

Court File No. CV-25-00002196-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ALGO MEDICAL GROUP INC.

Respondent

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 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

FIRST REPORT TO THE COURT
SUBMITTED BY BDO CANADA LIMITED
IN ITS CAPACITY AS RECEIVER OF
ALGO MEDICAL GROUP INC.

MARCH 5, 2026

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CONFIDENTIAL APPENDICES - Appended to Confidential Supplement

- Confidential Appendix 1 - Appraisal Report by Appraisal Group Thunder Bay Inc.
- Confidential Appendix 2 - Appraisal Report by Dawn M. Powell Appraisals Inc.
- Confidential Appendix 3 - Offer Summary
- Confidential Appendix 4 - Purchase and Sale Agreement - unredacted

1.0

INTRODUCTION AND PURPOSE OF REPORT

1.1 Introduction

- 1.1.1 Pursuant to an Order of the Honourable Justice Wilkinson of the Ontario Superior Court of Justice (the "Court") dated June 5, 2025 (the "Appointment Order"), on an application of Bank of Montreal ("BMO"), BDO Canada Limited ("BDO") was appointed as the Receiver (the "Receiver"), without security, of all the Property (as defined in the Appointment Order) of Algo Medical Group Inc. (the "Company"). A copy of the Appointment Order is attached hereto as Appendix A.

1.2 Background

- 1.2.1 The Company is the registered owner of the real property municipally known as 421-425 Victoria Avenue, Thunder Bay, Ontario (the "Property"). The Property is improved with a building comprising approximately 15,000 sq. feet that was converted by the Company into a medical clinic for use in the dental, physiotherapy, medical and pharmacy fields.
- 1.2.2 The principals of the Company are Jaspreet Sahota and Alamgir Hallan (the "Principals"), who are licensed pharmacists. The Principals also owned and/or controlled Fort William Medical Pharmacy Inc. ("Fort William"), which was carried on business from the Property and also placed into a receivership, with MNP Ltd. appointed as the Receiver.
- 1.2.3 At the time of the Receiver's appointment, Fort William was the only tenant at the Property. All remaining units were vacant. These vacant areas included several former medical practice offices, an unopened cannabis retail unit, a unit previously utilized for pharmacy inventory and storage, and two additional units that were found to be in a state of disrepair.
- 1.2.4 As of March 5, 2026, the Property is vacant as operations of the pharmacy have ceased.
- 1.2.5 Upon taking possession of the Property, the Receiver engaged local BDO personnel to oversee matters relating to the management, maintenance, and security of the Property. During this period, the pharmacy operating under a separate receivership administered by MNP Limited continued to occupy its leased premises and remitted rent to the Receiver for its ongoing use of the space until its operations concluded. The Receiver continues to oversee the Property through a third-party property management contractor.
- 1.2.6 The Receiver engaged Royal LePage Lannon Realty ("RLP" or the "Realtor") to undertake a thorough sale process to market the Property for sale. The Receiver's sale process has culminated in the Receiver entering into an agreement of purchase and sale, which is described in greater detail below.

1.3 Purpose of this Report

1.3.1 This report is the Receiver's first report to the Court (the "First Report") in this proceeding and it is filed for the purpose of:

- (i) reporting to the Court on the Receiver's activities since its appointment;
- (ii) providing the Court with the details relating to the marketing and sale process (the "Sale Process") undertaken by the Receiver for the sale of the Property;
- (iii) providing the evidentiary basis for the Receiver's motion for an Order, among other things:
 - a. approving this First Report and the activities of the Receiver described therein;
 - b. authorizing the Receiver to complete the sale transaction (the "Sale Transaction") contemplated by the Purchase and Sale Agreement between the Receiver, as seller and the Purchaser (as defined below);
 - c. vesting in the Purchaser all of the Company's right, title and interest, if any, in the Property free and clear of any and all encumbrances; and
 - d. sealing the Confidential Supplement to the First Report until the closing of the Transaction or a further order of the Court.

1.4 Terms of Reference

1.4.1 In preparing this First Report, the Receiver has relied upon the Company's books and records, unaudited and draft financial information available, certain financial information obtained from third parties, and discussions with various individuals (collectively, the "Information"). The Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.

1.4.2 This First Report has been prepared for the use of this Court in respect of the above-noted relief. This First Report should not be relied upon for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

1.4.3 All references to dollars are in Canadian currency unless otherwise noted.

1.4.4 In accordance with the Appointment Order, copies of unsealed materials and prescribed notices delivered and/or filed in the receivership proceedings are available on the Receiver's case website at:

<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/algomedical>

2.0

RECEIVER'S ACTIVITIES & OPERATIONS

2.1 Introduction

- 2.1.1 The purpose of this section is to provide the Court with a summary of the Receiver's activities and status of operations since the issuance of the Appointment Order.

2.2 Possession

- 2.2.1 Subsequent to the issuance of the Appointment Order, the Receiver engaged local BDO personnel to attend at the Property and take possession on June 6, 2025. Upon taking possession, the Property was secured, including changing the locks and posting notices on the entrances. Arrangements were also made with the pharmacist operating within the building under a separate receivership administered by MNP Limited to monitor the Property. BDO personnel conducted site visits twice per week until a third-party property manager was retained to assume these duties.

2.3 Property Management

- 2.3.1 In December 2025, the Receiver engaged a property manager (the "Property Manager") to conduct regular site visits, maintain the security of the Property, and coordinate maintenance activities as required. The Property Manager retained had previously worked closely with a local BDO Partner and came highly recommended. The Receiver has continued to work closely with the Property Manager to maintain the condition of the Property and to support both ongoing maintenance requirements and the administration of the Sale Process.

2.4 Insurance

- 2.4.1 The Company's insurance coverage is provided by Lions Gate Underwriting, and the insurance broker is Acera Insurance Services Limited (the "Broker"). The current insurance policy is in full force until May 10, 2026 (the "Policy"), which can be extended as necessary.
- 2.4.2 The Receiver notified the Company's insurance broker of our appointment and requested to be added as an additional named insured to the Policy.

2.5 Government Accounts

- 2.5.1 The Receiver was advised by Canada Revenue Agency that an amount of \$2,628.86 relating to source deductions remains outstanding and will need to be addressed.

2.6 Receiver's Notice

- 2.6.1 The Receiver prepared its Notice and Statement of Receiver which was issued to the Office of the Superintendent of Bankruptcy and the known creditors pursuant to Section 245(1) / 246(1) of the BIA, a copy of which is attached hereto as Appendix B.

3.1 Introduction

- 3.1.1 Pursuant to the Appointment Order, the Receiver is authorized to market any or all of the Property including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- 3.1.2 Accordingly, the Receiver sought to enter into a listing agreement with a licensed listing brokerage and have the Property exposed to the market, seeking to maximize realizations for the benefit of all stakeholders.
- 3.1.3 The Sale Process contemplated that, among other things, the closing of any sale of the Property, shall be conditional upon approval of the Court. Additionally, the sale would be on an "as is, where is" basis, without representations or warranties from the Receiver or any of its respective directors, officers, partners, employees, agents, advisors, or estates, except those specified in the Purchase and Sale Agreement.
- 3.1.4 In support of the relief sought herein for the approval of the Sale Transaction, the Receiver is submitting a supplement (the "Confidential Supplement") to the First Report to provide for the Court the details of the appraisals and listing proposals commissioned and the unredacted details of the Purchase and Sale Agreement.
- 3.1.5 The Receiver requests that the Confidential Supplement (filed separately with the Court), be subject to a Sealing Order of the Court pending the completion of the proposed Sale Transaction or until further Order of this Court. The Confidential Supplement contains commercially sensitive information which, if disclosed, could jeopardize the sale of the Property in the event that the Transaction does not close and the Property needs to be remarketed.

3.2 Appraisals

- 3.2.1 The Receiver commissioned appraisals (the "Appraisals") from Appraisal Group Thunder Bay Inc. ("Appraisal Group") and Dawn M. Powell Appraisals Inc. ("Dawn Powell" and Appraisal Group, collectively the "Appraisers"). Copies of the Appraisals are being submitted to the Court as Confidential Appendix 1 and Confidential Appendix 2 to the Confidential Supplement.
- 3.2.2 The Appraisals outline the assumptions and analysis undertaken by each of the Appraisers, together with their assessment of the market area, market overview, and the basis of their respective valuations.

3.3 Listing Proposals

- 3.3.1 The Receiver obtained listing proposals from two real estate brokerages (the "Realtors") with extensive experience in commercial real estate in the local market. A summary of the listing proposals (the "Listing Proposals"), is provided in the Confidential Supplement.

- 3.3.2 The Realtors noted that while the Property presents a viable opportunity for prospective investors, its location within a comparatively disadvantaged and higher-risk area of Thunder Bay adversely influences its marketability and overall valuation. As a result, the Property's value is diminished relative to similar commercial assets situated in more stable and desirable neighbourhoods.
- 3.3.3 In their analyses, the Realtors utilized various assumptions in determining the valuation of the Property and provided various strategies and proposed commission rates. In the Listing Proposals received, both Realtors suggested listing the Property with a specific list price. The Receiver had considered and followed their recommendation.
- 3.3.4 Based on the Realtors' analyses/valuations, the proposed marketing strategies and their proposed commission structures, with the support of BMO, the Receiver entered into a listing agreement with Royal LePage Lannon Realty ("RLP") dated November 12, 2025. The key terms of the RLP's listing agreement are provided in the summary of Listing Proposals in the Confidential Supplement.
- 3.4 Sale Process
- 3.4.1 RLP undertook a thorough marketing and sale process (the "Sale Process") which included, but was not limited to:
- Posting the listing on Realtor.ca, together with the Royal LePage commercial nationwide website;
 - Preparing professional brochure and high-quality photography;
 - Conduction additional promotion through agent and brokerage social media channels;
 - Implementing a 10-14-day offer holdback period to increase exposure, allow buyer due diligence, and promote competitive bidding; and
 - Coordinating tours with interested parties and responding to information requests;
- 3.4.2 As a result of the marketing efforts and related Sale Process, there were more than 1,250 visitors on RLP's website and 517 visitors viewed photos of the Property.
- 3.4.3 Despite the marketing efforts and the related Sale Process, the Receiver notes that although there was initial interest from multiple parties, only one (1) offer (the "Offer") was ultimately submitted after the hold back period. The Offer was submitted using the Receiver's template Purchase and Sale Agreement ("PSA").
- 3.4.4 The Receiver engaged in negotiations with the prospective purchaser and secured an increase to the proposed purchase price. The revised purchase price exceeds the appraised value of the Property.
- 3.4.5 A detailed listing of the Offers submitted by the Purchaser are outlined in the Offer Summary, a copy of which is attached as Confidential Appendix 3 of the Confidential Supplement.

3.5 Purchase and Sale Agreement

- 3.5.1 After prolonged exposure of the Property to the market, the Receiver entered into the Purchase and Sale Agreement dated January 12, 2026 between the Receiver, as seller and 1001469144 Ontario Inc., as purchaser (the "Purchaser") pursuant to which the Purchaser agreed to purchase, and the Receiver agreed to sell the Property therein (the "Sale Transaction"), subject to such minor amendments as the Receiver deems necessary or appropriate. Based on the Sale Process undertaken, the Receiver believes that the Sale Transaction is in the best interests of all stakeholders. The Receiver understands that the Purchaser and/or its related entities own and manage other real estate assets and therefore have experience in acquiring, operating, and overseeing commercial properties.
- 3.5.2 Accordingly, the Receiver files this motion in support of its request for the approval of the Sale Transaction contemplated by the Purchase and Sale Agreement, with such minor amendments as the Receiver may deem necessary or appropriate, and vesting the Property in the Purchaser pursuant to an approval and vesting order in a form consistent with the draft model order approved by the Commercial List Users' Committee of the Ontario Superior Court of Justice, to be effective upon satisfaction of the conditions precedent and payment of the Purchase Price (the "AVO").
- 3.5.3 A copy of the Purchase and Sale Agreement with the commercially sensitive details redacted are attached as Appendix C of this First Report. An unredacted copy of the Purchase and Sale Agreement are included as Confidential Appendix 4 of the Confidential Supplement.

3.6 Sale Approval

- 3.6.1 The Receiver believes that the Sale Process was an effective method to fully expose the Property to the market and to identify potential parties that have an interest therein and recommends that the Court approve the Sale Transaction for among other reasons, the following considerations:
- (i) The Property was marketed in an open and transparent method to the public and as outlined herein, the Sale Process undertaken by the Receiver via the RLP listing and marketing was thorough;
 - (ii) BMO, the primary lender with a first security interest in the Property, supports the proposed Sale Transaction;
 - (iii) The Purchase Price is fair based on the Sale Process undertaken; and
 - (iv) The Sale Transaction is not prejudicial to the Company's other creditors as it provides the best value based on other offer submissions.
- 3.6.2 Based on the foregoing, the Receiver respectfully requests that the Court approve the Sale Transaction to the Purchaser and grant an Order vesting the Property in and to the Purchaser free and clear of all encumbrances in accordance with the terms of the draft Approval and Vesting Order.

7.1 For the reasons set out above, the Receiver respectfully requests that the Court issue an order:

- a) approving this First Report and the actions and activities of the Receiver described herein;
- b) authorizing and directing the Receiver to complete the Sale Transaction as contemplated by the Purchase and Sale Agreement, with such minor amendments as the Receiver may deem necessary or appropriate;
- c) upon completion of the Sale Transaction (as evidenced by the Receiver filing a certificate certifying same), vesting the Property in the Purchaser free and clear of all encumbrances pursuant to the AVO;
- d) Sealing the Confidential Supplement pending the completion of the Sale Transaction or further Order of this Court; and
- e) Providing such further relief as the Court deems appropriate.

All of which is respectfully submitted this 5th day of March 2026.

BDO CANADA LIMITED, solely in its capacity as
Court-appointed Receiver of
Algo Medical Group Inc.
and not in its corporate or personal capacity.



Per: Christopher J. Mazur, CIRP, LIT
Senior Vice President