

COURT FILE NUMBER

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF ROYAL BANK OF CANADA

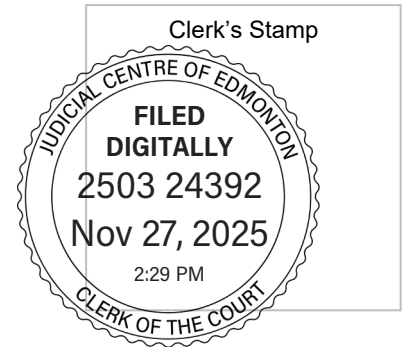
DEFENDANT 1654286 ALBERTA LTD. and KAPIL SHARMA

DOCUMENT **STATEMENT OF CLAIM**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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File No. 320592



NOTICE TO DEFENDANTS

You are being sued. You are a defendant.

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

STATEMENT OF FACTS RELIED ON:

Overview

1. The Bank pleads a debt claim for liquidated damages for amounts due and owing pursuant to the Loan and Security Agreements (all capitalized terms as defined below).

Parties

2. The Plaintiff, Royal Bank of Canada (“**RBC**” or the “**Bank**”), is a Schedule I Bank under the *Bank Act*, SC 1991, c 46 that provides financial services throughout Canada and carries on business in Edmonton, Alberta.
3. The Defendant, 1654286 Alberta Ltd. (“**165 Alberta**” or the “**Borrower**”) is incorporated pursuant to the laws of Alberta with a registered office located at 9133 35 Avenue N.W., Edmonton, Alberta, T6E 5Y1.
4. The Defendant, Kapil Sharma (“**Kapil**” or the “**Personal Guarantor**” and together with 165 Alberta, the “**Debtors**”) is an individual who to the best of the Bank’s knowledge resides in Edmonton, Alberta. At all material times, the corporate search of the Borrower indicates that Kapil is the sole director and shareholder of 165 Alberta.

Loan and Security Agreements

Commitment Letter

5. By a commitment letter dated November 5, 2021, the Bank agreed to extend and did extend a loan (the “**Loan**”) on the terms and conditions set out in the Commitment Letter, particulars of which include, among others:
 - (a) in relation to the Loan, the Borrower shall pay a fixed rate of interest according to the Bank’s cost of funds for the terms of the Loan;
 - (b) as security for the Loan, the Borrower shall provide:
 - (i) a first mortgage and charge in the amount of \$810,00.00 on the lands municipally described as 9266 34 Avenue NW, Edmonton, Alberta, T6E 5P2 and legally described as:

CONDOMINIUM PLAN 0424262
UNIT 6
AND 1218 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPETY
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the “**Property**”)
 - (ii) a first general assignment of rents and revenues from the Property (“**Assignment of Rents**”);

- (iii) a site specific security agreement comprising a first ranking security interest on the personal property situate on, used in connection with or arising from the Property dated January 7, 2022 (the “**Site Specific Security Agreement**”); and
- (iv) an unconditional guarantee of mortgage in the maximum principal amount of \$810,000.00 signed by the Personal Guarantor, dated January 7, 2022 (the “**Personal Guarantee**”);
- (c) the Borrower agrees to pay all costs, charges, and expenses incurred by the Bank in connection with the enforcement of the Commitment Letter, the Loan, or any underlying security; and
- (d) the Bank has the right to terminate the Commitment Letter if a material adverse change has occurred in the financial condition of the Borrower, in the condition of the Property, or in the revenues from the Property, or if the Borrower fails to provide the Bank with information relating to the Borrower’s insurance policy or claims within thirty days of a written request.

Mortgage

6. Pursuant to a commercial mortgage dated January 7, 2022 (the “**Mortgage**” and collectively with the Commitment Letter, the Assignment of Rents, the Site Specific Security Agreement, and the Personal Guarantee, the “**Loan and Security Agreements**”) the Borrower granted in favour of the Bank, a mortgage as security for the Loan. The terms and conditions of the Mortgage include the following:
- (a) the principal amount secured by the Mortgage is \$810,000.00;
 - (b) in relation to the Mortgage, the Borrower shall pay interest at a fixed rate being 18.0% per annum, calculated semi-annually not in advance;
 - (c) an event of default occurs upon, among others:
 - (i) non-payment when due by the Borrower of any principal or interest forming part of the indebtedness; or
 - (ii) failure of the Borrower to observe or perform any covenant, proviso, or agreement in the Mortgage;
 - (f) upon the occurrence of an event of default:

- (i) the Bank has the right to demand from the Borrower repayment of all outstanding amounts;
 - (ii) the Bank may make such arrangements for the taking care of, leasing, collecting the rents of, and generally managing the Property as it may deem expedient, with all reasonable costs, charges, and expenses payable by the Borrower; and
 - (iii) the Bank is entitled to exercise various remedies, one of which is the appointment of a receiver or a receiver manager over the Property, and the rents and profits thereof.
7. The Mortgage was registered on the title of the Property on April 20, 2022, as instrument number 222 088 795 and governed by the Bank's Standard Form Mortgage Terms filed at the Alberta Land Titles Office.

Personal Guarantee

8. On January 7, 2022, Kapil executed the Personal Guarantee and guaranteed the payment on demand by the Borrower to the Bank of all of the principal amount and other liabilities of the Borrower secured and payable under the Mortgage, present or future, direct or indirect, absolute or contingent, matured or not, including, without limitation, principal, interest, taxes, fees and expenses as and when the same are due and payable under the Mortgage.
9. The Personal Guarantee provides that the liabilities and obligations of the Personal Guarantor are absolute and unconditional under any and all circumstances.
10. Kapil further agreed to indemnify the Bank for all losses, damages, costs and expenses incurred by or on behalf of the Bank resulting from any action or proceedings by the Bank in connection with the recovery of such amounts or the performance of such obligations owing under the Personal Guarantee.

Default & Demand for Repayment

11. Events of default have occurred under the Loan and Security Agreements on account of the Borrower's failure to pay all sums of money when due, the cessation of the operation of the business of the Borrower, failure to pay property taxes on the Property which resulted in property tax arrears, and failure to provide information relating to an insurance policy and claim within thirty days of a written demand.
12. As at November 26, 2025, the City of Edmonton Property Tax Search indicates that the Borrower owes \$30,473.73 in property tax arrears and penalties to the City of Edmonton.

13. On or about September 24, 2025, the Bank demanded from the Borrower immediate repayment in full of all amounts outstanding under the Loan and Security Agreements as at September 18, 2025, plus interest, costs, fees, and expenses accruing from and after September 18, 2025.
14. The Borrower has failed to pay or fully pay the Bank in response to the demand.
15. On or about September 24, 2025, the Bank made demand of Kapil in accordance with the terms of the Personal Guarantee for payment of all debts and liabilities owing by the Borrower to the Bank as at September 18, 2025, plus interest, costs, fees, and expenses accruing from and after September 18, 2025.
16. Kapil has failed to make any payment to the Bank in response to the demand.
17. The indebtedness outstanding under the Personal Guarantee is a just debt, due and owing.

The Indebtedness

18. The Borrower is indebted to the Bank pursuant to the Loan and Security Agreements in the amount of \$781,814.24, calculated as follows:
 - (a) \$769,574.24 being the principal and interest due under the Loan and Security Agreement as at November 25, 2025;
 - (b) \$12,240.00 being the pre-litigation legal fees and expenses incurred by the Bank, for the administration, operation, termination, enforcement, or protection of its rights in connection with the Loan and Security Agreements including any fees and expenses incurred by the Bank as at November 25, 2025; and
 - (c) plus all costs, fees, and expenses accruing thereafter (collectively, the “**Indebtedness**”).
19. The Indebtedness is a just debt, due and owing, to the Bank.

REMEDY SOUGHT:

20. The Bank seeks the following remedies against the Borrower:
 - (a) judgment for the Indebtedness in the amount of \$781,814.24 inclusive of pre-litigation legal fees in the amount of \$12,240.00 as at November 25, 2025;
 - (b) interest from and after November 25, 2025, at the rate of 18% per annum;
 - (c) an interim Order appointing a Receiver and/or Receiver and Manager;

- (d) a declaration as to the amounts owing under the Loan and Security Agreements with interest according to the terms of the Mortgage, and in default of payment, sale or foreclosure and possession of the Property;
- (e) an Order for possession of the Property;
- (f) a preservation Order;
- (g) an Order shortening the period of redemption to one (1) day, or as the Court may direct, together with an Order for a judicial listing;
- (h) alternatively, a direct final order for foreclosure without a period of redemption, advertising or judicial listing; and
- (i) further professional fees and expenses (excluding legal fees) incurred by the Bank for enforcement against the Borrower after November 25, 2025, and payable under the Loan and Security Agreements.

21. The Bank seeks the following remedies against the Personal Guarantor:

- (a) judgment for debt in the amount of \$781,574.24 inclusive of pre-litigation legal fees in the amount of \$12,240.00 as at November 25, 2025;
- (b) interest on the Personal Guarantee from and after November 25, 2025, at the rate of 18% per annum; and
- (c) professional fees and expenses (excluding legal fees) incurred by the Bank for enforcement against the Borrower after September 24, 2025, and payable under the Personal Guarantee;

22. The Bank seeks the following remedies on a joint and several basis against the Borrower and the Personal Guarantor:

- (a) costs on a solicitor and own client basis, such basis as provided for in the Loan and Security Agreements, or as this Honourable Court may deem appropriate; and
- (b) such further and other relief as the Bank may request and this Honourable Court may deem appropriate.

NOTICE TO THE DEFENDANTS

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 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 against you.