

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) TUESDAY, THE 19<sup>TH</sup> DAY  
 )  
JUSTICE LEDERMAN ) OF DECEMBER, 2006

B E T W E E N :



I. F. PROPCO HOLDINGS (ONTARIO) 23 LTD.

Plaintiff

- and -

AFM HOSPITALITY CORPORATION

Defendant

**ORDER**

**THIS MOTION**, made by I.F. Propco Holdings (Ontario) 23 Ltd. (“Propco”) for an Order pursuant to section 67 of the *Personal Property Security Act*, R.S.O. 1990, C.43 and amendments thereto was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion, the affidavit of Douglas H. Harley sworn on the 15th day of December, 2006 (“**Harley Affidavit**”), the

Order of The Honourable Madame Justice Mesbur dated March 10, 2006 and the Fourth Report of Mintz & Partners Limited (the “Receiver”), in its capacity as Interim Receiver and Receiver and Manager of AFM Hospitality Corporation (“AFM”) and on hearing the submissions of counsel for the Plaintiff and the Receiver and on being advised that the Motion Record was served upon those persons set out in the Service List attached to the Notice of Motion.

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record be and the same is hereby approved such that the motion is properly returnable today and service upon persons other than those disclosed in the Service List attached to the Notice of Motion is hereby dispensed with.
2. **THIS COURT ORDERS** that, pursuant to section 67 (1) (d) of the *Personal Property Security Act*, R.S.O. 1990, c. P.10, Propco is relieved from compliance with the requirements of part V.
3. **THIS COURT ORDERS AND DECLARES** that after the passing of the resolutions providing for the winding-up and dissolution of Howard Johnson Franchise Canada Inc. (“HJFCI”) and Knights Inn Franchise Canada Inc. (“KIFCI”) and HJFCI and KIFCI having distributed their assets

to AFM, Propco has accepted all the assets and property of AFM, including the assets transferred by HJFCI and KIFCI to AFM (collectively the “**Assets**”) in satisfaction of the obligations of AFM secured in its favour, which Assets are vested in Propco, free from all rights, interest, liens, charges and encumbrances in such assets, property and collateral of any person (except those persons stated in Schedule “A” to this Order), absolutely and forever free and clear of and from all adverse claims, debts, obligations and liens (except those stated in Schedule “A” to this Order) including without limitation, all rights, titles, interests, charges, liens, security interests, contracts, actions, options, agreements, disputes, debts or encumbrances or other rights (collectively the “**Claims**”) by or of any persons or entities of any kind whatsoever including without limitation all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations which Claims are hereby extinguished, expunged and discharged.

4. **THIS COURT ORDERS AND DECLARES** that, notwithstanding:
  - (a) the pendency of any application for a bankruptcy order herein issued pursuant to the *Bankruptcy and Insolvency Act* (“BIA”)

in respect of the Defendant and any bankruptcy order issued pursuant to such applications; and,

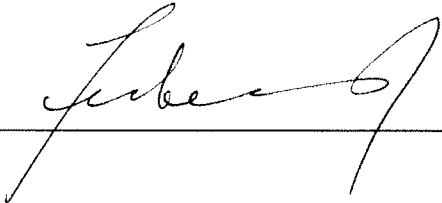
- (b) the provisions of any Federal or Provincial statutes;

the transactions contemplated by this Order and the vesting of the Assets thereunder will not be void or voidable and do not constitute nor shall they be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances or other reviewable transactions under the BIA or any other applicable, Federal or Provincial statutes, and they do not constitute conduct meriting an oppression remedy and shall be binding on any Trustee in Bankruptcy, Receiver, Receiver Manager, Interim Receiver or Liquidator of AFM, HJFCI, KIFCI, and Aston Hotels Franchise Canada Inc.

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

DEC 20 2006

PER/PAR: 

  
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**SCHEDULE "A"**  
**REGISTRATIONS UNDER THE PPSA**

**HOWARD JOHNSON FRANCHISE CANADA INC.**

	<b>Name</b>	<b>Registration Number</b>
1.	Her Majesty the Queen in Right of Canada	20050120 1402 1177 1112
2.	Her Majesty the Queen in Right of Canada	20050120 1409 1177 1113
3.	Her Majesty the Queen in Right of Canada	20040609 1430 1177 0875
4.	Pattison Sign Group, A Division of Jim Pattison Industries Ltd.	20040123 1640 2073 2016
5.	Howard Johnson International, Inc.	20031212 0838 1862 8167
6.	Pattison Sign Group, a Division of Jim Pattison Industries Ltd.	20030721 1603 2073 1953

**AFM HOSPITALITY CORPORATION**

	<b>Name</b>	<b>Registration Number</b>
1.	Pattison Sign Group, A Division of Jim Pattison Industries Ltd.	20021108 1023 2073 1873
2.	Pattison Sign Group, A Division of Jim Pattison Industries Ltd.	20020912 1555 2073 1841
3.	Neon Products, A Division of Jim Pattison Industries Ltd.	20020611 1412 2073 1817
4.	The valid claim, if any, of Maria Stevens for unpaid wages.	

BETWEEN:

I.F. PROPCO HOLDINGS (ONTARIO) 23 LTD.  
PLAINTIFF

AFM HOSPITALITY CORPORATION  
DEFENDANT

- and -

Court File No. 05-CL-5878

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
Commercial List**

Proceeding commenced at Toronto

**ORDER**

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