

Clerk's Stamp:

COURT FILE NUMBER

2303 22240

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF

UMC FINANCIAL MANAGEMENT INC.

DEFENDANTS

CITIPORT DEVELOPMENTS LTD., CHALTON HOTEL (ST. ALBERT) LTD., ARTISAN RESIDENCES LTD., 1978753 ALBERTA LTD., and ALDER INVESTMENT GROUP A TRUST and ALDER INVESTMENT GROUP TRUST 2016

DOCUMENT

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

MILLER THOMSON LLP
Barristers and Solicitors
2700, Commerce Place
10155-102 Street
Edmonton, AB, Canada T5J 4G8
Phone: 780.429.1751 Fax: 780.424.5866

Lawyer's Name: Spencer Norris
Lawyer's Email: snorris@millერთhompson.com
File No.: 0272633.0005; 0272633.0006;
0272633.0007

DATE ON WHICH ORDER WAS PRONOUNCED:	August 6, 2024
LOCATION WHERE ORDER WAS PRONOUNCED:	Edmonton, Alberta
NAME OF JUSTICE WHO MADE THIS ORDER:	The Honourable Justice M.J. Lema

UPON THE APPLICATION of the Plaintiff to add 1097016 B.C. Ltd. as Defendant to these proceedings, among other relief; AND UPON having read the Application, the Affidavit of Daneka-Lee Puech sworn June 4, 2024; the Affidavit of Daneka-Lee Puech sworn June 13, 2024, the Affidavit of Daneka-Lee Puech sworn June 26, 2024; and the Affidavit of Daneka-Lee Puech sworn July 25, 2024; and the Affidavit of Service of Clarice Scheck, filed; AND HAVING heard from counsel for the Plaintiff;

IT IS HEREBY ORDERED THAT:

1. The Style of Cause of these proceedings shall be amended to include 1097016 B.C. Ltd. as a Defendant.
2. UMC shall be permitted to file an Amended Amended Statement of Claim in the form attached as Appendix "A" to this Order.

3. The Receivership Order granted by the Honourable Justice Lema on August 6, 2024 is hereby amended by amending the definition of "Debtor" provided in the Recitals to include 1097016 B.C. Ltd.



Justice of the Alberta Court of King's
Bench

Appendix "A"

Form 10
[Rule 3.25]

COURT FILE NUMBER

COURT

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ALBERTA

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CHALTON HOTEL (ST. ALBERT)
LTD., ARTISAN RESIDENCES LTD.,
1978753 ALBERTA LTD., and
ALDER INVESTMENT GROUP A
TRUST and ALDER INVESTMENT
GROUP TRUST 2016

Clerk's Stamp

DOCUMENT

AMENDED AMENDED
STATEMENT OF CLAIM

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

MILLER THOMSON LLP
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2700, Commerce Place
10155-102 Street
Edmonton, AB, Canada T5J 4G8
Phone: 780.429.1751 Fax: 780.424.5866

Lawyer's Name: Spencer Norris

Lawyer's Email: snorris@millerthomson.com

File Nos.: 0272633.0005
0272633.0006
0272633.0007

NOTICE TO DEFENDANTS

You are each being sued. You are each a defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

The Parties

1. The Plaintiff, UMC Financial Management Inc. ("**UMC**") is a body corporate incorporated pursuant to the laws of the Province of Alberta, carrying on business providing financial services in and around the Province of Alberta.
2. The Defendant, Citiport Developments Ltd., previously known as 2067120 Alberta Ltd. ("**Citiport**"), is a body corporate incorporated pursuant to the laws of the Province of Alberta, having its registered office in the City of Edmonton, Alberta.
3. The Defendant, Chalton Hotel (St. Albert) Ltd., previously known as 2003596 Alberta Ltd. ("**Chalton**") is a body corporate incorporated pursuant to the laws of the Province of Alberta, having its registered office in the City of Edmonton, Alberta.
4. The Defendant, Artisan Residences Ltd., previously known as 2003595 Alberta Ltd. ("**Artisan**") is a body corporate incorporated pursuant to the laws of the Province of Alberta, having its registered office in the City of Edmonton, Alberta.
5. The Defendant, 1978753 Alberta Ltd, ("**197 AB Ltd.**"), is a body corporate incorporated pursuant to the laws of the Province of Alberta, having its registered office in the City of Edmonton, Alberta.
6. The Defendant, Alder Investment Group A Trust ("**AIG Trust**"), is a trust duly formed and validity subsisting under the laws of Alberta.
7. The Defendant, Alder Investment Group Trust 2016 ("**AIG Trust 2016**"), is a trust duly formed and validity subsisting under the laws of Alberta.
8. Terence Hodgson is a trustee of AIG Trust and a trustee of AIG Trust 2016.
9. Citiport, Chalton, and Artisan are collectively referred to as the "**Mortgagor Defendants**" and each is referred to as a "**Mortgagor Defendant**".
10. Citiport, Chalton, Artisan, 197 AB Ltd., AIG Trust, AIG Trust 2016 and 109 B.C. Ltd. (herein defined) are collectively referred as the "**Defendants**".
11. Careadon Corp. ("**Careadon**") is a corporation incorporated pursuant to the laws of the Province of Alberta and is owned by the same corporation as the Mortgagor Defendants, 197 AB Ltd. On June 26, 2023, UMC commenced an action against Careadon for amounts owed by Careadon to UMC in the Court of King's Bench of Alberta; Action No. 2303 11446. On July 7, 2023, by the Order of the Honourable Associate Chief Justice K.G. Nielsen a receiver was appointed over the property of Careadon. On November 16, 2023, by the Order of the Honourable Justice M.E. Burns, Careadon was assigned into bankruptcy.
12. 1097106 B.C. Ltd. ("**109 B.C. Ltd.**") is a corporation incorporated pursuant to the laws of British Columbia and is a related company to the Mortgagor Defendants.

The Loan Facilities

The Citiport Mortgage Facility

13. On the application of Citiport, UMC agreed to extend to Citiport a mortgage facility in the original amount of \$9,489,600 (the "**Citiport Mortgage Facility**"), the terms of which are set out in certain loan documents, including:
 - (a) the Commitment Letter dated October 3, 2017;
 - (b) the Amending Letter dated December 20, 2021; and
 - (c) the Extension Letter dated July 26, 2023;
(collectively, the "**Citiport Facility Documents**")
14. It is a term of the Citiport Mortgage Facility, among others, that
 - (a) interest on amounts outstanding under the Citiport Mortgage Facility accrue at a rate of 10.00% *per annum*, compounded semi-annually; and
 - (b) Citiport would repay all amounts owing under the Citiport Mortgage Facility by no later than September 30, 2023.

The Chalton Mortgage Facility

15. On the application of Chalton, UMC agreed to extend to Chalton a mortgage facility in the amount of \$2,200,000 (the "**Chalton Mortgage Facility**"), the terms of which are set out in certain loan documents, including:
 - (a) the Commitment Letter dated April 5, 2017;
 - (b) the Amending Letter dated December 20, 2021; and
 - (c) the Extension Letter dated July 26, 2023;
 - (d) (collectively, the "**Chalton Facility Documents**")
16. It is a term of the Chalton Mortgage Facility, among others, that
 - (a) interest on amounts outstanding under the Citiport Mortgage Facility accrue at a rate of 10.00% *per annum*, compounded semi-annually up; and
 - (b) Chalton would repay all amounts owing under the Chalton Mortgage Facility by no later than September 30, 2023.

The Artisan Mortgage Facility

17. On the application of Artisan, UMC agreed to extend to Artisan a mortgage facility in the amount of \$4,739,200 (the "**Artisan Mortgage Facility**"), the terms of which are set out in certain loan documents, including:

- (a) the Commitment Letter dated November 8, 2016 executed by “New Company to be incorporated” as borrower and AIG Trust as guarantee;
 - (b) the Amending Letter executed by 2003595 Alberta Ltd dated December 20, 2021; and
 - (c) the Extension Letter dated July 26, 2023;
- (collectively, the “**Artisan Facility Documents**”)
18. It is a term of the Artisan Mortgage Facility, among others, that
- (a) interest on amounts outstanding under the Artisan Mortgage Facility accrue at a rate of 10.00% *per annum*, compounded semi-annually; and
 - (b) Artisan would repay all amounts owing under the Artisan Mortgage Facility by no later than September 30, 2023.
19. The Citiport Mortgage Facility, the Chalton Mortgage Facility, ~~and~~ the Artisan Mortgage Facility, and the 109 B.C. Ltd. Mortgage Facility (herein defined) are collectively referred to as the “**Defendant Mortgage Facilities**”.
20. It is a further term of the Defendant Mortgage Facilities, among others, that:
- (a) The Mortgagor Defendants, AIG Trust 2016, and 197 AB Ltd. agreed to guarantee the debts of each of the Mortgagor Defendant and of 109 B.C. Ltd. to UMC, and the security granted by the Defendants shall stand as security for the debts of each other Mortgagor Defendant owed to UMC; and
 - (b) all of UMC’s costs and expenses, including legal fees with respect to the preparation and enforcement of the Defendant Mortgages (as defined below) shall be borne by the Defendants on a solicitor-client full indemnity basis.

The 109 B.C. Ltd. Mortgage Facility

21. On the application of 109 B.C. Ltd., UMC agreed to extend to 109 B.C. Ltd. a mortgage facility in the amount of \$20,000,000.00 (the “**109 B.C. Ltd. Mortgage Facility**”), the terms of which are set out in certain loan documents, including:
- (a) The Commitment Letter dated December 8, 2016; and
 - (b) the Extension Letter dated July 26, 2023.
22. It is a term of the 109 B.C. Ltd. Mortgage Facility, among others, that
- (a) interest on amounts outstanding under the 109 B.C. Ltd. Mortgage Facility accrue at a rate of 10.00% *per annum*, compounded semi-annually; and
 - (b) 109 B.C. Ltd. would repay all amounts owing under the B.C. Ltd. Mortgage Facility by no later than September 30, 2023.

The Careadon Mortgage Facility

23. On the application of Careadon, UMC agreed to extend to Careadon a mortgage facility in the amount of \$65,000,000.00 (the “**Careadon Mortgage Facility**”), the terms of which are set out in certain loan documents, including:
- (a) the Commitment Letter dated June 23, 2015;
 - (b) the Commitment Letter dated June 16, 2017;
 - (c) the Amending Letter dated February 15, 2019;
 - (d) the Amending Letter dated July 11, 2019;
 - (e) the Amending Letter dated November 29, 2019;
 - (f) the Amending Letter dated August 27, 2020;
 - (g) the Amending Letter dated January 15, 2021;
 - (h) the Amending Letter dated January 15, 2021;
 - (i) Mortgage Payment Deferral dated January 15, 2021;
 - (j) the Amending Letter dated December 20, 2021;
 - (k) the Amending Letter dated February 22, 2022;
 - (l) the Amending Letter dated February 24, 2022;
 - (m) Advance Letter dated April 4, 2023;
 - (n) Advance Letter dated April 11, 2023;
- (collectively, “**Facility Documents**”)
24. It is a term of the Careadon Mortgage Facility, among others, that:
- (a) that all of UMC’s costs and expenses relating to the Careadon Mortgage Facility, including legal costs, shall be paid by Careadon to UMC; and
 - (b) interest on amounts outstanding under the Mortgage Facility accrue at an annual interest rate of 8.00% per annum, compounded semi-annually.
25. On or around April 6, 2021, Citiport executed a Guarantee and Indemnity Agreement in favour of UMC unconditionally and irrevocably guaranteeing to UMC the prompt and complete payment, performance and collection of all obligations owed by Careadon to UMC.
26. On or around April 6, 2021, Chalton executed a Guarantee and Indemnity Agreement in favour of UMC unconditionally and irrevocably guaranteeing to UMC the prompt and

complete payment, performance and collection of all obligations owed by Careadon to UMC.

27. On or around March 15, 2022, Citiport executed a Guarantee whereby Citiport guaranteed unconditionally and promised to pay to UMC all indebtedness of Careadon to UMC with interest thereon, and all costs, charges and expenses which may be incurred by UMC in respect of the indebtedness.
28. On or around March 15, 2022, Chalton executed a Guarantee whereby Chalton guaranteed unconditionally and promised to pay to UMC all indebtedness of Careadon to UMC with interest thereon, and all costs, charges and expenses which may be incurred by UMC in respect of the indebtedness.
29. On or around March 15, 2022, Artisan executed a Guarantee whereby Artisan guaranteed unconditionally and promised to pay to UMC all indebtedness of Careadon to UMC with interest thereon, and all costs, charges and expenses which may be incurred by UMC in respect of the indebtedness.
- 29A. On or around March 15, 2022, 109 B.C. Ltd. executed a Guarantee whereby 109 B.C. Ltd. guaranteed unconditionally and promised to pay to UMC all indebtedness of 109 B.C. Ltd. to UMC with interest thereon, and all costs, charges and expenses which may be incurred by UMC in respect of the indebtedness.

Securities Granted by Defendants

30. To secure due payment and discharge of all present and future obligations, indebtedness and liability of Citiport to UMC, Citiport granted or caused to be granted in favour of UMC a General Security Agreement dated October 5, 2017 granting UMC a security in all present and after-acquired personal property of Citiport (the "**Citiport GSA**").
31. To secure due payment and discharge of all present and future obligations, indebtedness and liability of Chalton to UMC, Chalton granted or caused to be granted in favour of UMC a General Security Agreement dated May 16, 2017 granting UMC a security in all present and after-acquired personal property of Chalton (the "**Chalton GSA**").
32. To secure due payment and discharge of all present and future obligations, indebtedness and liability of Artisan to UMC, Artisan granted or caused to be granted in favour of UMC a General Security Agreement dated November 26, 2016 granting UMC a security in all present and after-acquired personal property of Artisan (the "**Artisan GSA**").
- 32A. To secure due payment and discharge of all present and future obligations, indebtedness and liability to 109 B.C. Ltd. to UMC, 109 B.C. Ltd granted or caused to be granted in favour of UMC a General Security Agreement dated December 14, 2016 granting UMC a security interest in all present and after-acquired personal property of 109 B.C. Ltd. (the "109 B.C. Ltd. GSA").
33. The Citiport GSA, Chalton GSA, and Artisan GSA, and 109 B.C. Ltd. GSA are collectively referred to as the "**Defendant GSAs**".

Mortgages Granted by Defendants

The Citiport Mortgage

34. By a Mortgage made under the *Land Titles Act*, dated October 5, 2017 and registered at the Alberta Land Titles Office on October 31, 2017 as Instrument No. 172 285 772, Citiport mortgaged the lands legally described as:

PLAN 1524950
BLOCK 6
LOT 11
CONTAINING 19.9 HECTARES (49.17 ACRES) MORE OR LESS EXCEPTING
THEREOUT:
HECTARES (ACRES) MORE OR LESS
A) PLAN 1624064 ROAD 0.252 0.62
EXCEPTING THEREOUT ALL MINES AND MINERALS

and

PLAN 1524950
BLOCK 7
LOT 12
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 9.65 HECTARES (23.85 ACRES) MORE OR LESS

and

PLAN 8120891
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME
AREA; 2.18 HECTARES (5.39 ACRES) MORE OR LESS

and

ST. ALBERT SETTLEMENT
RIVER LOT 16
AS SHOWN ON A PLAN OF SURVEY OF THE SAID SETTLEMENT
SIGNED AT OTTAWA ON 30 AUGUST, 1913
CONTAINING 121 HECTARES (300 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
HECTARES (ACRES) MORE OR LESS
A) THE MOST EASTERLY 6 CHAINS IN WIDTH THROUGHOUT
B) PLAN 8208AG ROAD 0.744 1.84
C) PLAN 6054AO RAILWAY 1.61 3.97
D) PLAN 8120891 SUBDIVISION 2.83 6.99
E) PLAN 0928364 ROAD 26.367 65.15
F) PLAN 0928370 SUBDIVISION 13.85 34.22

G) PLAN 1223444 SUBDIVISION 1.02 2.52
H) PLAN 1423673 DESCRIPTIVE 10.40 25.70
I) PLAN 1524950 SUBDIVISION 42.5 105.20
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

(collectively, the "Citiport Lands")

in favour of UMC in the principal amount of \$9,848,900, plus interest thereon, (the "Original Citiport Mortgage").

35. By a Mortgage made under the *Land Titles Act*, dated April 6, 2021 and registered at the Alberta Land Titles Office on June 25, 2021 as Instrument No. 212 141 852, Citiport mortgaged the Citiport Lands in favour of UMC in the principal amount of \$15,000,000, plus interest thereon at the rate of 8.00% per annum, calculated half yearly not in advance, plus all solicitor and client costs and legal expenses in connection with the Mortgage upon an act of default by Citiport, as well as all solicitor and client costs on a full indemnity basis for legal expenses required to maintain security (the "Second Citiport Mortgage").
36. On April 21, 2021, Citiport executed a Mortgage Amending Agreement which amended the Original Citiport Mortgage (the "Citiport Mortgage Amendment Agreement", and collectively with the Original Citiport Mortgage and the Second Citiport Mortgage, the "Citiport Mortgage") registered at the Land Titles Office on June 25, 2021 as Instrument No. 212 141 852.
37. By an extension letter dated July 26, 2023, Citiport agreed to:
 - (a) grant in favour of UMC a collateral mortgage in the aggregate amount of the Artisan Indebtedness (herein defined) and the Chalton Indebtedness (herein defined); and
 - (b) to increase the principal amount of the Original Citiport Mortgage from 9,489,600 to \$11,800,000 plus interest thereon at a rate of 10.00% *per annum*, compounded semi-annually.
38. By the Citiport Mortgage, it is provided that on the default under the Citiport Mortgage, the whole of the monies secured under the Citiport Mortgage including principal and interest shall, at the option of UMC, become due and payable, as well as all of UMC's solicitor and client costs in connection with the Citiport Mortgage and amounts secured thereunder, plus interest thereon.
39. By the Citiport Mortgage, Citiport covenanted with UMC to pay all taxes, rates, liens, charges, encumbrances or claims which may become charged against the Citiport Lands, and also to insure the Citiport Lands against loss or damage by fire or other risks for the full amount permitted by law, at least the full insurable replacement value thereof against all risk of direct physical loss, in default of all or any of which UMC has the right to do the same and add to the Citiport Mortgage all costs and expenses, including professional fees and legal fees on a solicitor and client full indemnity basis incurred to perform the

covenants and in respect to any proceedings taken to enforce on the property secured by the Citiport Mortgage.

- 40. By the Citiport Mortgage, the taking of a judgment under any of the covenants contained in the Citiport Mortgage or in any other security for payment of the Citiport Indebtedness will not operate as a merger of such covenants or of the Mortgagee's security by way of a charge against the Citiport Lands or affect UMC's right to interest at stipulated rate or times on money owing to UMC.
- 41. By the Citiport Mortgage, UMC may appoint a receiver or receiver-manager of the Citiport Lands and the receiver shall have power to take possession of the Citiport Lands and to rent, sell, or lease the Citiport Lands and to collect such revenue and apply same against the indebtedness secured under the Citiport Mortgage.
- 42. On or around October 5, 2017, Citiport executed a General Assignment of Rents and Leases in favour of UMC with respect to the Citiport Lands.

The Chalton Mortgage

- 43. By a Mortgage made under the *Land Titles Act*, dated May 16, 2017 and registered at the Alberta Land Titles Office on June 2, 2017 as Instrument No. 172 137 482, Chalton mortgaged the lands legally described as:

PLAN 8021992
 BLOCK A
 CONTAINING 31.70 HECTARES (78.26 ACRES) MORE OR LESS
 EXCEPTING THEREOUT:

			HECTARES	(ACRES)	MORE OR LESS
A)	PLAN 8120054	SUBDIVISION	8.140	20.11	
B)	PLAN 0220942	RIGHT OF WAY	0.195	0.48	
C)	PLAN 1023737	ROAD	0.788	1.95	
D)	PLAN 1422567	SUBDIVISION	21.600	53.37	
EXCEPTING THEREOUT ALL MINES AND MINERALS					

(the "Chalton Lands")

in favour of UMC in the principal amount of \$2,200,000.00, plus interest thereon at the rate of 8.00% *per annum*, calculated half yearly not in advance, plus all solicitor and client costs and legal expenses in connection with the Mortgage upon an act of default by Chalton, as well as all solicitor and client costs on a full indemnity basis for legal expenses required to maintain security (the "Original Chalton Mortgage").

- 44. By an extension letter dated July 26, 2023, Artisan agreed to increase the principal amount of the Original Artisan Mortgage from \$2,200,000 to \$5,400,000 plus interest thereon at a rate of 10.00% *per annum*, compounded semi-annually.

45. By a Mortgage made under the *Land Titles Act*, dated April 29, 2021 and registered at the Alberta Land Titles Office on June 14, 2021 as Instrument No. 212 131 429, Chalton mortgaged the Chalton Lands in favour of UMC in the principal amount of \$15,000,000 (the "**Second Chalton Mortgage**").
46. On April 21, 2021, Chalton executed a Mortgage Amending Agreement amending the terms of the Original Chalton Mortgage (the "**Chalton Mortgage Amendment**", and collectively with the Original Chalton Mortgage and the Chalton Mortgage Amending Agreement, the "**Chalton Mortgage**").
47. By the Chalton Mortgage, it is provided that on the default under the Chalton Mortgage, the whole of the monies secured under the Chalton Mortgage including principal and interest shall, at the option of UMC, become due and payable, as well as all of UMC's solicitor and client costs in connection with the Chalton Mortgage and amounts secured thereunder, plus interest thereon.
48. By the Chalton Mortgage, Chalton covenanted with UMC to pay all taxes, rates, liens, charges, encumbrances or claims which may become charged against the Chalton Lands, and also to insure the Chalton Lands against loss or damage by fire or other risks for the full amount permitted by law, at least the full insurable replacement value thereof against all risk of direct physical loss, in default of all or any of which UMC has the right to do the same and add to the Chalton Mortgage all costs and expenses, including professional fees and legal fees on a solicitor and client full indemnity basis incurred to perform the covenants and in respect to any proceedings taken to enforce on the property secured by the Chalton Mortgage.
49. By the Chalton Mortgage, the taking of a judgment under any of the covenants contained in the Chalton Mortgage or in any other security for payment of the Chalton Indebtedness will not operate as a merger of such covenants or of the Mortgagee's security by way of a charge against the Chalton Lands or affect UMC's right to interest at stipulated rate or times on money owing to UMC.
50. By the Chalton Mortgage, UMC may appoint a receiver or receiver-manager of the Chalton Lands and the receiver shall have power to take possession of the Chalton Lands and to rent, sell, or lease the Chalton Lands and to collect such revenue and apply same against the indebtedness secured under the Chalton Mortgage.
51. On or around May 16, 2017, Chalton executed a General Assignment of Rents and Leases in favour of UMC with respect to the Chalton Lands.

The Artisan Mortgage

52. By a Mortgage made under the *Land Titles Act*, dated November 26, 2016 and registered at the Alberta Land Titles Office on December 13, 2016 as Instrument No. 162 349 002, Artisan mortgaged the lands legally described as:

PLAN 4000R
BLOCK ONE HUNDRED AND SEVENTY SEVEN (177)

LOTS NINE (9) TO FIFTEEN (15) INCLUSIVE
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "Artisan Lands")

in favour of UMC in the principal amount of \$4,739,200, plus interest thereon at the rate of 8.00% *per annum*, calculated half yearly not in advance, plus all solicitor and client costs and legal expenses in connection with the Mortgage upon an act of default by Artisan, as well as all solicitor and client costs on a full indemnity basis for legal expenses required to maintain security (the "Artisan Mortgage").

53. By an extension letter dated July 26, 2023, Artisan agreed to increase the principal amount of the Artisan Mortgage from \$4,739,200 to \$5,400,000 plus interest thereon at a rate of 10.00% *per annum*, compounded semi-annually.
54. By the Artisan Mortgage, it is provided that on the default under the Artisan Mortgage, the whole of the monies secured under the Artisan Mortgage including principal and interest shall, at the option of UMC, become due and payable, as well as all of UMC's solicitor and client costs in connection with the Artisan Mortgage and amounts secured thereunder, plus interest thereon.
55. By the Artisan Mortgage, Artisan covenanted with UMC to pay all taxes, rates, liens, charges, encumbrances or claims which may become charged against the Artisan Lands, and also to insure the Artisan Lands against loss or damage by fire or other risks for the full amount permitted by law, at least the full insurable replacement value thereof against all risk of direct physical loss, in default of all or any of which UMC has the right to do the same and add to the Artisan Mortgage all costs and expenses, including professional fees and legal fees on a solicitor and client full indemnity basis incurred to perform the covenants and in respect to any proceedings taken to enforce on the property secured by the Artisan Mortgage.
56. By the Artisan Mortgage, the taking of a judgment under any of the covenants contained in the Artisan Mortgage or in any other security for payment of the Artisan Indebtedness will not operate as a merger of such covenants or of the Mortgagee's security by way of a charge against the Artisan Lands or affect UMC's right to interest at stipulated rate or times on money owing to UMC.
57. By the Artisan Mortgage, UMC may appoint a receiver or receiver-manager of the Artisan Lands and the receiver shall have power to take possession of the Artisan Lands and to rent, sell, or lease the Artisan Lands and to collect such revenue and apply same against the indebtedness secured under the Artisan Mortgage.
58. On or around November 26, 2016, Artisan executed a General Assignment of Rents and Leases in favour of UMC with respect to the Artisan Lands.

The 109 B.C. Ltd. Mortgages

58A. By a Mortgage dated December 14, 2016 and registered at the British Columbia Land Titles Office on December 20, 2016 as Registration No. CA5727023, 109 B.C. Ltd. mortgaged the lands legally described as:

LOT 1 SECTION 1 TOWNSHIP 26 OSOYOOS DIVISION YAKE
DISTRICT PLAN EPP8620

(the "109 B.C. Ltd. Lands")

in favour of UMC in the principal amount of \$20,000,000, plus interest thereon at the rate of 8.00% *per annum*, calculated half yearly not in advance, plus all solicitor and client costs and legal expenses in connection with the Mortgage upon an act of default by 109 B.C. Ltd., as well as all solicitor and client costs on a full indemnity basis for legal expenses required to maintain security (the "First 109 B.C Ltd. Mortgage").

58B. By an extension letter dated July 26, 2023, 109 B.C. Ltd. agreed to increase the principal amount of the 2016 B.C. Ltd. Mortgage from \$20,000,000 to \$30,000,000 plus interest thereon at a rate of 10.00% *per annum*, compounded semi-annually, as at June 1, 2023.

58C. By the 2016 109 B.C. Ltd. Mortgage, it is provided that on the default under the 2016 109 B.C. Ltd. Mortgage, the whole of the monies secured under the 2016 109 B.C. Ltd. Mortgage including principal and interest shall, at the option of UMC, become due and payable, as well as all of UMC's solicitor and client costs in connection with the 2016 109 B.C. Ltd. Mortgage and amounts secured thereunder, plus interest thereon.

58D. By the 2016 109 B.C. Ltd. Mortgage, 109 B.C. Ltd. covenanted with UMC to pay all taxes, rates, liens, charges, encumbrances or claims which may become charged against the 109 B.C. Ltd. Lands, and also to insure the 109 B.C. Ltd. Lands against loss or damage by fire or other risks for the full amount permitted by law, at least the full insurable replacement value thereof against all risk of direct physical loss, in default of all or any of which UMC has the right to do the same and add to the 2016 109 B.C. Ltd. Mortgage all costs and expenses, including professional fees and legal fees on a solicitor and client full indemnity basis incurred to perform the covenants and in respect to any proceedings taken to enforce on the property secured by the 2016 109 B.C. Ltd. Mortgage.

58E. By the 2016 109 B.C. Ltd. Mortgage, the taking of a judgment under any of the covenants contained in the 2016 109 B.C. Ltd. Mortgage or in any other security for payment of the 109 B.C. Ltd. Indebtedness will not operate as a merger of such covenants or of the Mortgagee's security by way of a charge against the 109 B.C. Ltd. Lands or affect UMC's right to interest at stipulated rate or times on money owing to UMC.

58F. By the 2016 109 B.C. Ltd. Mortgage, UMC may appoint a receiver or receiver-manager of the 109 B.C. Ltd. Lands and the receiver shall have power to take possession of the 109 B.C. Ltd. Lands and to rent, sell, or lease the 109 B.C. Ltd. Lands and to collect such revenue and apply same against the indebtedness secured under the 2016 109 B.C. Ltd. Mortgage.

- 58G. On or around December 14, 2016, 109 B.C. Ltd. executed a General Assignment of Rents and Leases in favour of UMC with respect to the 109 B.C. Ltd. Lands.
- 58H. To further secure due payment of all amounts owing to UMC by 109 B.C. Ltd, 109 B.C. Ltd. granted in favour of UMC a mortgage dated March 15, 2022 (the "Second 109 B.C. Ltd. Mortgage", and collectively, with the First 109 B.C. Ltd. Mortgage, the "**109 B.C. Ltd. Mortgage**") over the 109 B.C. Ltd. Lands which was registered against the 109 B.C. Ltd. Lands at the Land Title and Survey Authority of British Columbia as registration number CA9797252.
- 58I. As part of the First 109 B.C. Ltd. Mortgage, 109 B.C. Ltd. granted in favour of UMC an Assignment of Rents with respect to the 109 B.C. Ltd. Lands
59. The Citiport Mortgage, Chalton Mortgage, ~~and~~ Artisan Mortgage, 109 B.C. Ltd. Mortgage are collectively referred to as the "**Defendant Mortgages**".

Guarantees Granted by AIG Trust

60. On or around November 26, 2016, AIG Trust executed a Guarantee and Unlimited Guarantee in favour of UMC whereby AIG Trust guaranteed unconditionally and promised to pay to UMC all indebtedness of Artisan to UMC with interest thereon, and all costs, charges and expenses which may be incurred by UMC in respect of the indebtedness.
61. On or around December 14, 2016, AIG Trust executed a Guarantee and Postponement of Claim in favour of UMC whereby AIG Trust guaranteed payment on demand to UMC of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by 109 B.C. Ltd. to UMC.
62. On or around May 16, 2017, AIG Trust executed a Guarantee and Unlimited Guarantee in favour of UMC whereby AIG Trust guaranteed unconditionally and promised to pay to UMC all indebtedness of Chalton to UMC with interest thereon, and all costs, charges and expenses which may be incurred by UMC in respect of the indebtedness.
63. On or around October 5, 2017, AIG Trust executed a Guarantee and Unlimited Guarantee in favour of UMC whereby AIG Trust guaranteed unconditionally and promised to pay to UMC all indebtedness of Citiport to UMC with interest thereon, and all costs, charges and expenses which may be incurred by UMC in respect of the indebtedness.

Indebtedness and Default

64. As at November 1, 2023, there is outstanding under the Citiport Mortgage Facility, plus further amounts owed in respect of costs and expenses incurred by UMC including legal costs on a solicitor and own client full indemnity basis, plus further accruing interest thereon the amounts as follows:

MORTGAGE FACILITY

Principal	\$ 7,480,391.59
Accrued Interest	\$ 3,998,764.52
Total	\$11,479,156.11

(the "Citiport Indebtedness")

As at November 1, 2023, there is outstanding under the Chalton Mortgage Facility, plus further amounts owed in respect of costs and expenses incurred by UMC including legal costs on a solicitor and own client full indemnity basis, plus further accruing interest thereon the amounts as follows:

MORTGAGE FACILITY

Principal	\$ 2,082,520.94
Accrued Interest	\$ 1,241,556.10
Total	\$ 3,324,077.04

(the "Chalton Indebtedness")

65. As at November 1, 2023, there is outstanding under the Artisan Mortgage Facility, plus further amounts owed in respect of costs and expenses incurred by UMC including legal costs on a solicitor and own client full indemnity basis, plus further accruing interest thereon the amounts as follows:

MORTGAGE FACILITY

Principal	\$ 3,366,653.31
Accrued Interest	\$ 1,792,378.67
Total	\$ 5,159,031.98

(the "Artisan Indebtedness")

66. As at November 1, 2023, there is outstanding under Careadon Mortgage Facility, plus further amounts owed in respect of costs and expenses incurred by UMC including legal costs on a solicitor and own client full indemnity basis, plus further accruing interest thereon the amounts as follows:

CAREADON FACILITY

Principal	\$55,837,065.60
Accrued Interest	\$15,307,108.17
Total	\$71,144,173.77

(the "Careadon Indebtedness")

67. As at November 1, 2023, there is outstanding under 109 B.C. Ltd. Mortgage Facility, plus further amounts owed in respect of costs and expenses incurred by UMC including legal

costs on a solicitor and own client full indemnity basis, plus further accruing interest thereon the amounts as follows:

109 B.C. FACILITY

Principal	\$ 19,475,664.57
Accrued Interest	\$ 8,392,783.89
Total	\$ 28,099,916.27

(the "109 B.C. Ltd. Indebtedness")

68. The Defendants defaulted in complying with the terms of the Defendant Mortgages and the Defendant Mortgage Facilities by, among other things, failing to pay the all amounts secured by the Defendant Mortgages to UMC by September 30, 2023.
69. On or around November 3, 2023, UMC issued demands to the Defendants, demanding payment of all amounts owing to UMC, and served upon the Defendants notices of intention to enforce security pursuant to s. 244 of the Bankruptcy and Insolvency Act.
70. To date, the Defendants have failed, neglected, or refused to pay all amounts owing to UMC.
71. The Plaintiff says the default herein of the Defendants has not been due to causes beyond their control and that, having regard to the impecuniosity of the Defendants, the period of redemption in the Judgment in this action should be shortened to less than six (6) months.

Remedy sought:

72. As against **CITIPORT DEVELOPMENTS LTD.:**
 - (a) judgment totaling \$11,479,156.11 as at November 1, 2023, with respect to the Citiport Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$3,069.29, both before and after judgment;
 - (b) judgment totaling \$3,324,077.04 as at November 1, 2023, with respect to the Chalton Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$888.79, both before and after judgment;
 - (c) judgment totaling \$5,159,031.98 as at November 1, 2023, with respect to the Artisan Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$1,379.42 both before and after judgment;
 - (d) judgment totaling \$71,144,173.77 as at November 1, 2023, with respect to the Careadon Indebtedness, with interest to accrue thereafter at a rate of 8.00% per annum compounded semi-annually, currently at a per diem rate of \$15,291.09 both before and after judgment;

- (e) judgment totaling \$28,099,916.27 as at November 1, 2023 with respect to the 109 B.C. Ltd. Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$7,513.33 both before and after judgment;
- (f) an Order for Appointment of a Receiver or a Receiver-Manager;
- (g) in the alternative an Order for the Appointment of an Interim Receiver or an Interim Receiver-Manager;
- (h) foreclosure of the Citiport Lands, an Order for Possession, or a Final Order of Foreclosure;
- (i) an Order shortening the period of redemption to less than six (6) months or as the Court may direct;
- (j) an Order allowing the Plaintiff or its duly authorized agent to be at liberty to enter the Citiport Lands for the purposes of doing all things necessary to preserve the property and for an Order that the Plaintiff shall not be considered a Mortgagee in possession or trespasser; and
- (k) in the further alternative, an Order for Sale to the Plaintiff of the Citiport Lands.

73. As against **CHALTON HOTEL (ST. ALBERT) LTD.:**

- (a) judgment totaling \$11,479,156.11 as at November 1, 2023, with respect to the Citiport Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$3,069.29, both before and after judgment;
- (b) judgment totaling \$3,324,077.04 as at November 1, 2023, with respect to the Chalton Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$888.79, both before and after judgment;
- (c) judgment totaling \$5,159,031.98 as at November 1, 2023, with respect to the Artisan Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$1,379.42 both before and after judgment;
- (d) judgment totaling \$71,144,173.77 as at November 1, 2023, with respect to the Careadon Indebtedness, with interest to accrue thereafter at a rate of 8.00% per annum compounded semi-annually, currently at a per diem rate of \$15,291.09 both before and after judgment;
- (e) judgment totaling \$28,099,916.27 as at November 1, 2023 with respect to the 109 B.C. Ltd. Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$7,513.33 both before and after judgment;

- (f) an Order for Appointment of a Receiver or a Receiver-Manager;
- (g) in the alternative an Order for the Appointment of an Interim Receiver or an Interim Receiver-Manager;
- (h) foreclosure of the Chalton Lands, an Order for Possession, or a Final Order of Foreclosure;
- (i) an Order shortening the period of redemption to less than six (6) months or as the Court may direct;
- (j) an Order allowing the Plaintiff or its duly authorized agent to be at liberty to enter the Chalton Lands for the purposes of doing all things necessary to preserve the property and for an Order that the Plaintiff shall not be considered a Mortgagee in possession or trespasser; and
- (k) in the further alternative, an Order for Sale to the Plaintiff of the Chalton Lands.

74. As against **ARTISAN RESIDENCES LTD.:**

- (a) judgment totaling \$11,479,156.11 as at November 1, 2023, with respect to the Citiport Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$3,069.29, both before and after judgment;
- (b) judgment totaling \$3,324,077.04 as at November 1, 2023, with respect to the Chalton Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$888.79, both before and after judgment;
- (c) judgment totaling \$5,159,031.98 as at November 1, 2023, with respect to the Artisan Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$1,379.42 both before and after judgment;
- (d) judgment totaling \$71,144,173.77 as at November 1, 2023, with respect to the Careadon Indebtedness, with interest to accrue thereafter at a rate of 8.00% per annum compounded semi-annually, currently at a per diem rate of \$15,291.09 both before and after judgment;
- (e) judgment totaling \$28,099,916.27 as at November 1, 2023 with respect to the 109 B.C. Ltd. Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$7,513.33 both before and after judgment;
- (f) an Order for Appointment of a Receiver or a Receiver-Manager;
- (g) in the alternative an Order for the Appointment of an Interim Receiver or an Interim Receiver-Manager;

- (h) foreclosure of the Artisan Lands, an Order for Possession, or a Final Order of Foreclosure;
- (i) an Order shortening the period of redemption to less than six (6) months or as the Court may direct;
- (j) an Order allowing the Plaintiff or its duly authorized agent to be at liberty to enter the Artisan Lands for the purposes of doing all things necessary to preserve the property and for an Order that the Plaintiff shall not be considered a Mortgagee in possession or trespasser; and
- (k) in the further alternative, an Order for Sale to the Plaintiff of the Artisan Lands.

75. As against **ALDER INVESTMENT GROUP A TRUST**:

- (a) judgment totaling \$11,479,156.11 as at November 1, 2023, with respect to the Citiport Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$3,069.29, both before and after judgment;
- (b) judgment totaling \$3,324,077.04 as at November 1, 2023, with respect to the Chalton Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$888.79, both before and after judgment;
- (c) judgment totaling \$5,159,031.98 as at November 1, 2023, with respect to the Artisan Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$1,379.42 both before and after judgment;
- (d) judgment totaling \$71,144,173.77 as at November 1, 2023, with respect to the Careadon Indebtedness, with interest to accrue thereafter at a rate of 8.00% per annum compounded semi-annually, currently at a per diem rate of \$15,291.09 both before and after judgment; and
- (e) judgment totaling \$28,099,916.27 as at November 1, 2023 with respect to the 109 B.C. Ltd. Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$7,513.33 both before and after judgment.

76. As against **ALDER INVESTMENT GROUP TRUST 2016**:

- (a) judgment totaling \$11,479,156.11 as at November 1, 2023, with respect to the Citiport Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$3,069.29, both before and after judgment;
- (b) judgment totaling \$3,324,077.04 as at November 1, 2023, with respect to the Chalton Indebtedness, with interest to accrue thereafter at a rate of 10.00% per

annum compounded semi-annually, currently at a per diem rate of \$888.79, both before and after judgment;

- (c) judgment totaling \$5,159,031.98 as at November 1, 2023, with respect to the Artisan Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$1,379.42 both before and after judgment; and
- (d) judgment totaling \$28,099,916.27 as at November 1, 2023 with respect to the 109 B.C. Ltd. Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$7,513.33 both before and after judgment.

77. As against 1978753 ALBERTA LTD.

- (a) judgment totaling \$11,479,156.11 as at November 1, 2023, with respect to the Citiport Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$3,069.29, both before and after judgment;
- (b) judgment totaling \$3,324,077.04 as at November 1, 2023, with respect to the Chalton Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$888.79, both before and after judgment;
- (c) judgment totaling \$5,159,031.98 as at November 1, 2023, with respect to the Artisan Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$1,379.42 both before and after judgment; and
- (d) judgment totaling \$28,099,916.27 as at November 1, 2023 with respect to the 109 B.C. Ltd. Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$7,513.33 both before and after judgment.

77A. As against 1097016 B.C. LTD.:

- (a) judgment totaling \$11,479,156.11 as at November 1, 2023, with respect to the Citiport Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$3,069.29, both before and after judgment;
- (b) judgment totaling \$3,324,077.04 as at November 1, 2023, with respect to the Chalton Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$888.79, both before and after judgment;
- (c) judgment totaling \$5,159,031.98 as at November 1, 2023, with respect to the Artisan Indebtedness, with interest to accrue thereafter at a rate of 10.00% per

annum compounded semi-annually, currently at a per diem rate of \$1,379.42 both before and after judgment; and

- (d) judgment totaling \$28,099,916.27 as at November 1, 2023 with respect to the 109 B.C. Ltd. Indebtedness, with interest to accrue thereafter at a rate of 10.00% per annum compounded semi-annually, currently at a per diem rate of \$7,513.33 both before and after judgment.
- (e) an Order for Appointment of a Receiver or a Receiver-Manager;
- (f) in the alternative an Order for the Appointment of an Interim Receiver or an Interim Receiver-Manager;
- (g) foreclosure of the 109 B.C. Ltd. Lands, an Order for Possession, or a Final Order of Foreclosure;
- (h) an Order shortening the period of redemption too less than six (6) months or as the Court may direct;
- (i) an Order allowing the Plaintiff or its duly authorized agent to be at liberty to enter the 109 B.C. Ltd. Lands for the purposes of doing all things necessary to preserve the property and for an Order that the Plaintiff shall not be considered a Mortgagee in possession or trespasser; and
- (j) in the further alternative, an Order for Sale to the Plaintiff of the 109 B.C. Ltd. Lands.

78. As against the Defendants, costs of this action as between a solicitor and own client on a full indemnity basis.

79. Waiver of the requirement that the parties engage in a dispute resolution process as contemplated by Rule 4.16 of the Alberta Rules of Court.

77. Such other further relief as this Honourable Court may direct.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

- 20 days if you are served in Alberta
- 1 month if you are served outside Alberta but in Canada
- 2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of King's Bench at Edmonton, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.