

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

B E T W E E N:

FARM CREDIT CANADA

Applicant

and

12175622 CANADA INC. and GPM FOOD INC.

Respondents

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.

ENDORSEMENT OF JUSTICE KRAWCHENKO

1. FCC advanced funds to the Respondents for the purpose of financing the purchase of the flour mill and flour mill equipment located at 155 Adams Boulevard, Brantford, Ontario (the “Real Property”). The flour mill business was not operational at that time.
2. The Respondents granted first position security to FCC over the Real Property and all personal property, including all equipment of the flour mill (the “Security Documents”). The Security Documents contemplate the appointment of a receiver and manager (the “Receiver”) over all assets, undertakings and properties of the Debtors acquired for, or used in relation to the business carried on by the Debtors (the “Property”).
3. The Debtors failed to satisfy two post-closing covenants, including the requirement to obtain a final occupancy permit and to provide proof of life insurance policies of Santokh Mahal and Jesse Mahal, two principals of the Debtors, and assignment of those life insurance policies.
4. The Debtors obtained a partial occupancy permit on July 13, 2023 but have not obtained a full occupancy permit to date.
5. A final occupancy permit can only be obtained once the flour mill is operational for a period of time. The flour mill business became operational on January 5, 2023.

6. As of November 2023, the Debtors owed an aggregate Indebtedness of \$20,952,799.02, excluding professional fees, disbursements and interest, which continues to accrue (the “Indebtedness”). The Respondents do not challenge the Indebtedness.
7. FCC brings this Application under s. 243 of the BIA and s. 101 of the CJA to appoint MNP as Receiver over the Property. The Respondents do not challenge FCC’s right to appoint MNP as Receiver over the Property and MNP consents to the appointment.
8. I have concluded from the materials filed on this Application, and subject to the terms agreed to by the parties as set forth in the draft Receivership Order (the “Receivership Order”), that it is just and convenient to appoint MNP as Receiver over the Property. The Receivership Order will have an effective date on the terms set out in paragraph 3 of the Receivership Order (the “Effective Date”).
9. FCC and the Respondents have consented to an order appointing MNP as Receiver, in the form set out in the draft Receivership Order, and to the Sale and Investment Solicitation Process (“SISP”) order in the form set out in the draft SISP Order, to become effective only as provided in the Receivership Order.
10. From today’s date until the Effective Date, as defined the Receivership Order, the Respondents shall:
  - a. provide MNP access to a cash flow forecast, including all reasonable requests for information or documents required to support the cash flow forecast (the “Cash Flow Forecast Information”);
  - b. confirm continuing coverage under the existing insurance policies insuring the Real Property with a renewal date of April 4, 2024 (the “Insurance Policies Coverage”); and
  - c. permit MNP to attend at 155 Adams Boulevard, Brantford, Ontario once each month to evaluate the flour mill operations and equipment (the “Monthly Inspection”).

Any failure by the Respondents to provide the Cash Flow Forecast Information, to confirm the Insurance Policies Coverage, or to permit MNP to complete the Monthly Inspection will entitle FCC to return to Court for a hearing of the Application.

11. The Respondents have the right to pay out the Indebtedness at any time without notice or bonus.
12. Order to issue in the form signed by me this day.

18 January 2024

A handwritten signature in black ink, consisting of a stylized, cursive name followed by a horizontal line.