



**First Report to Court of
KSV Restructuring Inc.
as Proposal Trustee of
Claireville Property Holdings Inc.**

July 26, 2021

Contents	Page
1.0 Introduction.....	1
1.1 Purposes of this Report	1
1.2 Restrictions.....	2
1.3 Currency	3
1.4 Court Materials	3
2.0 Background	3
3.0 Historical Operating Results	4
4.0 The Appraisal	5
4.1 Sealing	5
5.0 Court-Ordered Charges	5
5.1 DIP Lender's Charge	5
5.2 Administration Charge	7
5.3 Recommendation.....	8
6.0 Enhanced Powers for the Proposal Trustee.....	9
6.1 SISP	10
7.0 Budget-to-Actual Cash Flow Results	10
8.0 Cash Flow Forecast.....	11
9.0 Company's Request for an Extension	11
10.0 Conclusion and Recommendation	12

Appendices

Appendix	Tab
Certificate of Filing.....	A
Proposed DIP Facility	B
DIP Loan Summary Schedule	C
Justice Pattillo's Endorsement dated July 8, 2021	D
Letter from the Company to the Co-Tenants dated July 25, 2021	E
Trustee's letter dated July 19, 2021 to Prime and subsequent email exchanges	F
Cash Flow Forecast and Management's Reports on Cash Flow	G
Proposal Trustee's Report on Cash Flow.....	H

Confidential Appendix	Tab
Appraisal dated July 1, 2021 issued by Cushman & Wakefield ULC	1

COURT FILE NO.: 31-2749576

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CLAIREVILLE PROPERTY HOLDINGS INC.,
A CORPORATION INCORPORATED UNDER
THE ONTARIO *BUSINESS CORPORATIONS ACT***

**FIRST REPORT OF KSV RESTRUCTURING INC. AS PROPOSAL TRUSTEE OF
CLAIREVILLE PROPERTY HOLDINGS INC.**

JULY 26, 2021

1.0 Introduction

1. This report ("Report") is filed by KSV Restructuring Inc. ("KSV") in its capacity as proposal trustee (the "Proposal Trustee") in connection with a Notice of Intention to Make a Proposal ("NOI") filed by Claireville Property Holdings Inc. (the "Company") on July 2, 2021 (the "Filing Date") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"). A copy of the Company's Certificate of Filing is attached as Appendix "A".
2. The principal purpose of these proceedings is to create a stabilized environment to provide the Company with an opportunity to consider its restructuring alternatives, including refinancing its principal secured obligations and/or realizing on its business and assets in order to formulate and present a restructuring plan for creditors in the context of a proposal ("Proposal").

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company and these proceedings;
 - b) summarize the Proposal Trustee's principal activities since the Filing Date;
 - c) discuss the Company's need for debtor-in-possession ("DIP") financing, which is proposed to be provided pursuant to the terms of a debtor-in-possession financing term sheet dated July 23, 2021 between the Company and Cannect Mortgage Investment Corporation ("Cconnect"), as lender, in the maximum principal amount of \$4.5 million (the "DIP Facility"), secured by a charge (the "DIP Lender's Charge") over the Company's property, assets and undertakings (collectively, the "Property") in favour of Cannect for its advances to the Company under the DIP Facility;

- d) discuss the rationale for a charge in the amount of \$250,000 on the Property (the “Administration Charge”) as protection for the fees and disbursements of the Proposal Trustee, the Proposal Trustee’s counsel, Aird & Berlis LLP (“Aird & Berlis”), and the Company’s counsel, Weisz Fell Kour LLP (“WFK”);
- e) discuss the need to enhance the Proposal Trustee’s powers in these proceedings, including to control cash and to carry out a sale and investment solicitation process (“SISP”) for the Property, subject to Court approval;
- f) set out the basis on which the Proposal Trustee is recommending a sealing order for an appraisal dated July 1, 2021 (the “Appraisal”) issued by Cushman & Wakefield ULC (“C&W”) in respect of the Company’s leasehold interest (the “Leasehold Interest”) in 13 dual tenant industrial buildings municipally addressed as 18/20/22/24/26 Huddersfield Road, 350/354/358 Humberline Drive and 93/101/123/130/160 Claireville Drive (collectively, the “Real Property”);
- g) approve and authorize distributions of any funds advanced under the DIP Facility to pay or repay each of (i) the City of Toronto on account of all property tax arrears due and owing by the Company; and (ii) DUCA Financial Services Credit Union Ltd. (“DUCA”) on account of the Company’s secured indebtedness owing to DUCA for principal, interest and costs, in full¹;
- h) report on the Company’s budget-to-actual cash flow results since the Filing Date and on the Company’s cash flow projection for the period August 1, 2021 to September 15, 2021 (the “Cash Flow Forecast”);
- i) discuss the Company’s request for an extension of the deadline to file a Proposal from August 1, 2021 to September 15, 2021; and
- j) recommend that this Court grant the relief sought.

1.2 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company, the Company’s books and records and discussions with the Company’s management, legal counsel and the Company’s property manager, Prime Real Estate Group Inc. (“Prime”). The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*.
2. The Proposal Trustee expresses no opinion or other level of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party wishing to place reliance on the Company’s financial information should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.

¹ Any distributions to DUCA under the DIP Facility shall be subject to the Proposal Trustee obtaining an independent security opinion from its legal counsel confirming the validity and enforceability of DUCA’s underlying security.

3. An examination of the Cash Flow Forecast as outlined in the *Chartered Professional Accountants Canada Handbook* has not been performed. Future oriented financial information relied upon in this Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

1.4 Court Materials

1. Court materials filed in these proceedings are available on the Proposal Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/clairville-property-holdings-inc>.

2.0 Background

1. The Company is privately owned and was incorporated under the *Business Corporations Act (Ontario)* in 2015. Based on a review of the corporate profile report, the sole registered director and officer of the Company is Mark Gross.
2. Mark Gross is also the sole registered officer of Prime, the Company's property manager. Based on a current corporate profile report, Mark Gross and his father Sheldon Gross are the sole registered directors of Prime. However, on July 24, 2021, Mark Gross' legal counsel advised the Proposal Trustee that: (a) in or around June 2020, Justin Di Ciano directly or indirectly acquired 50% ownership of Prime. Mr. Di Ciano has operated and managed Prime since that time; (b) Mark Gross is not an officer of Prime and does not have signing authority over any of Prime's business or affairs; (c) the corporate profile report does not appear to have been updated as the last time a document was registered in connection with Prime was in 2018. The Proposal Trustee is waiting on the documentation/agreements required to confirm these facts.
3. Mark Gross and Sheldon Gross are also the sole registered directors and officers of Gross Capital Inc. ("GCI"), which is the Company's parent and a 50% shareholder of Prime. GCI also owns several other companies, certain of which are subject to separate receivership proceedings before this Court.
4. On July 25, 2021, GCI filed an assignment in bankruptcy and KSV was appointed Licensed Insolvency Trustee ("Trustee") of GCI's bankrupt estate, which appointment was affirmed at GCI's first meeting of creditors on July 15, 2021.
5. The Company's principal asset is its Leasehold Interest in the Real Property. The Company is the registered owner of the Leasehold Interest, which it holds as bare trustee and nominee for and on behalf of 21 co-tenants (collectively, the "Co-Tenants"). GCI is also one of the Co-Tenants, with a 7.3% beneficial interest in Claireville Properties Co-Tenancy (the "Co-Tenancy").

6. The Company's principal secured creditor is DUCA, which the Proposal Trustee understands is owed approximately \$2.3 million, plus interest and costs which continue to accrue. As a result of, *inter alia*, DUCA learning that the Company has accrued and unpaid property tax arrears of approximately \$2 million, DUCA issued a Notice of Intention to Enforce Security pursuant to Section 244 of the BIA in June, 2021. The Company filed its NOI prior to the expiry of the 10-day notice period in an effort to preserve value and maximize recoveries for its stakeholders.
7. On July 23, 2021, the Proposal Trustee was advised that Mark Gross would not be swearing an affidavit in light of the expanded powers of the Proposal Trustee being sought in connection with the Company's motion.

3.0 Historical Operating Results

1. A summary of the Co-Tenancy's income statement for its prior two fiscal years ended December 31, 2019 and 2020 is provided in the table below.

(Unaudited; \$000s)	2020	2019
Revenue	5,728	5,304
Recoverable expenses	(1,878)	(1,737)
Non-recoverable expenses	(2,710)	(2,365)
Income before interest	1,140	1,202
Mortgage interest	(112)	(116)
Net income	1,028	1,086

2. The above table reflects that, *inter alia*:
 - a) the Leasehold Interest generates approximately \$1 million of net operating income, largely from annual rental income and tenant recoveries of approximately \$3.5 million and \$2.0 million, respectively; and
 - b) the most significant non-recoverable expenses are lease payments to Kornwood Investments Limited, the landlord under the ground/land lease for the Real Property, which lease has a term of 99 years expiring August 31, 2073.
3. Notwithstanding the recurring income stream, the Proposal Trustee understands that the Company was insolvent on the Filing Date as, *inter alia*, funds generated by the Leasehold Interest have historically been advanced to other entities in the Gross Capital group. In this regard, the Co-Tenancy's financial statements as at December 31, 2020 reflect an intercompany advance owing from GCI of approximately \$3.3 million.

4.0 The Appraisal

1. The Proposal Trustee understands that, in the weeks leading up to the NOI filing, the Company retained C&W to prepare the Appraisal of the Leasehold Interest.
2. A copy of the Appraisal is provided in Confidential Appendix “1”. For the reasons set out in Section 4.1 below, the Proposal Trustee is recommending that the Appraisal be filed with the Court on a confidential basis pending further Court order.
3. Based on the Appraisal, there appears to be substantial equity in the Leasehold Interest over and above all known secured and/or priority claims, including amounts owing to DUCA (approximately \$2.3 million), property tax arrears (approximately \$2 million) and any other amounts owing to registered secured creditors (all of whom the Proposal Trustee understands were served on July 23, 2021 with the Company’s Notice of Motion and proposed form of order).

4.1 Sealing

1. The Proposal Trustee is proposing to file the Appraisal on a confidential basis as it is being proposed that the Property will be marketed for sale pursuant to the SISP. Accordingly, the Appraisal reflects an estimated recovery for, and value of, the Company’s principal asset yet to be sold in the context of these proceedings. Releasing the Appraisal prior to carrying out the SISP would be prejudicial as it would defeat the objective of the SISP, which is to generate the highest and best offers possible from the market.
2. The Proposal Trustee does not believe that any stakeholder will be prejudiced if the Appraisal is sealed at this time. Keeping this information sealed pending further order of the Court is intended to maximize recoveries for the Company and its stakeholders.

5.0 Court-Ordered Charges

5.1 DIP Lender’s Charge²

1. The Proposal Trustee understands that the Company is in default of its credit agreement with DUCA. Since the commencement of these proceedings, the Proposal Trustee has worked with the Company to solicit DIP loan proposals from Cannect and a lender known to the Proposal Trustee with experience providing DIP loans (the “Alternative Prospective Lender”).
2. On or around July 20, 2021, Cannect submitted an unconditional commitment letter and the Alternative Prospective Lender submitted a term sheet which was conditional, including on due diligence, and contained a higher rate of interest. The Alternative Prospective Lender’s commercial terms, including a 12% interest rate, were less favourable than the commitment letter submitted by Cannect.

² Terms not defined in this section of the Report have the meanings provided to them in the DIP Facility.

3. Since on or around July 20, 2021, the Company, the Proposal Trustee and their respective legal counsel have worked with Cannect and its counsel to negotiate the proposed DIP Facility, the principal terms of which are summarized as follows:
- a) Lender: Cannect, which the Proposal Trustee understands, is an arm's length party to the Company. Cannect is a mortgagee on several other properties in which GCI has an interest.
 - b) Description of Facility: Senior secured super-priority DIP loan of up to a maximum amount of \$4.5 million.
 - c) Termination Date: The earliest of: (i) six months following the Closing Date or such other date agreed to by Cannect in its sole discretion; (ii) the date on which the stay of proceedings provided for by virtue of the filing of the BIA NOI expires without being extended with the consent of Cannect or the date on which the NOI Proceedings shall be dismissed or terminated or the date on which either of the Borrower becomes bankrupt or the stay is lifted to allow a filing of bankruptcy petition under the BIA or receivership or similar insolvency proceeding not otherwise stayed during the NOI Proceedings; (iii) the date of the acceleration of the DIP Facility and the termination of the commitment with respect to the DIP Facility as a result of an Event of Default. All amounts outstanding under the DIP Facility are payable in full on the Termination Date, including all accrued interest and other amounts, fees and costs.
 - d) Interest Rate: 10% per annum.
 - e) Closing Fee: 4% of the amount of the DIP Facility of \$4.5 million, being \$180,000, which is payable on the Closing Date from the DIP proceeds.
 - f) Security and Priority: A Court-ordered super-priority charge on the Company's Property. All obligations, other than the Administration Charge, are proposed to be subordinate to the DIP Lender's Charge.
 - g) Conditions: The conditions precedent include, among others, the following:
 - i. the representations and warranties made by the Company being true and correct as of the date given;
 - ii. issuance of an order by the Court (the "DIP Order"), satisfactory in form and substance to Cannect in its sole discretion, approving the DIP Facility, granting the DIP Lender's Charge and authorizing the payment by the Company of all of the fees and expenses in respect of the DIP Facility, unless otherwise agreed to by Cannect in its sole discretion;
 - iii. the DIP Commitment Fee is paid;
 - iv. the DIP Order shall be in full force and effect, unamended and no motion for leave to appeal has been made; and
 - v. the absence of any Events of Default or any events that with the passage of time would constitute Events of Default as certified by the Company.

- h) Events of Default: Events of Default include, *inter alia*, the following:
- i. the Company defaults in the payments of any amount due and payable under the DIP Facility;
 - ii. any representations and warranties made by the Company in the DIP Facility proves to be incorrect as of the date given;
 - iii. the Company fails or neglects to observe or perform any term, covenant, condition or obligation contained or referred to in the DIP Facility or any other document between the Company and Cannect;
 - iv. the stay of proceedings provided for by virtue of the filing of the NOI (as extended from time to time with the prior written consent of Cannect) expires without being extended or the NOI Proceedings being dismissed or terminated or the Company becoming subject to a proceeding under the BIA or a receivership or similar insolvency proceeding not otherwise stayed during the NOI Proceedings; and
 - v. the entry of an order staying, amending, reversing, vacating or otherwise modifying, in each case without the prior written consent of Cannect, the DIP Facility, the DIP Order or any other order granted by the Court in the NOI Proceedings.

Upon the occurrence of an Event of Default, without any notice, protest, demand or other act on the part of Cannect, all indebtedness of the Company to Cannect under the DIP Facility shall become immediately due and payable and Cannect may take all steps necessary to enforce its security upon providing two days' prior written notice to the Company and the Proposal Trustee, without the necessity of obtaining further relief or order from the Court.

4. A copy of the DIP Facility is attached as Appendix "B".
5. The Proposal Trustee has instructed Aird & Berlis to prepare an independent security opinion on the validity and enforceability of DUCA's security, upon receipt from DUCA of its security. It is proposed that the Company's property tax arrears and the secured amounts owing to DUCA would be repaid from the funds available to the Company under the DIP Facility (in the case of DUCA, upon receipt of its security and confirmation from the Aird & Berlis opinion regarding the validity and enforceability of DUCA's security, subject to the usual assumptions and qualifications of a security opinion).

5.2 Administration Charge

1. The Company is seeking Court approval of an Administration Charge in the amount of \$250,000 as protection for the fees and disbursements of the Proposal Trustee, Aird & Berlis and WFK. The Administration Charge provides security to these professionals in the event that these proceedings are terminated and such professionals have not been paid in full at the date of termination.

2. An Administration Charge is a common feature in restructuring proceedings. The Proposal Trustee is of the view that the Administration Charge is appropriate in this case due to the Company's lack of liquidity and the need for assistance from the beneficiaries of the Administration Charge. The Administration Charge is to have a senior ranking charge on the Property, including in priority to the DIP Lender's Charge and the potential secured claims of any PPSA registrants.
3. For the reasons set out below, the Proposal Trustee believes it is appropriate for the Administration Charge to rank in priority to all claims against the Company.

5.3 Recommendation

1. The Proposal Trustee has considered the factors set out in subsection 50.6(5) of the BIA with respect to the granting of an order for interim financing and a charge related thereto, and of subsection 64.2(1) of the BIA with respect to the granting of an administration charge. The Proposal Trustee believes that the terms of the DIP Facility are reasonable and that the DIP Lender's Charge and Administration Charge should be granted for the following reasons:
 - a) the DIP Facility and the corresponding DIP Lender's Charge enhance the prospect that the Company will be able to successfully file a Proposal in these proceedings;
 - b) the Company is without liquidity to fund these proceedings and it does not appear that DUCA is prepared to support an extension of the NOI absent the Company being able to repay in full DUCA and the property tax arrears. The DIP Facility is necessary to fund these projected payments;
 - c) absent the DIP Facility, the Company will have no ability to pursue an orderly sale of its principal asset (i.e. the Leasehold Interest), which has substantial value according to the Appraisal, to the prejudice of all of the Company's stakeholders, including creditors and the Co-Tenants;
 - d) the Administration Charge and the DIP Lender's Charge are proposed to rank in priority to all claims against the Company. In this regard:
 - i. in the circumstances, the proposed priority of the DIP Lender's Charge is necessary as no commercially reasonable lender can be expected to provide the financing required by the Company in the necessary urgent timelines, subordinate to the Company's existing obligations;
 - ii. the Proposal Trustee believes the DIP Facility is in the best interest of all of the Company's stakeholders, including subordinate secured creditors, as the DIP Facility is integral to fund the costs associated with an orderly realization process so that there may be a recovery for all stakeholders, including the Co-Tenants; and
 - iii. in an immediate liquidation of the Company, the realizable value of the Property may be impaired;

- e) in the Proposal Trustee's view, the commercial terms of the DIP Facility are reasonable. The closing fee (4%) and the rate of interest (10%) are consistent with the costs of DIP financing facilities approved by Canadian courts in formal insolvency proceedings as reflected in a DIP loan summary schedule as of June 14, 2021, a copy of which is attached as Appendix "C". The Proposal Trustee is also cognizant of the conditional term sheet submitted by the Alternative Prospective Lender, which contemplated less favourable terms;
- f) the Proposal Trustee has reviewed the Company's Cash Flow Forecast which supports the DIP Facility and believes that its underlying assumptions are reasonable;
- g) KSV, in its capacity as Trustee of GCI, being a 7.3% beneficial owner of the Property, has sought and obtained support for the DIP Facility from the inspectors appointed over GCI's bankrupt estate. Based on the Appraisal, it appears that GCI's bankrupt estate and the other Co-Tenants are the fulcrum stakeholders in these proceedings; and
- h) in the Proposal Trustee's view, these proceedings cannot advance without funding under the DIP Facility and the professionals involved require certainty that their fees will be paid.

6.0 Enhanced Powers for the Proposal Trustee

1. Over the past week, the Proposal Trustee, the Company and their respective legal counsel have had discussions around ceding control from Mark Gross and enhancing the Proposal Trustee's powers in these proceedings. These discussions were a product of the following considerations:
 - a) on or around June 29, 2021, certain creditors of GCI's bankrupt estate commenced a Court application (the "Application") naming Mark Gross and other parties as respondents. The Application was originally returnable in Court on July 5, 2021, and sought various branches of relief against the respondents and in respect of the respondents' properties and businesses, including the appointment of an investigative receiver. The Application was opposed by Mark Gross and several other respondents. In accordance with the endorsement dated July 8, 2021 of The Honourable Mr. Justice Pattillo (the "Endorsement"), the Application is now scheduled to be heard on October 12, 2021. A copy of the Endorsement is attached as Appendix "D";
 - b) since the commencement of these proceedings, and since being appointed as Trustee of GCI's bankrupt estate, KSV has received numerous calls and emails from stakeholders expressing concerns about Mark Gross, including allegations of misappropriation of investor funds by Mark Gross and/or several entities controlled by Mark Gross. These allegations have not been proven in Court;
 - c) four of the Co-Tenants have asked the Proposal Trustee to have Mark Gross removed from management of the Co-Tenancy;

- d) the Proposal Trustee identified from its review of the Company's bank statement that an investor distribution of approximately \$105,000 was debited from the bank account on July 9, 2021 (the "Equity Distribution") after the Proposal Trustee specifically advised the Company that no equity distributions to Co-Tenants can be paid during the NOI period. Mark Gross has advised the Proposal Trustee this pre-authorized payment was inadvertently withdrawn automatically from the account and a letter seeking reimbursement of these payments was sent by the Company to each of the Co-Tenants, a copy of which is attached hereto as Appendix "E"; and
 - e) KSV, in its capacity as Trustee of GCI, wrote to Prime, the Company's property manager, on July 19, 2021, requesting certain information to which the Trustee is entitled. This information has not been provided. Mark Gross, through his counsel, sent a letter to Prime requesting that it cooperate with the Trustee and provide the requested information. Attached collectively as Appendix "F" are copies of the Trustee's letter, the subsequent email exchange amongst Prime's counsel, the Trustee's counsel and the Trustee and the letter from Mark Gross' legal counsel to Prime.
- 2. To address stakeholder concerns regarding the management of the Company in order for the NOI proceeding to continue, Mark Gross has agreed that it is appropriate in the circumstances for the Proposal Trustee's powers to be enhanced such that he can no longer control the Company or make any executive decisions, including controlling receipts and disbursements and/or decisions concerning the SISP. On this basis, the proposed Court order authorizes the Proposal Trustee to make all decisions in respect of the business and the SISP in place of Mark Gross. It is contemplated that Mark Gross will not have any decision-making authority over the Company and/or its bank accounts.

6.1 SISP

- 1. The proposed order provides that the Proposal Trustee will carry out the SISP. Subject to Court approval, the Proposal Trustee intends to solicit listing proposals from commercial real estate agents in order to enter into a listing agreement on or prior to August 13, 2021.
- 2. The timelines of the SISP will be determined by the Proposal Trustee in consultation with the selected listing agent with experience marketing assets of this nature in order to maximize value. The Proposal Trustee will be able to reject all offers - there will be no obligation to accept the highest offer under the SISP. Any transaction resulting from the SISP will be subject to Court approval.

7.0 Budget-to-Actual Cash Flow Results

- 1. As part of its NOI filing, the Company filed a cash flow for the initial 30-day period of the NOI proceedings.

- Actual receipts and disbursements for the period from July 2, 2021 to July 23, 2021, as compared to the cash flow forecast filed at the commencement of the NOI proceedings, is summarized in the following table.

(unaudited; \$000s)	Forecast	Actual	Variance (\$)	Variance (%)
Receipts	343	411	68	20%
Disbursements				
Rent	205	205	-	-
Property taxes	-	-	-	-
Maintenance and utilities	96	127	(31)	-32%
Mortgage – principal and interest	15	15	-	-
Equity distribution	0	105	(105)	-
Other	0	34	(34)	-
Professional fees	105	75	30	29%
Total disbursements	421	561	(140)	-33%
Net cash flow	(78)	(150)	(72)	-92%
Opening cash balance	164	164	-	-
Net cash flow	(78)	(150)	(72)	-92%
Closing cash balance	86	14	(72)	-84%

- The Company's \$72,000 negative variance is largely attributed to the Equity Distribution, which was not projected, offset by certain timing differences.

8.0 Cash Flow Forecast

- The Company's Cash Flow Forecast, together with Management's Report on the Cash-Flow Statement as required by subsection 50.4(2)(c) of the BIA, are attached hereto as Appendix "G".
- Based on the Proposal Trustee's review of the Cash Flow Forecast, there are no material assumptions which seem unreasonable. The Proposal Trustee's Report on the Company's Cash Flow Statement as required by subsection 50.4(2)(b) of the BIA is attached as Appendix "H".

9.0 Company's Request for an Extension

- The Company is seeking an extension of the time to file a proposal from August 1, 2021 to September 15, 2021.
- Provided the Court grants the proposed enhancement of the Proposal Trustee's powers, the Proposal Trustee is supportive of the Company's extension request for the following reasons:
 - it will provide the time required for the Proposal Trustee to commence the SISP, including engaging a commercial real estate broker to market the Company's Leasehold Interest for sale, the outcome of which will determine the quantum of funds available for distribution to creditors and allow for the likely formulation of a Proposal to be presented to creditors in these proceedings if the requested extension is granted;

- b) the Cash Flow Forecast, including the proceeds of the DIP Facility (subject to Court approval), reflect that the Company is projected to have sufficient liquidity to fund its business during the extension period;
- c) based on the value of the Appraisal relative to the Company's known liabilities, it appears to the Proposal Trustee that it is appropriate for the Company's NOI proceedings to be continued, as there appears to be value for the Co-Tenants;
- d) any concern about the Company's current principal acting in good faith and with due diligence is addressed by the proposed enhancement of the Proposal Trustee's powers;
- e) if the NOI is not extended, the Company will be deemed to have filed an assignment in bankruptcy on August 1, 2021, the DIP Facility will not be available to the Company and creditors will likely take steps to appoint a receiver. Given the appraised value of the Leasehold Interest and the cash flow projected to be generated therefrom, a bankruptcy and/or receivership does not appear to be in the best interests of the Company's stakeholders, including the Co-Tenants; and
- f) no creditor will be materially prejudiced if the extension is granted.

10.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an order granting the relief sought by the Company.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
SOLELY IN ITS CAPACITY AS
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CLAIREVILLE PROPERTY HOLDINGS INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2749576
Estate No. 31-2749576

In the Matter of the Notice of Intention to make a proposal of:

Claireville Property Holdings Inc.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

July 02, 2021

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: July 02, 2021, 14:15

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

Appendix “B”

DEBTOR-IN-POSSESSION FINANCING TERM SHEET

*This term sheet dated July 23, 2021 (the “**Term Sheet**”) sets out the terms and conditions upon which Cannect Mortgage Investment Corporation will provide debtor-in-possession financing to Claireville Property Holdings Inc.*

Borrower:	Claireville Property Holdings Inc. (the “ Borrower ”)
Lender:	Cannect Mortgage Investment Corporation (the “ DIP Lender ”)
Proposal Trustee:	KSV Restructuring Inc. in its capacity as proposal trustee of the Borrower (the “ Proposal Trustee ”) in connection with their proposal proceedings (the “ NOI Proceedings ”) under the <i>Bankruptcy and Insolvency Act</i> (Canada) (“the “ BIA ”) and not in its personal capacity. Reference is also made to the Notice of Intention to make a Proposal under the BIA dated July 2, 2021 (the “ NOI ”).
Type of DIP Loan:	Senior secured super-priority debtor-in-possession loan of up to a maximum amount of CDN \$4,500,000.00 (the “ DIP Loan ”), ranking behind only a court-ordered administration charge in favour of the Proposal Trustee, its counsel and counsel to the Borrower in the maximum amount of \$250,000.00 (the “ Administration Charge ”). The DIP Loan shall be available to the Borrower with the agreement of the Proposal Trustee subject to and in accordance with the terms herein.
Purpose, Use of Proceeds:	The proceeds of the DIP Loan will be applied by the Proposal Trustee to: (i) to pay any and all transaction costs, fees and expenses which are incurred in connection with the DIP Loan by the Borrower and the DIP Lender; (ii) to pay the outstanding property tax arrears in the approximate amount of \$1,900,000.00 owing on the property municipally known as 93-123 Claireville Drive, Toronto, Ontario (the “ Claireville Property ”); and (iii) to pay out the first mortgagee in the approximate amount of \$2,200,000.00 on the Claireville Property, DUCA Financial Services Credit Union Ltd.
Closing Date:	Within two days following the issuance of a Court order approving the DIP Loan, unless otherwise agreed by the Proposal Trustee and the DIP Lender (the “ Closing Date ”).

Termination Date:

The maturity of the DIP Loan (the “**Termination Date**”) shall be the earliest of:

- (a) six (6) months following the Closing Date or such other date agreed to be the DIP Lender in its sole discretion;
- (b) the date on which the stay of proceedings provided for by virtue of the filing of the BIA NOI expires without being extended with the consent of the DIP Lender or the date on which the NOI Proceedings shall be dismissed or terminated or the date on which either of the Borrower become bankrupt or the stay is lifted to allow a filing of bankruptcy petition under the BIA or receivership or similar insolvency proceeding not otherwise stayed ruing the NOI Proceedings; and
- (c) the date of the acceleration of the DIP Loan and the termination of the commitment with respect to the DIP Loan as a result of an Event of Default hereunder (as defined herein).

All outstanding amounts under the DIP Loan, together with all interest accrued in respect thereof and all other amounts owing under this DIP Term sheet shall be payable in full on the Termination Date.

Interest Rates:

All amounts outstanding under the DIP Loan will bear interest at a rate of 10% *per annum*, on the daily balance outstanding under the DIP Loan.

Interest shall be due, owing, payable and repaid as the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Commitment Fee

The Borrower shall pay to the DIP Lender a commitment fee equal to 4% of the amount of the DIP Loan (the “**Commitment Fee**”). The Commitment Fee is non-refundable and is fully earned and payable no later than the Closing Date. The Commitment Fee will be deducted and paid from the proceeds of the DIP Loan.

Repayment:

Unless otherwise repaid as contemplated herein, the DIP Loan shall be due, owing, payable and repaid as the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Representations and Warranties: The Borrower represents and warrants to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan that:

- (a) the Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power to carry on business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to constitute a material adverse effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required;
- (b) the execution, delivery and performance, as applicable, of the DIP Term Sheet constitutes a legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general application that limit the enforcement of creditors' rights generally and to general equitable principles;
- (c) following payment of the outstanding property tax arrears that will be paid from the proceeds of the DIP Loan, there are no arrears for any statutory remittances, withholding taxes or other amounts that, if unpaid, would have the benefit of an encumbrance or deemed trust in priority to the DIP Charge (as defined below) and all security granted to the DIP Lender by the Borrower pursuant to the DIP Order (as defined below), including goods and services taxes under the *Excise Tax Act* (Canada) and any source deduction remittances to the Canada Revenue Agency, except those accruing in the normal course and not yet due.

Covenants:

The Borrower covenants and agree that:

- (a) the Borrower shall pay all amounts and satisfy all obligations in respect of the DIP Loan, including the Commitment Fee;
- (b) the Borrower shall not make or permit to be made any payment on account of pre-filing obligations;

- (c) the Borrower shall not undertake any actions with respect to their respective assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the Borrower or the Collateral;
- (d) the Borrower shall promptly pay all DIP Expenses (as defined below), including all legal and advisory fees and expenses, of the DIP Lender as such DIP Expenses are incurred and invoiced to the Borrower;
- (e) the Borrower shall pay the fees, if any, owing to the DIP Lender in connection with the DIP Loan (as set out herein or otherwise) promptly when such fees are due.

Security:

As continuing security for the prompt payment of all amounts payable by the Borrower to the DIP Lender under the DIP Term Sheet and as continuing security for the due and punctual performance by the Borrower of its existing and future obligations (the “**DIP Obligations**”) pursuant to the DIP Term Sheet, the Borrower hereby grants, conveys, assigns, transfers, mortgages and charges as and by way of a fixed and specific security interest, mortgage and charge, to and in favour of the DIP Lender all of its property, assets, rights and undertaking, real and personal, moveable or immovable, tangible and intangible, legal or equitable, of whatsoever nature and kind, whatsoever locate, both present and future, now or hereinafter owned or acquired (Collectively, the “**Collateral**”), including, without limitation, the Clareville Property and all other real and immovable property (including leasehold lands) now or hereafter owned or acquired by such Borrower.

The DIP Obligations shall be subject to a fully perfected Court-ordered super-priority charge (the “**DIP Charge**”) over the Collateral, ranking behind the Administration Charge but in priority to any security interests, claims, or deemed trusts (statutory or otherwise) without any requirements to effect applicable *Personal Property Security Act* registrations or mortgage registrations in the applicable land registrations office(s).

Such further security (excluding personal guarantees) and other documentation that the DIP Lender and its solicitor may request and reasonably require.

Events of Default:

An “**Event of Default**” shall include, without limitation, the following:

- (a) the Borrower default in the payments of any amount due and payable to the DIP Lender (whether of principal, interest or otherwise) pursuant to DIP Term Sheet;
- (b) any representations and warranties made by the Borrower in the DIP Term Sheet proves to be incorrect as of the date given;
- (c) the Borrower fail or neglect to observe or perform any term, covenant, condition or obligation contained or referred to in the DIP Term Sheet or any other document between the Borrower and the DIP Lender;
- (d) the stay of proceedings provided for by virtue of the filing of the NOI (as extended from time to time with the prior written consent of the DIP Lender) expires without being extended or the NOI Proceedings being dismissed or terminated or the Borrower becoming subject to a proceeding under the BIA or a receivership or similar insolvency proceeding not otherwise stayed during the NOI Proceedings; and
- (e) the entry of an order staying, amending, reversing, vacation or otherwise modifying, in each case without the prior written consent of the DIP Lender, the DIP Loan, the DIP Order or any other order granted by the Court in the NOI Proceedings.

Upon the occurrence of an Event of Default, without any notice, protest, demand or other act on the part of the DIP Lender all indebtedness of the Borrower to the DIP Lender shall become immediately due and payable and the DIP Lender may take all steps necessary to enforce its security.

The DIP Lender shall also have the right to exercise all other customary remedies, including, without limitation, the right to enforce and realize on all Collateral, in each case, upon providing five (5) days prior written notice to

the Borrower and the Proposal Trustee, without the necessity of obtaining further relief or order from the Court.

**Conditions Precedent, to
Advance of the DIP Loan:**

The conditions precedent for making advances under the DIP Loan to the Borrower from time to time, include, without limitation:

- (a) the representations and warranties made by the Borrower in this DIP Loan Term Sheet being true and correct as of the date given;
- (b) issuance of an order by the Court (the “**DIP Order**”), satisfactory in form and substance to the DIP Lender in its sole discretion, approving the DIP Loan, granting the DIP Charge with the priority contemplated herein, and authorizing the payment by the Borrower of all of the fees and expenses in respect of the DIP Loan, unless otherwise agreed to by the DIP Lender in its sole discretion;
- (c) the DIP Commitment Fee is paid by the Borrower to the DIP Lender;
- (d) the DIP Order shall be in full force and effect, unamended and no motion for leave to appeal has been made; and
- (e) the absence of any Events of Default or any events that with the passage of time would constitute Events of Default (“**Defaults**”) as certified by the Borrower.

Illegality:

In the event that it becomes illegal for the DIP Lender to lend or continue to lend, the DIP Lender will be repaid and/or the DIP Lender’s commitment will be cancelled.

Taxation:

All payments of principal, interest and fees will be made free and clear of all present and future taxes, levies, duties or other deductions of any nature whatsoever, levied either now or at any future time.

Fees and Expenses:

DIP Expenses: The Borrower shall pay all of the DIP Lender’s due diligence and other out-of-pocket expenses (including the fees and expenses of its counsel and advisors), whether or not any of the transactions contemplated hereby are consummated and whether incurred prior to or after the date of the DIP Order, as well

as all expenses of the DIP Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DIP Loan and the enforcement of any and all of its remedies at law (collectively, the “**DIP Expenses**”).

Governing Law, Jurisdiction:

Laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario. The Borrower agree to submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

IN WITNESS HEREOF, the parties hereby execute this DIP Term Sheet as of the date first written above.

**CLAIREVILLE PROPERTY
HOLDINGS INC, as Borrower**

Mark Gross

Mark Gross (Jul 24, 2021 14:04 EDT)

Name: Mark Gross

Title: President

**CANNECT MORTGAGE
INVESTMENT CORPORATION,
as DIP Lender**

M. J.

Name: *marcus traveris*

Title: *President*






Claireville DIP Term Sheet

Final Audit Report

2021-07-24

Created:	2021-07-23
By:	Sharon Kour (skour@wflaw.ca)
Status:	Signed
Transaction ID:	CBJCHBCAABAA1NUDLpPA58yB-PGWgKqPUJaYlfhxZwuz

"Claireville DIP Term Sheet" History

-  Document created by Sharon Kour (skour@wflaw.ca)
2021-07-23 - 11:35:34 PM GMT- IP address: 38.113.173.169
-  Document emailed to Mark Gross (markgross74@gmail.com) for signature
2021-07-23 - 11:36:38 PM GMT
-  Email viewed by Mark Gross (markgross74@gmail.com)
2021-07-24 - 6:03:52 PM GMT- IP address: 64.233.172.125
-  Document e-signed by Mark Gross (markgross74@gmail.com)
Signature Date: 2021-07-24 - 6:04:45 PM GMT - Time Source: server- IP address: 67.69.69.195
-  Agreement completed.
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Appendix “C”



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Coalspur Mines (Operations) Ltd.	Cline Trust Company LLC	CCAA	FTI	26-Apr-21	Alberta	Mining	26.00	Closing fee of US\$50,000. Undrawn amount fee of 2% on any undrawn amounts. The Borrower must also pay for the Lender and Monitor's reasonable expenses in connection with the loan.	12	
International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP	First Canadian Cardio-Fitness Clinics Ltd. (NOI	KPMG	23-Apr-21	Alberta	Other	10.00	The Borrower is responsible for the Lender's reasonable expenses in connection with the DIP loan, the term sheet and the NOI proceedings.	10	
BioEnergie AE Cote-Nord Canada Inc.	Biogaz SP senc	CCAA	Raymond Chabot	6-May-21	Quebec	Biotech	0.30			
CannTrust	Cortland Credit Lending Corporation	CCAA	EY	6-May-21	Ontario	Cannabis	22.50	Confidential	Confidential	
Spartan Bioscience Inc.	Casa-Dea Financing Ltd.	NOI	EY	4-May-21	Ontario	Biotech	0.60	Facility fee of \$6,000. The Borrower is responsible for the Lender's reasonable expenses incurred in connection with the interim financing.	10%	
Ardenton Capital Corporation	RCM Capital Management Ltd.	CCAA	KSV	5-Mar-21	British Columbia	Financial Services	5.00	n/a	10%	
Just Energy Group Inc. (TSX:JE)	LVS III SPE XV LP, TOCU XVII LLC, HVS XVI LLC and OC II LVS XIV LP	CCAA	FTI	9-Mar-21	Ontario	Oil and Gas	125.00	Commitment fee of \$1.25 million and origination fee of \$1.25 million. The Borrower will be responsible for all of the DIP Lenders' reasonable legal fees incurred in respect of the DIP Financing.	13%	
Change of Scandinavia Canada Retail Inc.	Change of Scandinavia Holding A/S and Change of Scandinavia A/S	NOI	Richter	2-Mar-21	Quebec	Retail	2.00		15%	
Atis Group	BNS	CCAA	Raymond Chabot	24-Feb-21	Quebec	Manufacturing	6.25	Facility fee of \$112,500	Prime plus 3.75%	
TGF Acquisition Parent Ltd., Sun Rich Fresh Foods Inc. and Tiffany Gate Foods Inc.	Cortland Capital Market Services Ltd.	CCAA	EY	17-Feb-21	British Columbia	Food & Accommodation	13.40	Commitment fee of \$516,000.	Either 15% or 12.5%, pursuant to the terms of the Term Sheet	
Rockshield Engineered Wood Products	Hillmount Capital Inc.	NOI	Dodick & Associates	8-Feb-21	Ontario	Manufacturing	1.50	Commitment fee of \$30,000.	11%	



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Laurentian University	Firm Capital Corporation	CCAA	EY	1-Feb-21	Ontario	Education	25.00	Commitment fee of \$500,000. The Borrower will be responsible for all of the DIP Lender's reasonable legal fees incurred in respect of the DIP Financing.	Floating at the greater of 8.50% Per Annum or the TD Canada Trust Posted Bank Prime Rate of Interest from time to time plus 6.05% Per Annum	
Tradesmen Enterprises Limited Partnership	BMO	NOI	KSV	1-Feb-21	Alberta	Professional Services	1.90	Closing fee of \$65,000. The Borrower and Guarantor must pay the Lender's fees and expenses incurred in connection with the loan and the NOI proceedings.	12%	
Yatsen Group of Companies	1699803 Ontario Inc.	CCAA	A&M	25-Jan-21	Ontario	Food & Accommodation	5.00	The Borrower and Guarantors must pay the Lender's fees and expenses incurred in connection with the DIP loan and the CCAA proceedings.	3%	
Algold Resources Ltd. (TSX: ALG)	Aya Gold & Silver Inc.	NOI	Raymond Chabot	15-Jan-21	Quebec	Mining	2.40	Commitment fee of \$15,000 and monthly monitoring fee of \$5,000	20%	
FIGR Brands, Inc.	Alliance One Tobacco Canada, Inc.	CCAA	FTI	21-Jan-21	Ontario	Cannabis	13.00	The Borrower and Guarantors must pay the Lender's fees and expenses incurred in connection with the DIP loan and the CCAA proceedings.	8%	Initial DIP loan was \$8 million. Order dated March 31, 2021 increased amount of DIP loan to \$13 million.
Greenfire Hangingstone Operating Corporation	Trafigura Canada General Partnership	NOI	A&M	8-Oct-20	Alberta	Technology	20.00	The Borrower must pay the Lender's reasonable fees and expenses in connection with the DIP Financing term sheet and monitoring thereof and the BIA proceedings.	LIBOR plus 8%	
33 Laird Inc. et al.	An Affiliate of Beaux Properties International Inc.	NOI	MNP	3-Dec-20	Ontario	Real Estate	0.25		10%	
King Street Restaurant Group	Third Eye Capital	CCAA	MNP	6-Nov-20	Ontario	Food & Accommodation	3.20	3% closing fee	12%	ARIO increased amount of DIP Commitment from \$1.2 million to \$1.4 million. DIP was later increased by subsequent orders to \$3.2 million.



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
2505243 Ontario Limited	Peter and Paul's Gifts Limited	NOI	KSV	16-Oct-20	Ontario	Food & Accommodation	1.50		5%	The initial amount approved was 0.3 million. This amount was increased by later court orders.
Creditloans Canada Financing Inc. (o/a Progressa) and Creditloans Canada Capital Inc.	JWC Opportunities Fund Inc.	CCAA	BDO	30-Sep-20	British Columbia	Financial Services	3		12%	
Hematite Group	Woodbridge Foam Corporation	CCAA	KPMG	18-Sep-20	Ontario	Automotive	6	The Borrowers must pay the Lender's reasonable fees and expenses in connection with the CCAA proceedings.	15%	
UrtheCast Corp.	1) 1262743 B.C. Ltd. 2) HCP-FVL, LLC	CCAA	EY	4-Sep-20	British Columbia	Technology	USD \$3mm term loan facility and USD \$2mm revolving credit facility.	1) The Borrowers must pay the Lender's reasonable fees and expenses in connection with the CCAA proceedings. 2) Standby fee of 2% on any undrawn portion; 3% commitment fee; exit fee of \$160,000-\$400,000, calculated on the basis of how much is drawn down. The Borrower must also pay the Lender's reasonable expenses in connection with the DIP loan.	18%	The first USD \$1 million loan was obtained as an interim loan while the debtors were in discussions to obtain the second USD \$5 million loan. The charge securing the second loan ranks ahead of the charge securing the first loan.
PharmHouse Inc.	Canopy Rivers Corporation	CCAA	EY	15-Sep-20	Ontario	Cannabis	10.74	The Borrower must pay the Lender's reasonable costs and expenses (including legal) incurred by or on behalf of the Lender in respect of the Facility or any loan documents and in connection with the enforcement of the Lender's rights thereunder.	8%	Order dated December 18, 2020 increased amount of DIP from 7 to 9.70 million. Order dated February 25, 2021 increased amount of DIP to 10.40 million. Order dated March 11, 2021 increased amount of DIP to 10.74 million.



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Mountain Equipment Co-operative Groupe Dynamite	Toronto-Dominion Bank, Royal Bank of Canada and Canadian Imperial Bank of Commerce 10644579 Canada Inc.	CCAA CCAA	Alvarez & Marsal Deloitte	14-Sep-20 4-Sep-20	British Columbia Quebec	Retail Retail	100 10	The Interim Lenders also provided the petitioners' pre-filing credit facilities, so an "amendment fee" of \$250,000 is payable on the execution of the Interim Financing Credit Agreement. The petitioners are also required to reimburse the Interim Lenders for all reasonable and documented expenses in connection with the Interim Financing Facility and Interim Financing Credit Agreement. 11%	Interest is payable on the outstanding principal amount at the applicable rate per annum for the Prime Rate, BA Rate and LIBO Rate Loans, any unused line fee, and the Default Rate for past due payments (all as defined in the Updated Credit Agreement), plus a rate of 2% per annum, payable on the Maturity Date	
Port Capital Development (EV) Inc.	Desjardins Financial Security Life Assurance Company	CCAA	EY	29-May-20	British Columbia	Real Estate	1.50	Commitment fee of \$25k. The Borrower will be responsible for all of the Interim Lender's reasonable legal fees incurred in respect of the Interim Financing and CCAA proceedings.	The higher of (a) the prime rate posted by the Fédération des caisses Desjardins du Québec plus 9.55% per annum, or (b) 12% per annum, accruing daily in arrears on the outstanding amount of the DIP Facility from time to time	Order dated June 8, 2020 added DIP charge and order dated March 1, 2021 increased amount of DIP charge
Reitmans (Canada) Limited	Bank of Montreal and Roynat Inc.	CCAA	EY	19-May-20	Quebec	Retail	60	The interim financing provides for: 1) a standby charge of 0.6% on amounts committed and not drawn; 2) a commitment fee of \$360k payable on court approval of the interim facility; and 3) reimbursement of the reasonable out-of-pocket expenses.	Prime + 5%	



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Tidal Health Solutions	Iostesso Holdings Inc. or an affiliate thereof	NOI	PwC	30-Jul-20	Quebec	Cannabis	1	The Borrower shall pay all the Interim Lender's legal fees (on a solicitor-client, full indemnity basis) and out-of-pocket disbursements and any costs of realization and enforcement, in each case in connection with the facility.	11%	
Northern Pulp Nova Scotia Corporation	Paper Excellence Canada Holdings Corporation (in its capacity as Lender) together with one or more other financial institutions or investment funds	CCAA	EY	19-Jun-20	Nova Scotia	Agriculture	21	Commitment fee of 2.5% on any advance and standby fee of 2.5% on any unadvanced portion. Agency fee of \$5,000 per annum.	10%	Amount of DIP was increased from \$13 million to \$21 million on April 22, 2021
Glenogle Energy Inc. and Glenogle Energy Limited Partnership	HSBC	NOI	EY	14-May-20	Alberta	Oil and Gas	2		Prime plus 4.75%	
Moore's	JPMorgan Chase Bank, N.A., and a syndicate of lenders	CCAA (recognition of Texas proceeding as foreign main proceeding)	Grant Thornton	5-Aug-20	Ontario	Retail	US\$500, which includes a "creeping roll up" of the US Chapter 11 Debtors' obligations under Prepetition ABL Facility and includes a US\$50 million facility for the Foreign Representative	Commitment fee and letter of credit fee calculated pursuant to a formula in the DIP agreement	Interest calculated pursuant to a formula in the DIP agreement	
Bow River Energy Ltd.	2270943 Alberta Ltd.	CCAA	BDO	1-Jun-20	Alberta	Oil and Gas	1.1	The Borrower shall pay all of the Interim Lender's legal fees and out of pocket disbursements and any costs of realization or enforcement, in each case in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, the other Interim Financing Credit Documentation or the CCAA Proceedings.	8%	



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Korite International	5024639 Ontario Inc.	CCAA	BDO	30-Jun-20	Alberta	Manufacturing	0.702	The Borrower shall pay all of the Interim Lender's legal fees and out of pocket disbursements and any costs of realization or enforcement, in each case in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, the other Interim Financing Credit Documentation or the CCAA Proceedings	Prime plus 3.5% per annum	
GNC Holdings	GLAS Trust Company as agent and JP Morgan Chase Bank, N. A.	CCAA - Chapter 11 Recognition Order	FTI	24-Jun-20	Ontario	Retail	200 (GLAS) and 305 (JP Morgan Chase)			
Peraso Technologies Inc.	Roadmap Capital General Partner Ltd., Roadmap Peraso LP III (U.S. and Offshore) and XCOM Labs, Inc.	CCAA	EY	3-Jun-20	Ontario	Technology	Confidential		6% per annum and 8% per annum on overdue amounts	
Cequence Energy Ltd.	Confidential	CCAA	EY	29-May-20	Alberta	Oil and Gas	7.00		9% per annum on drawn funds and 1% per annum on undrawn funds. Default interest is an additional 3% on all amounts outstanding.	
Green Growth Brands Inc.	All Js Greenspace LLC	CCAA	EY	20-May-20	Ontario	Cannabis	US14.2		5% per annum	Amount of DIP loan increased from US7.8 million to US10 million and subsequently US 14.2 million
Dominion Diamond Mines	Washington Diamond Lending, LLC and a syndicate of lenders	CCAA	FTI	23-Apr-20	Alberta	Mining	60.00	DMI shall pay all outstanding fees and expenses to date of the Existing Credit Facility Lenders, including legal and financial advisory expenses, via the initial draw under the Interim Facility	5.25% per annum, payable monthly, and increases to 7.25% in the event of a default	



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Beleave Inc.	Hegedus Consulting Services Inc.	CCAA	Grant Thornton	5-Jun-20	Ontario	Cannabis	0.50		Interest shall accrue upon the occurrence of any of the following events: (i) in accordance with the terms set out in Schedule "E" of the Stalking Horse APA; or (ii) upon the occurrence of an Event of Default hereunder	
Entrec Corporation	Wells Fargo Capital Finance Corporation Canada as Administrative Agent	CCAA	A&M	14-May-20	Alberta	Transportation	30.00	Amendment fee of \$250,000 (interim facility is provided as amendment to existing credit facilities)	8%	
Redrock Camps Inc.	Invico Diversified Income Limited Partnership	CCAA	BDO	13-May-20	Alberta	Food & Accommodation	2.50	Commitment fee of \$50,000	10%	
Quest University Canada	RCM Capital Management Limited	CCAA	PWC	16-Jan-20	British Columbia	Education	8.20	Commitment fee of \$35,000; structuring fee of 4% on each drawdown	9% until the maturity rate; 15% thereafter	
JMB Crushing Systems	ATB Financial / Canadian Aggregate Resource Corporation	CCAA	FTI	1-May-20	Alberta	Manufacturing	0.9 / 0.5		10% / 10%	
Aldo Group	National Bank of Canada	CCAA	EY	7-May-20	Quebec	Retail	60.00	Standby charge of 1.25% on amounts committed and not drawn and commitment fee of \$600,000	LIBOR + 5.5% for the first 9 months and LIBOR + 6.5% thereafter. An additional 2% applies where there is a default.	
True Leaf Brands	Lind Asset Management XV, LLC	NOI	FTI	3-Apr-20	British Columbia	Manufacturing	0.70	Facility fee of \$14,000 and diligence fee of \$5,000	10.00%	
HealthChain	REDDS Technology Fund I LP	NOI	Dodick & Associates	28-Feb-20	Ontario	Technology	0.20	Commitment fee of \$4,000	10.00%	
1348441 Ontario Inc. o/a Solutions Your Organized Living Store	Gurmej Walia	NOI	Dodick Landau	26-Mar-20	Ontario	Retail	0.50		0.00%	*Note: lender is debtor's principal shareholder
Kahunaverse Sports Group	Grayrock Capital Incorporated	NOI	PwC	11-Mar-20	British Columbia	Retail	1.40	\$150,000 retainer deemed to be initial drawdown; structuring fee of 2% of principal to be paid to lender and deducted from initial drawdown on closing	8.00%	



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
James E. Wagner Cultivation Corporation	Trichome Financial Corp.	CCAA	KSV	1-Apr-20	Ontario	Cannabis	8.20	Commitment fee of \$120,000	10.00%	DIP amount increased through subsequent DIP amendment orders
Green Relief	1) Antonio Battaglia / Dr. Neilank Jha; 2) 2650064 Ontario Inc.	CCAA	PwC	8-Apr-20	Ontario	Cannabis	1) 0.25 / 0.5; 2) 1.5	2) The Company must pay the DIP Lender's reasonable costs and expenses to a maximum of \$100,000	1) 5%; 2) 5%	Second DIP loan obtained in connection with proposed sale of company
Pure Global Cannabis Inc. et al.		CCAA	EY	19-Mar-20	Ontario	Cannabis	4.00	2.25% of DIP facility	9.25%	
Lydian International Limited	Orion Co IV (ED) Limited, Resource Capital Fund VI L.P. and Osisko Bermuda Limited	CCAA	Alvarez & Marsal	23-Dec-19	Ontario	Mining	Confidential		Confidential	
Eureka 93 Inc.	Spouter Corporation Inc., David and Donna VanSegbroek	NOI	Deloitte	14-Feb-20	Ontario	Cannabis	2.30	Commitment fee of \$320,000	15.00%	
2607380 Ontario Inc.	Meridian	CCAA	Richter	26-Feb-20	Ontario	Real Estate	7.18	Commitment fee of \$107,000, availability fee of \$2,000 per month.	9.25%	
Air Georgian Limited	2229275 ALberta Ltd.	NOI	KPMG	31-Jan-20	Ontario	Aviation	0.80		12%	
Pier 1 Imports (U.S.), Inc.	Various pre-petition lenders	Foreign order recognition	Alvarez & Marsal	18-Feb-20	Ontario	Retail	USD \$256.0	\$2.4 million in aggregate fees (equal to 0.9% of the total financing)	Revolving loans: LIBOR + 3% FILO Loans: LIBOR + 4.5% ABL Term Loan: LIBOR + 8%	
Ontario Graphite	Orionis Corporation	CCAA	Deloitte	12-Feb-20	Ontario	Mining	2.75		15.0%	
Invictus MD Strategies	ATB Financial	CCAA	PwC	13-Feb-20	British Columbia	Cannabis	3.00	\$60,000 upfront fee (2% of total commitment, \$500/mo. monitoring fee.	10.0%	
Rebuts Solides Canadiens inc. et al	RECYC-QUÉBEC and le Ministre de l'Environnement de la Lutte contre les changements climatiques	CCAA	PwC	3-Feb-20	Quebec	Recycling	9.00		5.0%	
AgMedica Bioscience Inc.	SV V Bridge III, LP	CCAA	EY	2-Dec-19	Ontario	Cannabis	7.50		9.5%	
Fortress Global Enterprises Inc.	Investissement Quebec	CCAA	Deloitte	16-Dec-19	Quebec	Forestry	17.00		10%	Commitment was initially \$6 million but was increased by subsequent orders.
Prendville Industries Ltd.	CIBC	NOI	EY	5-Dec-19	Ontario	Forestry	1.55		CIBC prime rate + 4.0%	
Trade Secret Web Printing Inc.	B&Y Property Holdings Inc.	NOI	Crowe Soberman	22-Nov-19	Ontario	Printing	0.25	2% closing fee	5%	
Gestion KnightsBridge Inc. and Investissements KnightsBridge S.E.C.	Claric Drolet Limited Partnership and Claric Bromont Limited Partnership	NOI	Richter	15-Nov-19	Quebec	Real Estate	0.10		10%	



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Viafoura Inc.	Intericap Equity Inc.	NOI	KSV	1-Dec-19	Ontario	Technology	1.00	1% of loan payable upon each extension of loan maturity beyond January 30, 2020.	RBC prime rate plus 2%	
Wayland Group Corp. et al	The House of Turlock Ltd.	CCAA	PwC	2-Dec-19	Ontario	Cannabis	1.10	\$50,000 initial commitment fee, subsequent commitment fee equal to the greater of \$125,000 and \$4% of the difference between the maximum DIP availability and the amount of the initial advance.	13.0%	
AgMedica Bioscience Inc.	Hillmount Capital Inc.	CCAA	EY	2-Dec-19	Ontario	Cannabis	7.50	2.25% commitment fee	9.5%	
North American Fur Auctions Inc.	Waygar Capital Inc.	CCAA	Deloitte	31-Oct-19	Ontario	Distribution	USD \$5.0	2% closing fee	12.0%	
Accel Energy Canada Limited	Third Eye Capital Corporation (as agent) and ICC Credit Holdings Ltd. and other parties as lenders.	NOI	PwC	21-Oct-19	Alberta	Oil and Gas	38.00	\$600.0M closing fee	12.0%	
DEL Equipment Inc.	Diesel Equipment Limited	CCAA	MNP	22-Oct-19	Ontario	Automotive	1.00		6.5%	
Bellatrix Exploration Ltd.	Names of lenders redacted	CCAA	PwC	2-Oct-19	Alberta	Oil and Gas	USD \$15.0	USD \$0.75MM, earned as follows: i) USD \$0.25MM on the date of initial advance, ii) USD \$0.25 MM if not repaid within 30 days, and iii) USD \$0.25MM if not repaid within 60 days.	10.0%	
Energold Drilling Corp.	Energold DIP Lender, LLC	CCAA	FTI Consulting	13-Sep-19	British Columbia	Mining	3.75	\$90.0M closing fee, \$90.0 M agent fee and \$90.0M exit fee	8% for the first 45 days post-filings, 12% for the next 30 days, 18% thereafter	
Stornaway Diamond Corporation	Osisko Gold Royalties Ltd., CDPQ Resources Inc., 1078243 Canada Limited and Diaquem Inc.	CCAA	Deloitte	9-Sep-19	Quebec	Mining	20.00		12.5%	
3834310 Canada Inc. (Groupe Capitaux Medias)	Investissement Quebec	NOI	PwC	19-Aug-19	Quebec	Media	5.00	Confidential	Confidential	
Gedex Systems Inc.	FCMI Parent Co.	CCAA	Zeifmans	12-Aug-19	Ontario	Technology	0.55		In accordance with company's pre-filing credit agreement with lender.	
Jack Cooper Ventures	Prepetition ABL Lenders	Foreign order recognition	Alvarez & Marsal	9-Aug-19	Ontario	Automotive	85.00	0.25% standby fee	LIBOR plus 3.5% or Base Rate plus 2.5%	
Yukon Zinc	Century Acquisitions Inc.	NOI	PwC	31-Jul-19	British Columbia	Mining	3.00		18.0%	



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
VistaCare Communications Services of Canada Inc., et als	Bank of Montreal and Roynat Inc.	NOI	Grant Thornton	19-Jun-19	Nova Scotia	Telecommunications	2.65	\$25.0M commitment fee	9.5%	
ILTA Grain Inc.	Farm Credit Canada	CCAA	PwC	7-Jul-19	British Columbia	Agriculture	8.00	2.5% commitment fee	8.0%	
Miniso Canada	MIHK Management Inc.	CCAA	Alvarez & Marsal	11-Jul-19	British Columbia	Retail	2.00	N/A	10.0%	
Argex Titanium Inc.	11345974 Canada Inc.	NOI	PwC	2-Jul-19	Quebec	Technology	1.50	2% commitment fee	18.5%	
Orbcare Inc.	iGan Partners Inc.	NOI	MNP	25-May-19	Ontario	Technology	1.20	\$0.25MM	10.0%	
Hollander Sleep Products Canada Limited (Canadian borrower of US group under Chapter 11 bankruptcy protection)	Syndicate of prepetition ABL lenders	Foreign order recognition	KSV	23-May-19	Ontario	Manufacturing	90.0MM (Canadian debtor sublimit of \$20.0MM)	\$1.35MM closing fee (1.5% of committed amount)	Effective interest estimated to be 6.5%	
Biomod Concepts Inc.	T Investment Corp.	NOI	Richter	8-Apr-19	Quebec	Technology	0.67		15.0%	
Bondfield Construction Company Limited	Zurich Insurance Company Ltd.	CCAA	EY	3-Apr-19	Ontario	Construction	27.50		6.0%	
Bondfield Construction Company Limited	Bridging Finance, as agent	CCAA	EY	3-Apr-19	Ontario	Construction	6.00		14.0%	
Divestco Inc.	Krik Popadynetz, Wade Darryl Brillon, Marvin Lefebvre, Monashees Vernon Liquor Store Ltd. and Michael Brent Gough	CCAA	Grant Thornton	4-Mar-19	Alberta	Oil and Gas	1.50	\$25,000 facility fee, professional costs of lender.	18.0%	
Ascent Industries Corp.	Pillar Capital Corporation	CCAA	EY	1-Mar-19	British Columbia	Cannabis	2.00	3% structuring fee, monthly monitoring fee of \$750 and due diligence fee of \$6,250.	15.0%	



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Resource Capital Gold	Sprott Private Resource Lending (Collector) LP	NOI	PwC	28-Jan-19	British Columbia	Mining	2.20	Professional costs of the lender	18.0%	
Nautilus Minerals Inc.	Deap Sea Mining Finance Ltd.	CCAA	PwC	21-Feb-19	British Columbia	Mining	4.00	Professional costs of the lender	8.0%	
Donaldson & James Ltd. and the Agency Employment Services Ltd.	FundThrough Inc.	NOI	Farber	23-Jan-19	Ontario	Staffing	3.00	1.5% facility fee, professional costs of the lender	24.0%	
Vari-Form	11032569 Canada Inc. (also the stalking horse bidder in these proceedings).	CCAA	PwC	8-Jan-19	Ontario	Automotive	22.80		5.0%	
Forme Development Group Inc.	Kingsett Mortgage Corporation	CCAA	KSV	30-Nov-18	Ontario	Real Estate	5.00	\$75.0M commitment fee, extension fee of \$25.0M on each 4-month extension; professional costs of the lender.	RBC's prime rate + 4.55% (minimum rate of 8.5%)	
Harvest Fraser Richmond Organics	Pillar Capital Corporation	CCAA	EY	12-Oct-18	British Columbia	Cleantech	1.00	Unknown	14.0%	
Stantive Technologies Group Inc.	1968392 Ontario Inc. and 233073 Ontario Inc.	NOI	EY	14-Nov-18	Ontario	Technology	0.80	2% commitment fee.	12.0%	
OpenHydro	OpenHydro Group Limited (In Liquidation)	CCAA	Grant Thornton	7-Nov-18	Nova Scotia	Biotech	0.50	N/A	0.0%	
Fluid Brands Inc.	CIBC	NOI	Richter	25-Oct-18	Ontario	Retail	25.30	\$165.0M commitment fee; professional costs of lender.	In accordance with company's pre-filing credit agreement with lender.	
Harvest Fraser Richmond Organics	Maynbridge Capital	CCAA	EY	12-Oct-18	British Columbia	Cleantech	1.02	4% commitment fee, 2% standby fee	10.0%	
Le groupe S.M. Inc. et als	Integrated Asset Management	CCAA	Deloitte	24-Aug-18	Quebec	Construction	2.00	1% standby fee	9.0%	
Aralez Pharmaceuticals Inc. and Aralez Pharmaceuticals Canada Inc.	Deerfield Management Company, L.P.	CCAA	Richter	10-Aug-18	Ontario	Pharmaceuticals	10.00	1% commitment fee, 1% extension fee	10.0%	



**Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021**

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Burry's Shipyard	BDC	NOI	Deloitte	10-Jul-18	Newfoundland	Manufacturing	0.30	Loan processing fee of \$6.0M, monthly administration fee of \$250, professional costs of lender.	BDC's Floating Base Rate + 6.45% (12.25% effective rate)	
Ranch Energy Corporation et al.	Third Eye Capital Corporation	CCAA	EY	10-Jul-18	Alberta	Oil and Gas	1.36	Unknown	12.0%	
Kolsy Homes	KV Capital Corporation	CCAA	Bowra Group	9-Jul-18	Alberta	Real Estate	0.60	Unknown	Unknown	
TELEoIP Inc.	Adarsan Holdings Limited and Dicot Holdings Ltd.	CCAA	PwC	27-Jun-18	Ontario	Technology	1.50	Professional costs of lender	5.0%	
Aspen Air	C.F. Capital Corporation	NOI	KSV	12-Jun-18	Alberta	Manufacturing	0.25	2% commitment fee, 2% exit fee, professional costs of lender	10.0%	
Purcell Basin Minerals Inc. et al.	Braveheart Resources Inc.	CCAA	MNP	29-May-18	British Columbia	Mining	0.15	Professional costs of lender	12.0%	
Purcell Basin Minerals Inc. et al.	MLM Pacific LLC	CCAA	MNP	29-May-18	British Columbia	Mining	0.63	Finance fee equal to 10% of each advance, professional costs of lender	7.0%	
Bioamber Canada & Bioamber Sarnia Inc.	Maynbridge Capital	CCAA	PwC	24-May-18	Ontario	Manufacturing	3.50	3% commitment fee, 2% standby fee, 3% break fee, early repayment penalties, professional costs of lender	9.0%	
Purewal Blueberry Farms Ltd.	Blueberry Holding (GP) Ltd.	NOI	FTI Consulting	30-Apr-18	British Columbia	Agriculture	0.50	\$15.0M lending fee upon court acceptance	15.0%	
Discovery Air Inc.	CEP IV Co-Investment Limited Partnership	CCAA	KSV	21-Mar-18	Ontario	Transportation	12.60	Professional costs of lender	10.0%	
Société en commandite Tilly de Laval et Promotions Anne Delisle Inc.	La Financiere Transcapitale Inc.	CCAA	Lemieux Nolet Inc.	14-Feb-18	Quebec	Construction	0.75	Unknown	Unknown	
Manitok Energy	SCCC Petroleum Corporation	NOI	FTI Consulting	10-Jan-18	Alberta	Oil and Gas	8.00	2% standby fee, \$150.0M commitment fee, 2% prepayment fee, exit fee of \$150.0M, professional costs of lender	8.0%	
9333-9109 Quebec	Unknown	CCAA	André Allard & Associés Inc.	1-Dec-17	Quebec	Real Estate	Unknown	Unknown	Unknown	



Approved Debtor-in-Possession Financing Facilities for Canadian Debtors
Current as at June 14, 2021

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
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Appendix “D”

Court File Number: CV-21-00664787-0001

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

497227 Ontario et al.

AND

~~Plaintiff(s)~~

Applicants

Groas Capital et al.

~~Defendant(s)~~

Respondents

Case Management ☐ Yes ☐ No by Judge: _____

Counsel	Telephone No:	Facsimile No:
<u>See Appendix "A"</u>		

- ☐ 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):

The following timetable is set for the applicants' motion for an investigative receiver:

1. Motion Record by July 15, 2021;
2. Responding Materials by August 6, 2021;
3. Reply Material by August 20, 2021;
4. Cross-examinations August 24, 25, September 1 & 2, 2021 (as needed) & subject to witness availability;
5. Factums in accord with the Rules;
6. Hearing, October 12, 2021 (1 day)

July 8, 2021
Date

[Signature]
Judge's Signature

☐ Additional Pages _____

Participant Information

Please upload a completed participant information form into the CaseLines event folder/bundle. Where possible, the moving party for the event is asked to coordinate with other parties to complete one form for the hearing.¹ In criminal matters, each party may upload their own form. The participant information form must be saved using the court's document naming convention (e.g. Participant Information – All Parties – 01-JUN-2021 or Participant Information – Defendant Smith – 01-JUN-2021).

CASE INFORMATION

Court File Number	CV-21-00664789-00CL
Court Location (e.g. Hamilton)	Toronto
Case Name	497227 Ontario, et al v Gross Capital, et al
Date of Hearing	July 8, 2021

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing (and how they wish to be addressed, e.g. preferred pronouns)	Name of Party	Phone Number²	Email Address
Stewart Thom	Applicants	416-777-5197	sthom@torkinmanes.com

For Defendant, Responding Party, Defence:

Name of Person Appearing (and how they wish to be addressed, e.g. preferred pronouns)	Name of Party	Phone Number	Email Address
Stephen Schwartz and Darren Marr	515 John Street Inc., 1314244 Ontario Limited, Burlington Healthcare Centre Inc., 2771839 Ontario Limited, M1 Healthcare Properties Inc., Fausto Carnicelli & Werner Dingfeld	416.218.1132	Stephen@chaitons.com
Bart Sarsh	Carriage Gate Berkeley Inc., Domenic Carnicelli and Mauro Carnicelli	905-528-8412	sarshb@simpsonwagle.com

¹ The Participant information Form replaces the Counsel Slip.

² Please provide a phone number where you can be reached during the hearing, if necessary.

James Bunting	Mark Gross, MGZ Holdings Inc., Sheldon Gross, Sheldon Gross Limited and SGZ Holdings Inc."	647.519.6607	jbunting@tyrllp.com
Sharon Kour	Gross Properties Inc., except to the extent that the relief sought concerns any "Property" or "Records" as such terms are defined in the Order of Justice Dunphy granted on June 29, 2021 in the receivership proceedings bearing Court File No. CV-21-00664273-00C, 503 John Mortgage Corp., 511 John Mortgage Corp., Portage Road Holdings Limited, Morrison Street Holdings Limited, 132 Second Street Purchaser Limited, 800 Princess Street Holdings Limited;	416.613.8283	skour@wflaw.ca

For Other:

Name of Person Appearing (and how they wish to be addressed, e.g. preferred pronouns)	Name of Party/ Organization	Phone Number	Email Address
Jeremy Nemers	KSV Advisory Inc.	416-863-1500	jnemers@airdberlis.com

Appendix “E”

July 25, 2021

Gross Capital Inc.
c/o KSV Restructuring Inc. in its capacity as Bankruptcy Trustee
150 King St West, Suite 2308
Toronto ON M5H 1J9

Attention: David Sieradzski

Dear Mr. Sieradzski,

RE: Claireville Property Holdings Inc.

I am counsel to Claireville Property Holdings Inc. (“**Claireville**”) As you may be aware, Claireville filed a Notice of Intention to Make a Proposal (“**NOI**”) on July 2, 2021. KSV Restructuring Inc. was appointed proposal trustee (the “**Proposal Trustee**”) in Claireville’s NOI proceeding.

I understand you are an investor in the co-tenancy of Claireville and are therefore a beneficial owner of Claireville’s real property interests.

You recently received a distribution on account of your beneficial interest in Claireville by automatic fund transfer into your bank account. Unfortunately, Claireville is legally prohibited from making investor distributions during the NOI proceeding. I am advised by Claireville’s management that these payments were historically set up as monthly automatic transfers and were to be cancelled upon commencement of the NOI proceeding. However, a payment was inadvertently released on or around July 9, 2021 to investors.

Based on the foregoing, you have received a payment of funds into your bank account which was unintended and constitutes an unlawful preference. Accordingly, you are required to immediately reimburse Claireville for this inadvertent payment. Please contact the Proposal Trustee at your earliest convenience to arrange for the return of the funds.

Emily Klein
KSV Restructuring Inc.
416-932-6259
eklein@ksvadvisory.com

Any further payments to you, in your capacity as Claireville investor, will be subject to the outcome of Claireville’s restructuring proceedings. Copies of court materials filed in the NOI

proceedings are available on the Proposal Trustee's website at
<https://www.ksvadvisory.com/insolvency-cases/case/claireville-property-holdings-inc.>

Yours truly,

WEISZ FELL KOUR LLP



Sharon Kour
SK/cp

Appendix “F”



Emily Klein

ksv advisory inc.

150 King Street West, Suite 2308

Toronto, Ontario, M5H 1J9

T +1 416 932 6259

F +1 416 932 6266

eklein@ksvadvisory.com

July 19, 2021

DELIVERED BY EMAIL (jdiciano@primerealestategroup.ca; mark@grosscapital.com)

Prime Real Estate Group Inc.
200 Ronson Drive #101
Toronto, ON M9W 5Z9

Attention: Justin Diciano and Mark Gross

Dear Mr. Diciano and Mr. Gross:

Re: Prime Real Estate Group Inc. ("Prime")

As you are aware, on June 25, 2021, Gross Capital Inc. ("GCI") filed an assignment in bankruptcy and KSV Restructuring Inc. was appointed Licensed Insolvency Trustee of GCI (the "Trustee"). The Trustee's appointment was affirmed at the first meeting of creditors convened on July 15, 2021.

The Trustee understands that GCI is a 50% shareholder of Prime. In that regard, the Trustee requires the following information:

- current bank balance for Prime
- a cash flow projection showing Prime's projected receipts and disbursements for the period ending August 31, 2021 (the "Projection");
- schedule of shareholder distributions over the past two years, including advances, loans or other form of payments made to shareholders by Prime;
- copy of Prime's most recent financial statements;
- a copy of the shareholders agreement;
- amounts owing to any creditors with a registered security interest in Prime's assets; and
- a list of all properties managed by Prime, the owner of each property and a summary of fees earned by property.

All of the information requested should be available immediately other than, potentially, the Projection. Please send the requested information to the attention of the undersigned at eklein@ksvadvisory.com by 4pm EST on July 20, 2021. Should the Projection require more time to prepare, it can be sent to the undersigned by 4pm EST on July 23, 2021.

In addition, the Trustee requires that during the bankruptcy proceedings, that there are to be no distributions to shareholders or expenses out of the ordinary course, without the written consent of the Trustee.

If you have any questions or concerns, please do not hesitate to contact us.

Thank you in advance for your assistance.

Yours very truly,

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF
GROSS CAPITAL INC.
AND NOT IN ITS PERSONAL CAPACITY**

A handwritten signature in black ink, appearing to read "Emily Klein", with a stylized flourish at the end.

Per: Emily Klein

From: Justin Di Ciano <JDiciano@primerealestategroup.ca>
Sent: July 19, 2021 4:09 PM
To: Emily Klein <eklein@ksvadvisory.com>; mark@grosscapital.com
Cc: Noah Goldstein <ngoldstein@ksvadvisory.com>; David Sieradzki <dsieradzki@ksvadvisory.com>
Subject: RE: Gross Capital Inc.

Hi Emily & Noah

Thank you for your letter dated July 19th 2021. I will be seeking advice from our corporate counsel this week with respect to providing KSV any information they are entitled to as the trustee for one of our shareholders. Our controller is away on Vacation returning on August 2nd at which time we will prepare all pertinent documentation for your review.

It is simply not possible to provide you information for tomorrow July 20th at 4pm.

I trust the above is sufficient.

Best Regards
Justin Di Ciano

Justin J. Di Ciano
COO

Prime Real Estate Group Inc.
200 Ronson Drive, Suite 101
Toronto, Ontario, Canada, M9W 5Z9
Direct: (437) 914-9062
Mobile: (647) 409-5180
TF: (866) 998-2227
jdiciano@primerealestategroup.ca
www.primerealestategroup.ca



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From: Emily Klein <eklein@ksvadvisory.com>

Sent: July 19, 2021 3:14 PM

To: Justin Di Ciano <JDICiano@primerealestategroup.ca>; mark@grosscapital.com

Cc: Noah Goldstein <ngoldstein@ksvadvisory.com>; David Sieradzki <dsieradzki@ksvadvisory.com>

Subject: Gross Capital Inc.

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello,

Please see the attached.

Thank you,



Emily Klein

Senior Associate

T

416.932.6259

M

905.809.7331

E

eklein@ksvadvisory.com

KSV Advisory Inc.

150 King Street West

Suite 2308, Box 42

Toronto, Ontario, M5H 1J9

T 416.932.6262 | F 416.932.6266 | www.ksvadvisory.com

From: David Sieradzki <dsieradzki@ksvadvisory.com>

Sent: July 21, 2021 9:24 AM

To: Jeremy Nemers <jnemers@airdberlis.com>; Lawrence Hansen <Lawrence.Hansen@devrylaw.ca>

Cc: Carmen Yuen <Carmen.Yuen@devrylaw.ca>; Aileen Chua <Aileen.Chua@devrylaw.ca>; Kyle Plunkett <kplunkett@airdberlis.com>; Noah Goldstein <ngoldstein@ksvadvisory.com>

Subject: RE: Prime Real Estate Group Inc.

Lawrence, just to add one point to Jeremy's email below on this topic: I had a very cordial and productive discussion with your client yesterday. It is my observation that the tone of your emails is inconsistent with his willingness to cooperate and provide the information to the Trustee. I am not sure why Prime wouldn't be willing to provide this information to its 50% shareholder. Perhaps you can have a discussion with your client to confirm whether you want to revisit any of the positions you appear to be taking. Thanks.



David Sieradzki

Managing Director

T 416.932.6030

M 416.428.7211

W www.ksvadvisory.com

From: Jeremy Nemers <jnemers@airdberlis.com>

Sent: July 21, 2021 7:29 AM

To: Lawrence Hansen <Lawrence.Hansen@devrylaw.ca>

Cc: Carmen Yuen <Carmen.Yuen@devrylaw.ca>; Aileen Chua <Aileen.Chua@devrylaw.ca>; Kyle Plunkett <kplunkett@airdberlis.com>; Noah Goldstein <ngoldstein@ksvadvisory.com>; David Sieradzki <dsieradzki@ksvadvisory.com>

Subject: Re: Prime Real Estate Group Inc.

Lawrence, I attach the corporate profile report for your client, reflecting Mark and Sheldon Gross as the sole directors of your client, and Mark Gross as the sole officer of your client. The creditors' package is available for download at the Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/gross-capital-inc>. You will note that Mark Gross does not reflect Prime as being a creditor on the bankrupt's statement of affairs.

We have provided you with the authority for which your client is required to provide the requested information to the Trustee. The Trustee is not going to continue going back and forth with you on this. If your client does not provide the requested information, the Trustee reserves the right to compel your client to do so via the courts.

Thanks,

Jeremy

Get [Outlook for iOS](#)

From: Lawrence Hansen <Lawrence.Hansen@devrylaw.ca>

Sent: Tuesday, July 20, 2021 7:42 PM

To: Jeremy Nemers

Cc: Carmen Yuen; Aileen Chua; Kyle Plunkett

Subject: RE: Prime Real Estate Group Inc.

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Thanks. I will speak to Prime about your email. In the meantime, a few things:

I do not understand how 67 (1) (d) of the *BIA* gives power to a shareholder – or its trustee in bankruptcy – to require the corporation to provide what the trustee has demanded, without explanation, particularly given the specific provisions in the *BIA* with respect to the affairs of the bankrupt, which Prime itself is not, and of the *BCA* about the information to which a shareholder is entitled. Am I missing something? I say this against the backdrop of what seem to be awfully invasive requests.

I do not understand the comment, “unauthorized transactions have continued to occur subsequent to the Trustee’s appointment” . That suggests that Prime needs someone’s, presumably the trustee’s, authorization for certain transactions. Please let me know to what transactions you are referring (with as much detail as possible), why they are unauthorized and why the trustee or whoever else must approve them. If there are transactions of concern, I need to understand what they are so that I can see if it is possible to address any issues with them. The trustee’s demand letter did not suggest that there were any.

I take it from your email that the purpose of the trustee’s demands is the investigation of the unidentified transactions referred to in (b), above. If there is specifically something else, please let me know.

Please send me the creditor’s package.

Please also send me the corporation profile reports you are relying on for the comments below.

I am not sure that there is a shareholder’s agreement and will make inquiries about that.

Please note that I am tied up in examinations this week and my responses may be delayed.

Thank you.

Lawrence Hansen
DEVRY SMITH FRANK *LLP*
Lawyers & Mediators
Barrie | Toronto | Whitby

Tel.: 249.888.6626 (Barrie) / 416.446.5097 (Toronto)

COVID-19: DSF is open and is ready, willing and able to help you. We are living through an extraordinary period, and we are committed to doing what we can to stop the spread of COVID-19. To that end, we are working remotely, using video as well as telephone conferencing as much as possible, and doing as much as we can to conduct business electronically. Please send us correspondence and documentation by email so that we can deal with it in as timely a way as possible, and do not hesitate to give us a call.

NOTICE: The use of email is considered by the sender and recipient(s) as an appropriate means of communication, equivalent to ordinary lettermail unless there is notice to the contrary or the circumstances indicate otherwise. This e-mail message and any attachment to it is intended only for the identified recipient(s). Its contents are confidential and privileged, and any review or reproduction of this message, including attachments, is prohibited, as is the disclosure of its contents. If you have received this message in error, please notify us as soon as possible and do not review, copy, print or distribute it. Please destroy any copies or print-outs of this message as soon as possible. Thank you.

From: Jeremy Nemers [<mailto:jnemers@airdberlis.com>]

Sent: July 20, 2021 5:25 PM

To: Lawrence Hansen <Lawrence.Hansen@devrylaw.ca>; Noah Goldstein <ngoldstein@ksvadvisory.com>

Cc: Emily Klein <eklein@ksvadvisory.com>; Carmen Yuen <Carmen.Yuen@devrylaw.ca>; Aileen Chua <Aileen.Chua@devrylaw.ca>; Kyle Plunkett <kplunkett@airdberlis.com>; David Sieradzki <dsieradzki@ksvadvisory.com>

Subject: Re: Prime Real Estate Group Inc.

Hi Lawrence,

As set out in the Trustee's letter to your client, we understand that the bankrupt is a 50% shareholder of your client. Section 67(1)(d) of the *Bankrupt and Insolvency Act* (Canada) (the "BIA") grants the Trustee "*such powers in or over or in respect of the property as might have been exercised by the bankrupt for his own benefit.*"

You will see that one of the requested records is a copy of the shareholders agreement itself, which would help speak to these powers, but which agreement has not yet been provided to the Trustee.

In addition, given that the registered officers and directors of the bankrupt shareholder are also the registered officers and directors of your client, all the requested materials and information would have been available to the bankrupt shareholder for its own benefit.

The purpose for the request is to permit the Trustee and your client to perform their respective roles and duties under the BIA.

In terms of urgency, the Trustee understands that unauthorized transactions have continued to occur subsequent to the Trustee's appointment, and we therefore look forward to receiving the requested materials as soon as possible, and, in any event, this week. Given the voluntary

assignment into bankruptcy by the same directors and officers of your client, we trust that the appropriate people are in place at your client to respond to the Trustee's requests in a timely manner.

Thanks,

Jeremy

Get [Outlook for iOS](#)

From: Lawrence Hansen <Lawrence.Hansen@devrylaw.ca>
Sent: Tuesday, July 20, 2021 2:51 PM
To: Noah Goldstein
Cc: Emily Klein; Carmen Yuen; Aileen Chua; Jeremy Nemers; Kyle Plunkett; David Sieradzki
Subject: RE: Prime Real Estate Group Inc.

CAUTION -- EXTERNAL E-MAIL - Do not click links or open attachments unless you recognize the sender.

Thanks.

Will expect the answers from your lawyers.

Thanks.

LH

From: Noah Goldstein [<mailto:ngoldstein@ksvadvisory.com>]
Sent: July 20, 2021 11:27 AM
To: Lawrence Hansen <Lawrence.Hansen@devrylaw.ca>
Cc: Emily Klein <eklein@ksvadvisory.com>; Carmen Yuen <Carmen.Yuen@devrylaw.ca>; Aileen Chua <Aileen.Chua@devrylaw.ca>; Jeremy Nemers <jnemers@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>; David Sieradzki <dsieradzki@ksvadvisory.com>
Subject: Re: Prime Real Estate Group Inc.

Please contact our counsel, Aird and Berlis, copied on this email. There are certain items that can be deliberated today, Lawrence.

Noah Goldstein
416.844.4842

On Jul 20, 2021, at 11:13 AM, Lawrence Hansen <Lawrence.Hansen@devrylaw.ca> wrote:

Good morning,

We are assisting Prime Real Estate Group Inc. (“Prime”) and have Emily’s letter of yesterday.

So that Prime can properly deal with the matter, please provide the following:

the authority, including statutory, which would require Prime to provide what has been requested; and

the purpose for which the documentation is being requested.

The urgent deadlines in your letter are unreasonable, particularly given who is currently available at Prime to deal with your request. Please let me know if there is any urgency and, if so, the reason for it.

Please note that I am tied up in examinations this week and my responses may be delayed.

Thank you.

Lawrence Hansen
DEVRY SMITH FRANK *LLP*
Lawyers & Mediators
Barrie | Toronto | Whitby

Tel.: 249.888.6626 (Barrie) / 416.446.5097 (Toronto)

COVID-19: DSF is open and is ready, willing and able to help you. We are living through an extraordinary period, and we are committed to doing what we can to stop the spread of COVID-19. To that end, we are working remotely, using video as well as telephone conferencing as much as possible, and doing as much as we can to conduct business electronically. Please send us correspondence and documentation by email so that we can deal with it in as timely a way as possible, and do not hesitate to give us a call.

NOTICE: The use of email is considered by the sender and recipient(s) as an appropriate means of communication, equivalent to ordinary lettermail unless there is notice to the contrary or the circumstances indicate otherwise. This e-mail message and any attachment to it is intended only for the identified recipient(s). Its contents are confidential and privileged, and any review or reproduction of this message, including attachments, is prohibited, as is the disclosure of its contents. If you have received this message in error, please notify us as soon as possible and do not review, copy, print or distribute it. Please destroy any copies or print-outs of this message as soon as possible. Thank you.

July 24, 2021

DELIVERED VIA EMAIL

Lawerence Hansen
Devry, Smith, Frank LLP

Dear Mr. Hansen:

Re: KSV Advisory and Prime Real Estate Group

We are legal counsel to Mark Gross. We understand that you are representing Mr. Di Cano and Prime Real Estate Group ("**Prime**"). It was brought to our attention today that KSV Restructuring Inc. ("**KSV**"), in its capacity as Proposal Trustee of Claireville Property Holdings Inc. and in its capacity as Trustee of Gross Capital Inc., has been unable to obtain information that it has requested from Prime. Mr. Gross wishes to express his desire for Prime to cooperate with KSV and provide the requested information to KSV.

It should be noted that Mr. Gross is listed as the sole registered officer of Prime and a director of Prime. We understand, however, that following a transaction in or around June 2020 Mr. Di Ciano (directly or indirectly) acquired a 50% ownership in Prime. Mr. Di Ciano has operated and managed Prime since that time. Mr. Gross is not an officer of Prime and does not have signing authority. The applicable corporate profile does not appear to have been updated and this should be amended in short order.

Yours very truly,



James Bunting

cc: David Sieradzki, KSV
Justin J. Di Ciano (JDiCiano@primerealestategroup.ca)

Appendix “G”

Claireville Property Holdings Inc.
Projected Cash Flow Statement
For the Period Ending September 17, 2021
(unaudited; \$)

	30-Jul	6-Aug	13-Aug	Week Ending		3-Sep	10-Sep	17-Sep	Total
				20-Aug	27-Aug				
<i>Receipts</i>									
Rent	-	460,000	16,192	51,049	47,410	380,000	16,192	51,050	1,021,893
DIP financing	-	4,500,000	-	-	-	-	-	-	4,500,000
Total Receipts	-	4,960,000	16,192	51,049	47,410	380,000	16,192	51,050	5,521,893
<i>Disbursements</i>									
<i>Operating Disbursements</i>									
Rent-Land Lease	-	204,618	-	-	-	204,618	-	-	409,236
Property taxes	-	2,103,320	-	-	-	153,262	-	-	2,256,582
Hydro Retrofit contract	-	47,036	-	-	-	47,036	-	-	94,073
Hydro recoverable expenses	-	-	87,770	-	-	-	87,770	-	175,539
SG&A	-	26,690	-	-	9,028	17,722	-	-	53,440
Maintenance and repairs	-	-	-	7,289	230	-	-	7,289	14,807
Mortgage - principal and interest	-	2,284,000	-	-	-	-	-	-	2,284,000
DIP lender fee	-	180,000	-	-	-	-	-	-	180,000
	-	4,845,664	87,770	7,289	9,257	422,638	87,770	7,289	5,467,677
<i>Other Disbursements</i>									
Professional fees	-	65,000	-	-	-	-	-	75,000	140,000
Total Disbursements	-	4,910,664	87,770	7,289	9,257	422,638	87,770	82,289	5,607,677
Net Cash Flow	-	49,336	(71,578)	43,761	38,153	(42,638)	(71,578)	(31,239)	(85,784)
Cash balance	89,418	89,418	138,754	67,176	110,937	149,089	106,451	34,873	89,418
Net cash flow	-	49,336	(71,578)	43,761	38,153	(42,638)	(71,578)	(31,239)	(85,784)
Cash balance	89,418	138,754	67,176	110,937	149,089	106,451	34,873	3,635	3,635


Claireville Property Holdings Inc.


Per: _____

July 26, 2021
Date

KSV RESTRUCTURING INC.

IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL
AND NOT IN ITS PERSONAL CAPACITY


Per: Noah Goldstein

Date July 26, 2021

**Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of Claireville Property Holdings Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company for the period ending September 17, 2021.

The hypothetical and probable assumptions are suitably supported and consistent with the purpose of the projection and the plans of the Company and provide a reasonable basis for the projection.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared using a set of hypothetical and probable assumptions. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, this 26th day of July, 2021.

Claireville Property Holdings Inc.



Per: _____

Appendix “H”

**Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)**

The attached statement of projected cash-flow of Claireville Property Holdings Inc., as of the 26th day of July 2021, consisting of a monthly Cash Flow Statement for the period August 1, 2021 to September 17, 2021, has been prepared by the management of the insolvent person using probable and hypothetical assumptions.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

Readers are cautioned that the projection may not be appropriate for other purposes.

Dated this 26th day of July, 2021.

**KSV RESTRUCTURING INC.
LICENSED INSOLVENCY TRUSTEE**



Per: Noah Goldstein