

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

B E T W E E N:

DORR CAPITAL CORPORATION, COMMUNITY TRUST COMPANY and  
2098535 ALBERTA LTD.

Applicants

and

MILL STREET VENTURES GP LTD.

Respondent

APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*,  
R.S.C. 1985 c3 B-3, as amended

**SUPPLEMENTARY AFFIDAVIT OF GARY GRUNEIR**

I, Gary Gruneir, of the City of Markham, in the Region of York, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the President and principal broker of the existing debtor-in-possession lender, C&K Mortgage Services Inc., a licensed mortgage broker, which carries on business as Rescom Capital (“**Rescom**”), to Rosen Goldberg Inc. in its capacity as interim receiver (“**Rosen Goldberg**” or the “**Interim Receiver**”) of certain real property municipally known as 305 Mill Street, Angus, Ontario (the “**Real Property**”) held by the Respondent, Mill Street Ventures GP Ltd. Rescom originated and administers the DIP Loan. As such, I have personal knowledge of the matters contained in this affidavit.

2. I previously swore an affidavit in the motion to expand the Interim Receiver's powers on August 20, 2021. This affidavit is intended to supplement the contents of my August 20 affidavit and to respond to the affidavit of Blake Larsen sworn August 30, 2021. Any capitalized terms that are not defined in this affidavit are adopted from my previous affidavit.

### **Rescom Plan for the Project**

3. The initial plan for this Property by the Debtor was to lease the premises to four restaurant tenants and to a corporate-owned gas station operator. Under that plan, the income generated by the tenants would limit the value of the property, which would be valued as a multiple of the rental income.

4. In contrast, if after completion of construction of Phase I of the Project, the Real Property is sold to an owner-operator who can operate the gas station itself, the Real Property would be worth much more than its value as an income property.

5. Based on my discussions with Rosen Goldberg, I believe that Rosen Goldberg is best situated to increase the value of the Real Property by overseeing completion of the construction and selling the Project to an owner-operator. The Project is very close to completion – completing it before a sale is the best way to maximize value for stakeholders.

### **Rescom Willing to De-Risk DUCA if Powers of Rosen Goldberg Expanded**

6. Rescom strongly believes that Rosen Goldberg is best situated to act as receiver over the Real Property to oversee completion of Phase I of the Project. Rescom believes that DUCA's insistence on appointing msi Spergel Inc. is based on an assumption that Spergel will likely immediately seek to sell the Project on an "as-is" basis, without completing Phase I, which will

possibly see DUCA's loan paid back in full but will otherwise leave the remaining creditors, including Rescom and Dorr Capital, under water.

7. In order to reduce the risk to DUCA if Rosen Goldberg's powers are expanded as sought in Rescom's motion, if that motion is granted and draft order attached as Schedule "B" to the August 20, 2021 Notice of Motion is granted, Rescom is willing to pay down \$2 million of the principal of the DUCA Mortgage, increase the DIP Loan to cover the cost to complete construction of Phase I of the Project, and service the interest on the remainder of the DUCA Mortgage on a go-forward basis. Moreover, under this de-risking arrangement, the Receiver's fees and the DIP Loan will continue to rank behind the DUCA Mortgage in priority.

8. In this scenario, DUCA's risk in the Project will be significantly reduced, its debt will be serviced, and it will not see any deterioration of its position pending completion and sale of Phase I of the Project. This scenario also maximizes the potential recovery by other stakeholders, who would otherwise face significant prejudice if the Project is sold now on an "as-is" basis.

#### **Update re Rescom Commitment**

9. As indicated in my August 20 affidavit, on July 14, 2021, Rescom committed to finance the Real Property to, among other things, pay the full amount owing to DUCA and establish a 9-month interest reserve in respect of amounts advanced under the Commitment. The Interim Receiver accepted the Commitment on August 9, 2021.

10. To date, uncertainty over the willingness of the restaurant tenants to waive penalties and/or termination rights for late delivery of complete premises has affected Rescom's ability to raise the funds required for the Commitment, which is why Rescom proposes instead to de-risk

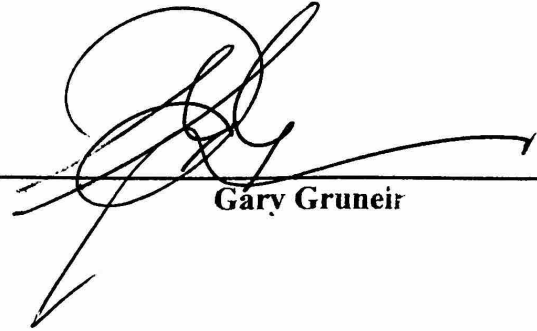
DUCA's Mortgage as proposed in this affidavit while the Project is completed after Rosen  
Goldberg's powers are expanded as sought in our motion.

**SWORN** by Gary Gruneir at the City of  
Markham, in the Province of Ontario, before  
me on September 2, 2021 in accordance with  
O. Reg. 431/20, Administering Oath or  
Declaration Remotely.



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Commissioner for Taking Affidavits  
(or as may be)  
**Andrew Winton**



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**Gary Gruneir**

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-and- MILL STREET VENTURES GP LTD.  
Respondent

Court File No. CV-21-00660056-00CL

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PROCEEDING COMMENCED AT TORONTO

**SUPPLEMENTARY AFFIDAVIT OF  
GARY GRUNEIR**

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