

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

BETWEEN:

PILLAR CAPITAL CORP.

Applicant

- and -

TURUSS (CANADA) INDUSTRY CO., LTD.

Respondent

APPLICATION UNDER 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

**SUPPLEMENTAL REPORT TO THE SIXTH REPORT OF MNP LTD. AS
RECEIVER AND MANAGER OF THE ASSETS, UNDERTAKINGS AND
PROPERTIES OF TURUSS (CANADA) INDUSTRY CO., LTD.**

June 24, 2021

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INTRODUCTION

1. On September 18, 2020, MNP Ltd. was appointed as the receiver and manager (the “**Receiver**”) without security, of the assets, undertakings and properties (the “**Property**”) of Turuss (Canada) Industry Co., Ltd. (“**Turuss**” or the “**Company**”) by order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).
2. This supplemental report (the “**Supplemental Report**”) is supplemental to, and to be read in conjunction with, the Sixth Report of the Receiver, dated June 1, 2021 (the “**Sixth Report**”).
3. Capitalized terms not defined in this report are as defined in the Sixth Report.

BACKGROUND

4. On June 1, 2021, the Receiver filed the Sixth Report to the Court in support of its motion to, among other things, obtain the Court’s approval and authorization of a sale transaction (the “**Transaction**”) between the Receiver and Chelsea Property Holdings Inc. (the “**Purchaser**” or “**Chelsea**”) as the assignee of its parent corporation, Westmount Park Investments Inc. (“**Westmount**”) dated May 31, 2021 in the amount of \$9,200,000, and vesting in the Purchaser, the Company’s right , title, benefit and interest in and to the purchased assets described in the Chelsea APA (the “**Purchased Assets**”).
5. As set out in the Sixth Report, the Transaction and Chelsea APA was the culmination of an initial Court approved sale process that was converted into a Court approved Stalking Horse Bid in conjunction with the Stalking Horse Bidding Procedures.
6. Westmount was the Stalking Horse Bid. The salient terms of the Stalking Horse Bid included:
 - (a) a purchase price of \$6,500,000;
 - (b) no conditions;

- (c) a \$650,000 deposit (10% of the Purchase Price);
- (d) a Break Fee and Expense Reimbursement of \$175,000; and
- (e) close within five (5) business of Court approval of the Transaction and issuance of the prescribed approval and vesting order.

The Deadline for the submission of bids pursuant to the Stalking Horse Bidding Procedures was April 30, 2021.

7. As noted in the Sixth Report, the Receiver received (4) Binding Offers on or prior to April 30, 2021. Following receipt of the Binding Offers, the Receiver reviewed and negotiated certain components in order to qualify each offer as a Qualified Offer for the purposes of the Auction.
8. Given the business terms associated with each Qualified Offer, the Receiver elected to conduct the Auction and invited each party to attend the Auction. The only condition that was to be accepted was the requirement for the Court to grant the requested approval and vesting order.
9. On May 11, 2021, the Auction was held in accordance with the terms of the Auction Procedures by way of a Zoom video conference among the four (4) Qualified Offerors noted above and Westmount. The Auction and the bidding proceeded on the basis of achieving the highest purchase price for the Chesley Property only, as the Receiver was satisfied that all other requirements set forth in the Sale Process to qualify for the Auction had been met including that there was no financing condition associated with any participant in the Auction.
10. Following multiple rounds of bidding, the Westmount bid of \$9,200,000 was the highest and best bid and was accepted as the Successful Offeror. The bid of 1271856 Ontario Ltd. (the “**Back-up Bidder**”) was accepted as the Back-up Bid. The Back-Up Bidder submitted a bid of \$9,100,000, and the next best bid submitted following the Back-up Bidder was in the amount of \$8,500,000.

11. Following the Auction on May 11, 2021, the Receiver and Westmount negotiated a revised purchase agreement to reflect the outcome of the Auction. The foregoing resulted in the execution of the Chelsea APA dated May 31, 2021. The salient terms of the Chelsea APA are set forth in the Sixth Report.
12. On June 1, 2021, and in accordance with the Chelsea APA, the Receiver served and filed its motion record for the approval of the Chelsea APA and the completion of the Transaction.
13. On June 7, 2021, the Court approved and authorized the Chelsea APA and the associated Transaction. A copy of the Approval and Vesting Order and endorsement is attached hereto as **Appendix "A"**.

PURPOSE OF THIS SUPPLEMENTAL REPORT

14. The purpose of the Supplemental Report is to provide the Court with an update on the status of the Transaction, and seek advice and directions regarding a proposed first amendment to the Chelsea APA (the "**First Amendment**"). A copy of the First Amendment is attached hereto as **Appendix "B"**.

STATUS OF THE TRANSACTION

15. Shortly following the granting of the Approval and Vesting Order, the Receiver was in communication with the Purchaser's counsel regarding preparation for closing. Under the terms of the Chelsea APA, closing was required to occur within five (5) business days' following the granting of the Approval and Vesting Order (i.e. on or before June 14, 2021), or such other date as may be agreed in writing between the parties.
16. On June 14, 2021, the Purchaser indicated to the Receiver that in fact it required until mid-July 2021 to complete the Transaction.
17. On June 15, 2021, the Receiver was advised by the Purchaser that the reason for the delay in closing was as a result of its decision to finance the Transaction on what the Purchaser considered to be more favourable terms than utilizing its own

internal resources. The Purchaser would now require up to July 29, 2021 to arrange the financing and close the Transaction.

18. As a result of the Purchaser's request for an extension to the closing, the Receiver requested a copy of the financing commitment letter to evidence that a financing process was, in fact, underway. The Receiver notes that the Chelsea APA contained a Purchaser representation and warranty at section 3.02(h) that the Purchaser had sufficient funding to enable the Purchaser to complete the Transaction.
19. On June 15, 2021, the Purchaser delivered a copy of a commitment letter, dated June 2, 2021, to the Receiver for review (the "**June 2 Commitment**"). The Purchaser advised that it continued to work through the conditions leading to the lender's credit committee approval.
20. Until being advised of the decision to finance the Transaction and the receipt of the June 2 Commitment, the Receiver was unaware of the Purchaser's decision to obtain financing rather than utilize internal resources. Neither the Purchaser nor its counsel advised the Receiver (or its counsel) of the change to the source of financing for the Transaction and the need to extend the closing date at the time the Receiver filed the Motion Record for the Approval and Vesting Order, or even at the June 7th hearing (nor did the Purchaser's counsel disclose the existence of the June 2 Commitment at any time after service of the Receiver's Motion Record through to the hearing before the Court on June 7th).
21. On June 22nd, 2021, the Receiver was advised by the Purchaser that the Purchaser would be in a position to close the Transaction on Friday, June 25, 2021 ("**Amended Closing Date**"). The Purchaser stated that it was able to close earlier than the aforementioned July 29, 2021 date because it was going to finance the Transaction with a combination of internal funding and private funding other than the financing set out above in paragraph 19.
22. As an update to this Court and in order to preserve the Sale Process generally, the Receiver has also contacted the bidding parties that participated in the Auction

regarding continued interest in the acquisition of the Cheslea Property. In this regard, on June 21st, 2021, the Receiver was emailed by counsel to 2725612 Ontario Inc. (the “**272 Correspondence**”), a participant in the Auction, concerning the status of the Sale Process. A copy of the 272 Correspondence is attached hereto as **Appendix “C”**.

PROPOSED EXTENSION AGREEMENT

23. In the event the Court is prepared to approve an extension to the closing date contained in the Cheslea APA, the Purchaser and the Receiver have negotiated a form of First Amendment for this Honourable Court to consider. The salient terms of the First Amendment are set out below:

- (a) the “Closing Date” shall mean June 25, 2021; and
- (b) the Purchaser is to pay for all accrued interest costs of the secured creditors from June 15, 2021 to the Amended Closing Date (the “**Additional Interest**”), to be paid by the Purchaser to the Receiver as part of the closing.

CONCLUSION

24. With respect to the economic terms of the First Amendment, the Receiver is of the view that the terms of the First Amendment will provide sufficient economic protections to the receivership estate to ensure that the proceeds from the Transaction are not less than the anticipated proceeds had the Chelsea APA been unconditional and the Transaction had closed in accordance with the associated terms and conditions. The Receiver further notes the following:

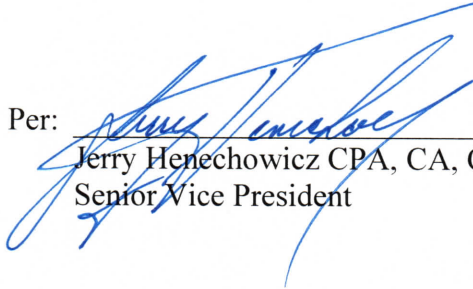
- (a) the accrual of Additional Interest will be paid for by the Purchaser and will not itself reduce the available proceeds for distribution to the junior creditors; and
- (b) it is not expected that the extension of the Closing Date would negatively impact the market value of the Chesley Property. The Deposit will mitigate the risk of a decline in net value to the receivership estate should the

Transaction not close and the Receiver is then required to identify and close a transaction with a willing bidding party that participated in the Auction.

All of which is respectfully submitted this 24th day of June, 2021.

**MNP Ltd, in its capacity as the Court-
appointed Receiver and Manager of
Turuss (Canada) Industry Co., Ltd. and
not in its personal or corporate capacity**

Per:



Jerry Henechowicz CPA, CA, CIRP, LIT
Senior Vice President

Appendix “A”
to the Supplemental Report to the Sixth
Report of the Receiver

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

THE HONOURABLE) MONDAY, THE 7th
)
JUSTICE DUNPHY) DAY OF JUNE, 2021

BETWEEN:

PILLAR CAPITAL CORP.

Applicant

-and-

TURUSS (CANADA) INDUSTRY CO., LTD.

Respondent



APPLICATION UNDER 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

APPROVAL AND VESTING ORDER

THIS MOTION, made by MNP Ltd., in its capacity as court appointed receiver and manager (the “**Receiver**”), for an order approving the sale transaction (the “**Transaction**”) contemplated by an asset purchase agreement (the “**Chelsea APA**”) between the Receiver and Chelsea Property Holdings Inc. (the “**Purchaser**”) dated May 31, 2021, and vesting in the Purchaser all of Turuss (Canada) Industry Co., Ltd.’s (“**Turuss**”) right, title, benefit and interest in and to the assets described in the Chelsea APA, including, without limitation, the lands legally described in **Schedule B1** and **Schedule B2** hereto (collectively, the “**Purchased Assets**”), was heard this day via videoconference due to the COVID-19 pandemic.

ON READING the Motion Record of the Receiver dated June 1, 2021 (the “**Motion Record**”), the Factum of the Receiver dated June 4, 2021 and corresponding Book of Authorities (collectively, the “**Factum**”), the Sixth Report of the Receiver dated June 1, 2021 (the “**Sixth Report**”), the Affidavit of Jerry Henechowicz sworn May 20, 2021 and Affidavit of Robert

Kennedy sworn May 31, 2021 (collectively, the “**Fee Affidavits**”), and on hearing the submissions of counsel for the Receiver, the Purchaser and any such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Amanda Campbell sworn June 1, 2021, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Motion Record and Factum is abridged and validated such that this Motion is properly returnable today, and further service of the Motion Record and Factum is hereby dispensed with.

APPROVAL AND VESTING

2. **THIS COURT ORDERS** that capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Chelsea APA.

3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Chelsea APA by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the “**Receiver’s Certificate**”):

- (a) all of Turuss’ right, title, benefit and interest in and to the Purchased Assets described in the Chelsea APA, including the lands legally described in **Schedule B1** hereto, but excluding the lands legally described in **Schedule B2** hereto, shall vest absolutely in the Purchaser; and
- (b) all of Turuss’ right, title, benefit and interest in and to the lands legally described in **Schedule B2** hereto, shall vest absolutely in Chelsea Developments Corp.;

in each case, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Receivership Order dated September 18, 2020; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on **Schedule C1** and on **Schedule C2** hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule D1** and on **Schedule D2** hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that upon the registration in the applicable land registry office or land titles office of a transfer/deed of land or equivalent document, or of an application for registration of this Order in the applicable prescribed form, the applicable land registrar or equivalent official is hereby directed to enter:

- (a) the Purchaser as the owner of the real property legally described in **Schedule B1** hereto in fee simple, and is hereby directed to delete and expunge from title to the real property legally described in **Schedule B1** hereto all of the Claims listed in **Schedule C1** hereto; and
- (b) Chelsea Developments Corp. as the owner of the real property legally described in **Schedule B2** hereto in fee simple, and is hereby directed to delete and expunge from title to the real property legally described in **Schedule B2** hereto all of the Claims listed in **Schedule C2** hereto.

6. **THIS COURT AUTHORIZES AND DIRECTS** the Receiver and / or its solicitors or its agents to file one or more financing change statements to discharge the *Personal Property Security Act* (Ontario) registrations set forth in **Schedule E**.

7. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

8. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of Turuss and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of Turuss;

the vesting of the Purchased Assets in the Purchaser and Chelsea Developments Corp., pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Turuss and shall not be void or voidable by creditors of Turuss, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of section 6(3) of the *Retail Sales Act* (Ontario).

DISTRIBUTIONS

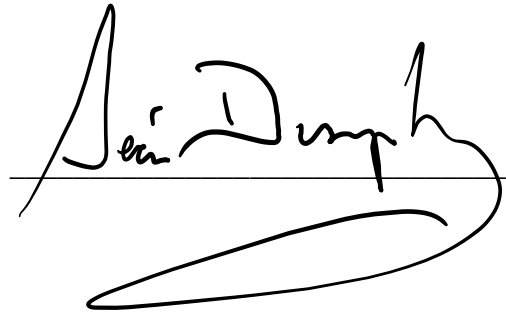
10. **THIS COURT ORDERS** that the Receiver is authorized and directed to make a distribution to:

- (a) Pillar Capital Corp, for the following amounts:

- (i) \$2,124,275.86, representing the principal amount indicated in the Pillar Capital Payout statement dated May 21, 2021 contained in **Appendix “O”** of the Motion Record (the “**Pillar Payout Statement**”) for the demand credit facility; and
 - (ii) \$599,959.94, representing the principal amount indicated in the Pillar Payout Statement for the Receiver’s borrowings.
- (b) Kuo-Tong Hsieh (“**Hsieh**”), for the following amounts:
- (i) \$550,000, representing the principal amount indicated in the Hsieh payout statement dated December 21, 2020 for the collateral mortgage.

GENERAL

11. **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.

A handwritten signature in black ink, appearing to read "Sean Dunphy", is written over a horizontal line. Below the line is a large, sweeping, horizontal flourish.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-20-00646729-00CL

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

THE HONOURABLE JUSTICE ●) DAY, THE ● DAY OF
) ●, 2021
)

BETWEEN:

PILLAR CAPITAL CORP.

Applicant

and

TURUSS (CANADA) INDUSTRY CO., LTD.

Respondent

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (the “**Court**”) dated September 18, 2020, MNP Ltd. was appointed as receiver and manager (the “**Receiver**”) of the assets, undertakings and properties of Turuss (Canada) Industry Co., Ltd. (“**Turuss**”).

B. Pursuant to an Order of the Court dated ____, 2021, the Court approved the asset purchase agreement made as of May 31, 2021 (the “**Chelsea APA**”) between the Receiver and Chelsea Property Holdings Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser of Turuss’

right, title and interest in and to the Purchased Assets including the property identified by PIN 33183-0178, save and except that the property identified as PIN 33183-0177 which shall vest in Chelsea Developments Corp., which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets, (ii) that the conditions to closing as set out in the Chelsea APA have been satisfied or waived by the Receiver and the Purchaser, and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Chelsea APA.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Chelsea APA;
2. The conditions to closing as set out in the Chelsea APA have been satisfied or waived by the Receiver and the Purchaser, respectively; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

**MNP LTD. solely in its capacity as receiver
and manager of TURUSS (CANADA)
INDUSTRY CO., LTD., and not in any other
capacity**

Per: _____

Name:

Title:

Schedule B1 – Description of Lands

PIN	Legal Description
331830178	LT 13-34, 36-47, 50-61, 65-76, 80-91, 96-101 PL 310; MCGAW ST, HIGH ST PL 310 S/T & T/W R376714; PT PARKLT T, U PL 217 & PT RIVER ST PL 310 CLOSED BY CH7716, PT 1 & 5 3R7740, PT 1, 2, 4 3R7734; PT FAIRVIEW AV, RIVER ST PL 310 PT 1, 2, 4 3R4763, PT 11 3R7734 CLOSED BY R374503, PT 1, 2, 3 3R6870 CLOSED BY R339205, PT 6, 7 3R4763 CLOSED BY CH7716; PT LANE PL 310 CLOSED BY CH7716, BTN LT 13 TO 22 PL 310; LANE LYING NORTHERLY OF LT 23 TO 32, PL 310; PT LANE PL 310 LYING EASTERLY AND ABUTTING LT 32 TO 34, PL 310 CLOSED BY R374503 PT 7, 8, 9 3R7740; LANE PL 310 BTN HIGH ST AND MCGRAW ST EXTENDING FROM QUEEN ST TO FAIRVIEW AV; LANE PL 310 BTN RIVER ST AND HIGH ST EXTENDING FROM QUEEN ST TO FAIRVIEW AV; LANE PL 310 BTN LT 40 TO 43, 54 TO 57, 69 TO 72, 84 TO 87, 100 & 101 PL 310, CLOSED BY R374503; LANE PL 310 BTN LT 100 & 101; PT LORNE ST PL 310 PT 3 3R7740, S/T R377152, PT 9, 10 3R7734, S/T R375072, CLOSED BY R374503;S/T R278375,R324241, R356491, R356492, R380920, R380921 MUNICIPALITY OF ARRAN-ELDERSLIE

Schedule B2 – Description of Lands

PIN	Legal Description
331830177	PT PARKLT T, U PL 217 PT 6 ,7 3R7734 MUNICIPALITY OF ARRAN- ELDERSLIE

Schedule C1 – Claims to be deleted and expunged from title to Real Property

PIN: 33183-0178 (LT)

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO
BR61680	2012/01/20	TRANSFER		DURHAM FURNITURE INC.	GRS INVESTMENT INC.
BR84564	2014/03/27	APPLICATION CHANGE NAME OWNER		GRS INVESTMENT INC.	TURUSS (CANADA) INDUSTRY CO., LTD
BR84954	2014/04/10	APPLICATION CHANGE NAME OWNER		TURUSS (CANADA) INDUSTRY CO., LTD	TURUSS (CANADA) INDUSTRY CO., LTD.
BR137134	2018/10/23	CHARGE	\$3,950,000	TURUSS (CANADA) INDUSTRY CO., LTD.	PILLAR CAPITAL CORP.
BR137135	2018/10/23	NOTICE OF GENERAL ASSIGNMENT OF RENTS		TURUSS (CANADA) INDUSTRY CO., LTD.	PILLAR CAPITAL CORP.
BR137680	2018/11/06	NOTICE OF GENERAL ASSIGNMENT OF RENTS		TURUSS (CANADA) INDUSTRY CO., LTD.	PILLAR CAPITAL CORP.
BR153825	2020/03/13	CHARGE	\$550,000	TURUSS (CANADA) INDUSTRY CO., LTD.	HSIEH, KUO-TONG
BR153826	2020/03/13	NOTICE OF GENERAL ASSIGNMENT OF RENTS		TURUSS (CANADA) INDUSTRY CO., LTD.	HSIEH, KUO-TONG

Schedule C2 – Claims to be deleted and expunged from title to Real Property

PIN: 33183-0177 (LT)

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO
BR61680	2012/01/20	TRANSFER		DURHAM FURNITURE INC.	GRS INVESTMENT INC.
BR84564	2014/03/27	APPLICATION CHANGE NAME OWNER		GRS INVESTMENT INC.	TURUSS (CANADA) INDUSTRY CO., LTD
BR84954	2014/04/10	APPLICATION CHANGE NAME OWNER		TURUSS (CANADA) INDUSTRY CO., LTD	TURUSS (CANADA) INDUSTRY CO., LTD.
BR137134	2018/10/23	CHARGE	\$3,950,000	TURUSS (CANADA) INDUSTRY CO., LTD.	PILLAR CAPITAL CORP.
BR137135	2018/10/23	NOTICE OF GENERAL ASSIGNMENT OF RENTS		TURUSS (CANADA) INDUSTRY CO., LTD.	PILLAR CAPITAL CORP.
BR137680	2018/11/06	NOTICE OF GENERAL ASSIGNMENT OF RENTS		TURUSS (CANADA) INDUSTRY CO., LTD.	PILLAR CAPITAL CORP.
BR153825	2020/03/13	CHARGE	\$550,000	TURUSS (CANADA) INDUSTRY CO., LTD.	HSIEH, KUO-TONG
BR153826	2020/03/13	NOTICE OF GENERAL ASSIGNMENT OF RENTS		TURUSS (CANADA) INDUSTRY CO., LTD.	HSIEH, KUO-TONG

**Schedule D1 – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

“Permitted Encumbrances” means the following:

1. The exceptions and qualifications set out in the *Land Titles Act* (Ontario) and/or on the parcel registers for the Property;
2. The reservations, limitations, provisos and conditions expressed in the original grant from the Crown;
3. Any registered or unregistered easements, servitudes, rights-of-way, licences, restrictions that run with the land and other encumbrances and/or agreements with respect thereto (including, without limiting the generality of the foregoing, easements, rights-of-way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);
4. Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies not at the time due or liens for same which are due but the validity of which are being contested in good faith by the Vendor provided that the Vendor has provided security which in the opinion of the Vendor, acting reasonably, is necessary to avoid any lien, charge or encumbrance arising with respect thereto;
5. Any encroachments, minor defects or irregularities indicated on any survey of the Property or which may be disclosed on an up-to-date survey of the Property;
6. Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations, work orders, deficiency notices and any other non-compliance;
7. Any breaches of any applicable laws, including, without limitation, outstanding building permits, work orders and deficiency notices;
8. Any subdivision agreements, site plan agreements, development agreements and any other agreements with the municipality, region, publicly regulated utilities or other governmental authorities having jurisdiction;
9. Defects or irregularities in title to the Property; and
10. Without in any way limiting the generality of any of the foregoing, the following specific instruments registered on title against the Property:

PIN: 33183-0178 (LT)

REG. NUM.	DATE	INSTRUMENT TYPE	PARTIES FROM	PARTIES TO
R73374	1969/11/17	BYLAW		THE CORPORATION OF THE TOWN OF CHESLEY
3R1656	1976/11/25	PLAN REFERENCE		
3R4763	1989/10/02	PLAN REFERENCE		
3R5253	1991/01/29	PLAN REFERENCE		
R278375	1991/07/22	TRANSFER EASEMENT		THE CORPORATION OF THE TOWN OF CHESLEY
R324241	1997/01/22	TRANSFER EASEMENT		THE CORPORATION OF THE TOWN OF CHESLEY
3R6870	1998/06/30	PLAN REFERENCE		
3R7025	1999/03/29	PLAN REFERENCE		
3R7194	2000/05/03	PLAN REFERENCE		
R353124	2000/11/06	TRANSFER EASEMENT		MUNICIPALITY OF ARRAN-ELDERSLIE
R356491	2001/05/14	TRANSFER EASEMENT		ARRAN-ELDERSLIE PUBLIC UTILITIES COMMISSION
R356492	2001/05/14	TRANSFER EASEMENT		ARRAN-ELDERSLIE PUBLIC UTILITIES COMMISSION
R356525	2001/05/15	ASSIGNMENT GENERAL	THE CORPORATION OF THE MUNICIPALITY OF ARRAN-ELDERSLIE ARRAN-ELDERSLIE PUBLIC UTILITIES COMMISSION	HYDRO ONE NETWORKS INC.
R358129	2001/07/20	AGREEMENT RIGHT OF WAY		THE CORPORATION OF THE MUNICIPALITY OF ARRAN-ELDERSLIE
R358130	2001/07/20	AGREEMENT	810793 ONTARIO LIMITED	THE CORPORATION OF THE MUNICIPALITY OF ARRAN-ELDERSLIE
R358270	2001/07/27	ASSIGNMENT GENERAL	THE CORPORATION OF THE MUNICIPALITY OF ARRAN-ELDERSLIE ARRAN-ELDERSLIE PUBLIC UTILITIES COMMISSION	HYDRO ONE NETWORKS INC.
3R7734	2003/04/25	PLAN REFERENCE		

3R7740	2003/05/05	PLAN REFERENCE		
R380920	2003/12/17	TRANSFER EASEMENT		HYDRO ONE NETWORKS INC.
R380921	2003/12/17	TRANSFER EASEMENT		HYDRO ONE NETWORKS INC.
BR23403	2008/12/13	LAND REGISTRAR'S ORDER		

**Schedule D2 – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

“Permitted Encumbrances” means the following:

1. The exceptions and qualifications set out in the *Land Titles Act* (Ontario) and/or on the parcel registers for the Property;
2. The reservations, limitations, provisos and conditions expressed in the original grant from the Crown;
3. Any registered or unregistered easements, servitudes, rights-of-way, licences, restrictions that run with the land and other encumbrances and/or agreements with respect thereto (including, without limiting the generality of the foregoing, easements, rights-of-way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);
4. Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies not at the time due or liens for same which are due but the validity of which are being contested in good faith by the Vendor provided that the Vendor has provided security which in the opinion of the Vendor, acting reasonably, is necessary to avoid any lien, charge or encumbrance arising with respect thereto;
5. Any encroachments, minor defects or irregularities indicated on any survey of the Property or which may be disclosed on an up-to-date survey of the Property;
6. Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations, work orders, deficiency notices and any other non-compliance;
7. Any breaches of any applicable laws, including, without limitation, outstanding building permits, work orders and deficiency notices;
8. Any subdivision agreements, site plan agreements, development agreements and any other agreements with the municipality, region, publicly regulated utilities or other governmental authorities having jurisdiction;
9. Defects or irregularities in title to the Property; and
10. Without in any way limiting the generality of any of the foregoing, the following specific instruments registered on title against the Property:

PIN: 33183-0177 (LT)

REG. NUM.	DATE	INSTRUMENT TYPE	PARTIES FROM	PARTIES TO
R73374	1969/11/17	BYLAW		THE CORPORATION OF THE TOWN OF CHESLEY
3R7194	2000/05/03	PLAN REFERENCE		
3R7328	2001/01/19	PLAN REFERENCE		
3R7734	2003/04/25	PLAN REFERENCE		

Schedule E – PPSA Registrations to be Deleted

PPSA Registration Number	PPSA Registration Date	Debtor	Secured Party	Collateral	Collateral Description	Registration Period
20181019 1405 1590 1246	October 19, 2018	Turuss (Canada) Industry Co., Ltd.	Pillar Capital Corp	Inventory, Equipment, Accounts, Other, Motor Vehicle Included	None	5 Years
20181019 1405 1590 1247	October 19, 2018	Turuss (Canada) Industry Co., Ltd.	Pillar Capital Corp	Accounts and Other	General assignment of rents, revenues and leases and the proceeds thereof on property known municipally as 60 Queen Street North, Chesley, Ontario, being PINs 33183-0177(LT) and 33183- 0178(LT)	5 Years

Current to May 31, 2021

PILLAR CAPITAL CORP.
Applicant

- and -

TURUSS (CANADA) INDUSTRY CO., LTD.
Respondent

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

PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, Ontario M5K 0A1

Robert Kennedy (LSO #474070)
Tel: (416) 367-6756
Fax: (416) 863-4592
robert.kennedy@dentons.com

Daniel Loberto (LSO #79632Q)
Tel: (416) 863-4760
daniel.loberto@dentons.com

Lawyers for the Receiver

Loberto, Daniel

From: Dunphy, Mr. Justice Sean (SCJ) <Sean.Dunphy@scj-csj.ca>
Sent: Monday, June 7, 2021 4:09 PM
To: Loberto, Daniel; Kennedy, Robert; Jerry Henechowicz; thomas.gertner@gowlingwlg.com; DPreger@dickinson-wright.com; jiangyang818@gmail.com
Cc: Ng, Daisy (JUD); JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Subject: RE: Pillar Capital Corp. v. Turuss (Canada) Industry Co., Ltd. (CV-20-00646729-00CL) - Revised Order

[WARNING: EXTERNAL SENDER]

Style of Cause:

Court File No.: CV-20-00646729-00CL ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) BETWEEN: PILLAR CAPITAL CORP. Applicant - and - TURUSS (CANADA) INDUSTRY CO ., LTD. Respondent APPLICATION UNDER 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

Counsel:

DENTONS CANADA LLP 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON M5K 0A1 Robert Kennedy (LSO #474070) Tel: (416) 367-6756 Fax: (416) 863-4592 robert.kennedy@dentons.com Daniel Loberto (LSO # 79632Q) Tel: (416) 863-4760 daniel.loberto@dentons.com Lawyers for the Receiver
GOWLING WLG (CANADA) LLP 1 First Canadian Place Suite 1600, 100 King Street West Toronto, ON M5X 1G5 Thomas Gertner Tel: (416) 369-4618 thomas.gertner@gowlingwlg.com Lawyers for the Applicant, Pillar Capital Corp.
TURUSS (CANADA) INDUSTRY CO ., LTD. 60 Industrial Park Road / 60 Queen Street North Chesley, ON NOG 1L0 Yang Jiang Tel: (905) 212-9929 jiangyang818@gmail.com Respondent
Thomas Gertner (Gowling WLG (Canada) LLP) for the Applicant

David Preger (Dickinson Wright LLP) for Westmount Park Investments Inc., Chelsea Property Holdings Inc., and Chelsea Developments Corp.

Endorsement: This motion record is dated June 1, 2021 and was served electronically upon the service list. The effective notice was thus three business days. It contains no hyperlinked index nor were bookmarks preserved in the pdf copy of the motion record when downloaded. This presents a problem because at 366 pages, the motion record contains a large number of documents and the task of finding and reviewing documents referenced in an affidavit is tedious and time consuming if one is relegated to searching for needles in haystacks.

There is good news and bad news in this proposed transaction. The good news is that the price obtained will be sufficient to retire the secured debt. The bad news is that the price obtained will be sufficient to retire the secured debt. This means that the checks and balances in other aspects of the process are, unfortunately, muted or absent. The receiver seeks approval of its own receipts and disbursements including its own and its counsel's professional fees. Where such fees have been scrutinized by secured creditors zealous to minimize the shortfall they will suffer, the lack of opposition by the secured creditor(s) provides the court with a good indicator as to the reasonableness of the fees and disbursements presented for approval. That factor is absent here.

The same holds true for the claims of both secured creditors for their own expenses. Subsequent creditors in the hierarchy may not have realized that they are the fulcrum creditors. While they would realize that seeing the motion record, the fact that this was short-served, lengthy and un-indexed gives me no confidence that other stakeholders have had a reasonable chance to review and reflect upon the breadth of the relief sought here.

Accordingly, I am going to adjourn those aspect of the motion before me to a date later in June that deal with approval of receipts and disbursements including professional fees of the Receiver or any secured creditors; approval of any

charges other than principal to be paid to secured creditors. The Receiver is directed to send to the Service List a copy of this endorsement, a notice of return of motion specifying the remaining items of relief being sought made returnable before me on a date to be arranged with the Commercial List office and a copy of today's motion record with a properly hyperlinked index to facilitate finding documents within. The return date shall be at least seven days after the date of electronic service.

I shall not be granting a blanket approval of all activities of the Receiver as sought so that particular item need not be considered adjourned. Such blanket approvals are in the nature of belts and suspenders and add nothing to the specific approvals being sought. I cannot be taken as approving matters that are neither material to the specific approvals sought nor about which no issue has been brought to my attention.

The foregoing being said, I *am* prepared to move ahead today with approval of the sale agreement and the related vesting order and the distributions of PRINCIPAL to the two secured creditors from closing proceeds. The size of the principal claim of both secured creditors has been known and disclosed to the service list from the beginning. The security opinion in favour of the first secured creditor at least has been disclosed since the beginning. There is no indication that any stakeholder has taken issue with the legitimacy or validity of either secured claim. It makes sense to stop as much of the interest clock as possible as soon as possible. I shall approve the payment of their principal claims out of the closing proceeds.

The junior stakeholders have neither seen nor had a chance to analyze the various fees and disbursements claimed in addition to the principal amount of the debt. That is not to cast aspersions upon the legitimacy of such claims but merely to observe that as judge I do not have the benefit of the views of the fulcrum creditor with a financial interest in the reasonableness of the claims I am being asked to approve. Allowing a fair opportunity for the service list to review the motion materials before the return date of the second half of today's motion will give them that opportunity and provide me with a sounder foundation for moving forward.

I am also satisfied that it is reasonable for me to approve the sale agreement and vesting order at this time. The sales process has been thorough and court approval at each material step along the way has been sought. I have a high degree of comfort that the transaction before me is commercially reasonable and has been the product of a professional and thorough process. Time is always of the essence in getting transactions such as this completed. Junior stakeholders have long been aware that this was coming and none have voiced objection for the process (or such objections as have been voiced have been dealt with in prior attendances).

I shall therefore approve the two principal distributions in addition to approving the sale agreement and its related vesting order. I have asked for some minor variations to be made to the form and have signed the draft submitted to me with those changes. The signed order is attached hereto. The balance of the relief sought is therefore adjourned to be brought back before me on at least one week's notice to be served upon the service list with the information noted above.

S.F. Dunphy J.

Justice Sean F. Dunphy
Superior Court of Justice
361 University Avenue
Toronto, ON
M5G 1T3

Appendix “B”
to the Supplemental Report to the Sixth
Report of the Receiver

FIRST AMENDMENT TO ASSET PURCHASE AGREEMENT

THIS FIRST AMENDMENT is made as of June ____, 2021

BETWEEN:

CHELSEA PROPERTY HOLDINGS INC., a corporation
incorporated under the laws of Ontario (the “Purchaser”),

- and -

MNP LTD., solely in its capacity as court appointed receiver
and manager of **TURUSS (CANADA) INDUSTRY CO., LTD.**,
and not in its personal capacity

WHEREAS on September 18, 2020, the Court granted the Receivership Order appointing the Receiver as receiver and manager of the assets, undertakings and properties of Turuss;

AND WHEREAS pursuant to the Receivership Order, the Receiver was authorized to market and sell the assets, undertakings and properties of Turuss;

AND WHEREAS on October 29, 2020, the Court granted the Sale Process Order providing for, among other things, a process under which offers would be solicited for the sale of all, substantially all or one or more components of Turuss’ assets and business;

AND WHEREAS on January 11, 2021, the Receiver obtained an Order amending the Deadline;

AND WHEREAS on March 26, 2021, the Receiver obtained an Order further amending the Deadline to April 16, 2021, and approving the Auction Procedures;

AND WHEREAS on April 14, 2021, the Receiver obtained a Stalking Horse Bidding Procedures Order which, among other things, authorized the Receiver to conduct the sale process with respect to the Purchased Assets in accordance with the Stalking Horse Bidding Procedures approved by the Stalking Horse Bidding Procedures Order, whereby the Purchaser agreed: (i) to act as a “stalking horse bidder”; and (ii) to purchase the Purchased Assets on the terms and conditions contained in the agreement executed agreement of purchase and sale between the Purchaser and the Receiver dated April 13, 2021, in the absence of a superior bid being accepted by the Receiver pursuant to the Stalking Horse Bidding Procedures or Auction;

AND WHEREAS on May 11, 2021, the Receiver conducted an Auction pursuant to the Auction Procedures;

AND WHEREAS following the implementation of the Auction, the Purchaser was declared to be the Successful Offeror;

AND WHEREAS the Receiver and the Purchaser entered into an asset purchase agreement dated May 31, 2021 which, in part, reflected the outcome of the Auction (the “Chelsea APA”);

AND WHEREAS the Court granted the Approval and Vesting Order on June 7, 2021;

AND WHEREAS the Purchaser has requested that the Receiver agree to extension of the Closing Date to secure financing for the Transaction;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

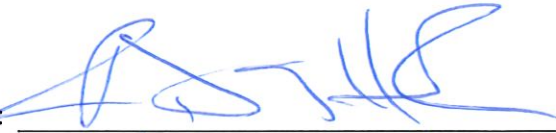
1. **Capitalized Terms.** Unless otherwise defined in this first amendment (the “**First Amendment**”), each capitalized term used in this First Amendment will have the meaning ascribed to it in the Chelsea APA.
2. **Closing Date Extension | Amendment.** The Purchaser and the Receiver agree that, effective as of the date of this First Amendment with such effectiveness being subject to the satisfactions of the Conditions Precedent (as defined herein), the Chelsea APA is amended as follows:
 - a. by deleting the defined term “Closing Date” in its entirety and replacing it with:

“Closing Date” means June 25, 2021.”
3. **Conditions Precedent.** This First Amendment shall become effective on the date on which each of the following conditions precedent has been satisfied or waived by the Receiver in its sole discretion (collectively, the “**Conditions Precedent**”):
 - a. the Court shall have approved this First Amendment at a motion for advice and directions filed by the Receiver (the “**Approval Motion**”); and
 - b. the Purchaser shall have executed an acknowledgement confirming its agreement to the payment of accruing per diem interest (commencing on June 15, 2021) on account of the interest claims of the Turuss secured creditors and the Receiver’s borrowings, to be paid by the Purchaser as of and on the Closing Date.
4. **Deposit.** The Purchaser hereby acknowledges and agrees that the Deposit is non-refundable and shall be dealt with in accordance with the Chelsea APA.
5. **Time of the Essence.** Time is of the essence of this First Amendment.
6. **Interpretation.** This First Amendment will, from the date herein, be read and construed together with the Chelsea APA and be treated as part thereof, and the Chelsea APA, as amended by this First Amendment, will continue in full force and effect in accordance with the terms thereof and hereof.
7. **Counterparts and Electronic Transmission.** This First Amendment may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this First Amendment by any party by

electronic transmission will be as effective as delivery of a manually executed copy of this First Amendment by such party.

IN WITNESS WHEREOF the parties have executed this First Amendment.

CHELSEA PROPERTY HOLDINGS INC.

Per: 
Name: ROMEO DI BATTISTA
Title: PRESIDENT

I have authority to bind the Corporation

**MNP LTD., solely in its capacity as court
appointed receiver and manager of TURUSS
(CANADA) INDUSTRY CO., LTD., and not
in its personal capacity**

Per: _____
Name:
Title:

Appendix “C”
to the Supplemental Report to the Sixth
Report of the Receiver

Loberto, Daniel

From: Eric Golden <egolden@blaney.com>
Sent: Monday, June 21, 2021 6:16 PM
To: Loberto, Daniel; Kennedy, Robert
Cc: 'Jerry.Henechowicz@mdp.ca'
Subject: RE: Turuss (Canada) Industry Co., Ltd.

[WARNING: EXTERNAL SENDER]

Ps. sorry typo on break fee - \$175K

Eric Golden
Partner - Co-chair, Business Reorganization & Insolvency Group
egolden@blaney.com
☎ 416-593-3927 | ☎ 416-596-2049

From: Eric Golden
Sent: Monday, June 21, 2021 6:00 PM
To: 'daniel.loberto@dentons.com' <daniel.loberto@dentons.com>; 'robert.kennedy@dentons.com' <robert.kennedy@dentons.com>
Cc: 'Jerry.Henechowicz@mdp.ca' <Jerry.Henechowicz@mdp.ca>
Subject: Turuss (Canada) Industry Co., Ltd.

Robert/Daniel,

We are counsel to 2725612 Ontario Inc., which as you know participated in the Court-mandated and supervised auction of the Turuss real property (the "**Auction**"), and submitted a good faith offer pursuant to the Sale Process Order made October 29, 2020 (the "**Romspen Offer**"). The Romspen Offer ended up being for approximately \$8.5M (the Romspen Offer finished in third place in the Auction).

We have been advised that the successful bidder on the Auction (Westmount) at \$9.3M recently failed close its offer on the date prescribed by Court Order, as it could not line up the necessary financing.

The Sales Process Order (Schedule A) provides at s.22 that if the Successful Offeror breaches its obligations under the terms of its offer, its deposit is forfeited (which should be 10% of the proposed Westmount purchase price, being \$930,000). The Receiver has no discretion on this deposit forfeiture, and leave of the Court would be required to amend this term. On this note, please provide evidence of the Westmount deposit paid to the Receiver and confirm that the Receiver continues to hold the Westmount deposit.

There have already been numerous irregularities with respect to the Sales Process, including but not limited to the Receiver moving to amend the Sales Process very late in the day to provide a specific bidder (Westmount) with a stalking horse position and a significant break-fee (\$650,000) for no apparent reason that benefitted the estate. Westmount then ended up being the successful bidder on the Auction.

In the circumstances, it would be highly improper for the Receiver to amend or vary the terms of Auction and/or the Westmount offer to again prefer that bidder.

We note that there is a distribution motion returnable June 25, 2021. My client is ready, willing and able to close the Romspen Offer this week if the Receiver accepts its bid on the terms set out in the Auction rules. My client can deposit the entire \$8.5M purchase price into the Receiver's counsel within 48 hours or less (not just the deposit amount). Between this \$8.5M purchase price and the forfeited deposit (\$930,000), there is no downside to the estate (and in fact an upside of \$130,000).

Finally, under no circumstances is a break fee to be paid to Westmount (regardless of who is the new successful bidder), and under no circumstances is a portion of Westmount's forfeited deposit to be returned to it under the guise of payment of that break fee. Westmount has not only forfeited its deposit, but it has forfeited any right to a break-fee under its offer. The Westmount deposit is now an asset of the estate.

Eric Golden

Partner - Co-chair, Business Reorganization & Insolvency Group

egolden@blaney.com

📞 416-593-3927 | 📠 416-596-2049

PILLAR CAPITAL CORP.
Applicant

- and -

TURUSS (CANADA) INDUSTRY CO., LTD.
Respondent

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

PROCEEDING COMMENCED AT TORONTO

**SUPPLEMENTAL REPORT TO THE SIXTH
REPORT OF THE RECEIVER**

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Lawyers for the Receiver