

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**TREZ CAPITAL LIMITED PARTNERSHIP and COMPUTERSHARE
TRUST COMPANY OF CANADA**

Applicants

and

WYNFORD PROFESSIONAL CENTRE LTD. and GLOBAL MILLS INC.

Respondents

**MOTION RECORD OF THE RECEIVER FOR THE RESPONDENT
GLOBAL MILLS INC.**

Motion Returnable July 4, 2014

June 30, 2014

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Court File No. CV-14-10493-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**TREZ CAPITAL LIMITED PARTNERSHIP and COMPUTERSHARE
TRUST COMPANY OF CANADA**

Applicants

and

WYNFORD PROFESSIONAL CENTRE LTD. and GLOBAL MILLS INC.

Respondents

NOTICE OF MOTION

Collins Barrow Toronto Limited, in its capacity as court appointed Receiver (the “Receiver”) of the assets, undertakings and properties of the respondent Global Mills Inc. (the “Debtor”), will make a Motion to a Judge presiding over the Commercial List on Friday, July 4, 2014 at 9:30 a.m., or as soon after that time as the Motion can be heard at the court house, 330 University Avenue, 8th Floor, Toronto, Ontario, M5G 1R7.

PROPOSED METHOD OF HEARING: The Motion is to be heard (choose appropriate option)

in writing under subrule 37.12.1(1) because it is (insert one of on consent, unopposed or made without notice);

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

orally.

THE MOTION IS FOR an order substantially in the form of the draft attached hereto as Schedule A:

- (a) If necessary, abridgement of the time for service of the Notice of Motion and Motion Record herein and dispensing with further service thereof;
- (b) Approval of the Receiver's activities as described in the First Report of the Receiver dated June 30, 2014 (the "**First Report**");
- (c) Authorizing the Receiver to increase the amount that may be borrowed pursuant to paragraph 20 of the Order of the Honourable Mr. Justice Brown dated April 10, 2014 (the "**Appointment Order**") from \$500,000.00 to \$2,000,000.00 effective as of April 10, 2014 and allowing the Receiver to issue Receiver's Certificates in the form as set out in the Appointment Order dated as of advances previously received as borrowings from the Applicant ("**Trez**") as set out in the First Report;
- (d) The costs of this motion payable from the estate of the Debtor; and,
- (e) Such further and other Relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) Pursuant to the Appointment Order the Receiver was appointed Receiver without security of all lands and premises as described in the said Order and for all the assets, undertakings and properties of the Debtor acquired for or used in relation to a business carried on by the Debtor.

- (b) Further, pursuant to the terms of the Appointment Order the Receiver was authorized to take possession of and exercise control over the Debtor's property and to receiver, preserve or protect the property or any parts thereof. Pursuant to the terms of the Appointment Order the Receiver was authorized to take any steps reasonably incidental to the exercise of its powers or the performance of any statutory obligations.
- (c) The asset of the Debtor, being the property as described in the Appointment Order, consists of a vacant commercial office building at 1450 Don Mills Road, Toronto, Ontario.
- (d) As described in the First Report, as a result of a potential claim by one of the shareholders of the Debtor, the priority of the applicant/secured creditor ("**Trez**") may be subordinated to a portion of the indebtedness.
- (e) As funds were required by the Receiver to pay property taxes and other expenses for the property it arranged with Trez to advance funds sufficient to pay these expenses in an amount that was over the authority for which it could issue Receiver's Certificates for the said borrowings, but it could receive funds from Trez by way of advancement under its security.
- (f) In order to avoid interest and further charges with respect to the property tax arrears, the Receiver obtained additional funds by way of advance from Trez to pay the said arrears.

- (g) Accordingly, the Receiver has had to borrow funds from Trez as indicated above and as set out in the Cash Flow Statement attached to the First Report.
- (h) Because of the urgency in requiring funds to pay the common expense arrears, the property taxes, and other expenses, and that the possible priority issue was not known nor addressed, the Receiver was unable to seek an increase in its borrowing ability in sufficient time so as to insure that it properly maintained the Debtor's assets.
- (i) Such further and other grounds as the lawyers may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

(List the affidavits or other documentary evidence to be relied on)

- (a) First Report of the Receiver; and
- (b) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

June 30, 2014

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Counsel to the Inspector/Manager,
Schonfeld Inc.

SCHEDULE A

Court File No. CV-14-10493-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	FRIDAY, THE 4TH
)	
JUSTICE)	DAY OF JULY, 2014

B E T W E E N:

(Court Seal)

**TREZ CAPITAL LIMITED PARTNERSHIP and COMPUTERSHARE
TRUST COMPANY OF CANADA**

Applicants

and

WYNFORD PROFESSIONAL CENTRE LTD. and GLOBAL MILLS INC.

Respondents

ORDER

THIS MOTION, made by Collins Barrow Toronto Limited, in its capacity as court appointed Receiver (the “**Receiver**”) of the assets, undertakings and properties of the respondent Global Mills Inc. (the “**Debtor**”), for the relief as set out below was heard this day at the court house, 330 University Avenue, 8th Floor, Toronto, Ontario, M5G 1R7.

ON READING the Motion Record dated June 30, 2014 filed on behalf of the Receiver including the First Report of the Receiver dated June 30, 2014 (the “**First Report**”) and on hearing

the submissions of counsel for the Receiver, no other person appearing although served with the Notice of Motion in accordance with the affidavit of service filed herein,

1. **THIS COURT ORDERS** that the capitalized terms not otherwise defined in this order shall have the meaning as described thereto in the First Report.
2. **THIS COURT ORDERS** that the First Report and the activities and conduct that the Receiver has described therein are hereby ratified and approved.
3. **THIS COURT ORDERS** that the Appointment Order is hereby varied to authorize the Receiver to increase the amount which it may borrow by way of revolving credit or otherwise from \$500,000.00 set out therein to \$2,000,000.00, that paragraph 20 of the Appointment Order is hereby varied to allow such increase and that it shall be effective as of the date of the said order, being April 10, 2014.
4. **THIS COURT ORDERS** that the Receiver is hereby authorized to issue Receiver's Certificates as set out in the Appointment Order for the amounts and dates of advances from the applicants herein as set out in the First Report and that all such Receiver's Certificates issued therein shall be valid as of the date of the Certificate *nunc pro tunc*.
5. **THIS COURT ORDERS** that the Receiver's costs of the within motion including its fees and those of its counsel should be payable from the estate of the Debtor.

(Signature of Judge)

TREZ CAPITAL LIMITED PARTNERSHIP et al.
Applicants

-and-

WYNFORD PROFESSIONAL CENTRE LTD. et al.
Respondents

Court File No. CV-14-10493-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

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RCP-E 4C (July 1, 2007)

TREZ CAPITAL LIMITED PARTNERSHIP et al.
Applicants

-and-

WYNFORD PROFESSIONAL CENTRE LTD. et al.
Respondents

Court File No. CV-14-10493-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

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RCP-E 4C (July 1, 2007)

Court File No. CV-14-10493-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**TREZ CAPITAL LIMITED PARTNERSHIP and COMPUTERSHARE
TRUST COMPANY OF CANADA**

Applicant

- and -

WYNFORD PROFESSIONAL CENTRE LTD. and GLOBAL MILLS INC.

Respondent

FIRST REPORT OF THE RECEIVER ON GLOBAL MILLS INC.

June 30, 2014

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I. INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) dated April 10, 2014 (the “**Appointment Order**”), Collins Barrow Toronto Limited (“**CBTL**”) was appointed receiver (the “**Receiver**”), without security, of all lands and premises legally described in Schedule “A” of the Appointment Order and for all of the assets, undertakings and properties of Global Mills Inc. (“**Global**” or the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the “**Property**”). A copy of the Appointment Order is attached as Appendix “A”.
2. The Appointment Order authorizes the Receiver to, among other things:
 - (a) take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property; and
 - (b) manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor.
3. In addition, the Appointment Order empowers the Receiver to borrow monies to fund the receivership:
 - (a) pursuant to Paragraph 20 of the Appointment Order, from time to time provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize), which advance(s) are charged by way of a fixed and floating charge as security in priority to all security interests, trusts, liens, charges and

encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge (as defined in the Appointment Order) and the charges set out in sections 14.06(7), 81.4(4), and 81.6(2) of the Bankruptcy and Insolvency Act; and

(b) pursuant to Paragraph 24 of the Appointment Order, by way of advances from the Applicant, which advances will be secured by the Applicant's security on the Property with the same priority that may attach to such security.

4. The Court Order referred to in this report together with related Court documents have been posted on the Receiver's website, which can be found at <http://www.collinsbarrow.com/en/cbn/global-mills-inc>.

Purpose of First Report

5. The purpose of this first report of the Receiver (the "**First Report**") is to:
- (a) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period April 10, 2014 to June 25, 2014;
 - (b) provide the Court with the Receiver's projected six month cash flow to September 30, 2014 demonstrating the need for funding to cover the ongoing carrying costs of the Property and costs pertaining to the administration of the receivership; and
 - (c) seek an order increasing the amount that may be borrowed pursuant to Paragraph 20 of the Appointment Order from \$500,000 to \$2,000,000 effective as of April 10, 2014; and

-
- (d) seek an order granting leave to the Receiver to issue a Receiver's Certificate pursuant to Paragraph 20 of the Appointment Order for the advance made by Trez Capital Limited Partnership ("**Trez**") on June 24, 2014, dated that same date.

Terms of Reference

6. In preparing this First Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the "**Information**"). Certain of the information contained in this First Report may refer to, or is based on, the Information. As the Information has been provided by other parties, or obtained from documents filed with the Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
7. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

II. BACKGROUND

8. Global is an Ontario corporation which was incorporated on July 20, 2012 as Post Mobility Inc. and subsequently, on August 8, 2012, changed its name to Global Mills Inc., and is a single purpose corporation.
9. The Property is comprised primarily of a three-storied commercial office building located on approximately 4.8 acres located at 1450 Don Mills Road in the City of Toronto, Ontario.
10. The office building encompasses approximately 165,000 square feet, and has been unoccupied since April 2014, when the tenant moved out.
11. The Applicant, Trez, is a commercial mortgage lender which advanced \$21,000,000 to Global in July 2013, with the loan secured by a mortgage on the Property amongst other security granted. As of the date of receivership, the Debtor's liability to the mortgagee was \$21,258,486.26.

III. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

12. Attached as Appendix "B" is the Receiver's Interim Statement of Receipts and Disbursements for the period April 10, 2014 to June 25, 2014. During this period, receipts were \$100,028 (substantially all of which was transferred by Schonfeld Inc., who had previously been court appointed as the Manager of the Debtor pursuant to proceedings between its principals and shareholders) while disbursements were \$288,653, resulting in a net cash deficit of \$188,625, prior to consideration of advances made to the Receiver by one of the Applicants, Trez.

As the building is vacant, the Debtor has no operating income to cover its current carrying costs.

13. The Receiver's disbursements for the period ending June 25, 2014 include the cost of insurance for \$24,520, utilities for \$28,606 and property taxes of \$200,208. In addition, estimated carrying costs of approximately \$80,000 for building maintenance, security and utilities have been incurred to June 25, 2014 for which the Receiver has not yet been provided with invoices to pay.
14. In order to pay current and anticipated carrying costs, the Receiver obtained financing from Trez:
 - (a) on May 2, 2014, the amount of \$101,445 was advanced by Trez; and
 - (b) on June 24, 2014, the amount of \$640,000 was advanced by Trez.
15. Pending this application by the Receiver to increase the borrowing limit under Paragraph 20 of the Appointment Order, the Receiver has issued a certificate under Paragraph 24 of the Appointment Order for the amount of \$241,445 (the amount advanced in excess of the \$500,000 limit) in order to provide Trez with a receipt for the amount advanced. In the event that the Court approves the increase of the borrowing limit, then the Receiver will replace that certificate with a certificate issued under Paragraph 20 for \$241,445.

IV. SECURED OR PRIORITY CLAIMS

16. As of the date of First Report, the Receiver is not aware of any liens or charges registered against the Property other than the Applicant's first mortgage.
17. On May 22, 2014, Canada Revenue Agency ("CRA") notified the Receiver that the Debtor owes CRA \$338,183.03 in respect of a HST liability.

V. RECEIVER'S PROJECTED CASH FLOW

18. Attached hereto as Appendix "C" is the Receiver's Estimated Carrying Costs for the period April 10, 2014 to September 30, 2014 which indicates that cash receipts are \$100,000 while total cash disbursements are estimated at \$797,931.
19. The cash receipt of \$100,000 was the cash surplus in the Debtor's account as of the date of receivership, which funds were held by and transferred to the Receiver by Schonfeld Inc.
20. The Receiver's disbursements include the cost of security and insurance to protect the Property, as well as ongoing maintenance to preserve the condition of the grounds and building to make it more appealing to prospective tenants or purchasers. Notwithstanding that the building is not occupied by a tenant, utility costs are estimated to be approximately \$150,000 from April 10 to September 30, 2014.
21. In addition, four instalments of property taxes totaling almost \$400,000 became or are becoming due in the six month period ending September 30, 2014.
22. Given that the Property has no source of operating income, the Receiver is required to borrow monies from Trez in order to fund carrying costs for the property and to keep current on property tax payments to avoid penalty and interest charges. Based on the anticipated cash shortfall of \$697,931, the Receiver would need to borrow at least \$697,931 to meet cash requirements for the six month period ending September 30, 2014.

-
23. The Receiver considers it fair and reasonable that the Applicant be fully protected for monies that it advances and has advanced to the Receiver to fund the administration of the estate.

VI. BORROWER'S PRIORITY

24. As set out above, the Receiver has, to date, borrowed funds from Trez both under the auspices of a Receiver's Certificate and presumptively pursuant to Paragraph 24 of the Appointment Order.
25. Additionally, as set out above, there is currently ongoing proceedings as between the shareholders and principals of the Debtor. One of the said shareholders has indicated that it may be taking the position that \$3,000,000 from the original \$21,000,000 advance is not properly owing: the ostensible grounds for the opposition can be summarized as follows:
- (i) original funding provided by Trez to the Debtor at the time the Property was purchased in 2011 was \$18 million;
 - (ii) in 2013 Trez agreed to lend an additional \$3 million to the Debtor, and at that time new security was granted by way of mortgage and other security for the increased loan, totaling \$21 million; and
 - (iii) the opposing shareholder has indicated that it was not aware of the increased funding and new security granted in 2013, and that its approval of same was required under agreements between the shareholders and principals of the Debtor.
26. For its part, the Receiver is advised that Trez maintains that it had relied upon statutory declarations of the other shareholder which did not name the opposing

shareholder as having an interest in the Debtor, as well as an opinion from the Debtor's lawyer indicating that the Debtor had full authority to carry out the contemplated transaction.

27. Accordingly, it is possible that part of Trez's interest in the Property could be subordinated to that of the opposing shareholder.
28. Based on the above, the Receiver understands that Trez is not prepared to advance further funds unless it is granted the priority offered by a Receiver's Certificate, as any advances made under its security may be subordinated should the opposing shareholder be successful in its claim.

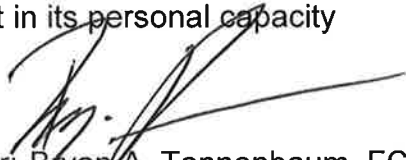
VII. CONCLUSION

29. The Receiver respectfully requests that the Court grant an Order which provides for the following:
 - (a) increasing the borrowing limit under Paragraph 20 of the Appointment Order to \$2,000,000 effective as of April 10, 2014; and
 - (b) granting leave to the Receiver to issue a Receiver's Certificate pursuant to Paragraph 20 of the Appointment Order for the advance made by Trez on June 24, 2014, dated that same date.

All of which is respectfully submitted to this Court as of this 30th day of June, 2014.

COLLINS BARROW TORONTO LIMITED

In its capacity as Court Appointed Receiver
of Global Mills Inc. and
not in its personal capacity



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

APPENDIX A

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

THE HONOURABLE MR.)	THURSDAY, THE 10TH
)	
JUSTICE D.M. BROWN)	DAY OF APRIL, 2014

**TREZ CAPITAL LIMITED PARTNERSHIP and COMPUTERSHARE TRUST
COMPANY OF CANADA**

Applicants

-and-

WYNFORD PROFESSIONAL CENTRE LTD. and GLOBAL MILLS INC.

Respondents

ORDER

THIS APPLICATION made by the Applicants for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Collins Barrow Toronto Limited as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Global Mills Inc. ("**Global Mills**") (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, and for other relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Gaetano Coscia sworn March 28, 2014 (the "**Coscia Affidavit**"), and the Exhibits thereto, the affidavit of Gaetano Coscia sworn April 7, 2014 (the "**Supplementary Coscia Affidavit**") and on hearing the submissions of counsel for Applicants and the Respondents and on reading the consent of Collins Barrow Toronto Limited to act as the Receiver,

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, Collins Barrow Toronto Limited is hereby appointed Receiver, without security, of all lands and premises legally described in Schedule "A", and for of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary

course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
- (i) without the approval of this Court in respect of any transaction not exceeding \$100,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and

on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in

that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or

with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

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

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all

such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

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

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

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise,

in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

24. **THIS COURT ORDERS** that notwithstanding paragraphs 20-23 inclusive, and as alternate thereto, the Receiver is hereby authorized to borrow money to fund the exercise of its powers and duties hereunder by way of advances from the Applicant, which advances shall be secured by the Applicant's security on the Property (including without limitation the Global Mills Mortgage as defined and attached as an exhibit to the Coscia Affidavit), with the same priority that may attach to such security.

GENERAL

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

26. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

27. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully

requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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

29. **THIS COURT ORDERS** that the Applicant and the Receiver and any party who has served a Notice of Appearance, may serve any materials in this proceeding by e-mailing a pdf or other electronic copy of such materials to counsels' e-mail addresses as recorded on the Service List from time to time, in accordance with the e-filing protocol of the Commercial List to the extent practicable.

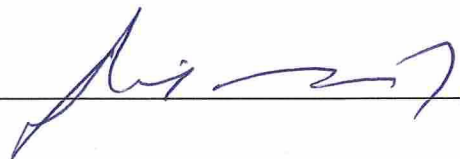
30. **THIS COURT ORDERS** that the Applicants shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicants' security or, if not so provided by the Applicants' security, then on a substantial indemnity basis to be paid by the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

31. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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

APR 11 2014

M3



A handwritten signature in blue ink, appearing to be 'M. J. ...', is written over a horizontal line.

SCHEDULE "A"
LEGAL DESCRIPTION OF THE LANDS

Global Mills Inc. – 1450 Don Mills Road., Toronto, Ontario

PIN: 10117-0593 (LT)

Description: PT LT 10 CON 3 EYS TWP OF YORK AS IN TB395970; S/T NY380043;
TORONTO (N YORK), CITY OF TORONTO

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Collins Barrow Toronto Limited, the receiver (the "Receiver") of the assets, undertakings and properties of Global Mills Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 2nd of April, 2014 (the "Order") made in an action having Court file number _____-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the ____ day of _____, 2014.

Collins Barrow Toronto Limited, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name:

Title:

**TREZ CAPITAL LIMITED
PARTNERSHIP et al.**

- and -

**WYNFORD PROFESSIONAL
CENTRE LTD. et al.**

Applicant(s)

Respondent(s)

Court File No.: CV-14-10493-00CL

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

IN THE MATTER OF Section 101 of the
Courts of Justice Act and Section 243 of the *Bankruptcy and
Insolvency Act*

PROCEEDING COMMENCED AT TORONTO

ORDER

ROBINS APPLEBY LLP
Barristers + Solicitors
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Lawyers for the Applicants

APPENDIX B

Collins Barrow Toronto Limited
 Court Appointed Receiver of Global Mills Inc.
 Interim Statement of Receipts and Disbursements
 For the period April 10, 2014 to June 25, 2014

Receipts	
Cash on hand (1)	\$ 100,000
Interest on bank deposit	28
Total receipts	<u>\$ 100,028</u>
Disbursements	
Insurance	\$ 24,520
Other	540
Property maintenance	2,000
Property Manager	4,500
Property taxes	200,208
HST/PST paid	8,883
Receiver's fees	19,396
Utilities	28,606
Total disbursements	<u>\$ 288,653</u>
Net cash deficit	\$ (188,625)
Advances from secured lender (2)	<u>741,445</u>
Net cash position after advances	<u><u>\$ 552,820</u></u>

Notes:

- (1) Cash transferred from Schonfeld Inc.
- (2) Funds advanced from Trez Capital Limited Partnership.

This Appendix forms part of the Receiver's Report to the Court dated June 30, 2014 and should only be read in conjunction therewith.

APPENDIX C

Collins Barrow Toronto Limited
Receiver of Global Mills Inc.
Estimated Carrying Costs for the Period April 10, 2014 to September 30, 2014
For 1450 Don Mills Road

	<u>Note</u>	<u>Monthly Cost</u>	<u>Actual April</u>	<u>Actual May</u>	<u>Actual June mtd</u>	<u>Accrued Apr-Jun</u>	<u>July</u>	<u>August</u>	<u>Sept.</u>	<u>April to Sept. 2014</u>
Building maintenance										
Atrium/plants		\$ 320	\$ -	\$ -	\$ -	\$ 960	\$ 320	\$ 320	\$ 320	\$ 1,920
Elevator		672	-	-	-	2,016	672	672	672	4,032
Building automation system		1,515	-	-	-	4,545	1,515	1,515	1,515	9,090
Pneumatic fitter		1,200	-	-	-	3,600	1,200	1,200	1,200	7,200
HVAC		275	-	-	-	825	275	275	275	1,650
Generator maintenance (annual contract)		127	-	-	-	1,530	-	-	-	1,530
Property maintenance	(2)	2,000	-	-	-	6,000	2,000	2,000	2,000	12,000
Grounds maintenance		750	-	-	-	2,250	750	750	750	4,500
Other - repairs, etc.	(3)	500	-	-	-	2,500	500	500	500	4,000
Supplies (chemicals, etc.)	(4)		-	-	-	1,486		1,500		2,986
Snow removal (winter only)		2,300	-	-	-	-	-	-	-	-
Utilities										
Hydro	(5)	21,000	-	30		63,000	21,000	21,000	21,000	126,030
Gas		3,200	-	3,024	3,218	3,200	3,200	3,200	3,200	19,042
Water	(6)	1,275	-	-	-	3,825	1,275	1,275	1,275	7,650
Security										
Installation and annual inspection	(7)		-	-	-	6,600				6,600
Monitoring (burglary and fire)		85	-	-	-	255	85	85	85	510
Patrols		1,860	-	-	-	5,580	1,860	1,860	1,860	11,160
Administrative										
Insurance (HST not applicable)		2,011	24,520	-	-	-	-	-	-	24,520
Other		100	345	23	-	100	100	100	100	768
Property Manager		1,500	-	-	-	4,500	1,500	1,500	1,500	9,000
PST paid			1,962	-	-	-	-	-	-	1,962
Property taxes (HST not applicable)			-	102,713	-	16	97,479	97,477	97,477	395,162
Professional fees										
Legal fees	(8)		-	-	-	17,000	3,000	3,000	3,000	26,000
Receiver's fees			-	19,396	-	24,000	11,000	11,000	12,000	77,396
Subtotal		<u>40,691</u>	<u>26,827</u>	<u>125,185</u>	<u>3,218</u>	<u>153,788</u>	<u>147,731</u>	<u>149,229</u>	<u>148,729</u>	<u>754,707</u>
HST paid	(9)	<u>5,189</u>	<u>36</u>	<u>2,856</u>	<u>418</u>	<u>19,990</u>	<u>6,533</u>	<u>6,728</u>	<u>6,663</u>	<u>43,224</u>
Total estimated cash requirements		<u>\$ 45,880</u>	<u>26,862</u>	<u>128,041</u>	<u>3,637</u>	<u>173,779</u>	<u>154,264</u>	<u>155,957</u>	<u>155,392</u>	<u>797,931</u>
Cash transferred from Schonfeld Inc.			100,000	-	-	-	-	-	-	100,000
Advances from secured lender			-	101,445	-	640,000	-	-	-	741,445
Net cash position after funding			<u>\$ 73,138</u>	<u>\$ (26,596)</u>	<u>\$ (3,637)</u>	<u>\$ 466,221</u>	<u>\$ (154,264)</u>	<u>\$ (155,957)</u>	<u>\$ (155,392)</u>	<u>\$ 43,514</u>
Cumulative cash position			<u>\$ 73,138</u>	<u>\$ 46,542</u>	<u>\$ 42,905</u>	<u>\$ 509,126</u>	<u>\$ 354,863</u>	<u>\$ 198,906</u>	<u>\$ 43,514</u>	<u>\$ 43,514</u>

Notes:

- (1) Expenses incurred for the months of April to June have been accrued as the Receiver is waiting for the property manager to forward bills for payment of the same.
- (2) Property maintenance consists of 3 weekly visits to inspect systems and supervise/oversee work by other contractors.
- (3) Estimated cost to repair two faulty detectors on the alarm panel and cost for fire department to respond to fire alarm.
- (4) Cost of chemicals for cooling system, which needs to be replenished every 2-3 months.
- (5) Bill for period April 11 to May 16, 2014 was \$21k before HST. (Average monthly cost was \$34k for Postmedia.) This does not include the security deposit, as the amount is still to be determined. Hydro has agreed to reduce the deposit from \$73,800 to an amount to be based on three months actual usage.
- (6) Based on actual bill for April 1 to May 1, 2014.
- (7) Includes \$3,333 for security alarm system, \$2,486 for annual fire alarm inspection, and \$1,017 for fire alarm panel.
- (8) Estimate provided by Steinberg Morton Hope & Israel LLP.
- (9) The Schedule does not reflect HST input tax credits which are not expected to be received in the projected period.

TREZ CAPITAL LIMITED PARTNERSHIP et al.
Applicants

-and-

WYNFORD PROFESSIONAL CENTRE LTD. et al.
Respondents

Court File No. CV-14-10493-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD OF THE RECEIVER FOR THE
RESPONDENT GLOBAL MILLS INC.

STEINBERG MORTON HOPE & ISRAEL LLP

Barristers & Solicitors
5255 Yonge Street, Suite 1100
Toronto, Ontario
M2N 6P4

David A. Brooker (35787W)

Tel: 416-225-2777

Fax: 416-225-7112

Lawyers for Collins Barrow Toronto Limited,
the court appointed receiver for the respondents