

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

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

-and-

TORONTO ARTSCAPE INC.

Respondent

**PRE-FILING REPORT OF MSI SPERGEL INC.
IN ITS CAPACITY AS THE PROPOSED RECEIVER
OF TORONTO ARTSCAPE INC.**

January 4, 2024

Table of Contents

I.	PURPOSE OF THIS REPORT	3
II.	ACTIONS AND ACTIVITIES OF THE RECEIVER	4
III.	QUALIFICATION OF SPERGEL	4

I. PURPOSE OF THIS REPORT

1. msi Spergel inc. (“**Spergel**”) is aware that The Toronto-Dominion Bank (“**TD**” or the “**Bank**”) has made an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) seeking an Order to appoint Spergel as Receiver over the certain of the property of Toronto Artscape Inc. (“**Artscape** or the “**Company**”) 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**”). TD served its application record on December 21, 2023 (the “**Application Record**”).
2. This pre-filing report (this “**Report**”) is prepared by Spergel in its capacity as the proposed receiver (in such capacity, the “**Proposed Receiver**”) without security of all the assets, undertakings and properties of the Company excluding the Excluded Property (as defined in the draft appointment order contained in the Application Record).
3. On June 2, 2023, Spergel was engaged as consultant by TD to, amongst other things, review and assess the assets, financial position, business and operations of the Company.
4. The purpose of this Report is to provide the Court with, amongst others:
 - a) Spergel’s qualifications to act as Receiver; and
 - b) A brief summary of the actions and activities of the Proposed Receiver’s.
5. The Proposed Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Report for any other purpose.
6. In preparing this Report, the Proposed Receiver has relied upon certain information provided to it by the Bank and the Company. The Proposed Receiver has not performed an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Proposed Receiver expresses no opinion or other form of assurance with respect to such information.

7. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

II. ACTIONS AND ACTIVITIES OF THE RECEIVER

8. Since its engagement by TD, the Proposed Receiver has been involved with the following:
 - a) Various meetings with the management of the Company, TD and KPMG LLP with respect to a potential restructuring of the Company.
 - b) Reviewing and analyzing extensive financial information and proposals including cash flow forecast provided by the Company to determine the viability of the Company.
 - c) Discussions, meetings and correspondence with secured creditors of the Company including TD, First Ontario Credit Union Limited, Community Forward Fund and Vancity Community Investment Bank (collectively, the “**Secured Creditors**”) regarding assets subject to the security position of each of the secured creditor.
 - d) Multiple discussions and meetings with the Company, City of Toronto and the Secured Creditors regarding certain assets to be excluded from the receivership order due to the non-commercial nature of the assets, trust rights of City of Toronto and rights of City of Toronto to acquire certain assets at nominal value.
9. The Proposed Receiver has refrained from providing a description of the Excluded Assets in this Report as such description is included in the Bank’s Application Record and in the Motion Record of the Respondent dated December 27, 2023.
10. The Proposed Receiver notes that it has been involved in determining the Excluded Assets along with other stakeholders. The Proposed Receiver understands that the Secured Creditors, the City of Toronto and the Company are in agreement with the list of Excluded Assets.

III. QUALIFICATION OF SPERGEL

11. Spergel is a Licensed Insolvency Trustee within the meaning of subsection 2(1) of the BIA.
12. Spergel has consented to act as Receiver in these proceedings should the Court grant the Order appointing a receiver
13. As noted above, Spergel was engaged by TD to assist it with reviewing and assessing the Bank's collateral position. As a result of its engagement, Spergel has acquired knowledge of the Company's business and operations.

Dated at Toronto this 4th day of January, 2024.

msi Spergel inc.

in its capacity as the Proposed Receiver
of Toronto Artscape Inc., and not in its personal or
corporate capacities.

Per:



Mukul Manchanda, CPA, CIRP, LIT

B E T W E E N

THE TORONTO-DOMINION BANK
Applicant

-and-

TORONTO ARTSCAPE INC.
Respondent
Court File No. CV-23-00711609-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

PRE-FILING REPORT OF MSI SPERGEL INC.

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