

Court File No.:

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

BETWEEN:

EXTEND FINANCIAL LTD.

Applicant

-and-

**1896841 ONTARIO LIMITED, 1338940 ONTARIO LIMITED, PATRICK GRAY
JOHNSON AND MARK DAVID JOHNSON**

Respondents

**IN THE MATTER OF AN APPLICATION
Under Section 243(1) of the Bankruptcy and Insolvency Act (R.S.C., 1985, c. B-3), and
Section 101 of the *Courts Of Justice Act*, R.S.O. 1990, C. C.43**

NOTICE OF APPLICATION

TO THE RESPONDENT(S):

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following page.

THIS APPLICATION will come on for a hearing (*choose one of the following*)

- In person;
- By telephone conference;
- By video conference.

at the following location: Via Zoom videoconference, details of which are to be provided by the Registrar.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer,

serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: _____

Issued by: _____

Address of court office: **330 University Avenue
9th Floor
Toronto, ON M5G 1R7**

TO: THE SERVICE LIST

APPLICATION

1. The Applicant, Extend Financial Ltd. (“**Extend**” or the “**Lender**”) makes an application for, *inter alia*, the following relief:

- (a) an Order abridging the time for service of this Notice of Application and the Application Record herein, and dispensing with further service thereof;
- (b) an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 (the “**CJA**”), appointing Albert Gelman Inc. (“**AGI**”) as receiver (in such capacity, the “**Receiver**”), without security, over the properties municipally known as 950 Dupont Street, Toronto, ON (the “**950 Property**”) and 1020 Dupont Street, Toronto, ON (the “**1020 Property**”, and together with the 950 Property, the “**Property**”);
- (c) judgment, jointly and severally, against the Respondents, 1338940 Ontario Limited (“**133**”), Patrick Gray Johnson (“**Patrick**”) and Mark David Johnson (“**Mark**”) and with 133 and Patrick, collectively, the “**Guarantors**”) in accordance with, and to the extent of their respective guarantees of the obligations of 1896841 Ontario Limited (the “**Borrower**”) to the Lender;
- (d) costs, in accordance with the terms of the Loan (defined below), and the Guarantee (defined below);
- (e) in the alternative to the applicable contractual interest claimed above, pre-judgment and post-judgment interest in accordance with the provisions of the CJA; and
- (f) such further and other relief this Honourable Court may deem just.

THE GROUNDS FOR THE APPLICATION ARE:

Overview

2. This Application relates to the Borrower’s ongoing defaults in respect of a loan advanced by the Lender to the Borrower, in the principal amount of \$18,000,000.00 (the “**Loan**”), secured by first-ranking mortgages in favour of the Lender, registered against the 950 Property and the 1020 Property.

3. The Lender submits the appointment of a Receiver is necessary in order to protect the Lender's security position due to unpaid and accruing interest.

The Parties and the Property

4. The Lender is an Ontario corporation located in Toronto, carrying on business as, *inter alia*, a commercial mortgage lender.

5. The Borrower is an Ontario corporation located in Toronto and operates as a commercial landlord. The Borrower is the registered owner of the 950 Property.

6. The Guarantor, 133, is an Ontario corporation located in Toronto, which is a related company to the Borrower and also operates as a commercial landlord. 133 is the registered owner of the 1020 Property.

7. The Guarantors, Mark and Patrick, are individuals residing in Toronto. Mark is the sole director and officer of the Borrower, and Patrick is the sole director and officer of 133.

The Property

8. The 950 Property is a commercial-use building with approximately ten units. Some of these units appear to have been leased out to businesses including a furniture retailer, GH Johnson's Trading Company Ltd. ("**GHJ**"), a youth athletic centre, and a dance studio. GHJ is a related company to the Borrower and 133.

9. The 1020 Property is a three-storey warehouse building, which appears to be vacant.

The Loan

10. Pursuant to the terms of a Commitment Letter dated April 16, 2025, as amended on June

4, 2025 (the “**Commitment**”), the Lender advanced a loan to the Borrower in the principal amount of \$18,000,000.00.

11. The Loan was advanced to refinance the Borrower’s indebtedness relating to the 950 Property. At the time, the Borrower had commenced a proposal proceeding under the *Bankruptcy and Insolvency Act*, with MSI Spergel Inc. acting as proposal trustee (the “**Proposal**”). As a result of the Loan and the refinancing, the Proposal was accepted by the Borrower’s creditors on June 6, 2025.

12. The Loan was secured, *inter alia*, by:

- (a) a first-ranking mortgage over the 950 Property registered on June 4, 2025 as Instrument No. AT6831430 (the “**950 Mortgage**”);
- (b) a Notice of Assignment of Rents (General) registered against the 950 Property as Instrument No. AT6831431;
- (c) a first-ranking mortgage over the 1020 Property granted by 133 and registered on June 4, 2025 as Instrument No. AT6831432 (the “**1020 Mortgage**”);
- (d) a Notice of Assignment of Rents (General) registered against the 1020 Property as Instrument No. AT6831433;
- (e) registrations under the *Personal Property Security Act* (Ontario) against the Borrower and 133 as set out below:
 - (i) Registration No. 20250602 1349 1793 7320 (against the Borrower);
 - (ii) Registration No. 20250602 1350 1793 7321 (against 133); and
- (f) a guarantee dated on or about May 16, 2025 granted by the Guarantors in favour of the Lender (the “**Guarantee**”).

The aforementioned are collectively referred to as the “**Security**”.

Other Creditors

13. There are no other charges registered against either the 950 Property or the 1020 Property, and no PPSA registrations (save for the Lender's) against either the Borrower or 133.

14. As of the date of this Notice of Application, the Borrower has two writs registered against it bearing Execution Numbers 23-0005687 and 24-0002930.

Default and Demand

15. Pursuant to the Loan documents, the Borrower prepaid monthly interest for a period of approximately five months at the time the Commitment was executed. Thereafter, the Borrower was required to make monthly interest-only payments.

16. The Borrower failed to make its regularly scheduled payment due on January 1, 2026 and has failed to make any payments thereafter, save for a partial payment in the amount of \$50,000.00 made on February 13, 2026.

17. As a result of the Borrower's failure to make payments when due, the Borrower is in default under the Loan documents and the Security, which default continues.

18. By demand letter dated February 25, 2026, the Lender demanded payment of all amounts owing under the Loan and the Guarantee and delivered a notice of intention to enforce security pursuant to section 244 of the *BIA* (the demand letter and the BIA Notice are collectively referred to as the "**Demand Notice**").

19. As at February 25, 2026, the Borrower was indebted to the Lender in the amount of \$19,313,298.01, together with per diem interest, costs, legal fees and other expenses, which continue to accrue.

Appointment of the Receiver

20. Pursuant to the terms of the Loan documentation, the Lender has the right to appoint a receiver upon default by the Borrower.

21. The Lender brings this application for the appointment of the Receiver in order to ensure that it is able to realize upon its security in an efficient and transparent manner. The appointment of the Receiver is just and convenient in the circumstances because:

- (a) the Borrower is in default of its obligations under the Loan documents and the Security, and such default is continuing;
- (b) the Loan Documents and the Security provide for the appointment of a receiver upon default;
- (c) the appointment of a receiver is necessary to preserve and protect both the 950 Property and the 1020 Property, and to properly collect any rents owing; and
- (d) the appointment of a receiver will facilitate an orderly and court-supervised realization upon the Property for the benefit of the Lender and any other stakeholders.

The Consent of the Receiver

22. AGI has consented to its appointment as Receiver.

Other Grounds

23. Rules 2.03, 3.02 and 41 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194.

24. Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, section 243 of the *Bankruptcy and Insolvency Act*, the *Personal Property Security Act*, R.S.O. 1990, c. P.10, and such further and other grounds as counsel may advise.

25. The following documentary evidence will be used at the hearing of the application:

- (a) Affidavit of Rafael Alter, to be sworn; and
- (b) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

March , 2026

ROBINS APPLEBY LLP
2600 - 120 Adelaide Street West
Toronto, ON M5H 1T1

Dominique Michaud LSO No.: 56871V
Email: dmichaud@robapp.com
Tel: (416) 360-3795

Anisha Samat LSO No.: 82342Q
Email: asamat@robapp.com
Tel: (416) 860-1901

Lawyers for the Applicant

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PROCEEDING COMMENCED AT TORONTO

NOTICE OF APPLICATION

ROBINS APPLEBY LLP
2600 - 120 Adelaide Street West
Toronto, ON M5H 1T1

Dominique Michaud LSO No.: 56871V
Email: dmichaud@robapp.com
Tel: (416) 360-3795

Anisha Samat LSO No.: 82342Q
Email: asamat@robapp.com
Tel: (416) 860-1901

Lawyers for the Applicant