kingston, in the Province of Ontario, MAKE OATH AND SAY THAT:

1. I am a shareholder and one of the directors of the La Salle Motel Co. (Kingston) Inc. (the "**Company**" or the "**Applicant**"). As such, I have personal knowledge of the Applicant and the matters deposed to in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. I swear this affidavit in support of a motion by the Company for an order pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") extending the time for the Company to file a proposal under the BIA, and extending the corresponding stay of proceedings (the "**Stay Extension**") to and including September 18, 2023.

3. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the affidavit that my daughter, Gina Karkoulis, previously affirmed in these proceedings (the "**Proposal Proceedings**") on April 17, 2023 (the "**First Karkoulis Affidavit**") and my previously affidavit sworn on June 12, 2023 (the "**Second Karkoulis Affidavit**"). Attached as **Exhibits "A" and "B"** to this affidavit are copies of the First Karkoulis Affidavit and my previously sworn Second Karkoulis Affidavit, respectively (without exhibits).

4. The Company does not intend to waive any applicable privilege by any statement herein.

## **I. BACKGROUND**

5. The Company owns the real property municipally known as 2360 Princess Street, Kingston, Ontario (the "**La Salle Property**"), along with the business that operates on the La Salle Property as "Travelodge Kingston La Salle Hotel" (the "**La Salle Hotel**").

6. My brother, Peter Karkoulis ("**Peter**"), and I are individuals residing in Kingston, Ontario. At all times, Peter and I have been and continue to be the officers and directors of the Company.

7. In or about 1967, Peter and I along with our now deceased brother, George Karkoulis ("**George**"), purchased the La Salle Motel and Cavalier Room in Kingston, Ontario. The 'La Salle Motel' would eventually become the La Salle Hotel.

8. Peter and I are the co-executors and trustees of George's estate. By operation of the terms of George's Will, after George died in 1995, Peter and I were to receive all of George's shares, however the buy/sell agreement referred to in George's Will was never finalized. Ever since George's death, Peter and I have owned and operated the Company as shareholders, directors and officers.

9. Peter Karkoulis (“**Peter Jr.**”) is our nephew. He was recently the General Manager of the LaSalle Hotel. Given our ages (Peter is 92 and I am 96), Peter and I have not been actively involved in the day-to-day management of operations of the Company for years. This task was delegated to the General Manager.

## **II. UPDATE ON THE PROPOSAL PROCEEDINGS**

10. Facing significant sales and cash challenges, the Company filed a Notice of Intention to Make a Proposal (the “**NOI**”) on April 3, 2023 pursuant to section 50.4 of the BIA. Link & Associates Inc. was named as proposal trustee in respect of the NOI (the “**Proposal Trustee**”). Attached as **Exhibit "C"** to this affidavit is a copy of the Company's Certificate of Filing of a Notice of Intention to Make a Proposal.

11. With a view to advancing its restructuring efforts, the Company sought and, on April 19, 2023, obtained an order from the Court (the “**Stay Extension Order**”), among other things:

- a. extending the time for the Applicant to file a proposal under the BIA and extending the corresponding stay of proceedings to and including June 19, 2023;
- b. approving the First Report of the Proposal Trustee dated April 14, 2023, and the activities of the Proposal Trustee referred to therein;
- c. authorizing the Applicant to execute and deliver to the Bank of Montreal (“**BMO**”) such credit agreements and other documents as may be reasonably required by BMO to increase the amount of credit to be made available by BMO to the Applicant under its current revolving lending facility (the “**Increased Credit Availability**”)
- d. Granting a charge in the aggregate amount of \$100,000 on the current and future assets, undertakings and properties of the Applicant of every nature and kind

whatsoever (including all real and personal property), and wherever situate, including all proceeds thereof (collectively, the “**Property**”) in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Applicant (the “**Administration Charge**”);

- e. granting a charge in the aggregate of \$150,000 on the Property in favour of BMO as security for the Increased Credit Availability under the security previously granted by the Applicant to BMO (the “**DIP Charge**”);
- f. Directing all of the Company’s former directors, officers, current and former employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) to forthwith advise the Company of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) and/or Property in that Person's possession or control, and deliver said Records and/or Property to the Company.

Attached hereto as **Exhibit “D”** to this affidavit is a copy of the Stay Extension Order.

12. On June 21 and 23, 2023, the Company sought and, on June 23, 2023, obtained an order from the Court (the “**SISP Order**”), among other things:

- a. extending the time for the Applicant to file a proposal under the BIA and extending the corresponding stay of proceedings to and including August 3, 2023;



- b. approving the Second Report of the Proposal Trustee dated June 12, 2023, and the activities of the Proposal Trustee referred to therein (which report is attached hereto as **Exhibit “E”** to this affidavit);
- c. authorizing the Applicant to engage Avison Young Commercial Real Estate Services, LLP (“**AY**”) to act as Sale and Investment Solicitation Process (“**SISP**”) Advisor; and
- d. approving the SISP and authorizing and directing the Applicant and the Proposal Trustee to carry out the SISP in accordance with its terms and the terms of the SISP Order.

Attached hereto as **Exhibit “F”** to this affidavit is a copy of the SISP Order.

13. The Company, AY and the Proposal Trustee commenced the SISP on July 17, 2023 to solicit interest in the Applicant's assets and business by:

- a. finalizing a listing agreement;
- b. preparing marketing materials to be used in connection with the SISP along with arranging for various reports, surveys of the La Salle Property, to be prepared;
- c. establishing a Data Room; and
- d. engaging in an exclusive marketing period (on or about July 17).

14. I am advised by AY and verily believe it to be true that the initial exclusive offering has been positively received by potential buyers and there appears to be significant interest.

15. On July 31, 2023, AY will be expanding the marketing to multiple MLS platforms with an offer deadline to follow on August 29, 2023.

16. Pursuant to the SISP, it is anticipated that the Company will be accepting a successful Offer by no later than September 11, 2023, which is within the proposed 45-day Stay Extension.

17. Furthermore, it is anticipated that the Company will be bringing a motion for an order approving a sale before the Honourable Mr. Justice Kershman on September 27, 2023 (and an order for a further extension of time to deliver a proposal).

### **III. STAY EXTENSION**

18. Since the filing of the NOI, the Company and its management team have been working diligently and in good faith with the Proposal Trustee, towards a formulation of a proposal to creditors.

19. As a result of the NOI, and unless an extension is granted, the Company must file a proposal on or before August 3, 2022 (the "**Filing Period**"). Despite the Company's diligence and good faith efforts, no proposal is currently ready for submission to creditors. Accordingly, absent an extension of the Filing Period, the Applicant will be deemed to have made an assignment in bankruptcy under the BIA.

20. Given the circumstances, the Company requires an extension of the Filing Period and the accompanying stay of proceedings afforded to it under the BIA. The proposed 45-day extension will allow the Company to continue to work with AY, the Proposal Trustee, and its other stakeholders to substantially advance the SISP and develop a proposal.

21. In my view, an extension of the Filing Period is appropriate, because:

- a. The Company has acted and continues to act in good faith and with due diligence;
- b. The Company will likely be able to make a viable proposal if the extension of the Filing Period is granted; and

- c. the extension of the Filing Period will not materially prejudice any of the Company's creditors.


22. To date, I have not been made aware of any creditor of the Company intending to object to an extension of the stay of proceedings and the Filing Period.

### III. CONCLUSION

23. I believe the proposed Order is in the best interests of the Company and its stakeholders. Further, I believe that the proposed Order is necessary at this time to ensure the Company's continued operation in the ordinary course of business and to advance the purposes of the Proposal Proceedings, including the maximization of value for the benefit of the Company's stakeholders.

24. I make this affidavit in support of the Company's motion for the proposed Order and for no other or improper purpose.

SWORN by John Karkoulis at the City of Kingston, in the Province of Ontario, before me at the City of Maniwaki, in the Province of Quebec, on July 21, 2023, in accordance with O. Reg. 431/20, *Administering Oath or Declaration Remotely*.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits  
(or as may be)

Sandra Ann Noe, a Commissioner, etc.,  
Province of Ontario, for Borden Ladner  
Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.

  
\_\_\_\_\_  
JOHN KARKOULIS

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT  
R.S.C., 1985, c. B-3, AS AMENDED  
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL  
CO. (KINGSTON) LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF THE PROVINCE OF  
ONTARIO

Estate/Court File No. 33-2929085

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

**AFFIDAVIT OF JOHN KARKOULIS**  
**(Sworn July 21, 2023)**

**BORDEN LADNER GERVAIS LLP**  
100 Queen Street, Suite 1300  
Ottawa ON K1P 1J9  
T: 613.237.5160  
F: 613.230.8842

**Kathleen McDormand (46367A)**  
E: [kmcdormand@blg.com](mailto:kmcdormand@blg.com)  
T: 613.787.3556 direct

**Jason Dutrizac (50004T)**  
E: [jdutrizac@blg.com](mailto:jdutrizac@blg.com)  
T: 613.787.3535 direct

Lawyer for the Applicant

**File Number: 346075/000004**

RCP-F 4C (September 1, 2020)

This is Exhibit “D” referred to in the Affidavit of John Karkoulis sworn by John Karkoulis of the City of Kingston, in the Province of Ontario, before me at the City of Ottawa, in the Province of Ontario, on September 18, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



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*Commissioner for Taking Affidavits (or as may be)*

**SANDRA NOE**

Sandra Ann Noe, a Commissioner, etc., Province of Ontario,  
for Borden Ladner Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 11 - Kingston  
Court No. 33-2929085  
Estate No. 33-2929085

In the Matter of the Notice of Intention to make a proposal of:

**LA SALLE MOTEL CO. (KINGSTON) LTD.**

Insolvent Person

**LINK & ASSOCIATES INC.**

Licensed Insolvency Trustee

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Date of the Notice of Intention:

April 03, 2023

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**CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL**

**Subsection 50.4 (1)**

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: April 03, 2023, 09:35

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

**Canada** 

This is Exhibit “E” referred to in the Affidavit of John Karkoulis sworn by John Karkoulis of the City of Kingston, in the Province of Ontario, before me at the City of Ottawa, in the Province of Ontario, on September 18, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



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*Commissioner for Taking Affidavits (or as may be)*

**SANDRA NOE**

Sandra Ann Noe, a Commissioner, etc., Province of Ontario,  
for Borden Ladner Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.



Estate/Court File No. 33-2929085

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE  
JUSTICE KERSHMAN

)  
)  
)

WEDNESDAY, THE 19<sup>th</sup>  
DAY OF APRIL, 2023

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*  
R.S.C., 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD., A  
CORPORATION INCORPORATED UNDER THE LAWS OF THE  
PROVINCE OF ONTARIO**

**ORDER**

**THIS MOTION**, made by La Salle Motel Co. (Kingston) Ltd. (the "**Applicant**") for an order pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), was heard this day by judicial videoconference via Zoom.

**ON READING** the Notice of Motion, the Affidavit of Gina Karkoulis, affirmed April 17, 2023, and the Exhibits thereto (the "**Karkoulis Affidavit**"), filed, the Affidavit of Sandra Noe, sworn April 17, 2023, and the Exhibits thereto (the "**Noe Affidavit**"), the First Report of Link & Associates Inc, in its capacity as Proposal Trustee (the "**Proposal Trustee**"), dated April 14, 2023 (the "**First Report**"), filed, and on reading the Applicant's cash-flow statement, appended to the First Report, and on being advised that the secured creditor of the Applicant who is likely to be affected by the charges created herein were given notice of the motion for this Order, and on hearing the submissions of counsel to the Applicant, counsel for the Proposal Trustee, counsel for the Bank of Montreal ("**BMO**"), and such other counsel that were present, no one appearing for any other party, although duly served as appears from the Affidavits of Service sworn April 17, 2023, both filed;



**SERVICE**

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

**EXTENSION OF TIME TO MAKE A PROPOSAL**

2. **THIS COURT ORDERS** that the time within which to make a proposal pursuant to section 62(1) of the BIA and the corresponding stay of proceedings provided for in section 69 of the BIA, be and are hereby extended in accordance with section 50.4(9) of the BIA to and including June 19, 2023.

**INCREASE COMPANY'S EXISTING CREDIT FACILITY**

3. **THIS COURT ORDERS** that the Applicant is hereby authorized to execute and deliver to BMO such credit agreements and other documents as may be reasonably required by BMO to increase the amount of credit to be made available by BMO to the Applicant under its current revolving lending facility (the "**Increased Credit Availability**"), and the Applicant is hereby authorized and empowered to perform its obligations thereunder and to make the borrowings permitted thereunder from BMO, as lender, in order to finance the Applicant's working capital requirements (including those of its operating facilities), these proposal proceedings, and other general corporate purposes and capital expenditures, provided that borrowing under such credit facility shall not exceed \$450,000.00, unless permitted by further order of this Court.

4. **THIS COURT ORDERS** that the Increased Credit Availability shall be on the terms and conditions set forth in the Letter of Agreement – Amendment & Restatement dated June 18, 2020 made between the Applicant and BMO, as amended by the Letter of Agreement – Amendment ("**Letter of Agreement – Amendment**") attached to this Order as **Schedule "A"**, subject to such further amendments as may be agreed between the Applicant and BMO.

5. **THIS COURT ORDERS** that the Increased Credit Availability shall be secured under the security previously granted by the Applicant to BMO and that BMO shall also be entitled to the benefit of and is hereby granted a charge (the "**DIP Charge**") on the property and assets of the Applicant, which DIP Charge shall not exceed \$150,000, for all amounts advanced by it under the Increased Credit Availability, plus interest thereon. The DIP Charge shall have the priority set out in paragraph 9 of this Order and shall be enforceable against any trustee in bankruptcy of the Applicant or its property.

6. **THIS COURT ORDERS** that, unless agreed by BMO, BMO shall be treated as unaffected in any proposal filed by the Applicant, with respect to any advances made under the Increased Credit Availability.

#### **ADMINISTRATION CHARGE**

7. **THIS COURT ORDERS** that that the Proposal Trustee, the Proposal Trustee's counsel, and the Applicant's counsel, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings, both before and after the making of this Order. The Applicant is hereby authorized to pay the accounts of the Proposal Trustee, the Proposal Trustee's counsel and the Applicant's counsel as accounts are rendered from time to time, provided that the accounts of the Proposal Trustee and the Proposal Trustee's counsel as paid are passed from time to time, and for this purpose the accounts are hereby referred to a judge of the Ontario Superior Court of Justice at Ottawa, Ontario.

8. **THIS COURT ORDERS** that the Proposal Trustee, the Proposal Trustee's counsel and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the current and future assets, undertakings and properties of the Applicant of every nature and kind whatsoever (including all real and personal property), and wherever situate including all proceeds thereof (collectively, the "**Property**"), which charge shall not exceed an aggregate amount of \$100,000.00, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order.

## **VALIDITY AND PRIORITY OF THE CHARGES CREATED BY THIS ORDER**

9. **THIS COURT ORDERS** that the priorities of the Administration Charge, and the DIP Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First - Administration Charge (up to the maximum amount of \$100,000.00); and

Second – DIP Charge (up to a maximum amount of \$150,000).

10. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

11. **THIS COURT ORDERS** that the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any individual, firm, corporation, governmental body or agency, or any other entities notwithstanding the order of perfection or attachment.

12. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Proposal Trustee and the chargees entitled to the benefit of such Charges (collectively, the "**Chargees**"), or further Order of this Court.

13. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the

general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- a. neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Letter of Agreement – Amendment shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- b. none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Letter of Agreement – Amendment, the creation of the Charges, or the execution, delivery or performance of the Letter of Agreement - Amendment; and
- c. the payments made by the Applicant pursuant to this Order, the Letter of Agreement - Amendment, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

#### **BOOKS, RECORDS AND PROPERTY OF THE COMPANY**

14. **THIS COURT ORDERS** and hereby directs all of the Company's former directors, officers, current and former employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") to forthwith advise the Company of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage

media containing any such information (the foregoing, collectively, the "Records") and/or Property in that Person's possession or control, and deliver said Records and/or Property to the Company. *within 10 days. #*

#### **APPROVAL OF FIRST REPORT**

15. **THIS COURT ORDERS** that the First Report and the activities of the Proposal Trustee, as applicable, referred to therein, be and are hereby approved.

#### **SERVICE AND NOTICE**

16. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website)<sup>1</sup> shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended (the "Rules"). Subject to Rule 3.01(d) of the Rules and paragraph 13 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

17. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable (including, without limitation, due to COVID-19), the Applicant and the Proposal Trustee are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

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<sup>1</sup>See <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservicecommercial/>



18. **THIS COURT ORDERS** that the Applicant and the Proposal Trustee and each of their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

#### **GENERAL**

19. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

20. **THIS COURT ORDERS** that the Applicant or the Proposal Trustee may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation or application of this Order. *within 7 days notice. X*

21. **THIS COURT ORDERS** that nothing in this Order shall prevent the Proposal Trustee from acting as an interim receiver, receiver, receiver and manager, or trustee in bankruptcy of the Applicant or the Property.

22. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal or any judicial, regulatory, or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory, or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states of other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

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

24. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this Order without the need for entry or filing.



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Kershman J.

THE HONOURABLE JUSTICE  
STANLEY J. KERSHMAN

Schedule 'A'

## Letter of Agreement – Amendment & Restatement



945 Gardiners Road,  
Kingston, Ontario,  
K7M 7H4

June 18, 2020

LA SALLE MOTEL CO. (KINGSTON) LTD.  
2360 PRINCESS ST,  
KINGSTON, ONTARIO K7M 3G4

Attention: Mr. John Karkoulis & Mr. Peter Karkoulis

### **LETTER OF AGREEMENT – AMENDMENT & RESTATEMENT**

Bank of Montreal ("BMO") is pleased to provide this amended and restated Letter of Agreement with respect to the credit Facilities (each a "Facility" and collectively, the "Facilities") described herein. The letter (the "Letter of Agreement") amends and restates the existing Letter of Agreement dated 15/August/2018 (the "Prior Letter"). The Facilities are offered (or continue to be offered, as applicable) on the terms and conditions set out in this Letter of Agreement. The Schedules listed below and attached form part of this Letter of Agreement.

Notwithstanding any other provision of this Letter of Agreement or in any applicable agreements, any Advance under any Facility hereunder will be made at BMO's sole discretion. Any unutilized portion of any Facility hereunder may be cancelled by BMO at any time without prior notice.

<b>Borrower:</b>	LA SALLE MOTEL CO. (KINGSTON) LTD. <b>(the "Borrower")</b>
<b>Guarantor(s):</b>	JOHN KARKOULIS PETER KARKOULIS <b>(the "Guarantor(s)")</b>
<b>Total Facility Limit:</b>	The total approved amount of all facilities shall not exceed \$1,145,000.00 at any time.





## Your Product Summary

## Facility/ Facilities:

Facility No#	Product Type	Authorized Amount	Currency
1	Revolving Facility (Operating Demand Loan)	\$300,000.00	CAD
2	Real Estate Facility - Shared limit/Multi-product/Multi-draw	\$795,000.00	CAD
3	BMO Corporate MasterCard	\$50,000.00	CAD

## Your Product Details

## Revolving Facility - Shared limit/Multi-product/Multi-draw

Facility # 1	
Facility Authorization:	\$300,000.00 CAD
Type of Loan:	Operating Facility (ODL)
Purpose:	For general operating requirements
Operating Demand Loan	<p><b>Interest Rate:</b> Prime Rate plus 2.50%. Interest is calculated monthly in arrears, and payable on the last day of each month. The Prime Rate in effect as of June 18, 2020 is 2.45%.</p> <p><b>Facility Fee:</b> \$180 per month. This is the fee for the loan and does not include other account fees. Refer to our Better Banking Guide for other applicable fees.</p> <p><b>Repayment Terms:</b> Repayable on demand</p> <p><b>Other Costs:</b> BMO is not obliged to permit the Loan to exceed the Cap amount.</p> <p>In the event the Loans exceed the Cap amount, the excess will bear interest at the Overdraft Rate, which is currently 21% per annum. BMO shall also be entitled to charge the Borrower a fee of 1% calculated on the amount of excess over the Cap amount or \$100, whichever is greater and a \$5 overdraft handling charge per item that creates or increases the excess.</p>



## Your Product Summary

## Real Estate Facility - Shared limit/Multi-product/Multi-draw

Facility # 2	
Facility Authorization:	\$795,000.00 CAD
Type of Loan:	Real Estate Financing
Purpose:	For repairs & maintenance to the building/RE & Covid working capital requirements as deemed necessary by sponsors.
Draw Conditions:	<p>1. 100% financing, less HST; 2. Drawdowns are to be supported by a supplier invoice; 3. All draws subject to sub-search completed by bank to confirm no prior charges. If a charge is registered, same is to be cleared from title by the Borrower prior to Bank disbursement. 4. Final draw is subject to satisfactory site inspection by Bank to confirm substantial completion. 5. Undrawn funds shall at all time be sufficient to cover the remaining costs to complete. If at any time pending or during disbursement of the loan the undrawn loan balance is not sufficient to complete the project in accordance with the budget, the Borrower &amp;/or Guarantors shall inject sufficient cash equity to cover the deficiency prior to any further loan draws being permitted. 6. DLNR option for the full term of the loan (15 yr amortization) 7. FRTL option available at completion; 1-5 yrs terms over 15 yr amortization.</p>
Maximum Amortization:	180 months
Fixed Rate Term Loan	<p><b>Type of Loan:</b> Closed Term Loan</p> <p><b>Interest Rate:</b> To be determined at time of Advance. By way of reference only, the rate in effect as of 22/June/2020 for a 5 year term is 4.57% per annum; and the rate is valid for 14 days, and thereafter subject to change at BMO's sole discretion from time to time.</p> <p>Notwithstanding the foregoing and unless otherwise prohibited by law, if the Loan is not paid in full with interest at the Maturity Date, the Loan shall bear interest at a rate per annum equal to the sum of 3% plus the Prime Rate, determined and accrued daily and compounded monthly, not in advance, on the outstanding balance, from the Maturity Date and both before and after demand and both before and after judgment until actual payment in full.</p> <p><b>Repayment Terms:</b> Equal Monthly principal payments and monthly interest, to be collected separately on the last day of each month. The amount of the payments will be determined based on the Loan amount, payment frequency, amortization, and term.</p> <p>The balance of the Loan then outstanding, together with all accrued and unpaid interest, shall be due and payable at the end of the term of the Loan.</p>



## Your Product Summary

		<p><b>Prepayment Terms:</b></p> <p>May not be prepaid, in whole or in part, prior to the maturity date.</p> <p><b>Maximum Term: 5 years</b></p> <p><b>Maturity Date:</b> The last day of the month determined based on the term selected and the date of advance.</p> <p><b>Other:</b></p>
<p><b>Demand Loan Non Revolving</b></p>		<p><b>Interest Rate:</b> Prime Rate plus 2.50%. Interest is calculated monthly in arrears, and payable monthly. The Prime Rate in effect as of June 18, 2020 is 2.45%.</p> <p><b>Repayment Terms:</b> Repayable on demand, provided that until demand is made by BMO:</p> <p>Equal monthly principal payments and monthly interest, to be collected separately on the last day of each month. The amount of the payments will be determined based on the Loan amount, amortization and the interest rate in effect at the time of the Advance, as applicable.</p> <p>Prepayments of principal in whole or in part are permitted, without penalty</p> <p><b>Other:</b></p>
<p>The aggregate of all outstanding Advances under this Facility shall at no time exceed the Facility Authorization for this Facility.</p> <p>Each Loan under this Facility shall be a separate Loan, shall be non-revolving and shall be permanently reduced by any repayments or payments by the Borrower.</p> <p>At the request of the Borrower, the rate may be fixed up to 45 days before the Advance is made. If requested, the Borrower shall pay a refundable rate reservation fee of 1% of the principal amount of the Advance, which fee will be refunded to the Borrower on the day the Advance is made. In the event that the Advance is cancelled by the Borrower, such fee will not be refunded to the Borrower.</p> <p>The Borrower shall give to BMO 5 Business Days notice with respect to any request for a Loan under this Facility.</p>		



## Your Product Summary

## BMO Corporate MasterCard

Facility # 3	
Facility Authorization:	\$50,000.00 CAD
Type of Loan:	Corporate MasterCard <sup>Â®</sup>
Purpose:	Operating Financing
Interest Rate:	As determined by Corporate MasterCard Agreement.
Repayments:	As determined by Corporate MasterCard Agreement.
Facility Fee:	As determined by Corporate MasterCard Agreement.
Â® MasterCard is a registered trademark of MasterCard International Incorporated. Used under license.	



## Terms and Conditions

### Conditions Precedent to Advances:

BMO will have no obligation to make any advance to the Borrower unless and until each of the conditions set out below and in Schedule C has been completed to BMO's satisfaction

1. Draws for accounts payable to be supported by invoices in the name of the borrower and paid directly or proof of payment maintained in file.
2. Confirmation that all real property taxes have been paid to date.
3. (HELD) Receipt of satisfactory appraisal of the Lands from an appraiser or agrologist satisfactory to BMO confirming a minimum market value of \$6,400,000, together with a letter by the appraiser or agrologist addressed to BMO confirming that BMO may rely on the appraisal for financing purposes.
4. Completion of all loan and account documents and all Security as outlined below.
5. Compliance with all covenants, representations and warranties in all loan documents and Security.
6. Receipt of all information necessary for BMO to comply with all legal and internal requirements in respect of money laundering and proceeds of crime legislation, and "know your customer" requirements.
7. Satisfactory review by BMO of insurance policies issued to the Borrower and each Guarantor, if any, and compliance with any changes required to satisfy BMO's insurance requirements.
8. Confirmation of no material adverse change to the Borrower and the Guarantor and their respective property and assets since the latest financial statements provided to BMO.
9. Confirmation that no default or breach under this Letter of Agreement, any of the loan documents or the Security has occurred.

### Security:

Each of the following documents, instruments, agreements and other assurances (collectively, the "Security") shall be delivered to BMO prior to any advance of funds, in form and substance acceptable to BMO and its solicitors, acting reasonably:

1. (HELD) Insurance on a "Fire and Extended Coverage" or "All Risks" basis must be arranged (with satisfactory evidence thereof delivered to BMO) satisfactory to BMO for the full insurable or replacement value with loss payable to BMO. The policy is to contain the Standard Mortgage Clause. A copy of the policy is to be provided.
2. (HELD) Delivery of an up to date or existing survey/certificate of location of Mortgaged Property and all buildings located on the Mortgaged Property, prepared by a surveyor licensed in the jurisdiction in which the property is/are located, which bears the name, address and signature of the surveyor, his official seal and licence number (any, or both), the date of a survey, and includes a Surveyor's Certificate in the form and content required by the jurisdiction in which the property is located \*\* OR \*\* title insurance from and approved Title Insurance Provider in respect of 2360 Princess St. Kingston Ontario naming BMO as beneficiary
3. (HELD) Registered first-ranking All Indebtedness/Collateral Mortgage in the amount of \$1,350,000.00 registered over 2360 Princess St. Kingston Ontario with the municipal address of 2360 PRINCESS ST, KINGSTON, ON, K7M3G4 (the "Mortgaged Property") with appropriate enabling resolutions and documentation
4. (HELD) Assignment of Rents over 2360 PRINCESS ST, KINGSTON, ON, K7M3G4 (registered under PPSA).
5. \*\*\*NEW\*\*\* \$572,500.00 Personal guarantee from JOHN KARKOULIS, PETER KARKOULIS
6. \*\*\*NEW\*\*\* Spousal Acknowledgement of Debt: Executed by Maria Karkoulus (DOB 28/July/1941) and Maria Karkoulus (DOB 6/Aug/1945) confirming their acknowledgement of \$572,500 Personal Guarantee executed in favour of the Bank of Montreal - supporting total Business Banking authorization of \$1,145,000
7. (HELD) Registered General Security Agreement ("GSA")/Moveable Hypothec ("Hypothec") providing BMO with a security interest/hypothec over all present and after-acquired personal/movable property of the Borrower with a First ranking for Machinery and Equipment, CDN Accounts Receivable, Inventory/Warehouse Receipts

Any other documents, instruments or agreements as may be required by BMO, acting reasonably

### Covenants

As long as any Advance remains outstanding under or in connection with this Letter of Agreement, or so long as any commitment under this Letter of Agreement remains in effect, the Borrower and any Guarantor will perform and comply with the covenants set out in Schedule A.



## Terms and Conditions

### Financial Covenants:

**\*\*NEW\*\*** In addition, the Borrower and each Guarantor, as applicable, will perform and comply with the following financial covenants, based on financial statements of the Borrower or applicable Guarantor:

Financial Covenant	Description	Requirement	Frequency
Debt service coverage ratio	Net Income + Interest + Depreciation + Amortization/ CPLTD + Interest + Shareholder Loan Repayment + Dividends + Redemption of Preferred Shares)	Greater Than or Equal To 1.30	Annually, starting with FYE @ 30/June/2022.

### Additional Covenants:

In addition, the Borrower and each Guarantor, as applicable, will perform and comply with the following covenants:

1. The Borrower will not, without BMO's prior written consent, participate in any retrofit project or energy or water efficiency project affecting the Mortgaged Property which would have the effect of creating a lien, hypothec or other interest (including, but without limitation, a local improvement charge or similar interest) in the Mortgaged Property ranking, or potentially ranking, in priority to or *pari passu* with the interest of BMO in the Mortgaged Property, whether or not such project is sponsored or endorsed by a municipal or other government, governmental organization or utility.

### Reporting Requirements:

Annual	<ol style="list-style-type: none"> <li>1) Accountant prepared minimum Notice to Reader Year End Financial Statements of the Borrower to be provided within 120 days following fiscal year end.</li> <li>2) Corporate Tax Return and CRA Notice of Assessment if financial statement quality is less than Review Engagement to be provided within 120 days following fiscal year end.</li> <li>3) Confirmation of up to date property tax.</li> <li>4) Confirmation of fire insurance at the Bank's request.</li> </ol>
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A \$50 per month fee will be applied for non compliance with reporting requirements. The application of this fee does not waive the default condition.

Prompt notification of management letters, default notices, litigation, and any other material events

Satisfactory evidence that all taxes (including, without limitation, GST, HST, sales tax, withholdings, etc.) have been paid to date

### Representations and Warranties:

The Borrower and each Guarantor, as applicable, makes the representations and warranties set out in Schedule B. All representations and warranties of the Borrower and any Guarantor, in addition to any representation or warranty provided in any document executed in connection with a Facility or any Security, shall be true and correct on the date of this Letter of Agreement and on the date of any Advance under a Facility.





## Terms and Conditions

### Noteless Advances:

The Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Facilities, and interest, fees and other amounts due in connection with the Facilities, in an account of the Borrower maintained by BMO, shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under the Facilities; provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with the terms and conditions of the Facilities set out in this Letter of Agreement shall not be affected by the failure of BMO to make such recording. The Borrower also hereby acknowledges being indebted to BMO for principal amounts shown as outstanding from time to time in BMO's account records, and all accrued and unpaid interest in respect thereto, which principal and interest the Borrower hereby undertakes to pay to BMO in accordance with the terms and conditions applicable to the Facilities as set out in this Letter of Agreement.

### Fees:

All costs and expense incurred by BMO in connection with this Letter of Agreement and the Facilities (including without limitation all legal, appraisal and consulting fees), and the enforcement of the Security are for the account of the Borrower.

The bank's standard one-time fee ("Fee") for this application is \$3,075. This fee is deemed to be earned by BMO upon acceptance of this Letter of Agreement, to compensate for time, effort and expense incurred by BMO in authorizing these Facilities. BMO acknowledges the difficulties at this time with respect to COVID-19. In appreciation of our long standing relationship, this fee is 100% waived. Thank you for your business, and thank you in advance for any future opportunities where BMO can assist.

Credit renewal fees will be payable as advised by BMO annually; at the date of this letter such fees are estimated to be \$2,000. If total authorization is reduced to less than \$1,000,000 – this fee can be reduced to approximately \$900.

All fees payable under this Letter of Agreement shall be paid to BMO on the dates due, in immediately available funds. Fees paid shall not be refundable except in the case of manifest error in the calculation of any fee payment.

### Banking Services:

The Borrower shall maintain its Bank Accounts, solely with the BMO. Borrower acknowledges that the pricing (including interest, fees and charges) contained in this Letter of Agreement is contingent on the Borrower maintaining all of its operating accounts with BMO. In the event the Borrower does not do so, BMO may, at any time, in its sole discretion and without any requirement to obtain the agreement of, or provide prior notice to the Borrower, increase such pricing.

### Treasury & Payment Solutions:

BMO will provide Non-Credit and treasury & payment solutions to the Borrower. A Treasury & Payment Specialist will contact the Borrower to implement BMO's On-Line Banking for Business platform (OLBB) and discuss additional treasury & payment features such as Electronic Funds Transfer (EFT), Wire Payments, BMO DepositEdge® and Moneris® Payment Processing Solutions. BMO's objective is to provide a package of services that are tailored to meet both the current and future needs of the Borrower in a cost efficient operating environment.

### Commercial Loan Insurance Plan:

**You understand that unless you submit an Application for Commercial Loan Insurance Plan ("Application"), and it has been approved by Canada Life as the insurer, you will not be covered under the Commercial Loan Insurance Plan for any facilities under this Letter of Agreement and would be ineligible to submit a claim should you undergo an insurable event.**

### Counterparts; Electronic Transmissions:

This agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. Any counterpart of this Agreement may be executed and circulated by facsimile, PDF or other electronic means and any counterpart executed and circulated in such a manner shall be deemed to be an original counterpart of this Agreement. All counterparts shall be construed together and shall constitute one and the same original agreement.



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## Terms and Conditions

**Governing Law:**

Ontario and the federal laws of Canada applicable therein.

**Schedules:**

The following Schedules are attached to and form part of this letter of agreement:

Schedule A – Covenants

Schedule B – Representations and Warranties

Schedule C – Conditions Precedent to Advances

**BMO's Legal Counsel:** [





## Agreement and Consent

This Letter of Agreement amends and restates, without novation, the Prior Letter, as of 15/August/2018, without prejudice to the effect of the terms of the Prior Letter or to any actions taken under or pursuant to the Prior Letter prior to such date. The entry into effect of this Letter of Agreement shall not be deemed to waive or limit any of BMO's rights in respect of any Event of Default then existing under the Prior Letter or any Event of Default under this Letter of Agreement which exists because of matters occurring prior to such effective date, whether or not known to BMO.

In accepting this agreement you acknowledge that if, in the opinion of BMO, a material adverse change in risk occurs including, without limitation, any material adverse change in the financial condition, business, property or prospects of the Borrower or any Guarantor, the rights and remedies of BMO, or the ability of the Borrower or any Guarantor to perform its obligations to BMO, any obligation to advance some or all of the above Facilities may be withdrawn or cancelled.

Please indicate your acceptance of the terms and conditions hereof by signing and returning one copy of this Letter of Agreement (and making payment of the above noted fee, if applicable) to BMO no later than Friday, June 26, 2020. If your acceptance of this Letter of Agreement is not received by BMO by that date, BMO shall have no obligation to proceed with any of the Facilities.

Yours truly,  
BANK OF MONTREAL

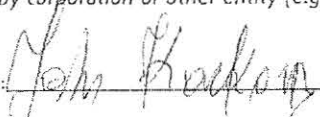
By:   
Name: GREGORY BAKER  
Title: Relationship Manager

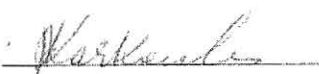
Accepted and agreed to this 22 day of JUNE, 2020  
(Day) (Month) (Year)

## BORROWER

LA SALLE MOTEL CO. (KINGSTON) LTD.  
(Name of Entity)

If signed by corporation or other entity (e.g. partnership):

Signature:   
Name: John Karkoulis  
Title: OWNER

Signature:   
Name: Peter Karkoulis  
Title: OWNER



# Agreement and Consent

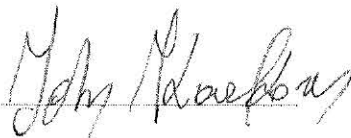
## GUARANTORS

**JOHN KARKOULIS**  
(Name of Guarantor)

Witness:



Signature:



Name:

Greg Baker

Name:

John Karkoulis

**PETER KARKOULIS**

Witness:



Signature:



Name:

Greg Baker

Name:

Peter Karkoulis

## SPOUSAL ACKNOWLEDGEMENT OF DEBT

Acknowledging \$572,500 Personal Guarantee executed by John Karkoulis and Peter Karkoulis in favour of the Bank of Montreal, supporting total BMO Bank of Montreal Business Banking authorization of \$1,145,000

Witness:



Signature:



Name:

Greg Baker

Name:

Maria Karkoulis (DOB: 28/July/1941)

Witness:



Signature:



Name:

Greg Baker

Name:

Maria Karkoulis (DOB: 8 OCT 6/AUG/1945)



## Schedules

SCHEDULE ACOVENANTS

1. Payment of all indebtedness due to BMO in connection with this Letter of Agreement or any Facility
2. Maintenance of corporate existence and status, if applicable
3. Payment of all taxes when due (including, without limitation, corporate, GST, HST, sales tax and withholding)
4. Compliance with all material laws, regulations and applicable permits or approvals (including health, safety and employment standards, labour codes and environmental laws)
5. Compliance with all material agreements
6. Use of proceeds to be consistent with the approved purpose
7. Notices of death of Borrower or Guarantor, default, material litigation, and regulatory proceedings to be provided to BMO on a timely basis
8. Access by BMO to books and records; BMO to have right to inspect property to which its security applies
9. No assumption of additional indebtedness or guarantee obligations by Borrower without prior written consent of BMO
10. No liens or encumbrances on any assets except with the prior written consent of BMO
11. No change of control or ownership of the Borrower without the prior written consent of BMO
12. No disposition of property or assets (except in the ordinary course of business) without the prior written consent of BMO
13. No material acquisitions, hostile takeovers, mergers or amalgamations without BMO's prior written approval
14. [For multiple currencies]:

If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Letter of Agreement, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due under this Letter of Agreement in any currency other than the Judgment Currency (the "Currency Due"), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose "rate of exchange" means the rate at which BMO is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its principal office in Toronto, Ontario. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by BMO of the amount due, the Borrower will, on the date of receipt by BMO, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by BMO on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by BMO is the amount then due under this Letter of Agreement in the Currency Due. If the amount of the Currency Due which BMO is so able to purchase is less than the amount of the Currency Due originally due to it, the Borrower and each Guarantor jointly and severally (solidarily) agree to indemnify BMO from and against any and all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Letter of Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by BMO from time to time and shall continue in full force and effect notwithstanding any judgment or order in respect of an amount due under this Letter of Agreement or under any judgment or order.



## Schedules

SCHEDULE BREPRESENTATIONS AND WARRANTIES

1. It has the corporate status, power and authority to enter into this Letter of Agreement and any agreement executed in connection with a Facility or any Security to which it is a party, and to performs its obligations hereunder and thereunder
2. It is in compliance with all applicable laws (including environmental laws) and its existing agreements
3. Except as otherwise disclosed to BMO in writing, no consent or approval of, registration or filing with, or any other action by, any governmental authority is required in connection with the execution, delivery and performance by it of this Letter of Agreement and any agreement executed in connection with a Facility or any Security to which it is a party
4. All factual information that has been provided to BMO for purposes of or in connection with this Letter of Agreement or any transaction contemplated herein is true and complete in all material respects on the date as of which such information is dated or certified
5. No event, development or circumstance has occurred that has had or could reasonably be expected to have a material adverse effect on the business, assets, operations or condition, financial or otherwise, of the Borrower or any Guarantor
6. There is no material litigation pending against it or, to its knowledge, threatened against or affecting it
7. It has timely filed or caused to be filed all required tax returns and reports and has paid or caused to be paid all required taxes
8. It has good and marketable title to its properties and assets including ownership of and/or sufficient rights in any material intellectual property.
9. It has complied with all obligations in connection with any pension plan which it has sponsored, administered or contributed to, or is required to contribute to including, without limitation, registration in accordance with applicable laws, timely payment of all required contributions or premiums, and performance of all fiduciary and administration obligations
10. It maintains insurance policies and coverage that provides sufficient insurance coverage in at least such amounts and against at least such risks as are usually insured against in the same general area by persons in the same or a similar business
11. It is not in default nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a default under any loan, credit or security agreement, or under any material instrument or agreement, to which it is a party.



## Schedules

SCHEDULE CCONDITIONS PRECEDENT TO ADVANCES

1. Evidence of corporate (or other) status and authority
2. Completion and registration (as applicable) of all Security (defined herein) and other supporting documents
3. Completion of all facility documentation and account agreements and authorities, as applicable
4. Compliance with all representations and warranties contained herein
5. Compliance with all covenants (financial and non-financial) contained herein
6. No Event of Default (defined herein) shall have occurred and be continuing
7. Compliance with all laws (including environmental)
8. Payment of all fees and expenses
9. Receipt of all necessary material governmental, regulatory and other third party approvals including environmental approvals and certificates
10. Satisfactory due diligence (including, without limitation, anti-money laundering, proceeds of crime and "know your customer" requirements and procedures, environmental and insurance due diligence)
11. Repayment of all existing indebtedness (excluding permitted indebtedness), as applicable.
12. Satisfactory review of material contracts, as applicable
13. Satisfactory review by BMO (or, at BMO's option and the Borrower's expense, an insurance consultant) of insurance policies issued to the Borrower(s) and/or the Guarantor(s) and compliance with any changes required to satisfy BMO's insurance requirements
14. Disclosure of all material contingent obligations
15. Confirmation that no shares of the Borrower held by the principal shareholders have been pledged as security for any financial or other indebtedness
16. Corporate taxes of the Borrower and corporate/personal taxes of the Guarantor(s) are to be confirmed current and up-to-date
17. Satisfactory evidence that all other taxes payable by the Borrower and Guarantor(s) (including, without limitation, GST, HST, sales tax, and withholding) have been paid to date
18. No material judgments or material legal action initiated against the Borrower and/or any Guarantor(s)
19. Any other document or action which BMO may reasonably require



# Letter of Agreement - Amendment



42 BATH RD,  
KINGSTON, ONTARIO K7L 1H5

## LETTER OF AGREEMENT - AMENDMENT

LA SALLE MOTEL CO. (KINGSTON) LTD.  
2360 PRINCESS ST,  
KINGSTON, ONTARIO K7M 3G4

Attention: John Karkoulis and Peter Karkoulis

April, 2023

This letter (the "**Amending Letter**") is intended to set out certain amendments to the Letter of Agreement dated July 18, 2018, (including all Schedules thereto (the "**Letter of Agreement**") between Bank of Montreal ("**BMO**") and the Borrower named below.

LA SALLE MOTEL CO. (KINGSTON) LTD.

Unless defined in this Amending Letter, capitalized terms used in this Amending Letter are intended to have the meanings provided to those terms in the Letter of Agreement.

The Letter of Agreement is amended as follows:

1. the maximum limit on Facility No. 1 (Revolving operating loan number 0016-1023-430) shall be increased from \$300,000 to \$450,000;
2. the interest rate on Facility No. 1 (Revolving operating loan number 0016-1023-430) shall be increased from Prime Rate + 2.5% to Prime Rate + 5.5%; and
3. the maximum limit on Facility No. 3 (BMO Corporate MasterCard) shall be reduced from \$50,000 to \$25,000

*The Increased credit availability provided for herein is to be used by the Borrower solely for the purposes of operating expenses and expenses (including professional fees) incurred in connection with the proposal proceedings being undertaken by the Borrower pursuant to the Bankruptcy and insolvency Act.*

Except to the extent amended by this Amending Letter, the Letter of Agreement remains in full force and effect, without novation. This Amending Letter supersedes and replaces all prior discussions and correspondence (if any) between the parties relating to the subject-matter hereof. Nothing in this Amending Letter is intended to waive or limit any of BMO's rights in respect of any Event of Default existing at the date of this Amending Letter, whether or not known to BMO.

Yours truly,  
BANK OF MONTREAL

By: \_\_\_\_\_

Name:

Title:

[]





# Letter of Agreement - Amendment

By their signature below, each Borrower and Guarantor acknowledge and agree to the amendments to the Letter of Agreement contained in this Amending Letter. Further, each Borrower and Guarantor reaffirm, acknowledge, covenant and confirm, to and in favour of BMO, the continued applicability, validity, enforceability and binding nature of the Letter of Agreement (as amended by this Amending Letter) and any documents delivered in connection with the Letter of Agreement (as amended by this Amending Letter), including, without limitation, any security and guarantees granted pursuant thereto, each of which shall continue to be valid, binding and enforceable and in no way altered, lessened, released or otherwise affected by this Amending Letter except as expressly stated in this Amending Letter.

This Amending Letter shall be read and construed with the Letter of Agreement and be treated as a part of the Letter of Agreement, and for such purpose and so far as may be necessary to effectuate the true intent of this Amending Letter, the Letter of Agreement is hereby amended.

Each Borrower and Guarantor represents and warrants to BMO that ((a) does not apply to individuals): (a) it is authorized to enter into this Amending Letter and that it has the full power and authority to do so, (b) each of the representations and warranties contained in the Letter of Agreement is true and correct with the same force and effect as if made on the effective date of the amendments contained in this Amending Letter and (c) it/he/she is in compliance with each of the covenants and other terms and conditions set forth in the Letter of Agreement. Further, in the case of an individual Borrower and/or Guarantor, he/she represents and warrants to BMO that (i) he/she fully understands the provisions of this Amending Letter and his/her obligations, (ii) he/she has been afforded the opportunity to engage independent legal counsel to explain the purposes of this Amending Letter and his/her obligations and (iii) he/she has either engaged legal counsel or has decided, in his/her sole discretion, not to do so.

This agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. Any counterpart of this Agreement may be executed and circulated by facsimile, PDF or other electronic means and any counterpart executed and circulated in such a manner shall be deemed to be an original counterpart of this Agreement. All counterparts shall be construed together and shall constitute one and the same original agreement.

## BORROWER

**LA SALLE MOTEL CO. (KINGSTON) LTD.**

Signature: \_\_\_\_\_

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

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



# Letter of Agreement - Amendment

**GUARANTOR(S)**

**PETER KARKOULIS**

Signature: \_\_\_\_\_

Witness Signature: \_\_\_\_\_

Name: PETER KARKOULIS

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

**JOHN KARKOULIS**

Signature: \_\_\_\_\_

Witness Signature: \_\_\_\_\_

Name: JOHN KARKOULIS

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





IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT* R.S.C., 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON)  
LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO

**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

Proceeding commenced at Ottawa

**ORDER**

**BORDEN LADNER GERVAIS LLP**  
100 Queen Street, Suite 1300  
Ottawa ON K1P 1J9

**Jason Dutrizac (50004T)**  
jdutrizac@blg.com  
613.787.3535

Lawyers for the Applicant / Moving Party

This is Exhibit “F” referred to in the Affidavit of John Karkoulis sworn by John Karkoulis of the City of Kingston, in the Province of Ontario, before me at the City of Ottawa, in the Province of Ontario, on September 18, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



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*Commissioner for Taking Affidavits (or as may be)*

**SANDRA NOE**

Sandra Ann Noe, a Commissioner, etc., Province of Ontario,  
for Borden Ladner Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.

Estate/Court File No.: 33-2929085

**ONTARIO SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE

)

Friday the 23<sup>rd</sup> day of

)

JUSTICE KERSHMAN

)

June, 2023

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.  
1985, c. B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD., A  
CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

**ORDER  
(STAY EXTENSION AND SISP APPROVAL)**

**THIS MOTION**, made by La Salle Motel Co. (Kingston) Ltd. (the "**Applicant**"), for an order pursuant to the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended (the "**BIA**"), was heard this day by judicial videoconference via Zoom.

**ON READING** the Notice of Motion of the Applicant, the Affidavit of John Karkoulis sworn June 12, 2023 and the Exhibits thereto (the "**John Karkoulis Affidavit**"), the Second Report of Link & Associates Inc. in its capacity as Proposal Trustee of the Applicant (the "**Proposal Trustee**") dated June 12, 2023 (the "**Second Report**"), filed, and on hearing the submissions of counsel for the Applicant, counsel for the Proposal Trustee, and such other counsel that were present, no one else appearing although duly served as appears from the affidavit of service of Sandra Noe, filed.

**DEFINITIONS**

1. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them under the Sale and Investment Solicitation Process attached hereto as **Schedule "A"**, including without limitation, the Bidding Procedures

set out therein (the "SISP"), or the Order of the Honourable Justice Kershman dated April 19, 2023 (the "Order"), as applicable.

#### **EXTENSION OF THE STAY**

2. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until and including August 3, 2023.

#### **APPROVAL OF SISP ADVISOR**

3. **THIS COURT ORDERS** that the Company is authorized to engage Avison Young Commercial Real Estate Services, LP ("Avison Young") to act as SISP Advisor on terms satisfactory to the Proposal Trustee.

#### **APPROVAL OF THE SISP**

4. **THIS COURT ORDERS** that the SISP be and is hereby approved and the Applicant and the SISP Advisor, in consultation with the Proposal Trustee, are authorized and directed to carry out the SISP in accordance with its terms and the terms of this order, and are hereby authorized and directed to take such steps as they consider necessary or desirable in carrying out each of their obligations thereunder.

5. **THIS COURT ORDERS** that the timelines referenced in the SISP may be extended by and at the discretion of the Company in consultation with the Proposal Trustee.

6. **THIS COURT ORDERS** that the Applicant, the SISP Advisor and the Proposal Trustee and their respective assistants, affiliates, partners, directors, employees, advisors, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the SISP, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or wilful misconduct of the Applicant, SISP Advisor or the

Proposal Trustee, as applicable, as determined by this Court, provided however that the protections granted under this paragraph shall not apply to the directors of the Applicant in their capacity as shareholders, nor shall any provision herein relieve the shareholders of the Applicant of their obligations to each other and pursuant to s. 248 of the *Ontario Business Corporations Act*, nor relieve the directors from liability pursuant to s. 50(14) of the *Bankruptcy and Insolvency Act*.

7. **THIS COURT ORDERS** that, notwithstanding anything contained in this order or in the SISP, neither the SISP Advisor nor the Proposal Trustee shall take Possession of the Business or the Property or be deemed to take Possession of the Business or the Property.

#### **PIPEDA**

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and any similar legislation in any other applicable jurisdictions, the Applicant, the SISP Advisor, the Proposal Trustee and each of their respective assistants are hereby authorized and permitted to disclose and transfer to each Qualified Bidder personal information of identifiable individuals but only to the extent desirable or required to negotiate or attempt to complete a transaction pursuant to the SISP (each a "**Transaction**"). Each Qualified Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Transaction, and if it does not complete a Transaction shall return all such information to the Applicant, the SISP Advisor, or the Proposal Trustee, as applicable, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Applicant, the SISP Advisor, or the Proposal Trustee. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the Transaction(s) contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or the Property acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Applicant, the SISP Advisor or the Proposal Trustee or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Applicant, the SISP Advisor or the Proposal Trustee.

**APPROVAL OF THE PROPOSAL TRUSTEE'S REPORTS, ACTIVITIES**

9. **THIS COURT ORDERS** that the Second Report, and the activities of the Proposal Trustee referred to therein be and are hereby approved provided, however, that only the Proposal Trustee shall be entitled to rely upon or utilize in any way such approval.

**GENERAL**

10. **THIS COURT ORDERS** that any interested party may apply to this Court to amend, vary or supplement this order, or for advice and directions with respect to the SISP, on not less than seven (7) days' notice to the Service List maintained by the Applicant, and any other party or parties likely to be affected by the order sought or upon such other notice as this Court may order.

11. **THIS COURT ORDERS** that this order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this order without the need for entry or filing.

  
Kershman J.

**THE HONOURABLE JUSTICE  
STANLEY J. KERSHMAN**

## SCHEDULE "A" TO ORDER DATED JUNE 23, 2023

### SALES AND INVESTMENT SOLICITATION PROCESS FOR THE LA SALLE PROPERTY AND/OR BUSINESS

#### INTRODUCTION

1. On April 3, 2023, La Salle Motel Co. (Kingston) Ltd. (the "**Company**") filed a notice of intention to make a proposal to its creditors (the "**NOI**") under the Bankruptcy and Insolvency Act, RSC 1985, c B-3, as amended (the "**BIA**"). The Company's proceedings under the BIA are referred to herein as the "BIA Proceedings". The BIA Proceedings will be supervised by the Ontario Superior Court of Justice (the "**Court**").
2. Link & Associates Inc. is the proposal trustee with respect to the NOI and the BIA Proceedings (in such capacity, the "**Proposal Trustee**").
3. The Company's only secured creditor is the Bank of Montreal ("**BMO**"). BMO has agreed to provide certain interim financing to Company during the BIA Proceedings pursuant to the order of the Court dated April 19, 2023.
4. A certificate of pending litigation was registered, with Court approval, by Peter Karkoulis Jr. on or around August 5, 2022 in respect of an action in which Peter claims an equitable interest in the land by way of a constructive or a resulting trust giving rise to proprietary estoppel.
5. On or before June 21, 2023, the Company will apply to the Court for an Order (the "**SISP Order**"), among other things, approving the sale and investment solicitation process set out herein (the "**SISP**"). Capitalized terms used herein are as defined in the SISP Order unless defined otherwise herein.
6. To assist with implementation of the SISP, the Company will engage Avison Young Commercial Real Estate Services, LP to act as the SISP Advisor (the "**SISP Advisor**").
7. The SISP Advisor will develop a list of Known Potential Bidders (as defined below), communicate and meet with interested parties, prepare and distribute marketing materials, and manage the Data Room (as defined below).

#### SISP OVERVIEW

8. The purpose of the SISP is to solicit interest in, and seek opportunities for, a sale of the Company's real estate and its hotel/motel and restaurant business operating assets.

9. The Company owns and operates a full-service hotel in Kingston, Ontario which operates under the Travelodge name along with separate (non-Travelodge) motel facilities and a full-service restaurant known as the Cavalier Room (collectively the **"Business"**).
10. The Business operates from real property owned by the Company located at 2360 Princess Street, Kingston, Ontario (the **"La Salle Property"**).
11. The SISP describes the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a **"Person"**) may gain access to or continue to have access to due diligence materials concerning the La Salle Property and the Business, how bids, offers, and proposals involving the Business and/or the La Salle Property will be submitted to and dealt with by the Company and Proposal Trustee, and how Court approval will be sought in respect of any Transaction (as defined below).
12. As described below, the various deadlines herein may be extended by and at the discretion of the Company in consultation with the Proposal Trustee. The Company will consider extending the various deadlines herein if it determines, in consultation with the Proposal Trustee, that such an extension will generally benefit the Company's creditors and other stakeholders, including but not limited to its shareholders. The SISP Advisor shall generally conduct and oversee the SISP under the supervision of the Proposal Trustee. If there is disagreement as to the interpretation or application of the SISP, the Court will have jurisdiction to hear and resolve such dispute.

### **"AS IS, WHERE IS" BASIS**

13. Any transaction involving the La Salle Property and/or the Business either directly or indirectly (in each case, a **"Transaction"**) will be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the SISP Advisor, Company, Proposal Trustee, or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent expressly set forth in the relevant Final Agreement (as defined herein). The key dates pursuant to the SISP are as follows (capitalized terms in the chart below have the meaning ascribed in the SISP):

<b><u>Event</u></b>	<b><u>Date</u></b>
The Company's Application to the Court for Approval of the SISP	June 21-23, 2023
Finalization of Listing Agreement with SISP Advisor	By June 30, 2023
SISP Advisor to prepare marketing materials to be used in connection with the SISP and establish Data Room	By July 14, 2023
SISP Advisor to engage in exclusive marketing period	July 15, 2023 to July 28, 2023



SISP Advisor to expand marketing to multiple MLS platforms	July 31, 2023
Offer Deadline	August 29, 2023
Acceptance of successful Offer	September 11, 2023
Company's Application to the Court for Approval Order(s)	September 27, 2023, subject to court availability
Closing of the Transaction	Within 30-days of court approved sale.

## THE SISP PROCESS

### A. Initial Solicitation of Interest

14. On court approval, the SISP Advisor will forthwith prepare marketing materials and establish an electronic data room in connection with the SISP (the "**Data Room**"). The SISP Advisor, in consultation with the Proposal Trustee, may contact any Persons to solicit expressions of interest in a Transaction either before or after the granting of the SISP Order.
15. As soon as reasonably practicable, the SISP Advisor will commence an exclusive marketing period during which it will, in consultation with the Company and the Proposal Trustee, prepare a list of potential bidders (the "**Known Potential Bidders**") who may have interest in a Transaction. Such list may include all Persons who previously expressed an interest or submitted an offer for the La Salle Property and/or the Business when it was previously listed for sale, and shall also include both strategic and financial parties who may be interested in acquiring an interest in:
  - a. the Company's combined operating and real estate assets pursuant to an asset purchase transaction which will contemplate operating the Business of the Company as a going concern (an "**Asset Bid**");
  - b. a bid strictly on the La Salle Property only (a "**Land Bid**"); and
  - c. any other restructuring, investment or financing proposal (an "**Investment and Refinancing Bid**").
16. Concurrently, the SISP Advisor will prepare an initial offering summary (the "**Teaser Letter**") notifying Known Potential Bidders of the SISP and inviting the Known Potential Bidders to express interest in making an Asset Bid, Land Bid or Investment and Refinancing Bid (each, a "**SISP Bid**").
17. The SISP Advisor, in consultation with the Company and the Proposal Trustee, shall distribute to the Known Potential Bidders and any other interested Persons the Teaser Letter, as well as a draft form of confidentiality agreement (the "**Confidentiality**").

**Agreement**") that shall inure to the benefit of the Person or Persons who make the Winning Bid (as defined herein) pursuant to this SISP. Copies of the Teaser Letter and Confidentiality Agreement shall also be provided to any appropriate Persons who becomes known to the SISP Advisor after the initial distribution of such documents.

18. Following the exclusive marketing period, the SISP Advisor will list the La Salle Property and Business on multiple MLS platforms for additional exposure to the market no later than July 31, 2023.
19. Any Person who wishes to be deemed a Potential Bidder (as defined below) and proceed to execute a Confidentiality Agreement shall first contact the SISP Advisor for this purpose. The SISP Advisor shall inform the Company and the Proposal Trustee of all Potential Bidders. In consultation with the Company and the SISP Advisor, the Proposal Trustee shall, in its sole discretion, determine whether such Person shall be permitted to become a Potential Bidder, based on:
  - a. the identity of the Person, including its direct and indirect principals;
  - b. the Person's financial capabilities to conclude a Transaction; and
  - c. any other criteria the Proposal Trustee considers to be relevant.
20. Any Person whom the Proposal Trustee permits to become a potential bidder (each a **"Potential Bidder"**) shall, upon executing a Confidentiality Agreement in form and substance satisfactory to the Company and the Proposal Trustee, be permitted to have access to the Data Room and become entitled to receive certain confidential information.
21. Peter Karkoulis Jr., the estate of George Karkoulis and/or any of its beneficiaries shall be deemed to be a Potential Bidder.
22. Hao Chen and 1000073686 Ontario Inc. shall be deemed to be a Potential Bidder.

## **B. Due Diligence**

23. The SISP Advisor shall provide each Potential Bidder with information, including access to the Data Room, that the SISP Advisor in its reasonable business judgment and in consultation with the Company and the Proposal Trustee, determines to be necessary for the Potential Bidder to evaluate a transaction involving a SISP Bid.
24. The SISP Advisor, in consultation with the Company and the Proposal Trustee, will prepare a confidential information memorandum ("**CIM**"), describing the opportunity to make a SISP Bid and shall deliver the CIM to each Potential Bidder as soon as practicable after such Person is deemed to be a Potential Bidder in accordance with this SISP.

25. The Company and the SISP Advisor shall coordinate all reasonable requests for additional information and due diligence access from Potential Bidders. Neither the Company nor the SISP Advisor will be obliged to furnish any information relating to the La Salle Property or the Business other than to a Potential Bidder.
26. The SISP Advisor, the Company and the Proposal Trustee make no representation or warranty as to the information contained in the CIM or otherwise made available pursuant to the SISP, including any information contained in the Data Room.

### C. Bid Process

27. The SISP Advisor may invite Potential Bidders to conduct additional due diligence or otherwise make available to Potential Bidders additional information not posted in the Data Room, meet with management of the Company, or arrange for inspections and site visits at the La Salle Property. The Data Room will include, among other things, a form of purchase agreement for use by Potential Bidders in the case of an Asset Bid and/or Land Bid.
28. Any Potential Bidder may submit an Asset Bid, Land Bid, or Investment and Refinancing Bid deemed by the Company, in consultation with the Proposal Trustee, to be a Qualified Investment or Refinancing Bid (each, a "**Final Bid**") to the SISP Advisor at the address specified in Schedule "A" hereto on or before 5:00 p.m. (Eastern Standard time) on August 29, 2023, or such later time and date as the Company may determine, in consultation with the Proposal Trustee and the SISP Advisor (the "**Final Bid Deadline**").
29. Final Bids shall be reviewed by the Company, in consultation with the Proposal Trustee and the SISP Advisor.
30. A Final Bid submitted as an Asset Bid shall be a "Qualified Asset Bid" in the event that all of the following are satisfied:
  - a. it includes a letter stating that the Asset Bid is irrevocable until the earlier of
    - i. the approval by the Court, and
    - ii. four (4) days following the Final Bid Deadline; provided, however, that if such Asset Bid is selected as the Winning Bid, it shall remain irrevocable until the closing of the transaction contemplated by the Winning Bid, as the case may be;
  - b. it includes a duly authorized and executed purchase and sale agreement specifying all the consideration payable, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Potential Bidder with all exhibits and schedules thereto;

- c. it identifies the proposed treatment of employees of the Company and of any material contracts;
- d. it identifies whether the Asset Bid is *en bloc*, and excluded, and/or any additional assets desired to be included in the transaction;
- e. it does not include any request or entitlement to any break fee, expense reimbursement or similar type of payment;
- f. it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Proposal Trustee to allow the Proposal Trustee to make a reasonable determination as to the Potential Bidder's (and its direct and indirect owners and their principals) financial and other capabilities to consummate the transaction contemplated by the Asset Bid;
- g. it is not conditional on
  - A. the outcome of unperformed due diligence by the Potential Bidder and/or
  - B. obtaining any financing capital and includes an acknowledgment and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Asset Bid;
- h. it is not conditional upon any governmental or regulatory approval;
- i. it fully discloses the identity of each Person that is bidding or otherwise that will be sponsoring or participating in the Asset Bid, including the identification of the bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- j. it identifies the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and consummate the proposed transaction and any related contingencies, as applicable);
- k. it describes any corporate, shareholder or internal approvals required to close the transaction and the anticipated timeframe for obtaining such approvals;
- l. it is accompanied by a refundable cash deposit (a "**Deposit**") in the form of a wire transfer paid into a trust account maintained by the Proposal Trustee's counsel, in a non-interest bearing account in an amount equal to ten percent (10%) of the

consideration to be paid in respect of the Asset Bid, to be held and dealt with in accordance with this SISP;

- m. it contains any other information requested by the Proposal Trustee or the Company; and
- n. it is received by no later than the Final Bid Deadline.

31. A Final Bid submitted as a Land Bid shall be a "Qualified Land Bid" in the event that all of the following are satisfied:

- a. it includes definitive documentation, duly authorized and executed by the Potential Bidder, setting out the terms and conditions of the proposed transaction, including the purchase price, the aggregate amount of the proposed equity and debt investment, assumption of debt if any, and details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction;
- b. it includes a letter stating that the Land Bid is irrevocable until the earlier of
  - A. the approval by the Court, and
  - B. four (4) days following the Final Bid Deadline; provided, however, that if such Land Bid is selected as the Winning Bid, it shall remain irrevocable until the closing of the transactions contemplated by the Winning Bid, as the case may be;
- c. it does not include any request or entitlement to any break fee, expense reimbursement or similar type of payment;
- d. it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Proposal Trustee, to allow the Proposal Trustee to make a reasonable determination as to the Potential Bidder's (and its direct and indirect owners and their principals) financial and other capabilities to consummate the transaction contemplated by the Land Bid;
- e. it is not conditional on
  - A. the outcome of unperformed due diligence by the Potential Bidder and/or

- B. obtaining any financing capital and includes an acknowledgment and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Land Bid;
- f. it is not conditional upon any governmental or regulatory approval;
- g. it describes any corporate, shareholder or internal approvals required to close the transaction and the anticipated timeframe for obtaining such approvals;
- h. it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Land Bid, including the identification of the Potential Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- i. it is accompanied by a refundable cash deposit (a "**Deposit**") in the form of a wire transfer paid into a trust account maintained by the Proposal Trustee's counsel, in a non-interest bearing account in an amount equal to ten percent (10%) of the consideration to be paid in respect of the Land Bid, to be held and dealt with in accordance with this SISP;
- j. it contains other information requested by the Proposal Trustee or Company; and
- k. it is received by no later than the Final Bid Deadline.

32. A Final Bid submitted as an Investment and Refinancing Bid shall be a "Qualified Investment and Refinancing Bid" in the event that all of the following are satisfied:

- a. it includes a letter stating that the transaction or proposal is irrevocable until the earlier of
  - A. the approval by the Court, and
  - B. four (4) days following the Final Bid Deadline; provided, however, that if the Investment and Refinancing Bid is selected as the Winning Bid, it shall remain irrevocable until the closing of the transaction contemplated by the Winning Bid, as the case may be;
- b. it includes a description of the structure of the transaction with sufficient detail to allow the Company to assess the impact of the transaction on known creditors (including contingent creditors) and other stakeholders;
- c. it describes the proposed treatment of employees of the Company and of any material contracts;
- d. it includes a duly authorized and executed agreement specifying all material terms, all consideration payable, together with all exhibits and schedules thereto, and such

ancillary agreements as may be required by the Potential Bidder with all exhibits and schedules thereto;

- e. it does not include any request or entitlement to any break fee, expense reimbursement or similar type of payment;
- f. it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank, financial institution or other lender satisfactory to the Proposal Trustee, to consummate the proposed transaction, or other evidence satisfactory to the Proposal Trustee to allow the Proposal Trustee to make a reasonable determination as to the Potential Bidder's (and its direct and indirect owners and their principals) financial and other capabilities to consummate the contemplated transaction(s);
- g. it is not conditional on
  - A. the outcome of unperformed due diligence by the Potential Bidder and/or
  - B. obtaining any financing capital and includes an acknowledgment and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its proposal;
- h. it is not conditional upon any governmental or regulatory approval;
- i. it describes any corporate, shareholder or internal approvals required to close the transaction and the anticipated timeframe for obtaining such approvals;
- j. it fully discloses the identity of each Person that is bidding or otherwise that will be sponsoring or participating in the transaction(s), including the identification of the bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- k. it is accompanied by a refundable cash deposit (a "**Deposit**") in the form of a wire transfer paid into a trust account maintained by the Proposal Trustee's counsel, in a non-interest bearing account in an amount equal to ten percent (10%) of the consideration to be paid in respect of the Investment and Refinancing Bid, to be held and dealt with in accordance with this SISP;
- l. it contains other information requested by the Proposal Trustee or the Company; and
- m. it is received by no later than the Final Bid Deadline.

33. Any Potential Bidder who submits a Qualified Asset Bid, Qualified Land Bid or Qualified Investment or Financing Bid on or before the Final Bid Deadline, to the satisfaction of the Proposal Trustee in its sole discretion, shall be designated a "Qualified Bidder". In determining whether a Potential Bidder shall be designated a Qualified Bidder, the Proposal Trustee shall consult with the Company and the SISP Advisor.
34. All Qualified Asset Bids, Qualified Land Bids and Qualified Investment and Refinancing Bids shall constitute "Qualified Final Bids". The Proposal Trustee, in consultation with the Company and the SISP Advisor, may waive the strict compliance of one or more of the requirements specified above and deem any Final Bid(s) to be a Qualified Final Bid and notwithstanding any non-compliance with the terms and conditions of this SISP.
35. In the event that no Person submits a Qualified Final Bid, or that no Qualified Final Bid is deemed commercially reasonable to the Company and the Proposal Trustee, the Company may, with the approval of the Proposal Trustee, terminate the SISP. If no Qualified Final Bids are received by the Final Bid Deadline the Company may, with the approval of the Proposal Trustee, consider other forms of bids for the Business and/or La Salle Property.

#### **D. Selection of Winning Bid**

36. The Company shall review all Qualified Final Bids in consultation with the Proposal Trustee, and with the SISP Advisor. The Company may, but shall have no obligation to, enter into a definitive agreement or agreements (each a "**Final Agreement**") with the Person or Persons who submitted the highest, best or otherwise most favourable Qualified Final Bid(s).
37. In the event that the Company enters into one or more Final Agreements on or before 5:00 p.m. (Eastern Standard time) on September 11, 2023, or such later time and date that the Company may determine, in consultation with the Proposal Trustee and SISP Advisor (the "**Final Agreement Deadline**"), any Qualified Bid so selected shall be a "Winning Bid". Any Qualified Bidder that makes a Winning Bid shall be a "Successful Bidder".
38. The Proposal Trustee will notify the Successful Bidder of the Final Agreement.
39. This SISP shall terminate in the event that:
  - a. no Qualified Bidder submits or is deemed to have submitted a Qualified Final Bid;
  - b. the Company, in consultation with the Proposal Trustee and SISP Advisor, determines that none of the Qualified Final Bids should be accepted; or
  - c. a Final Agreement has not been entered into before the Final Agreement Deadline and the Company has elected not to extend the Final Agreement Deadline.



40. The highest Qualified Final Bid may not necessarily be accepted by the Company. The Company in consultation with the Proposal Trustee, and SISP Advisor, reserves the right not to accept any Qualified Final Bid or to otherwise terminate the SISP. The Company, in consultation with the Proposal Trustee, and SISP Advisor, further reserves the right to deal with one or more Qualified Bidders to the exclusion of other Persons, to accept a Qualified Final Bid or Qualified Final Bids for some or all of its property, Company or the Business, to accept multiple Qualified Final Bids and enter into multiple Final Agreements, taking into account the best interests of the Company's stakeholders.

## APPROVAL ORDERS

41. In the event that the Company enters into a Final Agreement, on or before 5:00 p.m. (Eastern Standard time) on September 11, 2023, the Company shall apply as soon as reasonably practicable thereafter, for orders (the "**Approval Orders**") from the Court, in form and substance satisfactory to the Company and to the Proposal Trustee, approving the transaction contemplated by the Winning Bid and any necessary related relief required to consummate the transaction contemplated by the Winning Bid, subject to the terms of the Final Agreement.
42. An Approval Order shall become a "Final Order" upon satisfaction of the following conditions:
- a. it is in full force and effect;
  - b. it has not been reversed, modified or vacated and is not subject to any stay; and
  - c. all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving the Approval Order wholly operable.

## CLOSING

43. Closing of the transactions contemplated in any Final Agreement shall occur within thirty (30) days of the date upon which the Approval Order(s) have become Final Orders, or as may be extended with the approval of the Proposal Trustee, in consultation with the SISP Advisor.

## DEPOSITS

44. All Deposits paid pursuant to this SISP shall be held in trust by the Proposal Trustee's counsel, in a non-interest bearing account. The Proposal Trustee's counsel shall hold Deposits paid by the Successful Bidder in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Company, in consultation

with the Proposal Trustee, elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Proposal Trustee's counsel shall return the Deposit to that Person.

45. In the event that the Successful Bidder defaults in the payment or performance of any obligations owed to the Company or the Proposal Trustee pursuant to any Final Agreement, the Deposit paid by the Successful Bidder, shall be forfeited to such party as liquidated damages and not as a penalty.

**SCHEDULE "A"**

Addresses for Deliveries. Any notice or other delivery made to the SISP Advisor and/or the Proposal Trustee pursuant to this SISP shall be made to:

**SISP Advisor:**

Avison Young Commercial Real Estate Services, LP  
 Kelly J. Avison, AACI  
 Broker, Principal - Capital Markets Group  
 222 Bay St.  
 Suite 2500, Box 245  
 Toronto, ON M5K 1J5 Canada

Tel: +1 416.673.4030  
 Fax: +1 416.955.0724  
 Email: kelly.avison@avisonyoung.com

**Proposal Trustee:**

Robert Link  
 LINK & ASSOCIATES INC.  
 Receivers + Trustees  
 7050 Weston Road  
 Suite #228  
 Woodbridge, Ontario  
 L4L 8G7

Tel: 416.737.6655  
 Fax: 416.862.2136  
 Email: rlink@linkassociates.ca

**Lawyer for Proposal Trustee:**

Pavle Masic  
 Ricketts Harris LLP  
 Barristers and Solicitors  
 181 University Ave, Suite 800  
 Toronto, ON M5H 2X7

Tel: 647.260.2201  
 Fax: 647.260.2225  
 Email: pmasic@rickettsharris.com

Deliveries pursuant to this SISP by email shall be deemed to be received when sent. In all other instances, deliveries made pursuant to this SISP shall be deemed to be received when delivered to the relevant address, as identified above.

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT

R.S.C., 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL  
CO. (KINGSTON) LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF THE PROVINCE OF  
ONTARIO

Estate/Court File No. 33-2929085

*June 23/23*

*Order to go as signed.*

*Sis P is provided to acceptable to the*

*Court -*

  
KATHLEEN MCDORMAND

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

**ORDER**

**BORDEN LADNER GERVAIS LLP**

100 Queen Street, Suite 1300

Ottawa ON K1P 1J9

T: 613.237.5160

F: 613.230.8842

**Kathleen McDormand (46367A)**

E: [kmcormand@blg.com](mailto:kmcormand@blg.com)

T: 613.787.3556 direct

**Jason Dutrizac (50004T)**

E: [jdutrizac@blg.com](mailto:jdutrizac@blg.com)

T: 613.787.3535 direct

Lawyer for the Applicant

File Number: 346075/000004

This is Exhibit “G” referred to in the Affidavit of John Karkoulis sworn by John Karkoulis of the City of Kingston, in the Province of Ontario, before me at the City of Ottawa, in the Province of Ontario, on September 18, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



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*Commissioner for Taking Affidavits (or as may be)*

**SANDRA NOE**

Sandra Ann Noe, a Commissioner, etc., Province of Ontario,  
for Borden Ladner Gervais LLP, Barristers and Solicitors.  
Expires May 18, 2025.



Estate/Court File No.: 33-2929085

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

ASSOCIATE JUSTICE	)	Monday the 31 <sup>st</sup> day of
	)	
FORTIER	)	July, 2023

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.  
1985, c. B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF LA SALLE MOTEL (KINGSTON) LTD., A  
CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

**ORDER  
(STAY EXTENSION)**

**THIS MOTION**, made by La Salle Motel (Kingston) Ltd. (the “**Applicant**”), for an order pursuant to the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended (the “**BIA**”), was heard this day by judicial videoconference via Zoom.

**ON READING** the Notice of Motion of the Applicant, the Affidavit of John Karkoulis sworn July 21, 2023, and the Exhibits thereto filed, and on hearing the submissions of counsel for the Applicant, counsel for the Proposal Trustee, and such other counsel that were present, no one else appearing although duly served as appears from the affidavit of service of Sandra Noe, filed.

**DEFINITIONS**

1. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them under the Orders of the Honourable Justice Kershman dated April 19, 2023 and June 23, 2023.

**SERVICE**

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record shall be and is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

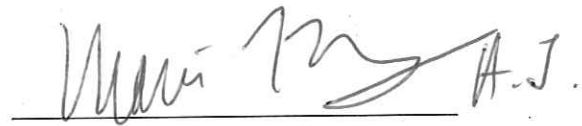
**EXTENSION OF THE STAY**

3. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until and including September 18, 2023.

**GENERAL**

4. **THIS COURT ORDERS** that the Applicant or the Proposal Trustee may apply to this Court to amend, vary or supplement this Order or for advice and directions with respect to the SISF, on not less than seven (7) days' notice to the Service List maintained by the Applicant, and any other party or parties likely to be affected by the order sought or upon such other notice as this Court may order.

5. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this Order without the need for entry or filing.

A handwritten signature in dark ink, appearing to read "Marie T. Fortier A.J.", is written over a horizontal line.

**Associate Justice Marie T. Fortier  
Registrar in Bankruptcy**



IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT  
R.S.C., 1985, c. B-3, AS AMENDED  
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL  
CO. (KINGSTON) LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF THE PROVINCE OF  
ONTARIO

Estate/Court File No. 33-2929085

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

**ORDER**

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Lawyer for the Applicant

File Number: 346075/000004

RCP-F 4C (September 1, 2020)

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT  
R.S.C., 1985, c. B-3, AS AMENDED  
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL  
CO. (KINGSTON) LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF THE PROVINCE OF  
ONTARIO

Estate/Court File No. 33-2929085

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

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RCP-F 4C (September 1, 2020)

# Tab 3

Estate/Court File No.: 33-2929085

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE	)	Wednesday the 27 <sup>th</sup> day of
	)	
JUSTICE KERSHMAN	)	September, 2023

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

**ORDER**  
**(Stay Extension)**

**THIS MOTION**, made by La Salle Motel Co. (Kingston) Ltd. (the "**Applicant**") for an order pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), was heard this day at the Ottawa Courthouse, 161 Elgin Street, Ottawa, Ontario.

**ON READING** the Notice of Motion, the Affidavit of John Karkoulis sworn September 18, 2023, and the Exhibits thereto (the "**Fourth Karkoulis Affidavit**"), filed, the Third Report (the "**Third Report**") of Link & Associates Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**"), dated September 18, 2023, filed, and the confidential appendices to the Third Report (the "**Confidential Appendices**"), and on hearing the submissions of counsel to the Applicant, counsel for the Proposal Trustee and such other counsel that were present, no one appearing for any other party, although duly served as appears from the Affidavit of Service of Sandra Noe, sworn September 18, 2023, filed:

**DEFINITIONS**

1. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Fourth Karkoulis Affidavit, or in

the Orders of the Honourable Justice Kershman dated April 19, 2023 and June 23, 2023, and Associate Justice Fortier dated July 31, 2023, as applicable.

### **EXTENSION OF TIME TO MAKE A PROPOSAL**

2. **THIS COURT ORDERS** that the time within which to make a proposal pursuant to section 62(1) of the BIA and the corresponding stay of proceedings provided for in section 69 of the BIA, be and are hereby extended in accordance with section 50.4(9) of the BIA to and including October 2, 2023.

### **APPROVAL OF THE PROPOSAL TRUSTEE'S REPORT AND ACTIVITIES**

3. **THIS COURT ORDERS** that the Third Report and the activities of the Proposal Trustee, as applicable, referred to therein, be and are hereby approved; provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

### **SEALING**

4. **THIS COURT ORDERS** that, subject to further order of this Court, the Confidential Appendices to the Third Report shall be sealed and kept confidential, until the filing of the Proposal Trustee's Certificate (as defined in the Approval and Vesting Order granted herein on September 27, 2023).

### **GENERAL**

5. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

6. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal or any judicial, regulatory, or administrative body in any province or territory of Canada and the Federal Court of

Canada and any judicial, regulatory, or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states of other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this Order without the need for entry or filing.

---

Kershman J.

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

**ORDER**

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Lawyer for the Applicant

**File Number: 346075/000004**

# Tab 4



Estate/Court File No.: 33-2929085

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE	)	Wednesday the 27 <sup>th</sup> day of
	)	
JUSTICE KERSHMAN	)	September, 2023

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by La Salle Motel Co. (Kingston) Ltd. (the "**Applicant**" or the "**Vendor**") for an order pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**SISP APS**") between the Vendor and Messrs. Ajay Jain and Pavel Abdur-Rahman for a corporation to be incorporated (the "**Purchaser**") dated September 15, 2023 and vesting in the Purchaser all of the Vendor's right, title and interest in and to the Purchased Assets (as defined in the SISP APS), was heard this day at the Ottawa Courthouse, 161 Elgin Street, Ottawa, Ontario.

**ON READING** the Notice of Motion, the Affidavit of John Karkoulis sworn September 18, 2023, and the Exhibits thereto (the "**Fourth Karkoulis Affidavit**"), filed, the Third Report (the "**Third Report**") of Link & Associates Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**"), dated September 15, 2023, filed, and the confidential appendices to the Third Report, and on hearing the submissions of counsel to the Applicant, counsel for the Proposal Trustee and such other counsel that were present, no one appearing for any other party, although duly served as appears from the Affidavit of Service of Sandra Noe, sworn September 18, 2023, filed:

**DEFINITIONS**

1. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Fourth Karkoulis Affidavit, or in the Orders of the Honourable Justice Kershman dated April 19, 2023 (“**First Extension Order**”) and June 23, 2023 (the “**SISP and Second Stay Extension Order**” or the “**SISP Order**”), and the Order of Associate Justice Fortier dated July 31, 2023 (the “**Third Extension Order**”), as applicable.

## **THE SALE TRANSACTION**

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the SISP APS by the Vendor is hereby authorized and approved, with such minor amendments as the Vendor and the Purchaser, with the approval of the Proposal Trustee, may deem necessary. The Vendor and the Proposal Trustee are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Proposal Trustee's Certificate**"), all of the Vendor's right, title and interest in and to the Purchased Assets described in the SISP APS shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, cautions, certificates of pending litigation, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the First Extension Order and or the SISP Order; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the Personal Property Security Act (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court

orders that all of the Encumbrances affecting or relating to the Purchased Assets (as defined in the SISP APS) are hereby expunged and discharged as against the Purchased Assets.

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

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

6. **THIS COURT ORDERS** that the Proposal Trustee may rely on written notice from the Vendor and the Purchaser regarding fulfillment of the conditions to closing under the SISP APS and shall incur no liability with respect to the delivery of the Proposal Trustee's Certificate.

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Vendor and the Proposal Trustee are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Vendor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendor.

8. **THIS COURT ORDERS** that, notwithstanding:

- a. the pendency of these proceedings;

- b. any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of the Vendor and any bankruptcy order issued pursuant to any such applications; and
- c. any assignment in bankruptcy made in respect of the Vendor;

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

## **GENERAL**

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

10. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this Order without the need for entry or filing.

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Kershman J.

**SCHEDULE "A"**

Estate/Court File No.: 33-2929085

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.  
1985, c. B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF LA SALLE MOTEL CO. (KINGSTON) LTD., A  
CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

**PROPOSAL TRUSTEE'S CERTIFICATE**

**RECITALS**

A. La Salle Motel Co. (Kingston) Ltd. (the "**Vendor**") filed a notice of intention to make a proposal (the "**NOI**") on April 3, 2023, pursuant to section 50.4 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "**Proposal Proceedings**").

B. Link & Associates Inc. was appointed as proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**") in the Proposal Proceedings.

C. Pursuant to an Order of the Court dated September 27, 2023 (the "**Approval and Vesting Order**"), the Court approved the asset purchase agreement made as of September 18, 2023 (the "**SISP APS**") between the Vendor and Messrs. Ajay Jain and Pavel Abdur-Rahman for a corporation to be incorporated (the "**Purchaser**"), and provided for the vesting in the Purchaser of the Vendor's right, title and interest in and to the Purchased Assets (as defined in the SISP APS), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming:

- a. the payment by the Purchaser of the Purchase Price (as defined in the SISP APS) for the Purchased Assets;
- b. that the conditions to Closing as set out in the SISP APS have been satisfied or waived by the Vendor and Purchaser (as applicable); and
- c. the Transaction has been completed to the satisfaction of the Proposal Trustee.

D. Pursuant to the Approval and Vesting Order, the Proposal Trustee may rely on written notice from the Vendor and the Purchaser regarding fulfillment of conditions to Closing under the SISP APS.

E. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the SISP APS.

**THE PROPOSAL TRUSTEE CERTIFIES** the following:

1. The Purchaser has paid the Purchase Price for the Purchased Assets pursuant to the SISP APS.
2. The Vendor and the Purchaser have each delivered written notice to the Proposal Trustee that the conditions to Closing under the SISP APS have been satisfied and/or waived, as applicable.
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

Link & Associates Inc., in its capacity as Proposal Trustee of La Salle Motel Co. (Kingston) Ltd., and not in its personal capacity

Per: \_\_\_\_\_  
 Name:  
 Title:

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT  
R.S.C., 1985, c. B-3, AS AMENDED  
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL  
CO. (KINGSTON) LTD., A CORPORATION INCORPORATED UNDER THE LAWS OF THE PROVINCE OF  
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Estate/Court File No. 33-2929085

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

**ORDER**

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Lawyer for the Applicant

**File Number: 346075/000004**

RCP-F 4C (September 1, 2020)

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R.S.C., 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF LA SALLE MOTEL  
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***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**

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**MOTION RECORD**

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RCP-F 4C (September 1, 2020)