

Court File No. CV-11-9321-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

- and -

FAIRVIEW NURSING HOME LIMITED

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

THE SECOND REPORT OF BDO CANADA LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
FAIRVIEW NURSING HOME LIMITED

April 17, 2015

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FAIRVIEW NURSING HOME LIMITED

April 17, 2015

BDO Canada Limited (“BDO”), in its capacity as Receiver of Fairview Nursing Home Limited (“Fairview”), hereby reports to the Court as follows:

1.0 INTRODUCTION AND BACKGROUND

1.1 Introduction

1.1.1 Fairview is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario) in 1968. Privately owned by Mrs. Violet Agatha Chambers (“Agatha”) and her now deceased husband, Herbert Washington Chambers (the “Herbert Estate” or the “Guarantor”), the company operates a 108 bed Class “C” long-term care facility located at the address municipally known as at 14 Cross Street in the city of Toronto, Ontario (the “Premises”).

- 1.1.2 Fairview is indebted to The Toronto-Dominion Bank (the "Bank") with respect to certain credit facilities made to it by the Bank pursuant to and under the terms of a Letter Agreement dated July 7, 2010 and accepted by the Fairview on July 8, 2010, as amended by Letter Agreement dated April 23, 2012 (collectively and as amended, restated, renewed, and replaced, the "Credit Agreement").
- 1.1.3 Following one or more defaults under the terms of the Credit Agreement, and at the request of Fairview and the Guarantor, the Bank entered into a Forbearance Agreement dated August 22, 2012 (the "First Forbearance Agreement") with Fairview and the Guarantor, which provided for a forbearance period that terminated on February 14, 2013. A copy of the First Forbearance Agreement was attached as Exhibit "C" to the Affidavit of Kenneth J. Malcolm, sworn December 10, 2013 (the "Malcolm Affidavit"), and formed part of the Application Record dated December 12, 2013, previously filed with the Court in support of the application for the Receivership Order (the "Receivership Application Record").
- 1.1.4 As a consequence of certain milestones not having been met under the First Forbearance Agreement, and Fairview continuing to be in default under the Credit Agreement, among other things, Fairview, the Guarantor, Agatha, and the Bank entered into the Second Forbearance Agreement, dated December 5, 2013, and as later amended by letter agreements (collectively and as amended, the "Second Forbearance Agreement"), which among other things, provided for the appointment of a receiver with the limited powers to commence and complete a sale of the business, property, assets, and undertakings of Fairview. A copy of the Second Forbearance Agreement was attached as Exhibit "L" to the Malcolm Affidavit, and formed part of the Receivership Application Record.
- 1.1.5 Following an application made by the Bank and pursuant to an Order dated December 20, 2013 (the "Receivership Order") granted by the

Honourable Mr. Justice D. Brown of the Ontario Superior Court of Justice (Commercial List), BDO Canada Limited was appointed as receiver, without security, to market and sell the assets, undertakings, and properties of Fairview acquired for, or used in relation to the business carried on by Fairview (collectively, the “Property”). A copy of the Receivership Order is attached hereto this Report as **Appendix “A”**.

1.1.6 Based on the sale process and negotiations undertaken by the Receiver, the marketing activities of Jensen Realty, the real estate broker retained by the Receiver with approval of the Court to assist in the marketing of the Property, and following the Receiver’s evaluation of the offers (including consultation with certain key stakeholders), on September 15, 2014 the Receiver served a motion record returnable on September 25, 2014 seeking, among other things, approval of the Agreement of Purchase and Sale entered into between the Receiver, Fairview and Schlegel Villages Inc. (“SVI”) dated July 22, 2014 and as later amended by letter agreement dated August 29, 2014 (collectively and as amended, the “SVI APS”). In support of this application, the Receiver filed with the Court a report dated September 15, 2014 (the “First Report”) along with a Confidential Supplement to the First Report dated September 15, 2014 (the “Confidential Supplement”). A copy of the First Report is attached hereto, without appendices, as **Appendix “B”**. Due the sensitive nature of the contents of the Confidential Supplement, the Receiver requested that the Court seal this supplement to the First Report.

1.1.7 Following the motion heard on September 25, 2014, the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) granted an order (the “Approval and Vesting Order”), approving and authorizing, among other things, the SVI APS and sealing the Confidential Supplement pending a further Order of

the Court. Attached hereto as Appendix “C” is a copy of the Approval and Vesting Order.

1.1.8 As noted in Paragraph 4.1.1 of the First Report, the Receiver retained Gowling Lafleur Henderson LLP (“Gowlings”) as its independent legal counsel in connection with this matter.

1.1.9 All capitalized terms not otherwise defined herein shall have the meaning as defined in the First Report and the Receivership Order.

1.2 Background

1.2.1 The Ontario Ministry of Health and Long-Term Care (the “MOHLTC”) is the provincial governmental and regulatory body that oversees the public health care system in Ontario, which includes long-term care facilities pursuant to the *Long-Term Care Home Act* (Ontario) and Ontario Regulation 79/10 (collectively, the “LTCHA”). Assisting the MOHLTC in this endeavor are the 14 Local Health Integration Networks (“LHINs”), which were established to facilitate, on a local level, the planning, integration, and funding of local health care service providers pursuant to the *Local Health System Integration Act* (Ontario).

1.2.2 Fairview holds 108 Class “C” bed licenses (the “Bed Licenses”) issued by the MOHLTC pursuant to the LTCHA. The LTCHA came into force on July 1, 2010 and replaced the *Nursing Home Act*, *Homes for the Aged and Rest Homes Act*, and the *Charitable Institutions Act*, and the regulations under those Acts. Under the LTCHA, the term of the Class “C” licenses was fixed at 15 years, as it was contemplated that in this 15 year period such Class “C” facilities (as measured by the number of beds) would be upgraded/redeveloped to come into compliance with the newer Class “A” standard. Accordingly, the Class “C” bed licenses are set to expire in about 11 years (in 2025).

1.2.3 Fairview’s business and cash flows are funded, in large part, by monthly installment payments from the MOHLTC/LHINs (the

“MOHLTC Funding”), which are based on an estimate, at the beginning of each year, of the number of beds that will be occupied at the facility. The MOHLTC/LHINs annually reconcile the funding provided, taking into account such factors as actual occupancy levels, co-payment revenues collected, the eligibility of the expenditures and the extent to which designated funds have been spent in the designated service areas (i.e. nursing and personal care, program and support services, raw food, other accommodations, etc.). Based on the completed reconciliations, an overpayment of funding (the “Reconciliation Amounts”) may be determined and the MOHLTC will seek to recover the Reconciliation Amounts in accordance with established policies. In the case of an underpayment, additional funding is provided to the operator.

2.0 PURPOSE

2.1 The purpose of this Report is to:

- (a) Advise this Court of the activities of the Receiver in connection with the closing of the sale to SVI since the date of the Approval and Vesting Order and outline next steps;
- (b) Seek an Order approving the activities of the Receiver and its legal counsel, as outlined in this Report; and
- (c) Seek an Order approving and authorizing a distribution to the Bank, up to the Fairview’s indebtedness to the Bank, from the monies received from the closing of the sale to SVI.

3.0 DISCLAIMER

3.1 In preparing this Report, the Receiver has relied upon unaudited financial information from Fairview, Fairview’s books and records, and discussions with the Fairview’s management and staff. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of that information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the requirements of

the Canadian Institute of Chartered Accountants' Handbook and, accordingly, the Receiver cannot express any opinion or other form of assurance in respect of that information.

- 3.2 The Receiver has prepared this Report in its capacity as a court-appointed officer solely for the purposes as set out in Paragraph 2.1 of this Report. Parties using this Report, other than for the purposes set out in Paragraph 2.1 above, are cautioned that this Report may not be appropriate for their purposes.

4.0 THE RECEIVER'S ACTIVITIES SINCE THE APPROVAL AND VESTING ORDER

4.1 Sale to Schlegel Villages Inc.

- (a) Immediately following the granting of the Approval and Vesting Order, the Receiver, together with Fairview and SVI took steps and commenced activities to obtain the MOHLTC's approval for the transfer of the Bed Licenses from Fairview to SVI.
- (b) As a consequence of such activities, on March 12, 2014, the MOHLTC issued a letter to Fairview and SVI which conditionally approved the transfer of the Bed Licenses from Fairview to SVI, subject to certain conditions. On March 13, 2015, the MOHLTC revised and reissued the conditional approval letter (the "Revised Conditional Approval Letter") in order to incorporate a further term, which amongst other things, stipulated that the Reconciliation Amounts associated with 2011 and 2012 must be paid on closing.
- (c) Following the issuance of the Revised Conditional Approval Letter, the Receiver, Fairview and SVI took all steps necessary in accordance with the SVI APS and the Revised Conditional Approval Letter to proceed to close the sale transaction on March 31, 2015.
- (d) On March 31, 2015, the Receiver successfully closed the sale with SVI, as contemplated under the SVI APS. A copy of the Receiver's Certificate that was filed with the Court on April 2, 2015 with respect

to the closing of the sale with SVI is attached hereto as Appendix “D” to this Report.

- (e) On closing, the sum of \$544,576.00 was paid to the MOHLTC from the proceeds received on closing in connection with the 2011 and 2012 Reconciliation Amounts as stipulated in the Revised Conditional Approval Letter and as a mandatory requirement of license transfer and the closing of the sale to SVI.

4.2 The Bank’s Security

- (a) The Bank holds a Charge/Mortgage in the principal amount of \$1,500,000 registered under the Ontario *Land Titles Act* (the “LTA”) on July 19, 2010 (the “TD Mortgage”), a General Security Agreement dated July 16, 2010 and registered under the Ontario *Personal Property Security Act* (the “PPSA”) on July 19, 2010 the “TD GSA”), and a General Assignment of Rents dated July 16, 2010 and registered under the LTA on July 19, 2010 (the “TD Assignment of Rents” and together with the TD Mortgage and TD GSA, hereinafter collectively the “TD Security”), all from Fairview.
- (b) As per Gowlings’ opinion letter dated April 2, 2015 (the “TD Legal Opinion”), the Receiver is advised that the TD Security granted to the Bank by Fairview appears to be valid and perfected under the PPSA and LTA, as applicable. Attached hereto as **Appendix “E”** is a copy of the TD Legal Opinion.
- (c) Based on the PPSA search conducted by Gowlings on Fairview (file currency date: December 8, 2014) all of the other security registrations were made after the Bank, with the exception of a specific photocopier lease in favour of Asset Linx Capital Inc. Attached hereto as **Appendix “F”** is a copy of the PPSA search conducted by Gowlings on Fairview (file currency date: December 8, 2014).

- (d) Based on the LTA search conducted by Gowlings on the Premises (PIN No. 212296-0399 (LT)) as of December 8, 2014, there were no registered encumbrances which would appear to rank in priority to the Bank's TD Mortgage over any proceeds of realization therefrom. Attached hereto as Appendix "G" is a copy of the LTA search conducted by Gowlings on the Premises (PIN No. 212296-0399 (LT)) as of December 8, 2014.
- (e) A more fulsome discussion, commentary and reporting on Fairview's other secured creditors will be included as part of the Receiver's next report when it seeks the Court's approval of a distribution plan for the other secured creditors and other stakeholders of Fairview.

5.0 PROPOSED INTERIM DISTRIBUTION

- 5.1 Fairview's outstanding indebtedness to the Bank, as at April 16, 2015, including all accrued interest (per diem \$80.64) and professional fees incurred and expected to be incurred in connection with this motion, totals \$562,778.95 (the "TD O/S Indebtedness").
- 5.2 Having received Gowlings' legal opinion confirming the validity and enforceability of the TD Security, the Receiver believes it would be reasonable and more efficient to seek approval of a distribution to the Bank at this time for the following reasons:
 - (a) There are no outstanding deemed trust claims that would rank in priority to the Bank;
 - (b) Under Paragraph 21 of the Receivership Order, the Receiver's Borrowing Charge (held by the Herbert Estate) in the total principal amount of \$501,596.53 is subordinate to the TD Security;
 - (c) Given the TD Security and the Gowlings opinion, there is no dispute amongst the other secured creditors that the Bank is to be paid in priority to them;

- (d) Repaying the Bank now, in advance of addressing the priorities and distributions to be made to the other secured creditors and stakeholders will avoid further interest to be accrued by the Bank; and
- (e) There will be sufficient funds after the proposed distribution to the Bank, and monies still to be collected in connection with the sale transaction with SVI to satisfy other claims against Fairview, including the Receiver's Charge provided pursuant to Paragraph 18 of the Receivership Order.

6.0 STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 6.1 Attached hereto as Appendix "H" to this Report is the Receiver's interim statement of receipts and disbursements ("Interim R&D") as at April 16, 2015.
- 6.2 As at April 16, 2015, the Receiver's trust account for the Fairview receivership had a balance of \$875,038.72. Accordingly, the Receiver advises that there are sufficient funds held by the Receiver to make a distribution to the Bank in order to fully repay the TD O/S Indebtedness.

7.0 CONCLUSION AND RECOMMENDATIONS

- 7.1 Based on the foregoing and as outlined in the body of this Report, the Receiver requests that this Court issue an Order:
 - (a) Approving the Receiver's activities and those of its counsel, as set out in this Report; and
 - (b) Approving and authorizing the Receiver to make a distribution to the Bank, up to Fairview's indebtedness to the Bank, from the monies received from the closing of the sale to SVI.

All of which is respectfully submitted this 17th day of April, 2015.

BDO CANADA LIMITED,
in its capacity as the Court-appointed
Receiver of Fairview Nursing Home Limited
and not in its personal or corporate capacity
Per:



Matthew E. Lem, CIRP
Senior Vice President

TAB A

This is **Appendix “A”** to the
Second Report of BDO Canada Limited in its capacity
as Court-Appointed Receiver of Fairview Nursing Home Limited
dated April 17, 2015

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

THE HONOURABLE MR.)
JUSTICE D. BROWN) FRIDAY, THE 20th DAY
) OF DECEMBER, 2013

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

- and -

FAIRVIEW NURSING HOME LIMITED

Respondent

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

RECEIVERSHIP ORDER

THIS APPLICATION, made by The Toronto-Dominion Bank (“TD”), for an Order, *inter alia*, pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”), appointing BDO Canada Limited (“BDO”) as receiver (in such capacity, the “Receiver”), without security, to exercise the powers and duties as specifically set out in this Order with respect to the assets, undertakings and properties of Fairview Nursing Home Limited (the “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 affidavit of Kenneth J. Malcolm sworn December 10, 2013 (the “**Malcolm Affidavit**”), the affidavit of Craig Mills sworn on December 19, 2013, the consent of the Ministry of Health and Long Term Care (“**MOH**”), the Toronto Central Local Health Integration Network (“**TC LHIN**”) (MOH and TC LHIN, collectively referred to as “**Ontario**”), Responsive Health Management Inc.(“**Responsive**”), the Debtor and its shareholders, and the consent of BDO to act as the Receiver, and on hearing the submissions of counsel for TD, Responsive, Ontario, the proposed Receiver and the Debtor, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Christine Doyle sworn December 12, 2013, filed;

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA, BDO is hereby appointed Receiver, without security, to exercise the powers and duties as specifically set out in this Order with respect to the assets, undertakings and properties of the Debtor acquired for, or used in relation to the business carried on by the Debtor, (collectively, the “**Property**”). For the purposes of this Order, Property shall include the Ontario Receipts with respect to the operation of the Home (as each term is defined in this Order), subject to the limitations set out in paragraph 2A (b) of this Order.

2A. **THIS COURT ORDERS** that, notwithstanding anything to the contrary in this Order, but subject to further Order of this Court, the Debtor shall remain in the possession and control of the Property (including the long term care home located at 14 Cross Street, Toronto, Ontario operated by the Debtor (the “**Home**”) subject to the *Long-Term Care Homes Act*, S.O. 2007, c.8 (the “**LTCHA**”) and Ontario shall continue to pay the Debtor and the Debtor shall be entitled to continue to receive such payments pursuant to the existing agreements with respect to the Home

between Ontario and the Debtor including the SAA, as defined below, (the “**Ontario Agreements**”), provided that nothing in this Order shall affect, restrict or impair:

- (a) the obligation of the Debtor to use or apply any monies received by the Debtor from Ontario for the operation of the Home in accordance with the terms of the Ontario Agreements (“**Ontario Receipts**”);
- (b) TC LHIN’s rights or entitlements to review and reconcile any payments made by TC LHIN to the Debtor as provided in accordance with any service accountability agreement between the TC LHIN and the Debtor (“**SAA**”), or MOH’s rights or entitlements under any other agreement with the Debtor or Receiver, the LTCHA, the regulations thereunder and any other applicable law and written policy, subject to the terms of any further agreements between Ontario and the Debtor (the “**Further Ontario Agreements**”);
- (c) the obligation of the Debtor to continue to retain the services of a manager to manage the Home in accordance with section 110 of the LTCHA (the “**Manager**”);
- (d) the obligation of the Debtor and the Manager (collectively, the “**Operator**”) to comply with the Ontario Agreements, any Further Ontario Agreements, the SAA, the LTCHA and the regulations thereunder as they apply to the operation of the Facility; and
- (e) any of Ontario’s rights or remedies against the Operator in relation to any non-compliance by the Operator with the Ontario Agreements, any Further Ontario Agreements, the LTCHA and the regulations thereunder with respect to the operation of the Facility.

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby expressly empowered and authorized to do any of the following in respect of the Property where the Receiver considers it necessary or desirable:

- (a) to engage consultants, appraisers, agents, experts, auditors, accountants, managers (except for a Manager as defined in this Order), real estate agents, 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;
- (b) to assume the responsibilities of the Sales Process Court-Appointed Officer as described in the Second Forbearance Agreement defined in the Malcolm Affidavit including;
 - (i) monitoring receipts and disbursements of the Debtor; and,
 - (ii) making advances to the Debtor to fund its operations and to permit the contemplated repayments to TD;
- (c) to participate and facilitate discussions between Responsive Health Management Inc., the Ontario Ministry of Health and Long-Term Care and the Debtor with respect to ensuring adequate funding of the Debtor's business during the sales process;
- (d) to market 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;
- (e) to sell, convey, transfer, lease or assign the Property or any part or parts thereof (excluding any license provided by MOH for the Home's operation, unless authorized by MOH) out of the ordinary course of business with the approval of this Court 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, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (f) 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;
- (g) 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;
- (h) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (i) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor; and,
- (j) 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 Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that: (i) the Debtor; (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its 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, subject to section 110 of the LTCHA, deliver all such Property to the Receiver upon the Receiver's request each as required in the discharge of the duties of the Receiver.

5. **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 Debtor, 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, each as required in the discharge of the duties of the Receiver, 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.

6. **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.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **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 THE DEBTOR OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the 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 the Debtor, or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtor, 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 Debtor to carry on any business which the Debtor is not lawfully entitled to carry on; (ii) exempt the Receiver or the Debtor 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

10. **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 the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the

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 the 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 Debtor, and that the Debtor shall be entitled to the continued use of the 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 Debtor in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Debtor, or as may be ordered by this Court.

12. **THIS COURT ORDERS** that paragraphs eight to eleven herein shall not apply:

- (a) to Responsive in respect of its rights and remedies under the letter agreement dated December 18, 2013 (“**the Responsive Agreement**”) between the Debtor and Responsive provided that Responsive has provided at least sixty days written notice to the Receiver and TD prior to terminating its management of the Home; or
- (b) to Ontario in respect of the Operator's non-compliance with the SAA, the LTCHA or the regulations thereunder as regards to the Operator of the Home.

RECEIVER TO HOLD FUNDS

13. **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, other than Ontario Receipts, from any source whatsoever, including, without limitation, the sale of all or any of the Property 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

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 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 subsections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and any other applicable privacy legislation, 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 Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **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

17. **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. 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

18. **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 subject to taxation by the Court, 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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **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.

20. **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 normal 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

21. **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 \$750,000 (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, making advances to the Debtor to fund its operations and to make repayments to TD, each as contemplated in the Second Forbearance Agreement defined in the Malcolm Affidavit. 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 all security granted by the Debtor in favour of TD.

22. **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.

23. **THIS COURT ORDERS AND DECLARES** that the Debtor is authorized to grant the Responsive Security (the “**Responsive Security**”) on the Effective Date (as each such term is defined in the Responsive Agreement) to and in favour of Responsive and that nothing in this Order shall prevent or limit the granting or registration of the Responsive Security.

24. **THIS COURT ORDERS AND DECLARES THAT** the Responsive Security shall rank subordinate to the Receiver's Charge, all security granted by the Debtor in favour of TD and the

Receiver's Borrowing Charge.

25. **THIS COURT ORDERS** that neither the Responsive Security, 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 and that any such enforcement shall be subject to section 107 of the LTCHA.

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.

GENERAL

27. **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 or the expansion of same..

28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. **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.

30. **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

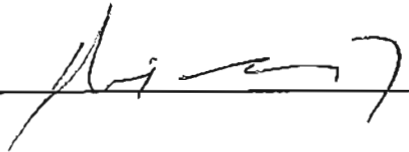

Canada.

31. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. **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 http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/#Commercial_List shall be valid and effective service. Subject to Rule 17.05[7] 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: <http://extranets.bdo.ca/fairview/>.

33. **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.

DEC 21 2013



SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. **THIS IS TO CERTIFY** that BDO Canada Limited, the receiver (in such capacity, the "Receiver") of all of the assets, undertakings and properties of Fairview Nursing Home Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 20th day of December, 2013 (the "Order") made in an action having Court file number CV-13-10365-00CL, 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 The Toronto Dominion Bank _____ 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 (as defined in the Order), 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.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. 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.

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

7. 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 _____, 2014.

BDO CANADA LIMITED, solely in its capacity
as Receiver of the Property (as defined in the
Order), and not in its personal capacity

Per: _____

Name:

Title:

THE TORONTO-DOMINION BANK

- and -

FAIRVIEW NURSING HOME LIMITED

Applicant

Respondent

Court File No. CV-13-10365-00CL

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

Proceedings commenced at Toronto

ORDER

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Barristers and Solicitors
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Lawyers for The Toronto-Dominion Bank

TAB B

This is **Appendix “B”** to the
Second Report of BDO Canada Limited in its capacity
as Court-Appointed Receiver of Fairview Nursing Home Limited
dated April 17, 2015

Court File No. CV-11-9321-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

- and -

FAIRVIEW NURSING HOME LIMITED

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

THE FIRST REPORT OF BDO CANADA LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
FAIRVIEW NURSING HOME LIMITED

September 15, 2014

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Appendix E	Parcel Register for 14 Cross Street, Toronto, Ontario (LT 7-8 PL 366 CITY WEST; PT LT 9 PL 366 CITY WEST; PT LANE PL 366 CITY WEST CLOSED BY CT526323, PT 3, 4, 6, 63R2391; PT LT 17-18 PL 1051 TORONTO PT 1, 63R2391; S/T CT500560E, CT526917E; CITY OF TORONTO) dated September 12, 2014
Appendix F	Receiver's Interim Statement of Receipts and Disbursements, as at September 12, 2014
Appendix G	Affidavit of Matthew E. Lem (sworn September 12, 2014), in connection with Receiver's fees and disbursements for the period of December 4, 2013 to August 31, 2014
Appendix H	Affidavit of Clifton P. Prophet (sworn September 12, 2014), in connection with Receiver's legal counsel's fees and disbursements for the period of December 10, 2013 to August 31, 2014 to August 31, 2014.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

- and -

FAIRVIEW NURSING HOME LIMITED

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

THE FIRST REPORT OF BDO CANADA LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
FAIRVIEW NURSING HOME LIMITED

September 15, 2014

BDO Canada Limited ("BDO"), in its capacity as Receiver of Fairview Nursing Home Limited ("Fairview"), hereby reports to the Court as follows:

1.0 INTRODUCTION AND BACKGROUND

1.1 Introduction

1.1.1 Fairview is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario) in 1968. Privately owned by Mrs. Violet Agatha Chambers ("Agatha") and her now deceased husband, Herbert Washington Chambers (the "Herbert Estate" or the "Guarantor"), the company operates a 108 bed Class "C" long-term care facility located at the address municipally known as at 14 Cross Street in the city of Toronto, Ontario (the "Premises").

- 1.1.2 Fairview is indebted to The Toronto-Dominion Bank (the "Bank") with respect to certain credit facilities made to it by the Bank pursuant to and under the terms of a Letter Agreement dated July 7, 2010 and accepted by the Fairview on July 8, 2010, as amended by Letter Agreement dated April 23, 2012 (collectively and as amended, restated, renewed, and replaced, the "Credit Agreement").
- 1.1.3 Following one or more defaults under the terms of the Credit Agreement, and at the request of Fairview and the Guarantor, the Bank entered into a Forbearance Agreement dated August 22, 2012 (the "First Forbearance Agreement") with Fairview and the Guarantor, which provided for a forbearance period that terminated on February 14, 2013. A copy of the First Forbearance Agreement was attached as Exhibit "C" to the Affidavit of Kenneth J. Malcolm, sworn December 10, 2013 (the "Malcolm Affidavit"), and formed part of the Application Record dated December 12, 2013, previously filed with the Court in support of the application for the Receivership Order (the "Receivership Application Record").
- 1.1.4 As a consequence of certain milestones not having been met under the First Forbearance Agreement, and Fairview continuing to be in default under the Credit Agreement, among other things, Fairview, the Guarantor, Agatha, and the Bank entered into the Second Forbearance Agreement, dated December 5, 2013, and as later amended by letter agreements (collectively and as amended, the "Second Forbearance Agreement"), which among other things, provided for the appointment of a receiver with the limited powers to commence and complete a sale of the business, property, assets, and undertakings of Fairview. A copy of the Second Forbearance Agreement was attached as Exhibit "L" to the Malcolm Affidavit, and formed part of the Receivership Application Record.
- 1.1.5 Following an application made by the Bank and pursuant to an Order dated December 20, 2013 (the "Receivership Order") granted by the

Honourable Mr. Justice D. Brown of the Ontario Superior Court of Justice (Commercial List), BDO Canada Limited was appointed as receiver, without security, to market and sell the Property (as such term is later defined) as more specifically set out in the Receivership Order with respect to the assets, undertakings, and properties of Fairview acquired for, or used in relation to the business carried on by Fairview (collectively, the “Property”). A copy of the Receivership Order is attached hereto this Report as Appendix “A”.

1.2 Background

- 1.2.1 The Ontario Ministry of Health and Long-Term Care (the “MOHLTC”) is the provincial governmental and regulatory body that oversees the public health care system in Ontario, which includes long-term care facilities pursuant to the *Long-Term Care Home Act* (Ontario) and Ontario Regulation 79/10 (collectively, the “LTCHA”). Assisting the MOHLTC in this endeavor are the 14 Local Health Integration Networks (“LHINs”), which were established to facilitate, on a local level, the planning, integration, and funding of local health care service providers pursuant to the *Local Health System Integration Act* (Ontario).
- 1.2.2 Fairview holds 108 Class “C” bed licenses issued by the MOHLTC pursuant to the LTCHA. The LTCHA came into force on July 1, 2010 and replaced the *Nursing Home Act*, *Homes for the Aged and Rest Homes Act*, and the *Charitable Institutions Act*, and the regulations under those Acts. Under the LTCHA, the term of the Class “C” licenses was fixed at 15 years, as it was contemplated that in this 15 year period such Class “C” facilities (as measured by the number of beds) would be upgraded/redeveloped to come into compliance with the newer Class “A” standard. Accordingly, the Class “C” bed licenses are set to expire in about 11 years (in 2025).
- 1.2.3 In July 2007, the MOHLTC announced the Long-Term Care Home Renewal Strategy program (the “LTCHRS”) to improve access to long-

term care beds in Ontario, which included capital renewal funding to assist in the upgrading/redevelopment of Class “B”, “C”, and upgraded “D” beds. The LTCHRS was contemplated to be implemented in five (5) phases over a 10 to 15 year period. The Receiver understands from industry professionals that the response to Phase 1 of the LTCHRS (implemented in 2009/2010), was not well received as the number of beds applied for upgrading/redevelopment come in significantly below the number the MOHLTC had projected to be renewed. As a consequence, the LTCHRS is currently undergoing a review, with a date for its reactivation (implementation of Phase 2) remaining uncertain. The Receiver further understands that those submitting applications in Phase 1 were primarily not-for-profit and municipal organizations, since the private or for-profit organizations believed that the LTCHRS did not provide sufficient financial incentive to warrant making the capital investment. Accordingly, such for-profit organizations have taken a “wait and see” approach, choosing to wait for the reactivation of the LTCHRS and assess at that time what the MOHLTC will offer to encourage the upgrading/redevelopment of these non-Class “A” beds.

- 1.2.4 Fairview’s business and cash flows are funded, in large part, by monthly installment payments from the MOHLTC/LHINs (the “MOHLTC Funding”), which is based on an estimate, at the beginning of each year, of the number of beds that will be occupied at the facility. The MOHLTC/LHINs annually reconciles the funding provided, taking into account such factors as actual occupancy levels, co-payment revenues collected, the eligibility of the expenditures, the extent to which designated funds have been spent in the designated service areas (i.e. nursing and personal care, program and support services, raw food, other accommodations, etc.). Based on the reconciliation completed, an overpayment of funding (the “Reconciliation Amounts”) may be determined, wherein such cases the MOHLTC will seek to recover the Reconciliation Amounts in

accordance with established policies. In the case of an underpayment, additional funding is provided to the operator.

1.2.5 As at the date of the Receivership Order (December 20, 2013), the reconciliation of the MOHLTC Funding to Fairview by the MOHLTC/LHINs had been completed up to the 2012 year. At such date, Fairview remained indebted to the MOHLTC for Reconciliation Amounts for the years 2011 and 2012 in the total amount of between approximately \$619,000 and \$664,000, after “claw-backs”. The 2013 year’s Reconciliation Amounts had not, as of the date of the Receivership Order, been determined by the MOHLTC/LHINs but such amount is estimated by Fairview to be approximately \$430,000. In keeping with a letter from the MOHLTC dated July 31, 2013, commencing October 2013 the MOHLTC began deducting or “clawing-back” the sum of \$52,637 from Fairview’s monthly MOHLTC Funding in connection the outstanding Reconciliation Amounts for the 2011 year.

1.2.6 In connection with the Second Forbearance Agreement, in January 2014, Fairview requested and obtained a Letter Agreement (fully executed on January 30, 2014) from the MOHLTC (the “Deferral Agreement”). , subject also to the concurrence of the Toronto Central Local Health Integration Network (the “TC LHIN”), that provided for the cessation of the “claw-back” collection steps previously taken and a deferral of further collection measures for the balance of Reconciliation Amounts that were outstanding as of January 30, 2014, as well as such future amounts so determined, until June 15 2015. A copy of the Deferral Agreement is attached hereto this Report as Appendix “B”.

2.0 PURPOSE

2.1 The purpose of this Report is to:

- (a) Advise this Honourable Court of the activities of the Receiver since the date of the Receivership Order;

- (b) Seek an Order approving the activities of the Receiver and its legal counsel, as outlined in this Report and the Confidential Supplement (as such term is later defined);
- (c) Seek an Order approving and authorizing the Agreement of Purchase and Sale entered into between the Receiver, Fairview and Schlegel Villages Inc. ("SVI") dated July 22, 2014 and as later amended by letter agreement dated August 29, 2014 (collectively and as amended, the "SVI APS") and vesting title in and to the Purchased Assets (as such term is later defined) in SVI as set-out in the SVI APS;
- (d) Seek an Order sealing various documents set out in the Confidential Supplement, pending completion of the sale transaction with SVI as contemplated in this Report; and
- (e) Seek an Order approving the professional fees and disbursements of the Receiver and those of its legal counsel as detailed in this Report and the accompanying Affidavits.

3.0 DISCLAIMER

- 3.1 In preparing this Report, the Receiver has relied upon unaudited financial information from Fairview, Fairview's books and records, and discussions with the Fairview's management and staff. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of that information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the requirements of the Canadian Institute of Chartered Accountants' Handbook and, accordingly, the Receiver cannot express any opinion or other form of assurance in respect of that information.
- 3.2 The Receiver has prepared this Report in its capacity as a court-appointed officer solely for the purposes as set out in Paragraph 2.1 of this Report. Parties using this Report, other than for the purposes set out

in Paragraph 2.1 above, are cautioned that this Report may not be appropriate for their purposes.

4.0 THE RECEIVER'S ACTIVITIES SINCE THE RECEIVERSHIP ORDER

4.1 General

- 4.1.1 The Receiver has retained Gowling Lafleur Henderson LLP ("Gowlings") as its independent legal counsel in connection with this matter.
- 4.1.2 In accordance with Paragraph 2A of the Receivership Order, Fairview has remained in possession and control of the Property, including the Premises, and continues to receive directly the MOHLTC Funding each month. Accordingly, the Receiver has not taken possession or control over any of the Property.
- 4.1.3 Fairview is currently being managed by a third party, Responsive Health Management Inc. ("Responsive"). Since the Receivership Order was issued, Responsive has been managing Fairview's day-to-day operations and financial affairs, as well as Fairview's compliance requirements with the MOHLTC/LHIN, with involvement by Agatha's daughter and Fairview's Vice President - Treasurer-Secretary, Lisa Chambers ("Lisa"), and BNS (as such term is later defined) on behalf of the Herbert Estate.
- 4.1.4 At the request of Fairview and the Herbert Estate, and as contemplated in the Second Forbearance Agreement, immediately following the Receiver's appointment, the Receiver engaged Pinchin Ltd. ("Pinchin"), formerly known as Pinchin Environmental Ltd., to conduct a phase II environmental site assessment, as well as additional testing and reporting. Due to the sensitive nature of the reports and findings by Pinchin, the release of which could materially prejudice the sale process and the within proceeding, the Receiver's commentary on same is being reported separately as part of the

Confidential Supplement dated September 15, 2014 (the "Confidential Supplement") to this Report.

4.1.5 In addition to addressing creditor inquiries, the Receiver has addressed all of its statutory requirements under the BIA, including filing with the Office of the Superintendent of Bankruptcy Canada ("OSB") the Receiver's statutory notice under Subsection 245(1) of the *Bankruptcy and Insolvency Act* (the "BIA") (the "Receiver's Notice"). In order to not jeopardize the ongoing operations and given the limited powers and duties of the Receiver under the Receivership Order, the Receiver's Notice was sent only to the creditors that were on the Service List. Further, as the Receiver did not take possession or control of the Property as stipulated by the Receivership Order, no receiver's statement, as required under Subsection 246(1) of BIA, was prepared or filed with the OSB or sent to any creditors.

4.1.6 Pursuant to Paragraph 32 of the Receivership Order, a Case Website (<http://extranets.bdo.ca/fairview/>) was established and populated with documents and information in accordance with the E-Service Protocol of the Commercial List (Ontario Superior Court of Justice). A copy of this Report (but NOT the Confidential Supplement) has been posted to Fairview's Case Website.

4.2 Primary Stakeholders

4.2.1 The primary stakeholders identified by the Receiver in connection with this sale process, are as follows:

- (a) Fairview;
- (b) The Bank;
- (c) The Herbert Estate
- (d) Agatha/Lisa
- (e) Responsive
- (f) MOHLTC

- (g) TC LHIN; and
- (h) Service Employees International Union, Local 1 Canada (the "SEIU").

- 4.2.2 The Herbert Estate is currently being administered by a deceased estate trustee, The Bank of Nova Scotia Trust Company ("BNS"). BNS's legal counsel is Dentons Canada LLP.
- 4.2.3 In addition to being the manager of Fairview, Responsive is also a significant secured creditor of Fairview and whose security was granted with the authorization of the Court pursuant to Paragraph 23 of the Receivership Order. Responsive's legal counsel is Gardiner Roberts LLP.
- 4.2.4 Most of Fairview's employees are members of the SEUI and as such, much of Fairview's labour obligations are dictated by/subject to a collective bargaining agreement entered into by the parties.
- 4.2.5 Throughout the sale process, the Receiver has been in continued communication with and has provided updates to several important stakeholders on a strictly confidential basis.
- 4.2.6 The principal group, which includes the Bank, Fairview, Agatha/Lisa, the Herbert Estate/BNS and/or their respective legal counsel (collectively, the "Key Stakeholders"), have been kept apprised of the Receiver's activities, the offers received, the status of sale negotiations and other relevant matters. Where considered necessary, the Receiver also sought the input from the Key Stakeholders, either individually or as a group, as appropriate.
- 4.2.7 In the initial discussions and updates, Responsive and its legal counsel were also included in the Receiver's communications with the Key Stakeholders. However, as the sale process progressed to the marketing phase and Responsive indicated that it would be participating in the sale process as a prospective purchaser,

Responsive was then excluded in order ensure the fairness and integrity of the sale process.

4.2.8 In addition to the Key Stakeholders, the Receiver has also been in continual communication with the MOHLTC, the TC LHIN, and the SEIU (collectively, the “Critical Stakeholders”). The Critical Stakeholders were kept apprised of the status of the offers received, and where necessary and appropriate, provided input and guidance to the Receiver on matters critical to formulating and achieving a sale transaction that could be completed. Further, the involvement of the Critical Stakeholders played a significant role in the negotiations with SVI and the waiver of conditions by SVI.

4.3 Receiver’s Borrowing Certificates

4.3.1 Pursuant to Paragraph 21 of the Receivership Order, the Receiver is empowered to borrow by way of revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable (provided the outstanding principal amount does not exceed \$750,000), for the purpose of funding the exercise of its powers under the Receivership Order, making advances to Fairview to fund its operations, and to make payments to the Bank, as contemplated in the Second Forbearance Agreement.

4.3.2 In connection with the Second Forbearance Agreement, on January 30, 2014, the Receiver received a principal sum of \$358,000.00 from the Herbert Estate and then issued to the Herbert Estate, Receiver’s Certificate No. 001 in same amount. The Receiver then distributed \$358,000.00 to the Bank, in accordance with the Second Forbearance Agreement, to be applied against Fairview’s indebtedness to the Bank.

4.3.3 Also in connection with the Second Forbearance Agreement, on July 7, 2014, the Receiver received a principal sum of \$141,160.25 from the Herbert Estate and then issued to the Herbert Estate, Receiver’s

Certificate No. 002 in same amount. In accordance with the Second Forbearance Agreement, \$100,000.00 was funded by the Herbert Estate for the payment, in part, of the Receiver's fees and disbursements, which included its legal counsel, associated with the sale process being conducted. The additional \$41,160.25 funded by the Herbert Estate was in relation to the expenditures incurred by the Receiver in connection with the environmental site assessments and other work performed by Pinchin. All but \$4,407.00 (\$3,900 plus Harmonized Sales Tax ("HST")) of this sum has been distributed, with such balance representing the funds being retained to address the future decommissioning costs of the monitoring wells installed to perform the environmental testing.

4.4 Monitoring

- 4.4.1 Included in the Second Forbearance Agreement was a statement of projected cash-flow for a 13-month period ending December 21, 2014 (the "Cash-flow Statement"). A copy of the Cash-flow Statement was attached as Schedule "B" to the Second Forbearance Agreement (Exhibit "L" to the Malcolm Affidavit).
- 4.4.2 Since the Receivership Order was issued, the Receiver has been monitoring Fairview's actual cash receipts and disbursements as compared to the Cash-flow Statement on a monthly basis.
- 4.4.3 In connection with the Receiver's monitoring of Fairview's monthly cash flows in comparison to the Cash-flow Statement, the Receiver found that, notwithstanding temporary timing differences, the actual results were generally at or better than the figures projected.
- 4.4.4 As of the date of this Report, the Receiver has completed the monitoring of Fairview's business operations and cash-flows for the period of December 22, 2013 to June 21, 2014.
- 4.4.5 During the period of December 22, 2013 to June 21, 2014, Fairview's total actual cash receipts have exceeded forecast by approximately

\$240,000, with Fairview's total actual disbursements being slightly lower than projections by approximately \$102,000. As a result, the actual cash position as at June 21, 2014, exceeded forecast by approximately \$342,000.

4.4.6 A summary of the actual cash-flow as compared to the Cash-flow Statement for the period from December 22, 2013 to June 21, 2014 is attached hereto as Appendix "C".

4.4.7 Fairview has remained current with all of its priority payables, including HST and employee source deductions.

5.0 THE PROPERTY AND BUSINESS BEING OFFERED FOR SALE

- 5.1 The property, assets, and undertakings of Fairview that were offered for sale essentially comprised the real property, building, furniture and fixtures, capital equipment, resident receivables, inventory, bed licenses, and intangibles. Attached as Appendix "D" hereto is a Personal Property Registry search report (file currency date September 11, 2014) in respect of Fairview.
- 5.2 As noted earlier in this Report, the business that is being offered for sale is a 108 bed Class "C" long-term care home. Integral to the business are the 108 Class "C" bed licenses issued by the MOHLTC. As at March 31, 2014 Fairview's books and records indicated that the 108 Class "C" bed licenses had a net book value ("NBV") of approximately \$587,000.
- 5.3 The property, assets, and undertakings of Fairview that were being offered for sale included a four (4) storey building situated on owned real property that has a lot size of approximately 0.73 acres. The building and the land/real property had a NBV as at March 31, 2014, of approximately \$446,000 and \$259,000, respectively. Attached hereto as Appendix "E" is a Parcel Register dated September 12, 2014 in respect of the Premises.
- 5.4 Fairview's books and records indicated that its furniture and fixtures and other capital equipment had a NBV as at March 31, 2014 of approximately \$67,000.

- 5.5 Fairview's assets also include resident receivables and inventory of raw food, which, as at March 31, 2014, had a net cost value of approximately \$29,000 and \$9,700, respectively, according to Fairview's books and records.
- 5.6 In view of the high market value of land in the City of Toronto from a residential redevelopment perspective, and when contrasted against the economics associated with operating a solely government subsidized long-term care home, it was the Receiver's expectation that the highest and best offer for the real property alone (ignoring the potential adverse implication of such a sale to other stakeholders) would come from a residential developer as opposed to another long-term care home operator.

6.0 SALE OF ASSETS

6.1 Marketing and Sale Process

- 6.1.1 Immediately following the appointment of the Receiver and in connection with the powers conferred in Paragraph 3(a) of the Receivership Order, the Receiver sought proposals from brokers for the listing and marketing of the Property and Fairview's business.
- 6.1.2 As a result of these activities, the Receiver received listing proposals from CBRE Richard Ellis - Healthcare Properties and John A. Jensen Realty Inc./Sean M. Jensen Realty Inc. (collectively, "Jensen Realty"); two of Canada's top brokerage practices who specialize in the seniors' housing sector.
- 6.1.3 Jensen Realty was ultimately selected by the Receiver, as it was believed that Jensen Realty's practice best fit Fairview, given the nature and size of the business and assets to be sold and the type of purchaser associated therewith (i.e. medium private owner/operator versus large institutional investor/operator). Jensen Realty focuses exclusive on the seniors' housing sector and since January 1, 2007, has been successful in closing 51 seniors' housing related transactions consisting of 22 long-term care homes, 25 retirement homes, 2

combined retirement and long-term care homes, and 2 retirement home development sites. In addition, Jensen Realty has had prior experience acting on behalf of receivers, accounting for 14 of the aforementioned 51 sale transactions. On February 14, 2014, the Receiver executed an exclusive listing agreement with Jensen Realty, which set-out a listing period of January 20, 2014 to April 30, 2014 (and a list price of \$4.5 million (the "Listing Agreement"). Pursuant to two (2) extensions to the Listing Agreement, the listing period was extended by the Receiver, first to May 31, 2014 and subsequently to July 31, 2014.

- 6.1.4 Pursuant to the Second Forbearance Agreement and Receivership Order, the intended role of the Receiver was to market and sell the Property and Fairview's business as a going concern. Accordingly, the Receiver together with Jensen Realty endeavored to develop a realization strategy with a focus toward finding a potential purchaser interested in the Property and Fairview's business on an *en bloc* basis.
- 6.1.5 As noted earlier in this Report, notwithstanding the aforementioned restrictions and limitations in the Receiver's role, the Receiver was also aware that the Property could potentially realize a greater amount on a "break-up" sale basis, that is to say the sale of the bed licenses/business being sold separate from the real property, given land values in downtown Toronto.
- 6.1.6 In addition, the Second Forbearance Agreement established two (2) key milestone dates, which had overriding implications on the sale process. Under the Second Forbearance Agreement, the Receiver was to enter into an agreement of purchase and sale on or before April 30, 2014 and have Court approval of such sale transaction on or before May 31, 2014.
- 6.1.7 With a view to completing a sale transaction that would on balance be in the best interest of the stakeholders, generally, the marketing

and sale process developed and implemented by the Receiver together with Jensen Realty involved:

- (a) A time frame of about 12.5 weeks (a 10-week marketing and due diligence period and 2.5 weeks to finalize offers into an agreement of purchase and sale) period;
- (b) The identification of a comprehensive potential purchaser target list, based upon Jensen Realty's proprietary database of over 1,000 industry related professionals and investors and other parties identified by Fairview;
- (c) Directly contacting targets via mass email listing announcements and specific calls to key parties and indirectly to others via an advertisement in the Globe & Mail (at least two (2) run dates in total during February and March 2014) and internet website listings (brokerage websites and LoopNet);
- (d) The preparation of information for marketing and providing to potential purchasers, including a property overview document (the "Property Overview") that briefly described the business and assets of Fairview being offered for sale, and other relevant items or reference details. Due to the sensitive commercial information contained in the Property Overview the release of which could materially prejudice the sale process and the within proceeding, it is being filed separately as part of the Confidential Supplement to this Report and is the subject of a request for a sealing Order from the Court;
- (e) The collection and posting of various financial and non-financial documents and other confidential information related to the Property into an electronic marketing/data room. In addition to being the primary source for information on Fairview for potential purchasers to perform their due diligence, the electronic marketing/data room also served to

facilitate the fair and equal distribution of information to all registered prospective purchasers;

- (f) Where a prospective purchaser expressed an interest in the sale process, a letter was sent by Jensen Realty which included some basic information concerning the sale process and a Confidentiality and Non-Disclosure Agreement (“NDA”) to be executed and returned to Jensen Realty. Upon receipt of the executed NDA by Jensen Realty, potential purchasers were granted access to the electronic marketing/data room; and
- (g) The conducting of site and inspection tours of the Premises and its facilities, as well as meetings with key staff.

6.1.8 This marketing and sale process effectively commenced on January 31, 2014 with a marketing and a due diligence period of ten (10) weeks. Initially, no offer deadline was communicated to the prospective purchasers; instead, believed that this “Traditional” marketing approach would be more effective once parties were found that expressed serious interest they were given soft reminders that they are in competition with other potential purchasers, which was intended to instill some urgency to the situation. Based on its own experience in these matters, Jensen Realty and that an offer deadline or “Sunset date” could deter private owner/operator purchasers from submitting offers since such a concept would be more foreign to this type of purchaser. Practically, however, an offer receipt deadline date of April 11, 2014 (the “Initial Offer Deadline”) was notionally set with Jensen Realty in order to achieve the Second Forbearance Agreement milestone date of April 30, 2014 for an executed agreement of purchase and sale

6.1.9 As a result of the aforementioned marketing activities, over 95 inquiries were received by Jensen Realty, 45 parties executed NDAs

and obtained access to the Jensen Realty's electronic marketing/data room, 11 site inspections and tours of the Premises and the Property were performed for prospective purchasers, and 9 parties requested the form of agreement of purchase and sale to be used to submit an offer.

- 6.1.10 As of the Initial Offer Deadline, the Receiver had received no offers. Further, as of April 30, 2014, one of the Second Forbearance Agreement milestone dates, no offers had yet been received; however, 5 parties had advised that offers were forthcoming.
- 6.1.11 During the period from May 2, 2014 to May 7, 2014, five (5) parties submitted offers/expressions of interest in acquiring all or part (i.e. a "break-up" sale) of the Property and business of Fairview. On May 13, 2014, a sixth offer was received which contemplated the purchase of all of the Property and business of Fairview. A summary of the offers/expressions of interest received as of May 15, 2014 (the "Initial Offer Summary") was prepared by the Receiver and was provided to the Key Stakeholders and their respective legal counsel, in connection with the Receiver's purview to seek input from such parties. Due to the sensitive commercial information contained in the Initial Offer Summary the release of which could materially prejudice the sale process and the within proceeding, it is being filed separately as part of the Confidential Supplement to this Report and is the subject of a request for a sealing Order from the Court.
- 6.1.12 Based on the offers/expressions of interest received, the Receiver sought to evaluate the offers not only on the merits of the offers/expressions of interest *vis-à-vis* Fairview's stakeholders, but also on the ability of the party or parties to complete the transactions, including whether there was a reasonable expectation of acceptance/approval by the MOHLTC and the relevant LHIN of the transaction with the party.

6.1.13 Accordingly, on May 13, 2014 the Receiver and its counsel met with the MOHLTC and subsequently on May 20, 2014 with the TC LHIN to update them on the status of the receivership and sale process, to review the most promising offers received and seek their input and comments on same and to obtain information on the approval process and their respective issues and concerns. Concurrent with the above activities, the Receiver met with those parties who had submitted the most promising offerings in order to assess their ability to complete a transaction and to discuss issues concerning their offer, including the offering purchase price, the assets interested in being purchased or not, and requested changes to the terms and conditions of sale.

6.1.14 One of the parties that had submitted an expression of interest was SVI, who wished to acquire the bed licenses only and under the condition that the MOHLTC would allow such bed licenses to be placed in abeyance pending development of a new facility. From the meeting with the MOHLTC, the Receiver was advised that such an abeyance condition would not be acceptable to the MOHLTC. On May 21, 2014, the Receiver met with SVI to explore the potential acquisition of Fairview's business and the Property as a complete package on a going-concern basis. The property, assets, and undertakings of Fairview that are contemplated to be sold (and also excluded from the sale) to SVI are more particularly detailed in the SVI APS, but in essence included the real property, building, furniture and fixtures, capital equipment, resident receivables, inventory, bed licenses, and intangibles and excluded cash balances, related party receivables, and MOHLTC Funding relating to the period of operations prior to closing and certain books and records (the "Purchased Assets"). SVI was receptive of the idea and a transaction in principal was agreed to between the Receiver and SVI after about two (2) weeks of discussions.

6.1.15 The transaction in principal agreed to between the Receiver and SVI contemplated SVI assuming a portion of the MOHLTC indebtedness.

Following several discussions and a written request made to the MOHLTC, in mid-June 2014 the Receiver received the MOHLTC's agreement in principal for SVI's proposed assumption of a portion of the MOHLTC indebtedness, pursuant certain terms and conditions.

6.1.16 Following several weeks of negotiations between the Receiver, SVI and their respective legal counsel, the SVI APS was entered into between the parties for the Purchased Assets and business of Fairview. Due to the sensitive nature and commercial information contained in the SVI APS, the release of which could materially prejudice the sale process and the within proceeding, it is being filed separately as part of the Confidential Supplement to this Report and is the subject of a request for a sealing Order from the Court.

6.2 Sale to Schlegel Villages Inc.

6.2.1 Canadian owned and operated, SVI has over forty (40) years of experience in the sector. SVI currently owns and operates twelve (12) high quality long-term care and retirement facilities across Southern Ontario (housing approximately 2,500 seniors). In addition to offering a full continuum of care, featuring full service retirement suites, assisted care, memory care, seniors' apartments, and long-term care, at a number of its facilities, SVI is active, in partnership with the University of Waterloo, in contributing to the research in the field of aging and senior care.

6.2.2 SVI is unrelated to Fairview, the Herbert Estate, or Agatha.

6.2.3 Based on the sale process undertaken by the Receiver, the marketing activities by Jensen Realty, and following the Receiver's evaluation of the offers (including consultation with certain key stakeholders), the Receiver is of the opinion that the transaction negotiated with SVI, as detailed in the SVI APS, fairly reflects what the market is prepared to pay for the Purchased Assets (as a going concern and as entire

package) and provides, on balance, the greatest benefit to Fairview's stakeholders, generally, including:

- (a) Preserving jobs and employment for most, if not all, of Fairview's current employees, as well as future employment opportunities;
- (b) Avoiding disruption to the lives of Fairview's elderly residents and their families that would have resulted from the closure of the facility or relocation of the bed licenses to one of the other LHINs;
- (c) Preserving long-term care bed capacity in the TC LHIN with the intention of establishing a foundation for further investment and fostering future growth in long-term care bed capacity in the City of Toronto;
- (d) Preserving Fairview's business which will provide continuity of commerce for many of its suppliers/creditors; and
- (e) Generating a fair and reasonable net realization for Fairview's creditors and other stakeholders.

6.2.4 A detailed analysis of the SVI APS is set out in the Confidential Supplement.

6.2.5 Further, the purchase price for the Purchased Assets, as contained in the SVI APS, is consistent with the appraised value for Fairview on an indefinite going-concern basis (Scenario Two) as detailed in the DRAFT Short Narrative Appraisal of an Existing Long-Term Care (LTC) Seniors' Housing Residence known as: "Fairview Nursing Home" located at: 14 Cross Street, Toronto, Ontario, dated October 15, 2012 as prepared by CWPC Seniors' Housing Group, A division of CWPC Property Consultants Ltd. for Fairview (the "CWPC Appraisal"). In view of the sensitive nature and commercial information contained in the CWPC Appraisal, the release of which could materially prejudice the sale process and the within proceeding, it is being filed separately

as part of the Confidential Supplement to this Report and is the subject of a request for a sealing Order from the Court.

- 6.2.6 As part of the SVI APS, SVI requires an Order approving the sale and vesting title to the Purchased Assets in SVI, free and clear of any and all encumbrances, save and except for those listed in the schedule to the draft form of Approval and Vesting Order that forms part of the SVI APS.
- 6.2.7 In accordance with Section 6.12 of the SVI APS, SVI intends to assign its right, title and interest in and to the real property, building and fixtures to a related party, Fairview LTC Inc. Accordingly, the Approval and Vesting Order being sought reflects this assignment.
- 6.2.8 In addition to and consistent with previous insolvency sale transactions in this business sector, the SVI APS now only remains conditional on SVI receiving MOHLTC approval for transfer/reissuance of Fairview's bed licenses to it and the Court's issuance of an Approval and Vesting Order, as noted above. The Receiver is advised by the MOHLTC that this approval process will take between 6 to 8 months and will include a financial review of SVI, as well as public consultation on the proposed license transfer. During the MOHLTC approval process and pending a further Order of this Court to lift the stay of proceedings, the stay of proceeding established by the Receivership Order shall remain in effect.
- 6.2.9 The SVI APS is the culmination of considerable involvement and effort on the part of the MOHLTC, SEIU, and the TC LHIN and their willingness to work with the Receiver to achieve this result.
- 6.2.10 The Receiver is advised that the Bank, the Herbert Estate, Agatha, and Fairview are all in support of the proposed sale transaction with SVI.

7.0 STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 7.1 Attached hereto as Appendix "F" to this Report is the Receiver's interim statement of receipts and disbursements ("Interim R&D") as at September 12, 2014.
- 7.2 As at September 12, 2014, the Receiver's trust account for the Fairview receivership had a balance of \$4,430.34. In addition, Gowlings is holding in trust \$150,000.00, representing the deposits paid by SVI in connection with the SVI APS.

8.0 PROFESSIONAL FEES

- 8.1 Pursuant to Paragraph 18 of the Receivership Order, the Receiver and its counsel are to be paid their reasonable professional fees and disbursements and are granted a charge on the Property for such professional fees and disbursements. Pursuant to Paragraph 20 of the Receivership Order, the Receiver is entitled to apply reasonable amounts out of the monies in its hands to satisfy its professional fees and disbursements and those of its counsel, and such amounts are to constitute advances against its remuneration and disbursements when and as approved by the Court.
- 8.2 As per the Second Forbearance Agreement and as noted in Paragraph 4.3.3 of this Report, the sum of \$100,000.00 was funded to the receivership, as part of Receiver Certificate No. 002, in connection with the Receiver's fees and disbursements, which includes its legal counsel, in connection with the sale process being conducted.
- 8.3 A further sum of \$30,098.18 was funded/paid by Fairview to the receivership in connection with the Receiver's professional fees and disbursements and those of its legal counsel.
- 8.4 Attached hereto, as Appendix "G" is the Affidavit of Matthew E. Lem (sworn September 12, 2014), in support of the fees and disbursements of

the Receiver for the period from December 4, 2013 to August 31, 2014, totaling \$147,844.10, exclusive of HST.

- 8.5 Attached hereto, as Appendix "H" is the Affidavit of Clifton P. Prophet (sworn September 12, 2014), in support of the fees and disbursements of the Receiver's legal counsel, Gowlings, for the period from December 10, 2013 to August 31, 2014, totaling \$128,818.83, exclusive of HST.
- 8.6 As of the date of this Report, the Receiver and Gowlings have drawn interim payments in respect of their professional fees and disbursements, which have yet to be taxed by this Honourable Court, in the amounts of \$66,545.41 and \$48,600.10, exclusive of HST, respectively.
- 8.7 The Receiver respectfully requests this Honourable Court's approval of its professional fees and disbursements, along with the professional fees and disbursements of Gowlings (the "Professional Accounts"), as set out in the aforementioned Affidavits.

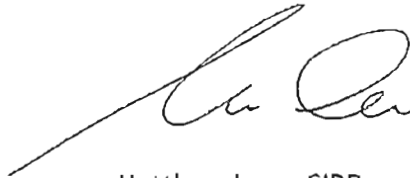
9.0 CONCLUSION AND RECOMMENDATIONS

- 9.1 Based on the foregoing and as outlined in the body of this Report, the Receiver requests that this Honourable Court issue an Order:
 - (a) Approving and authorizing the Receiver's execution of the SVI APS and vesting title in and to the Purchased Assets in SVI as set-out in the SVI APS;
 - (b) Sealing various documents set out in the Confidential Supplement, pending completion of the sale transaction with SVI as contemplated in this Report;
 - (c) Approving this Report, the Confidential Supplement, and the conduct and activities of the Receiver and its counsel as set out therein; and

- (d) Approving the Professional Accounts of the Receiver, and those of its legal counsel, Gowlings, as set out in this Report and accompanying Affidavits.

All of which is respectfully submitted this 15th day of September, 2014.

BDO CANADA LIMITED,
in its capacity as the Court-appointed
Receiver of Fairview Nursing Home Limited
and not in its personal or corporate capacity
Per:

A handwritten signature in black ink, appearing to read 'Matthew Lem', written over a horizontal line.

Matthew Lem, CIRP
Senior Vice President

TAB C

This is **Appendix “C”** to the
Second Report of BDO Canada Limited in its capacity
as Court-Appointed Receiver of Fairview Nursing Home Limited
dated April 17, 2015

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.
JUSTICE NEWBOULD

THURSDAY, THE 25th DAY
OF SEPTEMBER, 2014

BETWEEN:



THE TORONTO-DOMINION BANK

Applicant

– and –

FAIRVIEW NURSING HOME LIMITED

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED

APPROVAL AND VESTING ORDER

THIS MOTION, made by BDO Canada Limited in its capacity as the Court-appointed Receiver (in such capacity, the “**Receiver**”), without security, for the purposes of marketing and selling the assets, undertakings, and properties of Fairview Nursing Home Limited (the “**Debtor**”) for an Order, *inter alia*, approving the sale transaction (the “**Transaction**”) between the Receiver, the Debtor, and Schlegel Villages Inc. (the “**Purchaser**”) contemplated by an Agreement of Purchase and Sale made as of July 22, 2014, and as subsequently amended by Letter Agreement dated August 29, 2014 (the “**Sale Agreement**”), and appended to the First Report of the Receiver dated September 15, 2014 (the “**Report**”), and vesting in the Purchaser the Receiver’s and the Debtor’s right, title, and interest in and to the assets described in the Sale

Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and the Confidential Supplement to the Report dated September 15, 2014 (the “**Confidential Supplement**”), and on hearing the submissions of counsel for the Receiver and those counsel listed on the Counsel Slip, no one appearing for any other person on the Service List, although properly served as appears from the Affidavit of Laura Taylor, sworn September 12, 2014, filed:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion, Motion Record, and Report is hereby abridged such that this motion is properly returnable today, that the manner of service is hereby approved and validated, and that all parties entitled to notice of this motion have been properly served with notice of this motion, and service on any other parties is hereby dispensed with.
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and that the Sale Agreement is commercially reasonable and in the best interests of the Debtor and its stakeholders. The execution of the Sale Agreement by the Receiver is hereby authorized and approved with such amendments as the Receiver may deem necessary, and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the “**Receiver’s Certificate**”), all of the Receiver’s and Debtor’s right, title, and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice D. Brown dated

December 20, 2013 (the “**Appointment Order**”); (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; (iii) the Responsive Security (as defined in the Appointment Order); and (iv) those Claims listed on **Schedule C** hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule D**) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division #66 of Toronto of an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario), the Land Registrar for the said Land Titles Division is hereby directed to enter Fairview LTC Inc. as the owner of the subject real property identified in **Schedule B** hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule C** hereto.

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

6. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver’s Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor’s records pertaining to the Debtor’s past and current employees, including personal information of the Assumed Employees, as defined in the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal

information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

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

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

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

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

10. **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.

11. **THIS COURT ORDERS** that the Confidential Supplement is hereby sealed and shall not form part of the public record pending further Order of this Court.

2nd J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO.
LE / DANS LE REGISTRE NO



SEP 25 2014

SCHEDULE A

FORM OF RECEIVER'S CERTIFICATE

Court File No. CV-13-10365-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

- and -

FAIRVIEW NURSING HOME LIMITED

Respondent

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice D. Brown of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 20, 2013, BDO Canada Limited was appointed Receiver (in such capacity, the "**Receiver**") of Fairview Nursing Home Limited (the "**Debtor**") as specifically set out in the Receivership Order of the Honourable Mr. Justice D. Brown of the Ontario Superior Court of Justice (Commercial List) dated December 20, 2013, pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the "**BIA**").

B. Pursuant to an Order of the Court dated ●, the Court approved the agreement of purchase and sale made as of July 22, 2014, and as subsequently amended by Letter Agreement dated August 29, 2014 (the "**Sale Agreement**") between the Receiver, Debtor and Schlegel Villages Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Receiver's and Debtor's right, title and interest in and to the Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Assets; (ii) that the conditions to Closing as set out in article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.

This Certificate was delivered by the Receiver to the Purchaser at ● <Insert time.> on ● <Insert date.>.

BDO CANADA LIMITED, solely in its capacity as Court-appointed Receiver of Fairview Nursing Home Limited as specifically set out in the Receivership Order of the Honourable Mr. Justice D. Brown of the Ontario Superior Court of Justice (Commercial List) dated December 20, 2013, and not in its personal capacity

Per: _____

Name: Matthew Lem
Title: Senior Vice President

SCHEDULE B

SUBJECT REAL PROPERTY

LT 7-8 PL 366 CITY WEST; PT LT 9 PL 366 CITY WEST; PT LANE PL 366 CITY WEST
CLOSED BY CT526323, PT 3, 4, 6, 63R2391; PT LT 17-18 PL 1051 TORONTO PT 1,
63R2391; S/T CT500560E, CT526917E; CITY OF TORONTO, Property Identifier Number
21296-0399(LT); bearing municipal address 14 Cross Street, Toronto, Ontario, Canada.

SCHEDULE C

CLAIMS TO BE DELETED AND EXPUNGED FROM TITLE TO REAL PROPERTY

1. Notice, Instrument No. CT802464
2. Assignment General, Instrument No. CT837982
3. Charge, Instrument No. AT2450748
4. Notice of Assignment of Rents General, Instrument No. AT2450749
5. Charge Instrument No. AT3487149
6. Charge, Instrument No. AT3527775

SCHEDULE D

PERMITTED ENCUMBRANCES, EASEMENTS AND RESTRICTIVE COVENANTS RELATED TO THE REAL PROPERTY

(unaffected by the Approval and Vesting Order)

1. Reference Plan 63R-2363
2. Reference Plan 63R-2391
3. Easement, CT500560E in favour of the Corporation of the City of Toronto
4. Easement, CT526917E in favour of the Corporation of the City of Toronto
5. Agreement, CT602855 in favour of the Corporation of the City of Toronto
6. Agreement, CT554379 in favour of the Corporation of the City of Toronto
7. VTB Mortgage as defined in the Agreement
8. Vendor's Notice of Claim/Caveat re: Section 2.19 of the Agreement

THE TORONTO-DOMINION BANK

Applicant

- and -

FAIRVIEW NURSING HOME LIMITED

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

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

(PROCEEDING COMMENCED AT TORONTO)

APPROVAL AND VESTING ORDER

GOWLING LAFLEUR HENDERSON LLP

Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
TORONTO, Ontario, M5X 1G5

**Clifton Prophet / Frank Lamie
LSUC No.: 34845K / 54035S**

Telephone: (416) 862-3509 / (416) 862-3609
Facsimile: (416) 862-7661

Lawyers for Fairview Nursing Home

TAB D

This is **Appendix “D”** to the
Second Report of BDO Canada Limited in its capacity
as Court-Appointed Receiver of Fairview Nursing Home Limited
dated April 17, 2015

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

- and -

FAIRVIEW NURSING HOME LIMITED

Respondent

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice D. Brown of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 20, 2013, BDO Canada Limited was appointed Receiver (in such capacity, the "**Receiver**") of Fairview Nursing Home Limited (the "**Debtor**") as specifically set out in the Receivership Order of the Honourable Mr. Justice D. Brown of the Ontario Superior Court of Justice (Commercial List) dated December 20, 2013, pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the "**BIA**").

B. Pursuant to an Order of the Court dated September 25, 2014, the Court approved the agreement of purchase and sale made as of July 22, 2014 and as subsequently amended by Letter Agreement dated August 29, 2014 (the "**Sale Agreement**") between the Receiver, Debtor and Schlegel Villages Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Receiver's and Debtor's right, title and interest in and to the Assets, which vesting is to be effective with respect to the Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Assets; (ii) that the conditions to Closing as set out in article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to Closing as set out in article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.

This Certificate was delivered by the Receiver to the Purchaser at Kitchener, Ontario, on March 31, 2015.

BDO CANADA LIMITED, solely in its capacity as Court-appointed Receiver of Fairview Nursing Home Limited as specifically set out in the Receivership Order of the Honourable Mr. Justice D. Brown of the Ontario Superior Court of Justice (Commercial List) dated December 20, 2013, and not in its personal capacity

Per:



Name: Matthew Lem

Title: Senior Vice President

T A B L E

This is **Appendix “E”** to the
Second Report of BDO Canada Limited in its capacity
as Court-Appointed Receiver of Fairview Nursing Home Limited
dated April 17, 2015

April 2, 2015

BDO Canada Limited
25 Main Street West,
Suite 805
Hamilton, Ontario L8P 1H1

Attention: Matthew Lem
Partner & Senior Vice President

Dear Sirs:

Re: Validity and Enforceability of Security Granted by Fairview Nursing Homes Limited (“Fairview”) to The Toronto-Dominion Bank (“TD Bank”)

We understand that BDO Canada Limited has been appointed as the court appointed receiver of Fairview (the “**Receiver**”) pursuant to the Order of the Honourable Mr. Justice Brown dated December 20, 2013 and issued and entered on December 20, 2013. Fairview granted certain security interests, mortgages and charges in favour of TD Bank which is set out under the heading “**Security**” (the “**Security**”) in Schedule A.

You have asked us to provide you with an opinion in connection with the Security. Specifically, you have asked us to opine on: (i) the enforceability of the Security in the Province of Ontario (the “**Province of Ontario**”), and on the validity and perfection of the security interests (the “**Security Interests**”) in the personal property collateral (the “**Collateral**”) to which the *Personal Property Security Act* (Ontario) (“**PPSA**”) applies, as granted under the Security or any of it in the Province of Ontario and (ii) and the priority and validity of a mortgage/charge of land being Inst. No. AT2450748 (the “**Mortgage**”) as registered against the lands municipally described as 14 Cross Street, Toronto, Ontario (the “**Property**”). We do not act for Fairview or TD Bank in this matter and did not act in the preparation of the Security or the registration of it.

Examination of Documents

For the purposes of the opinions set out herein, we have examined:

- (a) executed copies of the Security;
- (b) copies of search results conducted in the Province of Ontario against Fairview with the Ministry of Consumer and Business Services (Ontario) and under the following statutes:

- (i) the *Bank Act* (Canada);
- (ii) the *Bankruptcy and Insolvency Act* (Canada); and
- (iii) the *Execution Act* (Ontario);

the results and currency of which are set out in Schedule B;

- (c) Ontario Personal Property Security Registration System Enquiry Response Certificates with a File Currency date of December 8, 2014 with respect to Fairview, the results of which are summarized in Schedule C ;
- (d) Searches conducted under the land titles registry with respect to the Property, the results of which are summarized in Schedule D;
- (e) Searches of the real property adjoining the Property to confirm compliance with the *Planning Act* of Ontario; and
- (f) such statutes and public records, original or copies (certified or otherwise identified to our satisfaction) of corporate records, certificates and such other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

For the purposes of the opinions expressed below we have considered the questions of law, made the searches and investigations, and examined originals or copies, certified or otherwise identified to our satisfaction, of the certificates of public officials and other certificates, documents and records, that we considered necessary or relevant, and we have relied without independent verification or investigation on all statements as to matters of fact contained in the certificates, documents and records we examined.

Assumptions and Reliances

For the purposes of the opinions expressed below, we have assumed, without independent investigation or inquiry:

- (a) that with respect to all documents examined by us, the signatures are genuine, the individuals signing those documents had legal capacity at the time of signing, all documents submitted to us as originals are authentic, and certified, conformed or photocopied copies, or copies transmitted electronically or by facsimile, conform to the authentic original documents;
- (b) the completeness, truth, accuracy and currency of the indices and filing systems maintained by the public offices and registries where we have searched or enquired or have caused searches or enquiries to be made and upon the information and advice provided to us by appropriate government, regulatory or other similar officials with respect to those matters referred to in this letter;

- (c) the accuracy of the description of the Collateral set out in the Security;
- (d) that:
 - (i) Fairview has rights in the Collateral;
 - (ii) value, as that term is defined in the PPSA, has been given to Fairview; and
 - (iii) Fairview has not agreed to postpone the time for attachment of the Security Interests;
- (e) that the Collateral does not include “consumer goods”, as that term is defined in the PPSA;
- (f) that there is and was at all relevant times a valid, legal, enforceable and subsisting debt or other obligation owing by Fairview;
- (g) that Fairview:
 - (i) was at the time of authorization, execution and delivery of the Security, and is now, validly constituted and existing under the laws pursuant to which it was constituted;
 - (ii) had the corporate power and authority to execute, deliver and perform its obligations under the Security;
 - (iii) has taken all necessary corporate action to authorize the execution, delivery and the performance of its obligations under the Security; and
 - (iv) has duly executed and delivered the Security;
- (h) that the Security executed by Fairview has not been amended, restated, replaced, terminated or released, and remains in full force and effect;
- (i) that there are no:
 - (i) agreements, judgments, rulings, instruments, facts or understandings affecting or concerning the Security, the Security Interests and/or the various principal obligations for which the Security is granted; or
 - (ii) statutory or regulatory prohibitions on, and no consents, licenses, approvals, authorizations or exemptions of any federal or provincial governmental body or regulatory authority required for or in connection with, the execution, delivery and performance by Fairview of the Security or the Security Interests and/or the various principal obligations with respect to which the Security is granted;

which are not apparent from a review of the Security and which would or might affect the validity or enforceability of the Security;

- (j) that the execution and delivery by Fairview of the Security, and the performance by Fairview of its respective rights and obligations under the Security did not and do not breach or contravene, and were not and are not in conflict with, any law or regulation applicable to Fairview or any other agreement to which Fairview is a party;
- (k) that the execution, delivery and performance of obligations under the Security by Fairview did not and does not constitute a preference, fraudulent preference, conveyance, fraudulent conveyance or transfer for undervalue under the *Bankruptcy and Insolvency Act* (Canada) or any provincial legislation relating to those issues;
- (l) that TD Bank has not by implicit or explicit course of conduct, waiver, release, discharge, cancellation, forbearance or other means, oral or written, taken any action or steps which have, or which could or would have, altered, diminished, suspended or otherwise affected the terms, conditions of enforceability of the Security or the indebtedness, liabilities and obligations secured by the Security or any of it;
- (m) that TD Bank did not know and did not have any reason to believe at any time that the creation of the Security Interests was in contravention of any agreement by which Fairview or its property or assets were bound, if there was such a contravention;
- (n) that Fairview had a good and marketable title to the Property as of the date of registration of the Mortgage; and
- (o) that Fairview made all payments of taxes, utilities and other charges in the normal course and that there were no liens or claims against the Property for non-payment.

Laws Addressed

Except as stated below, the opinions expressed in this letter are limited to the laws of, and the federal laws of Canada applicable in, the Province of Ontario. In particular, without limiting the preceding statement, we express no opinion:

- (a) with respect to the laws of any other jurisdiction, to the extent those laws may govern any aspect of the Security or govern the validity, the perfection, the effect of perfection or non-perfection, or the enforcement of any Security Interests, as a result of the conflict of laws rules of the Province of Ontario; or
- (b) whether, under the conflict of laws rules of the Province of Ontario, the laws of the Province of Ontario would govern the validity, perfection, effect of perfection or non-perfection or enforcement of any of the Security Interests.

Opinions

Based upon the assumptions and reliances stated above, and subject to the qualifications and limitations stated below, we are of the opinion that:

1. The Security constitutes a legal, valid and binding obligation of Fairview enforceable against Fairview in accordance with its terms and would be valid and enforceable against the Receiver;
2. The GSA (as defined in Schedule A hereto) creates valid Security Interests in favour of TD Bank as described in that security under the laws of the Province of Ontario in any Collateral to which the PPSA applies, to secure payment and performance of the obligations secured by the Security;
3. Registration of TD Bank's Security Interest pursuant to the GSA has been made in all public offices provided for under the laws of the Province of Ontario where registration is necessary to perfect the Security Interests in favour of TD Bank, and the Security Interests would be effective against the Receiver of Fairview; and
4. The Mortgage is a good and valid first charge of the Property made in accordance with its terms.

Qualifications and Limitations

The opinions in the letter are subject to the following qualifications and limitations:

1. The legality, validity, binding effect and enforceability of the Security are subject to and may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, liquidation, moratorium, preference and other similar laws of general application affecting the enforcement of creditor's rights generally.
2. The enforceability of the obligations of Fairview under the Security is subject to general equitable principles, including those relating to the conduct of parties such as reasonableness and good faith in the exercise of discretionary powers, to laws relating to laches, undue influence, unconscionability, duress, misrepresentation and deceit, estoppel and waiver, and to the powers of courts to stay proceedings before them, to stay the execution of judgments, to relieve from penalties or the consequences of default (particularly if the default is minor or non-substantive) and to grant relief against forfeiture, and the principle that equitable remedies such as injunctive relief and specific performance are only available in the discretion of the court.
3. A secured party may be required to give a debtor reasonable time to satisfy any demand for payment or performance of its obligations under any of the security before exercising any rights or remedies under it.

4. We express no opinion regarding the existence of, or the right, title or interest of Fairview in and to, any personal property. There is no title registry system in the Province of Ontario with respect to personal property, and no office of public record in which the title to personal property situate in the Province of Ontario may be examined.
5. We express no opinion regarding the ranking or priority of the Security Interests or other interests expressed to be created by the Security.
6. We express no opinion as to whether the provisions of Part VII of the *Financial Administration Act* (Canada) have been complied with. An assignment of federal Crown debts which does not comply with that Act is ineffective as between the assignor and assignee and as against the Crown. Consequently, TD Bank would not have a valid security interest in federal Crown debts unless that Act is complied with.
7. The federal laws of Canada require or permit notices, filings or registrations to be made or other steps or actions to be taken in order to preserve, perfect or protect security interests in certain types of property, including, without limitation, rolling stock, vessels registered under the *Canada Shipping Act, 2001*, patents, trade-marks and copyrights. To the extent that security interests are created by the Security in any of that property, then notices, filings or registrations under those laws may be necessary or desirable in order to preserve, perfect or protect those security interests. We have not searched for the existence of any interests or rights against that property under any of those federal laws, and accordingly we express no opinion as to the creation of security interests in that property.
8. The PPSA imposes certain obligations on secured creditors which cannot be varied by contract and which may also affect the enforcement of certain rights and remedies contained in the Security to the extent that those rights and remedies are inconsistent with or contrary to the PPSA.
9. We express no opinion as to the enforceability of any provision of the Security which requires Fairview to pay, or to indemnify TD Bank for, the costs and expenses of TD Bank in connection with judicial proceedings, since those provisions are subject to the discretion of the court to determine by whom and to what extent those costs should be paid.
10. We express no opinion on any provision in the Security which:
 - (a) purports to restrict the access to, or waive the benefit of, statutory, legal or equitable rights, remedies or defences;
 - (b) limits rights of set-off otherwise than in accordance with applicable law;
 - (c) states that amendments or waivers of or with respect to the Security that are not in writing will be ineffective;
 - (d) purports to bind or affect, or confer a benefit upon, persons who are not parties to the Security;

- (e) purports to exculpate a party from a liability or duty otherwise owed by it to another party; or
 - (f) provides that a certificate or a similar document will be treated as conclusive, final or binding.
11. The enforceability of any provision in the Security which:
- (a) purports to sever any provision which is invalid or unenforceable under applicable law without affecting the validity or enforceability of the remainder of the relevant Security;
 - (b) stipulates or limits the level of damages to which a party is entitled; or
 - (c) selects the jurisdiction whose laws are to apply or where a dispute is to be resolved;
- is subject to the discretion of a court.
12. We express no opinion as to licences, permits or approvals that may be required in connection with the enforcement of the Security by TD Bank or by a person on its behalf, whether such enforcement involves the operation of the business of Fairview or a sale, transfer or disposition of their respective property and assets.
13. We express no opinion as to any Security Interests with respect to any property of Fairview that is transformed in such a way that it is not identifiable or traceable, or any proceeds of property of Fairview that are not identifiable or traceable.
14. We express no opinion as to any Security Interests in any of the circumstances described in section 4 of the PPSA, in respect of which the PPSA is stated to have no application.
15. We express no opinion as to the validity of the Security Interests: (i) in any Collateral consisting of a receivable, license, approval, privilege, franchise, permit, lease or agreement (collectively, "**Special Property**") to the extent that the terms of the Special Property or any applicable law prohibit its assignment or the granting of security interests in it, or require, as a condition of such assignment or grant, a consent, approval or other authorization or registration which has not been made or given, (ii) in permits, quotas or licenses which are held by or issued to a Debtor or Guarantor, or (iii) in growing crops.
16. If the Security creates a mortgage, charge or security interest in or against real property or leases of real property or in property which is now or may become a fixture, or in a right to payment under a lease, mortgage or charge of real property, the enforceability of that mortgage, charge or security interest may be adversely affected by the failure of TD Bank to register the Security, that mortgage, charge or security interest or other notices in respect of them against title to the property of Fairview in the appropriate land registry, land titles or land title office.

17. The enforceability of the Security Interests in accounts or chattel paper as against an account debtor of Fairview is subject to notice of the Security Interest and a direction to pay to TD Bank being given to that account debtor, the terms of the contract between Fairview and that account debtor and any defence or claim arising out of the contract or a closely connected contract, and any other defence or claim of that account debtor against Fairview accruing before the account debtor has knowledge of the Security Interest. Further, the Security Interests will not be binding on that account debtor to the extent that the debt or account is paid or otherwise discharged before notice of the Security Interests is given to that account debtor, together with a direction to pay the account or debt to TD Bank.
18. Notwithstanding that the Security Interests have been perfected by registration under the PPSA, the Security Interests in:
 - (a) investment property, as that term is defined in the PPSA will be defeated by certain claimants obtaining control of that property in the circumstances described in the PPSA or in the *Securities Transfer Act, 2006* (Ontario);
 - (b) instruments, chattel paper, documents of title or money, as those terms are defined in the PPSA, will be defeated by certain claimants obtaining possession of that property in the circumstances described in the PPSA or the *Bills of Exchange Act* (Canada); and
 - (c) goods (as defined in the PPSA) will be defeated by certain claimants to whom Fairview sells or leases those goods in the ordinary course of business in the circumstances described in the PPSA.
19. Notwithstanding that the financing statements registered under the PPSA to perfect the Security Interests do not list motor vehicles (as that term is defined in the PPSA) by vehicle identification number, and accordingly a buyer or lessee of any of those motor vehicles which are classified as equipment (as defined in the PPSA) will take them free of the Security Interests if the buyer or lessee bought or leased them without knowledge of the Security Interests.
20. The enforceability of the Security is subject to the *Limitations Act, 2002* (Ontario).



Reliance

This opinion is solely for the benefit of its addressees in connection with the Security. This opinion may not be relied upon in any manner by any other person and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent.

Yours very truly,

GOWLING LAFLEUR HENDERSON LLP

Gowling Lafleur Henderson LLP

SCHEDULE A

SECURITY

1. General Security Agreement dated July 16, 2010 executed by the Fairview Nursing Homes Limited in favour of The Toronto-Dominion Bank (the "GSA"), along with a registration under the *Personal Property Security Act* (Ontario) with the following particulars:

Secured Party:	The Toronto-Dominion Bank
Debtors:	Fairview Nursing Homes Limited
Collateral Classification:	A, E, I, O, MV
General Collateral Description:	General Security Agreement
File Reference Number:	663051798
Registration Number:	20100719 1517 1793 7932
Amendments:	Renewal Registration No.: 20141124 1726 1462 6560

2. Charge/Mortgage registered in the Land Titles Office - LRO # 80 as AT2450748 on July 19, 2010 against Fairview Nursing Home Limited, as chargor and The Toronto-Dominion Bank, as chargee in the principal amount of \$1,500,000 (the "Charge")
3. General Assignment of Rents dated July 16, 2010 executed by the Borrower, as assignor and the Lender, as assignee and registered in the Land Titles Office (LRO #80) as AT2450749 on July 19, 2010.

SCHEDULE B
SEARCH RESULTS

1. FAIRVIEW NURSING HOME LIMITED

We conducted searches in the Province of Ontario against Fairview Nursing Home Limited. Such searches were conducted under the statutes and in the offices described below and are current as of the dates outlined below:

Corporate Profile Report

Registered Office: 14 Cross Street, Toronto, ON M6J 1S8
Incorporation Date: May 17, 1968
Corporation No.: 212143
Status: Active
Category: Ontario Business Corporation
Directors: Violet Agatha Chambers
Lisa L. Chambers

Execution Act (Ontario) Search

Certificate issued by the office of the Sheriff of the City of Toronto dated December 11, 2014 disclosed the following filings made against Fairview Nursing Home Limited under this statute:

(A) File Number: CV09-094643-00
Issue Date: June 12, 2012
Effective Date: June 14, 2012
Creditor: Miller, Pansy
Amount: \$113,952.52
Comments:

Bank Act (Canada)

A Canadian Securities Registration Systems' Confirmation Letter re Bank Act Security - Section 427 dated December 11, 2014 has been obtained reflecting that there were no registrations of Notices of Intention against Fairview Nursing Home Limited.

Bankruptcy and Insolvency Act (Canada)

Searches conducted on December 11, 2014 pursuant to the *Bankruptcy and Insolvency Act* (Canada) (i) in the Office of the Superintendent of Bankruptcy, Industry Canada (current to

December 10, 2014) disclosed that no registrations appear against Fairview Nursing Home Limited in the Office of the Superintendent for all the Districts and Divisions in Canada, other than the following:

Estate No.: 31-457615
Estate Name: Fairview Nursing Home Limited
Estate Type: Receivership
Date of Proceeding: December 20, 2013

Litigation Search

Certificate issued by the Ontario Superior Court of Justice, City of Toronto, dated December 11, 2014 (current to December 10, 2014) disclosed the following actions against Fairview Nursing Home Limited:

- (i) Parties: NJO v. Fairview Nursing Home Ltd et al
File No.: CV11004284820000
Case Opened Date: June 13, 2011
Case Type: Construction Lien
Status: Active

- (ii) Parties: The Toronto-Dominion Bank v. Fairview Nursing Home Limited
File No.: CV130001036500CL
Case Opened Date: December 12, 2013
Case Type: Bankruptcy and Insolvency
Status: Active

- (ii) Parties: Miller Thomson LLP v. Fairview Nursing Home Limited
File No.: CV14004986580000
Case Opened Date: February 8, 2014
Case Type: Solicitors Act
Status: Active

Personal Property Security Act (Ontario)

Certificates obtained in the province of Ontario pursuant to this statute revealed the following registrations as of file currency dates shown.

See Schedule "C".

SCHEDULE C

ONTARIO PERSONAL PROPERTY SECURITY SEARCHES

Name of Debtor: Fairview Nursing Home Limited
File Currency Date: December 8, 2014

SECURED PARTY		FILE. REGISTRATION NO.	NO./	GENERAL COLLATERAL CLASSIFICATION/ DESCRIPTION
1.	The Toronto-Dominion Bank - Queen St & Spadina 17042 CAS 3472	850832199 19990507 1819 1531 5365 5 years		Accounts, Other No Fixed Maturity Date
2.	Assellinx Capital Inc.	662748912 20100707 1554 2639 0140 5 years		Equipment Amount: \$9,039 Date of Maturity: July 1, 2015 GCD: Sharp MXM363N
3.	The Toronto-Dominion Bank	663053022 20100719 1537 1793 7936 5 years		Accounts, Other No Fixed Maturity Date GCD: General assignment of rent
4.	The Toronto-Dominion Bank	663051798 20100719 1517 1793 7932 5 years		Inventory, Equipment, Accounts, Other, Motor Vehicle No Fixed Maturity Date GCD: General Security Agreement
5.	Roynat Inc.	673725609 20111018 1639 1902 5961 5 years		Equipment, Other GCD: Laundry washer(s) together with all attachments accessories accessions replacements substitutions additions and improvements thereto and all proceeds in any form derived directly or indirectly from any sale and or dealings with the collateral and a right to an insurance payment or other payment that indemnifies or compensates for loss or damage to the collateral or proceeds of the collateral
6.	Chambers, Violet A.	680825736 20120820 1946 1531 9860 10 years		Inventory, Equipment, Accounts, Other, Motor Vehicle
7.	Responsive Health Management Inc.	694028268 20140226 1650 1590 7492 5 years		Inventory, Equipment, Accounts, Other GCD: General Security Agreement with respect to 14 Cross Street, Toronto, Ontario

SCHEDULE D

REAL PROPERTY SEARCHES

Description of Properties

Registered Owners: Fairview Nursing Home Limited

Subsearch as of: December 9, 2014

Short Legal Description: Lots 7 and 8 Plan 366 City West; Part of Lot 9 Plan 366 City West; Part of Lane Plan 366 City West closed by CT526323, Parts 3, 4, 6, 63R2391; Part of Lots 17 and 18 Plan 1051 Toronto Part 1, 63R2391; subject to CT500560E; City of Toronto

Registered Encumbrances:

PIN No. 21296-0399 (LT)

Transfer Easement to The Corporation of the City of Toronto
Instrument No. CT500560E
Date: September 29, 1981

Transfer Easement to The Corporation of the City of Toronto
Instrument No. CT526917E
Date: April 7, 1982

Agreement with The Corp. of the City of Toronto
Remarks: Development
Instrument No. CT554379
Date: October 13, 1982

Agreement with The Corp. of the City of Toronto
Remarks: Amending, CT554379
Instrument No. CT602855
Date: June 29, 1983

Notice
Remarks: Right of First Refusal
Instrument No. CT802464
Date: July 21, 1986

Assignment General
Remarks: Right of First Refusal
Instrument No. CT837982
Date: December 19, 1986

Charge in the amount of \$1,500,000 from Fairview Nursing Home Limited to The Toronto-

Dominion Bank
Instrument No. AT2450748
Date: July 19, 2010

Notice of Assignment of Rent Gen. from Fairview Nursing Home Limited to The Toronto-Dominion Bank
Remarks: AT2450748
Instrument No. AT2450749
Date: July 19, 2010

APL Court Order from the Ontario Superior Court of Justice (Commercial List) to BDO Canada Limited
Instrument No. AT3487149
Date: December 24, 2013

Charge in the amount of \$800,000 from Fairview Nursing Home Limited to Responsive Health Management Inc.
Instrument No. AT3527775
Date: February 26, 2014

TOR_LAW\ 866347412

TAB F

This is **Appendix “F”** to the
Second Report of BDO Canada Limited in its capacity
as Court-Appointed Receiver of Fairview Nursing Home Limited
dated April 17, 2015

REPORT : P5SR060
PAGE : 1
(5550)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 34J
RUN DATE : 2014/12/09
LD : 20141209160805.04

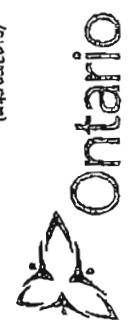
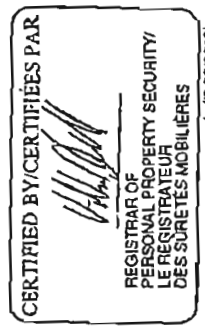
THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 08DEC 2014

ENQUIRY NUMBER 20141209160805.04 CONTAINS 15 PAGE(S), 8 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

GOWLINGS
BOX 104
FCP
TORONTO ON M5X 1G5



CONTINUED . . . 2

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 143
RUN DATE : 2014/12/09
ID : 20141209160805.04

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 08DEC 2014

FORM IC FINANCING STATEMENT / CLAIM FOR ITEM

00 FILE NUMBER 694028268

01 CAUTION TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
1 1 20140226 1650 1590 7492 P PSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME ONTARIO CORPORATION NO.
03 NAME BUSINESS NAME FAIRVIEW NURSING HOME LIMITED TORONTO ON M6J 1S8

04 ADDRESS 14 CROSS STREET TORONTO

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME ONTARIO CORPORATION NO.
06 NAME BUSINESS NAME RESPONSIVE HEALTH MANAGEMENT INC. TORONTO ON MSP 2X9

07 ADDRESS 429 WALMER ROAD TORONTO

08 SECURED PARTY / ALIEN COUNTRY RESPONSIVE HEALTH MANAGEMENT INC. TORONTO ON MSP 2X9

09 ADDRESS 429 WALMER ROAD TORONTO

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF MATURITY OR NO. FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED Maturity Date

11 YEAR MAKE MODEL Y.I.N.

12 MOTOR VEHICLE

13 GENERAL SECURITY AGREEMENT WITH RESPECT TO 14 CROSS STREET, TORONTO,
14 COLLATERAL ONTARIO

15 DESCRIPTION

16 REGISTERING GARDINER ROBERTS LLP (TK) TORONTO ON M5H 3Y2
17 AGENT ADDRESS 3100 - 40 KING STREET WEST

CONTINUED... 3



RUN NUMBER : 343
 RUN DATE : 2014/12/09
 ID : 20141209160805.04

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
 FILE CURRENCY : 08DEC 2014

FORM 10 FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 673725609

01 CAUTION PAGE NO. OF PAGES 2
 MOTOR VEHICLE REGISTRATION NUMBER 20111018 1639 1902 5861
 REGISTERED UNDER P PPSA PERIOD 05

02 DEBTOR NAME FAIRVIEW NURSING HOME LIMITED
 DATE OF BIRTH
 BUSINESS NAME
 ADDRESS 14 CROSS STREET TORONTO
 ONTARIO CORPORATION NO. M6J 1S8

03 DEBTOR NAME ROYNAT INC.
 DATE OF BIRTH
 BUSINESS NAME
 ADDRESS
 ONTARIO CORPORATION NO.

04 SECURED PARTY / LIEN CLAIMANT SUITE 1500, 4710 KINGSWAY ST. BURNABY BC V5H 4M2

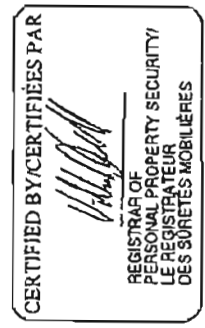
05 COLLATERAL CLASSIFICATION: CONSUMER
 CODE INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE AMOUNT DATE OF MATURITY OR MATURITY DATE

10 YEAR MAKE MODEL V.I.N.

11 MOTOR VEHICLE LAUNDRY WASHER(S) TOGETHER WITH ALL ATTACHMENTS ACCESSORIES
 12 ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS
 13 THERETO AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY

14 REGISTERING AGENT AVS SYSTEMS INC.
 ADDRESS 17A 100 KAL LAKE RD. VERNON BC V1T 9G1

17 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
 CONTINUED... 5



RUN NUMBER : 343
RUN DATE : 2014/12/09
ID : 20141209160805.04

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
ENQUIRY RESPONSE (5554)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 08DEC 2014

FORM IC FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
673725609

01 CAUTION PAGE NO. OF PAGES TOTAL MOTOR VEHICLE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
FILING 002 2 20111018 1639 1902 5961

02 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 BUSINESS NAME
04 ADDRESS ONTARIO CORPORATION NO.

05 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 BUSINESS NAME
07 ADDRESS ONTARIO CORPORATION NO.

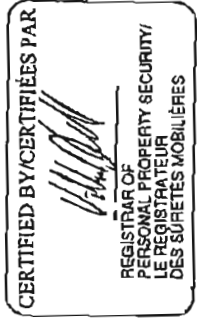
08 SECURED PARTY /
09 LIEN CLAIMANT ADDRESS

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF MATURITY OR NO. FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED Maturity Date

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN
14 COLLATERAL INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES
15 DESCRIPTION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL

16 REGISTERING
17 AGENT ADDRESS
*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2014/12/09
ID : 20141209160805.04

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 08DEC 2014

FORM 26 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILING NO. OF PAGES SCHEDULE NUMBER UNDER
01 001 20141124 1726 1462 6560
RECORD FILE NUMBER 663051798 RENEWAL CORRECT
REFERENCED PAGE AMENDED NO RECEIPT PAGE AMENDED CHANGE REQUIRED YEARS PERIOD
8 RENEWAL 3

FIRST GIVEN NAME INITIAL SURNAME
FAIRVIEW NURSING HOME LIMITED

BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
FAIRVIEW NURSING HOME LIMITED

OTHER CHANGE REASON/ DESCRIPTION
DEBTOR/ TRANSFEREE BUSINESS NAME ADDRESS
BUSINESS NAME ADDRESS
FAIRVIEW NURSING HOME LIMITED ONTARIO CORPORATION NO.

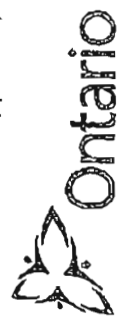
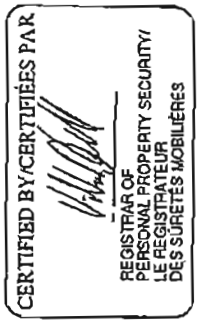
ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE ADDRESS
MOTOR VEHICLE INCLUDED DATE OR MATURITY OR MATURITY DATE
NO FIXED

COLLATERAL CLASSIFICATION ADDRESS
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR MATURITY DATE
V.I.N.

YEAR MAKE MODEL
MOTOR VEHICLE
GENERAL COLLATERAL DESCRIPTION
REGISTRAR AGENT OR ADDRESS TORONTO
AIRD & BERLIS LLP
181 BAY STREET, SUITE 1800, BOX# 754

SECURED PARTY/LIEN CLAIMANT ADDRESS TORONTO
MSJ2T9

FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...



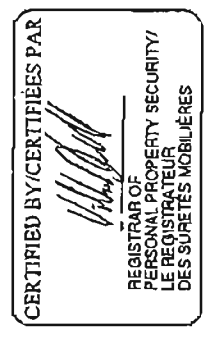
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2014/12/09
ID : 20141209160805.04

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 08DEC 2014

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN
FILE NUMBER : 663053072
CATION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20100719 1537 1793 7936 P PPSA 5
DATE OF BIRTH INITIAL SURNAME
02 DEBTOR FAIRVIEW NURSING HOME LIMITED TORONTO
03 NAME BUSINESS NAME 14 CROSS STREET
04 ADDRESS THE TORONTO-DOMINION BANK
DATE OF BIRTH INITIAL SURNAME
05 DEBTOR THE TORONTO-DOMINION BANK
06 NAME BUSINESS NAME BRANCH #1704, 55 KING STREET WEST TORONTO M5K1A2
07 ADDRESS ONTARIO CORPORATION NO. 213143
ON M6H1E1

COLLATERAL CLASSIFICATION
10 CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO. FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE
13 GENERAL GENERAL ASSIGNMENT OF RENT
14 COLLATERAL COURTS CRANE
15 DESCRIPTION ADDRESS 480 UNIVERSITY AVENUE SUITE 700 TORONTO M5G1V2
16 REGISTERING
17 AGENT



*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED... 9

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2014/12/09
ID : 20141209160805.04

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 08DEC 2014

FORM 20 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLES REGISTERED
FILING NO. OF PAGES SCHEDULE NUMBER UNDER
01 001 20141124 1726 1462 6559
RECORD FILE NUMBER: 563051022
PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
01 001 001 001 3 PERIOD

REFERENCE DEBTOR/ TRANSFEROR BUSINESS NAME FAIRVIEW NURSING HOME LIMITED
FIRST GIVEN NAME INITIAL SURNAME
B RENEWAL 3

OTHER CHANGE REASON/ DESCRIPTION
DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

DEBTOR/ TRANSFEREE BUSINESS NAME ADDRESS
: ADDRESS

ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
ADDRESS

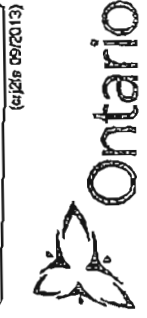
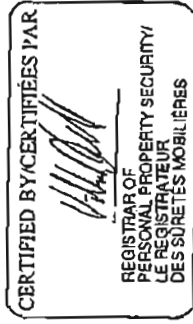
COLLATERAL CLASSIFICATION CONSUMER
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT Maturity DATE NO FIXED Maturity DATE

MOTOR VEHICLE YEAR MAKE MODEL V.I.N.
GENERAL COLLATERAL DESCRIPTION
REGISTERING AGENT OR ADDRESS AIR & BERLIS LLP TORONTO MSJ2T9
181 9AY STREET, SUITE 1800, BOX# 754

SECURED PARTY/LIEN CLAIMANT ADDRESS
*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED ... 10

ONTARIO CORPORATION NO.



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2014/12/09
ID : 20141209160805.04

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 08DEC 2014

FORM 10 FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
662748912

CAUTION PAGE NO. OF PAGES TOTAL MOTOR VEHICLE REGISTRATION NUMBER REGISTERED UNDER PERIOD
FILING NO. OF PAGES 001 1 20100707 1554 2639 0140 P PPSA 05

DATE OF BIRTH : [REDACTED] INITIAL SURNAME : [REDACTED] ONTARIO CORPORATION NO. : [REDACTED] ON M6J 1S9
BUSINESS NAME : FAIRVIEW NURSING HOME LTD TORONTO

ADDRESS : 14 CROSS STREET
FIRST GIVEN NAME : [REDACTED] INITIAL SURNAME : [REDACTED] ONTARIO CORPORATION NO. : [REDACTED]
DATE OF BIRTH : [REDACTED] BUSINESS NAME : [REDACTED]

DEBTOR NAME : ASSETLINK CAPITAL INC MISSISSAUGA ON L5N 6J4
ADDRESS : 4 - 6655 KITIMAT ROAD

COLLATERAL CLASSIFICATION : CONSUMER MOTOR VEHICLE AMOUNT : [REDACTED] NO. FIXED : [REDACTED]
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED : 9039 DATE OF MATURITY OR MATURITY DATE : 01JUL2015

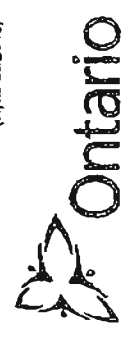
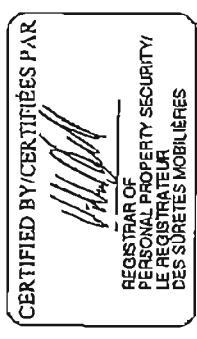
YEAR MAKE : [REDACTED] MODEL : [REDACTED] V.I.N. : [REDACTED]
MOTOR VEHICLE : [REDACTED]

GENERAL COLLATERAL DESCRIPTION : SHARP MXM363N

REGISTERING AGENT : [REDACTED] ADDRESS : [REDACTED]

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED . . . 11



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2014/12/09
ID : 20141209160805.04

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 09DEC 2014

FORM JC FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
850812199

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
01 001 19990507 1819 1531 5365 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME TORONTO
03 NAME BUSINESS NAME FAIRVIEW NURSING HOME LIMITED ONTARIO CORPORATION NO.
04 ADDRESS 14 CROSS STREET TORONTO M6J 1S8

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME TORONTO
06 NAME BUSINESS NAME FAIRVIEW NURSING HOME LIMITED ONTARIO CORPORATION NO.
07 ADDRESS 14 CROSS STREET TORONTO M6J 1S8

08 SECURED PARTY / THE TORONTO-DOMINION BANK - QUEEN ST & SPADINA 17042 CAS 3472
09 IDENTIFYMENT ADDRESS 443 QUEEN ST W & SPADINA AVE TORONTO ON MSV 2B1

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X

11 MOTOR YEAR MAKE MODEL VIN

12 VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

14 REGISTERING AGENT CANADIAN SECURITIES REGISTRATION SYSTEMS RICHMOND BC V6V2L1
15 ADDRESS SUITE 180-13571 COMMERCE PARKWAY

16 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
17 CONTINUED . . . 12



RUN NUMBER : 343
 RUN DATE : 2014/12/09
 ID : 20141209160805.04

PROVINCES OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 12
 (5561)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
 FILE CURRENCY : 08DEC 2014

FORM 26 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION: PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER
 01 001 20040429 1457 1530 8870

RECORD REFERENCED FILE NUMBER 850832199
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 01 001 X B RENEWAL 5

REFERENCE DEBTOR/TRANSFEROR BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
 23 24 FAIRVIEW NURSING HOME LIMITED

OTHER CHANGE REASON/DESCRIPTION DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
 25 26 27 28

DEBTOR/TRANSFEROR BUSINESS NAME ADDRESS
 03/ 04/07

ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE ADDRESS
 29 08 09

COLLATERAL CLASSIFICATION ADDRESS
 10

GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT Maturity OR NO. FIXED DATE OF Maturity DATE
 11 12 13 14 15 16 17

YEAR MAKE MODEL V.I.N.
 11 12 13 14 15 16 17

REGISTERS AGENT OR ADDRESS CANADIAN SECURITIES REGISTRATION SYSTEMS BURNABY BC V5G 3S8
 16 17

SECURED PARTY/ LIEN CLAIMANT ADDRESS
 16 17

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
 CONTINUED... 13

ONTARIO CORPORATION NO.



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2014/12/09
ID : 20141209160805.04

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 08DEC 2014

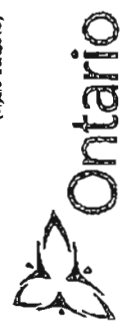
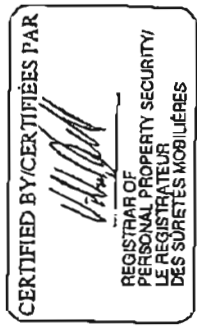
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION : TOTAL MOTOR VEHICLE REGISTRATION REGISTERED UNDER
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RECORD FILE NUMBER 850832199
PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT PERIOD
01 001 001 X B RENEWAL 10
FIRST GIVEN NAME INITIAL SURNAME
BUSINESS NAME FAIRVIEW NURSING HOME LIMITED

22 REFERENCE :
23 DEBTOR/ TRANSFEROR :
24 TRANSFEROR :
25 OTHER CHANGE :
26 REASON/ DESCRIPTION :
27 DATE OF BIRTH :
28 FIRST GIVEN NAME : INITIAL SURNAME :
02/ 05 DEBTOR/ TRANSFEREE : BUSINESS NAME :
03/ 06 ADDRESS :
04/07 ADDRESS :
29 ASSIGNOR :
30 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :
08 ADDRESS :
09 ADDRESS :
10 COLLATERAL CLASSIFICATION :
CONSUMER :
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT DATE OF MATURITY OR MATURITY DATE
YEAR MAKE MODEL V.I.N.
11 MOTOR VEHICLE :
12 VEHICLE :
13 GENERAL :
14 COLLATERAL :
15 DESCRIPTION :
16 REGISTERING AGENT OR :
17 SECURED PARTY/ ADDRESS :
LIEN CLAIMANT :
CANADIAN SECURITIES REGISTRATION SYSTEMS BURNABY BC V5G 3S8
4126 NORLAND AVENUE

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED... 14

ONTARIO CORPORATION NO.



PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 14
 (5563)

RUN NUMBER : 343
 RUN DATE : 2014/12/09
 ID : 20141209160805.04

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
 FILE CURRENCY : 08DEC 2014

THIS REGISTRATION WAS MADE UNDER THE CORPORATION SECURITIES REGISTRATION ACT (R.S.O. 1980, C. 94)
 OR A PREDECESSOR THEREOF. A COPY OF THE INSTRUMENT IS AVAILABLE FOR INSPECTION IN THE
 OFFICES OF THE MINISTRY OF CONSUMER AND BUSINESS SERVICES LOCATED AT:

375 UNIVERSITY AVENUE, 3RD FLOOR
 TORONTO, ONTARIO
 M5G 2J5
 TEL. (416) 325-8810

00 FILE NUMBER 9070617A5 CSRA NUMBER 70617A

01 PAGE NO. OF PAGES 001 001 TOTAL PAGES 001

02 DEBTOR BUSINESS NAME FAIRVIEW NURSING HOME LIMITED

05 DEBTOR BUSINESS NAME

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED . . . 15



RUN NUMBER : 343
RUN DATE : 2014/12/09
ID : 20141209160805.04

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

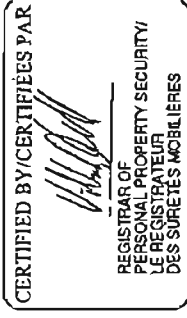
REPORT : PSSR060
PAGE : 15
(5564)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : FAIRVIEW NURSING HOME LIMITED
FILE CURRENCY : 06DEC 2014

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
694028268	20140226	1650	1590 7492
680825736	20120820	1946	1511 9860
673725609	20111018	1639	1902 5961
663051798	20100719	1517	1793 7932
663053022	20100719	1537	1793 7936
662748912	20100707	1554	2639 0140
850832199	19990507	1819	1531 5365
90706117A5	70617A		
	20040429	1457	1530 8870
	20090325	1456	1530 2827

12 REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.



TAB G

This is **Appendix “G”** to the
Second Report of BDO Canada Limited in its capacity
as Court-Appointed Receiver of Fairview Nursing Home Limited
dated April 17, 2015



PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #66

21296-0399 (LT)

PAGE 1 OF 2
PREPARED FOR LSant0601
ON 2014/12/09 AT 16:16:21

CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: LT 7-9 PL 366 CITY WEST; PT LT 9 PL 366 CITY WEST; PT LANE PL 366 CITY WEST; PT LANE PL 366 CITY WEST CLOSED BY CTS26323, PT 3, 4, 5, 6, 63R2391; PT LT 17-18 PL 1051 TORONTO PT 1, 63R2391; S/T CTS005608, CTS26917E; CITY OF TORONTO

PROPERTY REMARKS:

ESTATE/QUALIFIER:
PER SIMPLE
UT CONVERSION QUALIFIED
OWNERS' NAMES
FAIRVIEW NURSING HOME LIMITED

RECENTLY:
FIRST CONVERSION FROM BOOK

CAPACITY SHARE
BENO

PIN_CREATION_DATE:
2003/03/24

REG. NO.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2003/03/21 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
**		SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *				
**		AND ESCHEATS OR FORFEITURE TO THE CROWN.				
**		THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF				
**		IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY				
**		CONVENTION.				
**		ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.				
**DATE OF CONVERSION TO LAND TITLES: 2003/03/24 **						
63R2363	1981/05/19	PLAN REFERENCE				C
63R2391	1981/07/30	PLAN REFERENCE				C
CTS00560	1981/09/29	TRANSFER	\$1	FAIRVIEW NURSING HOME LIMITED		C
CTS00560E	1981/09/29	TRANSFER BASEMENT		THE CORPORATION OF THE CITY OF TORONTO		C
CTS26917	1982/04/07	TRANSFER	\$1	FAIRVIEW NURSING HOME LIMITED		C
CTS26917E	1982/04/07	TRANSFER BASEMENT		THE CORPORATION OF THE CITY OF TORONTO		C
CTS54379	1982/10/13	AGREEMENT		THE CORP. OF THE CITY OF TORONTO		C
REMARKS: DEVELOPMENT						
CT602855	1983/06/29	AGREEMENT		THE CORP. OF THE CITY OF TORONTO		C
REMARKS: AMENDING, CTS54379						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.



LAND REGISTRY OFFICE #66

PARCEL REGISTRAR (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 2
 PREPARED FOR LSantos01
 ON 2014/12/09 AT 16:16:21

21296-0399 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
CT802464	1986/07/21 REMARKS: RIGHT	NOTICE OF FIRST REFUSAL				C
CT817882	1986/12/19 REMARKS: RIGHT	ASSIGNMENT GENERAL OF FIRST REFUSAL				C
CT994474	1988/12/01	CHARGE		*** COMPLETELY DELETED ***		
AT2450748	2010/07/19	CHARGE	\$1,500,000	PAIRVIEW NURSING HOME LIMITED	THE TORONTO DOMINION BANK	C
AT2450749	2010/07/19 REMARKS: AT2450748	NO ASSGN RENT GEN		PAIRVIEW NURSING HOME LIMITED	THE TORONTO-DOMINION BANK	C
AT3120276	2012/09/05 REMARKS: CT994474	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE TORONTO DOMINION BANK	THE TORONTO-DOMINION BANK	C
AT3487149	2013/12/24	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)	BDO CANADA LIMITED	C
AT3527775	2014/02/26	CHARGE	\$806,000	PAIRVIEW NURSING HOME LIMITED	RESPONSIVE HEALTH MANAGEMENT INC.	C

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TAB H

This is **Appendix “H”** to the
Second Report of BDO Canada Limited in its capacity
as Court-Appointed Receiver of Fairview Nursing Home Limited
dated April 17, 2015

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF
FAIRVIEW NURSING HOME LIMITED
of the City of Toronto, in the Province of Ontario

RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
AS AT APRIL 16, 2014

RECEIPTS

1. Received from:			
a) Advances under Receiver's Certificates ^{Note B}	\$	501,596.53	
b) Fairview Nursing Home Limited		<u>30,098.18</u>	\$ 531,694.71
2. Interest earned			50.38
3. Realization of assets: <i>En bloc</i> sale ^{Note C}			<u>1,626,278.68</u>
Total Receipts			<u>2,158,023.77</u>

DISBURSEMENTS

4. Fees Paid:			
a) Filing fee to the Official Receiver			70.00
5. Consulting fees - Environmental consultant			34,681.00
6. Professional fees and disbursements			
a) Receiver		144,672.70	
b) Legal counsel to the Receiver		<u>148,600.10</u>	293,272.80
8. Miscellaneous:			
a) HST paid on disbursements		52,367.75	
b) Bank charges		<u>17.50</u>	52,385.25
8. Distribution to the Toronto-Dominion Bank ^{Note D}			358,000.00
9. Distribution to the Ontario Ministry of Health and Long-Term Care ^{Note E}			<u>544,576.00</u>
Total Disbursements			<u>1,282,985.05</u>
NET RECEIPTS OVER DISBURSEMENTS	\$		<u>875,038.72</u>

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF
FAIRVIEW NURSING HOME LIMITED
of the City of Toronto, in the Province of Ontario

Notes:

- (A) Defined terms used in this interim statement of receipts and disbursements, and not otherwise defined have the meaning ascribed to them in the Second Report of BDO Canada Limited, in its Capacity as Court-appointed Receiver of Fairview Nursing Home Limited, dated April 17, 2015.
- (B) Pursuant to Paragraph 21 of the Receivership Order, the Receiver is empowered to borrow, by way of revolving credit or otherwise, such monies for the purpose of funding the exercise of its powers under the Receivership Order, making advances to Fairview to fund its operations, and to make payments to the Bank, as contemplated in the Second Forbearance Agreement, provided the outstanding principal amount does not exceed \$750,000. The Receiver received the principal sums of \$358,000.00, \$141,160.25, and \$2,436.28 from the Herbert Estate and then issued to the Herbert Estate Receiver's Certificate No. 001, 002, and 003, respectively. Of those amounts, \$358,000.00 was distributed to the Toronto-Dominion Bank, \$100,000 was used for payment of the Receiver's fees and disbursements (including its legal fees), and \$41,160.25 and \$2,436.28 were used in relation to the expenditures incurred by the Receiver in connection with the environmental site assessments and other work performed by Pinchin Environmental.
- (C) Represents the net cash proceeds received on closing of the sale to Schlegel Villages Inc. as per the Agreement of Purchase and Sale, dated July 22, 2014, as amended.
- (D) Pursuant to the Second Forbearance Agreement, a distribution totaling \$358,000.00 was made to The Toronto-Dominion Bank.
- (E) Pursuant to the Revised Conditional Approval Letter and as a mandatory requirement of licence transfer and the closing of the sale to Schlegel Villages Inc., a distribution totaling \$544,576.00 was made to the Ontario Ministry of Health and Long-Term Care.