

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

BETWEEN:

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

- and -

YORKVILLE CENTRAL INVESTMENTS INC., YORKVILLE CENTRAL 2 INVESTMENTS
INC., YORKVILLE CENTRAL 3 INVESTMENTS INC.

Respondents

**FIRST REPORT OF THE RECEIVER OF
110 AVENUE ROAD, TORONTO, 112 AVENUE ROAD, TORONTO,
114 AVENUE ROAD, TORONTO AND 116 AVENUE ROAD, TORONTO**

September 25, 2020

Table of Contents

I. INTRODUCTION 1

II. PURPOSE OF REPORT 4

III. EXECUTIVE SUMMARY 5

IV. BACKGROUND 6

V. THE SALE OF THE PROPERTIES 8

VI. THE PROPOSED AGREEMENT 10

VII. RECEIVER’S VIEW OF THE PROPOSED AGREEMENT 11

VIII. RECEIVER’S ACTIVITIES TO DATE 12

IX. TENANTS OF 110 AND 112 14

X. CONCLUSION 15

Appendices

Appointment Order A

SC Motion, without appendices B

September 11 Endorsement C

Confidential Appendix D

The 245 Notice E

I. INTRODUCTION

1. Pursuant to an application (the “**Application**”) made by Cameron Stephens Mortgage Capital Ltd. (“**Cameron Stephens**”), by Order of the Ontario Superior Court of Justice (the “**Court**”) dated September 11, 2020 (the “**Appointment Order**”), RSM Canada Limited (“**RSM**” or the “**Receiver**”) was appointed as receiver and manager over the lands and premises municipally known as 110 Avenue Road, Toronto, 112 Avenue Road, Toronto, 114 Avenue Road, Toronto, and 116 Avenue Road, Toronto (collectively the “**Properties**”) owned by Yorkville Central Investments Inc. (“**Yorkville Central**”), Yorkville Central 2 Investments Inc. (“**Yorkville Central 2**”), and Yorkville Central 3 Investments Inc. (“**Yorkville Central 3**”), (collectively, the “**Debtors**”), and for all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to the Properties, including all proceeds thereof (together with the Properties, hereinafter collectively referred to as the “**Property**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
2. The Appointment Order authorizes the Receiver to, among other things:
 - take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

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- market any or all of the Property, including advertising and soliciting offers in respect of the Property and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate; and
 - sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court.
3. Immediately following the granting of the Appointment Order, the Honourable Justice Dietrich began hearing SC Land Inc.'s ("**SC Land**") motion for an order directing the Receiver to enter into an Agreement of Purchase and Sale with SC Land for the sale of the Properties (the "**Proposed Agreement**") pursuant to the terms set out in the motion (the "**SC Motion**"). The Respondents opposed the SC Motion. A copy of the SC Motion, without appendices, is attached hereto as **Appendix "B"**.
 4. Counsel to Synvest Investment Management Inc. ("**Synvest**"), which was in the process of being engaged, set out Synvest's position that Synvest may have a right of first refusal option in respect of one of the Properties, and requested a short adjournment to review the relevant documents and to get instructions.
 5. The Receiver did not take any position on the SC Motion.
 6. After hearing argument on the SC Motion, the Honourable Justice Dietrich made an endorsement (the "**September 11 Endorsement**") which provided for, *inter alia*, the following:
 - adjourning the SC Motion to October 5, 2020;
 - in the interim, the Receiver was to commence its work, including investigating and managing the Properties, ascertaining the market value

of the Properties, considering the Proposed Agreement, and preparing a report relating to the marketing of the Properties;

- Synvest was to serve and file materials, if any, by September 18, 2020;
- the Receiver was to serve and file its report by September 25, 2020; and
- any reply to the Receiver's report was to be served and filed by September 30, 2020.

A copy of the September 11 Endorsement is attached hereto as **Appendix "C"**.

7. As of September 18, 2020, Synvest did not file any materials. However, counsel to Synvest provided a letter to the Receiver's counsel setting out the basic terms of an offer that it would be prepared to make for the Properties.
8. On September 22, 2020, SC Land filed a Supplementary Motion Record which included, *inter alia*, an "Appraisal Review" from Colliers dated September 17, 2020 in which Colliers reviewed the appraisal report provided by D. Bottero & Associates Limited ("**Bottero**") with respect to Bottero's appraisal dated March 3, 2020 of the Properties as of February 26, 2020.
9. The Appointment Order, the September 11 Endorsement and other court documents (other than those documents that contain information that has been sealed, or that are proposed to be sealed) have been posted on the Receiver's website, which can be found at rsmcanada.com/avenue-road-properties.
10. The Receiver has retained the firm of Paliare Roland Rosenberg Rothstein LLP to act as the Receiver's independent legal counsel.

II. PURPOSE OF REPORT

11. The purpose of this first report to the Court (the “**First Report**”) is to:
- (a) report to the Court on the activities of the Receiver from the date of its appointment to September 24, 2020;
 - (b) report to the Court on the steps taken by the Receiver to ascertain the value of the Properties and the Receiver’s findings in respect thereof;
 - (c) provide comments with respect to the Proposed Agreement;
 - (d) seek the advice and direction of the Court with respect to the next steps to be taken by the Receiver with respect to the Proposed Agreement and the marketing of the Properties; and
 - (e) seek an Order:
 - i. approving the First Report and the Receiver’s activities described in the First Report;
 - ii. sealing Confidential Appendix “D”; and
 - iii. providing such further directions to the Receiver with respect to the Proposed Agreement and the marketing of the Properties.

Terms of Reference

12. In preparing this report and making the comments herein, the Receiver has relied upon certain information from third-party sources (collectively, the “**Information**”). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the CPA

Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.

13. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

III. EXECUTIVE SUMMARY

14. In order to assist the Receiver ascertain the market value of the Properties and assess the Proposed Agreement, the Receiver:

- i) sought listing proposals from each of CBRE Limited ("**CBRE**"), Avison-Young Commercial Real Estate (Ontario) Inc. ("**Avison Young**") and Colliers Inc. ("**Colliers**") (collectively, the "**Listing Proposals**"); and
- ii) engaged Cushman & Wakefield ULC ("**C&W**") to provide an appraisal of the Properties.

15. The Receiver received listing proposals from each of CBRE, Colliers and Avison Young. C&W provided to the Receiver a draft "Preliminary Research & Analysis Summary" with an effective date of September 20, 2020, (the "**C&W Draft Analysis**") to be followed by a final report by on or about October 2, 2020.

16. The information contained in the Listing Proposals and the C&W Draft Analysis suggest to the Receiver that (i) the "fair market value" of the Properties (i.e., the price at which a willing buyer would purchase and a willing vendor would sell), is largely dependent on a purchaser's view of the potential future development relating to the density that may be achieved on the Properties, and (ii) the selling price of the Properties could potentially be more than the purchase price set out in

the Proposed Agreement. As such, until the Properties are exposed to the marketplace in a fair and transparent process, the “fair market value” of the Properties will not be known.

17. Based on the above, the Receiver is not in a position at this time to conclude that the purchase price set out in the Proposed Agreement is the most advantageous to the stakeholders in this proceeding.
18. The Receiver is cognizant of the concerns of the Properties’ mortgagees that the Proposed Agreement represents a degree of certainty particularly in light of the COVID-19 pandemic, ongoing costs being incurred including (i) the interest continuing to accrue on the Debtors’ indebtedness to the mortgagees, (ii) the Receiver’s fees and disbursements including the Receiver’s legal fees, and (iii) ongoing protective disbursements to be made by the Receiver relating to the Properties.
19. As such, the Receiver is of the view that a “Stalking Horse” sales process could be appropriate in this proceeding and would be willing to speak, before the return of the within motion on October 5, 2020, with any party to this proceeding which may be interested in being the Stalking Horse bidder.
20. The First Report refers to a number of documents that contain information that, if in the public domain, could negatively impact the marketing of the Properties and, accordingly, are included in **Confidential Appendix “D”** that is being filed with the Court.

IV. BACKGROUND

21. The Properties consist of land and premises described as follows:

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- 110 Avenue Road, Toronto (“**110**”) is a converted Victorian house containing commercial and residential rental units. 110 is owned by Yorkville Central 3;
 - 112 Avenue Road, Toronto (“**112**”) is a converted Victorian house containing one commercial unit. 112 is owned by Yorkville Central 3;
 - 114 Avenue Road, Toronto (“**114**”) is a Victorian house that is currently vacant and has undergone a partial demolition. 114 is owned by Yorkville Central 2; and
 - 116 Avenue Road, Toronto (“**116**”) is a vacant piece of land. 116 is owned by Yorkville Central.
22. Yorkville Central, Yorkville Central 2 and Yorkville Central 3 are federally incorporated companies incorporated on January 12, 2017, May 3, 2017, and August 30, 2017, respectively. The registered business addresses of the Debtors are located in Vancouver, BC. Messrs. Macario Teodoro Reyes and Bradley Berry are the directors of each of the Debtors.
23. Cameron Stephens is a company incorporated under the laws of the Province of Ontario, having its head office in Toronto, which carries on the business of providing mortgage financing.
24. Cameron Stephens is the registered holder of a first mortgage against the Properties.
25. The Debtors were in default of the mortgage and Cameron Stephens sought the appointment of the Receiver pursuant to a Notice of Application dated August 5, 2020.

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26. On September 11, 2020, the Court issued the Appointment Order.
 27. As at September 1, 2020, the Debtors' indebtedness to Cameron Stephens was \$12,457,570. The Receiver has not, as of the date of the First Report, sought an independent legal opinion on the mortgage held by Cameron Stephens.
 28. GC Capital Inc. ("**GC**") holds a second mortgage on the Properties. As at August 31, 2020, the Debtors' indebtedness to GC was \$2,635,417. The Receiver has not, as of the date of the First Report, sought an independent legal opinion on the mortgage held by GC.

V. THE SALE OF THE PROPERTIES

29. As set out earlier herein, in her Endorsement, the Honourable Justice Dietrich directed the Receiver to ascertain the market value of the Properties and to consider the Proposed Agreement.
30. In order prepare the information set out in this report, the Receiver has:
 - i) reviewed on a preliminary basis the appraised values set out in the five appraisals that were included in materials filed by either Cameron Stephens or SC Land;
 - ii) sought listing proposals from each of CBRE, Avison Young and Colliers; and
 - iii) engaged C&W to provide an appraisal of the Properties.
31. In view of the short time period in which the Receiver was required to file this report, there may be other information that the Receiver has not reviewed in respect of the Properties. Notwithstanding, the Receiver's observations and conclusion are based primarily on third party information that the Receiver has received independently.

32. The Receiver's findings and observations are set out below.

Appraisals obtained by Cameron Stephens and SC Land

33. Included in the materials filed by the parties were five appraisals that are dated between March 3, 2020 and September 10, 2020.

34. A summary of the appraisals is included as **Tab 1 to Confidential Appendix "D"**. Copies of the individual appraisals are attached as **Tabs 2, 3, 4, 5 and 6 to Confidential Appendix "D"**. The Receiver has not conducted any independent analysis of these appraisals.

35. With reference to the appraisal prepared by Bottero dated March 3, 2020, regarding the Properties as of February 26, 2020, SC Land engaged Colliers to conduct a review of that appraisal with a view to having Colliers provide its opinion as to whether the analysis, opinions and conclusions set out in the Bottero appraisal are appropriate and reasonable. Colliers presented the results of its review in its letter dated September 18, 2020 (the "**Colliers Review Letter**") which was included in SC Land's Supplementary Motion Record served on September 22, 2020. A copy of the Colliers Review Letter is attached for convenience as **Tab 7 to Confidential Appendix "D"**. The Receiver has not conducted any independent analysis of this review.

C&W Appraisal

36. In view of the "competing" appraisals relating to the Properties, and the positions advanced by the various parties to this proceeding, the Receiver was of the view that it should obtain its own independent appraisal of the Properties and engaged

C&W accordingly. On September 23, 2020, C&W provided to the Receiver the C&W Draft Analysis, which is to be followed by a final report by on or about October 2, 2020. The Receiver received the C&W Draft Analysis which provides C&W's opinion of the value of the Properties having an effective date of September 20, 2020. A copy of the C&W Draft Analysis is attached as **Tab 8 to Confidential Appendix "D"**.

Listing Proposals Obtained by the Receiver

37. In order to obtain further information on the Properties, the Receiver sought, and received, listing proposals from three real estate brokerages, being CBRE, Avison Young and Colliers. A summary of the information contained in the listing proposals, is attached as **Tab 9 to Confidential Appendix "D"**. Copies of the CBRE, Colliers and Avison Young listing proposals are attached as **Tabs 10, 11, and 12**, respectively, to **Confidential Appendix "D"**.

VI. THE PROPOSED AGREEMENT

38. SC Land submitted the Proposed Agreement to acquire the Properties. At this time, pending further direction of the Court, the Receiver has not reviewed the terms of the Proposed Agreement, other than the purchase price referred to therein, to assess whether they are acceptable to the Receiver. A copy of the Proposed Agreement is attached as **Tab 13 to Confidential Appendix "D"**.

39. The Receiver's assessment of the Proposed Agreement is based on the proposed purchase price set out therein.

VII. RECEIVER'S VIEW OF THE PROPOSED AGREEMENT

40. The information contained in the Listing Proposals and the C&W Draft Analysis suggest to the Receiver that (i) the “fair market value” of the Properties (i.e., the price at which a willing buyer would purchase and a willing vendor would sell) is largely dependent on a purchaser’s view of the potential future development relating to the density that may be achieved on the Properties; and (ii) the selling price could potentially be more than the purchase price set out in the Proposed Agreement. As such, until the Properties are exposed to the marketplace in a fair and transparent process, the “fair market value” of the Properties will not be known.
41. Moreover, Synvest, through its counsel, Aird & Berlis LLP, has submitted to the Receiver the terms of an offer that Synvest would be prepared to make for the Properties. A copy of Aird & Berlis LLP’s letter dated September 18, 2020 is attached at **Tab 14 to Confidential Appendix “D”**.
42. In addition, the Receiver has been contacted by a commercial brokerage representing the owners of a nearby property expressing their interest in acquiring part or all of the Properties and have requested details on the terms and conditions of the Receiver’s sale procedure.
43. As a result, based on all of the above, the Receiver is not in a position at this time to conclude that the purchase price set out in the Proposed Agreement is the most advantageous to the stakeholders in this proceeding.
44. The Receiver is cognizant of the concerns of the Properties’ mortgagees that the Proposed Agreement represents a degree of certainty particularly in light of the COVID-19 pandemic, ongoing costs being incurred including (i) the interest

continuing to accrue on the Debtors' indebtedness to the mortgagees, (ii) the Receiver's fees and disbursements including the Receiver's legal fees and (iii) ongoing protective disbursements to be made by the Receiver relating to the Properties.

45. As such, the Receiver is of the view that a "Stalking Horse" sales process could be appropriate in this proceeding and would be willing to speak, before the return of the within motion on October 5, 2020, with any party to this proceeding which may be interested in being the Stalking Horse bidder.
46. The First Report refers to a number of documents that contain information that, if in the public domain, could negatively impact the marketing of the Properties and, accordingly, are included in Confidential Appendix "D" that are being submitted separately to the Court.

VIII. RECEIVER'S ACTIVITIES TO DATE

Possession and Security

47. On September 11, 2020, following the issuance of the Appointment Order, the Receiver attended at the Properties.
48. The Receiver arranged for a locksmith to change the locks to (i) the unoccupied residential units and common entrance door at 110, (ii) the exterior entrances at 114 and (iii) the padlock to the door giving entrance into the fenced lot at 116.
49. Upon its inspection of the Properties, the Receiver observed that demolition had commenced inside 114, which could make the premises unsafe. The Receiver gave instruction to RAS (defined below) that neither RAS nor any other persons

are to be allowed into the building. The Receiver has also noted other potential safety issues and will be addressing them with RAS.

Property Manager

50. Upon its appointment, the Receiver contacted Medallion Capital Corp. (“**Medallion**”), the company retained by the Debtors to provide maintenance services at the Properties, to inform Medallion of the Receiver’s appointment and that the Receiver would not be using Medallion’s services.
51. In order to monitor the condition of the Property on an ongoing basis, the Receiver has engaged Richmond Advisory Services Inc. (“**RAS**”) to provide certain property management services including:
- i) periodic site inspection of the Properties; and
 - ii) obtaining quotes for repairs and maintenance and overseeing work to be done, as required.
52. The Receiver anticipates that it will shortly finalize the terms of a property management agreement with RAS.

Insurance

53. Upon its appointment, the Receiver contacted the Debtors’ insurance broker to inquire if the Debtors’ insurance was in effect and if the insurer would add the Receiver as a named insured to the policy. The broker informed the Receiver that the Receiver could not be added to the policy and that the broker could not confirm that the policy would remain in place. The broker advised the Receiver to arrange its own insurance coverage.

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54. The Receiver obtained its own property and liability insurance with coverage effective September 11, 2020. The Receiver's current coverage is scheduled to expire on December 11, 2020.
55. As 114 and 116 are vacant, the Receiver's insurer requires site inspections of the Properties. Periodic site inspections will be continued until the Properties are sold.

Books and Records

56. Upon its appointment, the Receiver contacted the Debtors to request information regarding the tenants of 110 and 112 and the creditors of the Properties and that information was provided by the Debtors on September 16, 2020. Subsequently, the Receiver requested certain information on the Properties including surveys and experts reports, and additional information was received on September 18, 2020.

Statutory Notices

57. On September 21, 2020, the Receiver sent a Notice and Statement of Receiver pursuant to Section 245(1) of the Bankruptcy and Insolvency Act (the "**BIA**") to the known creditors of the Property (the "**245 Notice**") as identified through information provided by the Debtors, a title search of the Property, and Personal Property Security Registration System ("**PPSA**") searches of the Debtors. A copy of the 245 Notice is attached hereto as **Appendix "E"**.

IX. TENANTS OF 110 AND 112

58. Upon attending at the Properties on September 11, 2020, the Receiver notified the tenants who were on the premises of its appointment. Tenants who were not on the premises were notified by phone and/or email.

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59. The tenants of 110 and 112 are comprised of:
- two residential tenants and one commercial tenant at 110;
 - one commercial tenant occupying the whole building at 112.
60. The commercial tenant at 112 is vacating the premises by October 2020. The lease for the commercial tenant at 110 expired in 2019 and occupancy is currently being extended on a month-to-month basis. The two residential tenants are also leasing the premises on a month-to-month basis and the terms of occupancy are evidenced in an email rather than by a formal lease document.
61. 110 also contains a third residential unit that is currently vacant. The Receiver has been contacted by a party (the “**Prospective Tenant**”) who claims to have made arrangements to rent the unoccupied unit at 110 but does not have a formal lease agreement. The Prospective Tenant is named on the rent roll and on one of the email leases as the tenant for one of the two occupied residential units at 110, which appears to be occupied by a family member. The Receiver is presently considering its position as it relates to the Prospective Tenant.

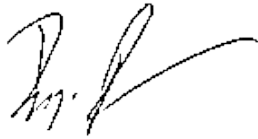
X. CONCLUSION

62. The Receiver respectfully requests that the Court make an Order:
- (i) approving the First Report and the Receiver’s activities described in the First Report;
 - (ii) sealing Confidential Appendix “D”; and
 - (iii) providing such further directions to the Receiver with respect to the Proposed Agreement and the marketing of the Properties.

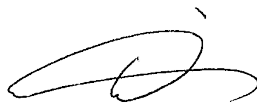
All of which is respectfully submitted to this Court as of this 25th day of September, 2020.

RSM CANADA LIMITED

In its capacity as Court-appointed Receiver of
110 Avenue Road, Toronto, 112 Avenue Road, Toronto,
114 Avenue Road, Toronto, and 116 Avenue Road, Toronto,
and not in its personal capacity



Per: Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT
President



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice President

APPENDIX A

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE *MADAM*)
JUSTICE *DIETRICH*)
)

FRIDAY , THE *11TH*
DAY OF *v* , 2020
SEPTEMBER

B E T W E E N:

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

and

YORKVILLE CENTRAL INVESTMENTS INC., YORKVILLE CENTRAL 2
INVESTMENTS INC., YORKVILLE CENTRAL 3 INVESTMENTS INC.

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing RSM Canada Limited as receiver and manager (in such capacities, the "Receiver") without security, over the lands and premises described as:

PIN No. 21214-0194: PT LT 3 PL 742 CITY EAST AS IN EM50567; TORONTO;
CITY OF TORONTO and known municipally as 110 Avenue Road, Toronto;

PIN No. 21214-0195: PT LT 3-4 PL 742 CITY EAST AS IN CA739828; TORONTO, CITY
OF TORONTO and known municipally as 112 Avenue Road, Toronto;

PIN No. 21214-0196: PT LT 4 PL 742 CITY EAST AS IN CT963202; TORONTO, CITY
OF TORONTO and known municipally as 114 Avenue Road, Toronto; and

PIN No. 21214-0221: LT 1 PL 639 CITY EAST S/T & T/W CA628958; TORONTO; CITY OF TORONTO and known municipally as 116 Avenue Road, Toronto

(collectively the “**Avenue Road Properties**”) owned by Yorkville Central Investments Inc., Yorkville Central 2 Investments Inc. and Yorkville Central 3 Investments Inc. (the “**Debtors**”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Curtis Jackson sworn August 5, 2020 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, and on reading the consent of RSM Canada Limited to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, RSM Canada Limited is hereby appointed Receiver, without security, of the Avenue Road Properties and for all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to the Avenue Road Properties, including all proceeds thereof (together with the Avenue Road Properties, (hereinafter collectively referred to as the “**Property**”).

RECEIVER’S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage and operate the Property, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, or cease to perform any contracts of the Debtors in respect of the Property;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets in respect of the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors in respect of the Property and to exercise all remedies of the Debtors in respect of the Property in collecting such monies, including, without limitation, to enforce any security held by the Debtors in respect of the Property;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors in respect of the Property;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors in respect of the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors in respect of the Property;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any Property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have in respect of the Property; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) 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") shall forthwith advise the

Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver 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 Debtors relating to the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS IN RESPECT OF THE PROPERTY

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors in respect of the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors in respect of the Property are hereby stayed and suspended pending further Order of this Court. For certainty, nothing herein affects the rights of GC Capital Inc. to continue its proceeding against the Debtors in the British Columbia Superior Court bearing Court File No. VLC-S-S-205724.

NO EXERCISE OF RIGHTS OR REMEDIES

9. THIS COURT ORDERS that all rights and remedies against the Debtors in respect of the Property, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors in respect of the Property, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors in respect of the Property or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors in respect of the Property are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names in respect of the Property, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts"). For certainty, all receipts in respect of the Property shall be deposited into the Post Receivership Accounts and all Permitted Disbursements (defined below) shall be drawn from the Post Receivership Accounts. "Permitted Disbursements" shall include realty taxes, utilities, insurance, maintenance expenses, other reasonable Property-specific expenses, and business expenses associated with the Property. The monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or 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 of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

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 at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://www.rsmcanada.com/avenue-road-properties>

24. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is 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 Debtors’ creditors or other interested parties at their respective addresses as last shown on the records of the Debtors 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.

GENERAL

25. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

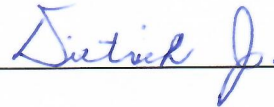
26. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors or any of them.

27. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

28. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

29. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the funds in the Receiver's possession with such priority and at such time as this Court may determine.

30. 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 Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

A handwritten signature in blue ink, appearing to read "Dietrich J.", is written above a horizontal line.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that RSM Canada Limited, the receiver and manager (the "Receiver") of the Property of the Debtors, as such terms are defined in the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 2020 appointing the Receiver (the "Order") made in an application having Court file number CV-20-00644927-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

RSM Canada Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

APPENDIX B

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

and

**YORKVILLE CENTRAL INVESTMENTS INC., YORKVILLE CENTRAL
3 INVESTMENTS INC. and YORKVILLE CENTRAL 2 INVESTMENTS
INC.**

Respondents

**APPLICATION UNDER subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C.
1985, c.B-3, as amended and Section 101 of the *Court of Justice Act*, R.S.O. 1990, c.C.43, as
amended**

MOTION RECORD

(Notice of Motion returnable September 11, 2020)

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AND **RSM CANADA LIMITED**
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Attention: Daniel Weisz
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Email: daniel.weisz@rsmcanada.com

Proposed Receiver

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Jeffrey Larry
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Fax: (416) 646-4301

Lawyers for the Receiver

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

and

**YORKVILLE CENTRAL INVESTMENTS INC., YORKVILLE CENTRAL
3 INVESTMENTS INC. and YORKVILLE CENTRAL 2 INVESTMENTS
INC.**

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INDEX

Tab		Page No.
1	Notice of Motion returnable September 11, 2020	1
2	Affidavit of Robert Kansun dated August 27, 2020	46
A.	Exhibit A – Notice of Action dated June 25, 2020	53
B.	Exhibit B – Amended Notice of Action	60
C.	Exhibit C – Statement of Claim in the Action	67
D.	Exhibit D – Order and Endorsement of Master Abrams dated June 25, 2020	78
E.	Exhibit E – SC Land’s Motion Record seeking Certificate of Pending Litigation.....	84
F.	Exhibit F – Motion Record to correct typographical error	217
G.	Exhibit G – Master Abrams further Endorsement and Order dated June 29, 2020	259
H.	Exhibit H – Affidavit of Personal Service of Shawn Demchuk	264
I.	Exhibit I – Letter dated June 30 2020 from J. Wortzman to Toby Reyes	266
J.	Exhibit J – Letter dated July 22, 2020 from J. Wortzman to Toby Reyes	269
K.	Exhibit K – Tax certificates received from the City of Toronto.....	271
L.	Exhibit L – Appraisal of Properties	276

Court File No. CV-20-00644927-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

and

**YORKVILLE CENTRAL INVESTMENTS INC., YORKVILLE CENTRAL
3 INVESTMENTS INC. and YORKVILLE CENTRAL 2 INVESTMENTS
INC.**

Respondents

APPLICATION UNDER subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended and Section 101 of the *Court of Justice Act*, R.S.O. 1990, c.C.43, as amended

NOTICE OF MOTION

SC Land Inc. will make a Motion to a Judge presiding over the Commercial List on September 11, 2020, at 11:00 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) because it is (insert one of on consent, unopposed or made without notice);

in writing as an opposed motion under subrule 37.12.1(4);

orally (by ZOOM).

THE MOTION IS FOR

- (a) An order that the Receiver of the Respondents enter into an Agreement of Purchase and Sale regarding the subject Properties with SC Land Inc. on the terms set out in the Agreement of Purchase and Sale attached as Schedule "A" to this Notice of Motion (the "Proposed Agreement") and, or approving the said sale.
- (b) A vesting order upon the closing of the Proposed Agreement.
- (c) Such further and other relief as lawyers may advise and this Honourable Court deem just.

THE GROUNDS FOR THE MOTION ARE

- (a) SC Land entered into a binding Agreement of Purchase and Sale ("Agreement") with the Respondents to acquire the subject Properties for a purchase price of \$16,000,000.00. The Agreement provided that SC Land and the Respondents agreed to pay equally a total commission of 1.5% on the gross sales price to Accretive Realty Partners Inc. ("Broker") upon closing. Therefore the net purchase price was \$15,880,000.00.
- (b) The Respondents anticipatorily breached the Agreement and SC Land commenced an action ("Action") against the Respondents seeking specific performance of the Agreement and registered a Certificate of Pending Litigation against title to the Properties;

- (c) The Respondents have chosen not to defend the Action or respond in any way to SC Land's request to purchase pursuant to the Agreement. SC Land cannot note the Respondents in default given the emergency orders issued by the Province of Ontario.
- (d) SC Land was ready, willing and able to close the transaction contemplated by the Agreement;
- (e) SC Land is prepared to acquire the Properties as early as September 30, 2020 pursuant to the Proposed Agreement without any conditions for the same net price as the Agreement, being on an all cash basis in the sum \$15,880,000.00, is prepared to pay the entire commission of \$220,000.00 to the Broker, is prepared to immediately transfer a \$1,000,000.00 deposit to the Receiver and is prepared to take title by way of a Vesting Order;
- (f) It is anticipated that the proceeds from the Proposed Agreement will be sufficient to remit payment in full of all tax arrears and the amounts owing to the Applicant and to the second mortgagee;
- (g) It is anticipated that the first and second mortgagees will consent to the relief sought;
- (h) The Respondents have failed to respond in any way to the Action, this motion or the efforts of SC Land to acquire the Property since the Action was commenced;

- (i) The Respondents have not paid the mortgages for five or six months and have failed to pay realty taxes and utilities while still collecting rents from the tenants at the Properties;
- (j) The Respondents have, by negotiating and entering into the Agreement acknowledged that the purchase price set out therein of \$16,000,000.00 (net \$15,880,000.00) was fair market value. The net purchase price in the Agreement is identical to the Proposed Agreement;
- (k) SC Land has secured an appraisal opining that the fair market value of the Properties is \$16,000,000.00;
- (l) The relief sought, if granted, will avoid a lengthy and costly Court process for the disposition of the Properties by the Receiver and will avoid the erosion of the assets thereby preventing a shortfall in payments to the Secured Creditors;
- (m) It would be the most just, least expensive and most reasonable resolution for the Receiver to enter into the Agreement;
- (n) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE

- (a) The Affidavit of Robert Kansun sworn August __, 2020;
- (b) The Motion Records used by SC Land on its motion to have a Certificate of Pending Litigation registered against title to the properties;

- (c) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

August 26, 2020

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Lawyers for the Receiver

CAMERON STEPHENS MORTGAGE CAPITAL LTD.
Applicant

-and-

YORKVILLE CENTRAL INVESTMENTS INC. et al.
Respondents

Court File No. CV-20-00644927-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

NOTICE OF MOTION

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Lawyers for SC Land Inc.

APPENDIX C

Court File Number: CV-20-00644927-00CL

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

AND

YORKVILLE CENTRAL INVESTMENTS INC., YORKVILLE CENTRAL 2
INVESTMENTS INC., YORKVILLE CENTRAL 3 INVESTMENTS INC.

Respondent(s)

Case Management Yes No by Judge: _____

Counsel	Telephone No:	Email/Facsimile No:
See counsel slip attached		

Order Direction for Registrar (**No formal order need be taken out**)
 Above action transferred to the Commercial List at Toronto (**No formal order need be taken out**)

Adjourned to: _____

Time Table approved (as follows): _____

Due to the COVID-19 crisis, I held a hearing on the above matter today by Zoom videoconference. This hearing was held in accordance with: (a) the Notice to the Profession issued by Chief Justice Morawetz on March 15, 2020 and the Update dated April 2, 2020; and (b) the “Changes to Commercial List operations in light of COVID-19” developed by the Commercial List judges in consultation with the Commercial List Users Committee. The Zoom videoconference facilities were arranged by Garfinkle Biderman LLP to facilitate the hearing, as per the foregoing COVID-19 practice directions.

Materials were sent to me by email prior to the hearing.

The Application to Appoint a Receiver

1. The applicant applies to appoint a receiver over three properties in the City of Toronto municipally known as 110-112 Avenue Road, 114 Avenue Road and 116 Avenue Road (the “Properties”).
2. The applicant loaned money to the Respondents secured by a first mortgage over the Properties among other security. The loan is in default.
3. The appointment of a receiver is supported by the second mortgagee of the Properties.
4. The Respondents are the registered owners of the Properties and they do not oppose the appointment of a receiver.
5. The applicant asserts that a receiver is required to assume control over the Properties, some of which are tenanted, and to pursue a sale with a view to maximizing the value for all stakeholders.
6. RSM Canada Limited has consented to act as receiver if so appointed by this court.
7. I am satisfied that the appointment of RSM Canada Limited (the “Receiver”) is just and convenient in the circumstances of this case.
8. My reasons include the following: i) the Respondents have committed events of default in respect of the loan made by the Applicant; ii) the Notice of Intention to Enforce Security pursuant to the *Bankruptcy and Insolvency Act* has expired; iii) the Applicant is permitted under the terms of its security documentation to appoint a receiver subject to certain conditions that appear to have been met; iv) there are property tax and utilities arrears; v) the continuing interest and penalties accruing on the first mortgage will erode the potential recovery from the collateral for any subsequent ranking creditor; vi) there is a certificate of pending litigation registered against the title to the Properties; vii) the Respondents attempted to sell the Properties in April of this year but were unsuccessful; and viii) because some of the Properties are tenanted, a receiver is needed to manage the Properties pending a sale.
9. All secured creditors have been given notice and have been given a reasonable opportunity to make representations. No one is opposing the appointment of the Receiver and the reasonable charge for the payment of its fees and disbursements.
10. Order to go in the form of the draft signed by me today. The Order is effective as of today’s date and it is not required that it be entered.

The Motion to Approve a Sale of the Properties to SC Land Inc.

1. On the assumption that the Receiver would be appointed, SC Land Inc. (“SC Land”) brought a motion for an order directing the Receiver to enter into an agreement of purchase and sale (the “Proposed Agreement”) with SC Land to sell the Properties to SC Land for a purchase price to which the Respondents had allegedly agreed in April 2020. It asserts that it would be prepared to close the sale by September 30, 2020 and the proceeds would cover both the first and second mortgage. An early closing would avoid the accrual of additional interest and penalty payments and ongoing fees of the receiver and counsel.

2. This motion is supported by the first and second mortgagee. It is opposed by the Respondents on the basis that the sale should not be approved without exposing the Properties to the market to determine the fair market value.
3. Synvest Investment Management (“Synvest”) consulted counsel yesterday and asserts that it may have a right of first refusal option in respect one of the Properties. SC Land disputes any such right. Counsel to Synvest seeks a short adjournment to give her time to review the relevant documents and to get instructions.
4. In my view, the motion is premature and should be adjourned to permit Synvest to make submissions on the motion should it choose to do so. The motion should also be adjourned to permit the newly-appointed Receiver to commence its work, which will include investigating and managing the Properties, ascertaining the market value of the Properties, considering the Proposed Agreement, and preparing a report relating to the marketing of the Properties.
5. Accordingly, the motion is adjourned to **October 5, 2020 at 12 noon**.
6. Counsel to Synvest shall serve and file its materials, if any, by September 18, 2020. The Receiver shall serve and file its report by September 25, 2020 and any reply to its report shall be served and filed by September 30, 2020.
7. The record contains appraisals of the Properties. Each of these appraisals shall be **sealed** until the Properties are sold in order to protect this commercially sensitive information.



Dietrich J.
Superior Court of Justice (Toronto)
September 11, 2020

CONFIDENTIAL APPENDIX D

(INTENTIONALLY EXCLUDED)

APPENDIX E



RSM Canada Limited
Licensed Insolvency Trustee

11 King St W
Suite 700, Box 27
Toronto, ON M5H 4C7

T +1 416 480 0160
F +1 416 480 2646

www.rsmcanada.com

**NOTICE AND STATEMENT OF RECEIVER
(SECTION 245(1) AND 246(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT (CANADA))**

In the matter of the receivership of the property defined below.

The receiver gives notice and declares that:

1. On September 11, 2020, RSM Canada Limited was appointed by the Ontario Superior Court of Justice (the “**Court**”) as receiver and manager (the “**Receiver**”), without security, over the lands and premises known municipally as 110 Avenue Road, Toronto, 112 Avenue Road, Toronto, 114 Avenue Road, Toronto and 116 Avenue Road, Toronto (the “**Properties**”), owned by Yorkville Central Investments Inc., Yorkville Central 2 Investments Inc., and Yorkville Central 3 Investments Inc. (collectively, the “**Debtors**”).
2. The undersigned became a receiver in respect of the Properties by virtue of being appointed by the Ontario Superior Court of Justice - Commercial List.
3. The undersigned commenced the exercise of its powers in respect of that appointment on the 11th day of September, 2020.
4. The following information relates to the receivership:
 - a) Registered Head Office of the Debtors: c/o Dentons Canada LLP, 250 Howe Street, Vancouver, BC V6C 3R8
 - b) Principal line of business of the Properties:

110 Avenue Road, Toronto	commercial and residential rental property
112 Avenue Road, Toronto	commercial rental property
114 Avenue Road, Toronto	vacant house
116 Avenue Road, Toronto	vacant land
 - c) The approximate amounts owed by the Debtors to the creditors who appear to hold a security interest on the Properties include:

Cameron Stephens Mortgage Capital Ltd.	\$12,251,000
GC Capital Inc.	\$2,635,000

5. A list of creditors relating to the Properties and the amount owed to each creditor relating to the Properties is attached. This list has been compiled from information available to the Receiver, including information provided by the Debtors, a search of the Personal Property Security Registration System (Ontario) and limited enquiries by the Receiver, and has not been audited or verified by the Receiver and may not include all creditors. The fact that persons are receiving this notice or are included on the creditors list does not mean that it has been determined that they are a creditor or that if they are a creditor, that their claim is admitted in the amount set out on that list.
6. The current intended plan of the Receiver, to the extent that such a plan has been determined, is to sell the Properties.
7. Contact person for the Receiver:

Echa Odeh
RSM Canada Limited
11 King Street West
Suite 700, PO Box 27
Toronto, Ontario M5H 4C7
Telephone: (647) 730-3728
Facsimile: (416) 480-2646
E-mail: echa.odeh@rsmcanada.com
8. Additional information: A copy of the receivership order is posted on the Receiver's website at <http://www.rsmcanada.com/avenue-road-properties>. Other pertinent public information will be posted to this website as that information becomes available.

Dated at Toronto this 21st day of September, 2020.

RSM CANADA LIMITED, in its capacity as Court-appointed Receiver and Manager of 110 Avenue Road, Toronto, 112 Avenue Road, Toronto, 114 Avenue Road, Toronto and 116 Avenue Road, Toronto and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT
Senior Vice President

RSM CANADA LIMITED
IN THE MATTER OF THE RECEIVERSHIP OF
110 AVENUE ROAD, TORONTO, 112 AVENUE ROAD, TORONTO,
114 AVENUE ROAD, TORONTO AND 116 AVENUE ROAD, TORONTO

LIST OF CREDITORS

SECURED CREDITORS

Cameron Stephens Mortgage Capital Ltd. (as of July 28, 2020)	\$ 12,251,486.59
GC Capital Inc. (as of August 31, 2020)	2,635,416.65
Total	<u><u>\$ 14,886,903.24</u></u>

OTHER CREDITORS

Atkins + Van Groll Inc.	\$ 2,700.36
Brumar Engineering Services	5,650.00
City of Toronto - Revenue Services (property tax)	83,529.92
City of Toronto - Revenue Services (water)	3,703.05
E.R.A. Architects Inc.	24,520.70
Enbridge Gas Inc.	5,351.41
PLDC	827,745.34
Toronto Hydro	3,995.51
YYZed Project Management	9,605.00
ZGF Cotter Architects Inc.	228,917.67
Total	<u><u>\$ 1,195,718.96</u></u>

The above list of creditors has been compiled from information available to the Receiver and has not been audited or verified by the Receiver and may not include all creditors. The fact that persons are included on the creditors list does not mean that it has been determined that they are a creditor or that if they are a creditor, that their claim is admitted in the amount set out on the list.

Supplementary Mailing List

Yorkville Central Investments Inc.
Yorkville Central 2 Investments Inc.
Yorkville Central 3 Investments Inc.

Office of the Superintendent of Bankruptcy
Canada Revenue Agency
Department of Justice Canada
Minister of Finance