

Court File No. CV-24-00095337-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

- and -

**ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., AND ASHCROFT
HOMES – 111 RICHMOND ROAD INC.**

Respondents

**MOTION RECORD
(returnable November 5, 2024)**

November 4, 2024

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capacity as the Court-appointed Receiver of
Ashcroft Homes – 101 Richmond Road Inc.,
Ashcroft Homes – 108 Richmond Road Inc. and
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as at November 4, 2024**

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Tab 1

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

- and -

**ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., AND ASHCROFT
HOMES – 111 RICHMOND ROAD INC.**

Respondents

AMENDED NOTICE OF MOTION
(returnable ~~on a date to be determined by the Court~~ November 5, 2024)

BDO Canada Limited (“**BDO**”), in its capacity as the court-appointed receiver (the “**Receiver**”) of the assets, undertakings and properties (the “**Property**”) of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc. (the “**Debtors**”), appointed pursuant to the Order of this Honourable Court, dated May 16, 2024, as amended and restated by the Amended and Restated Order of this Honourable Court, dated September 3, 2024 (the “**Receivership Order**”), will make a motion to a judge presiding over the Ontario Superior Court of Justice (the “**Court**”) ~~on a date to be determined by this Honourable Court~~ November 5, 2024, at 10:00 a.m., or as soon after that time as the motion can be heard.

THE PROPOSED METHOD OF HEARING: The motion is to be heard

- ☐ In writing under subrule 37.12.1 (1) because it is (*insert one of* on consent, unopposed *or* made without notice);
- ☐ In writing as an opposed motion under subrule 37.12.1 (4);
- ☐ In person;
- ☐ By telephone conference;
- ☒ By video conference.

at the following location

161 Elgin Street, Ottawa, Ontario, K2P 2K1 via Zoom (details to be provided by the Court at a later date).

THE MOTION IS FOR:

1. ~~An Order providing the following relief:~~
 - (a) ~~if necessary, abridging the time for service of the Receiver's Notice of Motion and Motion Record and validating service thereof;~~
 - (b) ~~approving the Second Report to the Court of the Receiver, to be filed (the "**Second Report**"), and the Supplemental Report to the First Report of the Receiver, dated August 30, 2024, and the activities and conduct of the Receiver described therein;~~
 - (c) ~~approving the Receiver's interim statements of receipts and disbursements, to be filed (the "**R&Ds**"); and~~
 - (d) ~~approving the professional fees and disbursements of the Receiver and its counsel.~~
2. Advice and Directions in respect of:
 - (a) the suspension or termination of the Sale Process (defined below);
 - (b) the Debtors' refinancing efforts; and
 - (c) the discharge of the Receiver.
3. An Order sealing the confidential appendices to the Second Report of the Receiver, dated November 4, 2024 (the "**Second Report**").
4. Such further and other relief that the Receiver may request and this Honourable Court may consider just.

THE GROUNDS FOR THIS MOTION ARE:**Background**

5. The Receiver was appointed on May 16, 2024 upon the Application of the Applicant. The Receivership Order was initially stayed until June 17, 2024 to provide the Debtors with additional time to refinance the indebtedness owing to the Applicant.
6. The refinancing did not materialize and the Receivership Order became effective on June 17, 2024.
7. The Receiver promptly took possession of the Debtors' Property, which consists primarily of commercial and residential condominium units in three condominium complexes located in Ottawa, Ontario. The Debtors also own various parking spots, lockers and bike racks located within the same buildings. A number of the condominium units are leased and the Receiver has been collecting rental payments from the tenants with the assistance of an agent.
8. The Debtors do not have any employees.

Sale Process

9. Pursuant to the Order of the Honourable Justice Corthorn, dated September 3, 2024 (the "**Sale Process Order**"), the Receiver was authorized and directed to undertake a sale process (the "**Sale Process**") in respect of the Debtors' residential condominium units and parking, lockers and bike racks (the "**Residential Units**").
10. Pursuant to the Sale Process Order, the Receiver executed listing agreements in respect of the Residential Units and took steps to prepare the assets for marketing and sale.

Debtors' Refinancing Efforts

11. By email, dated September 17, 2024, the Debtors informed the Receiver they had a lender which put sufficient funds in trust to enable a payout of the Applicant's indebtedness and other related costs, subject to an appraisal being completed by September 27, 2024, and also requested the Receiver provide a summary of accounts.

12. By email, dated September 19, 2024, the Debtors provided to the Receiver a copy of an executed commitment letter, dated September 17, 2024 (the “**Original Commitment Letter**”) between the Debtors and HP ABL Fund 1 Limited Partnership (the “**New Lender**”), providing for \$8.5 million in financing to the Debtors for the purposes of, among other things, repaying the Applicant.
13. The Debtors’ refinancing efforts were ongoing well prior to the Receiver’s appointment. As they did not provide any proof of funds or confirm whether the conditions to funding set out in the Original Commitment Letter had been satisfied, the Receiver determined that it would be premature to suspend the Sale Process.
14. On the eve of the listing of the residential units on MLS, on October 4, 2024, counsel to the Respondents advised that they held sufficient funds in their trust account (in an undisclosed amount) to pay out all amounts owing to the Applicant and requested a discharge statement from the Receiver.
15. Subsequently, by email, dated October 8, 2024, the Debtors’ counsel advised that it held \$7,451,783 in its trust account. Counsel also subsequently advised that there were no conditions to the release of funds.
16. As such funds have been seemingly advanced by the new lender, it appears that the Debtors have incurred post-receivership indebtedness, with interest continuing to accrue, all in breach of the Receivership Order.
17. On October 10, 2024, it was communicated to the Debtors’ counsel that the Receiver was prepared to put the Sale Process on hold for a one week period in light of ongoing discussions in respect of the refinancing. Colliers confirmed to the Receiver on that date that the MLS listings had been removed.
18. By email, dated October 11, 2024, Debtors’ counsel provided a second commitment letter, dated September 26, 2024 (the “**Second Commitment Letter**”), executed by the Debtors and the New Lender, providing \$8.75 million in financing.

19. By email, dated October 11, 2024, the Receiver provided to the Debtors a spreadsheet detailing the estate accounts receipts and disbursements as of September 30, 2024, accrued professional fees, and estimates for ongoing costs and expenses for October and November.
20. The Receiver requested assurance that additional funding would be available in the event of a shortfall, as the \$8,750,000 total financing plus the estates' current bank account balances were, by its estimated calculations, marginally sufficient to cover the costs of terminating the proceedings and such margin was projected to erode as time continued to pass. The estimated calculations were subject to a number of assumptions, including future events, which actual results may differ from those estimated.
21. Costs, including professional fees and the carrying costs of Property, will continue to accrue until such time as the Receiver is discharged.

Discharge of the Receiver

22. The Original Commitment Letter and Second Commitment Letter do not include, as a condition to the advances thereunder, the discharge of the Receiver.
23. In an effort to assist the parties with achieving a refinancing and exiting the within proceedings, the Receiver convened calls with counsel to the Debtors and the Applicant to discuss the refinancing and steps that would be required to complete the administration of the receivership proceedings and prepare for the orderly discharge of the Receiver.
24. The Receiver is in possession and control of the Property and all post-receivership liabilities, including HST, property taxes and professional fees, must be satisfied in full prior to its discharge.
25. The Receiver requested confirmation that the Debtors' pre-receivership liabilities will be satisfied in the normal course following the Receiver's discharge, ~~however the Debtors have not confirmed same.~~ By letter, dated November 1, 2024, the Debtors' counsel advised that "our client fully intends to continue its operation in the normal course, including dealing with any prereceivership liabilities." It is unclear how this will be accomplished.

Need for Advice and Directions

26. The Receiver has been clear throughout its communications that it was and is willing to assist with the Debtors' refinancing efforts, to the extent that such refinancing is for the benefit of the estate and all stakeholders.
27. On October 14, 2024, as a result of a routine title search, the Receiver discovered that on, October 4, 2024, counsel to the Debtors registered an Application to Change Name against title to certain of the Property. The registration was without the Receiver's knowledge or consent and is in breach of the Receivership Order.
28. By letter, dated October 16, 2024, counsel to the Debtors wrote to this Honourable Court requesting an urgent hearing date for, among other things, a stay of the Sale Process and the discharge of the Receiver. Attached to the letter was a draft notice of motion which contained, among other things, a request for leave to pursue a proceeding against the Receiver. No further details as to basis of the proceeding have been provided and any such proceeding would need to be finally disposed of prior to the discharge of the Receiver.
29. The October 16, 2024 letter and draft notice of motion mischaracterized the discussions among counsel and contained various unfounded allegations against the Receiver, all of which are denied in full.
30. Pursuant to the Receivership Order, the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
31. At the juncture, the Receiver seeks advice and directions as to whether:
 - (a) ~~the Sale Process should be suspended for a longer time period to allow time for the Receiver to be properly discharged and the refinancing to close (if it has not already), or if the Sale Process should be terminated all together;~~
 - (b) ~~the Receiver should continue to assist the Debtors' refinancing efforts; and~~
 - (c) ~~the Receiver should be discharged and the terms of same.~~

- (d) the Sale Process should be suspended for a longer time period to allow time for the Debtors' refinancing to be effectuated and the necessary steps to be undertaken to terminate these proceedings and seek the Receiver's discharge; or
 - (e) the Sale Process should be recommenced.
32. In the event this Honourable Court directs that the Sale Process be further suspended, the Receiver recommends that such suspension be for no longer than two (2) weeks. During that time, the Debtors should take all necessary steps to complete the refinancing including, without limitation, providing evidence regarding their ability to satisfy all pre-receivership liabilities, pay all accrued and unpaid post-receivership liabilities, and operate their business and satisfy post-receivership termination obligations. The Receiver will be available to assist in such efforts but the Debtors should be the moving party seeking the termination of the proceedings and the discharge of the Receiver. If the Debtors are unable to do so, the Receiver will then recommence the Sale Process.

Approval of R&D and Fees

33. — The R&Ds will be appended to the Second Report.
34. — ~~The Receivership Order requires the Receiver and its counsel to pass their accounts from time to time.~~
35. — ~~The Receiver has provided services and incurred disbursements, which will be described in the Second Report and the Receiver's affidavit as to fees.~~
36. — ~~The Receiver has incurred legal fees of its legal counsel, Dentons Canada LLP ("Dentons"), in respect of these proceedings which will be described in the Second Report and Dentons' affidavit as to fees.~~
37. — ~~The Receiver requests that this Court approve the fees and disbursements of the Receiver and its counsel, plus the estimates to discharge (if applicable), as will be detailed in the Second Report and the affidavits as to fees.~~

Sealing

38. The Confidential Appendices to the Second Report contains confidential information with respect to the Debtors' potential refinancing. Out of an abundance of caution, the Receiver requests an order that the Confidential Appendices be sealed until further order of this Honourable Court.

Other Grounds

39. Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
40. Rules 1.04, 1.05, 2.01, 2.03, 16.04 and 37 of the *Rules of Civil Procedure* (Ontario), as amended; and
41. Such further and other grounds as counsel may advise this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

42. The Second Report; and
43. ~~Fee Affidavits; and~~
44. Such further and other materials as counsel may advise and this Honourable Court may permit.

~~October 22, 2024~~

November 4, 2024

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TO: SERVICE LIST

DUCA FINANCIAL SERVICES CREDIT UNION
LTD.

-and-

ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., and
ASHCROFT HOMES – 111 RICHMOND ROAD INC.

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT OTTAWA

AMENDED NOTICE OF MOTION

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appointed Receiver of Ashcroft Homes – 101 Richmond Road Inc.,
Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes –
111 Richmond Road Inc.*

Tab 2

ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT HOMES – 108 RICHMOND ROAD INC., ASHCROFT HOMES - 111 RICHMOND ROAD INC.

SECOND REPORT OF THE RECEIVER

November 4, 2024

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

- and -

**ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT HOMES – 108 RICHMOND
ROAD INC., AND ASHCROFT HOMES - 111 RICHMOND ROAD INC.**

Respondents

**APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**SECOND REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS RECEIVER OF
ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT HOMES – 108 RICHMOND
ROAD INC., ASHCROFT HOMES - 111 RICHMOND ROAD INC.**

NOVEMBER 4, 2024

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APPENDIX "A" – Initial Receivership Order dated May 16, 2024
APPENDIX "B" – Amended and Restated Receivership Order dated September 3, 2024
APPENDIX "C" – Residential Property Sales Process Order dated September 3, 2024
APPENDIX "D" – First Report dated August 21, 2024 (without appendices)
APPENDIX "E" – Supplemental Report to the First Report dated August 30, 2024 (without appendices)
APPENDIX "F" – Debtors' organization chart
APPENDIX "G" – Schedule listing the related parties with balances owing to or from 108RR
APPENDIX "H" – Schedule listing the related parties with balances owing to or from 111RR
APPENDIX "I" – Email, dated July 31, 2024, from the Receiver to Manny Difilippo
APPENDIX "J" - Fee Email dated September 23, 2024 from the Receiver to the Debtors
APPENDIX "K" - Email dated September 25, 2024 from Dentons and the responding email from Debtors' counsel
APPENDIX "L" - Email dated October 1, 2024 from Dentons to Mann Lawyers
APPENDIX "M" – Email dated October 4, 2024 from Mann Lawyers
APPENDIX "N" – Email dated October 8, 2024 from Mann Lawyers
APPENDIX "O" – Email dated October 10, 2024 from Blaney McMurtry LLP
APPENDIX "P" - Email dated October 11, 2024 from Mann Lawyers (without appendices)

APPENDIX “Q” – Summary of Estate Accounts and Refinancing Calculation Estimate

APPENDIX “R” – Application to Change Name – Owner, dated October 4, 2024

APPENDIX “S” – Letter, dated October 17, 2024, from Dentons to Court

APPENDIX “T” – Letter, dated October 22, 2024, from Dentons to Court

APPENDIX “U” – “With prejudice” letter dated November 1, 2024 from Mann Lawyers

CONFIDENTIAL APPENDIX “1” - Initial Commitment Letter dated September 17, 2024

CONFIDENTIAL APPENDIX “2” – Revised Commitment Letter dated September 26, 2024

I. INTRODUCTION

1. Upon the application of DUCA Financial Services Credit Union Ltd. ("**DUCA**") and pursuant to the Order of the Honourable Justice MacLeod of the Ontario Superior Court of Justice (the "**Court**") dated May 16, 2024 (the "**Initial Receivership Order**"), BDO Canada Limited ("**BDO**") was appointed as receiver (the "**Receiver**") of all of the assets, undertakings and properties of Ashcroft Homes – 101 Richmond Road Inc. ("**101RR**"), Homes – 108 Richmond Road Inc. ("**108RR**") and Homes – 111 Richmond Road Inc. ("**111RR**") and collectively with 101RR and 108RR, "**Ashcroft**" or the "**Debtors**", save and except for the 114 Richmond Property (as defined below) (collectively, the "**Property**"). A copy of the Initial Receivership Order is attached hereto as **Appendix "A"**.
2. In order to provide the Debtors with additional time to refinance the indebtedness owing to DUCA, the Court stayed the Initial Receivership Order for a period of one month. The Debtors' refinancing did not materialize and the Initial Receivership Order became effective on June 17, 2024 (the "**Date of Appointment**").
3. The Property includes eighteen (18) residential condominium units, approximately 38,400 square feet of commercial condominium space, 30 parking stalls, 2 bike racks and 26 storage lockers, located in Ottawa, Ontario (the "**Real Property**"). The Real Property is located within the following buildings (collectively, the "**Richmond Buildings**"):
 - a) A 9-story building comprised of three interconnected towers with the municipal addresses 88, 90, 98, 100, 108 Richmond Road, Ottawa, ON; and
 - b) Two 6-story buildings with the municipal addresses 91, 95, 97, 103, 101, 111, 113, 115, 117, 119, 121 Richmond Road, Ottawa, ON and 360 Patricia Avenue, Ottawa, ON.
4. The Debtors also own development lands located at 114 Richmond Road, Ottawa, ON (the "**114 Richmond Property**"). Pursuant to the terms of the Initial Receivership Order, the 114 Richmond Property does not form part of the Property over which the Receiver has been appointed. Upon the application of Royal Bank of Canada ("**RBC**"), pursuant to the Order of the Honourable Justice Rees, dated October 17, 2024, MNP Ltd. ("**MNP**") was appointed as receiver over the 114 Richmond Property.
5. Pursuant to the Order of the Honourable Justice Corthorn, dated September 3, 2024, the Initial Receivership Order was amended and restated and a schedule of the Real Properties was

appended to the Order (the “**Amended Receivership Order**”). A copy of the Amended Receivership Order is attached hereto as **Appendix “B”**.

6. Pursuant to the separate Order of the Honourable Justice Corthorn, dated September 3, 2024 (the “**Residential Property Sales Process Order**”), the Court approved a sales process (the “**Residential Sales Process**”) in respect of the Debtors’ residential real property, parking spots, bike racks and storage lockers. A copy of the Residential Property Sales Process Order is attached hereto as **Appendix “C”**.
7. In support of the Amended Receivership Order and the Residential Property Sales Process Order, the Receiver filed its First Report to the Court, dated August 21, 2024 (the “**First Report**”) and a Supplemental Report to the First Report, dated August 30, 2024 (the “**Supplemental First Report**”). Copies of the First Report and the Supplemental First Report, without appendices, are attached hereto as **Appendix “D”** and **Appendix “E”**, respectively.
8. This second report to the Court (the “**Second Report**”) and all other court materials and orders issued and filed in these receivership proceedings are made available on the Receiver’s case website <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/ashcroft-homes> and will remain available for a period of not less than six (6) months following the Receiver’s discharge.

II. PURPOSE OF REPORT

9. The purpose of this Second Report is to:
 - a) provide this Court with certain information pertaining to the receivership, including:
 - (i) activities of the Receiver since the date of the First Report;
 - (ii) information with respect to the Debtors’ ongoing refinancing efforts; and
 - (iii) an update on the Residential Sales Process and realization efforts undertaken by the Receiver;
 - b) respond to the Debtors’ draft notice of motion emailed to the Court on October 16, 2024 (but not served on any parties in these proceedings) and affidavit filed in a separate receivership proceeding; and
 - c) seek advice and directions from the Court regarding whether the Receiver should re-commence the Residential Sales Process or if the Receiver should be discharged.

III. QUALIFICATIONS

10. In preparing this Second Report, the Receiver has relied upon unaudited financial information, Ashcroft's books and records, and other information provided to it (collectively, the "**Information**"). The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. The Receiver has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, as such, the Receiver expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Debtors' financial forecasts in accordance with the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information reported on or relied upon in this Second Report is based upon assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.
11. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

IV. ACTIVITIES OF THE RECEIVER

12. Since the date of the First Report, the Receiver has performed the following activities:
- a) drafted the Supplemental First Report;
 - b) attended the September 3, 2024 Court hearing in connection with the Receiver's motion for approval of the Residential Sales Process and the Amended Receivership Order;
 - c) corresponded with the condominium corporation's respective property managers regarding numerous matters related to the Richmond Buildings;
 - d) corresponded with and provided direction to the property manager, Sleepwell Property Management ("**Sleepwell**"), retained by the Receiver to support day-to-day operations, including tenant related matters such as communications, rent collections, rent increases, unit repairs and maintenance, rent arrears and lease terminations;
 - e) directed Sleepwell to issue form N1: Notice of Rent Increase forms to ten (10) residential unit tenants advising of 2.5% monthly rent increases effective February 1, 2025;

- f) directed Sleepwell to issue form N4: Notice to End a Tenancy Early for Non-payment of Rent to three (3) residential tenants due to non-payment of rent dispute collection efforts;
- g) investigated condominium fee arrears balances identified by the condominium corporations, paid certain pre-receivership condominium fee arrears and attempted to discuss certain other alleged condominium fee pre-receivership arrears with the condominium corporation's legal counsel;
- h) reviewed a settlement agreement between the Debtors and one of the condominium corporations regarding the transfer of two parking spaces over to the condominium corporation;
- i) coordinated the finalization of the Real Property appraisals with Colliers International Realty Advisors Inc.;
- j) instructed its counsel, Dentons Canada LLP ("**Dentons**") to register the Amended Receivership Order on title to the Real Property with the Ottawa land registry office;
- k) arranged for flooring remediation quotes in support of an insurance claim to be submitted related to water damage caused by a plumbing leak from a neighboring unit;
- l) followed up with the Canada Revenue Agency ("**CRA**") regarding the status of the Receiver's request to open new sales tax ("**HST**") branch accounts and the Receiver being provided with access to the Debtors' CRA accounts;
- m) filed HST returns for the post-receivership periods of June 17, 2024 through to September 30, 2024 for all HST branch accounts and remitted payment for all post-receivership HST liabilities owing;
- n) filed all outstanding HST returns for the pre-receivership periods May 1, 2024 through to June 17, 2024 with respect to both 108RR and 111RR;
- o) engaged Colliers Macaulay Nicolls Inc., Brokerage ("**Colliers**") to commence the Residential Sales Process and, in consultation with Colliers, finalized the Residential Unit Blocks (as defined herein), listing prices and other matters related to launching the Residential Sales Process, particulars of which are further detailed herein;
- p) received unsolicited expressions of interest in and tracked inquiries from potential purchasers with respect to the Real Property, which information has been provided to Colliers;

- q) corresponded with management for the Ashcroft Group of Companies (as defined herein), including its legal counsel, regarding numerous matters related to the Property and the Debtors' refinancing efforts;
- r) corresponded with the Debtors regarding the Residential Sales Process and their refinancing efforts;
- s) prepared the Summary of Estate Accounts and Refinancing Calculation Estimate (as defined herein) and considered a number of issues with respect to the Debtors' refinancing efforts and the potential termination of these proceedings;
- t) consulted and corresponded with counsel regarding various matters related to these proceedings including, the Residential Sales Process, the Debtors' refinancing efforts, the Debtors' draft notice of motion and the terms of a potential discharge order;
- u) reviewed the Debtors' records and instructed Dentons to conduct a number of searches in an effort to ascertain which condominium units, parking stalls, bike racks and storage lockers are included in the Debtors' Property;
- v) reconciled parking stalls, bike racks and storage lockers with property tax billings and condominium corporation billings to confirm the accuracy of ongoing charges;
- w) consulted with management for the Ashcroft Group of Companies regarding numerous matters related to the Property;
- x) provided DUCA with regular updates in connection with various aspects of these receivership proceedings;
- y) prepared a notice of motion dated October 22, 2024, requesting an urgent case conference with the Court seeking advice and direction as detailed herein;
- z) considered matters related to the receivership proceedings in respect of the 114 Richmond Property;
- aa) attended a case conference held on October 28, 2024; and
- bb) prepared this Second Report.

V. CREDITORS

13. The Receiver has not conducted a creditor claims process. Unless otherwise noted the information set out below is based on the books of records of the Debtors and has not been independently verified by the Receiver.

Secured Claims

14. DUCA is the appointing secured creditor with a mortgage/charge registered against certain of the Property (the “**DUCA Security**”). By email, dated September 23, 2024, DUCA provided to the Debtors a breakdown of the indebtedness owing as of September 27, 2024 totaling \$6,836,833.73, inclusive of interest, penalties, consulting fees and estimated legal fees. In addition, on October 11, 2024, counsel to DUCA advised that the per diem is \$875.41.
15. The Receiver has not yet obtained an independent legal opinion as to the validity and enforceability of the DUCA Security.
16. The Receiver has also reviewed PPSA search results which, with respect to 108RR provide the below listed registrations:
 - a) Canadian Imperial Bank of Commerce (“**CIBC**”), registered July 21, 2015; and
 - b) RBC, registered March 18, 2021.
17. As at the date of this Second Report, the Receiver has not investigated the quantum of indebtedness owing to CIBC or RBC, nor the validity of their respective security interests.
18. Pursuant to 108RR’s books and records, as at June 17, 2024, 108RR reported indebtedness owing (presumably to RBC) totaling \$7,215,532.89, in respect of the 114 Richmond Property. As noted above and detailed below, MNP was appointed as receiver over the 114 Richmond Property and another related Ashcroft entity on the application of RBC acting as the appointing creditor. The Receiver understands that RBC asserts indebtedness owing to it by 108RR of approximately \$7.5 million, plus approximately \$80 million owing to it by Eastboro (as defined below).

Priority Claims

19. The DUCA Security is subject to certain priority charges, security interests and claims against of the Property, which may include deemed trust claims, statutory priority claims pursuant to the *Bankruptcy and Insolvency Act*, and outstanding municipal property taxes.
20. The Receiver understands the Debtors had no employees and were managed through related entities. As such, the Receiver is not aware of any priority employee claims or payroll deemed trust claims.
21. Since the Date of Appointment, the Receiver filed outstanding pre-receivership HST returns for both 108RR and 111RR for the period of May 1, 2024 to June 17, 2024 based upon the Debtors’ books and records as at June 17, 2024. As at October 31, 2024, CRA’s online business account

portal reports pre-receivership HST liabilities of \$9,533.75 and \$48,166.98 for 108RR and 111RR, respectively, however, the reported balances do not include an expected refund of \$4,121.63 for 108RR and \$9,571.23 in HST liability for 111RR pertaining to the period May 1, 2024 to June 17, 2024. The Receiver has not remitted payment to CRA for any pre-receivership HST arrears.

22. The Receiver also filed all post-receivership HST returns for the Debtors for the periods June 17, 2024 to September 30, 2024 on a cash accounting basis. The post-receivership HST returns resulted in HST liabilities of \$3,370.22 and \$12,874.00 for 108RR and 111RR, respectively. On October 23, 2024 the Receiver remitted payment to the CRA with respect to the post-receivership HST liabilities. Additionally, certain post-receivership HST returns have resulted in an expected refund of \$1,315.52 for 108RR, which refund has not yet been received.
23. All HST filings remain subject to audit by the CRA.
24. The Receiver understands that the Debtors paid the first installment of 2024 municipal property taxes pertaining to the Real Property in or around January 2024. The second and final installment in the approximate amount of \$181,200 was due on June 20, 2024.
25. To the extent there are post-receivership property taxes owing on the Real Property, the Receiver will need to satisfy any arrears owing. As at the date of this Second Report, the Receiver has not remitted payment for any municipal property taxes. Subject to cash flow considerations, as is common in receiverships over real property, the Receiver may decide to extinguish any property tax arrears as a closing adjustment to the sale of the Real Property.
26. The Richmond Properties are part of three condominium corporations (#889, #937, #963). The Receiver has paid all condominium fees for the period July 2024 to November 2024, as well as June 2024 condominium fees for #937. The Receiver has attempted to ascertain the extent to which there are pre-receivership arrears for each of the three condominium corporations. The Receiver awaits confirmation from #889 and #963 with respect to arrears.

Unsecured Creditors – Arm's Length

27. The Debtors' books and records report unsecured debts owing by 108RR and 111RR to arm's length creditors, inclusive of last month rent deposits, as at June 17, 2024 of approximately \$597,987.21 and \$90,356.90, respectively.

VI. RELATED PARTIES

Related Party Balances

28. Attached hereto as **Appendix “F”** is a copy of the Debtors’ organization chart, which was provided by the Debtors to the Receiver prior to its appointment. The organization chart shows that the Ashcroft corporate group (the “**Ashcroft Group of Companies**”) is comprised of various corporate entities, many of which are directly owned by David Choo (“**Mr. Choo**”) or are ultimately owned by the David and Shanti Choo Family Trust.
29. Prior to BDO’s appointment as Receiver, at the request of DUCA, BDO was engaged to provide certain consulting services to the Debtors (the “**Pre-Receivership Engagement**”). During the Pre-Receivership Engagement, inquiries were made of Mr. Manny Difilippo (“**Mr. Difilippo**”), into the nature of related party balances. The Receiver understands Mr. Difilippo acts as a consultant to Ashcroft Homes – Central Park Inc., a related party, and is the Chief Financial Officer of the Ashcroft Group of Companies.
30. The Debtors’ books and records report amounts due to and from numerous related parties for each of 108RR and 111RR as at June 17, 2024. Attached hereto as **Appendix “G”** and **Appendix “H”**, respectively, are schedules listing the related parties with balances owing to or from 108RR and 111RR, respectively.
31. With respect to 108RR, as at June 17, 2024, the Debtors report approximately:
 - a) \$35.0 million due to related parties (including 111RR); and
 - b) \$32.1 million due from 24 related parties.
32. With respect to 111RR, as at June 17, 2024, the Debtors report approximately:
 - a) \$19.6 million due to 13 related parties; and
 - b) \$22.5 million due from ten (10) related parties (including 108RR).
33. Mr. Difilippo has advised the Receiver that the related party balances pertain to transferring money among the related parties to fund pre-construction. The Receiver has not verified the purported use of such funds. Additionally, the Receiver understands that two tenants in the Richmond Buildings were related parties that historically did not pay cash rent, and their rental obligations were recorded as intercompany loans. If the Court directs the Receiver to continue its mandate and sell the Real Property, the Receiver will report to the Court at a later date as to the need for a review of the intercompany indebtedness.

34. As detailed in the First Report, on or around July 29, 2024, the Receiver hand delivered collection letters (the “**Collection Letters**”) to the Ashcroft Group of Companies’ head office addressed to each of the related parties with reported balances owing to the Debtors.
35. On July 31, 2024, the Receiver emailed Mr. Difilippo a schedule summarizing the related party receivable balances, requested details with regards to the nature of the transactions and advised that the Collection Letters were issued. A copy of the Receiver’s email, dated July 31, 2024, is attached hereto as **Appendix “I”**.
36. As at the date of this Second Report, the related parties have not replied to the Collection Letters and Mr. Difilippo has not responded to the Receiver’s request for particulars.

Related Party Proceedings

37. As noted above, on October 17, 2024, upon the application of RBC, MNP was appointed as receiver over the 114 Richmond Property.
38. On that same date, on the application of RBC, this Honourable Court appointed MNP as receiver over all of the property, assets and undertakings of Ashcroft Homes – Eastboro Inc. (“**Eastboro**”). RBC claims to be owed approximately \$80 million from Eastboro.
39. Pursuant to the Debtors’ records, Eastboro is reported to be indebted to 108RR in the approximate amount of \$5.3 million, and 111RR is reported to be indebted to Eastboro in the approximate amount of \$4.7 million.
40. In addition, Central 1 Credit Union (“**Central**”) commenced an application for the appointment of a receiver over the assets, undertaking and properties of 2139770 Ontario Inc. operating as Alavida Lifestyle (“**Alavida**”). According to the Debtors’ organization chart, Alavida and the Debtors are each directly owned by David Choo.
41. Pursuant to the Decision and Reasons of the Honourable Justice MacLeod, dated October 29, 2024, Central’s request for a receivership order in respect of Alavida was postponed on strict terms.
42. Pursuant to the Debtors’ records, 108RR and 111RR are reported to be indebted to Alavida in the amount of approximately \$966,000 and \$13,000, respectively.

VII. REALIZATION PROCESS

Accounts Receivable

43. As detailed herein, the Receiver issued the Collection Letters to each of the related party debtors requesting payment for the balances reported as owing and documentation supporting the nature of the transactions with the Debtors. The Receiver also requested documentation detailing the nature of the transactions and debts owing to the Debtors from the Ashcroft Group of Companies' management. As at the date of this Second Report, neither management for the Ashcroft Group of Companies nor any of the related party debtors have responded to the Receiver.

Residential Sales Process

44. Pursuant to the Amended Receivership Order the Receiver is empowered and authorized to market any or all of the Property, including selling the Property or any parts thereof out of the ordinary course of business, provided that any single transaction exceeding \$50,000 or aggregate consideration for all transactions exceeding \$250,000 require Court approval.
45. Pursuant to the Residential Property Sales Process Order, the Receiver was directed to market for sale the Debtors' residential condominium units, parking, lockers and bike racks.
46. The Debtors' commercial condominium units are not included in the Residential Sales Process. The Receiver has received unsolicited interest in the commercial units from prospective purchasers. If the Receiver is directed to continue the Residential Sales Process and there is no impending discharge motion, the Receiver intends to return to Court to seek approval of a sale process in respect of the commercial properties.
47. Due to the significant deficiencies in the Debtors' books and records, the Receiver encountered significant difficulty ascertaining with certainty the real property actually owned by the Debtors. The Receiver instructed Dentons to conduct real property searches in an effort to determine the properties charged by the DUCA Security and subject to these receivership proceedings. Unfortunately, due to limitations in the Teraview system for owner names searches in respect of condominiums, the searches did not provide a complete listing of all owned real property. In coordination with its counsel, and in reviewing records provided by the property management company, the Receiver was ultimately able to determine with some level of certainty the various units, parking stalls, storage lockers and bike racks owned by the Debtors. The Receiver encountered further difficulty determining which tenants leased which parking spots and lockers.

Running to ground these various issues caused some delay in, and added to the costs of, the launching of the Residential Sales Process.

48. Following the issuance of the Residential Property Sales Process Order, the Receiver entered into listing agreements with Colliers to list the residential units for sale.
49. Upon the Receiver's appointment and prior to engaging Colliers, the Receiver received and tracked unsolicited interest in the Real Property from numerous parties. This information was provided to Colliers upon its engagement.
50. Colliers advised the Receiver that in the circumstances it would be beneficial for its counsel to draft a form of agreement of purchase and sale, inclusive of all terms and conditions the Receiver would require as part of any sale transaction instead of amending a standard Ontario Real Estate Association agreement. The Receiver directed its counsel to draft a form of agreement of purchase and sale.
51. On October 9, 2024, Colliers launched marketing efforts by listing the residential units in three blocks of 5-units, 6-units and 7-units (the "**Residential Unit Block(s)**") for sale on the MLS exchange. Salient details relating to the Residential Unit Blocks are summarized in the table below:

Block #	MLS #	# Units	# Parking	# Storage	Listing Price (\$)
1	1415804	5	4	5	2,399,000
2	1415696	6	3	5	2,199,000
3	1415816	7	5	7	2,699,000
Total		18	12	17	7,297,000

52. The composition of and the listing price for each Residential Unit Block were determined with guidance from Colliers' assessment of market valuation parameters, including, among other things, net operating income and estimated investor return expectations.
53. As set out in detail below, at the request of the Debtors, and in light of the potential refinancing, on October 10, 2024, the Receiver agreed to temporarily suspend the Residential Sales Process for one week to provide the Debtors will time to respond to the inquiries of DUCA and the Receiver.
54. Colliers confirmed to the Receiver on October 10, 2024, that the MLS listings had been removed. The Receiver has not recommenced the Residential Sales Process and is awaiting further directions from this Honourable Court in that regard.

55. Notwithstanding the suspension of the Residential Sales Process, the Receiver and Colliers continued to receive unsolicited interest in the Real Property, including requests to tour same. In light of the uncertainties with respect to the Debtors' refinancing efforts, and pending the Receiver's requested direction from the Court with respect to the ongoing suspension of the Sales Process, the Receiver allowed prospective purchasers to tour the Real Property.
56. If all the Real Property is realized at or near its appraised value, barring anything unforeseen, it is expected that the proceeds of sale will be more than sufficient to repay the DUCA indebtedness in full with excess proceeds available to distribute to unsecured creditors. Colliers advises that the Real Property is expected to be sold at fair market value on a timely basis. As such, the Receiver believes any lengthy delay in the marketing and sale of the Real Property is unwarranted and contradicts the Receiver's mandate.
57. The Receiver respectfully requests direction from this Honourable Court with respect to whether the Residential Sales Process should continue or remain suspended pending the closing of the Debtors' refinancing.

VIII. REFINANCING

Pre-Appointment Refinancing Efforts

58. The Receiver understands that prior to its appointment the Debtors endeavoured to refinance the Property and pay out the DUCA indebtedness. These refinancing efforts included:
 - a) a non-binding letter of intent, dated March 22, 2024, entered into with Cameron Stephens Mortgage Capital contemplating \$6.8 million of financing; and
 - b) non-binding letter of intent, dated May 9, 2024, entered into with CMLS Financial in the amount of \$7 million.
59. The Initial Receivership Order was stayed for a period of one month to provide the Debtors with additional time to refinance. None of the potential refinancings materialized and the Initial Receivership Order became effective on June 17, 2024.

Post-Appointment Refinancing Efforts

60. As early as the Date of Appointment (being over 4 months ago), Mr. Difilippo expressed to the Receiver his desire to complete a refinancing and inquired with the Receiver if this would be possible given the receivership proceedings. The Receiver consistently informed Mr. Difilippo that a refinancing may be possible notwithstanding these proceedings, however, the Debtors would need to provide details of any proposed refinancing and the Receiver will need to consider

the interests of all stakeholders in making a determination as to whether the proposed refinancing would be sufficient to terminate these proceedings and discharge the Receiver.

61. Over the past several weeks, numerous conversations and communications have taken place among the Receiver, Dentons, counsel for DUCA and counsel for the Debtors with respect to the refinancing, the Debtors' desire to terminate these proceedings and discharge the Receiver, and the Receiver's concerns with, among other things, the sufficiency of proceeds available from the refinancing to address all extant issues in respect of the receivership proceedings.
62. On August 29, 2024, the Receiver and Mr. Difilippo attended a telephone conversation to primarily discuss Mr. Difilippo's views on the structure of the proposed Sales Process. During this conversation Mr. Difilippo informed the Receiver that the Respondents were continuing efforts to complete a refinancing, however, it was premature to provide the Receiver with any details.
63. On September 11, 2024, Mr. Difilippo requested permission from the Receiver to allow an appraiser to tour a few of the unoccupied residential and commercial units. The Receiver granted this request and directed Sleepwell to provide supervised access, which tour the Receiver understands occurred on September 17, 2024.
64. On September 19, 2024, Mr. Difilippo emailed the Receiver a copy of a signed and partially redacted commitment letter, dated September 17, 2024, with HP ABL Fund I Limited Partnership, by its general partner HP ABL Fund 1 GP Inc. (the "**New Lender**") in the amount of \$8.5 million (the "**Initial Commitment Letter**"). A copy of the partially redacted Initial Commitment Letter received from the Debtors is attached hereto as **Confidential Appendix "1"**.
65. The Initial Commitment Letter provided for a target advance date of September 27, 2024 and was purportedly signed by Mr. Difilippo on behalf of the Debtors. Pursuant to the Amended Receivership Order, the Receiver has the sole authority to bind the Debtors and sign on their behalf. Mr. Difilippo did not seek the Receiver's consent prior to his execution of the Initial Commitment Letter. The Receiver did not authorize Mr. Difilippo to sign the Initial Commitment Letter and accordingly he had no authority do so.
66. On September 19, 2024, Mr. Difilippo informed the Receiver that the sole remaining condition to be met with respect to the Initial Commitment Letter was obtaining an appraisal (at least in draft form). Mr. Difilippo also requested the Receiver provide a statement of account as its earliest convenience.

67. On September 23, 2024, the Receiver emailed Mr. Difilippo informing him that the combined fees and disbursements of the Receiver and Dentons, for the period up to September 13, 2024, totaled approximately \$425,000 **plus applicable sales taxes** (emphasis added). The Receiver's email (the "**Fee Email**") noted explicitly that fees would continue to be incurred until the Receiver is discharged. A copy of the Fee Email is attached hereto as **Appendix "J"**. Mr. Difilippo subsequently requested a detailed statement of all receivership costs.
68. On September 25, 2024, the Receiver discussed the proposed refinancing use of proceeds with Mr. Difilippo wherein the Receiver expressed its concern that the net advance from the \$8.5 million refinancing appeared to be insufficient to satisfy all payables required to terminate the receivership proceedings. Mr. Difilippo advised the interest reserve contained in the Initial Commitment Letter may be reduced as needed, however, the Initial Commitment Letter is silent on that point.
69. On September 25, 2024, Dentons reached out to Debtors' counsel, Mann Lawyers LLP ("**Mann Lawyers**") seeking to discuss the Initial Commitment Letter and offered up September 25, 26 and 27 as dates to discuss same. Despite the Initial Commitment Letter having a target advance date of September 27, 2024, Mann Lawyers responded with the first available date for a call being September 27, 2024. Copies of the September 25, 2024 email from Dentons and the responding email from Mann Lawyers are attached hereto as **Appendix "K"**.
70. During the September 27, 2024 telephone conversation, Dentons raised a number of questions in respect of the pending transaction and requested various information in respect of the refinancing transaction, including the following:
 - a) delivery of an unredacted commitment letter with all attached schedules;
 - b) evidence that the net advance contemplated by the refinancing was sufficient to payout the DUCA indebtedness in full and satisfy all post-receivership liabilities, including the fees and expenses of the Receiver and its counsel;
 - c) information in respect of the New Lender and evidence of refinancing funds; and
 - d) confirmation that all conditions precedent to closing have been satisfied.
71. During the September 27th counsel call, Mann Lawyers advised that they had not seen the Initial Commitment Letter and Dentons immediately provided to them a copy of same.
72. At the request of Mann Lawyers, by email dated October 1, 2024, Dentons reiterated its questions and requests raised on the September 27th call and provided to Mann Lawyers a list

of outstanding items that would need to be addressed prior to the discharge of the Receiver. A copy of the October 1, 2024 email is attached hereto as **Appendix “L”**.

73. On the eve of the commencement of the Residential Sales Process, and the listing of the residential units on MLS, on Friday, October 4, 2024, Mann Lawyers wrote to the Receiver’s counsel advising that they “now hold sufficient funds in our trust account to pay out all amounts accounted to our client as outstanding by Duca, including principal, interest, legals, and financial consultancy fees so as to be in the position Monday to wholly discharge the Duca debt, subject only to *necessary* steps to discharge the receiver by Court order.” A copy of the October 4, 2024 email is attached hereto as **Appendix “M”**.
74. The October 4, 2024 email did not disclose the amount of funds held in trust and did not address the issues in the receivership that would need to be properly dealt with to terminate the receivership proceedings. Upon receipt of the email, Dentons immediately called Mann Lawyers. During that call, Mann Lawyers refused to disclose to the Receiver’s counsel the quantum of funds held in its trust account.
75. Dentons convened a call with Mann Lawyers and DUCA’s counsel on October 7, 2024. During that call Mann Lawyers again refused to confirm the quantum of funds held in their trust account.
76. As the Debtors did not provide any proof of funds or confirm whether the conditions to funding set out in the Initial Commitment Letter had been satisfied, the Receiver determined that it would be premature to suspend the Residential Sale Process at that time.
77. Subsequently, in response to requests by the Receiver’s counsel, by email dated October 8, 2024, Mann Lawyers advised that it held the net amount of \$7,451,783 in its trust account. A copy of the October 8, 2024 email from Mann Lawyers is attached hereto as **Appendix “N”**.
78. As such funds have been advanced by the New Lender, it appears that the Debtors have seemingly incurred post-receivership indebtedness without the consent of the Receiver or leave of this Court, with interest continuing to accrue thereon, all in breach of the Amended Receivership Order.
79. On October 9, 2024, the Receiver, Dentons, Mann Lawyers, and counsel to DUCA held a teleconference to discuss the refinancing and matters related to the termination of the receivership proceedings and discharge of the Receiver. During this teleconference, the Receiver expressed concern as to the uncertainty of whether the proposed refinancing would be sufficient to pay all priority payables, all post-receivership obligations and the DUCA

indebtedness. The Receiver advised that in its view it made practical sense for the Receiver to prepare a summary of estate accounts along with an estimate of the refinancing use of proceeds.

80. During the October 9th teleconference, Mann Lawyers requested that the Receiver suspend the Sale Process.
81. On October 10, 2024, the Receiver agreed to temporarily pause the Sales Process for one week, to October 17, 2024, to provide the Debtors with sufficient time to respond to inquiries of DUCA and the Receiver with respect to the refinancing (the “**Refinancing Queries**”). A copy of the October 10, 2024 email from counsel to DUCA is attached hereto as **Appendix “O”**.
82. By email, dated October 11, 2024, Mann Lawyers provided the Receiver with a copy of an amended commitment letter (without schedules) with the New Lender, dated September 26, 2024 (the “**Amended Commitment Letter**”), providing for \$8.75 million in financing. A copy of the email, dated October 11, 2024, is attached hereto as **Appendix “P”**.
83. The email from Mann Lawyers advised there were no conditions to the release of funds and provided a limited reply to the Refinancing Queries. Notwithstanding the Debtors’ limited reply to the Refinancing Queries, the Receiver honored the pausing of the Residential Sales Process for one week and has continued to pause the Residential Sales Process to this date while awaiting advice and directions from the Court.
84. Since their initial request to pause the Residential Sales Process, the Debtors have not requested a further extension of the suspension of the Residential Sales Process.
85. The Amended Commitment Letter was purportedly signed on behalf of the Debtors by Mr. David Choo (“**Mr. Choo**”). The Receiver did not authorize Mr. Choo to sign the Amended Commitment Letter and accordingly, pursuant to the terms of the Amended Receivership Order, he had no authority to do so. A copy of the Amended Commitment Letter is attached hereto as **Confidential Appendix “2”**.

Summary of Estate Accounts and Refinancing Calculation Estimate

86. By email, dated October 11, 2024, the Receiver provided to the Debtors a schedule detailing the estate accounts’ receipts and disbursements as of September 30, 2024, accrued professional fees, and estimates for ongoing costs and expenses for October and monthly thereafter (the “**Summary of Estate Accounts and Refinancing Calculation Estimate**”), a copy of which is attached hereto as **Appendix “Q”**. The Summary of Estate Accounts and Refinancing Calculation Estimate was subject to a number of notes and assumptions, which were detailed therein, and actual results may differ materially from those estimated.

87. Costs, including professional fees and the carrying costs of the Property, will continue to accrue until such time as the Receiver is discharged.
88. The salient details of the Summary of Estate Accounts and Refinancing Calculation Estimate are as follows:
 - a) the Receiver's actual receipts and disbursements as at September 30, 2024 (the "**September R&Ds**"), which on a combined basis amounted to net receipts over disbursements in the amount of \$160,905.54;
 - b) estimates of September 2024 operating accruals, priority payables and professional fees which, combined with the September R&Ds, amount to estimated net disbursements over receipts of \$459,182.35 as at September 30, 2024;
 - c) estimated October 2024 operating activity, including estimated priority payables and professional fees of the Receiver and its counsel for the month, amount to estimated net disbursements over receipts of \$56,232.87 (assuming normal course activity); and
 - d) estimated November 2024 and onwards monthly operating activity, including estimated priority payables and professional fees of the Receiver and its counsel, amount to estimated net disbursements over receipts of \$43,287.56 per month (assuming normal course activity).
89. The use of fund schedule with respect to the refinancing net advance, included in the Summary of Estate Accounts and Refinancing Calculation Estimate, shows an estimated refinancing surplus of \$69,770.11 as at October 31, 2024, however the Debtors' ongoing operations are projected to result in material monthly cash shortfalls (assuming all professional fees and property taxes are kept current). As such, although the net proceeds of the \$8,750,000 refinancing, plus the Debtors' current bank account balances were, by the Receiver's estimated calculations as at October 31, 2024, marginally sufficient to warrant a motion to discharge the Receiver and terminate these proceedings on certain terms, such margin is projected to erode as time continued to pass. For greater certainty, such conclusion was predicated on the Debtors providing evidence of their ability to service all pre-receivership liabilities and post-receivership termination expenditures.
90. The Receiver further notes that the estimates of professional fees in the Summary of Estate Accounts and Refinancing Calculation Estimate assumed normal course activity. The litigation steps taken by the principals of the Debtors in these proceedings and other receivership proceedings, including raising various allegations against the Receiver and lack of engagement

with the Receiver to resolve the receivership issues, including not responding to the Receiver regarding the Summary of Estate Accounts and Refinancing Calculation Estimate, have resulted in higher than projected professional fees for the month of October.

91. Furthermore, the Receiver's calculations do not contemplate the payment of pre-receivership liabilities, including any priority payables, or post-discharge expenditures of the business.
92. As a result of these issues, the Receiver requires evidence from the Debtors that additional funding will be available in the event of a shortfall. Other than an oral representation from Mr. Difilippo that the interest reserve can be reduced if necessary (notwithstanding the terms of the Amended Commitment Letter), no other assurance has been provided.

IX. ADVICE AND DIRECTIONS

93. Pursuant to the Amended Receivership Order, Receiver may from time to time apply to this Honourable Court for advice and directions in the discharge of its powers and duties thereunder.
94. The Receiver has been clear throughout its communications that it always has been and continues to be willing to assist with the Debtors' refinancing efforts, to the extent that such refinancing is for the benefit of all stakeholders.
95. On October 14, 2024, as a result of a routine title search, the Receiver discovered that on, October 4, 2024, counsel to the Debtors registered an Application to Change Name against title to certain of the Property. The registration was without the Receiver's knowledge or consent and is in breach of the Receivership Order. A copy of the Application to Change Name - Owner is attached hereto as **Appendix "R"**.
96. By email, dated October 15, 2024, the Receiver's counsel wrote to the Debtors' counsel providing a copy of the Application to Change Name, requesting copies of all post-receivership registrations in respect of the properties subject to the Receivership Order that they have undertaken or are aware of and asked for an explanation as to the context in which those registrations were made. No response has been received.
97. The Initial Commitment Letter and Amended Commitment Letter do not include, as a condition to the advances thereunder, the discharge of the Receiver or the termination of the receivership proceedings. As such, the Debtors could repay DUCA in full at any time in order to stop any further accrual of interest on the DUCA indebtedness and the incurrence of DUCA's professional advisory costs. However the Debtors have communicated to the Receiver and this Court their desire that the Receiver be discharged.

98. By letter, dated October 16, 2024, Mann Lawyers wrote to this Honourable Court requesting an urgent hearing date for, among other things, a stay of the Residential Sale Process and the discharge of the Receiver. Attached to the letter was a draft notice of motion which contained, among other things, a request for leave to pursue a proceeding against the Receiver. No further details as to basis of the proceeding have been provided and any such proceeding would need to be finally disposed of prior to the discharge of the Receiver.
99. By letter, dated October 17, 2024, Dentons wrote to the Court in response to Mann Lawyers' letter. A copy of the letter dated October 17, 2024, is attached hereto as **Appendix "S"**.
100. On October 22, 2024, the Receiver served a notice of motion seeking, among other things, advice and directions in respect of the suspension of the Residential Sales Process and the Debtors' the purported refinancing.
101. On October 22, 2024, Dentons wrote a letter to the Court, enclosing the Receiver's notice of motion and requesting an urgent case conference. A copy of the letter, dated October 22, 2024, is attached hereto as **Appendix "T"**.
102. As of the date of this Second Report, despite the Debtors' assertions, no parties have brought a motion to discharge the Receiver and there is currently no motion to discharge the Receiver pending before this Honourable Court.
103. Typically, a Court-appointed receiver is discharged upon the completion of its duties, including the realization of all assets and properties, the satisfaction of all post-receivership liabilities and the distribution of all monies in the hands of the receiver. The discharge of a receiver in the midst of a receivership and sale process, in circumstances where the Receiver is in possession and control of the Debtors' operating business, arises very infrequently and is a much more complicated process.
104. At a high level, the following steps must be completed prior to the Receiver's discharge:
 - a) the Debtors should provide evidence satisfactory to this Court that post-discharge they will pay all pre-receivership liabilities and be sufficiently capitalized to satisfy their go-forward obligations in the normal course;
 - b) all post-receivership liabilities of the Receiver including but not limited to HST, property taxes, utilities, and property management fees must be accounted for and satisfied in full, which requires a reserve of funds to be maintained by the Receiver;
 - c) fees and disbursements of the Receiver and its counsel must be approved by the Court and paid in full as approved;

- d) the payment of all monies remaining in the Receiver's hands or to be received, if any, as directed by the Court;
 - e) any proceedings commenced against the Receiver must be finally determined;
 - f) the Receiver is required to file its final statements of receipts and disbursements and complete the administration of the estates;
 - g) the issuance of an Order discharging the Receiver upon the Receiver filing a certificate ("**Discharge Certificate**") confirming all remaining activities have been completed, on such terms as this Court may determine; and
 - h) the filing by the Receiver of the Discharge Certificate.
105. On October 21, 2024, counsel to the Debtors provided a draft consent discharge order. The draft order was unacceptable to the Receiver as it fails to address numerous items required as part of terminating these proceedings and discharging the Receiver.
106. On November 1, 2024, counsel to the Debtors delivered to the Receiver and its counsel a "with prejudice" letter appending a draft discharge order. The letter confirms that the Debtors have ostensibly incurred post-receivership liabilities in the form of interest charges by virtue of the advance by the New Lender. A copy of the November 1, 2024, "with prejudice" letter is attached hereto as **Appendix "U"**. Similar to the original draft order proposed by the Debtors, the form of order is unacceptable to the Receiver for various reasons and bears little similarity to the Commercial List Users' Committee Model Discharge Order.
107. The Receiver has the following concerns with respect to the proposed refinancing, the termination of these proceedings and the discharge of the Receiver at this time:
- a) the proposed refinancing will increase the Debtors' secured indebtedness by approximately \$1.9 million (\$8,750,000 total financing less DUCA indebtedness of \$6,836,833.73) with no apparent benefit to the stakeholders as there is no evidence that the proceeds of the refinancing will be available to satisfy the Debtors' working capital requirements;
 - b) the Debtors have not satisfied the Receiver that, after the repayment of the DUCA indebtedness and the Receiver's discharge, they will be solvent with sufficient working capital to satisfy their pre-receivership liabilities and operate their business as a going concern. The replacement of one secured lender with another does not resolve the Debtors' cash flow challenges and the Debtors have not provided any cash flow forecasts

to substantiate the ability of the Debtors to pay their pre-receivership and post-discharge obligations;

- c) notwithstanding the Receiver's assessment that the net amount of the \$8.75 million financing would be marginally sufficient to cover the costs associated with terminating these proceedings, the Receiver's projections for October 2024 and monthly thereafter were based on estimates, that are subject to change, and actual results may vary materially. Furthermore, the monthly projected cash flow shortfalls, accounting for accrued priority payables and professional fees, will quickly erode any surplus of refinancing proceeds. Without evidence that additional funding is available to cover any shortfalls, it is unlikely the refinancing proceeds will be sufficient to pay all post-receivership liabilities, priorities payables and professional fees;
- d) the Debtors' counsel advised that all conditions have been satisfied and that the New Lender has advanced funding, however the Amended Commitment Letter contains numerous conditions precedent, including security over the Debtors' Property, and it is not clear how all conditions precedent have been met. The Receiver's recent real property searches did not uncover any registered mortgage/charge in favour of the New Lender. Any such registration would, in any event, be a breach of the Amended Receivership Order; and
- e) the Debtors' records show substantial intercompany indebtedness owing to related parties, and certain of those parties are themselves subject to receivership proceedings with significant liabilities owing to unrelated creditors.

108. In addition to the above concerns, in these unique circumstances, including the request to discharge the Receiver prior to the completion of its normal duties, with unknown liabilities potentially arising post-discharge, the terms of the Receiver's discharge should include an indemnity from the parties, however such indemnity may be not be attainable or of value.

109. In the event that the Receiver's concerns set out in this Second Report are addressed, along with any new issues that may arise, and the Receiver is adequately protected on its discharge from unknown liabilities and claims that may subsequently arise, the Receiver does not anticipate taking a position on its discharge.

110. At the juncture, the Receiver seeks advice and directions as to whether:

- a) the Residential Sale Process should be suspended for a longer time period to allow time for the refinancing to be effectuated and the necessary steps to be undertaken to terminate these proceedings and seek the Receiver's discharge; or
- b) the Residential Sale Process should be recommenced.

111. In the event this Honourable Court directs that the Residential Sales Process be further suspended, for the reasons set out in this Second Report, the Receiver recommends that such suspension be for no longer than two (2) weeks. During that time, the Debtors should take all necessary steps to complete the refinancing including, without limitation, providing evidence regarding their ability to satisfy all pre-receivership liabilities, pay all accrued and unpaid post-receivership liabilities, and operate their business and satisfy post-receivership termination obligations. The Receiver will be available to assist in such efforts but the Debtors should be the moving party seeking the termination of the proceedings and the discharge of the Receiver. If the Debtors are unable to do so, the Receiver will then recommence the Residential Sales Process.

X. DEBTORS' DRAFT NOTICE OF MOTION AND AFFIDAVIT

112. As noted above, on October 16, 2024, the Debtors' emailed a draft notice of motion to the Court and requested an urgent motion date. The Debtors filed their draft notice of motion and an affidavit of Mr. Difilippo, sworn October 22, 2024 ("**October 22 Affidavit**"), in response to the Central receivership application heard by this Honourable Court on October 28, 2024.
113. The draft notice of motion and October 22 Affidavit, which have not been served or filed in the within proceedings, contain numerous inaccuracies and misrepresentations with respect to these proceedings and the Receiver's conduct.
114. The Receiver has at all times undertaken its duties competently with appropriate diligence and denies in full all of the Debtors' allegations. In particular, the Receiver brings to the Court's attention the following inaccuracies contained in the Debtors' materials.

(a) Increase in Fees

115. Contrary to the accusations of the Debtors, the "increase" in the fees of the Receiver and its counsel from \$425,000 as of September 13, 2024, to \$519,802.84 as of September 30, 2024, is largely explained by the addition of HST in respect of the September 13th amount.
116. The Fee Email clearly states that applicable sales taxes are in addition to the approximately \$425,000 of combined fees and disbursements. HST on \$425,000 totals approximately

\$55,250, such that the after tax amount owing as of September 13, 2024 was approximately \$480,250. As such, the actual increase in combined fees of the Receiver and its counsel, between September 13, 2024 and September 30, 2024, is \$35,000 (plus HST). A substantial portion of the Receiver's fees and those of its counsel since September 13, 2024 pertain to their attempts to understand the parameters of the refinancing, and assist the Debtors' refinancing efforts.

(b) Payment of Post-Receivership Obligations

117. The Receiver has paid all necessary post-receivership payables. On the expectation that the Receiver will realize on real property, municipal property taxes are often accrued during receivership proceedings and paid on closing. As is evident from the September R&Ds, there is insufficient cash from operations to pay all property taxes for the balance of 2024, such that the Receiver would have to borrow funds to pay same. All pre and post-receivership property taxes will need to be paid prior to the payout of DUCA and discharge of the Receiver.
118. The Receiver promptly filed all outstanding HST returns once CRA provided the Receiver with access to the Debtors' accounts and opened the new HST branch accounts requested by the Receiver. The Receiver has remitted payment for all post-receivership HST liabilities.

(c) Sufficiency of Refinancing

119. At no time did the Receiver represent to the Debtors that the net available amount of the \$8.5 million (or \$8.75 million) financing would be sufficient to complete a refinancing, including repayment of the indebtedness owing to DUCA, post-receivership obligations and professional fees. The Receiver consistently maintained that the net amount of the \$8,500,000 was likely insufficient, given the fees payable to the New Lender (\$175,000) and Hawco Peters (\$183,750), the entity presumably engaged by the Debtors, without the Receiver's knowledge or consent, to source refinancing for the DUCA indebtedness, and the interest reserve (\$921,375), which the New Lender has mandated be withheld from the refinancing proceeds to service the New Lender's loan.
120. As early as September 25, 2024, the Receiver expressed its concern that the net amount of the \$8.5 million funding appeared to be insufficient to satisfy all obligations necessary to terminate the receivership proceedings.

(d) Providing Particulars of Receivership Expenses

121. The Property consists primarily of an operating real estate business. Expenses accrue daily and it is not an efficient use of resources to continually update calculations of accruals and

estimated future expenses. During the Pre-Receivership Engagement, as a result of the Debtors' difficulties computing accurate cash flow estimates, Mr. Difilippo refused to provide cash flow statements as required.

122. By email, dated September 23, 2024, the Receiver provided to the Debtors the total amount of accrued fees of the Receiver and its counsel (net of HST) as at September 13, 2024.
123. Due to its concerns with the quantum of the potential refinancing, it was the Receiver that recommended preparing the Summary of Estate Accounts and Refinancing Calculation Estimate. These calculations, among other things, detailed the estates' income and expenses and provided updated figures for the fees and disbursements of the Receiver and its counsel (to September 30, 2024, and estimates for October 2024 and monthly thereafter). The Receiver prepared these calculations solely for the purposes of assisting the Debtors with their refinancing efforts.

XI. PROFESSIONAL FEES

124. The Receiver and Counsel have maintained detailed records of their professional time and disbursements in relation to these proceedings.
125. Pursuant to paragraph 21 of the Amended Receivership Order, the Receiver and its counsel are directed to pass their accounts from time to time. The Receiver and counsel have yet to pass their accounts but will do so at the appropriate time, prior to discharge and will file fee affidavits in support of same.

XII. CONCLUSION

126. The Receiver respectfully requests the Court provide the Receiver with advice and direction on how it should proceed with respect to the Residential Sales Process and the Debtors' contemplated refinancing, including the potential termination of these proceedings and discharge of the Receiver.

All of which is respectfully submitted on the 4th day of November, 2024.

BDO Canada Limited
in its capacity as Court-Appointed Receiver of
Ashcroft Homes – 101 Richmond Road Inc.;
Ashcroft Homes – 108 Richmond Road Inc.; and
Ashcroft Homes – 111 Richmond Road Inc.,
and not in its personal or corporate capacity
Per:



Matthew Marchand, CPA, CMA, CIRP, LIT
Senior Vice President

Appendix “A” to the Second Report of the Receiver



Court File No. CV-24-00095337-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE MR.

)

THURSDAY, THE 16TH

)

JUSTICE C. MACLEOD

)

DAY OF MAY, 2024

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

- and -

**ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., AND ASHCROFT
HOMES – 111 RICHMOND ROAD INC.**

Respondents

**ORDER
(Appointing Receiver)**

THIS APPLICATION made by the Applicant, DUCA Financial Services Credit Union Ltd. (“**DUCA**”), for an Order 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**”) appointing BDO Canada Limited as receiver (in such capacity, the “**Receiver**”) without security, of all of the assets, undertakings and properties of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. (“**108 Richmond**”), and Ashcroft Homes – 111 Richmond Road Inc. (collectively, the “**Debtors**” and individually, a “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Application Record of DUCA, which includes the affidavit of Ivan Bogdanovich, sworn April 23, 2024 and the Exhibits thereto, the Responding Record of the Debtors, and on hearing the submissions of counsel for DUCA and the Debtors, no one appearing for any other party although duly served as appears from the affidavits of service of

Russell Crawford affirmed May 1, 2024, and Ariyana Botejue affirmed May 2, 2024, and on reading the consent of BDO Canada Limited to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the “**Property**”), save and except for the real property municipally known as 114 Richmond Road, Ottawa, Ontario and bearing legal description PART OF LOT 13 PLAN 449 AND PART OF BLOCK C PLAN 152, BEING PARTS 2, 3 AND 7 ON PLAN 4R-28155.; SUBJECT TO AN EASEMENT IN GROSS OVER PARTS 2 AND 3 ON PLAN 4R-28155 AS IN OC1430889; SUBJECT TO AN EASEMENT IN GROSS OVER PART 3 ON PLAN 4R-28155 AS IN OC1455884; SUBJECT TO AN EASEMENT AS IN OC1455885; SUBJECT TO AN EASEMENT AS IN OC1457862; SUBJECT TO AN EASEMENT IN GROSS AS IN OC1595888; CITY OF OTTAWA, all of which is PIN 04021-0451 (LT) (being the “**114 Richmond Property**”).
3. **THIS COURT ORDERS** that this Order is without prejudice to any security, priority, or other claims DUCA may have to the personal property assets of 108 Richmond as the same relate to the 114 Richmond Property or otherwise.

RECEIVER’S POWERS

4. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, on and after the 17th day of June, 2024, the Receiver is hereby

expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of a Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of a Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;

- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of a Debtor, for any purpose pursuant to this Order;
 - (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to a Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
 - (j) 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;
 - (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required.
- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of a Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of a Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by a Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which a Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person. In the interim, being as of the date of this Order until June 16, 2024 (the “**Interim Period**”), prior to exercising these powers, the Receiver may monitor the business and affairs of the Debtors in such manner as the Receiver may consider to be appropriate, and the Debtors shall fully cooperate in a timely manner with the Receiver to fulfill its monitoring role. The Receiver, in its monitoring role during the Interim Period, shall be afforded all protections otherwise afforded to it in this Order, and without limiting the generality of the foregoing, including the limitation of liability as set out in paragraph 18 of this Order.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.
6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
7. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems

expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST A DEBTOR OR THE PROPERTY

10. **THIS COURT ORDERS** that no Proceeding against or in respect of a Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of a Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by a Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. **THIS COURT ORDERS** that all Persons having oral or written agreements with a Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to a Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of a Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of a Debtor or such other practices as may be

agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the “**Post Receivership Accounts**”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. **THIS COURT ORDERS** that all employees of a Debtor shall remain the employees of that Debtor until such time as the Receiver, on the Debtors behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such

information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “Environmental Legislation”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER’S LIABILITY

18. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection*

Program Act. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the “**Receiver's Charge**”) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
20. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.
21. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such

period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver's Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
24. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.
25. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

26. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at [https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-%20commercial/#Part III The E-Service List](https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-%20commercial/#Part_III_The_E-Service_List)) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol

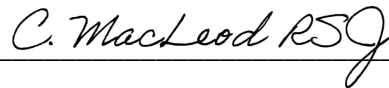
with the following URL <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/ashcroft-homes>

27. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
29. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
30. **THIS COURT ORDERS** that the Receiver is hereby authorized and empowered, but not obligated, to cause one or more of the Debtors to make an assignment in bankruptcy and nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of any Debtor.
31. **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.

32. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
33. **THIS COURT ORDERS** that DUCA may recover costs incurred in bringing this Application and obtaining this order as may be provided by the terms of DUCAs security or, if not so provided by DUCA's security, and subject to the rights, if any, of the Respondents to dispute those costs.
34. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



Issuance on May 31, 2024

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

THIS IS TO CERTIFY that BDO Canada Limited, the receiver (the “**Receiver**”) of the assets, undertakings and properties of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc. (collectively, the “**Debtors**” and individually, a “**Debtor**”) acquired for, or used in relation to a business carried on by a Debtor, including all proceeds thereof (collectively, the “**Property**”) appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated the 16th day of May, 2024 (the “**Order**”) made in an action having Court file number CV-24-0009537-0000, has received as such Receiver from the holder of this certificate (the “**Lender**”) the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

35. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
36. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
37. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

38. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

39. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

40. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

BDO Canada Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

DUCA FINANCIAL SERVICES CREDIT UNION
LTD.

-and-

ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT
HOMES – 108 RICHMOND ROAD INC., and ASHCROFT HOMES –
111 RICHMOND ROAD INC.

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT OTTAWA

ORDER

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Barristers & Solicitors
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Email: sgaudreau@blaney.com

Lawyers for the Applicant

Appendix “B” to the Second Report of the Receiver

ONTARIO
SUPERIOR COURT OF JUSTICE

BEFORE THE HONOURABLE)
MADAM JUSTICE S. CORTHORN)

TUESDAY, the 3rd DAY
OF SEPTEMBER, 2024

B E T W E E N:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

- and -

**ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., AND ASHCROFT
HOMES – 111 RICHMOND ROAD INC.**

Respondents

**AMENDED AND RESTATED ORDER
(Appointing Receiver)**

THIS APPLICATION for an order 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**”) appointing BDO Canada Limited as receiver (in such capacity, the “**Receiver**”) without security, of all of the assets, undertakings and properties of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. (“**108 Richmond**”) and Ashcroft Homes – 111 Richmond Road Inc. (collectively, the “**Debtors**” and individually, a “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtors (not including the 114 Richmond Property, defined below), was heard on May 16, 2024 at the Courthouse, located at 161 Elgin Street, Ottawa, Ontario.



ON READING the application record of DUCA, which includes the affidavit of Ivan Bogdanovich, sworn April 23, 2024, the responding record of the Debtors, the motion Record of the Receiver dated August 22, 2024, the First Report of the Receiver, dated August 21, 2024, the responding motion record of DUCA dated August 28, 2024, the Supplemental Report to First Report the of the Receiver, dated August 30, 2024 and on hearing submissions of counsel for DUCA (who advised that DUCA consents to the amended and restated order), counsel for the Receiver, counsel for the Respondents (who advised that the Respondents neither oppose nor consent to the amended and restated order) and such other counsel listed on the Counsel Slip, no one appearing for any other party although duly served as appears from the affidavits of service of Russell Crawford affirmed May 1, 2024, Ariyana Botejue affirmed May 2, 2024, Hanqiong (Joan) Xu affirmed August 19 & 26, 2024, Amanda Campbell sworn August 22 & 30, 2024, and on reading the consent of BDO Canada Limited to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors and all proceeds thereof, including, without limitation, the real properties registered in the names of the Debtors located in Ottawa, Ontario and more particularly described in Schedule “A” to this order (the “**Property**”).

3. **THIS COURT ORDERS** that the Property does not include the real property municipally known as 114 Richmond Road, Ottawa, Ontario and bearing legal description PART OF LOT 13 PLAN 449 AND PART OF BLOCK C PLAN 152, BEING PARTS 2, 3 AND 7 ON PLAN 4R-28155.; SUBJECT TO AN EASEMENT IN GROSS OVER PARTS 2 AND 3 ON PLAN 4R-28155 AS IN OC1430889; SUBJECT TO AN EASEMENT IN GROSS OVER PART 3 ON PLAN 4R-28155 AS IN OC1455884; SUBJECT TO AN EASEMENT AS IN OC1455885; SUBJECT TO AN EASEMENT AS IN OC1457862; SUBJECT TO AN EASEMENT IN GROSS AS IN OC1595888; CITY OF OTTAWA, all of which is PIN 04021-0451 (LT) (being the “**114 Richmond Property**”).

4. **THIS COURT ORDERS** that this order is without prejudice to any security, priority, or other claims DUCA may have to the personal property assets of 108 Richmond as the same relate to the 114 Richmond Property or otherwise.

RECEIVER’S POWERS

5. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, on and after the 17th day of June, 2024, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of

Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of a Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of a Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of a Debtor, for any purpose pursuant to this order;

- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to a Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) 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;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; and
 - (ii) with the approval of this court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the *Ontario Personal Property Security Act* or section 31 of the *Ontario Mortgages Act*, as the case may be, shall not be required.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this order and any other orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of a Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of a Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by a Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which a Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person. In the interim, being as of the date of this order until June 16, 2024 (the “**Interim Period**”), prior to exercising these powers, the Receiver may monitor the business and affairs of the Debtors in such manner as the Receiver may consider to be appropriate, and the Debtors shall fully cooperate in a timely manner with the Receiver to fulfill its monitoring role. The Receiver, in its monitoring role during the Interim Period, shall be afforded all protections otherwise afforded to it in this order, and without limiting the generality of the foregoing, including the limitation of liability as set out in paragraph 19 of this order.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

7. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media

containing any such information (the foregoing, collectively, the “**Records**”) in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 7 or in paragraph 8 of this order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

8. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

9. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least

seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further order of this court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

10. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this court.

NO PROCEEDINGS AGAINST A DEBTOR OR THE PROPERTY

11. **THIS COURT ORDERS** that no Proceeding against or in respect of a Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this court and any and all Proceedings currently under way against or in respect of a Debtor or the Property are hereby stayed and suspended pending further order of this court.

NO EXERCISE OF RIGHTS OR REMEDIES

12. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from

compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

13. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by a Debtor, without written consent of the Receiver or leave of this court.

CONTINUATION OF SERVICES

14. **THIS COURT ORDERS** that all Persons having oral or written agreements with a Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to a Debtor are hereby restrained until further order of this court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of a Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this order are paid by the Receiver in accordance with normal payment practices of a Debtor or such other practices as may

be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this court.

RECEIVER TO HOLD FUNDS

15. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the “Post Receivership Accounts”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this order or any further order of this court.

EMPLOYEES

16. **THIS COURT ORDERS** that all employees of a Debtor shall remain the employees of that Debtor until such time as the Receiver, on the Debtors behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

17. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal

information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “Environmental Legislation”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this order or anything done in pursuance of the Receiver’s duties and powers under this order, be

deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

19. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the “**Receiver's Charge**”) on the Property, as security for such fees and disbursements, both before and after the making of this order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

22. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this court.

FUNDING OF THE RECEIVERSHIP

23. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver's Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this order shall be enforced without leave of this court.

25. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “B” hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this order.

26. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this order or any further order of this court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver’s Certificates.

SERVICE AND NOTICE

27. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-%20commercial/#Part_III_The_E-Service_List) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/ashcroft-homes>.

28. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this order, any

other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

29. **THIS COURT ORDERS** that the Receiver may from time to time apply to this court for advice and directions in the discharge of its powers and duties hereunder.

30. **THIS COURT ORDERS** that nothing in this order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

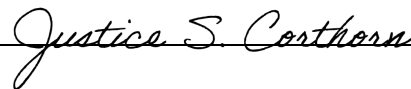
31. **THIS COURT ORDERS** that the Receiver is hereby authorized and empowered, but not obligated, to cause one or more of the Debtors to make an assignment in bankruptcy and nothing in this order shall prevent the Receiver from acting as a trustee in bankruptcy of any Debtor.

32. **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.

33. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this order and for assistance in carrying out the terms of this order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

34. **THIS COURT ORDERS** that DUCA may recover costs incurred in bringing this Application and obtaining this order as may be provided by the terms of DUCA's security or, if not so provided by DUCA's security, and subject to the rights, if any, of the Respondents to dispute those costs.

35. **THIS COURT ORDERS** that any interested party may apply to this court to vary or amend this order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this court may order.



Issuance on September 5, 2024

SCHEDULE “A”**LEGAL DESCRIPTIONS OF THE PROPERTY****101 Richmond Properties:**

1. Unit 6, Level 1, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0006(LT), in LRO #4.
2. Unit 8, Level 1 Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0008 (LT), in LRO #4.
3. Unit 9, Level 1 Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0009 (LT), in LRO #4.
4. Unit 10, Level 1 Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0010 (LT), in LRO #4.
5. Unit 11, Level 1, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0011(LT), in LRO #4.
6. Unit 12, Level 1, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0012(LT), in LRO #4.
7. Unit 13, Level 1, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0013(LT), in LRO #4.
8. Unit 14, Level 1, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0014(LT), in LRO #4.
9. Unit 15, Level 1, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0015(LT), in LRO #4.
10. Unit 20, Level 3, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0056(LT), in LRO #4.

108 Richmond Properties:

1. Unit 1, Level 1, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0001 (LT), in LRO #4.
2. Unit 2, Level 1, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0002(LT), in LRO #4.
3. Unit 3, Level 1, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0003(LT), in LRO #4.
4. Unit 1, Level 2, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0004(LT), in LRO #4.
5. Unit 11, Level 2, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0014(LT), in LRO #4.
6. Unit 37, Level 4, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0089(LT), in LRO #4.
7. Unit 6, Level 5, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0106(LT), in LRO #4.
8. Unit 16, Level 6, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0166(LT), in LRO #4.
9. Unit 34, Level 6, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0184(LT), in LRO #4.
10. Unit 37, Level 6, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0187(LT), in LRO #4.
11. Unit 7, Level 7, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0207(LT), in LRO #4.

12. Unit 15, Level 9, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0315(LT), in LRO #4.
13. Unit 34, Level 9, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0334(LT), in LRO #4.
14. Unit 47, Level 4, Ottawa-Carleton Standard Condominium Plan No. 963 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1653772; City of Ottawa, being all of PIN 15963-0099 (LT), in LRO #4.

111 Richmond Properties:

1. Unit 2, Level 1, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657; City of Ottawa, being all of PIN 15937-0002(LT), in LRO #4.
2. Unit 7, Level 1, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657; City of Ottawa, being all of PIN 15937-0007(LT), in LRO #4.
3. Unit 9, Level 1, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657; City of Ottawa, being all of PIN 15937-0009(LT), in LRO #4.
4. Unit 1, Level 2, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657; City of Ottawa, being all of PIN 15937-0010(LT), in LRO #4.
5. Unit 6, Level 2, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657; City of Ottawa, being all of PIN 15937-0015(LT), in LRO #4.
6. Unit 11, Level 2, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657; City of Ottawa, being all of PIN 15937-0020(LT), in LRO #4.
7. Unit 24, Level 3, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657; City of Ottawa, being all of PIN 15937-0048(LT), in LRO #4.
8. Unit 20, Level 8, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657; City of Ottawa, being all of PIN 15937-0164(LT), in LRO #4.

9. Unit 1, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0113 (LT), in LRO #4.
10. Unit 2, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0114 (LT), in LRO #4.
11. Unit 3, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0115 (LT), in LRO #4.
12. Unit 4, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0116 (LT), in LRO #4.
13. Unit 5, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0117 (LT), in LRO #4.
14. Unit 10, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0122 (LT), in LRO #4.
15. Unit 11, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688; City of Ottawa, being all of PIN 15889-0123 (LT), in LRO #4.
16. Unit 12, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0124 (LT), in LRO #4.
17. Unit 13, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0125 (LT), in LRO #4.
18. Unit 14, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0126 (LT), in LRO #4.
19. Unit 15, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0127 (LT), in LRO #4.

20. Unit 16, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0128 (LT), in LRO #4.
21. Unit 17, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0129 (LT), in LRO #4.
22. Unit 18, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0130 (LT), in LRO #4.
23. Unit 19, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0131 (LT), in LRO #4.
24. Unit 20, Level A, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0132 (LT), in LRO #4.
25. Unit 52, Level B, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0225 (LT), in LRO #4.
26. Unit 125, Level C, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0367 (LT), in LRO #4.
27. Unit 133, Level C, Ottawa-Carleton Standard Condominium Plan No. 889 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1315688, City of Ottawa, being all of PIN 15889-0375 (LT), in LRO #4.
28. Unit 110, Level B, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657, City of Ottawa, being all of PIN 15937-0360 (LT), in LRO #4.
29. Unit 55, Level D, Ottawa-Carleton Standard Condominium Plan No. 937 and its appurtenant interest; subject to easements as set out in Schedule A as in OC1551657, City of Ottawa, being all of PIN 15937-0536 (LT), in LRO #4.

SCHEDULE “B”
RECEIVER CERTIFICATE

CERTIFICATE NO.

AMOUNT \$

1. THIS IS TO CERTIFY that BDO Canada Limited, the receiver (the “**Receiver**”) of the assets, undertakings and properties of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc. (collectively, the “**Debtors**” and individually, a “**Debtor**”) acquired for, or used in relation to a business carried on by a Debtor, including all proceeds thereof (collectively, the “**Property**”) appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated the 16th day of May, 2024 (the “**Order**”) made in an action having Court file number CV-24-0009537-0000, has received as such Receiver from the holder of this certificate (the “**Lender**”) the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the

Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

1. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
2. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
3. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
4. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____, day of _____, 20__.

BDO Canada Limited, solely in its capacity as
Receiver of the Property, and not in its personal
capacity

Per: _____

Name:

Title:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.
Applicant

-and-

ASHCROFT HOMES – 101 RICHMOND ROAD INC., et al.
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT OTTAWA

**AMENDED AND RESTATED ORDER
(Appointing Receiver)**

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

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*Lawyers for BDO Canada Limited, in its capacity as the Court-
appointed Receiver of Ashcroft Homes – 101 Richmond Road Inc.,
Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes –
111 Richmond Road Inc.*

Appendix “C” to the Second Report of the Receiver

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BEFORE THE HONOURABLE
MADAM JUSTICE CORTHORN

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)

TUESDAY, the 3rd DAY
OF SEPTEMBER, 2024

B E T W E E N:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

- and -

**ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., AND ASHCROFT
HOMES – 111 RICHMOND ROAD INC.**

Respondents

ORDER

(Approval of Sales Process for Residential Units and Additional Properties)

THIS MOTION, made by BDO Canada Limited (“**BDO**”), in its capacity as the court-appointed receiver (the “**Receiver**”) of the assets, undertakings, and properties (the “**Property**”) of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc. (the “**Debtors**”), appointed pursuant to an order of this court dated May 16, 2024, as amended and restated pursuant to the order of this court, dated September 3, 2024 (the “**Receivership Order**”), was heard this day, by videoconference, at the Courthouse located at 161 Elgin Street, Ottawa, Ontario.

ON READING the motion record of the Receiver including the First Report of the Receiver dated August 21, 2024 (the “**First Report**”), the responding motion record of DUCA Financial Services Credit Union Ltd. (“**DUCA**”) dated August 28, 2024, the Supplemental Report to First Report of the Receiver, dated August 30, 2024 (the “**Supplemental First Report**”), and on hearing submissions of counsel for DUCA (who advised that DUCA consents to the Sales Process Order), counsel for the Receiver, counsel for the Respondents (who advised that the Respondents neither



oppose nor consent to this Sales Process Order), and such other counsel listed on the Counsel Slip, no one else appearing although properly served as appears from the affidavits of service of Hanqiong (Joan) Xu affirmed August 19 & 26, 2024, and Amanda Campbell sworn August 22 & 30, 2024 filed,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used in this order and not otherwise defined herein shall have the meanings ascribed to them in the First Report.

APPROVAL OF REPORT AND R&D

3. **THIS COURT ORDERS** that the First Report and the activities and conduct of the Receiver described therein be and are hereby approved.
4. **THIS COURT ORDERS** that the Receiver's interim statements of receipts and disbursements, as of August 18, 2024, be and are hereby approved.

APPROVAL OF SALES PROCESS

5. **THIS COURTS ORDERS** that the sales process (the "**Sales Process**") in respect of the Occupied Residential Units, the Vacant Residential Units, and the parking spaces, lockers and bike racks owned by the Debtors (collectively, the "**Residential Units and Additional Properties**"), as described in the First Report and the Supplemental First Report, is hereby approved and the Receiver is hereby authorized and directed to implement the Sales Process in respect of the Residential Units and Additional Properties pursuant to the terms thereof. The Receiver is hereby authorized and directed to do all things reasonably necessary or desirable to give full effect to the Sales Process and to perform its obligations thereunder, including entering into listing agreements with Colliers Macaulay Nicolls Inc., Brokerage ("**Colliers Brokerage**") to list the Residential Units and Additional Properties for sale, subject to prior approval of the court being obtained before completion of any transaction(s) under the Sales Process.

6. **THIS COURT ORDERS** that the Receiver and its affiliates, partners, directors, officers, employees, legal advisors, representatives, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities of any nature or kind to any person in connection with or as a result of the Sales Process, except to the extent of losses, claims, damages or liabilities that arise or result from the gross negligence or wilful misconduct of any such person (with respect to such person alone), in performing their obligations under the Sales Process, as determined by this court in a final order that is not subject to appeal or other review and all risk to seek any such appeal or other review shall have expired.

7. **THIS COURT ORDERS** that in overseeing the Sales Process, the Receiver shall have all of the benefits and protections granted to it pursuant to the Receivership Order, and any other order of this court in the within proceedings, or otherwise provided by law.

8. **THIS COURT ORDERS** that the Receiver may from time to time apply to this court for advice and directions in connection with the Sales Process or the implementation thereof.

PIPEDA

9. **THIS COURT ORDERS** that in connection with the Sales Process and pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and any similar legislation in any other applicable jurisdictions, the Receiver, Colliers Brokerage and their respective advisors are hereby authorized and permitted to disclose and transfer to prospective purchasers and their respective advisors personal information of identifiable individuals, but only to the extent required to facilitate diligence in respect of, negotiate or attempt to complete a transaction pursuant to the Sales Process (a “**Transaction**”). Each prospective purchaser to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Transaction, and, if it does not complete a Transaction, shall return all such information to the Receiver, or, in the alternative, destroy all such information and provide confirmation of its destruction if requested by the Receiver. Any bidder with a successful bid shall maintain and protect the privacy of such information and, upon closing of the Transaction(s) contemplated in the successful bid(s), shall be entitled to use the personal information provided to it that is related to the Property acquired pursuant to the Sales Process in a manner that is in all material respects identical to the prior use

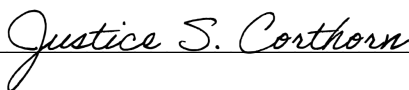
of such information by the Receiver, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Receiver.

GENERAL

10. **THIS COURT ORDERS** that this order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, or any other jurisdiction, 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, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this order.

12. **THIS COURT ORDERS** that this order and all of its provisions are effective as of 12:01 a.m. (Toronto time) on the date of this order without the need for entry or filing.

A handwritten signature in cursive script, reading "Justice S. Corthorn", is written over a horizontal line.

Issuance on September 5, 2024

Applicant	-and-	Respondents
DUCA FINANCIAL SERVICES CREDIT UNION LTD.		ASHCROFT HOMES – 101 RICHMOND ROAD INC., et al.

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT OTTAWA

ORDER
(Approval of Sales Process for Residential Units)

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Lawyers for BDO Canada Limited, in its capacity as the Court-appointed Receiver of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc.

Appendix “D” to the Second Report of the Receiver

ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT HOMES – 108 RICHMOND ROAD INC., ASHCROFT HOMES - 111 RICHMOND ROAD INC.

FIRST REPORT OF THE RECEIVER

August 21, 2024

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

- and -

**ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT HOMES – 108 RICHMOND
ROAD INC., AND ASHCROFT HOMES - 111 RICHMOND ROAD INC.**

Respondents

**APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**FIRST REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS RECEIVER OF
ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT HOMES – 108 RICHMOND
ROAD INC., ASHCROFT HOMES - 111 RICHMOND ROAD INC.**

AUGUST 21, 2024

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APPENDICES

APPENDIX “A” –	Receivership Order dated May 16, 2024
APPENDIX “B” –	Real Property Legal Descriptions
APPENDIX “C” –	Additional Real Property Legal Descriptions

I. INTRODUCTION

1. Pursuant to the order of the Honourable Mr. Justice MacLeod of the Ontario Superior Court of Justice (the "**Court**") dated May 16, 2024 (the "**Receivership Order**"), BDO Canada Limited ("**BDO**") was appointed as receiver (the "**Receiver**") of all of the assets, undertakings and properties of Ashcroft Homes – 101 Richmond Road Inc. ("**101RR**"), Homes – 108 Richmond Road Inc. ("**108RR**") and Homes – 111 Richmond Road Inc. ("**111RR**") and collectively with 101RR and 108RR, "**Ashcroft**" or the "**Company**", save and except for the 114 Richmond Property (as defined in the Receivership Order) (collectively, the "**Property**"). The Receivership Order was effective June 17, 2024 (the "**Date of Appointment**"). A copy of the Receivership Order is attached hereto as **Appendix "A"**.

II. PURPOSE OF REPORT

2. The purpose of this first report of the Receiver (the "**First Report**") is to:
 - a) Provide this Court with certain information pertaining to the receivership, including:
 - (i) Ashcroft's background, current operations and certain facts leading to up to the appointment of the Receiver;
 - (ii) Activities of the Receiver leading up to and since the Date of Appointment;
 - (iii) The proposed sales process developed for the realization of the Real Property (defined below) to be undertaken by the Receiver (the "**Sales Process**"); and
 - (iv) The Receiver's interim statements of receipts and disbursements from the Date of Appointment to August 18, 2024.
 - b) Recommend that this Court make an order(s):
 - (i) Approving this First Report including the activities of the Receiver set out herein;
 - (ii) Amending the Receivership Order as detailed herein;
 - (iii) Approving the Sales Process; and
 - (iv) Approving the Receiver's interim statements of receipts and disbursements from the Date of Appointment to August 18, 2024.

III. QUALIFICATIONS

3. In preparing this First Report, the Receiver has relied upon unaudited financial information, Ashcroft's books and records, and other information provided to it (collectively, the "**Information**").

The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. The Receiver has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards (“GAAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, as such, the Receiver expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company’s financial forecasts in accordance with the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information reported on or relied upon in this First Report is based upon assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.

4. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.

IV. BACKGROUND & EVENTS LEADING TO THE APPOINTMENT OF THE RECEIVER

Company Overview & Corporate Structure

5. Ashcroft is a privately-owned Ontario corporation which owns residential and commercial condominium units and development lands located in Ottawa, ON. The Company does not have any employees.
6. On March 1, 2022, 101RR and 111RR amalgamated and continued as 111RR.
7. The Property includes eighteen (18) residential condominium units and approximately 38,400 square feet of commercial condominium space located in Ottawa, Ontario (the “**Real Property**”), as more particularly described in **Appendix “B”**. The Real Property is located within the following buildings (collectively, the “**Richmond Buildings**”):
 - a) A 9-story building comprised of three interconnected towers with the municipal addresses 88, 90, 98, 100, 108 Richmond Road, Ottawa, ON; and
 - b) Two 6-story buildings with the municipal addresses 91, 95, 97, 103, 101, 111, 113, 115, 117, 119, 121 Richmond Road, Ottawa, ON and 360 Patricia Avenue, Ottawa, ON.
8. Each of the Richmond Buildings have a ground floor consisting exclusively of commercial retail space. The remaining levels of each of the buildings consist of residential units, the majority of which are not owned by the Company.

9. As a result of searches conducted by the Receiver's counsel, Dentons Canada LLP ("**Dentons**"), the Receiver has recently become aware of a number of additional real properties (the "**Additional Real Properties**") owned by the Company, as more particularly described in **Appendix "C"**. The Additional Real Properties are not subject to the DUCA Charges (defined below), and the Receiver was previously unaware of them. Based on the Receiver's review of the legal descriptions, the Additional Real Properties are located within the Richmond Buildings and most of them appear to be lockers or parking spaces, however the Receiver has not yet confirmed same. The Receiver notified counsel to DUCA Financial Services Credit Union Ltd. ("**DUCA**") of the Additional Real Properties and the Receiver is considering appropriate next steps.
10. The Company also owns development lands located at 114 Richmond Road, Ottawa, ON (the "**114 Richmond Property**"). Pursuant to the terms of the Receivership Order, the 114 Richmond Property does not form part of the Property over which the Receiver has been appointed.

Events Leading to Appointment of a Receiver & Causes of Insolvency

11. The Receiver understands that DUCA provided a non-revolving five-year term loan to the Company in the maximum principal amount of \$8.8 million (the "**Loan**") pursuant to a commitment letter dated October 30, 2018, between DUCA, as lender, and the Company, as borrower. The Loan was advanced on November 30, 2018, and matured on November 30, 2023. As security for the Loan, among other things, on December 21, 2018, DUCA registered mortgages/charges in the principal amount of \$8,800,000 (the "**DUCA Charges**") against the Real Property.
12. In November 2023, Ashcroft was noted in default by DUCA because the loan matured but was not repaid. On December 4, 2023, DUCA and Ashcroft entered into a forbearance agreement. Ashcroft did not repay the Loan by the end of the forbearance period, which constituted an event of default under the forbearance agreement, and DUCA subsequently delivered a demand letter and a notice of intention to enforce security. On April 9, 2024, DUCA commenced the application seeking the appointment of the Receiver.
13. On May 16, 2024, the Honourable Justice MacLeod issued the Receivership Order, however, the Court determined that the Receiver's powers and authorizations would not take effect until on or after June 17, 2024 to afford the Company additional time to complete a full refinancing of the indebtedness owing to DUCA, which the Company had represented to the Court at that time it was in the process of obtaining. In the interim period, the Receiver would monitor the business and affairs of the Company in such manner as the Receiver considered appropriate. The

Company was ultimately unsuccessful in completing a refinancing and the Receiver's powers and authorities pursuant to the Receivership Order took effect on the Date of Appointment.

V. ACTIVITIES OF THE RECEIVER

Prior to the Date of Appointment

14. The Receiver, prior to its appointment, corresponded with DUCA, DUCA's legal counsel and the Receiver's legal counsel, Dentons with regards to the appointment of the Receiver and the preparation and review of appointment application materials.
15. The Receiver monitored the business and affairs of the Company from May 16, 2024, to June 16, 2024, including the status of refinancing efforts.

Taking Possession and Control of the Property

16. The Receiver proceeded to take possession and control of the Property on the Date of Appointment, including (but not limiting to) the following actions;
 - a) Two (2) representatives of the Receiver attending at the Property;
 - b) Confirming the status of insurance policies with the Company's insurance brokers and requesting that BDO be added as additional named insured and loss payee, as applicable, under the insurance policies;
 - c) Changing the locks of the vacant Real Property units;
 - d) Arranging to obtain copies of available books and records of the Company;
 - e) Notifying the condominium corporations and their respective property managers (the "**Common Elements PMs**") of the Receiver's appointment;
 - f) Freezing the Company's bank accounts with the Bank of Montreal and the Canadian Imperial Bank of Canada, opening new bank accounts in the name of the Receiver and coordinating transfer of funds from the Company's bank accounts to the Receiver's bank accounts;
 - g) Notifying, in-person, all tenants (that were open-for-business, for commercial units, or within their dwelling, for residential units) of the Receiver's appointment, by providing a tenant notice letter and copy of the Receivership Order. The tenant notice letter outlined the appointment of the Receiver and the authority by which the appointment was made, instructions for directing future rent payments to the Receiver and the requirement to provide

the Receiver with a copy of the current lease agreement (the “**Tenant Letters**”). Additionally, the Tenant Letter was sent to all tenants via courier; and

- h) Arranging for the continuation of all essential services, including utilities, for the Real Property.

Other Activities of the Receiver since the Date of Appointment

17. Since the Date of Appointment, the Receiver has also performed the following activities:

- a) Reviewed the Ashcroft insurance policies with the relevant insurance brokers to understand the coverage afforded under the various policies, and issuing payments as needed to maintain good standing of the insurance accounts;
- b) Engaged in various communications, discussions and follow-ups with tenants regarding rent payments, lease documentation, lease amendments, lease terminations, tenant insurance coverage, repairs and maintenance requests, and leasehold improvements;
- c) Prepared and circulated frequently asked questions to tenants regarding the receivership proceedings;
- d) Investigated condominium fee arrears balances identified by the condominium corporations and attempted to discuss same with the condominium corporation’s legal counsel;
- e) Reviewed related party accounts receivable and sent collection letters to request payment of related party balances reporting owing to the Company;
- f) Requested copies of relevant condominium corporation documents, including, but not limited to, by-laws, building rules and regulations, building appraisals, and reserve fund study reports;
- g) Coordinated common area modification requests and other matters between the commercial tenants and the Common Elements PMs;
- h) Received tenant notices to terminate leases and coordinated the vacating of applicable Real Property units;
- i) Engaged Sleepwell Property Management (“**Sleepwell**”) as the property manager over the Real Property to manage the day-to-day operations of the units;
- j) Engaged Colliers International Realty Advisors Inc. to appraise the value of the Real Property;

- k) Coordinated the creation of new vendor accounts for the Receiver for ongoing services to the Real Property;
- l) Arranged for the repair and maintenance of immediate safety concerns or other priority matters associated with the condition of certain of the Real Property units, including but not limited to, air conditioning units, replacement of broken heat pumps, and plumbing repairs;
- m) Arranged for and assessed listing proposals from real estate brokers to lead the Sales Process, as further discussed herein;
- n) Planned and coordinated the Sales Process;
- o) Received and tracked inquiries from potential purchasers of the Real Property, which information will be provided to the sales agent engaged to lead the Sales Process;
- p) Prepared and mailed the notice and statement of the Receiver pursuant to sections 245(1) and 246(1) of the BIA to the Office of the Superintendent of Bankruptcy and the Company's known creditors;
- q) Contacted the Canada Revenue Agency ("**CRA**") to set up a new sales tax branch accounts;
- r) Responded to calls and inquiries from the Company's stakeholders, including suppliers and creditors;
- s) Prepared cash flow projections to identify any estimated funding requirements for the Receiver;
- t) Consulted with Dentons regarding various matters related to these proceedings;
- u) Consulted with management for the Ashcroft Group of Companies (as defined herein) regarding numerous matters related to the Property;
- v) Provided DUCA with regular updates in connection with various aspects of these receivership proceeding; and
- w) Prepared this First Report.

VI. BOOKS AND RECORDS

18. On the Date of Appointment, the Receiver attended at the Company's registered head office located at 18 Antares Drive, Ottawa, ON, in part to take possession of the Company's books and records. However, the Receiver was advised that the books and records of the Company (including financial, operational and bookkeeping records) were digitally integrated with the books and records of other related party companies under common ownership and/or common

control (the “**Ashcroft Group of Companies**”). Under the circumstances the Receiver has acquired electronic copies of relevant books and records to administer the receivership proceedings with the cooperation of the Ashcroft Group of Companies’ management.

19. The Receiver intends to acquire copies of any books and records of the Company that are not co-mingled with other entities in the Ashcroft Group of Companies, if any are identified. The Ashcroft Group of Companies’ management continues to assist the Receiver in locating relevant books and records, as needed.

VII. CREDITORS

Secured Claims

20. As referenced herein, DUCA is a secured creditor pursuant to the DUCA Charges. The Receiver understands that the Company was indebted to DUCA in the amount of approximately \$6.5 million as of March 22, 2024, which indebtedness continues to accrue interest and other costs.
21. The Receiver has also reviewed the PPSA which, with respect to 108RR reports the below listed registrations, which the Receiver understands are subordinate to the DUCA Charges.
 - a) The Canadian Imperial Bank of Commerce, registered July 21, 2015; and
 - b) The Royal Bank of Canada, registered March 18, 2021.

Priority Claims

22. DUCA’s security is subject to prior charges and security interest or claims in respect of the Property, which may include deemed trust claims, statutory claims pursuant to the *Bankruptcy and Insolvency Act* (“**BIA Claims**”) and outstanding municipal property taxes.
23. The Receiver understand the Company had no employees and was managed through related entities. As such, the Receiver is not aware of any employee claims which may constitute BIA Claims or any deemed trust claims associated with payroll.
24. The Receiver is in the process of confirming with CRA whether there are any amounts owing by the Company with respect to sales taxes.
25. The Receiver understands that the Company paid the first installment of 2024 municipal taxes in or around January 2024. The Receiver is in the process of coordinating with the municipality to obtain statements of account and copies of outstanding invoices, if any, associated with property taxes. To the extent there are property taxes owing on the Real Property, the Receiver

will need to satisfy any arrears owing and, subject to cash flow considerations, may extinguish any property tax arrears as a closing adjustment to the sale of any Real Property.

Unsecured Claims

26. The Company's books and records report unsecured claims owing by 108RR and 111RR as at June 17, 2024 of approximately \$34.0 million and approximately \$19.7, respectively. Included therein are amounts reported as owing by 108RR to related parties, including 111RR, totaling approximately \$33.6 million, while amounts reported as owing by 111RR to related parties totals \$19.6 million.

VIII. TENANT MATTERS

Rent Collections

27. At the Date of Possession, there were 29 rental tenants (18 residential tenants and 11 commercial tenants) occupying the Real Property for which the Receiver provided the Tenant Letters informing the tenants of the requirement to remit all rents to the Receiver. At the Date of Appointment, the 18 residential tenants had aggregate monthly rent roll of approximately \$39,000 while the 11 commercial tenants had an aggregate monthly rent roll of approximately \$82,000 (inclusive of base rent, additional rent and applicable sales tax) for a total aggregate rent roll of approximately \$121,000.
28. The Receiver has collected approximately \$100,000 of rent for the month of July 2024. The rent collections from August onwards will be administered by Sleepwell, although certain tenants may continue to remit rent payments directly to the Receiver. The Receiver and Sleepwell have collected approximately \$50,000 and \$18,000, respectively, of rent for the month of August 2024. Sleepwell and the Receiver continue to coordinate the collection of rents and arrears.

Tenant Notices to Vacate

29. Since the Date of Appointment, the Receiver has received five (5) notices from tenants (four (4) residential and one (1) commercial) advising of their intention to terminate their lease and vacate their respective unit.
30. Each of the leases for the four (4) residential tenants were on a month-to-month basis and the tenants have provided the Receiver with sufficient notice to terminate their respective lease. The Receiver will coordinate the return of possession and keys to the Receiver at the appropriate time for each of the affected units. The Receiver has honoured the last month rent deposits for these four (4) residential tenants.

31. A commercial tenant, Ashcroft Homes – Monocle Inc. (“**Monocle**”), whom is a related party to the Company, requested the termination of their lease which was set to expire in July 2026. As this related party tenant had historically not paid rent in cash and informed the Receiver of its inability to pay cash rent going forward, the Receiver and this tenant agreed to mutually terminate the lease and the early surrender of the commercial unit to the Receiver. It was also agreed upon that the Receiver would, among other things, continue to retain all rights and remedies available to the Receiver on behalf of the landlord, including the recovery of arrears or other tenant defaults under the lease.

IX. AMENDMENTS TO RECEIVERSHIP ORDER

32. The Receiver, through its counsel, attempted to register the Receivership Order against title to the Real Property in the Ottawa land registry office. It is customary in receivership proceedings that involve real property assets that the Receivership Order be registered against title to any real property owned by the debtor in order to provide notice of the pendency of the receivership.
33. The land registrar declined to register the Receivership Order because the Receivership Order does not expressly contain the real property legal descriptions, including property identification numbers, for the Real Property over which the Receiver has been appointed. The primary purpose behind the Amendments to the Receivership Order is to include the real property descriptions, including property identification numbers.
34. As of the date of this First Report, the Receiver is investigating the Additional Real Properties and whether further amendments to the Receivership Order and the descriptions of the Real Property will be necessary or appropriate.
35. Additionally, at paragraph 21 of the Receivership Order, there is text reading “issuance on 16, 2024” which appears to have been inserted inadvertently and should be removed. The Receiver requests the Receivership Order also be amended to remove this stray text.

X. REALIZATION PROCESS

Accounts Receivable

36. As at the Date of Appointment, the Company’s books and records reported there were no rent arrears. However, upon review, the Receiver determined that each of a residential tenant, Ashcroft Homes – Central Park Inc., and a commercial tenant, Monocle, both of which are related parties to the Company, had historically not paid rent in the form of cash. Rather the rents for these units were recorded as a related party receivable.

37. The Receiver was unable to collect 100% of the July rents from 4 residential tenants and certain August rents also remain outstanding. Sleepwell will pursue the collection of rent arrears for all current tenants.
38. The books and records identify significant accounts receivable owing from related companies. Specifically, it is reported that 111RR is owed approximately \$22.5 million from ten related parties, including 108 RR, while 108RR is owed approximately \$32.1 million from twenty-four related parties. The Receiver has sent collection notices to each of the related parties requesting payment for the balances owing and documentation supporting the nature of the transactions with the Company. Additionally, the Receiver has requested management for the Ashcroft Group of Companies to provide the Receiver with documentation detailing the nature of the transactions and debts owing to the Company. As at the date of this First Report, neither management for the Ashcroft Group of Companies nor any of the related parties with balances reported as owing to the Company have responded to the Receiver.

Sales Process

39. The Receiver determined that it needs to engage the services of a licensed real estate broker to assist with the marketing and sale of the Real Property. The Receiver approached nine (9) real estate brokers to solicit listing proposals for the Real Property. The real estate brokers approached included a combination of regional and national brokerage agencies with a mix of experience in residential or commercial real estate (or both). The Receiver received a total of six (6) listing proposals; five (5) of which were solicited and one (1) from an unsolicited party.
40. The listing proposals suggested a variety of strategies in realizing on the Real Property. The variety of strategies was, in part, prompted by the unique composition of the Real Property which includes:
 - a) Residential units occupied by tenants (18 units at the Date of the Appointment, which will be reduced to 14 units given the termination notices received) (the “**Occupied Residential Units**”);
 - b) Residential units not occupied (zero units at the Date of the Appointment, but four (4) vacated or soon to be vacated units given the termination notices received) (the “**Vacant Residential Units**”);
 - c) Commercial units occupied by tenants (which consisted of 11 units at the Date of the Appointment and approximately 24,000 square feet, which has been reduced to 10 units

and approximately 19,600 square feet given the Monocle lease termination) (the “**Occupied Commercial Units**”); and

- d) Commercial units not occupied (which consisted of 10 units at the Date of the Appointment and approximately 14,200 square feet, which has been increased to 11 units and approximately 18,700 square feet given the Monocle lease termination) (the “**Vacant Commercial Units**”).
41. In determining the optimal marketing and sales strategy, the Receiver considered a variety of factors, including:
- a) The pricing recommended within the listing proposals received and the estimated gross sale(s) proceeds of selling the Property as individual units or en-bloc;
 - b) Making efforts to launch the Sales Process, at the recommendation of the realtors which submitted listing proposals, after the labour day long weekend in September to take advantage of the late summer/early fall selling season;
 - c) The number of Court appearances required, and associated costs, with obtaining Court approvals and other matters related to completing the sale(s);
 - d) The impact of the resulting sale(s) on tenants;
 - e) The estimated timeframe for completing the sale(s); and
 - f) The support of DUCA for the selected sales strategy.
42. In balancing the aforementioned factors, the Receiver has selected, subject to Court approval, Colliers Macaulay Nicolls Inc., Brokerage (“**Colliers Brokerage**”) to lead the proposed Sales Process, which given the unique mix of Property, will consist of:
- a) Listing the Occupied Residential Units and the Vacant Residential Units, in three (3) ‘small blocks’ of five (5) to seven (7) units per block, with each block being comprised of units within the same building, where possible;
 - b) Listing the Occupied Commercial Units as a single bloc of units; and
 - c) Listing each of the Vacant Commercial Units separately.
43. Summarized in the table below are certain other key aspects of the Sales Process:

Term / Event	Description
<u>Occupied Residential Units and Vacant Residential Units</u>	
Pricing Strategy	<ul style="list-style-type: none"> Listings will be priced.

Term / Event	Description
	<ul style="list-style-type: none"> Based on the estimated investment value.
Offer Deadline	<ul style="list-style-type: none"> The Receiver will utilize a bid-after date, which is estimated to be set for 2-weeks following the launch of marketing efforts by Colliers Brokerage. After the bid-after date, offers will be reviewed on a first-come, first-serve basis.
<u>Occupied Commercial Units</u>	
Pricing Strategy	<ul style="list-style-type: none"> Listing will be unpriced (although presented as \$1 on MLS system).
Offer Deadline	<ul style="list-style-type: none"> An offer date will be set at a time after sufficient market interest has been obtained and will not be set within the first 30-days following the launch of marketing efforts by Colliers Brokerage. Once determined, offer deadline date will be set to 10-days and communicated to all parties which have expressed an interest in submitting an offer.
<u>Vacant Commercial Units</u>	
Pricing Strategy	<ul style="list-style-type: none"> Listings will be priced. Pricing range will be based on square footage.
Offer Deadline	<ul style="list-style-type: none"> No offer deadline. Offers will be considered as received after listing on a first-come, first-serve basis.
<u>Common Terms to the Sales Process</u>	
Solicitation	<ul style="list-style-type: none"> Marketing materials created by Colliers Brokerage at the cost of Colliers Brokerage. Notification to potential interested parties performed by Colliers Brokerage. Listing on website of Colliers Brokerage. Listing on the MLS system.
Due Diligence	<ul style="list-style-type: none"> Interested parties shall be required to execute a non-disclosure agreement and return it to Colliers Brokerage in order to gain access to confidential information maintained in a data room.
Deposit	<ul style="list-style-type: none"> A deposit of 10% of the purchase price is required with each offer.

Term / Event	Description
	<ul style="list-style-type: none"> • Deposits for all unsuccessful offers will be returned. • Deposits for successful offers are non-refundable.
Court Approval	<ul style="list-style-type: none"> • All sale transactions will be subject to Court approval.
Closing Date	<ul style="list-style-type: none"> • As mutually agreed upon between the Receiver and purchaser(s).
Commission	<ul style="list-style-type: none"> • 3.5% (cooperating at 1.5%) for the Occupied Residential Units and Vacant Residential Units. • 3.0% (cooperating at 1.5%) for the Occupied Commercial Units and Vacant Commercial Units.
Break Fee	<ul style="list-style-type: none"> • No break fees.
Listing Term	<ul style="list-style-type: none"> • 6-months.
Receiver's Reservation of Rights	<ul style="list-style-type: none"> • The Receiver reserves the right in its reasonable discretion to, among other things: <ul style="list-style-type: none"> ○ waive strict compliance with any one or more of the Sales Process parameters detailed herein; ○ create or extend any deadline set forth in the Sales Process; ○ reject any or all offers; ○ not be bound to accept the highest or any offer; ○ consult with DUCA and other stakeholders as it determines necessary or appropriate, in its sole discretion; ○ terminate the Sales Process in consultation with DUCA and other stakeholders; and ○ adopt such ancillary and procedural rules not otherwise set out in the Sales Process.

44. Additionally, certain parties have expressed an interest in leasing vacant residential and vacant commercial units. To the extent leasing vacant units will benefit the Sales Process, the Receiver, together with Colliers Brokerage may lease vacant units and include the newly leased units within the Occupied Residential Units or Occupied Commercial Units, as applicable.

45. It is the Receiver's opinion that the proposed Sales Process represents a public and transparent process under which potential purchasers will be marketed and given the opportunity to provide offers. The proposed Sales Process will balance the need to complete a sale(s) in a reasonable time and adequately expose the Real Property to the marketplace to maximize recovery for stakeholders.
46. DUCA is supportive of the Sales Process.

XI. RECEIVER'S INTERIM STATEMENTS OF RECEIPTS AND DISBURSEMENTS

47. The Receiver's interim statements of receipts and disbursements for each of 108RR and 111RR for the period from the Date of Appointment to August 18, 2024 (the "Interim R&D(s)") are illustrated in the chart below:

Receiver's Interim Statements of Receipts and Disbursements For the period June 17, 2024 to August 18, 2024		
	108RR	111RR
Receipts		
Rental Income	\$ 64,530	\$ 74,219
Cash in bank accounts	50,797	66,518
HST collected	3,446	7,943
Interest income	131	294
Total receipts	118,904	148,974
Disbursements		
Condo fees	18,901	12,805
Repairs and maintenance	12,390	9,225
Insurance	10,092	9,086
Appraisal	3,076	3,223
HST Paid	2,011	1,618
Bank charges	34	17
Total disbursements	46,503	35,973
Net receipts over disbursements	\$ 72,401	\$ 113,001

- a) As detailed in the table above, between the Date of Appointment and August 18, 2024 the Receiver has collected total receipts of \$118,904 and \$148,974 for 108RR and 111RR, respectively. The majority of the receipts relate to the collection of rent and funds from the Company's bank accounts. Total disbursements over the same period amounted to \$46,503 and \$35,973 for 108RR and 111RR, respectively, the majority of which relate to condo fees, repairs and maintenance and insurance. The Interim R&Ds report net receipts over disbursements of \$72,401 and \$113,001 for 108RR and 111RR, respectively.
- b) The Interim R&Ds do not include receipts and disbursements of Sleepwell or other accrued disbursements.

XII. RECOMMENDATIONS

48. Based on the foregoing, the Receiver respectfully recommends that the Court issue an order(s):

- (a) Approving the First Report and the activities of Receiver set out herein;
- (b) Amending the Receivership Order as detailed herein;
- (c) Approving the Sales Process; and
- (d) Approving the Interim R&Ds.

All of which is respectfully submitted on the 21st day of August, 2024.

BDO Canada Limited
in its capacity as Court-Appointed Receiver of
Ashcroft Homes – 101 Richmond Road Inc.;
Ashcroft Homes – 108 Richmond Road Inc.; and
Ashcroft Homes – 111 Richmond Road Inc.,
and not in its personal or corporate capacity



Matthew Marchand, CPA, CMA, CIRP, LIT
Senior Vice President

DUCA FINANCIAL SERVICES CREDIT UNION
LTD.

-and-

ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., and
ASHCROFT HOMES – 111 RICHMOND ROAD INC.

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT OTTAWA

FIRST REPORT OF THE RECEIVER

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

John Salmas (LSO # 42336B)
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Sara-Ann Wilson (LSO # 56016C)
Tel: 416-863-4402
sara.wilson@dentons.com

Fraser Mackinnon Blair (LSO #66683L)
Tel: 613-783-9647
fraser.mackinnon.blair@dentons.com

Lawyer for BDO Canada Limited, in its capacity as the Court-appointed Receiver of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc.

Appendix “E” to the Second Report of the Receiver

ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT HOMES – 108 RICHMOND ROAD INC., ASHCROFT HOMES - 111 RICHMOND ROAD INC.

SUPPLEMENTAL REPORT TO THE FIRST REPORT OF THE RECEIVER

August 30, 2024

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

- and -

**ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT HOMES – 108 RICHMOND
ROAD INC., AND ASHCROFT HOMES - 111 RICHMOND ROAD INC.**

Respondents

**APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**SUPPLEMENTAL REPORT TO THE FIRST REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS RECEIVER OF
ASHCROFT HOMES – 101 RICHMOND ROAD INC., ASHCROFT HOMES – 108 RICHMOND
ROAD INC., ASHCROFT HOMES - 111 RICHMOND ROAD INC.**

AUGUST 30, 2024

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II. ADDITIONAL REAL PROPERTIES	4
III. RECOMMENDATIONS.....	6

APPENDICES

APPENDIX “A” – Parcel Registers for 101 Richmond Additional Commercial Properties

I. PURPOSE OF REPORT

1. This Supplemental Report to the First Report of the Receiver (the “**Supplemental First Report**”) is filed in respect of the Receiver’s motion returnable September 3, 2024.
2. All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Receiver’s First Report to the Court, dated August 21, 2024.

II. ADDITIONAL REAL PROPERTIES

1. The relief sought by the Receiver includes amendments to the Receivership Order to include the legal descriptions of the real properties that are owned by the Company and subject to the Receivership Order. These descriptions are set out in Schedule “A” in the proposed amended Receivership Order.
2. The Receiver requested assistance from the Company in identifying all real properties owned by the Company and the legal descriptions of same. The Receiver understands that the Company is in the process of reviewing the Receiver’s requests.
3. In light of the challenges with the Receiver obtaining accurate records detailing the real property descriptions, the Receiver’s counsel conducted searches in the land registry system in an attempt to ensure that all legal descriptions of the properties owned by the Company are contained in the Schedule “A” to the proposed amended Receivership Order. Unfortunately, when conducting a name search in the Teraview system, not all properties owned by the Company come up in the search results. Further complicating matters is the fact that most of the parcel registers do not have municipal addresses and, as such, the Receiver has had difficulty determining which property identification numbers (“**PIN(s)**”) match which units.
4. In addition, certain of the commercial properties that are physically segregated into separate units, and leased to multiple tenants, appear to form one single PIN.

Lockers, Parking and Bike Racks

5. As set out in the First Report, a result of searches conducted by its counsel, the Receiver recently become aware of certain additional real properties that are owned by the Company, but not charged by the DUCA Charges. These additional real properties are lockers, parking spaces and bike racks in the buildings municipally known as 88-98-108 Richmond Road, 101 Richmond Road, and 360 Patricia Avenue, Ottawa (collectively, the “**Locker, Parking and Bike Rack Properties**”), and are described in detail at Exhibit “A” to the Affidavit of Chong Zhan, sworn August 28, 2024.

6. The Receiver has commenced a review of the leases for each of the condominium units to determine whether any of the tenants are currently leasing any of the Lockers Parking and Bike Rack Properties. Unfortunately, although it does appear that certain of the leases contemplate the rental of a parking stall, locker or bike rack, the leases do not describe the particular parking spot, locker, or bike rack in a manner that is consistent with property descriptions contained in the PINs. As a result, as of the date of this Supplemental First Report, the Receiver has been unable to determine with certainty which tenants are leasing which parking spots etc. The Receiver intends to work with the property management company to better ascertain this information in the coming weeks.
7. The Receiver has conferred with Colliers Brokerage as to whether it would be beneficial for the Sales Process to include the Locker, Parking and Bike Rack Properties. Colliers Brokerage advised the Receiver, and the Receiver agrees, that the value of the Real Property, comprised of residential and commercial condominium units, will likely be enhanced by the inclusion of the Locker, Parking and Bike Rack Properties in the Sales Process. Subject to the Receiver determining which tenants may be leasing which parking spots etc., in the Receiver's view, offering the units for sale in conjunction with parking, storage and bike racks will be appealing to prospective purchasers and improve the marketability of the Real Property.

101 Richmond Additional Commercial Properties

8. As a result of the difficulties encountered matching the legal descriptions of the Real Property to the appropriate commercial units, the Receiver's counsel conducted additional searches of the land registry system. As a result of these searches, the Receiver has been made aware that three commercial properties, specifically units 8, 9 and 10, level 1, located at 101 Richmond Road, Ottawa, (collectively, the "**101 Richmond Additional Commercial Properties**") are owned by the Company but not charged by the DUCA Charges. Copies of the parcel registers for each of the 101 Richmond Additional Commercial Properties are attached hereto as **Appendix "A"**.
9. The parcel registers for each of the 101 Richmond Additional Commercial Properties show that there are no mortgages/charges registered against units 8 and 10, and there is a mortgage/charge registered on July 30, 2015 in favour of DUCA in the principal amount of \$15.6 million. This mortgage is different than the DUCA Charges that DUCA enforced and sought the appointment of the Receiver.
10. Each of the 101 Richmond Additional Commercial Properties are included on the Company's rent roll. Two of the units are tenanted, and one is vacant. Upon its appointment, the Receiver was provided keys to these properties and it gave notice to the tenant of the Receivership Order

and the requirement to pay all future rent to the Receiver. As a result, the Receiver has been in possession and control of the 101 Richmond Additional Commercial Properties since its appointment.

11. The Company did not notify the Receiver that the 101 Richmond Additional Commercial Properties were not subject to the DUCA Charges and has never indicated that these properties should not be included in the purview of the Receivership Order.

12. In these circumstances, the Receiver recommends that the 101 Richmond Additional Commercial Properties should remain in these receivership proceedings, however it brings these issues to the attention of this Honourable Court in the event the Court sees fit to direct otherwise.

III. RECOMMENDATIONS

13. The Receiver respectfully recommends that the Court make orders granting the relief as set out in its Notice of Motion, dated August 19, 2024, or as counsel may advise.

All of which is respectfully submitted on the 30th day of August, 2024.

BDO Canada Limited
in its capacity as Court-Appointed Receiver of
Ashcroft Homes – 101 Richmond Road Inc.;
Ashcroft Homes – 108 Richmond Road Inc.; and
Ashcroft Homes – 111 Richmond Road Inc.,
and not in its personal or corporate capacity



Matthew Marchand, CPA, CMA, CIRP, LIT
 Senior Vice President

DUCA FINANCIAL SERVICES CREDIT UNION
LTD.

-and-

ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., and
ASHCROFT HOMES – 111 RICHMOND ROAD INC.

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT OTTAWA

**SUPPLEMENTAL REPORT TO THE FIRST REPORT
OF THE RECEIVER**

DENTONS CANADA LLP
77 King Street West, Suite 400
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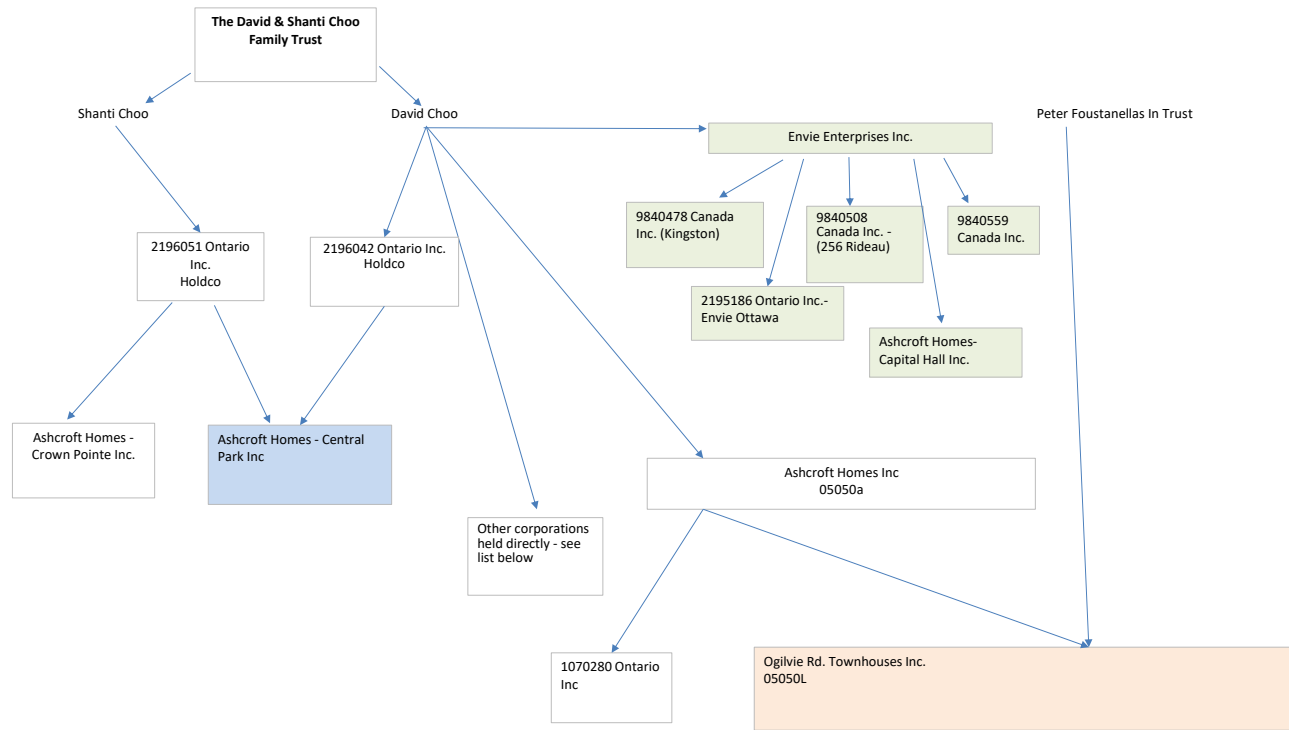
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*Lawyer for BDO Canada Limited, in its capacity as the Court-
appointed Receiver of Ashcroft Homes – 101 Richmond
Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and
Ashcroft Homes – 111 Richmond Road Inc.*

Appendix “F” to the Second Report of the Receiver

**Legend:****Summary of Divisions from Net Worth Statement**

Subdivision Construction
Condo & Commercial
Envie Student Housing
Alavida Condo Sales
Alavida Operating Homes
Rental Properties
Condo & Commercial/Rental Properties
Condo & Commercial/Alavida condo
Subdivision/ Condo & Commercial
Unhighlighted- No Relevance

Other Corporations Held Directly by David

Ashcroft Homes - The Astoria Inc.
Ashcroft Homes- The Astoria II Inc.
Ashcroft Leasing Inc.
Ashcroft Properties Inc.
Ashcroft Urban Developments Inc.
2059989 Ontario Inc.
Ashcroft Homes - Citi Place Inc.
Ashcroft Construction Inc.
2058744 Ontario Corp.
2058743 Ontario Corp.
Alavida Lifestyle Inc.
2067166 Ontario Inc.
2106935 Ontario Inc.
1971446 Ontario Inc.
Ashcroft Homes- Monocle Inc.

2123890 Ontario Inc.
2139770 Ontario Inc.
1019883 Ontario Inc (owned by D. Choo in Trust)
2154017 Ontario Inc.
Ashcroft Homes - Eastboro Inc.
Ashcroft Homes - La Promenade Inc.
Ashcroft Homes - Ravines Inc.
Ashcroft Homes - 111 Richmond Road Inc.
2181291 Ontario Inc.
2252514 Ontario Inc.
1561973 Ontario Inc. (Gilmour)
Ashcroft Homes - 108 Richmond Road Inc.
2196042 Ontario Inc.

Ashcroft Homes - 101 Richmond Road Inc.
OFC Formwork Inc.
Ashcroft Homes - Gilmour Inc.
Ashcroft Homes - Next One Inc.
2265132 Ontario Inc.
2280430 Ontario Inc.
1230172 Ontario Inc.
1230174 Ontario Inc.
Ashcroft Development Inc.
Clyde Avenue Holdings Inc.
Stittsville South Holdings Inc.
1394843 Ontario Inc.
1394842 Ontario Inc.
1384274 Ontario Inc.

Appendix “G” to the Second Report of the Receiver

108RR - Related Party Balances	
Internal as at June 17, 2024	
	Due From
Ashcroft Homes - Central Park Inc.	\$ 10,936,187
Ashcroft Homes - Eastboro Inc.	5,295,207
Stittsville South Holdings Inc.	3,359,030
Fordham Pvt	2,451,079
Ashcroft Homes - Monocle Inc.	1,491,754
2265132 Ontario Inc.	1,045,008
9840559 Canada Inc.	1,000,651
Ashcroft Homes - Next One Inc.	919,800
Envie Enterprises Inc.	850,000
9840508 Canada Inc. (256Rideau)	775,000
2107890 Ont. Inc. (Promenade)	633,000
1019883 Ontario Inc.	747,745
Ashcroft Leasing Inc.	121,183
9840478 Canada Inc. (Kingston)	475,018
1230172 Ontario Inc. (Park Place)	439,613
Ashcroft Homes - La Promenade Inc.	421,000
Ashcroft Homes - Capital Hall Inc.	405,652
Alavida Lifestyle Inc.	280,000
1384274 Ontario Inc.	147,539
Ashcroft Homes - Crown Pointe Inc.	138,874
Ashcroft Homes Inc.	129,867
1394842 Ontario Inc.	30,072
1230174 Ontario Inc.	24,720
2546453 Ontario Inc.	10,000
Total Due From	\$ 32,127,997

108RR - Related Party Balances	
Internal as at June 17, 2024	
	Due To
Ashcroft Homes - 111 Richmond Road Inc	\$ 15,359,166
Ashcroft Construction Inc.	7,077,182
Ashcroft Urban Developments Inc.	5,266,290
Ashcroft Homes - CitiPlace Inc.	3,742,165
Ashcroft Development Inc.	1,340,008
2195186 Ontario Inc.	1,122,804
2139770 Ontario Inc.	966,291
1070280 Ontario Inc.	81,040
2067166 Ontario Inc.	44,000
Ashcroft Homes - The Astoria Inc.	17,463
Ashcroft Properties Inc.	21,650
Total Due To	\$ 35,038,059

Appendix “H” to the Second Report of the Receiver

111RR - Related Party Balances	
Internal as at June 17, 2024	Due From
Ashcroft Homes - 108 Richmond Road Inc.	\$ 15,359,166
Ashcroft Leasing Inc.	3,206,619
Ashcroft Construction Inc.	1,450,729
Ashcroft Development Inc.	1,329,717
Ashcroft Homes - Crown Pointe Inc.	468,478
Ashcroft Homes - Capital Hall Inc.	419,768
2107890 Ont. Inc. (Promenade)	200,000
1230174 Ontario Inc	20,938
Ashcroft Homes - Next One Inc.	11,869
2181291 Ontario Inc.	821
Total Due From	\$ 22,468,104

111RR - Related Party Balances	
Internal as at June 17, 2024	Due To
Ashcroft Homes - Central Park Inc.	\$ 7,295,735
Ashcroft Homes - Eastboro Inc.	4,658,033
1019883 Ontario Inc.	2,949,761
Ashcroft Homes Inc.	2,049,072
Ashcroft Homes - Citi Place Inc.	797,879
Ashcroft Urban Developments Inc.	792,071
1070280 Ontario Inc.	377,665
2067166 Ontario Inc.	374,505
1230172 Ontario Inc.	189,344
1394842 Ontario Inc.	88,894
2139770 Ontario Inc.	13,148
Ashcroft Properties Inc.	3,016
Ogilvie Road Townhouses Inc.	145
Total Due To	\$ 19,589,266

Appendix “I” to the Second Report of the Receiver

From: [Wilson, Sara-Ann](#)
To: [Campbell, Amanda](#)
Subject: FW: Ashcroft - Intercompany Receivable Accounts
Date: Sunday, November 3, 2024 5:55:46 PM
Attachments: [imagea24528.PNG](#)
[image9eaf00.PNG](#)
[Ashcroft - Intercompany receivable balances as at Jun 17 2024.xlsx](#)

From: Boettger, Adam <aboettger@bdo.ca>
Sent: July 31, 2024 3:59 PM
To: Manny Difilippo <mdifilippo@ashcrofthomes.ca>; Tara Bonsor <tbonsor@ashcrofthomes.ca>
Cc: Marchand, Matthew <mmarchand@bdo.ca>
Subject: Ashcroft - Intercompany Receivable Accounts

Hello Manny and Tara,

One of our investigation areas is the intercompany receivable balances owing from related Ashcroft Homes entities. Please find attached a summary of the intercompany receivables balances identified from the general ledger.

For each related entity, are you able to provide insight into the activities which created the receivables balances (such as rental income, expense reimbursement, funding advances/loans, etc.)?

In our capacity as Receiver, we have also sent letters formally requesting repayment of the intercompany receivables from the related entities. These letters may be directed to you, if you oversee these related party entities.

Regards,

Adam Boettger, CPA, CA, CIRP, LIT
 Vice President, Business Restructuring & Turnaround Services
 BDO Canada Limited
 T: 905 633 4926
 F: 905 570 0249
aboettger@bdo.ca | www.bdo.ca

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108 Richmond Due from Related Parties CAD\$		Internal As at 6/17/2024
Company Name		Due from
Ashcroft Homes - Central Park Inc.	\$	10,936,187
Ashcroft Homes - Eastboro Inc.		5,295,207
Stittsville South Holdings Inc.		3,359,030
Fordham Pvt		2,451,079
Ashcroft Homes - Monocle Inc.		1,491,754
2265132 Ontario Inc.		1,045,008
9840559 Canada Inc.		1,000,651
Ashcroft Homes - Next One Inc.		919,800
Envie Enterprises Inc.		850,000
9840508 Canada Inc. (256Rideau)		775,000
2107890 Ont. Inc. (Promenade)		633,000
1019883 Ontario Inc.		747,745
Ashcroft Leasing Inc.		121,183
9840478 Canada Inc. (Kingston)		475,018
1230172 Ontario Inc. (Park Place)		439,613
Ashcroft Homes - La Promenade Inc.		421,000
Ashcroft Homes - Capital Hall Inc.		405,652
Alavida Lifestyle Inc.		280,000
1384274 Ontario Inc.		147,539
Ashcroft Homes - Crown Pointe Inc.		138,874
Ashcroft Homes Inc.		129,867
1394842 Ontario Inc.		30,072
1230174 Ontario Inc.		24,720
2546453 Ontario Inc.		10,000
Ashcroft Homes - Ravines Inc.		-
Total Due From		32,127,997

111 Richmond Due from Related Parties CAD\$		Internal as at 6/17/2024
Company Name		
Ashcroft Homes - 108 Richmond Road Inc	\$	15,359,166
Ashcroft Leasing Inc.		3,206,619
Ashcroft Construction Inc.		1,450,729
Ashcroft Development Inc.		1,329,717
Ashcroft Homes - Crown Pointe Inc.		468,478
Ashcroft Homes - Capital Hall Inc.		419,768
2107890 Ont. Inc. (Promenade)		200,000
1230174 Ontario Inc		20,938
Ashcroft Homes - Next One Inc.		11,869
2181291 Ontario Inc.		821
Total Due From		22,468,104

Appendix “J” to the Second Report of the Receiver

From: [Wilson, Sara-Ann](#)
To: [Campbell, Amanda](#)
Subject: Ashcroft re receivership fees
Date: Saturday, November 2, 2024 2:03:22 PM

From: Marchand, Matthew
Sent: September 23, 2024 10:43 AM
To: Manny Difilippo <mdifilippo@ashcrofthomes.ca>
Cc: Boettger, Adam <aboettger@bdo.ca>
Subject: Ashcroft re receivership fees

Good morning Manny,

Further to your request, the combined fees and disbursements of the Receiver and its legal counsel, amount to approximately \$425,000 for the period up to September 13th. Applicable sales taxes are in addition to this amount. Please note fees will continue to be incurred until the Receiver is discharged.

Are you able to provide an update on the status of the refinancing, including when the appraisal condition will be satisfied?

Thank you,

Matthew Marchand, CPA, CMA, CIRP, LIT
Partner & Senior Vice President, Business Restructuring & Turnaround Services
Financial Advisory Services
Direct: 416-369-4755
[BDO Canada Limited](#)
20 Wellington Street East, Suite 500
Toronto, Ontario, Canada M5E 1C5

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Appendix “K” to the Second Report of the Receiver

From: [K. Scott McLean](#)
To: [Wilson, Sara-Ann](#)
Cc: [Salmas, John](#)
Subject: RE: Ashcroft - DUCA payout
Date: Wednesday, September 25, 2024 2:10:39 PM

[WARNING: EXTERNAL SENDER]

Hello Sara-Anne, thank you. I am looking at Friday. What will work for your end please on Friday?

Scott

[Mann Lawyers 25 years](#)



K. Scott McLean
General Counsel and Director of Practice Development
613-369-0375

11 Holland Avenue | Suite 300 | Ottawa | Ontario | K1Y 4S1
t: 613-722-1500 | f: 613-722-7677



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From: Wilson, Sara-Ann <sara.wilson@dentons.com>
Sent: Wednesday, September 25, 2024 11:47 AM
To: K. Scott McLean <scott.mclean@mannlawyers.com>
Cc: Salmas, John <john.salmas@dentons.com>
Subject: Ashcroft - DUCA payout

Good morning,

We would like to set up a call between counsel with to discuss the potential payout of DUCA on the Ashcroft receivership matter and the steps and timing for that to occur.

Could you please advise as to your availability this afternoon, tomorrow afternoon or Friday for a call with Dentons?

Regards,

Sara-Ann Wilson
Counsel

My [pronouns](#) are: She/Her/Hers

 +1 416 863 4402sara.wilson@dentons.com | [Bio](#) | [Website](#)

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Appendix “L” to the Second Report of the Receiver

From: [Wilson, Sara-Ann](#)
To: scott.mclean@mannlawyers.com
Cc: [Salmas, John](#); daniella.sicoli-zupo@mannlawyers.com; mmarchand@bdo.ca
Subject: Ashcroft - DUCA payout
Date: Tuesday, October 1, 2024 2:01:24 PM

Scott,

Below please find a list of items that will need to be addressed prior to the discharge of the Receiver:

- a. Delivery of a copy of unredacted commitment letter with schedules attached. As previously advised, the principals of the debtors have no authority to sign on behalf of or bind any of the companies in receivership.
- b. Evidence that the refinancing will provide sufficient funds to pay the amounts set out in (e) below and provide working capital to the Debtors to fund their ongoing business operations.
- c. Information in respect of the lender and evidence refinancing funds are being held in trust or otherwise available.
- d. Confirmation from new lender that all conditions to close have been satisfied, including delivery of appraisal and phase 1 environmental.
- e. On closing:
 - i. the repayment of DUCA in full (including principal, interest and fees)
 - ii. the payment of all fees and expenses of the Receiver and its counsel.
 - iii. the payment of all amounts that the Receiver may be liable for which include, but are not limited to, property taxes, HST, maintenance fees, insurance and utilities. Please note that the Receiver (and property manager retained by the Receiver) are holding limited funds as a result of the collection of rents that may be applied against its ongoing expenses.
- f. Service of a motion on the service list for an Order discharging the Receiver, which Order must include an indemnity from the Debtors and standard release, and be in form and content satisfactory to the Receiver.

If a call would be helpful to discuss any of the above, please advise and we will set one up.

Sara-Ann Wilson

Counsel

My [pronouns](#) are: She/Her/Hers

 [+1 416 863 4402](tel:+14168634402)

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From: K. Scott McLean <scott.mclean@mannlawyers.com>
Sent: Friday, September 27, 2024 1:35 PM
To: Wilson, Sara-Ann <sara.wilson@dentons.com>
Cc: Salmas, John <john.salmas@dentons.com>; Daniella Sicoli-Zupo <daniella.sicoli-zupo@mannlawyers.com>
Subject: RE: Ashcroft - DUCA payout

[WARNING: EXTERNAL SENDER]

Sara-Ann,

Thank you for setting up the Zoom call this morning. As both you and John reasonably noted, there was quite a bit of detail raised in the course of the call relating to the questions or concerns that either you or your client BDO has, as you note in your email below, with the potential payout of DUCA and the steps and timing for that to occur.

Having listened as best we could, we suspect that some of what you have raised is a question of broken telephone and can be readily resolved. We appreciate your readiness to work with us in getting to the finish line.

With that in mind, would you at your earliest opportunity please provide us with a list of concerns that either you or your client have that will require resolution before BDO will be ready to consent to an order providing for the dissolution of the receivership.

Thank you very much.

Regards, Scott



K. Scott McLean
General Counsel and Director of Practice Development
613-369-0375

11 Holland Avenue | Suite 300 | Ottawa | Ontario | K1Y 4S1
t: 613-722-1500 | f: 613-722-7677

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From: Wilson, Sara-Ann <sara.wilson@dentons.com>
Sent: Wednesday, September 25, 2024 11:47 AM
To: K. Scott McLean <scott.mclean@mannlawyers.com>
Cc: Salmas, John <john.salmas@dentons.com>
Subject: Ashcroft - DUCA payout

Good morning,

We would like to set up a call between counsel with to discuss the potential payout of DUCA on the Ashcroft receivership matter and the steps and timing for that to occur.

Could you please advise as to your availability this afternoon, tomorrow afternoon or Friday for a call with Dentons?

Regards,

Sara-Ann Wilson

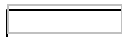
Counsel

My [pronouns](#) are: She/Her/Hers

 [+1 416 863 4402](tel:+14168634402)

sara.wilson@dentons.com | [Bio](#) | [Website](#)

Dentons Canada LLP | 77 King Street West, Suite 400, Toronto-Dominion Centre, Toronto, ON, M5K 0A1, Canada



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Appendix “M” to the Second Report of the Receiver

From: [K. Scott McLean](#)
To: [Salmas, John](#)
Cc: [Wilson, Sara-Ann](#); [Sarah DelVillano](#)
Subject: Ashcroft-Receivership
Date: Friday, October 4, 2024 4:43:31 PM

[WARNING: EXTERNAL SENDER]

John, good afternoon.

I am writing to confirm that we now hold sufficient funds in our trust account to pay out all amounts accounted to our client as outstanding by Duca, including principal, interest, legals, and financial consultancy fees so as to be in the position Monday to wholly discharge the Duca debt, subject only to *necessary* steps to discharge the receiver by Court order.

Would you kindly cause your client to provide to us at its earliest opportunity its discharge statement accounting, inter alia, for receipts, expenses and fees in the administration of this receivership.

Regards, Scott

Mann Lawyers 25 years



K. Scott McLean
General Counsel and Director of Practice Development
613-369-0375

11 Holland Avenue | Suite 300 | Ottawa | Ontario | K1Y 4S1
t: 613-722-1500 | f: 613-722-7677



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Appendix “N” to the Second Report of the Receiver

Good Evening John:

This email is further to yours dated October 7, 2024 and more particularly as it relates to our repeated requests for your client's discharge statement, including a breakdown of the receiver's receipts, fees and expenses.

In the interest of moving forward corroboratively, and as we again requested and you undertook yesterday, please provide us with a breakdown of the \$425,000, namely the receipts, fees, and expenses, and outline any additional costs incurred since the September 23, 2024 email. Further, please also provide us with the figure and particulars of any monies collected by BDO including the rents.

We have taken great care to check and recheck the Loan, Allocations, and Receipt of Funds which came into our trust account late Friday afternoon, October 4 as we advised you. In this regard, please note as follows:

Total loan amount:	\$8,750,000
Held back by HP:	
Interest reserve	\$ 921,375
Lender Fee	\$ 155,000
HawCo Peters fee	\$ 183,750
Title insurance	\$ 4,636
Legal fees and trust fees	\$ 33,456

Transferred to Mann Lawyers	\$7,451,783
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Total allocation for use of Funds: Loan amount	\$8,750,000
Interest reserve (9 months)	\$ 921,375
BDO fees and Denton's legal fees estimated	\$ 425,000
DUCA loan payout and associated legal fees	\$6,836,833
HawCo Peters Fee	\$ 183,750
Lender Fee	\$ 155,000
Lender legal and Trust fees and Title insurance	\$ 38,092
Reserve for Property taxes and other costs	\$ 189,950

Total Loan	\$8,750,000
-------------------	--------------------

In addition to the detail and breakdowns which you have undertaken to provide, we look forward to receipt of your motion materials to discharge the receiver, including your draft order and release.

For your ease of reference, my bio can be found at the Mann website at <https://www.mannlawyers.com/our-people/raymond-murray/>

Best regards,

Ray



Raymond Murray

Lawyer

613-369-0367



11 Holland Avenue | Suite 300 | Ottawa | Ontario | K1Y 4S1
t: 613-722-1500 | f: 613-722-7677

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From: "Salmas, John" <john.salmas@dentons.com>

Date: October 7, 2024 at 5:24:23 PM EDT

To: Sarah DelVillano <sarah.delvillano@mannlawyers.com>, ray.murray@mannlawyers.com

Cc: Timothy Dunn <TDunn@blaney.com>, Stephen Gaudreau <SGaudreau@blaney.com>, "Wilson, Sara-Ann" <sara.wilson@dentons.com>

Subject: FW: Ashcroft re receivership fees

Sarah and Ray,

As requested, please see the below email that Matthew Marchand had sent to Manny Difilippo on September 23, 2024 – being two weeks ago today.

As discussed on our call of earlier this afternoon it is surprising to hear that you both indicate that your firm was unaware of the below noted amounts in light of the attached email from your colleague Scott McLean – which indicates that your Firm has “sufficient funds” to satisfy obligations and effectuate a termination of the receivership proceedings.

As Scott indicated this afternoon at 2:30 p.m. that he is no longer engaged on this matter, I have omitted including him in this email in order not to unnecessarily clog his inbox. Also Sarah D. - may I ask that in the event that I did not include the correct email for Ray (as his bio is not up yet on your website) that you will ensure that he will receive this email?

In any event, and in order to ensure that there is no broken telephone, it would be

greatly appreciated if one of you can confirm by noon tomorrow the exact amount (in CAD dollars and cents) that you are holding in your Firm's trust account in respect of the proposed refinancing transaction.


Regards,

John

John Salmas

Partner

My pronouns are: He/Him/His

 +1 416 863 4737

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From: Marchand, Matthew

Sent: September 23, 2024 10:43 AM

To: Manny Difilippo <mdifilippo@ashcrofthomes.ca>

Cc: Boettger, Adam <aboettger@bdo.ca>

Subject: Ashcroft re receivership fees

Good morning Manny,

Further to your request, the combined fees and disbursements of the Receiver and its legal counsel, amount to approximately \$425,000 for the period up to September 13th. Applicable sales taxes are in addition to this amount. Please note fees will continue to be incurred until the Receiver is discharged.

Are you able to provide an update on the status of the refinancing, including when the appraisal condition will be satisfied?

Thank you,

Matthew Marchand, CPA, CMA, CIRP, LIT

Partner & Senior Vice President, Business Restructuring & Turnaround Services

Financial Advisory Services

Direct: 416-369-4755

BDO Canada Limited

20 Wellington Street East, Suite 500

Toronto, Ontario, Canada M5E 1C5

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Appendix “O” to the Second Report of the Receiver

From: [Stephen Gaudreau](#)
To: [Raymond Murray](#); [Salmas, John](#)
Cc: [Sarah DelVillano](#); [Timothy Dunn](#); [Wilson, Sara-Ann](#); [MATTHEW MARCHAND \(mmarchand@bdo.ca\)](#); [Boettger, Adam](#)
Subject: RE: BDO - Receiver Discharge Statement and Breakdown - Ashcroft Re-Financing Information
Date: Thursday, October 10, 2024 9:17:55 AM
Attachments: [image001.png](#)
[image002.png](#)

[WARNING: EXTERNAL SENDER]

Good Morning Ray and Sarah D:

Thanks for the call yesterday afternoon. The Receiver has reviewed and agrees with the contents of this email. I am sending it in the interests of efficiency and to avoid duplication.

As discussed, the following are questions that we think are important to consider for next steps, and overall to determine whether the proposed refinancing and termination of the receivership is viable. This is not meant to be an exhaustive list and issues/more questions may come up as the parties (including your client) considers this further.

With that being said, I understand from the Receiver that the MLS Listings went live yesterday, however, they are agreeable to suspending the sales process for a week (to October 17th) to give you and your client time to consider/answer the questions. To be clear, I understand that the Receiver is not committing to terminating the sales process altogether and will need to consider the additional information given before making any determinations.

Questions:

1. Please send all unredacted refinancing documents. It appears that there were likely amendments/revisions to the previous refinancing commitment delivered, and we would like to review. Also the previous documents sent had redactions and were missing schedules. Transparency will be key here.
2. Has the financing closed? For example:
 - a. Are all conditions waived and the funds can be released? If any conditions remain to be met, please advise which.
 - b. Are there any deadlines/conditions/constraints in the refinancing that would require the return of funds in the event they are not met?
 - c. Note: This is also why we want to review the refinancing documents, so we can understand the mechanics of the deal.
3. Can the interest reserve be drawn against to cover any shortfall required to satisfy all debts to terminate the receivership? If not, would this be something Ashcroft could explore with the lender?
4. Please confirm that the intention is that all pre-filing claims would continue post-filings.
5. Does Ashcroft have built in working capital for after the receivership ends?
6. What's Ashcroft's plan with the properties after the receivership ends?

7. Will Ashcroft need any support of the Receiver to transition the return of possession and control of the properties, as this will impact overall costs? In most receiverships, on a practical basis, there is a transition period/cost.

Next Steps:

I understand that the Receiver is working on the estimated amounts for post-filing claims that will need to be satisfied in order to terminate the receivership. They are working on getting those together (understanding that some of the amounts will be floating and continue to accrue, so it will be difficult to nail down a hard number).

Duca will provide you with a per diem interest accrual amount as well – again keeping in mind that professional fees are floating and are also accruing.

Please feel free to send along answers/documents as they come in.

We appreciate your work on this, and look forward to the information requested.

Thanks,

Stephen Gaudreau
Partner

sgaudreau@blaney.com

☐ 416-596-4285 | ☐ 416-594-3594

From: Raymond Murray <raymond.murray@mannlawyers.com>

Sent: Wednesday, October 9, 2024 1:36 PM

To: Stephen Gaudreau <SGaudreau@blaney.com>; john.salmas@dentons.com

Cc: Sarah DelVillano <sarah.delvillano@mannlawyers.com>; Timothy Dunn <TDunn@blaney.com>; sara.wilson@dentons.com; MATTHEW MARCHAND (mmarchand@bdo.ca) <mmarchand@bdo.ca>; Boettger, Adam <aboettger@bdo.ca>

Subject: RE: BDO - Receiver Discharge Statement and Breakdown - Ashcroft Re-Financing Information

Good Afternoon All:

Yes, we are available at 4:00 p.m. to meet.

Please let me know if you are circulating a link for meeting if you want us to set something up.

Best,

Ray



Raymond Murray
Lawyer
613-369-0367

11 Holland Avenue | Suite 300 | Ottawa | Ontario | K1Y 4S1
 t: 613-722-1500 | f: 613-722-7677

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From: Stephen Gaudreau <SGaudreau@blaney.com>
Sent: Wednesday, October 9, 2024 10:05 AM
To: Raymond Murray <raymond.murray@mannlawyers.com>; john.salmas@dentons.com
Cc: Sarah DelVillano <sarah.delvillano@mannlawyers.com>; Timothy Dunn <TDunn@blaney.com>; sara.wilson@dentons.com; MATTHEW MARCHAND (mmarchand@bdo.ca) <mmarchand@bdo.ca>; Boettger, Adam <aboettger@bdo.ca>
Subject: RE: BDO - Receiver Discharge Statement and Breakdown - Ashcroft Re-Financing Information

Good Morning Ray:

Thank you for the email and setting out the updated information. It is much appreciated. Are you (and Sarah D) available for a call at 4PM today to discuss next steps? We have verified with the Receiver and Receiver's counsel that they are available at 4PM and it will give us some time to issue spot in the interim.

Thanks,

Stephen

Stephen Gaudreau
 Partner

sgaudreau@blaney.com

☐ 416-596-4285 | ☐ 416-594-3594

From: Raymond Murray <raymond.murray@mannlawyers.com>
Sent: Tuesday, October 8, 2024 8:47 PM
To: john.salmas@dentons.com
Cc: Sarah DelVillano <sarah.delvillano@mannlawyers.com>; Timothy Dunn <TDunn@blaney.com>; Stephen Gaudreau <SGaudreau@blaney.com>; sara.wilson@dentons.com
Subject: Re: BDO - Receiver Discharge Statement and Breakdown - Ashcroft Re-Financing Information

Good Evening John:

This email is further to yours dated October 7, 2024 and more particularly as it relates to

our repeated requests for your client's discharge statement, including a breakdown of the receiver's receipts, fees and expenses.

In the interest of moving forward corroboratively, and as we again requested and you undertook yesterday, please provide us with a breakdown of the \$425,000, namely the receipts, fees, and expenses, and outline any additional costs incurred since the September 23, 2024 email. Further, please also provide us with the figure and particulars of any monies collected by BDO including the rents.

We have taken great care to check and recheck the Loan, Allocations, and Receipt of Funds which came into our trust account late Friday afternoon, October 4 as we advised you. In this regard, please note as follows:

Total loan amount:	\$8,750,000
Held back by HP:	
Interest reserve	\$ 921,375
Lender Fee	\$ 155,000
HawCo Peters fee	\$ 183,750
Title insurance	\$ 4,636
Legal fees and trust fees	\$ 33,456

Transferred to Mann Lawyers \$7,451,783

Total allocation for use of Funds: Loan amount	\$8,750,000
Interest reserve (9 months)	\$ 921,375
BDO fees and Denton's legal fees estimated	\$ 425,000
DUCA loan payout and associated legal fees	\$6,836,833
HawCo Peters Fee	\$ 183,750
Lender Fee	\$ 155,000
Lender legal and Trust fees and Title insurance	\$ 38,092
Reserve for Property taxes and other costs	\$ 189,950

Total Loan \$8,750,000

In addition to the detail and breakdowns which you have undertaken to provide, we look forward to receipt of your motion materials to discharge the receiver, including your draft order and release.

For your ease of reference, my bio can be found at the Mann website at <https://www.mannlawyers.com/our-people/raymond-murray/>

Best regards,

Ray

Raymond Murray



Lawyer
613-369-0367

11 Holland Avenue | Suite 300 | Ottawa | Ontario | K1Y 4S1
 t: 613-722-1500 | f: 613-722-7677

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From: "Salmas, John" <john.salmas@dentons.com>
Date: October 7, 2024 at 5:24:23 PM EDT
To: Sarah DelVillano <sarah.delvillano@mannlawyers.com>, ray.murray@mannlawyers.com
Cc: Timothy Dunn <TDunn@blaney.com>, Stephen Gaudreau <SGaudreau@blaney.com>, "Wilson, Sara-Ann" <sara.wilson@dentons.com>
Subject: FW: Ashcroft re receivership fees

Sarah and Ray,

As requested, please see the below email that Matthew Marchand had sent to Manny Difilippo on September 23, 2024 – being two weeks ago today.

As discussed on our call of earlier this afternoon it is surprising to hear that you both indicate that your firm was unaware of the below noted amounts in light of the attached email from your colleague Scott McLean – which indicates that your Firm has “sufficient funds” to satisfy obligations and effectuate a termination of the receivership proceedings.

As Scott indicated this afternoon at 2:30 p.m. that he is no longer engaged on this matter, I have omitted including him in this email in order not to unnecessarily clog his inbox. Also Sarah D. - may I ask that in the event that I did not include the correct email for Ray (as his bio is not up yet on your website) that you will ensure that he will receive this email?

In any event, and in order to ensure that there is no broken telephone, it would be greatly appreciated if one of you can confirm by noon tomorrow the exact amount (in CAD dollars and cents) that you are holding in your Firm’s trust account in respect of the proposed refinancing transaction.

Regards,

John

John Salmas
 Partner

My [pronouns](#) are: He/Him/His

 [+1 416 863 4737](tel:+14168634737)

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From: Marchand, Matthew
Sent: September 23, 2024 10:43 AM
To: Manny Difilippo <mdifilippo@ashcrofthomes.ca>
Cc: Boettger, Adam <aboettger@bdo.ca>
Subject: Ashcroft re receivership fees

Good morning Manny,

Further to your request, the combined fees and disbursements of the Receiver and its legal counsel, amount to approximately \$425,000 for the period up to September 13th. Applicable sales taxes are in addition to this amount. Please note fees will continue to be incurred until the Receiver is discharged.

Are you able to provide an update on the status of the refinancing, including when the appraisal condition will be satisfied?

Thank you,

Matthew Marchand, CPA, CMA, CIRP, LIT
Partner & Senior Vice President, Business Restructuring & Turnaround Services
 Financial Advisory Services
 Direct: 416-369-4755
BDO Canada Limited
 20 Wellington Street East, Suite 500
 Toronto, Ontario, Canada M5E 1C5

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Appendix “P” to the Second Report of the Receiver

From: [Raymond Murray](#)
To: [Stephen Gaudreau](#); [Salmas, John](#)
Cc: [Sarah DelVillano](#); [Timothy Dunn](#); [Wilson, Sara-Ann](#); [MATTHEW MARCHAND \(mmarchand@bdo.ca\)](#); [Boettger, Adam](#)
Subject: Re: BDO Suspension of Sales Process / Ashcroft Response to Questions and Refinancing Information
Date: Friday, October 11, 2024 11:34:10 AM
Attachments: [image001.png](#)
[image002.png](#)
[Scan2024-09-19_113147.pdf](#)
[BRW30C9AB1889EE_000186.pdf](#)

[WARNING: EXTERNAL SENDER]

Dear Counsel:

We have provided answers to the questions posed by you below in red. We also **attach** the two commitment letters obtained by our client from the refinancing lender. Finally, this email confirms our understanding that the sales process was suspended on October 9, 2024 and will remain suspended until October 17, 2024 given that we have provided a fulsome and particularized response to the questions below.

Best,

Ray



Raymond Murray
Lawyer
613-369-0367

11 Holland Avenue | Suite 300 | Ottawa | Ontario | K1Y 4S1
t: 613-722-1500 | f: 613-722-7677

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From: Stephen Gaudreau <SGaudreau@blaney.com>
Sent: Thursday, October 10, 2024 9:18 AM
To: Raymond Murray <raymond.murray@mannlawyers.com>; john.salmas@dentons.com
Cc: Sarah DelVillano <sarah.delvillano@mannlawyers.com>; Timothy Dunn <TDunn@blaney.com>; sara.wilson@dentons.com; MATTHEW MARCHAND (mmarchand@bdo.ca) <mmarchand@bdo.ca>; Boettger, Adam <aboettger@bdo.ca>
Subject: RE: BDO - Receiver Discharge Statement and Breakdown - Ashcroft Re-Financing Information

Good Morning Ray and Sarah D:

Thanks for the call yesterday afternoon. The Receiver has reviewed and agrees with the contents of this

email. I am sending it in the interests of efficiency and to avoid duplication.

As discussed, the following are questions that we think are important to consider for next steps, and overall to determine whether the proposed refinancing and termination of the receivership is viable. This is not meant to be an exhaustive list and issues/more questions may come up as the parties (including your client) considers this further.

With that being said, I understand from the Receiver that the MLS Listings went live yesterday, however, they are agreeable to suspending the sales process for a week (to October 17th) to give you and your client time to consider/answer the questions. To be clear, I understand that the Receiver is not committing to terminating the sales process altogether and will need to consider the additional information given before making any determinations.

Questions:

1. Please send all unredacted refinancing documents. It appears that there were likely amendments/revisions to the previous refinancing commitment delivered, and we would like to review. Also the previous documents sent had redactions and were missing schedules. Transparency will be key here. I attach the 2 fully executed documents that has all conditions met for the original loan of \$8.5 MM which was then increased to \$8.75 MM. We are not entirely clear on what missing schedules you are referring to, however, if you are referring to the schedules that list the assets forming the security, I am aware of an email from Manny Difilippo to Matthew Marchand and Adam Boettger dated August 19, which provided fully executed copies of the CL, the increased loan amount, and schedules A,B,C referenced in the CL is again contained in the above.
2. Has the financing closed? For example:
 - a. Are all conditions waived and the funds can be released? If any conditions remain to be met, please advise which. All conditions have been met. As we have previously confirmed, the funds identified in the table provided are held in trust in our trust account and ready to be released without restrictions.
 - b. Are there any deadlines/conditions/constraints in the refinancing that would require the return of funds in the event they are not met? No.
 - c. Note: This is also why we want to review the refinancing documents, so we can understand the mechanics of the deal. The mechanics of the refinancing are particularized in our response #1 and in the attached commitment letters.
3. Can the interest reserve be drawn against to cover any shortfall required to satisfy all debts to terminate the receivership? If not, would this be something Ashcroft could explore with the lender? We need to understand the potential magnitude of this before we can answer your question. For this and other questions, we continue to request details of full statement of accounts needed to have DUCA and the Receiver discharged.
4. Please confirm that the intention is that all pre-filing claims would continue post-filings. I have not been able to determine what you intend to mean by this question.
5. Does Ashcroft have built in working capital for after the receivership ends? Yes, particularly with the interest reserve in place for a 9 month period, the net cash from operations would be more than sufficient for Ashcroft to continue operations.

6. What's Ashcroft's plan with the properties after the receivership ends? **It is my understanding that the plan is to immediately sell all of the residential assets in order to pay off the HP loan before the interest reserve is utilized.**
7. Will Ashcroft need any support of the Receiver to transition the return of possession and control of the properties, as this will impact overall costs? In most receiverships, on a practical basis, there is a transition period/cost. **Absolutely not.**

Next Steps:

I understand that the Receiver is working on the estimated amounts for post-filing claims that will need to be satisfied in order to terminate the receivership. They are working on getting those together (understanding that some of the amounts will be floating and continue to accrue, so it will be difficult to nail down a hard number).

Duca will provide you with a per diem interest accrual amount as well – again keeping in mind that professional fees are floating and are also accruing.

Please feel free to send along answers/documents as they come in.

We appreciate your work on this, and look forward to the information requested.

Thanks,

Stephen Gaudreau
Partner

sgaudreau@blaney.com

☐ 416-596-4285 | ☐ 416-594-3594

From: Raymond Murray <raymond.murray@mannlawyers.com>

Sent: Wednesday, October 9, 2024 1:36 PM

To: Stephen Gaudreau <SGaudreau@blaney.com>; john.salmas@dentons.com

Cc: Sarah DelVillano <sarah.delvillano@mannlawyers.com>; Timothy Dunn <TDunn@blaney.com>; sara.wilson@dentons.com; MATTHEW MARCHAND (mmarchand@bdo.ca) <mmarchand@bdo.ca>; Boettger, Adam <aboettger@bdo.ca>

Subject: RE: BDO - Receiver Discharge Statement and Breakdown - Ashcroft Re-Financing Information

Good Afternoon All:

Yes, we are available at 4:00 p.m. to meet.

Please let me know if you are circulating a link for meeting if you want us to set something

up.

Best,

Ray



Raymond Murray

Lawyer

613-369-0367

11 Holland Avenue | Suite 300 | Ottawa | Ontario | K1Y 4S1

t: 613-722-1500 | f: 613-722-7677

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From: Stephen Gaudreau <SGaudreau@blaney.com>

Sent: Wednesday, October 9, 2024 10:05 AM

To: Raymond Murray <raymond.murray@mannlawyers.com>; john.salmas@dentons.com

Cc: Sarah DelVillano <sarah.delvillano@mannlawyers.com>; Timothy Dunn <TDunn@blaney.com>; sara.wilson@dentons.com; MATTHEW MARCHAND (mmarchand@bdo.ca) <mmarchand@bdo.ca>; Boettger, Adam <aboettger@bdo.ca>

Subject: RE: BDO - Receiver Discharge Statement and Breakdown - Ashcroft Re-Financing Information

Good Morning Ray:

Thank you for the email and setting out the updated information. It is much appreciated. Are you (and Sarah D) available for a call at 4PM today to discuss next steps? We have verified with the Receiver and Receiver's counsel that they are available at 4PM and it will give us some time to issue spot in the interim.

Thanks,

Stephen

Stephen Gaudreau

Partner

sgaudreau@blaney.com

☐ 416-596-4285 | ☐ 416-594-3594

From: Raymond Murray <raymond.murray@mannlawyers.com>

Sent: Tuesday, October 8, 2024 8:47 PM

To: john.salmas@dentons.com

Cc: Sarah DelVillano <sarah.delvillano@mannlawyers.com>; Timothy Dunn <TDunn@blaney.com>; Stephen Gaudreau <SGaudreau@blaney.com>; sara.wilson@dentons.com

Subject: Re: BDO - Receiver Discharge Statement and Breakdown - Ashcroft Re-Financing

Information

Good Evening John:

This email is further to yours dated October 7, 2024 and more particularly as it relates to our repeated requests for your client's discharge statement, including a breakdown of the receiver's receipts, fees and expenses.

In the interest of moving forward corroboratively, and as we again requested and you undertook yesterday, please provide us with a breakdown of the \$425,000, namely the receipts, fees, and expenses, and outline any additional costs incurred since the September 23, 2024 email. Further, please also provide us with the figure and particulars of any monies collected by BDO including the rents.

We have taken great care to check and recheck the Loan, Allocations, and Receipt of Funds which came into our trust account late Friday afternoon, October 4 as we advised you. In this regard, please note as follows:

Total loan amount:	\$8,750,000
Held back by HP:	
Interest reserve	\$ 921,375
Lender Fee	\$ 155,000
HawCo Peters fee	\$ 183,750
Title insurance	\$ 4,636
Legal fees and trust fees	\$ 33,456

Transferred to Mann Lawyers \$7,451,783

Total allocation for use of Funds: Loan amount	\$8,750,000
Interest reserve (9 months)	\$ 921,375
BDO fees and Denton's legal fees estimated	\$ 425,000
DUCA loan payout and associated legal fees	\$6,836,833
HawCo Peters Fee	\$ 183,750
Lender Fee	\$ 155,000
Lender legal and Trust fees and Title insurance	\$ 38,092
Reserve for Property taxes and other costs	\$ 189,950

Total Loan \$8,750,000

In addition to the detail and breakdowns which you have undertaken to provide, we look forward to receipt of your motion materials to discharge the receiver, including your draft order and release.

For your ease of reference, my bio can be found at the Mann website at <https://www.mannlawyers.com/our-people/raymond-murray/>

Best regards,

Ray

**Raymond Murray****Lawyer****613-369-0367**

11 Holland Avenue | Suite 300 | Ottawa | Ontario | K1Y 4S1

t: 613-722-1500 | f: 613-722-7677

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From: "Salmas, John" <john.salmas@dentons.com>**Date:** October 7, 2024 at 5:24:23 PM EDT**To:** Sarah DelVillano <sarah.delvillano@mannlawyers.com>, ray.murray@mannlawyers.com**Cc:** Timothy Dunn <TDunn@blaney.com>, Stephen Gaudreau <SGaudreau@blaney.com>, "Wilson, Sara-Ann" <sara.wilson@dentons.com>**Subject:** FW: Ashcroft re receivership fees

Sarah and Ray,

As requested, please see the below email that Matthew Marchand had sent to Manny Difilippo on September 23, 2024 – being two weeks ago today.

As discussed on our call of earlier this afternoon it is surprising to hear that you both indicate that your firm was unaware of the below noted amounts in light of the attached email from your colleague Scott McLean – which indicates that your Firm has “sufficient funds” to satisfy obligations and effectuate a termination of the receivership proceedings.

As Scott indicated this afternoon at 2:30 p.m. that he is no longer engaged on this matter, I have omitted including him in this email in order not to unnecessarily clog his inbox. Also Sarah D. - may I ask that in the event that I did not include the correct email for Ray (as his bio is not up yet on your website) that you will ensure that he will receive this email?

In any event, and in order to ensure that there is no broken telephone, it would be greatly appreciated if one of you can confirm by noon tomorrow the exact amount (in CAD dollars and cents) that you are holding in your Firm’s trust account in respect of the proposed refinancing transaction.

Regards,

John

John Salmas

Partner

My [pronouns](#) are: He/Him/His

 [+1 416 863 4737](tel:+14168634737)

[Dentons Canada LLP](#) | [Toronto](#)

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From: Marchand, Matthew

Sent: September 23, 2024 10:43 AM

To: Manny Difilippo <mdifilippo@ashcrofthomes.ca>

Cc: Boettger, Adam <aboettger@bdo.ca>

Subject: Ashcroft re receivership fees

Good morning Manny,

Further to your request, the combined fees and disbursements of the Receiver and its legal counsel, amount to approximately \$425,000 for the period up to September 13th. Applicable sales taxes are in addition to this amount. Please note fees will continue to be incurred until the Receiver is discharged.

Are you able to provide an update on the status of the refinancing, including when the appraisal condition will be satisfied?

Thank you,

Matthew Marchand, CPA, CMA, CIRP, LIT

Partner & Senior Vice President, Business Restructuring & Turnaround Services

Financial Advisory Services

Direct: 416-369-4755

[BDO Canada Limited](#)

20 Wellington Street East, Suite 500

Toronto, Ontario, Canada M5E 1C5

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Appendix “Q” to the Second Report of the Receiver

Ashcroft Homes - 108 Richmond Road Inc. ("108RR"), Ashcroft Homes - 111 Richmond Road Inc. ("111RR", and collectively "Estate(s)")
Summary of Estate Accounts and Estimate of Future Activity

	Notes	108RR	111RR	Total	Reference
Estimated Adjusted Cash as at September 30, 2024					
Receiver's receipts over disbursements as at September 30, 2024	[1]	\$ 27,429.81	\$ 133,475.73	\$ 160,905.54	[A]
Less: Actual September 2024 accrued expenses	[2]	(480.37)	(4,732.19)	(5,212.56)	[B]
Add: Estimated September 2024 accruals	[3]	18,239.92	28,821.39	47,061.31	[C]
		45,189.36	157,564.93	202,754.29	
Less: Estimated priority payables to September 30, 2024	[4]	(71,374.19)	(70,759.62)	(142,133.81)	[D]
Less: Professional fees of Receiver and it's legal counsel to September 30, 2024	[5]	(259,901.42)	(259,901.42)	(519,802.84)	[E]
Estimated Estates Adjusted Cash as at September 30, 2024		\$ (286,086.25)	\$ (173,096.10)	\$ (459,182.35)	
Estimated October 2024 Activity					
Future estimated monthly normal course operating receipts/(disbursements)	[6]	\$ 5,260.55	\$ 42,673.32	\$ 47,933.87	[F]
Less: Estimated future monthly priority payables	[7]	(18,388.09)	(16,333.34)	(34,721.43)	[G]
Less: Estimated future monthly professional fees for Receiver and it's legal counsel	[8]	(28,250.00)	(28,250.00)	(56,500.00)	[H]
Less: Other adjustments	[9]	-	(12,945.31)	(12,945.31)	[I]
Estimated October 2024 Activity		\$ (41,377.54)	\$ (14,855.33)	\$ (56,232.87)	
Estimated Monthly Activity (November onwards)					
Future estimated monthly normal course operating receipts/(disbursements)	[6]	\$ 5,260.55	\$ 42,673.32	\$ 47,933.87	[F]
Less: Estimated future monthly priority payables	[7]	(18,388.09)	(16,333.34)	(34,721.43)	[G]
Less: Estimated future monthly professional fees for Receiver and it's legal counsel	[8]	(28,250.00)	(28,250.00)	(56,500.00)	[H]
Estimated Monthly Activity		\$ (41,377.54)	\$ (1,910.02)	\$ (43,287.56)	

Notes:

- [1] Receiver's activity from date of appointment to September 30, 2024, per Estate general ledgers.
 [2] Actual September 2024 accrued expenses paid in October 2024.
 [3] Estimated net September 2024 rental income to be received from property manager and unpaid accrued expenses.
 [4] Includes estimate of pre- and post-receivership HST and property taxes. Subject to confirmation with CRA and municipality.
 [5] Includes HST. Allocated equally (50/50) between Estates for purposes of presentation. Actual allocation subject to revision.
 [6] Estimated future monthly operating activity, excluding priority payable professional fees accruals.
 [7] Estimated accrual. Includes HST and property taxes.
 [8] Estimate subject to actual time incurred to complete activities necessary to administer Estates. Includes HST. Allocated equally (50/50) between Estates for purposes of presentation. Actual allocation subject to revision. Excludes DUCA's legal fees.
 [9] Estimated payment of one-time items.
 [10] Excludes pre-receivership liabilities unless noted otherwise, including:
 (i) Potential pre-receivership condo fee arrears estimated to be: \$ 36,683.26 \$ - \$ 36,683.26
 (ii) External accountant fees engaged without Receiver's consent, estimated to be: \$ 14,125.00 \$ 14,125.00 \$ 28,250.00
 [11] Remains subject to review and revision by the Receiver.
 [12] Estimates are based on assumptions related to future events. Actual results may differ from those estimated.
 [13] Cash flow timing differences are expected and have not been included herein (i.e. October net rent to be received in November).
 [14] Excludes HST ITC refunds, if any, from accrued and unpaid professional fees.
 [15] Excludes future interest earned in Estate accounts from October onwards.
 [16] Excludes DUCA's indebtedness, accrued interest thereon or any other costs incurred by DUCA, such as legal fees.
 [17] Excludes pre-receivership liabilities unless noted otherwise.
 [18] Excludes costs and fees, if any, associated with transitioning possession and control from Receiver to borrower.

Ashcroft Homes - 108 Richmond Road Inc. ("108RR"), Ashcroft Homes - 111 Richmond Road Inc. ("111RR", and collectively "Estate(s)")
Details Supporting Summary of Estate Accounts and Estimate of Future Activity

	108RR	111RR	Total	Reference
Cash Position as at as at September 30, 2024				
Statement of receipts and disbursements as at September 30, 2024 [Actual]				
Receipts:				
Rental Income	\$ 74,674.70	\$ 134,771.30	\$ 209,446.00	
Cash in bank accounts	50,797.17	66,517.91	117,315.08	
HST collected	4,172.03	15,522.34	19,694.37	
Interest income	413.00	764.03	1,177.03	
Total receipts	130,056.90	217,575.58	347,632.48	
Disbursements:				
Condo fees	73,571.25	50,240.54	123,811.79	
Repairs and maintenance	12,951.28	13,876.29	26,827.57	
Insurance	10,091.73	9,085.83	19,177.56	
Appraisal	3,076.16	3,222.58	6,298.74	
HST ITCs	2,117.53	2,648.34	4,765.87	
Utilities	583.17	3,842.10	4,425.27	
Property management fees	104.55	621.75	726.30	
Security	-	375.00	375.00	
Bank charges	51.00	107.00	158.00	
Filing fees	80.42	80.42	160.84	
Total disbursements	102,627.09	84,099.85	186,726.94	
Net receipts/(disbursements)	27,429.81	133,475.73	160,905.54	[A]
September 2024 Accruals [Actual]				
Add:				
September 2024 interest	197.30	516.84	714.14	
Less:				
Waste Management	-	(3,486.58)	(3,486.58)	
Utilities	(287.67)	(1,762.45)	(2,050.12)	
Repairs and maintenance	(390.00)	-	(390.00)	
Total	(480.37)	(4,732.19)	(5,212.56)	[B]
September 2024 Accruals [Estimated]				
Add:				
September 2024 net rent collections from property manager	18,239.92	29,087.17	47,327.09	
Less:				
Cleaning	-	(152.78)	(152.78)	
Utilities	-	(113.00)	(113.00)	
Total	18,239.92	28,821.39	47,061.31	[C]
Priority Payables to September 30, 2024 [Estimated]				
Pre-receivership HST liability	(9,270.92)	(15,378.31)	(24,649.23)	
Post-receivership HST liability (cash basis)	(2,930.29)	(18,478.20)	(21,408.49)	
Unpaid property taxes	(59,172.98)	(36,903.11)	(96,076.09)	
Total	(71,374.19)	(70,759.62)	(142,133.81)	[D]
Professional fees to September 30, 2024				
Receiver [BDO Canada]	(161,026.42)	(161,026.42)	(322,052.84)	
Receiver's legal counsel [Dentons]	(98,875.00)	(98,875.00)	(197,750.00)	
Total	(259,901.42)	(259,901.42)	(519,802.84)	[E]
Future Estimated Monthly Cost Run Rate				
Standard Monthly Operations				
Operating receipts	26,450.91	67,900.51	94,351.42	
Operating Disbursements	(21,190.36)	(25,227.19)	(46,417.55)	
Total	5,260.55	42,673.32	47,933.87	[F]
Monthly Priority Payables [Estimated]				
HST arrears during receivership	(836.78)	(5,526.20)	(6,362.98)	
Property taxes	(17,551.31)	(10,807.14)	(28,358.45)	
Total	(18,388.09)	(16,333.34)	(34,721.43)	[G]
Monthly professional fees of Receiver and it's legal counsel [Estimated]				
	(28,250.00)	(28,250.00)	(56,500.00)	[H]
One-Time October 2024 Adjustments				
Less:				
Pre-receivership condo fee arrears - June 2024	-	(7,945.31)	(7,945.31)	
Insurance	-	(5,000.00)	(5,000.00)	
Total	-	(12,945.31)	(12,945.31)	[I]

Ashcroft Homes - 108 Richmond Road Inc. ("108RR"), Ashcroft Homes - 111 Richmond Road Inc. ("111RR", and collectively "Estate(s)")
Estimated Refinancing Use of Funds as at October 31, 2024

HP ABL Fund 1 Limited Partnership Loan

Total loan amount	\$ 8,750,000.00
Held back by HP:	
Interest Reserve	(921,375.00)
Lender Fee	(155,000.00)
Hawco Peters fee	(183,750.00)
Title insurance	(4,636.00)
Legal fees and trust fees	(33,456.00)
Subtotal	(1,298,217.00)
Net loan transferred to Mann lawyers	\$ 7,451,783.00
Less: DUCA Indebtedness:	
Principal	(6,456,740.92)
Legal fees (estimate, subject to change)	(137,102.46)
Financial consultancy fees	(76,662.41)
Interest (estimated to September 27, 2024)	(166,327.94)
Interest (estimated from September 27, 2024 to October 31, 2024)	(29,763.94)
Estimated DUCA Indebtedness to October 31, 2024	(6,866,597.67)
Less: Estimated Estates Adjusted Cash as at September 30, 2024	(459,182.35)
Less: Estimated October 2024 Activity	(56,232.87)
Estimated refinancing surplus/(shortfall) as at October 31, 2024	69,770.11

Note:

[1] It is estimated that future activity from November onwards will generate negative cash of approximately \$43,288 per month.

Appendix “R” to the Second Report of the Receiver

Properties

PIN	15889 - 0006 LT
Description	UNIT 6, LEVEL 1, OTTAWA-CARLETON STANDARD CONDOMINIUM PLAN NO. 889 AND ITS APPURTENANT INTEREST; SUBJECT TO EASEMENTS AS SET OUT IN SCHEDULE A AS IN OC1315688; CITY OF OTTAWA
Address	OTTAWA
PIN	15889 - 0011 LT
Description	UNIT 11, LEVEL 1, OTTAWA-CARLETON STANDARD CONDOMINIUM PLAN NO. 889 AND ITS APPURTENANT INTEREST; SUBJECT TO EASEMENTS AS SET OUT IN SCHEDULE A AS IN OC1315688; CITY OF OTTAWA
Address	OTTAWA
PIN	15889 - 0012 LT
Description	UNIT 12, LEVEL 1, OTTAWA-CARLETON STANDARD CONDOMINIUM PLAN NO. 889 AND ITS APPURTENANT INTEREST; SUBJECT TO EASEMENTS AS SET OUT IN SCHEDULE A AS IN OC1315688; CITY OF OTTAWA
Address	OTTAWA
PIN	15889 - 0013 LT
Description	UNIT 13, LEVEL 1, OTTAWA-CARLETON STANDARD CONDOMINIUM PLAN NO. 889 AND ITS APPURTENANT INTEREST; SUBJECT TO EASEMENTS AS SET OUT IN SCHEDULE A AS IN OC1315688; CITY OF OTTAWA
Address	OTTAWA
PIN	15889 - 0014 LT
Description	UNIT 14, LEVEL 1, OTTAWA-CARLETON STANDARD CONDOMINIUM PLAN NO. 889 AND ITS APPURTENANT INTEREST; SUBJECT TO EASEMENTS AS SET OUT IN SCHEDULE A AS IN OC1315688; CITY OF OTTAWA
Address	OTTAWA
PIN	15889 - 0015 LT
Description	UNIT 15, LEVEL 1, OTTAWA-CARLETON STANDARD CONDOMINIUM PLAN NO. 889 AND ITS APPURTENANT INTEREST; SUBJECT TO EASEMENTS AS SET OUT IN SCHEDULE A AS IN OC1315688; CITY OF OTTAWA
Address	OTTAWA
PIN	15889 - 0056 LT
Description	UNIT 20, LEVEL 3, OTTAWA-CARLETON STANDARD CONDOMINIUM PLAN NO. 889 AND ITS APPURTENANT INTEREST; SUBJECT TO EASEMENTS AS SET OUT IN SCHEDULE A AS IN OC1315688; CITY OF OTTAWA
Address	OTTAWA

Party From(s)

Name	ASHCROFT HOMES - 101 RICHMOND ROAD INC.
Address for Service	18 Antares Drive, Ottawa, ON K2E 1A9

Applicant(s)	Capacity	Share
--------------	----------	-------

Name	ASHCROFT HOMES - 111 RICHMOND ROAD INC.
Address for Service	18 Antares Drive, Ottawa, ON K2E 1A9

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

This transaction is not subject to any writs of execution. Execution search(s) completed on 2024/10/04. Clear execution number(s) Ashcroft Homes - 101 Richmond Road Inc., Ashcroft Homes - 111 Richmond Road Inc. - 50185488-4999144B. I Daniella Sicoli-Zupo confirm the appropriate party(ies) were searched.

Statements

The name has changed as a result of Articles of Amalgamation, dated March 1, 2022 and this statement is made for no improper purpose.

Schedule: See Schedules

Signed By

Brandon Matthew Doughty

300-11 Holland Avenue
Ottawa
K1Y 4S1

acting for
Applicant(s)

Signed

2024 10 04

Tel 613-722-1500

Fax 613-722-7677

I have the authority to sign and register the document on behalf of the Applicant(s).

Submitted By

MANN LAWYERS LLP

300-11 Holland Avenue
Ottawa
K1Y 4S1

2024 10 04

Tel 613-722-1500

Fax 613-722-7677

Fees/Taxes/Payment

Statutory Registration Fee

\$69.95

Total Paid

\$69.95

File Number

Applicant Client File Number : 2402207



Articles of Amalgamation

Business Corporations Act

1. Amalgamated Corporation Name

ASHCROFT HOMES - 111 RICHMOND ROAD INC.

2. Registered Office Address

18 Antares Drive, 102, Nepean, Ontario, Canada, K2E 1A9

3. Number of Directors

Minimum/Maximum

Min 1 / Max 10

4. The director(s) is/are:

Full Name

David CHOO

Resident Canadian

Yes

Address for Service

18 Antares Drive, Ottawa, Ontario, Canada, K2E 1A9

5. Method of Amalgamation

B. Amalgamation of a holding corporation and one or more of its subsidiaries or amalgamation of subsidiaries.

The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the Business Corporations Act on the date set out below.

The Name, OCN, and Date of Adoption/Approval for each amalgamating corporation are as follows:

Corporation Name	OCN	Date of Adoption/Approval
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ASHCROFT HOMES - 111 RICHMOND ROAD INC.	1897421	February 21, 2022
ASHCROFT HOMES - 101 RICHMOND ROAD INC.	1871823	February 21, 2022

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise. If none, enter "None":

There are no such restrictions on the business the Corporation may carry on or on the powers the Corporation may exercise.

7. The classes and any maximum number of shares that the corporation is authorized to issue:

The Corporation is authorized to issue an unlimited number of Class A Common shares, an unlimited number of Class B Common shares, an unlimited number of Class C Common shares, an unlimited number of the Class D Preference shares and an unlimited number of Class E Preference shares.

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors' authority with respect to any class of shares which may be issued in series. If there is only one class of shares, enter "Not Applicable":

1. CLASS A COMMON SHARES The holders of the Class A Common shares shall be entitled: (a) to vote at all meetings of shareholders of the Corporation on the basis of One (1) vote for each Class A share held, except meetings at which only holders of a specified class of shares are entitled to vote; (b) to receive in any financial year of the Corporation, as and when declared by the director(s) of the Corporation in their sole discretion, a fixed, non-cumulative dividend equal to Two (2) cents per share or such additional amount as the director(s) may determine, in the director(s) absolute discretion, out of the moneys of the Corporation properly applicable to the payment of dividends. The dividends shall be noncumulative whether or not earned. Any rights of a holder of Class A Common shares to a dividend in any fiscal year shall be extinguished if the said dividend is not declared by the director(s) by the end of said fiscal year. The director(s) may declare and pay dividends on the Class A Common shares to the exclusion of the Class B Common shares and/or to the exclusion of the Class C Common shares and/or to the exclusion of the Class D Preference shares and/or to the exclusion of the Class E Preference shares and may declare dividends on any other class of shares to the exclusion of the Class A Common shares. Notwithstanding the forgoing, no dividends shall be declared or paid on the Class A Common shares if declaring and paying said dividends would impair the ability of the Corporation to redeem the Class D Preference shares and/or the Class E Preference shares; and (c) to receive, subject to the rights of the holders of the Class D Preference shares and Class E Preference shares and pari passu with the holders of the Class B Common shares and Class C Common shares, the remaining property of the Corporation on the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary save and except that the holders of Class A Common shares shall be entitled to receive the amount paid up for their Class A Common shares in priority to the holders of the Class B Common shares and Class C Common shares. 2. CLASS B COMMON SHARES The holders of the Class B Common shares shall be entitled: (a) to vote at all meetings of shareholders of the Corporation on the basis of One (1) vote for each Class B share held, except meetings at which only holders of a specified class of shares are entitled to vote; (b) to receive in any financial year of the Corporation, as and when declared by the director(s) of the Corporation in their sole discretion, a fixed, non-cumulative dividend equal to Three (3) cents per share or such additional amount as the director(s) may determine in the director(s) absolute discretion, out of the moneys of the Corporation properly applicable to the payment of dividends. The dividends shall be non-cumulative whether or not earned. Any rights of a holder of Class B Common shares to a dividend in any fiscal year shall be extinguished if the said dividend is not declared by the director(s) by the end of said fiscal year. The director(s) may declare and pay dividends on the Class B Common shares to the exclusion of the Class A Common shares and/or to the exclusion of the Class C Common shares and/or to the exclusion of the Class D Preference shares and/or to the exclusion of the Class E Preference

shares and may declare dividends on any other class of shares to the exclusion of the Class B Common shares. Notwithstanding the forgoing, no dividends shall be declared or paid on the Class B Common shares if declaring and paying said dividends would impair the ability of the Corporation to redeem the Class D Preference shares and/or the Class E Preference shares; and (c) to receive, subject to the rights of the holders of the Class D Preference shares and the Class E Preference shares and *pari passu* with the holders of the Class A Common shares and the Class C Common shares, the remaining property of the Corporation on the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary save and except that the holders of Class B Common shares shall be entitled to receive the amount paid up for their Class B Common shares in priority to the holders of the Class C Common shares.

3. CLASS C COMMON SHARES The holders of the Class C Common shares shall be entitled: (a) to vote at all meetings of shareholders of the Corporation on the basis of One (1) vote for each Class C share held, except meetings at which only holders of a specified class of shares are entitled to vote; (b) to receive in any financial year of the Corporation, as and when declared by the director(s) of the Corporation in their sole discretion, a fixed, non-cumulative dividend equal to Four (4) cents per share or such additional amount as the director(s) may determine, in the director(s) absolute discretion, out of the moneys of the Corporation properly applicable to the payment of dividends. The dividends shall be non-cumulative whether or not earned. Any rights of a holder of Class C Common shares to a dividend in any fiscal year shall be extinguished if the said dividend is not declared by the director(s) by the end of said fiscal year. The director(s) may declare and pay dividends on the Class C Common shares to the exclusion of the Class A Common shares and/or to the exclusion of the Class B Common shares and/or to the exclusion of the Class D Preference shares and/or to the exclusion of the Class E Preference shares and may declare dividends on any other class of shares to the exclusion of the Class C Common shares. Notwithstanding the forgoing, no dividends shall be declared or paid on the Class C Common shares if declaring and paying said dividends would impair the ability of the Corporation to redeem the Class D Preference shares and/or the Class E Preference shares; and (c) to receive, subject to the rights of the holders of the Class D Preference shares and the Class E Preference shares and *pari passu* with the holders of the Class A Common shares and the Class B Common shares, the remaining property of the Corporation on the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary save and except that the holders of Class C Common shares shall be entitled to receive the amount paid up for their Class C Common shares.

4. CLASS D PREFERENCE SHARES The rights, privileges, restrictions and conditions attaching to the Class D Preference shares are as follows:

A. Definitions Where used in this section 4 of Article 8, the following words and phrases have the following meanings unless such meaning would be inconsistent in the context in which the word or phrase is used: (i) "Redemption Amount" of each Class D Preference share means the fair market value of the consideration received by the Corporation for which each said share was issued; (ii) "Redemption Price" of each Class D Preference share means the Redemption Amount plus an amount equal to all dividends which have at the relevant time been declared or accrued on the shares but which have not then been paid, if any, and; (iii) "Act" means the Business Corporations Act, R.S.O. 1990, c.B.16, as amended or supplemented from time to time by further legislation, and the Regulations thereto.

B. The holders of the Class D Preference shares shall be entitled to receive notice of, to attend and to vote at all meetings of shareholders of the Corporation, except meetings at which only holders of a specified class of shares are entitled to attend. Each Class D Preference share shall confer the holder of said share One (1) vote at such meeting.

C. Subject to the Act, the holders of the Class D Preference shares shall be entitled to receive such non-cumulative dividends as may from time to time be declared by the director(s) of the Corporation, in their absolute discretion, out of the moneys of the Corporation properly applicable to the payment of dividends. The dividends shall be non-cumulative whether or not earned. The director(s) may declare and pay dividends on the Class D Preference shares to the exclusion of the Class A Common shares and/or to the exclusion of the Class B Common shares and/or to the exclusion of the Class C Common shares and/or to the exclusion of the Class E Preference shares and may declare dividends on any other class of shares to the exclusion of the Class D Preference shares.

D. Unless prohibited by the Act, the Corporation may at any time redeem the whole or any number of the issued and outstanding Class D Preference shares of the Corporation by paying the Redemption Price with a Canadian chartered Bank or other financial institution as set out below: (a) The Corporation shall initiate the redemption of any shares being redeemed by giving notice by mail (the "Notice Date"), of its intention to the shareholder whose shares are to be redeemed, to the shareholder's last known address, which shall not be less than thirty (30) days before the shares are to be redeemed (the "Redemption Date"), specifying: (i) the number and class of shares being redeemed; (ii) the Notice Date; (iii) the Redemption Date; (iv) the place the shares will be redeemed; and (v) the name and address of the Canadian chartered Bank or other financial institution at which redemption money will be deposited if not collected by the shareholder on the Redemption Date. (b) The Corporation shall pay the Redemption Price on the Redemption Date to those shareholders tendering certificates for redemption in accordance with the Redemption Notice and shall deposit with a Canadian chartered Bank or other financial

institution the Redemption Price of those shares, the redemption of which is called for in the Redemption Notice but which have not on or before the Redemption Date been tendered to the Corporation. Shareholders whose shares have been redeemed but who have not tendered certificates for those shares to the Corporation prior to the Redemption Date shall be entitled to receive the Redemption Price from monies deposited upon surrender of the certificates representing the redeemed shares to the bank or other financial institution. Interest earned on monies so deposited shall belong to the Corporation. (c) The holders of the shares being redeemed cease to be entitled to dividends following the Redemption Date and have no further rights to exercise after the Redemption Date in respect of the shares being redeemed unless the Corporation fails to pay or deposit the Redemption Price as provided above. In that event, the holders' rights remain unaffected until the Redemption Price is paid in full or deposited as provided above. (d) Notwithstanding the foregoing, should any taxing authority successfully allege that the Redemption Amount of any share so determined should be other than the designated Redemption Amount, or should make or propose to make an assessment on the basis that any benefit or advantage is conferred on any person by reason of the issuance of any shares, then the Redemption Amount shall, subject to such person exhausting his rights of appeal to a tribunal or court of competent jurisdiction, be always to have been an amount equal to the consideration received for such share as at the date of its issuance as determined by such taxing authority after it has consulted with the advisers of such a person and the Corporation. If such a person and the relevant taxing authority do not agree on the consideration received for any share and such a person exercises his rights of appeal to a tribunal or court of competent jurisdiction, then the Redemption Amount of each share shall be deemed always to have been an amount equal to the consideration received for such share as at the date of its issuance as finally determined by such tribunal or court of competent jurisdiction after such person has exhausted all rights of appeal under the relevant tax legislation or when the time to commence appeal has completely expired, whichever occurs first. If the Redemption Amount so determined exceeds the amount previously designated as the Redemption Amount, and paid as such on the redemption of any shares pursuant to the provisions of these articles, the excess shall be a debt of the Corporation payable on demand to the shareholders whose shares were redeemed. If the Redemption Amount so determined is less than the amount previously designated as the Redemption Amount and paid as such on such redemption of any shares, the difference shall be a debt payable on demand to the Corporation by the shareholder whose shares were redeemed. Any dividends payable or paid upon the said share between the date of redemption and the date that the Redemption Amount is finally determined as provided in this paragraph which said dividends are/were calculated as a percentage of the Redemption Amount for said share, shall be increased or decreased as the case may be in the same proportion as the reduction or increase in the Redemption Amount and, if reduced, shall be repaid by the holder forthwith upon demand by the Corporation and if increased, shall be paid by the Corporation to the holder forthwith upon demand. E. Subject to the Act, holders of any Class D Preference shares shall be entitled to require the Corporation to redeem the whole or any part of the shares registered in the name of the holder on the books of the Corporation, as set out below: (a) A holder of shares to be redeemed shall tender to the Corporation at its registered office a request in writing specifying: (i) that the holder desires to have the whole or any part of the said shares registered in his/her/its name redeemed by the Corporation; and (ii) the business day, which shall not be less than thirty (30) days after the day on which the request in writing is given to the Corporation, on which the holder desires to have the Corporation redeem the shares (the "Redemption Date"), together with the share certificates, if any, representing the Class D Preference shares which the registered holder desires to have the Corporation redeem. (b) On receipt of a request and share certificates, the Corporation shall, on the Redemption Date, redeem the shares by paying to the registered holder an amount equal to the Redemption Price. This payment shall be made by cheque payable at any branch in Canada of one of the Corporation's bankers for the time being. If a part only of the Class D Preference shares represented by any certificate is redeemed, a new certificate for the balance shall be issued by the Corporation. (c) The Class D Preference shares shall be redeemed on the Redemption Date and from that date the shares shall cease to be entitled to dividends and their holders shall not be entitled to exercise any of the rights of shareholders in respect of the shares, unless payment of the Redemption Price is not made on the Redemption Date, in which case the rights of the holders of the shares shall remain unaffected. (d) Notwithstanding the foregoing, should any taxing authority successfully allege that the Redemption Amount of any share so determined should be other than the designated Redemption Amount, or should make or propose to make an assessment on the basis that any benefit or advantage is conferred on any person by reason of the issuance of any shares, then the Redemption Amount shall, subject to such person exhausting his rights of appeal to a tribunal or court of competent jurisdiction, be always to have been an amount equal to the consideration received for such share as at the date of its issuance as determined by such taxing authority after it has consulted with the advisers of such a person and the Corporation. If such a person and the relevant taxing authority do not agree on the consideration received for any share and such a person exercises his rights of appeal to a

tribunal or court of competent jurisdiction, then the Redemption Amount of each share shall be deemed always to have been an amount equal to the consideration received for such share as at the date of its issuance as finally determined by such tribunal or court of competent jurisdiction after such person has exhausted all rights of appeal under the relevant tax legislation or when the time to commence appeal has completely expired, whichever designated as the Redemption Amount, and paid as such on the redemption of any shares pursuant to the provisions of these articles, the excess shall be a debt of the Corporation payable on demand to the shareholders whose shares were redeemed. If the Redemption Amount so determined is less than the amount previously designated as the Redemption Amount and paid as such on such redemption of any shares, the difference shall be a debt payable on demand to the Corporation by the shareholder whose shares were redeemed. Any dividends payable or paid upon the said share between the date of redemption and the date that the Redemption Amount is finally determined as provided in this paragraph which said dividends are/were calculated as a percentage of the Redemption Amount for said share, shall be increased or decreased as the case may be in the same proportion as the reduction or increase in the Redemption Amount and, if reduced, shall be repaid by the holder forthwith upon demand by the Corporation and if increased, shall be paid by the Corporation to the holder forthwith upon demand. F. In the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Class D Preference shares shall be entitled to receive *pari passu* with the holders of the Class E Preference shares and, in priority to any distribution to the holders of the Class A Common shares, the Class B Common shares and the Class C Common shares, an amount equal to the Redemption Price of their shares, but such holders of Class D Preference shares shall not be entitled to participate any further in the property or assets of the Corporation. 5. CLASS E PREFERENCE SHARES The rights, privileges, restrictions and conditions attaching to the Class E Preference shares are as follows: A. Definitions Where used in this section 5 of Article 8, the following words and phrases have the following meanings unless such meaning would be inconsistent in the context in which the word or phrase is used: (i) "Redemption Amount" of each Class E Preference share means the fair market value of the consideration received by the Corporation for which each said share was issued; (ii) "Redemption Price" of each Class E Preference share means the Redemption Amount plus an amount equal to all dividends which have at the relevant time been declared or accrued on the shares but which have not then been paid, if any, and; (iii) "Act" means the Business Corporations Act, R.S.O. 1990, c. B.16, as amended or supplemented from time to time by further legislation, and the Regulations thereto. B. Subject to the Act, the holders of the Class E Preference shares shall not, as such, be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting, but shall be entitled to receive notice of and to attend, but not to vote at, any meeting of the shareholders called for the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business. C. Subject to the Act, the holders of the Class E Preference shares shall be entitled to receive such non-cumulative dividends as may from time to time be declared by the director(s) of the Corporation, in their absolute discretion, out of the moneys of the Corporation properly applicable to the payment of dividends. The dividends shall be non-cumulative whether or not earned. The director(s) may declare and pay dividends on the Class E Preference shares to the exclusion of the Class A Common shares and/or to the exclusion of the Class B Common shares and/or to the exclusion of the Class C Common shares and/or to the exclusion of the Class D Preference shares and may declare dividends on any other class of shares to the exclusion of the Class E Preference shares. D. Unless prohibited by the Act, the Corporation may at any time redeem the whole or any number of the issued and outstanding Class E Preference shares of the Corporation by paying the Redemption Price with a Canadian chartered Bank or other financial institution as set out below: (a) The Corporation shall initiate the redemption of any shares being redeemed by giving notice by mail (the "Notice Date"), of its intention to the shareholder whose shares are to be redeemed, to the shareholder's last known address, which shall not be less than thirty (30) days before the shares are to be redeemed (the "Redemption Date"), specifying: (i) the number and class of shares being redeemed; (ii) the Notice Date; (iii) the Redemption Date; (iv) the place the shares will be redeemed; and (v) the name and address of the Canadian chartered Bank or other financial institution at which redemption money will be deposited if not collected by the shareholder on the Redemption Date. (b) The Corporation shall pay the Redemption Price on the Redemption Date to those shareholders tendering certificates for redemption in accordance with the Redemption Notice and shall deposit with a Canadian chartered Bank or other financial institution the Redemption Price of those shares, the redemption of which is called for in the Redemption Notice but which have not on or before the Redemption Date been tendered to the Corporation. Shareholders whose shares have been redeemed but who have not tendered certificates for those shares to the Corporation prior to the Redemption Date shall be entitled to receive the Redemption Price from monies deposited upon surrender of the certificates representing the redeemed shares to the bank or other financial institution. Interest earned on monies so deposited shall belong to the Corporation. (c) The holders of the shares

being redeemed cease to be entitled to dividends following the Redemption Date and have no further rights to exercise after the Redemption Date in respect of the shares being redeemed unless the Corporation fails to pay or deposit the Redemption Price as provided above. In that event, the holders' rights remain unaffected until the Redemption Price is paid in full or deposited as provided above. (d) Notwithstanding the foregoing, should any taxing authority successfully allege that the Redemption Amount of any share so determined should be other than the designated Redemption Amount, or should make or propose to make an assessment on the basis that any benefit or advantage is conferred on any person by reason of the issuance of any shares, then the Redemption Amount shall, subject to such person exhausting his rights of appeal to a tribunal or court of competent jurisdiction, be always to have been an amount equal to the consideration received for such share as at the date of its issuance as determined by such taxing authority after it has consulted with the advisers of such a person and the Corporation. If such a person and the relevant taxing authority do not agree on the consideration received for any share and such a person exercises his rights of appeal to a tribunal or court of competent jurisdiction, then the Redemption Amount of each share shall be deemed always to have been an amount equal to the consideration received for such share as at the date of its issuance as finally determined by such tribunal or court of competent jurisdiction after such person has exhausted all rights of appeal under the relevant tax legislation or when the time to commence appeal has completely expired, whichever occurs first. If the Redemption Amount so determined exceeds the amount previously designated as the Redemption Amount, and paid as such on the redemption of any shares pursuant to the provisions of these articles, the excess shall be a debt of the Corporation payable on demand to the shareholders whose shares were redeemed. If the Redemption Amount so determined is less than the amount previously designated as the Redemption Amount and paid as such on such redemption of any shares, the difference shall be a debt payable on demand to the Corporation by the shareholder whose shares were redeemed. Any dividends payable or paid upon the said share between the date of redemption and the date that the Redemption Amount is finally determined as provided in this paragraph which said dividends are/were calculated as a percentage of the Redemption Amount for said share, shall be increased or decreased as the case may be in the same proportion as the reduction or increase in the Redemption Amount and, if reduced, shall be repaid by the holder forthwith upon demand by the Corporation and if increased, shall be paid by the Corporation to the holder forthwith upon demand. E. Subject to the Act, holders of any Class E Preference shares shall be entitled to require the Corporation to redeem the whole or any part of the shares registered in the name of the holder on the books of the Corporation, as set out below: (a) A holder of shares to be redeemed shall tender to the Corporation at its registered office a request in writing specifying: (i) that the holder desires to have the whole or any part of the said shares registered in his/her/its name redeemed by the Corporation; and (ii) the business day, which shall not be less than thirty (30) days after the day on which the request in writing is given to the Corporation, on which the holder desires to have the Corporation redeem the shares (the "Redemption Date"), together with the share certificates, if any, representing the Class E Preference shares which the registered holder desires to have the Corporation redeem. (b) On receipt of a request and share certificates, the Corporation shall, on the Redemption Date, redeem the shares by paying to the registered holder an amount equal to the Redemption Price. This payment shall be made by cheque payable at any branch in Canada of one of the Corporation's bankers for the time being. If a part only of the Class E Preference shares represented by any certificate is redeemed, a new certificate for the balance shall be issued by the Corporation. (c) The Class E Preference shares shall be redeemed on the Redemption Date and from that date the shares shall cease to be entitled to dividends and their holders shall not be entitled to exercise any of the rights of shareholders in respect of the shares, unless payment of the Redemption Price is not made on the Redemption Date, in which case the rights of the holders of the shares shall remain unaffected. (d) Notwithstanding the foregoing, should any taxing authority successfully allege that the Redemption Amount of any share so determined should be other than the designated Redemption Amount, or should make or propose to make an assessment on the basis that any benefit or advantage is conferred on any person by reason of the issuance of any shares, then the Redemption Amount shall, subject to such person exhausting his rights of appeal to a tribunal or court of competent jurisdiction, be always to have been an amount equal to the consideration received for such share as at the date of its issuance as determined by such taxing authority after it has consulted with the advisers of such a person and the Corporation. If such a person and the relevant taxing authority do not agree on the consideration received for any share and such a person exercises his rights of appeal to a tribunal or court of competent jurisdiction, then the Redemption Amount of each share shall be deemed always to have been an amount equal to the consideration received for such share as at the date of its issuance as finally determined by such tribunal or court of competent jurisdiction after such person has exhausted all rights of appeal under the relevant tax legislation or when the time to commence appeal has completely expired, whichever occurs first. If the Redemption Amount so determined exceeds the amount previously designated as the Redemption Amount, and paid as such on the redemption of any shares pursuant to

the provisions of these articles, the excess shall be a debt of the Corporation payable on demand to the shareholders whose shares were redeemed. If the Redemption Amount so determined is less than the amount previously designated as the Redemption Amount and paid as such on such redemption of any shares, the difference shall be a debt payable on demand to the Corporation by the shareholder whose shares were redeemed. Any dividends payable or paid upon the said share between the date of redemption and the date that the Redemption Amount is finally determined as provided in this paragraph which said dividends are/were calculated as a percentage of the Redemption Amount for said share, shall be increased or decreased as the case may be in the same proportion as the reduction or increase in the Redemption Amount and, if reduced, shall be repaid by the holder forthwith upon demand by the Corporation and if increased, shall be paid by the Corporation to the holder forthwith upon demand. F. In the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Class E Preference shares shall be entitled to receive, pari passu with the holders of the Class D Preference shares and, in priority to any distribution to the holders of the Class A Common shares, the Class B Common shares and the Class C Common shares an amount equal to the Redemption Price of their shares, but such holders of Class E Preference shares shall not be entitled to participate any further in the property or assets of the Corporation.

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows. If none, enter "None":

No share or shares of the capital of the Corporation shall be transferred without either: (a) the sanction of the directors of the Corporation expressed by a resolution passed by the board of directors or by instrument or instruments in writing signed by a majority of the directors; or (b) the sanction of the shareholders of the corporation expressed by a resolution passed at a meeting of shareholders or by an instrument or instruments in writing signed by the holders of at least fifty-one percent (51%) of the shares of the Corporation for the time being outstanding.

10. Other provisions:

LIMITATION ON NUMBER OF SHAREHOLDERS That the outstanding securities of the Corporation are beneficially owned, directly or indirectly, by not more than thirty-five persons or companies, exclusive of: (i) persons or companies that are, or at the time they last acquired securities of the Corporation were, accredited investors (as defined under applicable Ontario securities laws, as may be amended from time to time); and (ii) current or former directors, officers or employees of the Corporation or a corporation, company, syndicate, partnership, trust or unincorporated organization (each, an "Entity") affiliated (as defined under applicable Ontario securities laws, as may be amended from time to time) with the Corporation, or current or former consultants (as defined under applicable securities laws, as may be amended from time to time), who in each case beneficially own only securities of the Corporation that were issued as compensation by, or under an incentive plan of, the Corporation or an Entity affiliated with the Corporation; provided that: (A) two or more persons who are the joint registered holders of one or more securities of the Corporation shall be counted as one beneficial owner of those securities; and (B) an Entity shall be counted as one beneficial owner of the securities of the Corporation unless such Entity has been created or is being used primarily for the purpose of acquiring or holding securities of the Corporation, in which event each beneficial owner of an equity interest in the Entity or each beneficiary of the Entity, as the case may be, shall be counted as a separate beneficial owner of those securities of the Corporation.

BORROWING POWERS The directors, without authorization of the shareholders, may from time to time on behalf of the Corporation: (a) borrow money upon the credit of the corporation; (b) issue, re-issue, sell or pledge bonds, debentures, notes or other evidence of indebtedness or guarantee of the corporation, whether secured or unsecured; (c) to the extent permitted by the Business Corporations Act (Ontario) give a guarantee on behalf of the corporation to secure performance of an obligation to any person; (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, moveable or immovable property of the corporation, including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidence of indebtedness or guarantee or any other present or future indebtedness or liability of the corporation; and (e) delegate to a director, a committee of directors, or an officer, or one or more of them as may be designated by resolution of the directors, all or any of the powers conferred by the foregoing provisions to such an extent and in such manner as the directors of the corporation may determine at the time of such delegation. Nothing in the above provisions shall limit or restrict the borrowing of money by the corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the corporation.

LIEN ON SHARES Subject to the provisions of the Business Corporations Act (Ontario), the Corporation shall have a lien on the shares registered in the name of a shareholder who is indebted to the Corporation to the extent of such debt.

PURCHASE OF SHARES That subject to the provisions of the Business Corporations Act (Ontario), the Corporation may purchase any of its issued shares.

The articles have been properly executed by the required person(s).

Supporting Document - Schedule "A"

Statement of a director or officer of each of the amalgamating corporations completed as required under subsection 178(2) of the Business Corporations Act.

Supporting Document - Schedule "B"

The directors' resolutions of each amalgamating corporation as required under section 177 of the Business Corporations Act

Appendix “S” to the Second Report of the Receiver

October 17, 2024

File No.: 507071-55

Sent Via E-mail
Ottawa.SCJ.TC.office@ontario.ca

Ontario Superior Court of Justice
161 Elgin Street, 2nd Floor
Ottawa, ON K2P 2K1
Attn: Trial Coordination, Ottawa Courthouse

Dear Sir/Madam:

Re: DUCA Financial Services Credit Union Ltd. v Ashcroft Homes -101 Richmond Road Inc. et al.
Court File No.: CV-24-00095337-0000

We are counsel to BDO Canada Limited in its capacity as the Court-appointed receiver (the "Receiver") of Ashcroft Homes – 101 Richmond Road Inc. et al.

We write in respect of the letter, dated October 16, 2024, delivered to this Honourable Court by Mann Lawyers, counsel to the Respondents in this proceeding. The correspondence came as a surprise as we understood, based on recent discussions, that the parties were working towards a repayment of the indebtedness owing to the Applicant and the discharge of the Receiver. The Receiver reserves the right to address in more detail the various statements and inaccuracies set forth in the October 16, 2024 letter and draft notice of motion.

Pursuant to the Order of the Honourable Justice Corthorn, dated September 3, 2024, the Receiver was authorized and directed to undertake a sale process (the "**Sale Process**") in respect of the residential condominium units owned by the Respondents.

On October 10, 2024, it was communicated to the Respondents' counsel that the Receiver was prepared to put the Sale Process on hold for a one week period in light of ongoing discussions in respect of the refinancing. The Respondents have never requested a further extension of the suspension of the Sales Process. The Receiver is prepared to consider a further extension, if appropriate.

By email, dated October 11, 2024, the Receiver provided to the Respondents a spreadsheet detailing the estate accounts receipts and disbursements as of September 30, 2024, accrued professional fees, and estimates for ongoing costs and expenses for October and November. The Receiver also requested assurance that additional funding would be available in the event of a shortfall, as the \$8,750,000 total financing was, by its calculations, marginally sufficient to cover the costs of terminating the proceedings and such margin was projected to erode as time continued to pass. Costs, including professional fees

and the carrying costs of the properties, will continue to accrue until such time as the Receiver is discharged.

Contrary to allegations set forth in the October 16, 2024 letter, at no time has the Receiver failed to pay post-receivership liabilities when due, including HST and property taxes. These accrued amounts are included in the Receiver's calculations of costs to complete the receivership as all obligations of the Receiver must be paid in full prior to its discharge.

The Receiver has at all times undertaken its duties as a court officer with appropriate diligence and competence. All allegations against the Receiver are denied in full.

To the extent that there is sufficient funding to repay the Applicant, pay all priority payables and post-receivership obligations, and provide working capital to the Respondents, the Receiver does not expect to take a position on its discharge. The Receiver has been clear throughout its communications that it was and is willing to assist with the refinancing efforts, to the extent that such refinancing is for the benefit of the estate and all stakeholders.

Regarding the Respondents' request for leave to commence a proceeding against the Receiver, the Respondents' Notice of Motion provides no guidance as to the factual basis of this anticipated proceeding, let alone a draft Originating Process, as is required on a motion of this nature. Thus, and at minimum, it would be inappropriate for this aspect of the Respondents' proposed motion to proceed at this time on the accelerated track that they have proposed. From a timing perspective, such proceeding would need to be finally determined prior to the discharge of the Receiver.

Counsel to the Respondents did not request the availability of other counsel for an October 28, 2024 hearing date prior to writing to this Honourable Court. We can be available for a case conference on that date or earlier to address the resolution of these issues.

Best regards,

Dentons Canada LLP



John Salmas
Partner

JS/ac

c.c. Sara-Ann Wilson & Fraser Mackinnon Blair (*Dentons Canada LLP*)
Matthew Marchand & Adam Boettger (*BDO Canada Limited, the Receiver*)
Raymond Murray, K. Scott McLean, Sarah DelVillano, Alexander Bissonnette & Mary Neill (*Mann Lawyers LLP*)
Timothy R. Dunn & Stephen Gaudreau (*Blaney McMurtry LLP*)

Appendix “T” to the Second Report of the Receiver

October 22, 2024

File No.: 507071-55

Sent Via E-mail

Ottawa.SCJ.TC.office@ontario.ca; Joshua.Gauthier@ontario.ca

Ontario Superior Court of Justice
161 Elgin Street, 2nd Floor
Ottawa, ON K2P 2K1
Attn: Trial Coordination, Ottawa Courthouse

Dear Sir/Madam:

Re: DUCA Financial Services Credit Union Ltd. v Ashcroft Homes -101 Richmond Road Inc. et al.
Court File No.: CV-24-00095337-0000

We are counsel to BDO Canada Limited in its capacity as the Court-appointed receiver (the "**Receiver**") of Ashcroft Homes – 101 Richmond Road Inc. et al.

We enclose herewith the Receiver's Notice of Motion, dated October 22, 2024. The Receiver requests an urgent case conference for the purposes of seeking direction from this Honourable Court regarding the ongoing suspension of the sale process and the Debtors' refinancing efforts, and setting a date for a hearing of the Receiver's motion.

The Receiver requires clarity on an urgent basis as to whether the sale process should continue to be held in abeyance pending the Debtors' efforts to refinance.

We are available on October 28, 2024 for a case conference, or such other date as the Court may accommodate.

Best regards,

Dentons Canada LLP


John Salmas
Partner

JS/ac

Enclosure

c.c. Sara-Ann Wilson & Fraser Mackinnon Blair (*Dentons Canada LLP*)
Matthew Marchand & Adam Boettger (*BDO Canada Limited, the Receiver*)
Raymond Murray, K. Scott McLean, Sarah DelVillano, Alexander Bissonnette & Mary Neill (*Mann
Lawyers LLP*)
Timothy R. Dunn & Stephen Gaudreau (*Blaney McMurtry LLP*)

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

- and -

**ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., AND ASHCROFT
HOMES – 111 RICHMOND ROAD INC.**

Respondents

**NOTICE OF MOTION
(returnable on a date to be determined by the Court)**

BDO Canada Limited (“**BDO**”), in its capacity as the court-appointed receiver (the “**Receiver**”) of the assets, undertakings and properties (the “**Property**”) of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc. (the “**Debtors**”), appointed pursuant to the Order of this Honourable Court, dated May 16, 2024, as amended and restated by the Amended and Restated Order of this Honourable Court, dated September 3, 2024 (the “**Receivership Order**”), will make a motion to a judge presiding over the Ontario Superior Court of Justice (the “**Court**”) on a date to determined by this Honourable Court.

THE PROPOSED METHOD OF HEARING: The motion is to be heard

- ☐ In writing under subrule 37.12.1 (1) because it is (*insert one of* on consent, unopposed *or* made without notice);
- ☐ In writing as an opposed motion under subrule 37.12.1 (4);
- ☐ In person;
- ☐ By telephone conference;
- ☒ By video conference.

at the following location

161 Elgin Street, Ottawa, Ontario, K2P 2K1 via Zoom (details to be provided by the Court at a later date).

THE MOTION IS FOR:

1. An Order providing the following relief:
 - (a) if necessary, abridging the time for service of the Receiver's Notice of Motion and Motion Record and validating service thereof;
 - (b) approving the Second Report to the Court of the Receiver, to be filed (the "**Second Report**"), and the Supplemental Report to the First Report of the Receiver, dated August 30, 2024, and the activities and conduct of the Receiver described therein;
 - (c) approving the Receiver's interim statements of receipts and disbursements, to be filed (the "**R&Ds**"); and
 - (d) approving the professional fees and disbursements of the Receiver and its counsel.
2. Advice and Directions in respect of:
 - (a) the suspension or termination of the Sale Process (defined below);
 - (b) the Debtors' refinancing efforts; and
 - (c) the discharge of the Receiver.
3. Such further and other relief that the Receiver may request and this Honourable Court may consider just.

THE GROUNDS FOR THIS MOTION ARE:

Background

4. The Receiver was appointed on May 16, 2024 upon the Application of the Applicant. The Receivership Order was initially stayed until June 17, 2024 to provide the Debtors with additional time to refinance the indebtedness owing to the Applicant.

5. The refinancing did not materialize and the Receivership Order became effective on June 17, 2024.
6. The Receiver promptly took possession of the Debtors' Property, which consists primarily of commercial and residential condominium units in three condominium complexes located in Ottawa, Ontario. The Debtors also own various parking spots, lockers and bike racks located within the same buildings. A number of the condominium units are leased and the Receiver has been collecting rental payments from the tenants with the assistance of an agent.
7. The Debtors do not have any employees.

Sale Process

8. Pursuant to the Order of the Honourable Justice Corthorn, dated September 3, 2024 (the "**Sale Process Order**"), the Receiver was authorized and directed to undertake a sale process (the "**Sale Process**") in respect of the Debtors' residential condominium units and parking, lockers and bike racks (the "**Residential Units**").
9. Pursuant to the Sale Process Order, the Receiver executed listing agreements in respect of the Residential Units and took steps to prepare the assets for marketing and sale.

Debtors' Refinancing Efforts

10. By email, dated September 17, 2024, the Debtors informed the Receiver they had a lender which put sufficient funds in trust to enable a payout of the Applicant's indebtedness and other related costs, subject to an appraisal being completed by September 27, 2024, and also requested the Receiver provide a summary of accounts.
11. By email, dated September 19, 2024, the Debtors provided to the Receiver a copy of an executed commitment letter, dated September 17, 2024 (the "**Original Commitment Letter**") between the Debtors and HP ABL Fund 1 Limited Partnership (the "**New Lender**"), providing for \$8.5 million in financing to the Debtors for the purposes of, among other things, repaying the Applicant.

12. The Debtors' refinancing efforts were ongoing well prior to the Receiver's appointment. As they did not provide any proof of funds or confirm whether the conditions to funding set out in the Original Commitment Letter had been satisfied, the Receiver determined that it would be premature to suspend the Sale Process.
13. On the eve of the listing of the residential units on MLS, on October 4, 2024, counsel to the Respondents advised that they held sufficient funds in their trust account (in an undisclosed amount) to pay out all amounts owing to the Applicant and requested a discharge statement from the Receiver.
14. Subsequently, by email, dated October 8, 2024, the Debtors' counsel advised that it held \$7,451,783 in its trust account. Counsel also subsequently advised that there were no conditions to the release of funds.
15. As such funds have been seemingly advanced by the new lender, it appears that the Debtors have incurred post-receivership indebtedness, with interest continuing to accrue, all in breach of the Receivership Order.
16. On October 10, 2024, it was communicated to the Debtors' counsel that the Receiver was prepared to put the Sale Process on hold for a one week period in light of ongoing discussions in respect of the refinancing. Colliers confirmed to the Receiver on that date that the MLS listings had been removed.
17. By email, dated October 11, 2024, Debtors' counsel provided a second commitment letter, dated September 26, 2024 (the "**Second Commitment Letter**"), executed by the Debtors and the New Lender, providing \$8.75 million in financing.
18. By email, dated October 11, 2024, the Receiver provided to the Debtors a spreadsheet detailing the estate accounts receipts and disbursements as of September 30, 2024, accrued professional fees, and estimates for ongoing costs and expenses for October and November.
19. The Receiver requested assurance that additional funding would be available in the event of a shortfall, as the \$8,750,000 total financing plus the estates current bank account balances were, by its estimated calculations, marginally sufficient to cover the costs of

terminating the proceedings and such margin was projected to erode as time continued to pass. The estimated calculations were subject to a number of assumptions, including future events, which actual results may differ from those estimated.

20. Costs, including professional fees and the carrying costs of Property, will continue to accrue until such time as the Receiver is discharged.

Discharge of the Receiver

21. The Original Commitment Letter and Second Commitment Letter do not include, as a condition to the advances thereunder, the discharge of the Receiver.
22. In an effort to assist the parties with achieving a refinancing and exiting the within proceedings, the Receiver convened calls with counsel to the Debtors and the Applicant to discuss the refinancing and steps that would be required to complete the administration of the receivership proceedings and prepare for the orderly discharge of the Receiver.
23. The Receiver is in possession and control of the Property and all post-receivership liabilities, including HST, property taxes and professional fees, must be satisfied in full prior to its discharge.
24. The Receiver requested confirmation that the Debtors' pre-receivership liabilities will be satisfied in the normal course following the Receiver's discharge, however the Debtors have not confirmed same.

Need for Advice and Directions

25. The Receiver has been clear throughout its communications that it was and is willing to assist with the Debtors' refinancing efforts, to the extent that such refinancing is for the benefit of the estate and all stakeholders.
26. On October 14, 2024, as a result of a routine title search, the Receiver discovered that on, October 4, 2024, counsel to the Debtors registered an Application to Change Name against title to certain of the Property. The registration was without the Receiver's knowledge or consent and is in breach of the Receivership Order.

27. By letter, dated October 16, 2024, counsel to the Debtors wrote to this Honourable Court requesting an urgent hearing date for, among other things, a stay of the Sale Process and the discharge of the Receiver. Attached to the letter was a draft notice of motion which contained, among other things, a request for leave to pursue a proceeding against the Receiver. No further details as to basis of the proceeding have been provided and any such proceeding would need to be finally disposed of prior to the discharge of the Receiver.
28. The October 16, 2024 letter and draft notice of motion mischaracterized the discussions among counsel and contained various unfounded allegations against the Receiver, all of which are denied in full.
29. At the juncture, the Receiver seeks advice and directions as to whether:
 - (a) the Sale Process should be suspended for a longer time period to allow time for the Receiver to be properly discharged and the refinancing to close (if it has not already), or if the Sale Process should be terminated all together;
 - (b) the Receiver should continue to assist the Debtors' refinancing efforts; and
 - (c) the Receiver should be discharged and the terms of same.

Approval of R&D and Fees

30. The R&Ds will be appended to the Second Report.
31. The Receivership Order requires the Receiver and its counsel to pass their accounts from time to time.
32. The Receiver has provided services and incurred disbursements, which will be described in the Second Report and the Receiver's affidavit as to fees.
33. The Receiver has incurred legal fees of its legal counsel, Dentons Canada LLP ("**Dentons**"), in respect of these proceedings which will be described in the Second Report and Dentons' affidavit as to fees.

34. The Receiver requests that this Court approve the fees and disbursements of the Receiver and its counsel, plus the estimates to discharge (if applicable), as will be detailed in the Second Report and the affidavits as to fees.

Other Grounds

35. Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
36. Rules 1.04, 1.05, 2.01, 2.03, 16.04 and 37 of the *Rules of Civil Procedure* (Ontario), as amended; and
37. Such further and other grounds as counsel may advise this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

38. The Second Report;
39. Fee Affidavits; and
40. Such further and other materials as counsel may advise and this Honourable Court may permit.

October 22, 2024

DENTONS CANADA LLP

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Lawyers for the Receiver, BDO Canada Limited

TO: SERVICE LIST

**Service List
as at August 30, 2024**

TO:	<p>BLANEY MCMURTRY LLP Barristers & Solicitors 2 Queen Street East, Suite 1500 Toronto, ON, M5C 3G5</p> <p>Timothy R. Dunn Tel: 416-597-4880 tdunn@blaney.com</p> <p>Stephen Gaudreau Tel: 416-596-4285 sgaudreau@blaney.com <i>Counsel to the Applicant</i></p>
AND TO:	<p>MANN LAWYERS LLP 300-11 Holland Avenue Ottawa, ON K1Y 4S1</p> <p>K. Scott McLean Tel: 613-369-0375 scott.mclean@mannlawyers.com</p> <p>Sarah DelVillano Tel: 613-369-0372 sarah.delvillano@mannlawyers.com <i>Counsel to the Respondents, Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc., and Ashcroft Homes – 111 Richmond Road Inc.</i></p>
AND TO:	<p>MANN LAWYERS LLP 300-11 Holland Avenue Ottawa, ON K1Y 4S1</p> <p>K. Scott McLean Tel: 613-369-0375 scott.mclean@mannlawyers.com <i>Counsel to David Choo, Guarantor</i></p>

AND TO:	<p>DENTONS CANADA LLP 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON M5K 0A1</p> <p>John Salmas Tel: 416-863-4737 john.salmas@dentons.com</p> <p>Sara-Ann Wilson Tel: 416-863-4402 sara.wilson@dentons.com</p> <p>Fraser Mackinnon Blair Tel: 613-783-9647 fraser.mackinnon.blair@dentons.com</p> <p><i>Counsel to BDO Canada Limited, in its capacity as the Court-appointed receiver of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc.</i></p>
AND TO:	<p>BDO CANADA LIMITED 222 Bay Street, Suite 2200 Toronto, ON, M5K 1H1</p> <p>Matthew Marchand Tel: 416-865-0111 mmarchand@bdo.ca</p> <p>Adam Boettger aboettger@bdo.ca</p> <p><i>The Receiver</i></p>
AND TO:	<p>MCMILLAN LLP Brookfield Place 181 Bay Street, Suite 4400 Toronto, ON M5J 2T3</p> <p>Tushara Weerasooriya Tel: 416-865-7890 tushara.weerasooriya@mcmillan.ca</p> <p>Jeffrey Levine Tel: 416-865-7048 jeffrey.levine@mcmillan.ca</p> <p><i>Counsel for Royal Bank of Canada, Creditor</i></p>

AND TO:	OFFICE OF THE SUPERINTENDENT OF BANKRUPTCY CANADA 151 Yonge St., Fourth Floor Toronto, ON M5C 2W7 osbservice-bsfservice@ised-isde.gc.ca
AND TO:	DEPARTMENT OF JUSTICE Ontario Regional Office 120 Adelaide Street West, Suite 400 Toronto, ON M5H 1T1 AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca
AND TO:	MINISTRY OF FINANCE Ministry of the Attorney General (Ontario) 6-33 King St West Oshawa, ON L1H 8H5 Civil Law Division - Legal Services Branch steven.groeneveld@ontario.ca Collections Branch – Bankruptcy and Insolvency Unit Tel: 1-866-668-8297 insolvency.unit@ontario.ca
AND TO:	CANADIAN IMPERIAL BANK OF COMMERCE 595 Bay Street, 5th Floor Toronto, ON M5G 2C2 <i>Creditor</i>

Email List

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DUCA FINANCIAL SERVICES CREDIT UNION
LTD.

-and-

ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., and
ASHCROFT HOMES – 111 RICHMOND ROAD INC.

205

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT OTTAWA

NOTICE OF MOTION

DENTONS CANADA LLP
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Toronto-Dominion Centre
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*Lawyers for BDO Canada Limited, in its capacity as the Court-
appointed Receiver of Ashcroft Homes – 101 Richmond Road Inc.,
Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes –
111 Richmond Road Inc.*

Appendix “U” to the Second Report of the Receiver



Raymond Murray
raymond.murray@mannlawyers.com
Direct Dial: 613.369.0367

WITH PREJUDICE

November 1, 2024

VIA EMAIL

Re: DUCA Financial Services Credit Union Ltd. V. Ashcroft Homes et. al.
Our File No. 2401960

This letter is further to the Court's direction for our urgent motions to be heard on November 5, 2024, and more particularly encloses our proposed draft order to halt the sales process, discharge the receiver, and allocate refinancing monies owed to the creditor.

Since October 4, 2024, our client has communicated its willingness and ability to tender funds to discharge its obligation to DUCA and the receiver. Notwithstanding our client's willingness to do so, you have failed to facilitate the discharge of this receivership, which has caused our client damages, namely ongoing interest charges (on both the new and the existing facilities), exacerbated costs, and reputational damage. Accordingly, the tender of funds as contemplated in the attached order is made under protest, reserving our client's rights to review and seek compensation for the damages this delay has caused them, and to investigate and object to the receiver's fees, professional fees and expenses. The draft order leaves certain monetary amounts blank because we have not received your current fees and disbursements and we will include the updated DUCA discharge amount, which we will request from DUCA counsel under separate cover today.

Further to our email correspondence dated October 11, 2024, we again reiterate that our client fully intends to continue its operation in the normal course, including dealing with any pre-receivership liabilities.

Given the urgent nature of getting this matter addressed and the receiver discharge, we expect to receive your materials as soon as possible and no later than end of day.

Yours very truly,

Mann Lawyers LLP

A handwritten signature in black ink, appearing to be 'RM', is written over a red rectangular background.

Raymond Murray
RM/swd

11 Holland Avenue
Suite 300
Ottawa, ON K1Y 4S1

T: 613.722.1500
F: 613.722.7677
www.mannlawyers.com

Offices in Ottawa and Perth

Encls.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE)	_____, the ___ day
)	
JUSTICE _____)	of _____, 2024
)	

B E T W E E N:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

and

**ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., and ASHCROFT HOMES – 111
RICHMOND ROAD INC.**

Respondents

ORDER

THIS MOTION, made by Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc. (“**Ashcroft**”), for an order seeking the discharge of BDO Canada Limited in its capacity as receiver and manager (the “**Receiver**”) over the undertaking, properties (the “**Property**”) and assets of Ashcroft, pursuant to the Amended and Restated Order of Justice Corthorn dated September 3, 2024, was heard this day by video conference.

ON READING the motion materials of Ashcroft, the motion materials of the Receiver and on hearing submissions from counsel for Ashcroft, the Receiver, and DUCA Financial Services Credit Union Ltd. (the “**Lender**”), and with the undisputed understanding that Ashcroft has

secured refinancing with HP ABL Fund 1 GP Inc. in the amount of \$8,750,000 (the “**Financing**”),

1. **THIS COURT ORDERS** that the Debtor is authorized and directed to complete the Financing and directs the Debtor to advance, or caused to be advanced, the proceeds of such Financing as directed and outlined in this Order, whereupon any surplus amounts available under the Financing shall be available to the Debtor on the terms and conditions outlined in the Financing and for its general corporate purposes to maintain the day-to-day operations of the Debtor.
2. **THIS COURT ORDERS** that as of November 5, 2024,
 - a. **\$XX** (the “**Funds**”) shall forthwith be paid by Ashcroft to the Lender in full and final payment of all obligations owing to the Lender (the “**Payment**”).
 - b. Upon receipt of the Payment, the Lender shall immediately provide, or cause to be provided, to Ashcroft or its counsel the following:
 - i. a signed discharge statement confirming the amounts payable as set out herein;
 - ii. a signed acknowledgment and direction re: discharge of all DUCA charges, including instrument numbers OC2066793, OC2066800, and OC2066810 (the “**Charges**”) and any and all related instruments from the Property, including the general assignment of rents general having instrument numbers OC2066797, OC2066806, and OC2066813 (the “**Notices**”);
 - iii. a registered discharge of the Charges and Notices; and,
 - iv. such further and other discharges and releases of the Lender’s security related to the indebtedness of Ashcroft to the Lender including all instruments registered on title to the Property as well as any and all registrations made pursuant to the

Personal Property Security Act and other agreements, registrations and/or instruments.

- c. Concurrently with the payment of the Funds, \$XX shall be paid by Ashcroft to the lawyers of the Receiver in trust to be held in escrow (the “**Disputed Amount**”), which amount shall stand in the place and stead of all security standing for the benefit of the Receiver in these proceedings. The Disputed Amount shall remain in trust pending either: (i) the agreement between Ashcroft and the Receiver, or (ii) further Order of this Honourable Court, regarding its appropriate allocation.
 - d. Upon Receipt of the Disputed Amount, the Receiver shall forthwith: (a) discharge the registration of the Receivership Order having instrument number OC2702189 (the “**Receivership Order Registration**”) from title to the Property; (b) release all of the assets and undertakings of Ashcroft from the Receivership Order and the Receivership Order Registration, and (c) file the certificate substantially in the form attached hereto as Schedule “A” (the “**Receiver’s Certificate**”), whereupon all powers of the Receiver shall be vacated.
 - e. Upon Receipt of the Disputed Amount, the Receiver shall immediately halt (1) the Sales Process as contemplated in the Amended and Restated Order attached as Schedule “A” to the Endorsement of Justice Corthorn dated September 3, 2024 (“September 3 Endorsement”) and (2) any and all duties of the Receiver as outlined in Schedule “A” of the September 3 Endorsement.
3. **THIS COURT ORDERS** that upon registration of the Receiver’s Certificate in the Land Registry/Office for the Registry Division of Ottawa-Carleton (No. 4), the Land Registrar is hereby directed to delete and expunge from title to the properties municipally known as 108

Richmond Road and 111 Richmond Road in Ottawa, Ontario, instrument number 2702189 being an Application to Register Court Order registered on June 27, 2024 (the “**Property**”).

4. **THIS COURT ORDERS** that upon registration of the Receiver’s Certificate in the Land Registry/Office for the Registry Division of Ottawa-Carleton (No. 4), the Land Registrar is hereby directed to delete and expunge from title all encumbrances to the Debtor’s Property related to these proceedings, as outlined in Schedule “A” of the September 3, 2024, Endorsement.
-

SCHEDULE "A"

Court File No. CV-24-00095337-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

DUCA FINANCIAL SERVICES CREDIT UNION LTD.

Applicant

and

**ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., and ASHCROFT HOMES – 111
RICHMOND ROAD 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

RECEIVER'S CERTIFICATE

WHEREAS pursuant to the Order of the Honourable Justice _____ of the Ontario Superior Court of Justice made _____(the "**Order**"), the Receivership Order Registration (as defined in the Order) of BDO Canada Limited. (the "**Receiver**") was vacated, effective upon the Receiver filing a certificate with this Honourable Court certifying that the refinancing transaction and the payment in full of the Corporation's indebtedness to DUCA, as contemplated by paragraph 2 of the Order, has been completed (the "**Refinancing and Repayment**").

THE UNDERSIGNED HEREBY CERTIFIES as follows:

1. The Refinancing and Repayment has been completed to the satisfaction of the Receiver.

DATED at Ottawa, this _____ day of _____, 2024.

BDO CANADA LIMITED, solely in its capacity as court-appointed receiver of the assets, undertakings of the **Corporation** and not in its personal capacity.

Per:

**DUCA FINANCIAL SERVICES CREDIT
UNION LTD.**

-and-

**ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., and
ASHCROFT HOMES – 111 RICHMOND ROAD INC.**

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
OTTAWA

ORDER

MANN LAWYERS LLP

Barristers & Solicitors
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Lawyers for the Respondents, Ashcroft Homes- 101 Richmond Road
Inc., Ashcroft Homes – 108 Richmond Road Inc., and Ashcroft
Homes – 111 Richmond Road Inc.

Confidential Appendix “1” to the Second Report of the Receiver

REDACTED

Confidential Appendix “2” to the Second Report of the Receiver

REDACTED

DUCA FINANCIAL SERVICES CREDIT UNION
LTD.

-and-

ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., and
ASHCROFT HOMES – 111 RICHMOND ROAD INC.

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT OTTAWA

SECOND REPORT OF THE RECEIVER

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Lawyer for BDO Canada Limited, in its capacity as the Court-appointed Receiver of Ashcroft Homes – 101 Richmond Road Inc., Ashcroft Homes – 108 Richmond Road Inc. and Ashcroft Homes – 111 Richmond Road Inc.

DUCA FINANCIAL SERVICES CREDIT UNION
LTD.

-and-

ASHCROFT HOMES – 101 RICHMOND ROAD INC.,
ASHCROFT HOMES – 108 RICHMOND ROAD INC., and
ASHCROFT HOMES – 111 RICHMOND ROAD INC.

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT OTTAWA

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