



ROSEN GOLDBERG
INSOLVENCY & RESTRUCTURING

Court File No. CV-18-601159-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

BETWEEN:

WEST END MOTORS AND TRAILER PARK LIMITED

Applicant

-and-

189 DUNDAS STREET WEST INC.

Respondent

SUPPLEMENTARY REPORT TO FIRST REPORT OF ROSEN GOLDBERG INC.

July 29, 2019



I INTRODUCTION

1. Rosen Goldberg Inc., in its capacity as receiver of certain real property of the Respondent (the “**Receiver**”), files this supplementary report to (a) provide this court with additional information in respect of the Receiver’s motion seeking approval of a sale process in respect of the Property; and (b) respond to certain issues raised in the affidavits of Paul Goldfischer sworn July 23, 2019 filed by the Respondent.

II RECENT DEVELOPMENTS

2. Following the date of the Receiver’s First Report, the Receiver has had further communications with counsel for the Respondent and Plazacorp relating to the unsolicited offer that Plazacorp intended to submit for the purchase of the Property. During those discussions, the Receiver was informed that the Respondent would be seeking an Order approving the Plazacorp’s offer to purchase the Property, without the Receiver undertaking any sale process.
3. On July 23, 2019, the Respondent served a confidential affidavit of Paul Goldfischer and a formal written offer by Plazacorp to purchase the Property (the “**Plazacorp Offer**”). The Plazacorp Offer was more favourable than the original verbal offer discussed with counsel for Plazacorp and the Respondent.
4. On July 25, 2019, the Second Mortgagee served the Affidavit of John Gagliano stating that, should the Court be inclined to accept the Plazacorp Offer, the Second Mortgagee would be prepared to match the offer.

III THE PLAZACORP OFFER

5. As noted above, the Plazacorp Offer was made on an unsolicited basis with the objective of pre-empting a sale process. The Receiver is advised that Mr. Goldfischer, the principal of the Respondent, has a personal relationship with Mr. Heller, a principal of Plazacorp. Mr.



Goldfischer, in his affidavit, suggests that the Receiver did not accept the initial Plazacorp offer due to the fact that the second mortgagee did not support the offer. That is not accurate. There were a number of factors that the Receiver considered in assessing the initial Plazacorp proposal, including the following:

- (a) The offer was significantly lower than the independent appraisal obtained by the Receiver;
 - (b) If the Plazacorp Offer is accepted, the Second Mortgagee, the “fulcrum” creditor, will suffer a significant shortfall based on the amounts outstanding under its mortgage, even if the Respondent is successful in reducing the interest claimed by the Second Mortgagee in the Litigation;
 - (c) The Second Mortgagee, who had previously considered being a stalking horse bidder, had indicated that it may wish to submit a credit bid;
 - (d) Although the Respondent supported the Plazacorp Offer, if the Plazacorp Offer is accepted, the Respondent would be “out of the money”, unless it is 100% successful in the Litigation with the Second Mortgagee.
6. Based on the above considerations, the Receiver was of the opinion that it was not appropriate to provide Plazacorp with an exclusive opportunity to purchase the Property, without a sales process that may result in a superior offer. Plazacorp has an opportunity to submit an offer within a sales process.

IV REPORT OF COLLIERS

7. As stated above, the Plazacorp Offer is an improvement from the verbal proposal previously discussed by counsel for Plazacorp with the Receiver. In order to assess the Plazacorp Offer, the Receiver requested that Colliers, which had prepared the appraisal of the Property for the Receiver, prepare an addendum to its appraisal and comment on the Plazacorp Offer. Collier’s addendum is attached as Confidential **Appendix “A”**.
8. Collier’s conclusion does not support the acceptance of the Plazacorp Offer.

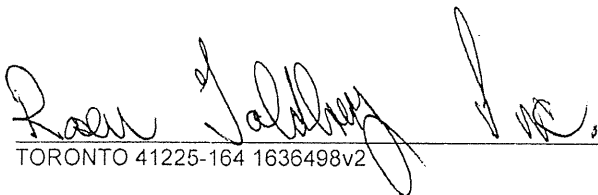


V CONCLUSION

9. The Receiver recommends that the sale process outlined in its First Report be approved for the following reasons:
- (a) It will provide an opportunity to obtain a superior offer;
 - (b) The Second Mortgagee, the fulcrum creditor, supports a sale process;
 - (c) Plazacorp should not have an exclusive opportunity to bid on the Property; and
 - (d) Plazacorp and the Second Mortgagee both have the ability to submit an offer within the sale process.

Dated at Toronto, Ontario, this 29th day of July, 2019.

**ROSEN GOLDBERG INC.,
SOLELY IN ITS CAPACITY AS
COURT-APPOINTED RECEIVER OF
189 DUNDAS STREET WEST INC.**


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Appendix A

Confidential

Subject to Sealing Request