

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

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

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

MOTION RECORD
(Returnable December 23, 2011)

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Solicitors for Deloitte & Touche Inc. in its
capacity as receiver and manager of
Rose of Sharon (Ontario) Inc.
Retirement Community

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Independent counsel to Deloitte & Touche Inc., in its capacity as receiver and manager of Rose of Sharon (Ontario) Retirement Company

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TAB 1

Court File No. CV-11-9399-00CL

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

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

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

NOTICE OF MOTION

DELOITTE & TOUCHE INC. ("Deloitte") in its capacity as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties (the "**Property**") of Rose of Sharon (Ontario) Retirement Community (the "**Debtor**") will make a motion to the Court on Friday, December 23, 2011 at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto.

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

THE MOTION IS FOR:

1. Orders, substantially in the form attached hereto as **Schedule "A"** and **Schedule "B"**:

- (a) abridging the time for and validating service of this Notice of Motion and the motion materials filed in support of this motion and dispensing with further service thereof;
- (b) approving the Receiver's actions and activities with respect to the receivership of the Debtor as set out in the First Report to the Court of the Receiver dated December 12, 2011 (the "**First Report**");
- (c) directing the Korean (Toronto) Credit Union ("**KCU**") to pay to the Receiver, without set off, contra or other deduction all amounts standing to the credit of the Debtor in bank accounts held by the Debtor with KCU, net of any bank charges levied against those funds that are approved by the Receiver;
- (d) approving a management agreement made as of September 27, 2011 between the Receiver and Assured Care Consulting Inc. ("**ACC**"), providing for ACC's role as manager (the "**Assured Management Agreement**") of the 60 bed long-term care facility located on floors 4 through 6 of the Property (the "**Nursing Home**");
- (e) approving a property management agreement made as of October 24, 2011 between the Receiver and Sterling Silver Development Corporation, through its division Sterling Karamar Property Management ("**Sterling**") for the provision of management services by Sterling for the Property (the "**Sterling Property Management Agreement**"), excluding all aspects of the Nursing Home;
- (f) amending the Appointment Order (as defined below) to make certain changes of an administrative or clerical nature; and
- (g) approving the fees and disbursements of the Receiver for the period ending November 15, 2011; the fees and disbursements of Gowling

Lafleur Henderson LLP, as counsel to the Receiver, for the period ending October 31, 2011 and the fees and disbursements of Blaney McMurtry LLP, as independent counsel to the Receiver, for the period ending October 31, 2011.

2. Such further and other relief as counsel may request and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. Pursuant to an Order of this Honourable Court made on September 27, 2011, and effective 9:00 a.m. on September 28, 2011 (the "**Appointment Order**"), Deloitte was appointed as Receiver, without security, of the Property of the Debtor pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43, as amended (the "**CJA**").
2. Following its appointment, the Receiver took all necessary steps to secure the Property of the Debtor; to regularize management of the Nursing Home and the Life Lease units constituting the balance of the Property; and, has caused the Property to be managed in accordance with applicable law, in a commercially reasonable fashion.
3. The Assured Management Agreement with ACC has been concluded on a commercially reasonable basis, subject to this Court's approval, and ACC is an experienced party suitable for the management of the Nursing Home;
4. The Sterling Property Management Agreement with Sterling has been concluded on a commercially reasonable basis, subject to this Court's approval;
5. The Receiver has consulted with stakeholders and is engaged in an ongoing analysis of the Property with a view to developing a viable realization strategy;
6. The Receiver has requested payment of certain monies of the Debtor held by KCU but thus far KCU has refused or failed to make payment to the Receiver.

7. Following discussions with the Ministry of Health and Long-Term Care, the Receiver is proposing certain changes to the Appointment Order of an administrative or clerical nature;
8. The fees and disbursements of the Receiver and those of its counsel are fair and reasonable in the circumstances;
9. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. The First Report to the Court of the Receiver dated December 12, 2011;
2. The Affidavit of Hartley M. Bricks sworn December 7, 2011;
3. The Affidavit of Harry R. VanderLugt sworn December 12, 2011;
4. The Affidavit of Eric Golden sworn December 7, 2011; and
5. Such further and other evidence as counsel may advise and this Honourable Court may permit.

Dated: December 12, 2011

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Solicitors for Deloitte & Touche Inc., in its capacity as receiver and manager of Rose of Sharon (Ontario) Retirement Community

TO: THE SERVICE LIST

TAB A

Court File No. CV-11-9399-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) TUESDAY, THE 27th DAY
)
JUSTICE C. CAMPBELL) OF SEPTEMBER, 2011

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

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

AMENDED AND RESTATED APPOINTMENT ORDER

THIS APPLICATION made by Peoples Trust Company (“**Peoples Trust**” or the “**Applicant**”) for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) appointing Deloitte & Touche Inc. (“**Deloitte**”) as receiver and manager (in such capacities, the “**Receiver**”) without security, of all of the

assets, undertakings and properties of Rose of Sharon (Ontario) Retirement Community (the "Debtor"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Michael Lombard sworn September 22, 2011, and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and counsel for the Debtor no one appearing for any other party although duly served as appears from the Affidavits of Service of Alma Cano, sworn September 23 and September 26, 2011, and on reading the Consent of Deloitte to act as the Receiver,

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

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

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

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

- (c) subject to section 110 of the *Long-Term Care Homes Act*, S.O. 2007, c. 8 (the "LTCHA") to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) subject to section 110 of the LTCHA, to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order, and in this regard the Receiver is specifically authorized to retain counsel for the Applicant to advise and represent it save and except on matters upon which the Receiver in its judgment determines it requires independent advice, in which case the Receiver shall retain Blaney McMurtry LLP;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) Notwithstanding anything in this Order, the Debtor is the licensee (the "Licensee") of the long-term care home located at 17 Maplewood Avenue, Toronto, Ontario which forms a part of the Property (the

“Home”). The Home is currently licensed pursuant to the LTCHA and the regulations thereunder. Toronto Central Local Health Integration Network (“TC LHIN”) will continue to pay the Licensee (and the Receiver will be entitled to receive such payments) pursuant to the Service Accountability Agreement in respect of the Home between the TC LHIN and the Debtor effective March 4, 2011 (the “SAA”) and the Ministry of Health and Long-Term Care (~~together with the TC LHIN,~~ the “MOH”) will continue to pay the Licensee (which payments shall be received by the Receiver in accordance with this Order) pursuant to ~~the existing agreement.~~ agreements. Any monies received by the Debtor or the Receiver from the MOH or the TC LHIN shall be used or applied by the Receiver for the operation of the Home in accordance with the SAA, any agreement with the MOH and the LTCHA. Any payments by the TC LHIN shall be subject to TC LHIN review and reconciliation as provided for under the SAA and applicable law and written policy. Any payments by the MOH shall be subject to MOH review and reconciliation as provided for under any agreement with the Debtor or the Receiver and applicable law and written policy. For clarity, any surplus monies arising from the operation of the Home may be applied by the Receiver in accordance with this Order.

- (h) to settle, extend or compromise any indebtedness owing to the Debtor;
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (j) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (k) to apply for such permits, licenses, approvals or permissions as may be required by any governmental authority with respect to the Property, including, without limitation, licenses under the LTCHA

- (l) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
 - (m) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (n) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000 provided that the aggregate consideration for all such transactions does not exceed \$200,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (o) 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;
 - (p) 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;

- (q) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (r) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (s) 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;
- (t) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (u) 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, including without limitation Mr. Charles Daley and IWOK Corporation (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 any party the Receiver retains in accordance with subparagraph 3(d) of this Order and section 110 of the LTCHA, and shall deliver all such Property to the Receiver upon the Receiver's request.

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, 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 or any party the Receiver retains in accordance with sub-paragraph 3(d) of this Order and section 110 of the LTCHA (the "**Manager**") 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 and the Manager, 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. For clarity, this paragraph 9 shall apply to the Manager solely in its capacity as agent for the Receiver.

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 Receiver or Manager, and that the Receiver 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 Receiver 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 Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. Neither the Receiver nor the Manager shall be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in

writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **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

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

RECEIVER'S ACCOUNTS

17. **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, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 81.4(4), and 81.6(2) of the BIA.

18. **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.

19. **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

20. **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 \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. Subject to section 107 of the LTCHA, the whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections, 81.4(4), and 81.6(2) of the BIA.

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

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** 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

24. **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.

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

26. **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.

27. **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.

28. **THIS COURT ORDERS** that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff'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.

~~29.~~ 28A. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, the Receiver and Manager shall comply with the SAA, the LTCHA and the regulations thereunder as they apply to the management operation of the Home and ~~neither TC LHIN nor MOH shall~~ not be subject to paragraphs 9 and 10 of this Order in relation to any non-compliance with the SAA, the LTCHA and the regulations thereunder by the Receiver and/or the Manager with respect to the management operation of the Home.

29. 30:

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.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte & Touche Inc., the receiver and manager (the "**Receiver**") of the current and future assets, undertakings and properties of Rose of Sharon (Ontario) Retirement Corporation of every nature and kind whatsoever, wherever situate (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 ___ day of _____, 20__ (the "**Order**") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the head office of the Lender.

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 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 _____, 20__.

DELOITTE & TOUCHE INC. solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name: Daniel R. Weisz

Title: Senior Vice President

PEOPLES TRUST COMPANY
Applicant

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY
Respondent

v.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

AMENDED AND RESTATED
APPOINTMENT ORDER

GOWLING LAFLEUR HENDERSON LLP
Barristers and solicitors
1 First Canadian Place
100 King Street West, Suite 1600
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Lawyers for the Applicant,
Peoples Trust Company

Document comparison by Workshare Professional on December 12, 2011 2:06:09 PM

| Input: | |
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| Document 1 ID | PowerDocs://TOR_LAW/7801219/1 |
| Description | TOR_LAW-#7801219-v1-Deloitte_Rose_of_Sharon_-_Amended_and_Restated_Appointment_Order_of_C._Campbell,_J._dated_Sept.27.11 |
| Document 2 ID | PowerDocs://TOR_LAW/7801219/2 |
| Description | TOR_LAW-#7801219-v2-Deloitte_Rose_of_Sharon_-_Amended_and_Restated_Appointment_Order_of_C._Campbell,_J._dated_Sept.27.11 |
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| Moved cell | |
| Split/Merged cell | |
| Padding cell | |

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| | Count |
| Insertions | 12 |
| Deletions | 10 |
| Moved from | 0 |
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| Format changed | 0 |
| Total changes | 22 |

TAB B

SCHEDULE "B"

Court File No. CV-11-9399-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE } _____, THE ____ DAY
JUSTICE _____ } OF _____, 2011

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

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

APPROVAL ORDER

THIS MOTION, made by Deloitte & Touche Inc., in its capacity as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties (the "Property") of Rose of Sharon (Ontario) Retirement Community (the "Debtor") for an order approving the First Report to the Court of the Receiver dated December 12, 2011 (the "First Report") and the activities described therein; approving the direction to Korean (Toronto) Credit Union ("KCU") to pay to the Receiver all amounts standing to the credit of the Debtor in bank accounts held by the Debtor with KCU; approving a management agreement made as of September 27, 2011 between the Receiver and Assured Care Consulting Inc. ("ACC"); approving a property

management agreement made as of October 24, 2011 between the Receiver and Sterling Silver Development Corporation, through its division Sterling Karamar Property Management ("**Sterling**") for the provision of management services by Sterling for the Property; amending the Appointment Order (as defined in the Notice of Motion); approving the fees and disbursements of the Receiver for the period ending November 15, 2011; the fees and disbursements of Gowling Lafleur Henderson LLP, as counsel to the Receiver, for the period ending October 31, 2011 and the fees and disbursements of Blaney McMurtry LLP, as independent counsel to the Receiver, for the period ending October 31, 2011, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the materials filed on the motion, and on hearing the submissions of counsel:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion and Motion Record in respect of this motion be and is hereby abridged and that the motion is properly returnable today and further that the requirement for service of the Notice of Motion and Motion Record herein upon any other parties is hereby dispensed with and that the service of the Notice of Motion and Motion Record herein is hereby validated in all respects and deemed sufficient for all purposes.
2. **THIS COURT ORDERS** that the First Report dated December 9, 2011 and the activities of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS** that KCU pay to the Receiver, without set off, contra or other deduction all amounts standing to the credit of the Debtor in bank accounts held by the Debtor with KCU, net of any bank charges levied against those funds that are approved by the Receiver.

4. **THIS COURT ORDERS** that the management agreement made as of September 27, 2011 between the Receiver and ACC, providing for ACC's role as manager of the 60 bed long-term care facility located at the Property (the "Nursing Home"), be and the same is hereby approved.

5. **THIS COURT ORDERS** that the property management agreement made as of October 24, 2011 between the Receiver and Sterling for the provision of management services by Sterling for the Property, excluding all aspects of the Nursing Home, be and the same is hereby approved.

6. **THIS COURT ORDERS** that the fees and disbursements of the Receiver as summarized in [pages / paragraphs ● to ●] of the First Report and the Affidavit of Hartley M. Bricks, sworn December 7, 2011, be and are hereby approved.

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver's solicitors, Gowling Lafleur Henderson LLP, as summarized in [pages / paragraphs ● to ●] of the First Report and the Affidavit of Harry R. VanderLugt, sworn December 12, 2011, be and are hereby approved.

8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver's independent counsel, Blaney McMurtry LLP, as summarized in [pages / paragraphs ● to ●] of the First Report and the Affidavit of Eric Golden, sworn December 7th, 2011, be and are hereby approved.

PEOPLES TRUST COMPANY

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Applicant

Respondent

ONTARIO

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

(PROCEEDING COMMENCED AT TORONTO)

APPROVAL ORDER

Gowling Lafleur Henderson LLP

Barristers and Solicitors

1 First Canadian Place

100 King Street West, Suite 1600

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Clifton Prophet

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Solicitors for Deloitte & Touche Inc.,
in its capacity as receiver and manager of
Rose of Sharon (Ontario) Retirement Community

PEOPLES TRUST COMPANY

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Applicant

Respondent

ONTARIO

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

(PROCEEDING COMMENCED AT TORONTO)

NOTICE OF MOTION

Gowling Lafleur Henderson LLP

Barristers and Solicitors
1 First Canadian Place
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Solicitors for Deloitte & Touche Inc.,
in its capacity as receiver and manager of
Rose of Sharon (Ontario) Retirement Community

TAB 2

Court File No. CV-11-9399-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

**FIRST REPORT TO THE COURT OF THE RECEIVER
(dated December 12, 2011)**

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APPENDICES

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| APPENDIX “G”: | Mikal-Calladan Construction Inc. judgement obtained on September 29, 2011 |
| APPENDIX “H”: | Notice and Statement of Receiver (Section 245(1) and 246(1) of the <i>Bankruptcy and Insolvency Act</i>) |
| APPENDIX “I” | Receiver’s Interim Statement of Receipts and Disbursements for the period September 27, 2011 to November 30, 2011 |

INTRODUCTION

1. Pursuant to an Order (the “**Appointment Order**”) of the Honourable Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated September 27, 2011 (the “**Appointment Date**”), Deloitte & Touche Inc. (“**Deloitte**”) was appointed as receiver and manager (the “**Receiver**”) of all of the current and future assets, undertakings and properties of Rose of Sharon (Ontario) Retirement Community (“**Rose**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
2. Rose’s principal asset is a 12-storey building located at 15-17 Maplewood Avenue, Toronto, Ontario (the “**Property**”) which is comprised of a 60 bed long-term care facility located on floors 4 through 6 (the “**Nursing Home**”) and 90 life-lease units located on floors 2, 3 and 7 through 12 (the “**Life-Lease Residence**”).
3. This First Report of the Receiver (the “**Report**”) provides the Court with a summary of the Receiver’s activities since the Appointment Date to December 8, 2011. In particular, the purpose of the Report is to:
 - a) advise the Court of the Receiver’s activities immediately prior to and since the Appointment Date to December 8, 2011, including its activities in taking possession of the assets of Rose, and to seek the Court’s approval of those activities;
 - b) seek the Court’s approval to enter into a property management agreement with Sterling Silver Development Corporation, through its division, Sterling Karamar Property Management (“**Sterling**”), to act as the property manager of the Property, excluding all aspects of the operation of the Nursing Home;
 - c) seek the Court’s approval for the Receiver to enter into a Management Agreement with Assured Care Consulting Inc. (“**ACC**”) for ACC to act as the Receiver’s manager of the Nursing Home, which agreement is subject to Ministry of Health and Long-Term Care (“**MOHLTC**”) approval;

- 3 -

- d) seek an order of this Honourable Court directing Korean (Toronto) Credit Union (“KCU”) to pay to the Receiver, without setoff, contra or other deduction, an amount equal to the funds that were in Rose’s bank accounts on the Appointment Date, net of any bank charges levied against those funds that are approved by the Receiver;
 - e) seek the Court’s approval for certain minor and administrative amendments to the Appointment Order including amendments requested by the MOHLTC;
 - f) seek the Court’s approval of the Receiver’s Interim Statement of Receipts and Disbursements for the period September 27, 2011 to November 30, 2011;
 - g) seek the Court’s approval of the Receiver’s fees incurred for the period ending November 15, 2011; and
 - h) seek the Court’s approval of the fees of Gowling Lafleur Henderson LLP (“**Gowlings**”) and Blaney McMurtry LLP (“**Blaneys**”).
4. Capitalized terms not defined in this Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

5. In preparing this Report, the Receiver has relied upon records of Rose and audited and unaudited financial information prepared and/or provided by Rose, its accountant, ACC or Sterling. The Receiver has not performed an audit or other verification of such information.
6. The Receiver has sought the advice of Gowlings, counsel to the Applicant, for general legal matters that have arisen in respect of the receivership. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Blaneys.

BACKGROUND

7. Rose is a not-for-profit Ontario corporation that was created to develop and provide senior's type housing for people of Korean heritage. Rose was initially granted a licence for 50 beds by the MOHLTC in 1990. However, the development of a long-term care facility stalled until 1996 when the concept of a combination life lease and long-term care facility was conceived. The Receiver understands that the life lease concept was adopted by Rose with the intention of maintaining a predominately Korean cultural base in the building. In 2002, Rose was granted a licence for a further 10 beds from the MOHLTC bringing the total number of bed licences to 60. On April 29, 2003, Rose entered into a Development Agreement with the MOHLTC for a 60-bed Class "A" long-term care home.
8. Rose obtained construction financing from Peoples Trust Company ("**Peoples**") by way of a commitment letter dated March 17, 2005. Construction of the Property commenced in the summer of 2006 and the initial development schedule provided for construction to be completed, and for the Nursing Home to open, in the fall of 2007. The building was constructed without security for purchaser deposits and without new home warranties for purchasers under the deposit protection program and the new home warranty programs administered by the Tarion Warranty Corporation ("**Tarion**").
9. The Receiver has been advised by Mr. John Yoon, Chairman of Rose, that due to construction delays, the project did not achieve substantial completion until September 17, 2010, almost three years behind schedule. On November 4, 2010, the City of Toronto issued an occupancy permit for the Property. Although the occupancy permit has been issued, there appears to be certain issues relating to the construction of the building that remain incomplete or deficient. This matter will be discussed later in the Report.
10. In addition to Peoples' funding of the Project, Rose sought and obtained additional funding from other sources, including subsequent mortgagees, as well as parties which

provided funds to Rose which were initially thought to be in respect of units in the Life-Lease Residence. The Receiver is currently attempting to ascertain if the funds provided by the parties in respect of life leases represented loans to Rose, or whether those payments represented payments towards those parties' "acquisition" of the units in the Life-Lease Residence. This issue will be discussed later in the Report.

11. Commencing in August 2010, Rose began experiencing cash flow problems that resulted in certain defaults in its obligations to Peoples and certain of its other lenders. While certain of the payment defaults to Peoples were corrected by Rose from time to time, other defaults remained, including a construction lien of over \$4 million that was registered on November 19, 2010 by Mikal-Calladan Construction Inc. ("**Mikal**"), the general contractor of the Property which operated under the trade name Unimac or variations of that name.
12. In March 2011, the MOHLTC authorized the Nursing Home to begin accepting residents, approximately three years behind schedule. Pursuant to a management agreement between ACC and Rose dated May 15, 2007, ACC was engaged to be the manager of the Nursing Home. Upon receipt of MOHLTC approval in March 2011, Rose began admitting residents to the Nursing Home.
13. In September 2011, Iwok Corporation ("**IWOK**"), a subordinate mortgagee, took steps to enforce its security and purported to appoint a receiver over Rose. The Receiver understands that the principal of Mikal, Mr. Leon Hui, is also a principal of IWOK.
14. When Peoples became aware of IWOK's purported appointment of a receiver, Peoples proceeded to make an application to the Court on September 27, 2011 for the appointment of the Receiver. The Appointment Order was issued that day.

POSSESSION AND SECURITY

Initial Meetings

15. Late in the afternoon of September 27, 2011, after the issuance of the Appointment Order, representatives of the Receiver attended at the Property. The Receiver met with Mr. Michael Bausch, a representative of ACC, and Ms. Helen Jung, the Nursing Home's Administrator, to advise them of the Appointment Order, to discuss any immediate matters related to the Nursing Home, and to tour the property.
16. The Receiver subsequently met with Mr. Yoon and Mr. David Park, who acted as an on-site manager for Rose, to advise them of the Receiver's appointment, to discuss the Receiver's mandate and to review various matters in connection with the Property, including security, the location of books and records, and the status of any building deficiencies.

Security

17. Mr. Yoon advised that the receiver appointed by IWQK, Mr. Charles Daley, had previously changed the locks on certain internal and external doors and had removed certain books and records from Rose's office.
18. Based on the Receiver's review of the premises and given the 24-hour accessibility requirements to the Nursing Home and the Life-Lease Residence, the Receiver made arrangements to change only the locks on all doors previously changed by Mr. Daley.
19. The Receiver corresponded with Exclusive Alarms Corp. ("**Exclusive**"), Rose's security monitoring service provider, to inform it of the receivership and to request that Exclusive set up a new account, remove the pre-receivership emergency contacts, and add the Receiver as the new emergency contact. Exclusive confirmed to the Receiver that the emergency contacts for Rose were changed as requested.

Books and Records

20. The Receiver has taken possession of the books and records relating to the Life-Lease Residence that were located at the Property.
21. On September 30, 2011, the Receiver met with Mr. Robert Gore of Robert Gore and Associates, Rose's external accountant and financial advisor, to review the books and records that were in his possession, and to discuss various other financial matters related to Rose. At that meeting, Mr. Gore advised the Receiver that he wished to update certain accounts of Rose prior to providing Rose's records to the Receiver. On October 5, 2011, Mr. Gore provided the Receiver with the books and records of Rose that were in his possession.
22. The Receiver made a backup of the contents of the hard-drive of Mr. Park's personal computer on which Life-Lease Residence files were being stored.
23. The accounting for the Nursing Home is maintained by ACC on a dedicated Point Click Care system. In view of the Receiver's decision to engage ACC to manage the Nursing Home on its behalf, the Receiver did not take possession of the Nursing Home books and records and left them in the care and control of ACC.
24. The books and records removed by Mr. Daley prior to the Appointment Date are discussed later in this Report.

Insurance

25. On September 28, 2011, the Receiver contacted Rose's insurance broker, Deerbourne Insurance, and requested that the Receiver be added as an additional named insured and loss payee on Rose's insurance policies. The Receiver also provided a copy of Rose's existing policy to Marsh Canada Limited ("**Marsh**"), from whom Deloitte obtains insurance coverage when required in insolvency situations, in order to seek Marsh's comments on Rose's insurance coverage.

26. On September 30, 2011, Marsh advised the Receiver that the existing insurance policy maintained by Rose was not adequate on an overall basis, and that, amendments to the policy should be made to make the coverages more in line with industry standards.
27. The annual premium in respect of Rose's insurance policy was \$16,846. Marsh advised the Receiver that it would provide a policy that included its recommended coverage amendments/improvements for an annual premium of \$18,885.
28. Although Deerborne advised that the existing insurer was prepared to add the Receiver as an additional named insured and loss payee to Rose's existing insurance policy, based on the information received from Marsh, the Receiver advised Marsh to bind coverage for the Receiver. The Receiver advised Deerborne to terminate the existing insurance coverage effective as at the Appointment Date; however, Deerborne advised that the coverage could not be terminated for 30 days. The Receiver has since received the new insurance policy from Marsh.

Cash in Bank Accounts

29. On September 28, 2011, the Receiver contacted the financial institutions at which Rose's bank accounts were maintained, TD Canada Trust ("**TD Bank**") and KCU, and informed them of the receivership proceedings, provided them with a copy of the Appointment Order and requested that Rose's accounts be frozen to disbursements, that deposits continue to be accepted and that all funds in the accounts be forwarded to the Receiver. As at November 30, 2011, the Receiver has received \$200,427 from TD Bank in respect of balances that were in Rose's bank accounts as at the Appointment Date. From this amount, TD Bank has debited the Receiver's account for four cheques totalling \$1,360. The Receiver is following up with TD Bank as to whether these amounts are properly debited from the account.
30. On October 7, 2011, KCU advised the Receiver that the balance in Rose's bank account was approximately \$204,000. On or about October 14, 2011, KCU advised the Receiver that KCU intended to set off against that \$204,000 balance, \$150,000 representing loans

that KCU had made to certain current and former members of Rose's board of directors which loans had been guaranteed by Rose. The Receiver advised KCU that it was not permitted to apply such a set off and that all of the funds should be remitted to the Receiver. KCU advised that it required direction from its board of directors which was to meet on October 20, 2011, and that it would thereafter provide its position to the Receiver. On October 24, 2011, Gowlings wrote to KCU to advise KCU that the Receiver expected to receive without setoff the Rose funds on deposit at KCU and that, if KCU maintained its position that it would set off the Rose funds against the amounts KCU loaned to certain individuals, KCU provide to Gowlings documentation in support of KCU's position. To date, KCU has not provided the Receiver or Gowlings with the Rose funds nor its position.

31. As KCU has not turned over the Rose funds on deposit at KCU, nor provided the basis upon which it is withholding those funds, the Receiver is seeking an order from this Honourable Court directing KCU to pay to the Receiver, without setoff, contra or deduction, an amount equal to the funds that were in Rose's bank accounts on the Appointment Date, net of any bank charges levied against those funds that are approved by the Receiver.
32. The Receiver has taken possession of blank cheques that were at Rose.
33. The Receiver has set up the bank accounts required by the Receiver to manage the receipts and disbursements of the Receiver.

Critical Suppliers

34. Subsequent to its appointment, and in order to maintain the operations at the Property and to ensure ongoing supply of critical goods/ services to the Nursing Home, the Receiver authorized payment of ACC's fees for September 1 to 27, 2011 in the amount of approximately \$10,400 as well as the following payments, representing obligations of Rose arising prior to the Appointment Date:

| <u>Payee</u> | <u>Amount</u> | <u>Reason for Payment</u> |
|----------------------------|---------------------|---|
| Dr. Matthew Kim | \$ 3,770.88 | LTC physician |
| Quality Allied Elevator | 2,437.03 | Elevator service required |
| ADP | 90.40 | ADP payroll fees |
| ADP | 61,843.78 | Payroll - Covers Period September 11-24, 2011. Paid on September 30, 2011. |
| H.J. Park | <u>2,742.13</u> | Payment to property manager |
| | <u>\$ 70,884.22</u> | |

Inventory and Fixed Assets

35. Based on its prior experience in nursing home receiverships and the going concern operation of the facility in which there is a continual inflow and outflow of supplies, the Receiver determined that it was not necessary to take a physical count inventory of Rose's inventory and fixed assets as of the Appointment Date.

IWOK's Receiver

36. On September 28, 2011, the Receiver wrote to Mr. Daley and IWOK's legal counsel to request that all items, including any books and records, that had been removed by Mr. Daley be returned to the Receiver.
37. On October 4, 2011, counsel for IWOK responded to the Receiver and requested a meeting between the Receiver and Mr. Daley at which meeting Mr. Daley was to return

the books and records that he had removed from the Property. The meeting was scheduled for October 6, 2011 at the Receiver's office.

38. At the scheduled time of the October 6, 2011 meeting, Mr. Leon Hui of IWOK and two other individuals attended at the Receiver's office; however, Mr. Daley did not attend. At the meeting, Mr. Hui provided the Receiver with certain books and records of Rose that Mr. Hui said Mr. Daley had removed from the Property. Mr. Hui also provided the Receiver with his perspective on Rose and raised questions regarding certain financial transactions that he wished the Receiver investigate. The Receiver advised Mr. Hui that it was gathering information on many issues relating to Rose and that the Receiver's findings would be set out in its reports to this Honourable Court.

EMPLOYEES

Nursing Home

39. As at the Appointment Date, there were approximately 47 Nursing Home employees (the "Union Employees") who were represented by the United Food and Commercial Workers International Union, Local 175 ("UFCW"). By way of a Certificate dated September 22, 2011, the Ontario Labour Relations Board certified the UFCW as the bargaining agent for the Union Employees.
40. Following the issuance of the Appointment Order, the Receiver contacted by telephone Ms. Nancy Wiley, internal legal counsel for the UFCW, to advise Ms. Wiley of the Appointment Order and to request a meeting with the UFCW to discuss the status of Rose. Copies of the Application Record and Appointment Order were forwarded to Ms. Wiley by Gowlings on September 28, 2011.
41. On September 28, 2011, the Receiver informed Ms. Wiley that the Receiver intended to meet with the employees of Rose that afternoon to advise them of the receivership, and provided Ms. Wiley with a copy of the letter that the Receiver intended to distribute to the employees at that meeting. The Receiver further advised Ms. Wiley that it was providing

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this information to the UFCW in order that the UFCW was aware of the Receiver's request to the Rose employees.

42. On September 28, 2011, the Receiver held a meeting with the Nursing Home employees, including the Union Employees, to advise them: (i) of the Appointment Order, (ii) of the Receiver's intention to continue the operations of the Nursing Home, (iii) of the Receiver's intention to perform an analysis of the Property, including the Life-Lease Residence, prior to determining a strategy for realizing on the Property, (iv) that the Receiver would be providing each employee with a letter later that day setting out that the employees remained employees of Rose and any pre-receivership claims they may have, including claims for salary, severance, termination, and vacation pay, are claims against Rose, and that the Receiver requested that the employees confirm in writing their agreement with the matters set out in the letter, (v) that although the Receiver was under no obligation to pay any payroll or benefits owing for the period prior to September 27, 2011, the Receiver would be making arrangements to fund Rose's pre-receivership payroll and benefits, and (vi) that the Receiver would fund in the normal course Rose's subsequent payrolls during the receivership. A copy of the letter distributed to employees (the "**Employee Letter**") on September 28, 2011 is attached hereto as **Appendix "B"**.
43. On September 30, 2011, counsel for the UFCW wrote to the Receiver regarding the Receiver's e-mail correspondence of September 28, 2011 and advised the Receiver to cease and desist from making any requests to the Union Employees, and that it would consider any acknowledgements signed by any Union Employee to be null and void.
44. Subsequent to September 30, 2011, Gowlings has exchanged voicemail messages with Ms. Wiley in order to discuss ongoing labour relations in view of the receivership.
45. By letter dated November 8, 2011 from the UFCW to the Receiver, the UFCW gave "notice of its intent to open negotiations for the purpose of amendments and modifications to the current Collective Agreement." As the Receiver is not aware of a collective

agreement currently in existence, it appears that the UFCW wishes to negotiate with the Receiver to create the first collective agreement for Rose's union employees.

46. Gowlings has written to Ms. Wiley to advised her that the Receiver will not be negotiating a collective agreement, but will honour the terms and conditions of employment that were in place at the Appointment Date. It is the Receiver's intention to meet with the UFCW to further discuss interim labour relations at the Nursing Home.
47. The Receiver will provide an update on the status of its dealings with the UFCW in a future report to this Honourable Court.
48. As at the Appointment Date, Rose had five non-union employees, which included the Nursing Home Administrator/Director of Care, a Nurse Manager, the Office Manager, the Program Manager and a Charge Nurse. These five non-union employees were provided with the Employee Letter, and all have signed the acknowledgement set out in the letter.

Life-Lease Residence

49. As at the Appointment Date, the Life-Lease Residence did not have any employees, but utilized the services of independent contractors as required. As Property Manager, Sterling will address issues relating to the Life-Lease Residence as it pertains to property management issues.

THE PROPERTY

Rose of Sharon's Plan

50. Rose's concept was to create a facility where elder members of the Korean community could spend their remaining years with other members of that community. The facility was to be comprised of both a retirement living section and a nursing home in the event that individuals required the services that a nursing home provides.

51. As set out earlier in the Report, the building was not constructed under the terms of the Tarion warranty program as sales of life leases are not subject to the Ontario New Homes Warranty Act. As such, the building's units could not be sold initially as condominium units. Rose's plan was to eventually convert units to condominiums, such that the nursing home would comprise one condominium, and the individual units of the Life-Lease Residence would constitute another condominium. By the conversion of the Life-Lease Residence to condominiums, Rose intended to facilitate purchasers' ability to secure financing to acquire their life lease units. Registration of a condominium plan for the Property was also a requirement of Peoples' loan to Rose.
52. Gowlings has been advised by Hacker Gignac Rice LLP, Rose's counsel dealing with the conversion of the building to condominiums, that there is draft plan approval for the two plans, one with respect to the long term care facility and the other with respect to the Life-Lease Residence. Although draft documents were prepared, the process stalled as Rose did not have the expertise to respond to outstanding questions, nor the time or the money to deal with finalizing the process.
53. After reviewing the status of the condominium conversion, Gowlings has advised the Receiver that it is advantageous to continue the process of creating two condominium plans, one to separate as condominium units the long-term care facility and the remainder of the building, and the second to create condominium title for the 90 residential life lease units. The condominium plans have been draft approved and can proceed to registration subject to completion of a number of conditions and tasks including:
- (a) conveyance of a 2.2 metre strip of land along Vaughan Road to the City of Toronto. Proof of the non-contaminated condition of these lands has been provided to the City of Toronto by way of a site condition filing and a confirming letter from environmental consultants. It appears the conveyance to the City of Toronto can now be made;

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- (b) completion of the condominium declaration and other condominium documentation; and
 - (c) creation of various easements required for access and passage over parts of the Property and completion of agreements for some shared services.
54. The Receiver will continue work to satisfy the conditions and tasks for final registration of the two condominium plans. Condominium title is essential for the leasing, financing and/or sale of the long-term care facility and will facilitate the sale, rental and financing of the residential units.
55. The Receiver will provide an update on the status of the conversion to condominiums in a future report to this Honourable Court.

Deficiencies and Need for a Building Condition Assessment

56. A Certificate of Substantial Performance of the Contract under Section 32 of the Construction Lien Act for the building (the “**Certificate of Substantial Performance**”) was obtained by Rose on September 17, 2010.
57. Following the Receiver’s appointment, Mr. Yoon provided the Receiver with a schedule prepared by Victor J. Heinrichs Inc. (“**Heinrichs**”), the architect of the Property, which listed the construction deficiencies the architect had identified. The architect’s schedule of deficiencies, which is attached hereto as **Appendix “C”**, indicates that the estimated costs to remedy the deficiencies is in excess of \$500,000.
58. The Receiver also met with representatives of Fire & Ice, the contractor engaged by Rose to provide repair and maintenance services to the Property prior to the Appointment Date. Fire & Ice provided the Receiver with a summary of the most significant issues at the property, along with its estimate of the costs to remediate each issue.
59. On or about October 20, 2011, and as a result of the pending winter season, the Receiver engaged Diversatech Mechanical Ltd. (“**Diversatech**”) to activate the building’s heating

system to ensure that heat was provided to residents of the Nursing Home and the Life-Lease Residence. In the course of Diversatech's work, it noted certain deficiencies in the heating system which it outlined for the Receiver.

60. In order to be in a position to assess the condition of the Property and in order to determine if there are issues relating to the Property that must be rectified, the Receiver has engaged Norman Lee & Associates Ltd. ("NLA") to conduct a building condition assessment (the "BCA") for the Property. NLA has been engaged to: (i) confirm that the building was constructed in general accordance with the approved drawings, plans and specifications; (ii) identify any significant material deficiencies in the building systems; (iii) determine any remedial or repair work that is required to the installed components and systems; and (iv) develop preliminary budgets for any required or recommended repairs or remedial work.
61. As a result of delays in locating certain drawings for the Property, the Receiver anticipates receipt of the NLA report by mid-January, 2012.

Construction Warranty

62. Mr. John Yoon advised the Receiver that the schedule prepared by Heinrichs referred to above was intended to be used to support a warranty claim against Mikal, which claim the Receiver has been advised was to be made within one year of the issuance of the Certificate of Substantial Completion. Rose did not file a warranty claim within that period.

Engagement of a Property Manager

63. Prior to the Appointment Date, Mr. Yoon acted as the manager of the Life-Lease Residence. Mr. Yoon's responsibilities included, among other things, communicating with the architect, project manager and general contractor on the construction of the Property, soliciting new life lease purchasers, and executing life lease agreements. Mr.

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Yoon was assisted on site by Mr. Park, who also maintained the day-to-day accounting records for the Life-Lease Residence.

64. The Receiver's preliminary review of the accounting records indicates that Rose's accounting records have not been updated since April 30, 2011.
65. Based on the Receiver's preliminary review, the Receiver concluded that given the size of the Property, the number of units and the condition of the building, it would be prudent and cost effective to engage a third-party property manager to manage the Property on the Receiver's behalf. In that regard, the Receiver requested and obtained proposals from two experienced property management firms to administer the day-to-day operations of the Property, including "tenant" relations, accounting, and supervision of maintenance, and provide the Receiver with timely reports on all aspects of the Property.
66. Based on its review of the two proposals received, the Receiver was of the view that although Sterling's monthly cost to the Receiver was approximately \$1,500 higher than that of the other potential property manager, Sterling appeared to have (i) greater relevant experience and resources managing similar commercial properties; and (ii) had Korean speaking capabilities in-house. The Receiver was also of the view that the Receiver would benefit from Sterling's experience as well as the reduced time the Receiver would have to spend addressing issues at the Property.
67. The Receiver has entered into an agreement made as of October 24, 2011 (the "**Property Management Agreement**") with Sterling for the provision of property management services. The executed Property Management Agreement is attached hereto as **Appendix "D"**.
68. The Receiver is seeking the Court's approval of the Property Management Agreement.

LIFE-LEASE RESIDENCE

Life Lease "Purchasers"

69. Rose began marketing the Life-Lease Residence to the community in 1996 at which time it began entering into Right to Occupy Agreements ("**Life Leases**") whereby purchasers were given the right to, subject to early termination provisions, live in the units for the equivalent of the purchaser's lifetime, or in the event of joint purchasers, until the death of the surviving purchaser. It was not until 2005 that Rose had entered into sufficient Life Leases that enabled it to meet the terms required to obtain construction financing through Peoples.
70. Following an almost three year delay to complete construction of the building, and as a result of changes in the financial marketplace in the ensuing period, management of Rose moved to begin the process whereby the building would be converted from Life Leases to condominiums. In particular, Life Lease purchasers, pursuant to the terms of amendments to the Right to Occupy Agreements, were permitted to occupy their units once the Occupancy Permit was issued under a deferred purchase price basis for up to two years in order to provide time for Rose to apply to effect the conversion of the project to condominiums. As of the Appointment Date, and as discussed earlier in the Report, the process for the conversion to condominiums is in process.
71. There are 90 units in the Life-Lease Residence. A preliminary review of Rose's books and records suggests that all but six units are subject to Life Leases. Of the units subject to Life Leases, 51 units appear to be occupied; however, only 9 units appear to be occupied by the individuals who entered into the Life Lease. The other occupied units appear to be occupied by either relatives of the Life Lease purchaser or tenants.
72. The Receiver understands that some purchasers of Life Leases began moving into their units shortly after the Occupancy Permit was issued on November 4, 2010. Based on the terms of the Life Leases, purchasers or joint-purchasers are allowed to live in the Life

Lease unit until their death(s). Notwithstanding this requirement, it appears that many of the units are in the names of individuals who did not intend on acquiring (and indeed have not acquired) the units for their personal use.

73. As set out earlier in the Report, in the normal course, Rose obtained funding from certain parties which had entered into Life Leases with Rose. The Receiver is presently in the process of reviewing Rose's files to determine the nature of the funds provided by those parties.
74. In addition to its review of Rose's files, and in order to obtain additional information to assist the Receiver in its analysis, the Receiver sent a letter dated October 18, 2011 by registered mail to the holders of the Life Leases advising: i) of the receivership, ii) that the Receiver intends to engage a property manager to manage the Property on its behalf, and iii) that all outstanding, current and future payments in respect of their Life Lease and any promissory notes in favour of Rose related thereto are to be paid without set off to the Receiver. The Receiver also requested that holders of Life Leases provide the Receiver with copies of all agreements and documents relating to their Life Lease and any other documents or agreements between them and Rose. A copy of the form of the October 18, 2011 letter is attached hereto as **Appendix "E"**. On November 16, 2011, the Receiver sent a second request to those parties which had not provided to the Receiver the information requested in the October 18, 2011 letter.
75. To date, there are twelve Life Lease units in respect of which the Receiver has not yet received information from the Life Lease purchasers and cannot confirm their current whereabouts. In order for the Receiver to be in a position to make decisions in respect of the Property and, in particular, formulate a plan to deal with the Life-Lease Residence, it is essential that the Receiver obtain information on the units from the Life Lease purchasers. Given the difficulties in obtaining the information thus far, and since many of the Life Lease purchasers who have not yet responded to the Receiver appear to be of Korean heritage, the Receiver intends to first meet with Mr. Yoon to see if he can assist the Receiver in contacting these individuals. If these individuals cannot be located, it is

the Receiver's intention to place an advertisement/notice in a Korean newspaper published in Toronto requesting that those parties with Life Lease units communicate with the Receiver.

76. Following receipt by the Receiver of the missing information, or the determination by the Receiver that its continuing efforts will not result in the information being provided to the Receiver, the Receiver will report to this Honourable Court on its findings to that date. Based on its preliminary review of the information provided thus far, it appears that the issues that the Receiver will report on will include:
- a) whether payments made by purchasers of Life Lease units represent advances to Rose pursuant to the terms of promissory notes provided by Rose to those purchasers, or whether those payments represent payments on account of their Life Leases that should be deducted from amounts due on closing from those purchasers;
 - b) the status of those Life Lease units for which the named purchaser in the Life Lease agreement has released the purchaser's interest in those units through a formal written release document;
 - c) the status of Life Lease units that appear to have been sold to more than one purchaser;
 - d) the status of Life Lease units purchased by corporations; and
 - e) the status of units which appear to be in the possession of parties on account or by way of settlement of their claims against Rose.
77. The Receiver intends on reporting to this Honourable Court on its findings regarding the Life Lease units on or before February 28, 2012.
78. By letter dated November 1, 2011, Sterling informed holders of the Life Leases that the Receiver had engaged Sterling as property manager of the Property and provided additional information to the Life Lease holders in regards to their payment of amounts owing pursuant to the Life Leases.

Meeting with Certain Life Lease Purchasers and the Korean Canadian Business Association of North Toronto ("KCBA")

79. On October 24, 2011, at the request of Mr. Richard Yoon, a former Director of Rose, the Receiver met with representatives of the KCBA and certain Life Lease stakeholders, including Mr. Victor Heinrichs, the architect for the Property.
80. At the meeting, the concerns of the KCBA were expressed to the Receiver, including the desire for Rose to maintain its Korean "nature". The Receiver explained the status of the receivership, including the role of the Receiver to attempt to maximize realizations for the benefit of all stakeholders in accordance with their interests, as determined.
81. The Life Lease stakeholders in attendance set out their desire to be able to rent out their units in order to, among other things, generate cash flow that could be used by the Life Lease stakeholders to pay to the Receiver their obligations pursuant to the terms of the Life Leases. The Life Lease stakeholders also told the Receiver that one of the attractions of the Life-Lease Residence was that certain services provided to Nursing Home residents, such as delivery of meals, could be made available to occupants of the Life Lease units for a fee, and as a result of such services, the "value" of the Life Lease units and the income that could be derived therefrom, would be enhanced. The Receiver informed the Life Lease stakeholders that it would look into the status of such possible services.
82. In addition, the Life Lease stakeholders asked the Receiver whether it would supply, or pay for appliances for the units. In this regard, some Life Lease stakeholders asserted that Rose had committed to purchase the appliances.
83. As described above, the concept of a Life Lease is for the unit to be available to the purchaser or co-purchaser, if applicable, until the death of both the purchaser and co-purchaser, if applicable. Notwithstanding this concept, based on the Receiver's preliminary review of the Life Lease documents and its discussions with various parties, it appears that many of the units were acquired by corporations or by individuals not

intending to occupy the units, which is inconsistent with the Life Lease concept provided for in the Life Lease documents.

84. The Receiver acknowledges that stakeholders having an interest in Life Lease units other than as an occupant would likely want those units to be rented in order that rental income could be generated to pay for expenses such as common area charges and the other payments required pursuant to the Life Lease agreements. Given the uncertainty surrounding the rights of Life Lease stakeholders and the nature of their interests, it is the Receiver's view that units should not be rented at the present time. The Receiver is concerned that the establishment of new landlord and tenant relationships could hamper the further development of the project and its disposition. As a result, the Receiver will advise purchasers of the Life Lease units of its ultimate position regarding the renting of units when the Receiver completes its analysis of the Life Lease units and formulates a course of action that will be used to realize on those units.
85. Following the October 24, 2011 meeting, the Receiver spoke with ACC to enquire as to services that may currently be provided to Life Lease occupants by ACC. ACC informed the Receiver that it previously polled the Life Lease occupants to ascertain whether there may be interest in receiving meal services. ACC further informed the Receiver that of the approximately 30 units polled, only 2 occupants expressed an interest in that service. As such, it appears there is no financial benefit to the Receiver to implement those services at this time.
86. It appears that as part of the marketing of the Life-Lease Residences, Rose may have offered certain inducements to potential purchasers, including the provision of appliances for the units. The Receiver reviewed with Gowlings whether the Receiver had any obligation to provide appliances for units. Gowlings has confirmed that the Receiver does not have any obligation to supply any of the inducements that Rose may have offered to purchasers of Life Lease units.

THE NURSING HOME

Residents of the Nursing Home

87. The Nursing Home has 60 licenced beds situated in 36 private rooms and 12 basic rooms (with two beds per room). As at the Appointment Date, the Nursing Home was fully occupied and continues to be fully occupied as of the date of the Report. The Nursing Home residents are substantially all of Korean heritage. By letter dated September 27, 2011, the Receiver advised the residents of (i) the appointment of the Receiver, (ii) the Receiver's intention to continue to operate the Nursing Home, and (iii) the Receiver's intention to arrange a meeting with the residents and their families to provide further information and address any questions the residents or families may have. A Korean translation of the letter was also provided to the residents.
88. On October 13, 2011, the Receiver attended a meeting of the Nursing Home's Family Council in order to inform them of the receivership and to answer questions they may have had regarding the receivership.
89. On October 17, 2011, the Receiver provided a further letter to the residents and their families advising that the meeting with the Receiver and the residents and their families was going to occur at the next Family Council meeting scheduled for 6:00 pm on October 24, 2011 at the Property.
90. On October 24, 2011, the Receiver attended the Family Council meeting with the residents of the Nursing Home and their families. As the first language of the majority of the people in attendance was Korean, the discussion was translated into English/Korean by Kay Chang, the president of the Family Council. Two representatives of the MOHLTC were in attendance at the meeting and advised participants that since the Appointment Date, the MOHLTC had conducted three inspections and had not identified any care-related issues.

91. In addition to the above meeting, the Receiver has responded to inquiries from families of the current residents and potential residents regarding the status of the Nursing Home and the receivership.

Management Agreement with Assured Care Consulting Inc.

92. On May 15, 2007, Rose entered into a management agreement with ACC to manage the Nursing Home on Rose's behalf. That agreement was executed at that time with the expectation that the Nursing Home would open the following year. However, construction of the Property was not completed until September 2010, and the MOHLTC subsequently identified certain deficiencies that had to be rectified prior to providing to Rose its authorization to begin admissions. As a result, the Nursing Home did not open to residents until March 2011. Since the Nursing Home's opening, ACC has acted as the manager of the Nursing Home on Rose's behalf.
93. In anticipation of its appointment as Receiver, on September 23, 2011, the Receiver met with Mr. Robert Berg, the President of ACC, to discuss the status of the Nursing Home. Mr. Berg provided an overview of the operations of the Nursing Home, the history of ACC's involvement, and a copy of the management agreement between ACC and Rose. Mr. Berg advised that during the period between the opening to admissions and the Appointment Date, the Nursing Home operated within the parameters of the *Long-Term Care Homes Act, 2007* ("LTCHA") and its Regulations, and that the MOHLTC had not imposed any operational restrictions.
94. Mr. Berg advised that ACC maintained the accounting records and provided Rose with monthly operating reports with comparisons to budget and a variance analysis. In addition, ACC provided specialists where necessary to assist in the areas of nursing, programs and environment.
95. Mr. Berg further advised that the daily functions in the Nursing Home for food preparation, housekeeping, maintenance, and laundry were contracted out to Nova Services Group Inc. ("Nova"), who provided staff on-site to carry out those functions.

96. Based on those discussions, and given that the fees proposed by ACC were in line with market rates, the Receiver engaged ACC to be the manager of the Nursing Home. The Receiver and ACC have entered into a new management agreement made as of September 27, 2011 (the "**Management Agreement**") on terms acceptable to the Receiver and ACC. A copy of the Management Agreement is attached hereto as **Appendix "F"**.
97. The Management Agreement provides for ACC to continue to act as the day-to-day manager of the Nursing Home on behalf of the Receiver. ACC has advised the Receiver that it will continue to provide its internal specialists in nursing home administration and accounting, and that ACC will review and advise the Receiver on the operations of the Nursing Home. Pursuant to the Management Agreement, ACC will prepare budgets and cash flow forecasts for the Nursing Home as well as monthly operational reports.
98. ACC has established a new operating bank account for the Nursing Home, and a new bank account for the Resident's Trust Account on which the Receiver is to co-sign all cheques. Funding for the Nursing Home by the MOHLTC occurs on or about the 22nd day of each month when the MOHLTC deposits funds into Rose's bank account. The Receiver will then transfer the MOHLTC monthly funding to the Nursing Home operating bank account.
99. Pursuant to section 110 of the LTCHA, the Management Agreement must be approved by the Director. On November 11, 2011, the Receiver submitted the Management Agreement to the Director for its approval. The Receiver has not as at the date of the Report received the Director's approval.

MINISTRY OF HEALTH AND LONG-TERM CARE

100. Prior to the appointment of the Receiver, the Receiver contacted the Crown Law Office (Civil) of the Ministry of the Attorney General for Ontario (the "**AG**"), counsel for the MOHLTC, to advise of the application for the appointment of the Receiver. Gowlings provided the AG with the materials filed in support of the Application. Prior to the hearing of the Application, the AG requested certain changes to the Appointment Order in

order to address concerns of the MOHLTC. Many of the changes requested by the AG are reflected in the Appointment Order.

101. After the Receiver's appointment, the Receiver corresponded with the MOHLTC to advise it of the issuance of the Appointment Order and to request that all future MOHLTC funding be directed to the Receiver's bank account. The MOHLTC informed the Receiver of its position that pursuant to the LTCHA, the MOHLTC is only able to provide funding to the licensee, namely Rose, and not the Receiver. Notwithstanding subsequent discussions between Gowlings and the AG, it appears that the MOHLTC funding will continue to be deposited into Rose's bank account, with the Receiver causing those funds to be transferred to the Receiver's bank account. Subsequently, counsel for the Receiver has had further discussions with the MOHLTC which lead to the administrative and clerical amendments the Receiver proposes to the Appointment Order.
102. The Receiver also contacted Ms. Mary Diamond, Manager, Compliance Inspection for the MOHLTC to advise her of the receivership. Ms. Diamond indicated that the Compliance Inspection division was aware of the receivership as the MOHLTC had been contacted by an unknown individual who raised a complaint concurrent with the receivership. The MOHLTC conducted inspections on September 25 and 27 and on October 3, 4 and 5, 2011 in the areas of staffing levels, provision of care, nursing supplies, food production and food supplies. No findings of non-compliance as a result of the inspections have been reported to the Receiver.
103. As referred to above, two representatives of the MOHLTC were in attendance at the meeting where the Receiver discussed the receivership with residents of the Nursing Home and their families.

RECEIVER'S CASH FLOW

104. The Receiver has prepared a cash flow forecast for the next three month period ("**Cash Flow**"). The Cash Flow incorporates as receipts, funding to the Nursing Home and

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amounts currently being received in respect of the Life Lease Residence, less disbursements expected to be incurred by the Receiver in respect of the Nursing Home, the Property and the administration of the receivership.

105. According to the Cash Flow, the expenses of the Nursing Home are being funded from amounts being received from the MOHLTC and the Nursing Home's residents. As a result it does not appear that the Receiver will have a need to borrow any funds on account of the Nursing Home's operations.
106. Funding of the part of the project represented by the Life-Lease Residence comes from the monthly payments being provided by the parties who have entered into the Life Leases. At present, it appears that of the Life Lease Residences that are currently occupied, monthly payments are being made in respect of 31 units. For purposes of the Cash Flow, the Receiver has made the assumption that only payments currently being made will be received over the period of the Cash Flow.
107. Based on the Cash Flow, it appears that the Receiver will not need to borrow funds for the Life-Lease Residence in the short term due to there being funds in Rose's bank accounts as at the Appointment Date of which the Receiver has taken possession. The Receiver will review any future funding requirements with Peoples.

SECURED CREDITORS

108. As at the Appointment Date, Rose's indebtedness to Peoples was approximately \$15 million. Peoples' security ("**Security**") over Rose's assets includes a charge/mortgage in the amount of \$17,300,162.50 registered in the Land Titles Division of the Toronto Registry Office, a General Assignment of Rents and a General Security Agreement. Blaneys has provided its opinion to the Receiver that the Security is a legal, valid and binding obligation of Rose that is enforceable against Rose. Blaneys' opinion is subject to the standard qualifications set out therein.

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109. In addition to the amounts owing to Peoples, Rose may be indebted to the parties below which may have the following security over Rose's assets:

- a second mortgage to IWOK for \$700,000 at 12% annual interest;
- a third mortgage for \$590,000 and a fourth mortgage for \$100,000 to Turfpro Investments Inc. ("**Turfpro**") at 12% annual interest; and
- a fifth mortgage for \$150,000 to Unimac Group Limited ("**UGL**") at an interest rate of 5%.

Pending a determination whether the realizations from Rose's assets will be of an amount sufficient to fully repay Rose's indebtedness to Peoples, the Receiver does not propose to obtain an opinion on the security held by Iwok, Turfpro or UGL.

110. In addition to the above, the following construction liens have been registered against the Project:

- a) Royal Windsor Mechanical Inc. registered a construction lien for \$87,132 on March 26, 2010. The Certificate of Action was issued on May 26, 2010 indicating that Royal had commenced a court action which it must do under the *Construction Lien Act* in order to perfect its lien;
- b) Mikal registered a construction lien for \$4,166,659 on November 19, 2010. The Certificate of Action was issued on December 31, 2010; and
- c) Tremonte Manufacturing Welding & Ironworks Limited registered a construction lien on November 22, 2010 for \$42,735. A Certificate of Action had not been registered on title. Tremonte's claim may be sheltered by the Mikal construction lien.

111. The Mikal construction lien is in respect of amounts claimed by Mikal as owing in connection with the construction of the project. The Receiver notes that prior to the receivership, Mikal and Rose were engaged in ongoing disputes primarily related to

Mikal's claims for payment, and Rose's claims relating to construction delays, change orders not approved and construction deficiencies.

112. On September 29, 2011, being after the Appointment Date, Mikal obtained judgement against Rose in the amount of \$4,195,768.64 plus costs of \$1,350.00. Gowlings was advised by Mikal's counsel, Goldman Sloan Nash & Haber LLP ("**Goldman**") that Goldman was not intending to take any action in connection with the judgement. A copy of the judgement is attached hereto as **Appendix "G"**. Except for any portion of the judgement that is on account of a construction holdback, Gowlings has advised the Receiver that the judgement represents a claim subordinate to Peoples.
113. While there may be setoffs against Mikal's claim that may be asserted by the Receiver, pending disposition of the Property, the Receiver does not intend to take any action in connection with any of the above-noted lien claims at this time.
114. CRA is scheduled to perform audits of Rose's payroll deductions and HST accounts during the week of December 5, 2011. The Receiver will report on the results of the audits in a future report to this Honourable Court.

TRANSFERS UNDER VALUE

115. The Receiver has commenced a review of Rose's transactions for the one year period preceding the Appointment Date in order to determine if there were any transfers at under value that could be subject to review pursuant to the provisions of the *Bankruptcy and Insolvency Act*.
116. After commencing its review, it became apparent to the Receiver that it was not in possession of a number of bank statements and cancelled cheques of Rose that were required to complete the Receiver's review. The Receiver is awaiting receipt from KCU of photocopies of the bank statements and cancelled cheques that the Receiver has been unable to locate.

STATUTORY REPORTS

117. On October 7, 2011, the Receiver issued the Notice and Statement of Receiver pursuant to sections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (the “**Notice**”) to all unsecured creditors of Rose and forwarded the Notice to the Official Receiver. A copy of the Notice is attached hereto as **Appendix “H”**.

RECEIVER’S STATEMENT OF RECEIPTS AND DISBURSEMENTS

118. Attached hereto as **Appendix “I”** is the Receiver’s Interim Statement of Receipts and Disbursements for the period September 27, 2011 to November 30, 2011 (the “**R&D**”). The R&D indicates that as of November 30, 2011, the Receiver held funds totalling \$645,628.
119. The R&D includes receipts from the MOHLTC on account of monthly funding of the Nursing Home. Due to a delay in ACC establishing an operating account for the Nursing Home, the R&D also includes receipts from Nursing Home residents for their co-payment amounts and on account of preferred accommodation (extra payments for private rooms): The Receiver will be taking steps to have all future co-payments and preferred accommodation payments deposited directly into ACC’s Nursing Home account.
120. The R&D also reflects the receipts and disbursements relating to the Life-Lease Residence.
121. The Receiver is seeking the Court’s approval of the R&D.

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

122. The Receiver’s fees for services rendered for the period ending November 15, 2011 in respect of its activities as Receiver are particularized in the Affidavit of Hartley Bricks sworn December 7, 2011 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$250,674.68, inclusive of HST (“**Receiver Fees**”).

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123. The fees and disbursements of Gowlings, counsel for Peoples Trust, in respect of work performed for the Receiver, for the period September 26, 2011 to October 31, 2011 are particularized in the Affidavit of Harry VanderLugt sworn December 12, 2011 and the invoice is attached as an exhibit thereto. The total amount of the invoice for this period is \$26,479.70, inclusive of HST (“**Gowlings Fees**”).
124. The fees and disbursements of Blaneys, independent counsel to the Receiver, in respect of work performed for the period September 22, 2011 to October 31, 2011 are particularized in the Affidavit of Eric Golden sworn December 7, 2011 and the invoice is attached as an exhibit thereto. The total amount of the invoice for this period is \$11,808.29 inclusive of HST (“**Blaneys Fees**”).
125. The Receiver has reviewed the invoices of both Gowlings and Blaneys and finds the work performed and charges to be appropriate and reasonable.
126. The Receiver is seeking this Honourable Court’s approval of its activities to November 30, 2011 and the Receiver Fees, Gowlings Fees and Blaneys Fees.

RECEIVER’S REQUEST TO THE COURT

127. The Receiver is respectfully seeking an order:
 - i) approving this Report and the actions and activities of the Receiver to December 8, 2011 and the R&D;
 - ii) directing KCU to pay to the Receiver, without setoff, contra or deduction, an amount equal to the funds that were in Rose’s bank accounts on the Appointment Date, net of any bank charges levied against those funds that are approved by the Receiver;
 - iii) approving the Management Agreement made as of September 27, 2011 between the Receiver and ACC for ACC to act as manager of the Nursing Home;

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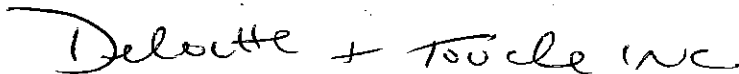
- iv) approving the Property Management Agreement made as of October 24, 2011 between the Receiver and Sterling for the provision of management services for the Property and for Sterling to act as property manager of the Property excluding the operations of the Nursing Home;
- v) amending the Appointment Order to make certain changes of an administrative or clerical nature, as set out in detail in the Notice of Motion to be filed; and
- vi) approving the Receiver Fees, Gowlings Fees and Blaneys Fees.

All of which is respectfully submitted to this Honourable Court.

DATED this 12th day of December, 2011.

Deloitte & Touche Inc.

Receiver and Manager of the current and future
assets, undertakings and properties of
Rose of Sharon (Ontario) Retirement Community
and not in its personal capacity



Daniel R. Weisz, CA•CIRP, CIRP
Senior Vice President

Hartley Bricks, MBA, CA•CIRP
Vice President

TAB A

Court File No. CV-11-9399-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

)

TUESDAY, THE 27th DAY

)

JUSTICE C. CAMPBELL

)

OF SEPTEMBER, 2011

BETWEEN:



PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

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

APPOINTMENT ORDER

THIS APPLICATION made by Peoples Trust Company ("Peoples Trust" or the "Applicant") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Deloitte & Touche Inc. ("Deloitte") as receiver and manager (in such capacities, the "Receiver") without security, of all of the

assets, undertakings and properties of Rose of Sharon (Ontario) Retirement Community (the "Debtor"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Michael Lombard sworn September 22, 2011, and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and counsel for the Debtor no one appearing for any other party although duly served as appears from the Affidavits of Service of Alma Cano, sworn September 23 and September 26, 2011, and on reading the Consent of Deloitte to act as the Receiver,

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

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

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

- 3 -

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

- (c) subject to section 110 of the *Long-Term Care Homes Act*, S.O. 2007, c. 8 (the "LTCHA") to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) subject to section 110 of the LTCHA, to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order, and in this regard the Receiver is specifically authorized to retain counsel for the Applicant to advise and represent it save and except on matters upon which the Receiver in its judgment determines it requires independent advice, in which case the Receiver shall retain Blaney McMurtry LLP;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) Notwithstanding anything in this Order, the Debtor is the licensee (the "Licensee") of the long-term care home which forms a part of the Property (the "Home"). The Home is currently licensed pursuant to the LTCHA

926 located at 17 Maplewood Avenue,
Toronto, Ontario

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Chp
together with the TC LHIN, the

and the regulations thereunder. Toronto Central Local Health Integration Network ("TC LHIN") will continue to pay the Licensee (and the Receiver will be entitled to receive such payments) pursuant to the Service Accountability Agreement in respect of the Home between the TC LHIN and the Debtor effective March 4, 2011 (the "SAA") and the Ministry of Health and Long-Term Care ("MOH") will continue to pay the Licensee (which payments shall be received by the Receiver in accordance with this Order) pursuant to the existing agreement. Any monies received by the Debtor or the Receiver from the MOH shall be used or applied by the

MOH
Receiver ~~firstly~~ for the operation of the Home in accordance with the SAA, any agreement with the MOH and the LTCHA, ~~and secondly by the Receiver for the purposes of carrying out its other duties under this Order.~~

MOH
Any payments by the TC LHIN shall be subject to TC LHIN review and reconciliation as provided for under the SAA and applicable law and written policy. Any payments by the MOH shall be subject to MOH review and reconciliation as provided for under any agreement with the

MOH
Debtor or the Receiver and applicable law and written policy. *For clarity, any surplus monies arising from the operation of the Home may be applied by the Receiver in accordance with this Order.* to settle, extend or compromise any indebtedness owing to the Debtor;

- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (j) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (k) to apply for such permits, licenses, approvals or permissions as may be required by any governmental authority with respect to the Property, including, without limitation, licenses under the LTCHA
- (l) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter

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instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (m) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (n) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000 provided that the aggregate consideration for all such transactions does not exceed \$200,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

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

- (o) 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;
- (p) 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;

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- (q) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (r) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (s) 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;
- (t) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (u) 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, including without limitation Mr. Charles Daley and IWOK Corporation (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 any party the Receiver retains in accordance with sub-

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paragraph 3(d) of this Order and section 110 of the LTCHA, and shall deliver all such Property to the Receiver upon the Receiver's request.

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, 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 or any party the Receiver retains in accordance with sub-paragraph 3(d) of this Order and section 110 of the LTCHA 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, ~~any party the Receiver retains in accordance with sub-paragraph 3(d) of this Order and section 110 of the LTCHA~~ *and the Manager*, 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. *For clarity, this paragraph shall apply to the Manager solely in its capacity as agent*

NO INTERFERENCE WITH THE RECEIVER *For 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

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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 Receiver, ^{or Manager} and that the Receiver 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 Receiver 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 Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. Neither the Receiver nor ^{the Manager} ~~any party the Receiver retains in~~ ~~accordance with sub-paragraph 3(d) of this Order and section 110 of the LTCHA~~ shall be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **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

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

RECEIVER'S ACCOUNTS

17. **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, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 81.4(4), and 81.6(2) of the BIA.

18. **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.

19. **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

20. **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

Subject to section 107 of
re LTCHA,

ROE-122 -

\$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections, 81.4(4), and 81.6(2) of the BIA.

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

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** 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

24. **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.

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

26. **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.

27. **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.

28. **THIS COURT ORDERS** that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff'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.

29. **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

ORDERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

SEP 27 2011

[Handwritten signature]

PER/PAR: *[Handwritten signature]*

[Handwritten initials]

28A THIS COURT ORDERS that, notwithstanding any other provision of this Order, the Receiver and the Manager shall comply with the LTCHA and the regulations thereunder as they apply to the management of the Home and the MOH shall not be subject to paragraphs 9 and 10 of this Order in relation to any non-compliance with the LTCHA and ^{the} regulations by the Receiver and/or the Manager with respect to the management of the Home ^{thereunder}

[Handwritten initials]

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte & Touche Inc., the receiver and manager (the "Receiver") of the current and future assets, undertakings and properties of Rose of Sharon (Ontario) Retirement Corporation of every nature and kind whatsoever, wherever situate (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 ___ day of _____, 20__ (the "Order") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the head office of the Lender.

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

- 2 -

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 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 _____, 20__.

DELOITTE & TOUCHE INC. solely in its
capacity as Receiver of the Property, and not in
its personal capacity

Per: _____

Name: Daniel R. Weisz

Title: Senior Vice President

Court File No. CV-11-93990CL

PEOPLES TRUST COMPANY
Applicant

v.

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY
Respondent

ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

APPOINTMENT ORDER

GOWLING LAFLEUR HENDERSON LLP
Barristers and solicitors
1 First Canadian Place
100 King Street West, Suite 1600
TORONTO, Ontario
M5X 1G5

Clifton Prophet
LSUC No.: 34845K

Telephone: (416) 862-3509/(416) 268-
Facsimile: (416) 862-7661 9980

Lawyers for the Applicant,
Peoples Trust Company

TAB B



Deloitte & Touche Inc.
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-775-7326
Fax: 416-601-6690
www.deloitte.ca

September 28, 2011

Hand Delivered

Dear «First»:

Subject: Rose of Sharon (Ontario) Retirement Community

By Order of the Ontario Superior Court of Justice (Commercial List) dated September 27, 2011 (the "Appointment Order"), Deloitte & Touche Inc. was appointed as receiver and manager (the "Receiver") of the assets, undertakings and properties (the "Property") of Rose of Sharon (Ontario) Retirement Community (the "Debtor") including, without limitation, all assets of the Debtor used in relation to the Property. A copy of the Appointment Order is available on the Receiver's website at <http://www.deloitte.com/ca/insolvency>.

Pursuant to paragraph 13 of the Appointment Order, all employees of the Debtor remain employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. In accordance with the terms of the Appointment Order, we confirm that you continue to be employed by the Debtor on the same terms and conditions as existed as at the date of the Appointment Order.

Notwithstanding the continuation of your employment by the Debtor, there is no agreement on the part of the Receiver to pay or become liable for any amounts which may now or hereafter become owing to you by the Debtor, whether with respect to unpaid salary, benefit obligations or any other amount that relate to the period prior to September 27, 2011. In this regard, we again draw your attention to paragraph 13 of the Appointment Order which specifically provides that the Receiver shall not be liable for any employee related liabilities of the Debtor. Notwithstanding that the Receiver is under no obligation to pay any payroll or benefits owing for the period up to September 27, 2011, the Receiver has made arrangements for the payroll owing by the Debtor as of September 27, 2011 to be paid in its normal course. Additionally, the Receiver will arrange for funds to be available to fund the Debtor's payrolls commencing from September 27, 2011 and onward.

September 28, 2011
Page 2

By executing this letter agreement, you acknowledge and agree that you shall continue to be an employee of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate your employment on behalf of the Debtor. You also acknowledge and agree that you waive any claims, actions or causes of action (collectively, "Claims") against the Receiver and release and forever discharge the Receiver of and from any and all Claims including, without limitation, all Claims for arrears of wages, loss of benefits, accrued vacation pay, severance pay or termination pay, whether arising by statute or at law, owing by virtue of your employment with the Debtor. You also acknowledge that the Receiver is acting solely in its capacity as Receiver of the Debtor and without personal or corporate liability.

We trust the foregoing clearly sets out the terms upon which your employment by the Debtor shall continue and we ask that you kindly sign and return to us the attached copy of this letter. If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Yours very truly,

Deloitte & Touche Inc.,
solely in its capacity as court-appointed Receiver and Manager
of the assets, undertakings and properties of Rose of Sharon (Ontario)
Retirement Community and without personal or corporate liability

Per:

Hartley Bricks, MBA, CA•CIRP, CIRP
Vice President

September 28, 2011
Page 3

I hereby acknowledge and agree to the foregoing terms and conditions and that any Claims I may have in respect of my employment with the Debtor are only against the Debtor and not Deloitte & Touche Inc.

ONE OF THE FOLLOWING TO BE CHECKED BY EMPLOYEE AT TIME OF SIGNING:

_____ I have obtained independent legal advice regarding the terms and conditions of this Agreement.

_____ I acknowledge having been given an opportunity to obtain independent legal advice regarding the terms and conditions of this agreement, but I have chosen not to do so.

Name:

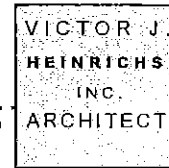
(Please Print)

Signature:

Date:

TAB C

920 YONGE STREET, SUITE 608, TORONTO, ONTARIO, M4W 3C7 T:(416)599-8744 F:(416)599-2884 vjheinrichs@gmail.com



Sept 30, 2011

ROSE OF SHARON – UNCOMPLETED DEFICIENCY LIST & WARRANTY ITEMS

Enclose Uncompleted Deficiency List & Warranty Items of the architectural components. The mechanical list/costs include some items that came as a result of mechanical work.

The cost is estimated to be \$528,951 plus HST as applicable.

Victor J. Heinrichs

- Entry door locks - Master key doesn't work in PH2&6 - Unit entry door locks that are difficult to use: 201, 212 213, 305, 706, 806, 902, 1010, 1112, PH1, PH5
- Door Frames – The L.T.C. door frames are generally good. There is obviously a different frame (lighter gauge?) used for the apartment entry doors. (And the janitor's rooms in the LTC floors). They were generally alright on occupancy, but very many, if not most, are now in severely bad shape. Many frames have the mitre joints opening, there are big gaps between the door and the frames, some doors scrape the floor and many doors don't latch automatically (some are hard to open now since they've had the closer adjusted). This is a serious item – fire safety, squeaky noise, noise from corridor to unit, and visual.
- Damaged ceilings, walls and floors – the mechanical failures have created many problems and this is ongoing. Especially in the LTC area leaks and potential mould situations require immediate remediation.
- Many (most) sliding glass doors are installed backwards, with the locks on the inside. Many screens don't operate.
- Unimac promised to provide extended warranty for the windows and glass doors since they were not a known product – we need this since there are many problems.
- Garbage Room – Without consulting the architect, a ceiling was installed (none was called for) – the opening for the compactor connection was too small and the drywall shaft and ceiling had to be demolished and redone. (by owner)

- Laundry – Placement of equipment as per HARCO. Needs separation of area behind dryers. See Mechanical regarding duct problems.
- Roof – Never cleared of construction material - some cleared by owner.
- Operable Partition – owners paid for someone to do the required work.
- Roof – Flashing over façade setback at LTC on north side at east end was never done; similarly at 214 & 314. Rain and snow entered for years now – damage?
- Paint – All flat, called for semi-gloss – agreed to accept units, but need common areas and corridors painted semi-gloss.

Outside

1. Paint grills and pipes to match wall around it
2. Serious wall damage at south west corner
3. Sill @ Wellness Centre Door
4. Frame @ east exit door (plywood?) incl. Threshold
5. Water faucet @ grade on east wall – not connected & unfinished opening
6. Sill outside @ 214 , 314, 401, and 403 (Moe said he did-totally inadequate)
7. Garbage door doesn't close

Note that the water and snow that has entered the walls has undoubtedly caused severe damage over the years.

Main

Final paint all common areas in semi-gloss

Women-paint cut back millwork and wall

Wellness Centre – door to auditorium closes hard and scrapes floor

Dining – Servery lock not working

– Paint folding door storage

Garbage Room – Need receptacle

– Baseboard on drywall walls. Drywall cracked at door

Receiving – Wall and door separating recycling area, protect small pipes

Family Room – Chair rail

Stair "A" – drywall coming off wall

Basements

B1

1. Ramp ceiling-tape holes in insulation
2. Locker room-paint and add baseboard
3. Resident Laundry – leg off tub, tile @ F.D. coming off
4. Parking spot 14 – pipe insulation and tape off

B2

1. Laundry – Cover pipes at tubs, paint walls (semi gloss white)
2. Corridor – Paint all items black or white, in straight lines
 - Baseboard not held at bottom so is pushed back leaves gap

3. Staff – Paint steel plate to blend with floor
 - Damaged ceiling tile from leaks in ceiling
4. Program director – paint duct, fasten conduit
5. Medication Room- cover plaster
6. Room 108 to 113 to be painted (semi gloss white)
7. Storage rooms off parking spots 19&29 have no light
8. Locker Rooms to be painted
9. Staff washroom off corridor ceiling damaged due to leaks
10. Men Staff Washroom – drywall at urinal not finished/painted
 - W.C. tile coming off
11. Vestibule to garage – base and floor tile loose

LTC Floors- 4, 5, and 6

1. Corridors need semi-gloss painting incl. doors
2. Garbage-paint vertical pipes
3. Patios don't drain

4th Floor

1. Linen chute door frame separating at top
2. Washroom door in Dining Room doesn't close and scrapes wall
3. Dining room door noisy
4. Patio loose tarpaper at southeast corner
 - 401 - Door squeezed at upper corner

5th Floor

- Linen chute door and patio as on floor 4

6th Floor

1. Putty on brick in Patio
2. Shower drain plugged
3. Tub room drain didn't work – had to destroy floor and ceiling to repair
4. 2 tile in ceiling at corridor missing

Floors- 2, 3, 7 to 11 and Penthouse

General Deficiencies

1. Most patching is done, but most units require some painting, Corridor walls need final semi-glass paint.
2. Many closet doors need adjusting (not only those itemized)
3. Many bulbs burnt out
4. Balconies and patios drainage (All drain at high points. Balconies don't slope out)
5. Kitchens-linear kitchens have single sinks
 - Other kitchens have double sinks – some have been installed
 - (There are a few exceptions)
 - Note that linear kitchens that have a double sink can remain as is.

6. Vanities – The standard is the model suites – all others have no drawers. This is unacceptable. We will accept a set of drawers behind the existing doors
7. Kick plates – remove plastic
8. Interior sliding doors to open as wide as possible
9. Kitchens – wall touch up and painted
10. Most tub plugs are missing. Eg. 302, 304, 305, 306, 307, 308, 314, 802, 805(2)
11. Holes in vanity need cover, as does under kitchen sink. Leaking pipes under sinks need proper cap (not duct tape)
12. Mirror in baths too small. Will accept except in penthouse.
13. Paint electrical closet floors
14. Silencers are missing in many doors – only some are noted
15. Caulk at windows and doors – only some noted
16. Many window and door screens are difficult to close, sometimes move with window, often don't close.

2nd Floor

- Baseboard at 214 corridor
- 201 – Lights over bathroom mirror way off centre
Base loose in bedroom
- 202 – Silencers, see General Deficiency
- 203 – Screen door off, no lock for sliding doors.
No kitchen and vanity backsplash
- 204 – Entry and bath door chipped, vanity marker
Paint walls @ removed kitchen cab
Paint entry + bath door and frame
Sliding door keys don't work
- 205 – Closet doors, shelf and rod missing
Coat rack and rod is missing
Bath base white spots
Return base in bedroom
Ceiling leaking
- 206 – Electrical panel badly bent
Trim over bedroom door
Repaint east wall
Light fixture painted.
- 207 – Double sink
Noisy fan
Paint ceiling
Patio doors lock
- 208 – Kitchen lights over cab – will accept light on swag, centred above counter.
Tub chipped
1" gap at bottom of sliding door
Paint closet shelf holder
Double sink

- INK on vanity
- 209 – Base missing in 3 places
- 210 – Exposed conduit in laundry
 - Install owner's dining room
 - Kitchen lights out
- 211 – Shelves in Kitchen
 - Bath door frame paint
 - Kitchen lights out
- 212 – Double sink
- 213 – Entry door frame chipped
 - Entry door frame paint
 - Base missing on entry
 - Vanity end
 - Entry door chipped
 - (2X) Electrical panel door
 - Entry door silencer
 - Den light switch behind door
 - WC escutcheon off wall
- 214 – Sill outside @ bedroom window
 - Exposed pipe in vanity
 - Mitre in entry door
 - Shelf in entry closet
 - Silencer
 - Double sink
 - Extend bulkhead over cabinet
 - Sill outside @ bedroom
 - North wall paint

3rd Floor

- Spa – Sauna light not installed
- 301 – Sliding closet door
 - Laundry baseboard including front
 - No light in Laundry
 - Closet and Bedroom baseboard
 - Sliding door off
 - Bath baseboard
 - Double sink
- 302 – Window gaskets in solarium
 - Bedroom door rubs floor
 - Window doesn't slide/close
 - Paint wall @ vent
- 303 – Double sink
- 304 – White paint on bath base
- 305 – Closet doors missing as is shelf and rod

- Coat closet shelf and rod
- Window screen missing
- 306 – Pantry door too tight
 - Pantry & front door tap – patch & paint
- 307 – Baseboard loose in living @ heating unit and @ laundry
 - Door stops
 - Baseboard joint in living room west wall
 - Double sink
 - White paint on base
- 308 – Replace screen
 - Vanity doors delaminate
 - Double kitchen sinks
- 309 – Tub hole
 - Kitchen floor
 - Double sink
 - Pipe exposed in bath wall
- 310 – Bath lights off centre
 - Screen missing
- 311 – Double sink
- 312 – Bath door frame
 - Grill at A/C loose
- 313 – Shattered door glass
 - No hardware in other door
- 314 – Bedroom door stopper
 - Outside sill @ bedroom window
 - Double sink, sauna light, fixture missing
 - East wall paint

7th Floor

- 701 – Bedroom baseboard
 - Closet doors swing
 - No Vanity door handles
 - Silencer(2 doors)
- 702 – Entry door scrapes floor
- 703 – Ceiling at solarium door
 - No screens at solarium door
 - Gasket at window over door loose
 - Clean balcony brick
- 704 – Tub chipped
 - Foyer closet rod centred
- 705 – Entry door scrapes floor
 - Grill in bedroom
 - Screen missing in bedroom,
 - Solarium has loose window and loose frame

- 706 – Bedroom door trim
- 707 – Foyer light hit by door
 - Entry door slams
 - Big gap at door
- 708 – Wood sliding doors need cover plate at top of door
 - Screen door fell off
- 709 – Washroom mirror
 - Base in living room
 - Hole in terrace
- 710 – Cover over door lock missing
 - Holes @ switch and receptacle
 - Chip at entry door
 - Sliding doors don't open
- 711 – Gap door to frame (entry)
 - Double sink
 - Sliding doors don't lock
- 712 – Bedroom closet door too short
 - Sliding doors don't open
 - Leak in pipe under kitchen sink (fixed with black tape!)
 - Pipe sticking out under vanity

8th Floor

- 801 – Bath lights off centre
 - Bedroom closet door swing
 - Closer squeaks
- 802 – Screens streaked and hardly work
 - Entry door doesn't latch automatically
- 803 – Balcony collects serious water
 - Tub plug and door silencers missing (common to many)
- 804 – Bath lights off centre and one missing
 - Trim electrical panel box
- 805 – Caulk interior sliding door
 - Foyer-cover plate in ceiling
 - Bedroom grill
- 806 – Baseboard @ bedroom door
 - Tub paint doesn't match and is rough
 - Rust at tub drain
 - Crack in living room
 - Dining wall badly repaired
 - No electricity to telephone lines except kitchen
- 807 – Bedroom door stop
 - Bath lights center
 - Crack above entry door
- 808 – Entry door doesn't latch automatically

- 809 – Trim laundry receptacle
 - Double sink
 - Entry door doesn't latch automatically
- 810 – Change door stop
 - Screen doors torn
- 811 – Utility has hole in wall
 - Double sink
 - Baseboard loose at entry closet
 - Entry door doesn't latch automatically
 - Dryer cannot be installed
- 812 – Grill in living room
 - Sliding doors between living and solarium don't close
 - Gap at front door (frame not square)

9th Floor

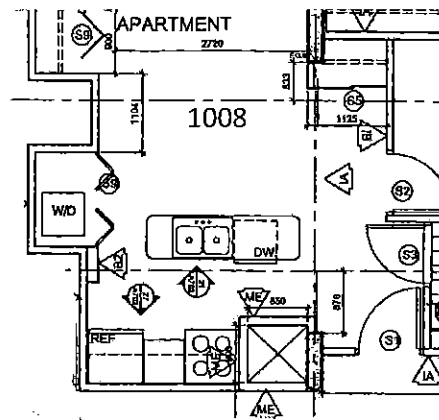
- 901 – Door frame chipped
 - No door stop and mitre separated
 - Screens missing
 - Bath threshold
 - Bath lights off centre
- 902 – Relocate bedroom door stop
 - Major entry door gap
 - Sliding doors reversed
- 903 – Bath lights off centre
 - Gap in floor in solarium
 - Sliding doors reversed
 - Entry door frame
 - Sink leaked
- 904 – Kitchen ceiling hole
 - Bedroom door stop
 - Paint at living room access panel
 - Sliding door gasket
 - Chip in tub
 - Patch and paint refrigerator
 - Entry stop doesn't allow door to open fully
- 905 – Door to east bedroom warped (or frame)
 - Closet doors loose (2)
 - Sliding door gasket loose
 - Both bath plugs missing
 - Silencers
 - Bath door scrapes floor
- 906 – Closet doors swing
 - Laundry door sticks
 - Sliding doors don't open all the way

- 907 – Laundry base loose
 - Bedroom closet doors loose
 - Entry door twisted at frame
 - Walk-in closet has switch no light
- 908 – Fix sliding door lock
 - Double sink
 - Reverse sliding door
 - Tub chipped
 - Relocate light over vanity
 - Holes at switch and receptacle in bath
- 909 – Entry door has big gaps
 - Sliding door reversed
 - Closet doors swing
- 910 – Bedroom door alignment
 - Front door frame separated
 - Closet doors swing loose
 - No door screen
 - Entry door doesn't close
 - Entry door doesn't lock properly
- 911 – Double sink
- 912 – Light switch behind bedroom door
 - Rust in tub @ drain
 - Closet doors swing loose
 - Entry door doesn't latch automatically and has ½" gap at bottom

10th Floor

- 1001 – Toilet not working
 - Screen door hard to open
- 1002 – Door frame @ joint
 - Sliding doors reversed
 - Double doors don't close and hardware missing
 - Laminate buckled in Living Room
 - Closet doors
- 1003 – Electrical panel – caulk
 - Bedroom window sill
 - Balustrade – caulk at ends to hold covers.
 - Bath lights off centre
 - Entry door doesn't close – used to
 - Bedroom ceiling had leaks – now mould and cracks
- 1004 –
- 1005 – Bath fan noisy
 - Entry door doesn't latch automatically
- 1006 – Bathroom ceiling paint
 - Bath lights off centre

- Bath plug missing
- Entry door doesn't latch automatically
- Sliding door stiff
- Balcony door key
- 1007 – Entry door corner chipped
- Frame open (big gaps)
- West window doesn't latch
- Move bedroom door stop
- Hole @ electrical panel
- 1008 – Front door frame
- Move kitchen as per original drawings; see ----->
- 1009 – Move washer and dryer receptacles
- Noisy closer
- Holes in walls above refrigerator
- Sliding door glass shattered
- Closet door sway
- 1010 – Bath door bottom
- Bath lights off centre
- Bath plug missing
- Wall above towel rack
- Mirror closet door loose
- Paint outside of WR
- Baseboard loose in Master Bedroom
- Balcony door key
- Sliding door stiff
- 1011 – Foyer base loose
- Reverse lock in sunroom door
- Connecting door sticks.
- Closet door
- Tempered glass shattered
- 1012 –



11th Floor

- 1101 – Bath lights off centre
- Bath plug missing
- Ceiling paint
- Window sills badly damaged
- Paint and caulk at frames
- Grill in Living Room loose
- 1102 – Bath lights off centre
- Double doors top of frame
- Closet doors loose
- Bath plug missing
- Bedroom door doesn't close

- Sliding door screen moves with door
- Gasket loose
- Rust at bath drain
- 1103 – Bath south wall & door
 - Bath plug missing
 - Hole above receptacle
 - Rough plaster@ switch
 - Caulking yellow in solarium
 - Base loose in bedroom
 - Balcony light doesn't work
 - Sliding glass doors are reversed
 - Entry door doesn't latch automatically
- 1105 – Tub enamel off
 - 2 bath plugs missing
 - Screens don't open
 - Closet doors all loose
 - Interconnecting door doesn't close
 - Sliding glass doors are reversed
- 1106 – Bedroom paint west wall
- 1107 – Door stop of bedroom door
 - Grill loose at solarium
 - Entry door doesn't latch automatically
 - Frame separating
 - Sliding glass doors are reversed
- 1108 – Not accessible
- 1109 – Fire damper loose
- 1110 – Bubble in washroom ceiling (Warranty)
 - Dishwasher connection
 - Wall behind range damages
 - Bath ceiling out
 - Fan out
 - Holes between units not sealed
 - Missing glass in interior and bedroom windows
- 1111 – Laundry - holes in wall, exposed conduit
 - Paint edges at electrical panel
 - Sliding glass doors are reversed
- 1112 – Entry door doesn't latch automatically
 - Sliding glass doors are reversed

Penthouse Floor

General

– Corridor telephone off wall.

Party Room – Door to coat closet doesn't close

– Patio vent needs grill

- Nails in concrete
- Stucco on cornice cracking in many places

PH1 – Drywall edge @ refrigerator

- Baseboard @ HVAC unit
- Handles in double doors
- Double sink mounted under marble
- Screen door not working

PH2 –

PH3 – Need double sink mounted under marble

- Ceiling paint
- Entry door closer broken?
- Bath/Laundry - no vanity/sink

PH4/6 – Entry door

- Need double sink under kitchen marble counter
- Base at coat closet
- Double sink mounted under marble

PH5 – Baseboard loose @ bedroom & Living Room

- Entry door scrapes floor
- Living room duct drywall cracked
- Grill in bedroom dented
- Closet wall badly damaged
- Conduit exposed – cover with drywall
- Double sink mounted under marble
- Sliding glass doors are reversed

PH7 – Bath lights off centre

- Bedroom closet doors
- Bedroom doors don't close
- Bedroom baseboard,
- No serene on one bedroom window
- Grill loose on warped HAC unit
- Double sink mounted under marble

PH8 – Double sink mounted under marble

- Door noisy

Roof

1. Roof doesn't drain
2. Holes in insulation @ ladder and beside door
3. Double doors need sweep
4. Concrete pavers on garden area
5. Loose cables need support and bound together
6. Weatherproof exterior door
7. Paint storage room & add base
8. Mechanical room – floor doesn't drain

TAB D

PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT made as of the 24th day of October, 2011

BETWEEN:

DELOITTE & TOUCHE INC., solely in its capacity as Court-appointed receiver and manager of the assets, undertakings and properties of Rose of Sharon (Ontario) Retirement Community and not in its personal capacity

(hereinafter called the "Receiver")

AND:

**STERLING SILVER DEVELOPMENT CORPORATION through its division
STERLING KARAMAR PROPERTY MANAGEMENT**

(hereinafter called the "Manager")

WHEREAS:

- A. Rose of Sharon (Ontario) Retirement Community (the "Owner") is the owner of the property municipally known as 15 – 17 Maplewood Drive, Toronto, Ontario ("Property");
- B. The Property includes a long-term care home ("LTC"), that is licensed pursuant to the *Long Term Care Homes Act, 2007*. The LTC is currently managed by a manager possessing special expertise in long-term care management;
- C. The Property also includes 90 stacked residential units intended for purchase and occupancy on a life lease basis by way of a Right to Occupy Agreement (the "Life Lease Property");
- D. On September 27, 2011, the Ontario Superior Court of Justice (Commercial List) appointed the Receiver as Receiver and Manager of the assets, undertakings and properties of the Owner;
- E. the Receiver has taken possession of the Property and wishes to retain a property manager to manage the Property, excluding the operations of the LTC, on its behalf;
- F. The Receiver has agreed to retain the Manager to manage the Property, excluding the operations of the LTC, on the terms herein set out.

- 2 -

NOW THEREFORE, in consideration of the premises and the mutual covenants, agreements and conditions herein contained, the Receiver and the Manager hereby covenant, agree and declare as follows:

1. **Definitions**

In this Agreement, unless the context otherwise requires, the following definitions apply:

- 1.1 "Agreement" means this Property Management Agreement as it may be amended from time to time.
- 1.2 "Bank Account" means a bank account at a Schedule I chartered bank established by the Receiver.
- 1.3 "Business Day" means any day other than a Saturday, Sunday or other day on which the Receiver is not open for business in Toronto, Ontario.
- 1.4 "CRA" means Canada Revenue Agency.
- 1.5 "Date of Termination" means the last day upon which the Manager manages any portion of the Property.
- 1.6 "Emergency Situation" means a condition existing with respect to the Property, which, if not remedied without delay, would result, in the reasonable opinion of the Manager, in injury to an individual, or damage or further damage to the Property.
- 1.7 "HST" means the harmonized sales tax exigible in accordance with the *Excise Tax Act* (Canada) as amended from time to time.
- 1.8 "including" means "including without limitation".
- 1.9 "Life Lease" means a Right to Occupy Agreement or other agreement for purchase and occupancy on a life lease basis of a unit within the Life Lease Property.
- 1.10 "Life Lease Tenant" means a holder of a Life Lease.
- 1.11 "Tenancy Agreement" means a tenancy or other agreement for rental or occupancy of a unit in the Life Lease Property other than a Life Lease.
- 1.12 "Tenant" means a person leasing or otherwise occupying a unit under a Tenancy Agreement.
- 1.13 "Term" means the period of time commencing the date hereof and ending on the Date of Termination.
- 1.14 "Termination" means termination of the appointment of the Manager hereunder but, for greater certainty, does not include termination of the appointment with respect to a portion of the Property where such portion is sold and the Manager continues to manage other portions of the Property.

2. **Interpretation**

- 2.1 The words "hereto", "herein", "hereof", "hereunder", "this Agreement" and similar expressions mean and refer to this Agreement as a whole and not to any particular section or sections only.

2.2 In this Agreement:

- (a) words importing the singular shall include the plural and *vice versa*;
- (b) plural versions of defined singular words shall have the corresponding plural meanings and *vice versa*;
- (c) words importing the use of any gender shall include all genders; and
- (d) words importing individuals shall include firms and corporations, and *vice versa*.

2.3 The headings of the sections in this Agreement are inserted for convenience of reference only and are to be ignored in construing or interpreting this Agreement and, unless otherwise specifically provided, references in this Agreement to Recitals, Sections and Schedules are references to recitals, sections and schedules of this Agreement.

3. **Appointment**

- 3.1 Subject to the exclusive authority of the Receiver over management of the Property, the Receiver hereby appoints the Manager to manage the Property, during the Term in accordance with this Agreement.
- 3.2 The Manager hereby accepts the appointment set out in Section 3.1 and agrees to manage the Property and comply with the provisions of this Agreement.
- 3.3 The Manager acknowledges the appointment excludes all aspects of operation of the LTC and that as Manager its responsibility for the portion of the Property used for the LTC is provision of protection, repair and maintenance services.

4. **Performance Standard**

- 4.1 Subject to the direction of the Receiver and the provisions of this Agreement, the Manager shall diligently manage, operate and maintain the Property in an economic and efficient manner as would a prudent and reasonable owner of similar properties so as to preserve and protect the Property and maximize earnings therefrom.
- 4.2 In performing its duties and obligations hereunder, the Manager shall act honestly and in good faith, and shall manage the Property and administer the Life Leases in accordance with their terms and the Tenancy Agreements in accordance with current landlord and tenant legislation and the terms of the Tenancy Agreements.

5. **Borrowing by Manager**

The Manager shall not be entitled to borrow money for any purpose whatsoever without the express written consent of the Receiver and the Receiver shall not have any responsibility or liability for any money borrowed without such consent.

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6. Property Inspections

The Manager shall carry out, at reasonable and appropriate intervals, physical inspections of the Property and keep the Receiver advised as to the results of such inspections.

7. Leasing

During the Term, the Manager shall, with respect to the Life Lease Property:

- 7.1 establish and maintain professional communication and contact with the Life Lease Tenants and the Tenants on an on-going basis;
- 7.2 supervise and regulate the conduct of Life Lease Tenants and Tenants and the use of the common areas;
- 7.3 do, or cause to be done all things necessary and for which the Manager has authority hereunder to enable compliance by the Receiver with all of the terms and conditions of the Life Leases and the Tenancy Agreements;
- 7.4 notify the Receiver promptly of any event of default by a Life Lease Tenant under a Life Lease or of a Tenant under a Tenancy Agreement, and seek instructions from the Receiver in respect of any action or proceedings required to rectify any default;
- 7.5 if requested by the Receiver and subject to more specific instructions from the Receiver, secure potential Tenants for vacant premises and for premises which may become vacant and through its own efforts to obtain fully executed offers to lease for acceptance by the Receiver;
- 7.6 plan and co-ordinate any moves into, or from, the Life Lease Property by Life Lease Tenants and Tenants, and supervise such activities so that there will be a minimum of disturbance and inconvenience to others;
- 7.7 review and supervise as prudent and required any improvements by Life Lease Tenants to their units, and co-ordinate and supervise any other leasehold improvements approved by the Receiver;
- 7.8 demand and collect the maintenance fees, billings and other payments from Life Lease Tenants (other than amounts payable on account of closing of a Life Lease purchase) as and when they become due and payable, and to give receipts therefor;
- 7.9 demand and collect the rents and other payments from Tenants as and when they become due and payable, and to give receipts therefor;
- 7.10 pay, on behalf of the Receiver, all advertising, leasing fees and other expenses in connection with the leasing of space as approved by the Receiver;
- 7.11 give all notices necessary or appropriate for the proper management of the Property in accordance with this Agreement including:
 - (a) at all proper times, all notices and statements required to be given to the Life Lease Tenants and the Tenants;
 - (b) prompt notice to the Receiver of any damage to the Property; and

- (c) prompt notice to the Receiver of any Life Lease Tenants arrears and of any Tenants arrears.

8. HST

The Manager shall ensure that the HST, if any, applicable on rents, fees and other payments is collected from Life Lease Tenants and Tenants and remitted as required by law. Specifically, and if required by and in co-ordination with the Receiver:

- 8.1 the Manager shall file HST returns in the name of the Owner, using a divisional account of the Owner to be assigned in respect of the Property by CRA;
- 8.2 the Manager shall file the HST returns in the prescribed manner, within the prescribed deadlines and remit such HST returns and any difference between HST collected less input tax credits ("**Net Tax**") owing to CRA in accordance with applicable legislation; and
- 8.3 on a monthly basis the Manager shall provide the Receiver with a copy of all HST returns that have been filed together with proof that Net Tax has been remitted to CRA.

9. Employees

- 9.1 Unless otherwise directed by the Receiver, the Manager shall supervise all operating and maintenance staff for the Property, including employees of ROS and/or independent contractors engaged by ROS, the Receiver and/or the Manager, other than with respect to the operations of the LTC, and shall be solely responsible for:
- (a) payment of all such staff at wages comparable to those being paid to employees doing similar work in the Toronto, Ontario area;
- (b) making all required deductions from wages and remitting such deductions, along with the employer's corresponding contributions, to CRA;
- (c) making all further remittances in respect of employees as required by law including remittances to the Workplace Safety and Insurance Board; and
- (d) payment of all amounts to independent contractors comparable to amounts paid to those independent contractors doing similar work in the Toronto, Ontario area.

To the extent expenses incurred by the Manager with respect to such operating and maintenance staff are attributable to the Property, such expenses shall not be greater than market rates and shall be included in the Budget for the Property.

- 9.2 The Manager shall provide such general administrative, supervisory, accounting and management staff as may from time to time be required to properly carry out the Manager's duties and obligations under this Agreement and all costs and

expenses incurred by the Manager in respect of such staff are for the account of, and shall be paid by, the Manager.

- 9.3 The Manager shall carry, at the Manager's expense, a fidelity bond covering its employees who handle, or are responsible for handling, funds, funds received from Tenants and other revenues of the Life Lease Property, and insuring against loss, theft, embezzlement and other criminal and fraudulent acts, and against errors and omissions, on the part of employees of the Manager, all in form, amounts and with binding companies approved by the Receiver.

10. **Banking**

- 10.1 The Manager shall deposit all interim fees and other payments that the Manager has collected from Tenants and Life Lease Tenants into the Bank Account and record those receipts in a manner to be agreed upon with the Receiver.
- 10.2 On a monthly basis, or on some other basis as agreed to between the Receiver and the Manager, the Manager shall prepare disbursement cheques to pay for the operating expenses of the Property and shall provide the cheques to the Receiver, together with satisfactory documentation to support the making of each disbursement, for signature by the Receiver.
- 10.3 The Manager shall prepare monthly reconciliations of the Bank Account as provided for in section 15.2 of this Agreement.

11. **Management Fee**

- 11.1 In consideration of the performance of its services hereunder, the Receiver agrees to pay to the Manager a monthly management fee ("**Management Fee**") equal to:

(a) \$5,800.00 per month

which shall be payable in advance on the first day of each month during the Term. If the Term includes any part-month, the Management Fee shall be prorated and paid in respect of the days of the month that fall within the Term. In addition to the Management Fee, HST exigible on the Management Fee shall also be payable to the Manager.

- 11.2 Unless the Receiver specifically instructs otherwise, the Manager shall prepare a cheque payable to "Sterling Karamar Property Management" from the Bank Account for payment of the Management Fee on the first day of each calendar month during the Term.

12. **No Further Payments**

Except as specifically provided herein or as may hereafter be approved in writing by the Receiver, no amount shall be paid to the Manager, whether by way of fees or reimbursement of expenses, in respect of its general office overhead and administrative expenses, or for salary and benefits payable to its general office and administrative employees, regardless of whether they devote any time to the management of the Property. It is understood that the Management Fee paid includes compensation to the Manager for all such general office

overhead and administrative expenses and all office and bookkeeping services of the Manager in connection with the management and operation of the Property.

13. **Records**

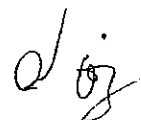
- 13.1 The Manager shall maintain, at its principal place of business in the City of Toronto and in accordance with generally accepted accounting principles, full and complete information, data and records of its activities in respect of this Agreement and the Property including record of receipts, disbursements, Life Leases, Tenancy Agreements, documents, accounts, copies of all invoices and any and all other documents and materials in the possession or control of the Manager relating to the Property.
- 13.2 The Receiver and any person designated by the Receiver shall have access to such information, data and records at all reasonable times.

14. **Budget**

- 14.1 With respect to the Property, the Manager shall prepare and submit to the Receiver for approval an initial budget within thirty (30) days of the date hereof covering the period from the date hereof to December 31, 2011, and a second budget covering the period from January 1, 2012 to December 31, 2012.
- 14.2 Thereafter, the Manager shall prepare and submit annually to the Receiver for approval an annual budget for the Property by the first day of September in each year during the Term covering the next following calendar year.
- 14.3 The budget to be prepared by the Manager shall contain:
- (a) a profit and loss budget setting forth anticipated revenues and expenses with respect to the operation of the Property, other than with respect to the operations of the LTC;
 - (b) a capital expenditure budget with respect to the Property setting out foreseeable capital expenditures; and
 - (c) a budget setting out foreseeable expenditures for the Life Lease Property with an allocation of such expenses among the units comprising the Life Lease Property and the monthly fee to be payable by each Life Lease Tenant for maintenance, taxes, reserves and other charges in accordance with the terms of the Life Leases.
- 14.4 The Manager shall consult with the Receiver to amend, if required by the Receiver, and finalize each budget as required by the Receiver and, once a budget is approved by the Receiver and subject to any direction from the Receiver to the contrary, the Manager shall implement the budget during the applicable period.

15. **Information and Reports**

- 15.1 The Manager shall keep the Receiver fully informed in a timely way of all significant aspects of its activities in relation to the Property.



- 15.2 For each month, the Manager shall provide to the Receiver, within twenty (20) days after the end of the month (unless another due date is specifically provided):
- (a) receipts and disbursements statements prepared in accordance with generally accepted accounting principles and showing variances from the approved budget to be provided by the 10th day of the following month;
 - (b) property inspection report and recommended actions to be taken;
 - (c) aged accounts receivable report including arrears from Life Lease Tenants and from Tenants and doubtful accounts, and recommended actions to be taken, to be provided by the end of the first Business Day of the following month;
 - (d) accounts payable listing;
 - (e) up-to-date roll of amounts owing by Life Lease Tenants and an up-to-date rent roll for Tenants;
 - (f) vacancy report outlining the vacant units to be provided by the end of the first Business Day of the following month;
 - (g) progress reports on leasing, including a summary of all Tenancies and Life Leases terminated during the month and a summary of each new Tenancy Agreement made during the month;
 - (h) cashflow summary;
 - (i) Bank Account reconciliations;
 - (j) variance analysis comparing actual to budgeted expenses for the month and the year-to-date;
 - (k) balance sheet (on a monthly and 12-month basis);
 - (l) statement of profit and loss (on a monthly and 12-month basis); and
 - (m) copies of invoices as may be requested by the Receiver.

All accounts and records shall be maintained by the Manager on a "cash" basis.

- 15.3 The Manager shall provide the Receiver with the requisite information for the Receiver to prepare and issue the necessary notices and reports by a "Receiver" pursuant to Sections 245 and 246 of the *Bankruptcy and Insolvency Act*.
- 15.4 The Manager shall provide the Receiver with such other information and reports as the Receiver shall reasonably request from time to time.

16. **Expenditures and Contracts**

The Manager shall not have, and shall not represent that it has, any authority to commit the Receiver to any expenditure or to enter into any contract or agreement on behalf of the Receiver unless such expenditure, contract or agreement:

- 16.1 has been specifically approved in writing by the Receiver;
- 16.2 is made in accordance with a budget previously approved in writing by the Receiver; or
- 16.3 is undertaken for work required to be performed by reason of an Emergency Situation where it is not possible, acting reasonably, to obtain the Receiver's approval, in which case the Manager is hereby authorized to proceed with such work to the extent necessary to avoid the injury or damage.

In addition, the Manager shall not enter into any contract or agreement on behalf of, or binding upon, the Receiver unless such contract or agreement terminates, or may be terminated by the Receiver without cost or penalty, on or before Termination.

17. **Maintenance of Property**

- 17.1 The Manager shall arrange for, supervise, and be responsible for, all repairs, maintenance and upkeep of the Property and the purchase of supplies and labour therefor in accordance with an approved budget and the provisions of this Agreement.
- 17.2 The Manager shall be responsible for payment of all expenses properly incurred in accordance with the provisions of this Agreement including all operational and capital expenses incurred in accordance with a budget approved by the Receiver, and payment therefor shall be made from the Bank Account as contemplated in Section 10.2.
- 17.3 Without limiting the generality of the foregoing, the Manager shall:
 - (a) ensure that all heating, air conditioning, plumbing, elevators and electrical equipment in or about the Property are maintained in good working order;
 - (b) make contracts in its own name as agent for the Receiver for electricity, gas, fuel, water, heating and air conditioning equipment, telephone, general cleaning, window cleaning, garbage removal, landscaping, building security, snow removal and the purchase of such reasonable and necessary supplies and services, as contemplated herein; and
 - (c) disclose to the Receiver, in writing and prior to entering into any contract with a supplier of goods or services, all direct and indirect interests it may have in such supplier and obtain the Receiver's written approval prior to utilizing such supplier.



18. **Assignment**

The Manager shall not assign any of its rights and benefits, nor any of its duties and obligations, under or arising out of this Agreement without the prior written consent of the Receiver which consent may be arbitrarily withheld.

19. **Termination**

19.1 The appointment of the Manager under this Agreement shall terminate upon the earliest of the following to occur:

- (a) October 31, 2012 unless renewed prior to such date by written agreement between the parties hereto;
- (b) the completion of the sale of the Life Lease Property;
- (c) the bankruptcy, receivership or insolvency of the Manager;
- (d) the thirtieth day after delivery of written notice of Termination by the Manager to the Receiver or by the Receiver to the Manager, as the case may be;
- (e) the fifth day after delivery of written notice of default by the Receiver to the Manager unless such default is cured within such five day period;
- (f) destruction of the Property or similar event requiring evacuation of all occupants of the Property; and
- (g) fraud, wilful misconduct or gross negligence on the part of the Manager.

In the event of any sale of a portion of the Property, the appointment of the Manager with respect to such portion of the Property shall terminate upon the completion of such sale.

19.2 Upon Termination, the Receiver and the Manager shall each satisfy its outstanding obligations to the other which accrued to the Date of Termination including payment of accrued Management Fees save and except that:

- (a) if Termination occurs due to completion of a sale of the Property or all of the Life Lease Property, the Manager shall receive Management Fees as if Termination had occurred on the 30th day after completion of the sale; and
- (b) notwithstanding anything else herein contained, in the event of the Manager's fraud or wilful misconduct, the Manager shall not be entitled to any accrued compensation or fees hereunder, all of which shall be forfeited to the Receiver.

19.3 After Termination, the Manager shall:

- (a) within twenty (20) days after the Date of Termination, complete and deliver to the Receiver final financial statements and accounts to the Date

of Termination consistent in form and content with those provided prior to Termination;

- (b) within fifteen (15) days after the Date of Termination, deliver to the Receiver, or as the Receiver may direct, all books and records, Leases, offers to lease and agreements to lease, contracts, accounts and any and all other documents and materials in the possession or control of the Manager relating to the Property;
- (c) as of the Date of Termination, turn over management of the Property to the Receiver or as the Receiver may direct; and
- (d) co-operate in good faith to facilitate a smooth transition to new management both before and after Termination.

19.4 Compliance by the Manager with its obligations under Section 19.3 shall not be construed as a waiver of any rights accruing in favour of the Receiver.

20. Indemnities

- 20.1 The Receiver shall indemnify and save the Manager harmless from any action, cause of action, debt, cost, expense, claim or demand whatsoever in connection with the performance by the Manager of its obligations under this Agreement, but this indemnity shall not extend to any acts outside the scope of the Manager's authority under this Agreement or to any fraudulent, wrongful or negligent act or omission of the Manager or any party for whom it is in law responsible. This indemnity shall survive Termination.
- 20.2 The Manager shall indemnify and save the Receiver harmless from any action, cause of action, debt, cost, expense, claim or demand whatsoever resulting from any breach of this Agreement by the Manager or any party for whom it is in law responsible, or any action taken by the Manager outside the scope of its authority under this Agreement or by reason of any fraudulent, wrongful or negligent act or omission of the Manager or any party for whom it is in law responsible. This indemnity shall survive Termination.
- 20.3 The Manager shall provide the Receiver with a certificate of insurance confirming that the Manager maintains liability and fidelity insurance in respect of the liability of the Manager to indemnify the Receiver hereunder, which certificate shall include an undertaking by the insured to give the Receiver at least thirty (30) days prior written notice of any cancellation or material change to such insurance coverage.

21. Notices

All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing by personal delivery, courier or fax transmission as follows:

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21.1 to the Receiver at:

Deloitte & Touche Inc.
181 Bay Street
Brookfield Place
Suite 1400
Toronto, ON M5J 2V1

Attention: Daniel Weisz
Fax: 416-601-6690

with a copy to the solicitors for the Receiver at :

Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, ON M5X 1G5

Attention: Clifton Prophet
Fax: 416-862-7661

21.2 to the Manager at:

Sterling Karamar Property Management
53 The Links Road
Toronto, ON M2P 1T7

Attention: Marshall Bleiweis
Fax: 416-256-0090

or at such other address as may be given by any of them to the others in writing from time to time, not to exceed two addresses at any particular time, and such notices, request, demands, acceptances and other communications shall be deemed to have been received when delivered.

22. **Confidentiality**

All information received by the Manager pursuant to this Agreement and in connection with the provision of its services under this Agreement shall be used only in the course of performing its duties hereunder and may not be disclosed by the Manager to any other person including the Manager's affiliates, except with the prior written consent of the Receiver. This Section 22 shall survive Termination.

23. **Time of the Essence**

Time is of the essence in this Agreement.

24. **Governing Law**

This Agreement is made pursuant to and shall be governed by and construed in accordance with the laws of the Province of Ontario.

25. **Entire Agreement**

This Agreement sets forth the entire agreement between the parties concerning the subject matter hereof.

26. **No Partnership**

In its capacity as manager under this Agreement, the Manager acts solely as an independent contractor to the Receiver and nothing herein shall constitute, or be construed to be or to create, a partnership or joint venture between the Manager and the Receiver.

27. **No Commission**

The Manager acknowledges that it:

27.1 is not, and has not been, engaged by the Receiver to act in the capacity of a real estate broker; and

27.2 shall not make any claim or demand whatsoever in the nature of a real estate fee, commission or like remuneration from anyone including the Receiver in the event of a sale of all or any of the Property.

28. **No Waiver**

The failure of either the Manager or the Receiver to insist upon the strict performance of any of the terms or provisions of this Agreement, or to exercise any right or remedy herein contained, shall not be construed as a waiver of such term, provision, right or remedy, each of which shall continue and remain in full force and effect. No waiver by either party of any term or provision hereof shall be deemed to have been made unless expressed in writing and signed by such party.

29. **Counterparts and Fax**

29.1 This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all such counterparts together shall constitute one and the same document.

29.2 This Agreement may be delivered by fax or electronic mail.

30. **Invalid Provisions**

If any provision in this Agreement or the application hereof to any circumstance shall be held to be invalid or unenforceable, then the remaining provisions of this Agreement or the application thereof to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

31. **Successors and Assigns**

This Agreement shall enure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns except that, as set out above, the Manager may not make any assignment without the prior written consent of the Receiver.


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IN WITNESS WHEREOF this Agreement has been duly executed by the parties as of the date first above written.


DELOITTE & TOUCHE INC., solely in its capacity as Court-appointed receiver and manager of the assets, undertakings and properties of Rose of Sharon (Ontario) Retirement Community and not in its personal capacity

Per: _____


DANIEL WEISZ
SENIOR VICE PRESIDENT

STERLING SILVER DEVELOPMENT CORPORATION through its division STERLING KARAMAR PROPERTY MANAGEMENT

Per: _____


Marshall Bleiweis
President

TAB E

Deloitte & Touche Inc.
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-775-4724
Fax: 416-601-6690
www.deloitte.ca

October 18, 2011

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Dear Sir/Madam;

Subject: Rose of Sharon (Ontario) Retirement Community (“Rose of Sharon”) – In Receivership

On September 27, 2011, pursuant to an Order of the Ontario Superior Court of Justice (“**Appointment Order**”), Deloitte & Touche Inc. was appointed as receiver and manager (the “**Receiver**”) of Rose of Sharon’s assets, undertakings and properties (“**Assets**”). A copy of the Appointment Order can be accessed at: <http://www.deloitte.com/ca/insolvency>

Rose of Sharon’s records indicate that you are the Purchaser under a Right to Occupy Agreement of unit # __. The Receiver is in the process of reviewing the status of the “life-lease” portion of the building including the agreements that Rose of Sharon and purchasers have entered into with regard to the units. This information is needed for the Receiver to carry out its mandate under the Appointment Order. In this regard, we request that you provide the Receiver (at the address referred to below) with a copy of all agreements and documents you have regarding the unit including:

1. the Right To Occupy or other purchase agreement and any other document relating to your purchase;
2. other agreements you may have made with Rose of Sharon and related documents; and
3. agreements you may have made with others regarding the unit including any transfer, participation or other ownership interest, any postponement, and any lease or other agreement regarding occupancy of the unit and related documents.

In addition, the Receiver is in the process of engaging a property manager to manage the day-to-day operations of Rose of Sharon. We will provide you with the name of, and contact information for, the property manager once one has been engaged by the Receiver.

You are hereby advised that pending further written notification, all outstanding, current and future payments in respect of your unit for monthly maintenance fees and promissory note payments are to be paid, without set off, to:



October 18, 2011

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**Deloitte & Touche Inc., Receiver and Manager of
Rose of Sharon (Ontario) Retirement Community
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1**

Attention: Mr. Jim Cook

Please note that, until you are advised otherwise in writing by the Receiver, the receipt of requested documents and acceptance of payments by the Receiver should not be construed as binding the Receiver to any agreement.

If you have any questions or require further information, please contact the writer or Mr. Cook of our office at 416-775-7284.

Yours very truly,

Deloitte & Touche Inc.,
solely in its capacity as Court
Appointed Receiver and Manager of
Rose of Sharon (Ontario) Retirement
Community and not in its personal
capacity

Per:

Daniel R. Weisz, CA•CIRP, CIRP
Senior Vice-President

TAB F

MANAGEMENT AGREEMENT

THIS AGREEMENT made as of the 27th day of September, 2011

BETWEEN:

DELOITTE & TOUCHE INC. ("Deloitte") solely in its capacity as Court-Appointed Receiver and Manager of the assets, undertakings and properties of **ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY** ("Rose of Sharon")

and

ASSURED CARE CONSULTING INC., a corporation incorporated under the laws of Ontario (the "Manager")

RECITALS:

- A. By order of the Ontario Superior Court of Justice (the "Appointment Order") dated September 27, 2011, Deloitte was appointed as Receiver and Manager of Rose of Sharon (the "Receiver") with full power to operate and manage the long-term care facility (the "Facility") more particularly described in Schedule "A" attached hereto. A copy of the Appointment Order is attached hereto as Schedule "B".
- B. The Manager is engaged in the management and operation of long-term care facilities and has the requisite knowledge and expertise in all phases of the management and operation of such facilities;
- C. The Receiver is authorized by the Appointment Order to operate the Facility and to engage the Manager in the operation and management of the Facility; and
- D. The Receiver, with the knowledge and concurrence of the Ontario Ministry of Health and Long Term Care (the "Ministry") and the Toronto Central Local Health Integration Network (the "LHIN"), desires to engage the Manager to manage the Facility as agent for and on behalf of the Receiver during the term herein provided, and the Manager is agreeable to accept such engagement on the terms and conditions hereinafter set out.

THEREFORE in consideration of the mutual promises and covenants herein contained, the Receiver and the Manager agree as follows:

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**ARTICLE 1
DEFINITIONS AND RULES OF INTERPRETATION**

1.1 Definitions

Whenever used in this Agreement, the following words and terms have the meanings set out below:

“Act” means the *Long-Term Care Homes Act*, R.S.O. 2007, c. 8 and all regulations, rules, orders, guidelines, directions and policies thereunder and any amendments thereto;

“Agreement” means this agreement, including all schedules and all amendments or restatements as permitted, and references to “Article” or “Section” mean the specified Article or Section of this Agreement;

“Appointment Order” has the meaning ascribed thereto in Recital A;

“Budgets” has the meaning ascribed thereto in Section 4.14(a)(i);

“Business Day” means any day, other than a Saturday or Sunday, on which Schedule I chartered banks are open for commercial banking business during normal banking hours in Toronto;

“Care and Services” means, in respect of the Manager, the management of care and services to the residents of the Facility by the Personnel (as hereinafter defined) in compliance with the Act and all Laws (as hereinafter defined) carried out in a safe, prudent and commercially reasonable manner, and includes but is not limited to:

- (i) supervising and directing the maintenance of the Facility by the Personnel or the employees or agents or contractors of the Manager and making recommendations to the Receiver with respect to required capital improvements;
- (ii) ensuring that the Facility is operated in compliance with the Act and all Ministry and LHIN rules and regulations made thereunder concerning the operation of the Facility;
- (iii) making recommendations with respect to actions required to rectify any non-compliance issues and liaising with the Ministry and the LHIN as required, on written instructions from the Receiver;
- (iv) providing dietary planning, supervision and support to Facility residents;
- (v) effecting management and providing all of the food, medical and non-medical supplies to the Facility;
- (vi) providing information systems support, as required;

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- (vii) providing clinical nursing supervision and consulting support;
- (viii) providing in service training as reasonably required;
- (ix) collecting rents, maintaining the rent rolls, depositing rents, managing resident trust accounts, book-keeping and accounting services, accounts payable and purchasing functions, benefits and payroll administration;
- (x) reporting to the Receiver as required by this Agreement; and
- (xi) supervising, scheduling and managing Personnel, as necessary for the purposes of this Agreement;

"Claims" includes any claim, demand, action, suit, cause of action, assessment or reassessment, charge, fine, penalty, judgment, debt, liability, expense, cost, damage, or loss, contingent or otherwise, including loss of value, professional fees (including fees and disbursements of legal counsel on a solicitor and his or her own client basis) and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing or costs or expenses related thereto;

"Effective Date" means the date of the Appointment Order;

"Facility" has the meaning ascribed thereto in Recital A;

"GAAP" means generally accepted accounting principles as defined from time to time by the Canadian Institute of Chartered Accountants;

"Governmental Authority" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal, dispute settlement panel or body or other law, rule or regulation-making entity, including the Ministry and the LHIN:

- (a) ~~having or purporting to have jurisdiction on behalf of any nation, province, state or other geographic or political subdivision thereof; or~~
- (b) exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"Gross Revenue" means all revenues and income of any kind derived directly or indirectly from the Facility, the Ministry, or the LHIN (including payments from or on behalf of residents and patients of the Facility and including funding relating to municipal taxes), whether on a cash basis, paid, collected or received, determined in accordance with GAAP consistently applied, excluding however:

- (a) governmental and municipal excise, sales and use taxes collected directly from patients as a part of the sales price of any goods or services;
- (b) proceeds of any life or other insurance policies, other than business interruption insurance;

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- (c) gains arising from the sale or other disposition of capital assets;
- (d) any reversal of any contingency or tax reserve or any refund of taxes paid or other rebate;
- (e) any capital funding received from the Ministry or the LHIN;
- (f) funds received directly or indirectly from any arm's length third party lender, financial intermediary or investment vehicle that has or will provide capital or financing, but not operating funds, in respect of the Facility, or any funds received by way of Receiver's Certificates pursuant to the Appointment Order or any funds received by way of donations;
- (g) the value of goods and services contributed in kind;
- (h) the amounts within, or earned on, the Residents Trust Accounts; and
- (i) any interest accrued on any of the amounts listed in subparagraphs (a) through (h) above.

"Laws" means applicable laws (including common law), statutes, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgments, awards or requirements, in each case of any Governmental Authority;

"LHIN" has the meaning ascribed thereto in Recital D;

"Major Repair" means repairs and maintenance to the Facility including to any building or furnishing, fixture or equipment thereat, the cost of which exceeds a gross value, exclusive of applicable taxes, of \$5,000 for any single repair or in the aggregate greater than \$25,000 and where the repair is not immediately required for the urgent health and safety of residents of any of the Facility;

"Management Fee" has the meaning ascribed thereto Section 6.1;

"Ministry" has the meaning ascribed thereto in Recital D;

"Monthly Report" has the meaning ascribed thereto in Section 4.15(a);

"Manager's Plan" has the meaning ascribed thereto in Section 4.2;

"Pension Plan" means any plan, program, policy or arrangement under which benefits relating to retirement income or retirement savings are provided, including pension plans, pensions or supplemental pensions, "registered retirement savings plans" (as defined in the *Income Tax Act* (Canada)), "registered pension plans" (as defined in the *Income Tax Act* (Canada)) and "retirement compensation arrangements" (as defined in the *Income Tax Act* (Canada));

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"Personnel" means (i) those individuals engaged by Rose of Sharon, to perform services in and about the Facility from the date of the Appointment Order, including administrators, assistant administrators, department heads, persons on disability, maternity or parental leaves or other approved leaves of absence, (ii) those individuals engaged as dependent and independent contractors; and (iii) third party service providers engaged by the Receiver or the Manager to provide services to the Facility;

"Residents' Trust Accounts" has the meaning ascribed thereto in Section 4.13;

"Phase I Period" has the meaning ascribed thereto in Section 4.1;

"Phase II Period" has the meaning ascribed thereto in Section 4.2; and

"Term" has the meaning ascribed thereto in Section 3.1 and 3.2.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Consent** – Whenever under any provision of this Agreement the approval or consent of either party is required, such approval or consent shall be promptly given or withheld, as the case may be.
- (b) **Headings** - Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (c) **No Strict Construction**– The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any party.
- (d) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (e) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.
- (f) **Statutory references** — A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

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1.3 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

1.4 Schedules

The schedules to this Agreement, as listed below, are an integral part of this Agreement:

| <u>Schedule</u> | <u>Description</u> |
|-----------------|--|
| A | Facility |
| B | Appointment Order |
| C | Agreement to Approve a Management Contract |

ARTICLE 2 ENGAGEMENT OF MANAGER AS MANAGER

2.1 Engagement

For and during the Term of this Agreement (as set out in Section 3.1), the Receiver hereby engages the Manager to supervise, manage and operate the Facility in a safe, prudent and commercially reasonable manner in the name of and as agent for the Receiver upon the terms and conditions hereinafter set forth.

2.2 Manager's Acceptance and Agreement

The Manager accepts such engagement and agrees that it will in a prudent manner in accordance with this Agreement, all Laws, and the Appointment Order:

- (a) operate the Facility;

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- (b) faithfully perform its duties and responsibilities hereunder, including supervision and management of the delivery of Care and Services and ongoing supervisory and management services for the Facility, as described herein;
- (c) comply with the provisions of the Act and all other Laws, including all orders or directives made or issued pursuant thereto;
- (d) report to and consult with the Receiver as to all material matters relating to the supervision, management and operation of the Facility; and
- (e) comply with all directions of the Receiver as long as not in contravention of the Act or other Laws.

2.3 Manager's Policies

The Manager shall, without the Receiver's approval (unless the Receiver directs otherwise as provided below) have the sole control and discretion with regard to the operation and management of the Facility in the name of and for the account of the Receiver for all customary purposes and the right to determine all operating policies affecting the appearance, maintenance, revenue, standards of operation, quality of service and other such matters affecting the Facility and their operations. The Manager shall, however, report to the Receiver as to its activities and the Receiver shall be entitled to provide the Manager with advice, direction or instructions from time to time as the Receiver deems appropriate, in its discretion, and the Manager shall follow or implement such advice, direction or instructions as long as not in contravention of the Act or other Laws.

ARTICLE 3 TERM OF AGREEMENT

3.1 Term

Provided that the Appointment Order remains in force and effect, the term of the Agreement shall be for one year from the Effective Date, together with any extension or extensions provided for herein, subject to the termination provisions contained herein (the "Term") subject to earlier termination in accordance with Section 7.1.

3.2 Extension of Term

Subject to any Order of the Court, at the end of the one (1) year period after the Effective Date, the Term of this Agreement shall be extended for successive one (1) year periods upon the same terms, covenants and conditions as contained herein, save and except where either party notifies the other party in writing, 60 days prior to the successive one year period, that the Term shall not be renewed and that the Term of this Agreement shall be at an end on the last day of that one

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year period unless otherwise earlier terminated in accordance with Section 7.1 hereof.

The phrase "Term" as used herein shall mean the original Term and any extension or extensions thereof then in effect in accordance with the provisions of this Article 3, and "year" or "year of operation" (unless the context otherwise requires) shall mean a period of twelve (12) consecutive months from the Effective Date or any anniversary of such date during the Term.

3.3 Sale of Facility

The Manager acknowledges that the Receiver may at any time during the Term sell, transfer or release the Facility to a third party purchaser or assignee, or to a mortgagee thereof, or to any other party. Prior to the sale, transfer or release of the Facility, the Receiver shall notify the Manager in writing of such sale in accordance with the provisions of Section 7.1(a)(iv) hereof and the Manager shall cease to supervise, manage and operate such Facility, on the date set out by the Receiver in such notice.

ARTICLE 4 RIGHTS AND DUTIES OF MANAGER

During the Term and in the course of its supervision, management and operation of the Facility as agent of the Receiver, the Manager shall have the following rights and duties:

4.1 Phase I Period Review

At the commencement of the Term, but no later than thirty (30) Business Days from the Effective Date (the "Phase I Period") the Manager shall deliver to the Receiver an assessment report for the Facility, which report shall contain:

- (a) a listing of items of equipment, furnishings and supplies missing from the Facility that are essential to the provision of Care and Services;
- (b) a detailed assessment of any health and safety issues identified by the Manager with respect to or arising from the physical premises in which the Facility is located and the Manager's recommendation as to the means and timing of addressing these issues and any other matters that the Manager believes are pertinent to such assessment;
- (c) a status report with respect to the resident trust account reconciliation, as identified at the time of the status report;
- (d) provide a current list of residents with current accounts receivable balances as of the Effective Date and manage rent roles from the Effective Date;



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- (e) recommendations respecting staffing levels, schedules and requirements; and
- (f) a summary of steps taken to date on any of the issues covered by items (a) through (e).

Notwithstanding the forgoing, the parties agree that immediately following the Effective Date, and throughout the Term, the Manager shall immediately contact the Receiver with respect to any issues at the Facility in respect of health and safety or such other issue as may require the urgent attention of the Receiver, including IT hardware and software required to operate and manage the Facility, in the Manager's reasonable estimation.

4.2 Phase II Period Review

Immediately following the completion of the Phase I Period, the Manager will commence a review of the Facility (the "Phase II Period"), following which the Manager shall deliver to the Receiver, within sixty (60) Business Days of the commencement of the Phase II Period, a comprehensive plan by the Manager (the "Manager's Plan") to implement improvements to the Facility designed to address any health and safety or Ministry compliance issues, including the cost of such undertakings, and including a report of all actions taken by the Manager in respect of addressing same. The Receiver shall review and consider the Manager's Plan and the Receiver and the Manager shall agree on a final form of same, following which the Manager shall effect the Manager's Plan.

4.3 Personnel

- (a) The Receiver and the Manager agree that all employees of Rose of Sharon shall remain the employees of Rose of Sharon until such time as the Receiver, on Rose of Sharon's behalf, or the Manager, as agent for the Receiver, may terminate the employment of such employees. The Manager shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Manager may specifically agree in writing to pay, or such amounts as may be determined in a proceeding before a court or tribunal of competent jurisdiction.
- (b) Throughout the Term and on an ongoing basis, the Manager shall review and determine Personnel requirements, staffing patterns and Personnel policies and shall manage and supervise the work of the Personnel. The Manager shall supervise the provision of training or orientation programs for the Personnel as is necessary to give effect to the provisions hereof. The Manager shall not be liable to Personnel for their wages or compensation nor shall the Manager be liable to the Receiver or to others for any act or omission on the part of Personnel unless the Manager has failed to use reasonable care in the hiring, discharge or supervision thereof. Reasonable care shall be used by the Manager in the selection of qualified, competent and trustworthy Personnel.

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- (c) Without the prior written consent of the Receiver, the Manager shall not hire, engage, promote, demote or terminate any Personnel.
- (d) To the extent that funds are provided by the Receiver, the Manager shall pay all amounts properly due and payable to the Personnel in accordance with compensation and pay schedules approved by the Receiver and provided to the Manager. The Manager shall not depart from such schedules without the prior written authorisation of the Receiver.
- (e) Neither the Receiver nor the Manager shall make any representations, express or implied, to any Personnel, Governmental Authority, unions purporting to represent Personnel or to any other person whatsoever to the effect that the Receiver or the Manager is a successor employer under applicable Laws, or otherwise conduct itself in a manner that would attract successor employer or similar liability for the Receiver or the Manager.
- (f) The Manager shall cause to be prepared and completed annual T4's, EI records of employment and other Personnel filings, as required by Law.

4.4 Labour Contracts and Labour Relations

The Manager shall observe the terms of all applicable labour and pension agreements in the operation of the Facility. The Manager shall not enter into any negotiations with any labour unions or other organizations purporting to represent any Personnel or any Governmental Authority with respect to Personnel without the prior written consent of the Receiver. The Manager shall abide by the terms of any agreement (the "Union Agreement") that the Receiver may enter into with United Food & Commercial Workers Union Local 175 (the "Union"). The Manager shall not meet with any labour unions or other representatives purporting to represent any Personnel, without first obtaining the prior written consent of the Receiver, and shall ensure that the Receiver has opportunity to be present at any such meetings. Notwithstanding the forgoing, the Manager shall take the lead on any employment or grievance matters filed by Union members and shall i) inform the Receiver of any material issues concerning such grievances; and ii) seek the Receiver's approval to settle any grievances that may have a material impact on the Receiver or the operation of the Facility. The Manager shall not take any steps to recognise any labour unions or other organizations purporting to represent any Personnel other than abiding by the Union Agreement.

4.5 Consulting

The Manager shall make available, at no additional expense to the Receiver, the Manager's staff consultants in the following areas to assist with the provision of:

- (a) nursing, resident care and activation programs;
- (b) dietary, menus and nutrition plans;

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- (c) maintenance, housekeeping and environment;
- (d) administration; and
- (e) marketing;

and shall review the operation of these areas on a continuing basis or in periodic audits as part of the Manager's quality assurance program.

From time to time during the Term, subject to the approval of the Receiver, to the extent that there is a vacancy of a management position at the Facility and the Manager provides temporary staff to fill the vacant management position while a search is conducted to fill the vacancy, the Manager will be reimbursed for costs associated with providing the temporary management staff. The cost for supplying temporary management staff will remain a cost of the Facility.

4.6 Material and Supplies

The Manager shall purchase such food, beverages, operating supplies and other material and supplies in the name and for the account of the Receiver as may be needed from time to time for the maintenance and operation of the Facility and the provision of services to the residents thereof. The Receiver acknowledges that the Manager, and its subsidiaries or affiliates, may act as a representative of the Receiver for the purchase of any materials and supplies or any such other items in order to secure the benefits of lower costs in connection with the purchasing arrangements for the Receiver. Nothing contained in this section shall be deemed to authorize the Manager to otherwise expend any funds except in accordance with any approved Budget (as defined below), without the prior written consent of the Receiver.

4.7 Services

Forthwith, prior to the end of the Phase II Period, the Manager shall assess existing contracts for services to the Facility and the Manager shall recommend that the Receiver enter into such new or replacement contracts, in the name and for the account of the Receiver, as may be deemed necessary or advisable for the furnishing of all services, concessions and supplies for the maintenance and operation of the Facility. Without the prior written consent of the Receiver, the Manager shall not materially change, adjust, renegotiate or amend the terms of any existing contracts for service.

4.8 Marketing

The Manager shall develop a plan in conjunction with Ministry standards, outlining options to maximize occupancy, including preferred occupancy.

4.9 Maintenance and Repairs

The Manager, in the name and for the account of the Receiver, shall develop and with the

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Receiver's prior written approval execute a preventive maintenance program for the Facility. The Manager shall also make or install or cause to be made or installed, in the name and for the account of the Receiver, all necessary and proper repairs, replacements and improvements in and to the Facility, its furnishings, fixtures and equipment in order to keep and maintain same in reasonably good repair, working order and condition and outfitted and equipped for the normal operation thereof as may be required from time to time by the Receiver, the Court or any Governmental Authorities having jurisdiction over the Facility. Nothing contained in this section shall be deemed to authorize the Manager to otherwise expend any funds except in accordance with any approved Budget (as defined below), without the written consent of the Receiver. In the event that any repair, replacement or improvement to the Facility or any part thereof requires a Major Repair, the Manager shall, after obtaining at least two (2) written quotes from respectable suppliers, obtain the Receiver's prior written approval before commencing such repair, replacement or improvement (except in the case of an emergency which threatens or endangers the life, welfare or care of the residents or the operations or the buildings and improvements as reasonably determined by the Manager, in which event the Manager shall take all steps necessary to rectify such emergency and shall notify the Receiver of such emergency and the manner in which it was rectified as soon as reasonably possible).

4.10 Licenses and Permits

The Manager shall assist the Receiver in maintaining all permits, licences or similar requirements mandated by any Law in connection with the management and operation of the Facility and prepare any filings required thereunder. The Manager shall assist the Receiver in the maintenance of all licences for the Facility required pursuant to the Act, in the name of Rose of Sharon Korean Long-Term Care Home or the Receiver, including preparing all filings required thereunder for the use of the Receiver. The Receiver shall enter into and maintain, and the Manager shall assist the Receiver in obtaining and/or maintaining, applicable memberships in the Ontario Long Term Care Association.

The Manager shall not take any steps hereunder which may jeopardise any permit, license or similar requirement mandated by any Law in connection with the management and operation of the Facility.

4.11 Liability of Manager

The Manager shall be solely and absolutely liable for any Claims which may be brought or asserted against the Receiver or the Manager in respect of or arising from any fraud, gross negligence or wilful misconduct of the Manager or its employees, officers, directors or agents or the wilful or intentional breach or violation of any Laws (including the Act) by the Manager or its employees, officers, directors or agents. The Manager hereby indemnifies and shall save harmless the Receiver and its employees, officers, directors, agents or assigns, as the case may be, against any and all Claims made against the Receiver in respect of the fraud, gross negligence or wilful misconduct of the Manager or its employees, officers, directors or agents or the wilful or intentional breach or violation of any Laws by the Manager or its employees, officers, directors or agents.

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4.12 Deposit and Disbursement of Funds

The Manager will establish accounts in its name as agent for the Receiver with a chartered bank at Toronto for the deposit of all monies, other than resident trust funds received for the disbursement of amounts in connection with the operation of the Facility. A representative of the Receiver shall co-sign all cheques and transactions on the bank accounts. The Manager shall provide the Receiver a list of payments in such amounts and at such time as required to be made by the Manager on behalf of the Receiver for the proper operation of the Facility and prepare cheques on the account and deliver them, along with supporting documentation including invoices, proof of receipt, bills of lading and purchase orders to the Receiver for co-signature.

4.13 Residents' Trust Accounts

The Manager will establish trust accounts with a chartered bank at Toronto in its name as agent for the Receiver for the Facility for the deposit of all monies received in trust from or on behalf of residents of the Facility (the "Residents' Trust Accounts"). A representative of the Receiver shall co-sign all cheques and transactions on the Residents Trust Accounts. The Manager shall maintain such Residents' Trust Accounts and shall maintain books showing the balances of each resident and shall in conjunction with the Receiver arrange for the audit of such Residents' Trust Accounts annually or as otherwise required by the Act or by any Laws.

4.14 Budgets and Statements

- (a) The Manager shall deliver to the Receiver the following budgets and statements in respect to the Facility after the Effective Date:
- (i) for written approval by the Receiver, within forty-five (45) Business Days of the Effective Date, a budget for the Facility for the period from the Effective Date to the end of the current calendar year, which budget is to consist of monthly statements of profit and loss and supporting documentation each prepared in accordance with GAAP;
 - (ii) thereafter, at least thirty (30) Business Days prior to the beginning of the calendar year after the Effective Date and successive calendar years prior to end of the Term, similar Budgets for the Facility for the ensuing period of operations shall be prepared and delivered for written approval by the Receiver;
 - (iii) on or before the last Business Day of each calendar month, profit and loss, balance sheets (provided a balance sheet is provided to the manager for the period immediately preceding the Effective Date) and cash flow statements prepared in accordance with GAAP, other than possibly the non-recording of depreciation, showing the results of operations of the Facility for the preceding calendar month and the year to date both compared to Budget; and

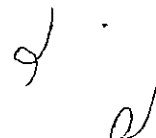
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- (iv) within ninety (90) Business Days after the close of any year of operation during the Term of this Agreement, balance sheets, (provided a balance sheet is provided to the Manager for the period immediately preceding the Effective Date) and related statements of profit and loss and cash flow prepared in accordance with GAAP showing the assets employed in the operation of the Facility and the liabilities incurred in connection therewith as at the end of such year, and the results of operation of the Facility during the preceding twelve (12) month period then ended.
- (b) Amendments to any Budget may be submitted for approval from time to time as deemed appropriate by the Manager. The Budget and any subsequent amendments, as approved by the Receiver, shall be implemented by the Manager insofar as permitted by the funds generated by the operations of the Facility or as otherwise made available by the Receiver. All of the Budgets and statements referred to in Sections 4.14(a) are herein referred to as the "Budgets".
- (c) All costs and expenses incurred in connection with the preparation of any Budgets, statements, computations and other Monthly Reports required under this Section 4.14 or any other provision of this Agreement shall be borne by the Manager.
- (d) Unless the prior written consent of the Receiver is obtained, the Manager shall not expend any monies or incur any obligations except in conformity with approved Budgets, save and except utilities and other normal course expenditures which may vary from Budget in the ordinary course of operation of the Facility and those expenditures with respect to any issues at the Facility in respect of health and safety or such other issue as may require urgent attention including, without limitation, any emergency issues contemplated in Section 4.9 in the Manager's reasonable estimation.
- (e) The Receiver may at any time cause an independent audit to be made of the Manager's records, books and accounts for the Facility and if, as a result of any such audit, any material errors in the amount of the calculation of expenses and revenues, are established, same shall be forthwith adjusted. In the event that the audited amount of expenses or revenues from the Facility varies by more than three percent (3%), the cost of the audit shall be borne by the Manager.

4.15 Reports

- (a) On or before the last Business Day of each month of the Term, the Manager shall provide the Receiver with a comprehensive monthly management report for the preceding calendar month (the "Monthly Report") which Monthly Report shall include, but not be limited to, reporting in respect of:
 - (i) steps the Manager has implemented to improve the Facility in accordance with the report delivered to the Receiver pursuant to the Phase I Period or the Phase II Period;



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- (ii) details on occupancy for the month detailing new admissions and discharges, if applicable;
- (iii) monthly rent rolls;
- (iv) monthly comparisons of actual results to Budget with variance analysis;
- (v) material activities of the Manager in respect of Personnel, including any meetings requested by any labour unions purporting to represent the Personnel, work disruptions, Claims or threatened Claims, incidents involving or requiring discipline or termination of Personnel, personnel requirements or grievances or other notices received;
- (vi) the results of any and all consulting services provided by the Manager on behalf of the Receiver pursuant to Section 4.5;
- (vii) marketing activities undertaken by the Manager, if any, as such activities have been requested by the Receiver;
- (viii) Major Repairs or material maintenance co-ordinated or supervised by the Manager;
- (ix) remittances, notices, correspondence or any activity in respect of permits or licences required to operate the Facility pursuant to the Act or any Law;
- (x) confirmation that all source deductions and other government remittances due in the month have been made; and,
- (xi) such other matters as the Manager deems pertinent or the Receiver may reasonably request.

- (b) The Manager shall provide the Receiver notice of any Claim or threatened Claim ~~promptly after notice of the Claim or threatened Claim is received or comes to the~~ attention of the Manager.

4.16 Legal Action

With the prior written consent of and for the account and in the name of the Receiver, the Manager shall institute any and all legal actions or proceedings to collect charges, rents or other income derived from the Facility or to lawfully dispossess residents or other persons in possession under any lease, license or admission agreement, or to lawfully cancel, modify or terminate any lease, license or admission agreement for the breach thereof or default thereunder by the tenant, licensee or resident.

Upon written request of the Receiver and at the Receiver's expense, the Manager shall take appropriate steps to protest, litigate or appeal the decision of any appropriate court or forum concerning any Claim, violation, order, rule or regulation affecting the Facility. Counsel to be engaged under this section shall be approved in writing by the Receiver.

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4.17 Books and Records

The Manager, on behalf of the Receiver, shall supervise and direct the keeping of complete and accurate books of account and such other records as may be necessary or appropriate for the Facility in accordance with GAAP, and the Manager acknowledges that such records shall remain the property of Rose of Sharon and/or the Receiver, as applicable. The Receiver acknowledges that the books and records, including the general ledger, may be kept in the offices of the Manager, and that payroll and accounts payable may be dealt with at such offices.

4.18 Order

The Manager acknowledges the receipt of a copy of the Appointment Order and covenants and agrees not to take any steps or omit to take any steps in contravention of the Appointment Order.

4.19 Ministry Agreement

The Receiver and the Manager agree to enter an agreement with the Ministry substantially in the form attached as Schedule C and not take any steps or omit to take any steps in contravention of that agreement.

4.20 Sale of Business

The Manager shall co-operate with the Receiver in the marketing and sale of the Facility including providing financial and operating information from the Effective Date, for the Facility and provision of access to records and assets of the Facility for due diligence and inspection by prospective purchasers and the costs and expenses of assisting and preparing the information contemplated hereunder shall be considered to be included in the Management Fee (as hereinafter defined).

ARTICLE 5 RIGHTS AND DUTIES OF THE RECEIVER

5.1 Right of Inspection

The Receiver shall have the right to enter upon all and any part of the Facility at any time for the purpose of examining or inspecting the same or examining or making extracts of books and records of the Facility or for any other purpose which the Receiver, in its sole and unfettered discretion, shall deem necessary or advisable. The Receiver's right of entry shall extend to all premises of the Manager and its affiliates, on reasonable notice by the Receiver, where books and records of the Facility are located.

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5.2 Right to Review Service

The Receiver shall have the right to review the level of Care and Service provided by the Manager hereunder at any time and from time to time. From the Effective Date and during the Term of this Agreement, the Manager and the Receiver shall meet no less than monthly, or as otherwise agreed to between the Receiver and the Manager, to review the performance of the Manager.

5.3 Cooperation with Manager

The Receiver will cooperate with the Manager in order to permit the Manager to properly perform its obligations and responsibilities hereunder.

5.4 Insurance

The Receiver agrees to provide and maintain full and comprehensive all risks insurance coverage at the Facility, including without limiting the generality of the foregoing, liability and fire coverage and to have the Manager named as an additional insured on such policies. Forthwith upon receipt, the Receiver will provide the Manager with a copy of the certificate evidencing that the Manager has been named as an additional insured.

5.5 Authority

The Receiver represents and warrants that, pursuant to the Appointment Order, it has the power and authority to act as the Receiver and to enter into an Agreement to grant to the Manager the powers and authority granted in this Agreement and to perform its obligations hereunder.

5.6 Receiver's Liability

- (a) The Receiver enters into this Agreement solely in its capacity as court-appointed receiver and manager of Rose of Sharon and not in its personal capacity. Notwithstanding any other provision of this Agreement, the Receiver shall not be liable in any event in its personal capacity for any obligations arising under this Agreement or otherwise pertaining to the Facility save and except for any Claims which may be brought or asserted in respect of any fraud, gross negligence or wilful misconduct of the Receiver or its employees, officers, directors, agents and assigns or the wilful or intentional breach or violation of any Laws by the Receiver or its employees, officers, directors, agents and assigns.
- (b) Subject to the provisions of 5.6(a) above, the Receiver hereby indemnifies and shall save harmless the Manager, its employees, officers, directors and agents, as the case may be, against any and all Claims made against the Manager in respect of loss or damage incurred as a result of any act of the Manager undertaken in the



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course of carrying out its duties under the Agreement, but this indemnity shall not extend to any wrongful or grossly negligent act or omission of the Manager.

5.7 Set Off

To the extent that the Receiver or the Manager are obligated to make a payment to the other pursuant to Section 5.6 or Section 4.11 hereof as the case may be, they shall be entitled to first set off any amounts otherwise properly due and owing hereunder to the other party against the amounts so payable under such Sections.

ARTICLE 6 MANAGEMENT FEE

6.1 Determination of Management Fee

As compensation for the services to be rendered by the Manager during the Term, the Receiver shall pay to the Manager a management fee (the "Management Fee") consisting of 4.5% of Gross Revenue plus applicable taxes.

6.2 Payment of Management Fee

On or before the last Business Day of each month, the Manager shall be paid the Management Fee for the preceding month. In submitting its invoice for payment, the Manager shall provide to the Receiver a breakdown of Gross Revenue and detailed invoices that support the Management Fee.

6.3 Calculation of Gross Revenue

Gross Revenue for the purposes of the calculation of the Management Fee shall be based on the actual occupancy of the Facility, which would include any clawbacks imposed by the Ministry for actual occupancy that is below full occupancy.

6.4 Readjustment of Management Fee

If as a result of any retroactive adjustment by the Ministry or the LHIN of the Gross Revenue for any of the preceding (3) fiscal years which occurred during the Term, the Receiver and the Manager shall readjust the Management Fee forthwith.

ARTICLE 7 TERMINATION RIGHTS

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7.1 Termination

Except as to Claims of either party hereto which shall theretofore have accrued or arisen, and except as set out below, the obligations of the Parties hereto with respect to this Agreement shall cease and terminate on the earlier of the end of the Term hereof (unless extended by the mutual consent of the Manager and the Receiver) and the termination of this Agreement as set out below.

(a) Termination by the Receiver

The Receiver may terminate this Agreement without penalty, notice or payment (except as expressly set out hereafter) on the occurrence of any of the following events:

- (i) If a receiver, receiver and manager, agent or liquidator is appointed over the Manager or over a substantial part of the Manager's assets, if the Manager shall apply for or consent to the appointment of a receiver, receiver and manager, agent or liquidator over the Manager or over a substantial part of the Manager's assets, if the Manager files a notice of intention to make a proposal, makes an assignment for the general benefit of creditors, commences proceedings seeking reorganization or makes any arrangements with its creditors or takes advantage of any insolvency law, or if an order, judgment or decree shall be made by any court of competent jurisdiction adjudging the Manager bankrupt or insolvent or granting preliminary relief in a proceeding seeking reorganization of the Manager or appointing a receiver, receiver and manager or liquidator of the Manager or of a substantial part of its assets, or if the Manager becomes insolvent or commits any act of bankruptcy as such terms are defined in Canadian insolvency or bankruptcy legislation;
- (ii) In the event of a termination of the Appointment Order, or if required by any subsequent order of the Court, or on redemption by Rose of Sharon or any other person with a similar right to redeem or if the Receiver is replaced by Court Order;
- (iii) If the Manager shall fail to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by the Manager and such default shall continue or not be cured within a period of thirty (30) days after written notice thereof has been given by the Receiver to the Manager, the Receiver may terminate this Agreement without further notice to the Manager. The aforementioned notice and cure period shall not apply and the Receiver may terminate this agreement forthwith upon written notice to the Manager, if in the Receiver's discretion, acting reasonably, such notice period would jeopardize the health, welfare, well-being or care of the residents or staff or the safety of the Facility;

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- (iv) If the Receiver sells, transfers or releases the Facility, the Receiver may terminate this Agreement upon giving the Manager not less than thirty (30) days' written notice specifying the date on which the Manager is to cease to supervise, manage and operate the Facility which date may be extended from time to time as the date for such sale, transfer or release changes;
- (v) At the request of the Ministry or the LHIN that the Manager be changed for any reason; and
- (vi) In the event that the Ministry or the LHIN suspends or terminates any permit or licence issued pursuant to the Act and required in respect of the Facility or in the event of the termination or suspension of any permit or license required by any Law for any Facility or for any similar establishment owned or operated by the Manager.

(b) Termination by Manager

If at any time during the Term of this Agreement any of the following events shall occur and not be remedied within the applicable period of time herein specified, namely:

- (i) If the Receiver shall fail in a material manner to keep, observe or perform any covenant, agreement, term or provision of this Agreement to be kept, observed or performed by the Receiver and such default shall continue for a period of thirty (30) days after written notice thereof has been given by the Manager to the Receiver, the Manager may terminate this Agreement forthwith after giving further notice of termination to the Receiver; and
- (ii) The Manager may terminate this Agreement on giving at least thirty (30) days prior written notice to the Receiver. In such event, the Receiver may, with the consent of the Ministry or the LHIN, and at its option, require the Manager to terminate forthwith or continue supervising, managing and operating the Facility during all or part of such thirty (30) day period.

- (c) The right of either party to terminate this Agreement and the effective time for termination of the Agreement is subject to such additional notices and time periods as may be provided for in Law and in the Agreement to Approve a Management Contract entered into by the parties and the Ministry.

7.2 Obligations of the Parties on Termination

On the termination of this Agreement pursuant to Section 7.1, the Manager shall deliver up to the Receiver all books and records in respect of the Facility in the care or possession of the Manager including, but not limited to, all confidential information, personal information or medical information, and all reports, drafts, notes and other material in the possession of the Manager in connection therewith, including all copies or electronic copies thereof. Upon transfer of books

- 21 -

and records to the Receiver, the Manager will have no further responsibility for fiscal reporting. The Manager may retain copies of any book, record or information as may be reasonably necessary for the Manager to comply with any reporting requirement of any Governmental Authority or pursuant to any Law.

The Receiver, on termination pursuant to Section 7.1, shall assume all obligations on contracts which the Manager has entered into in performance of its duties under this Agreement. In the event the Receiver requests the Manager complete certain tasks after the termination of the Agreement, the Manager shall do so at compensation to be agreed upon.

Upon the expiry of any period of notice specified in Section 7.1, above, this Agreement shall be terminated without any further act of any party.

ARTICLE 8 SUCCESSORS AND ASSIGNS

8.1 Assignment by Manager

The Manager shall not assign this Agreement without the prior written consent of the Receiver, the Ministry and the LHIN. It is understood and agreed that any consent granted by the Receiver to any such assignment shall not be deemed a waiver of the covenant herein contained against assignment in any subsequent case.

The Receiver may assign this Agreement without the Manager's consent to any person replacing the Receiver as receiver and manager of Rose of Sharon, provided that such assignee assumes in writing all of the Receiver's obligations hereunder.

ARTICLE 9 MISCELLANEOUS PROVISIONS

9.1 Trade Name and Proprietary Rights

During the Term of this Agreement, the Facility shall at all times be known and designated by such trade name and accompanying phraseology, if any, as may from time to time be mutually approved by the Manager and the Receiver. It is recognized, however, that the names of the Manager, its subsidiaries and affiliates, and all trademarks, logos or designs used in conjunction with such names are the exclusive property of the Manager and its subsidiaries and affiliates. Similarly, it is recognized that the Manager's proprietary policies, systems and programs the

- 22 -

Manager uses in the management of the Facility are the exclusive property of the Manager and its subsidiaries and affiliates. Accordingly, the Receiver agrees that no provision of the Agreement (including the rights and remedies of the Receiver upon any default of the Manager) nor delivery of the management and control of the Facility to the Receiver or other person entitled thereto upon the termination of this Agreement shall confer upon the Receiver or any transferee, assignee or successor of the Receiver, the right to use the name of the Manager or its subsidiaries or affiliates, either alone or in conjunction with some other word or words or any such trademark, logo or design, nor the proprietary policies, systems and programs of the Manager in the use and operation of the Facility by the Receiver or any transferee, assignee or successor of the Receiver, or any person, firm or corporation claiming by or through the Receiver. Notwithstanding this section, the Receiver may represent to the public, the Court and third parties that the Manager is supervising, managing and operating the Facility on behalf of the Receiver.

9.2 Public Notices

The Parties shall jointly plan and co-ordinate any public notices, press releases, and any other publicity concerning the engagement contemplated by this Agreement and no party shall act in this regard without the prior approval of the other, such approval not to be unreasonably withheld.

9.3 Notices

Any notice or other communication by either party to the other shall be in writing and shall be given, and be deemed to have been duly given, if delivered personally or by courier, on the date of delivery; if telecopied, on the next Business Day; or if sent postage prepaid by registered mail, on the fifth Business Day exclusive of the mailing date; and shall be directed to the following address:

To Deloitte / the Receiver:

Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Attention: Daniel R. Weisz
Senior Vice President

Tel: 416-775-4724
Fax: 416-601-6690

With a copy to:

Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place

- 23 -

100 King Street West
Toronto, ON
M5X 1G5

Attention: Clifton Prophet

Tel: 416-862-3509
Fax: 416-862-7661

And with a copy to:

Blaney McMurtry LLP
2 Queen St. East, Suite 1500
Toronto, ON
M5C 3G5

Attention: Eric Golden

Tel: 416-593-3927
Fax: 416-593-3437

To the Manager:

Assured Care Consulting Inc.
15 Maplewood Ave.
Suite 903
Toronto, ON
M6C 4B3

Attention: Robert Berg, President

Tel: 416-960-5485
Fax: 416-960-8524

or to such other address and to the attention of such other person or officer as either applicable party may designate in writing by notice given in the aforesaid manner.

9.4 No Partnership or Joint Venture

Nothing contained in this Agreement shall constitute or be construed to be or create a partnership or joint venture between the Receiver and the Manager (or their respective successors and assigns).

9.5 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and,

- 24 -

unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the party to be bound thereby.

9.6 Survival

The provisions of this Agreement contained in this Section and contained in Sections 4.11, 4.14, 4.15, 5.1, 5.6 and 6.1 concerning the Manager's liability, the Manager's reporting requirements and delivery of financial information, the Receiver's inspection and audit rights, the Receiver's liability, the obligation to pay a Management Fee accrued to the date of termination shall survive the termination of this Agreement. The liabilities and claims of either party which accrued or arose prior to the time that termination takes effect shall survive the termination of this Agreement.

9.7 Further Assurances

The Parties shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each party shall provide such further documents or instruments required by any other party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

9.8 Execution and Delivery

This Agreement may be executed by the parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

9.9 Governing Law

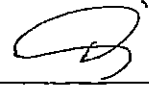
This Agreement is to be governed and construed according to the Laws of Ontario and the federal Laws of Canada applicable therein and the parties agree that any litigation between them shall be adjudicated by the courts sitting in Toronto.

IN WITNESS THEREOF the parties have executed and delivered this Management Agreement as of the day and year first above written.

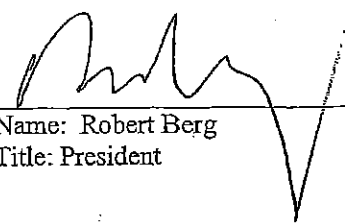
DELOITTE & TOUCHE INC., solely in its capacity as Court-Appointed Receiver and Manager of Rose of Sharon (Ontario) Retirement Community and not in its personal capacity

d
d

- 25 -

By: 
Name: Daniel Weisz
Title: Senior Vice-President

ASSURED CARE CONSULTING INC.

By: 
Name: Robert Berg
Title: President

d

SCHEDULE A

1. Rose of Sharon Korean Long-Term Care Home located primarily on the fourth, fifth and sixth floors at 17 Maplewood Avenue, Toronto, Ontario with nursing home licenses for 60 long-term care beds.

a

a

This **AGREEMENT TO APPROVE A MANAGEMENT CONTRACT** is made as of the 27th day of September, 2011

AMONG:

Her Majesty the Queen in right of Ontario,
as represented by the **Minister of Health**
and Long-Term Care

(hereinafter referred to as the "**Minister**")

- and -

DELOITTE & TOUCHE INC. ("**Deloitte**") solely in its capacity as Court-Appointed Receiver and Manager of the assets, undertakings and properties of **ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY**

(hereinafter referred to as the "**Operator**")

- and -

ASSURED CARE CONSULTING INC., a corporation incorporated under the laws of Ontario

(hereinafter referred to as the "**Manager**")

WHEREAS:

1. Rose of Sharon (Ontario) Retirement Community ("**Rose of Sharon**") is licensed under the ~~Long-Term-Care-Homes-Act, S.O. 2007, c.8~~ (the "**LTCHA**") to operate and maintain 60 long-term care facility beds known as the Rose of Sharon Korean Long-Term Care Home (the "**Facility**") at 17 Maplewood Avenue, Toronto, Ontario (that part of the lands and buildings at that address now occupied by the Facility hereinafter referred to as the "**Site**").
2. Pursuant to an Order made by the Ontario Superior Court of Justice on September 27, 2011, the Operator was appointed as receiver and manager of Rose of Sharon.
3. The Operator will enter into the Management Contract (hereinafter defined) with the Manager whereby the Manager will manage and operate the Facility.
4. The management contract requires the approval of the Director under section 110(4) of the *LTCHA*.

- 2 -

5. The Director under the *LTCHA* (the "Director") is prepared to grant the approval on the terms and conditions set out in this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** In addition to the terms defined in the recitals to this Agreement, the following words and phrases will have the meanings set forth below unless the context requires otherwise:

"**Administrator**" means the administrator of the Facility as required by s. 70 of the *LTCHA*.

"**Agreement**" means this agreement, including Schedule "A" hereto, and any instrument that amends or supplements this agreement;

"**Applicable Law**" means any statute, regulation, by-law, order, judgment, principle of law, guideline, policy or code relating to the operation of the Facility, including the *LTCHA* and regulations thereunder;

"**Insolvency Event**" means:

- (a) a party has been adjudged a bankrupt by a court of competent jurisdiction;
- (b) any proceeding, voluntary or involuntary, is commenced, or a claim, order or petition is issued respecting the party pursuant to any statute relating to bankruptcy, insolvency, reorganization of debts as a result of insolvency, liquidation, winding-up or dissolution, including under the *Bankruptcy and Insolvency Act (Canada)*, *Companies' Creditors Arrangement Act (Canada)*, or the *Winding-Up Act (Canada)*;
- (c) a party passes any resolution for its bankruptcy, liquidation, winding-up or dissolution; or
- (d) any proceeding is commenced to appoint a receiver, manager, receiver-manager, trustee, sequester, custodian, administrator, liquidator or person with similar powers or such a person is appointed in respect of a party or any material part of its assets;

"**Licensee**" means a licensee as defined in the *LTCHA*;

"**Management Contract**" means the management contract attached hereto as Schedule "A" between Manager and the Operator, as may be amended under Section 8 of this Agreement; and

"**Service Accountability Agreement**" means any service agreement that may be entered into by Toronto Central Local Health Integration Network and the Operator in respect of the Facility in accordance with Applicable Law;

2. **Approval.** Subject to the terms and conditions set out herein, the Director hereby approves the Management Contract pursuant to Section 110(4) of the *LTCHA*.
3. **Compliance with Applicable Law by Manager.** The Manager shall manage and operate the Facility and perform its duties under the Management Contract in accordance

d

with this Agreement, Applicable Law and the Service Accountability Agreement as if the Manager is the Licensee of the Facility under Applicable Law and the operator of the Facility under the Service Accountability Agreement. For greater certainty, the Manager shall be liable and responsible to the Minister and Director in respect of the Facility for the acts and omissions of its directors, officers, agents and employees as if it were the Licensee of the Facility under Section 95(1) of the *LTCHA*, subject to limitations on the Manager's authority in the Management Contract.

4. **No Release of the Operator and Liabilities of the Operator.** Nothing in this Agreement shall release the Operator from any of its obligations or liabilities as the receiver and manager of the Licensee for the Facility under Applicable Law or as the Operator under the Service Accountability Agreement, and, for greater certainty, the Operator shall be liable and responsible to the Minister and Director for all acts and omissions of the Manager, its agents, directors, officers and employees in respect of the Facility as if the acts and omissions were the acts and omissions of the Operator and its directors, officers, agents and employees. Additionally, and without limiting the foregoing, the Operator and the Manager confirm that in accordance with s. 70(3) of the *LTCHA*, the Administrator of the Facility is a deemed employee of the nursing home for the purpose of the *LTCHA*.

5. **Subcontracting and Assignment.** Despite any provision in the Management Contract, the Manager and the Operator shall not, without the approval of the Director under Section 110(6) of the *LTCHA*:

- (a) enter into a subcontract of any of their rights under the Management Contract; or
- (b) assign the Management Contract,

if the effect of the subcontract or the assignment is to change the management of the Facility or the ownership or controlling interest in the license. Any such subcontract shall not release the Manager from any of its obligations or liabilities under this Agreement.

6. **Change of Control of the Manager.** The Manager shall obtain the written approval of the Director prior to the following events:

- (a) Any change to its management that, in the sole discretion of the Director, is material; or
- (b) Any issuance of shares or any transfer of shares in the Manager that, directly or indirectly, changes in any material respect, in the sole discretion of the Director, the ownership or control of the Manager.

Section 6(b) does not apply to:

- (i) an issuance of shares by a Manager that is not a private company, as defined in the *Securities Act*; or

- 4 -

- (ii) a transfer of shares in the Manager, if the Manager is not a private company, as defined in the *Securities Act*, and the Manager will not be a private company, as defined in the *Securities Act*, after the transfer of shares.
7. **Use of Site and Facility.** During the term of the Management Contract and this Agreement, the Manager shall not permit the Site and the Facility to be used for any purpose other than a long-term care facility without first obtaining the written consent of the Minister.
 8. **Amendment of Management Contract.** The Operator and the Manager shall not amend the Management Contract without first obtaining the prior written consent of the Director.
 9. **No Liability of Ministry under the Management Contract.** Nothing in this Agreement or the Management Contract obligates the Minister or Director to perform any obligation or covenant under the Management Contract or in any way makes the Minister or Director liable for any of the Operator's obligations to the Manager or the Manager's obligations to the Operator under the Management Contract or otherwise.
 10. **Right of Inspection and Enforcement.** The Manager shall not, without the written consent of the Director, remove from the Facility any records related to the Facility that may be required to be kept by the Operator under Applicable Law or the Service Accountability Agreement. Nothing in this Agreement limits or restricts any rights of entry, inspection or enforcement that the Minister may have under any Applicable Law.
 11. **Default by the Operator or the Manager under the Management Contract.** The Manager and the Operator shall give to the Minister a copy of any notice of default or notice of termination that either of them gives to the other pursuant to the Management Contract, and such notice shall be delivered to the Minister at the same time as it is delivered to the other party. Notwithstanding any provision of the Management Contract, if either the Operator or the Manager is in default under the Management Contract in circumstances which would entitle the other party to terminate the Management Contract, the party shall not terminate the Management Contract until the party has given to the Minister no less than thirty (30) days' notice of that default and notice that the party intends to terminate the Management Contract by reason of a default by the other party. The rights granted to the Minister hereunder are not intended to limit or be in substitution for any rights that the Minister may have under Applicable Law or the Service Agreement to ensure the continuity of care for residents of the Facility.
 12. **Termination of Approval by the Director.** In the event that the Director withdraws his approval of the Management Contract pursuant to s.110(5) of the Act, the Manager shall if the Director so requests continue to perform its duties under the Management Contract and this Agreement for the period specified by the Director, up to a maximum of 60 days, and the Operator (and not the Minister) shall be liable to the Manager for any payments due with respect to those duties during that period. The Director's approval of the Management Contract shall be deemed to continue during that period subject to any written stipulations provided by the Director to the Parties.

13. **Notice.** Any notice, request, demand, consent, approval, authorization, correspondence, report or other communication (each a "Notice") required, permitted or contemplated under this Agreement will be in writing and delivered by courier, personally delivered or sent by facsimile or by prepaid, registered mail addressed to the parties at the addresses set out below. A Notice sent by facsimile or delivered by courier prior to 5.00 p.m. (Toronto time) on a day that the offices of the Government of Ontario are open for regular business (a "Business Day") is deemed to be received by the addressee on that day. If the Notice is so sent or delivered after 5:00 p.m. on a Business Day or on a day other than a Business Day, then it is deemed to be received by the addressee on the next following Business Day. A Notice sent by prepaid, registered mail is deemed to be received by the addressee on the fourth Business Day following the date when it is mailed.

Notices will be sent as follows:

- (a) if to the Minister:

Ministry of Health and Long-Term Care
 Health System Accountability and Performance Division
 Performance Improvement and Compliance Branch
 8th Floor, 55 St. Clair Avenue West
 Toronto, Ontario
 M4V 2Y7

Attention: Rachel Kampus, Director, Performance Improvement and
 Compliance Branch

Phone No.: (416) 212-2362

Facsimile No. (416) 327-7603

- (b) if to the Operator:

Deloitte & Touche Inc.
 181 Bay Street, Suite 1400
 Toronto, Ontario
 M5J 2V1

Attention: Daniel R. Weisz
 Senior Vice President

Tel: 416 775-4724

Fax: 416 601-6690

with a copy to:

Gowling Lafleur Henderson LLP
 Suite 1600, 1 First Canadian Place
 100 King Street West
 Toronto, ON
 M5X 1G5

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Attention: Clifton Prophet

Tel: 416-862-3509

Fax: 416-863-3509

and with a copy to:

Blaney McMurtry LLP
2 Queen St. East, Suite 1500
Toronto, ON
M5C 3G5

Attention: Eric Golden

Tel: 416-593-3927

Fax: 416-593-3437

(c) if to the Manager:

Assured Care Consulting Inc.
15 Maplewood Avenue
Suite 903
Toronto, ON
M6C 4B3

Attention: Robert Berg, President

Tel: 416-960-5485

Fax: 416-960-8524

Any party may from time to time change its address under this Section by Notice to the other party given in the manner provided in this Section.

14. **Assurances.** Each party agrees that it will execute, do or cause to be done, executed and delivered all such further acts, documents and things as may be reasonably requested by any other party for purposes of giving effect to this Agreement.
15. **Assignment.** Neither the Operator nor the Manager may assign any obligations or rights under this Agreement to another person without the prior written consent of the Director.
16. **Successors and Assigns.** This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, successors and permitted assigns.

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17. **Counterparts.** This Agreement may be executed in any number of counterparts and all such counterparts taken together will be deemed to constitute one and the same instrument.
18. **Governing Law.** This Agreement will be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
19. **Conflicts.** In the event that there are any conflicts between the terms of:
- (a) Applicable Law,
 - (b) the body of this Agreement, or
 - (c) the Management Contract,

the terms of the law or document that is higher on this list takes precedence.

IN WITNESS WHEREOF the parties hereto have executed this Approval of Management Contract Agreement as of the date first written above.

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO, AS REPRESENTED BY THE MINISTER
OF HEALTH AND LONG-TERM CARE**

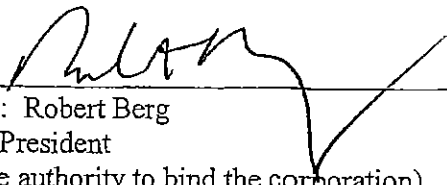
By: _____
Date _____ Rachel Kampus
Director, Performance Improvement and Compliance
Branch
Director, under *Long-Term Care Homes Act*

DELOITTE & TOUCHE INC., solely in its capacity as Court-Appointed Receiver and Manager of Rose of Sharon (Ontario) Retirement Community and not in its personal capacity

By: _____
Date OCTOBER 31 2011 Name: Daniel Weisz
Title: Senior Vice-President
(I have authority to bind the corporation)

ASSURED CARE CONSULTING INC.

Date Nov 4/11

By: 
Name: Robert Berg
Title: President
(I have authority to bind the corporation)

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SCHEDULE A

[Management Contract – See Attached]

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TAB G

Court File No. CV-10-417426

**ONTARIO
SUPERIOR COURT OF JUSTICE**



**IN THE MATTER OF the *Construction Lien Act*,
R.S.O. 1990, c. C-30, as amended**

MIKAL-CALLADAN CONSTRUCTION INC.

Plaintiff

- and -

**ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY,
PEOPLES TRUST COMPANY and IWOK COMPANY**

Defendants

JUDGMENT

On reading the Statement of Claim in this action and the proof of service of the Statement of Claim on the Defendant, Rose of Sharon (Ontario) Retirement Community, filed, and the Defendant, Rose of Sharon (Ontario) Retirement Community having been noted in default,

1. **IT IS ORDERED AND ADJUDGED** that the Defendant, Rose of Sharon (Ontario) Retirement Community pay to the Plaintiff the sum of \$4,195,768.64 and the sum of \$ 1,350.00 for the costs of this action.

This judgment bears interest at the rate of 3.00% per year from its date.

Date: September 29, 2011 Signed by: [Signature]

Local Registrar
393 University Avenue, 10th Floor
Toronto, Ontario
M5G 1E6

G. Argyropoulos, Registrar
Superior Court of Justice

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

SEP 30 2011

AS DOCUMENT NO.:
A TITRE DE DOCUMENT NO.:
PER / PAR: [Signature]

MIKAL-CALLADA CONSTRUCTION INC.

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT
COMMUNITY, et al.

Plaintiff

Defendants

Court File No. CV-10-417426

ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF the *Construction Lien*
Act, R.S.O. 1900, c. C-30, as amended

Proceeding Commenced at TORONTO

JUDGMENT

OMEGA

GOLDMAN SLOAN NASH & HABER LLP
Barristers & Solicitors
480 University Avenue, Suite 1600
Toronto, Ontario M5G 1V2

Jeffrey A. Armel
LSUC #35749P
Tel: 416-597-6477
Fax: 416-597-3370
Lawyers for the Plaintiff
100854

TAB H

**NOTICE AND STATEMENT OF RECEIVER
(SECTION 245(1) AND 246(1) OF THE ACT)**

**In the matter of the receivership over the assets and undertakings of
Rose of Sharon (Ontario) Retirement Community ("the Company")**

The receiver gives notice and declares that:

1. On the 27th day of September, 2011, the undersigned Deloitte & Touche Inc. was appointed Receiver and Manager of all assets, undertakings and properties of the Company (the "Receiver") that are described below:

| Net Book Values | |
|--|----------------------------|
| (as at December 31, 2010 or September 27, 2011) | |
| Building | \$ 15,215,378 |
| Accrued Interest | 9,934,666 |
| Accounts receivable | 478,281 |
| GST/HST Receivable | 102,203 |
| Other Assets | 34,503 |
| Furniture, fixtures, equipment | 5,398 |
| | <u>\$25,770,429</u> |

The book values shown above may not be representative of the market or realizable value of the assets.

2. The undersigned became Receiver pursuant to an Order of the Superior Court of Justice (Commercial List) upon application to the Court made by Peoples Trust Company.
3. The undersigned commenced the exercise of its powers in respect of that appointment on the 27th day of September, 2011.
4. The following information relates to the receivership.

a) Address of insolvent company:

15 Maplewood Avenue, York, Ontario M6C 4B4
17 Maplewood Avenue, York, Ontario, M6C 4B3 and,
165 Vaughan Road, York, Ontario, M6C 2L9

b) Principal line of business: Long-term care home and life-lease units

c) Amounts owed by the Company to creditors who appear to hold a security interest on the property described above include:

| | |
|----------------------------------|------------|
| Peoples Trust | 15,184,949 |
| Mikal Calladan Construction Inc. | 4,166,659 |
| Turfpro Investments Inc. | 1,190,000 |
| IWOK Corporation | 700,000 |
| 790180 Ontario Limited | 302,434 |

NOTICE AND STATEMENT OF RECEIVER
(SECTION 245(1) AND 246(1) OF THE ACT)

Page 2

| | |
|--|---------|
| Unimac Group Ltd. | 150,000 |
| Royal Windsor Mechanical Inc. | 87,132 |
| Tremonte Manufacturing Welding & Ironworks Limited | 42,735 |
| National Leasing Group Inc. | unknown |
| Indcom Leasing Inc. | unknown |
| Essex Capital Leasing Corp. | unknown |

The accuracy of the above list of secured creditors has yet to be confirmed.

- d) The list of unsecured creditors of the Company and the amount owed to each creditor by the Company is attached. The total known amount owing to all unsecured creditors is \$4,415,306.
- e) The current intended plan of the Receiver is to continue operating the long-term care facility while developing a realization plan for both the long-term care home and the life lease facility.

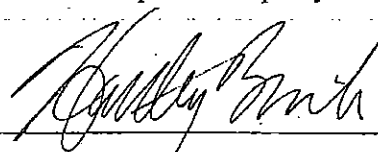
Contact person for the Receiver:

Jim Cook
Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario M5J 2V1
Telephone: (416) 775-7284
Facsimile: (416) 601-6690

Dated at Toronto this 6th day of October, 2011.

DELOITTE & TOUCHE INC.

In its capacity as Receiver and Manager of the assets,
undertakings and properties Rose of Sharon (Ontario)
Retirement Community
and not in its personal capacity



Hartley Bricks, MBA, CA • CIRP, CIRP
Vice President

DELOITTE & TOUCHE INC.
IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF
ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

CREDITOR LIST

SECURED

| | | |
|--|----|---------------|
| | \$ | |
| PEOPLES TRUST | | 15,184,949.00 |
| MIKAL CALLADAN CONSTRUCTION INC. | | 4,166,659.00 |
| TURFPRO INVESTMENTS INC. | | 1,190,000.00 |
| IWOK CORPORATION | | 700,000.00 |
| 790180 ONTARIO LIMITED | | 302,434.00 |
| UNIMAC GROUP LTD. | | 150,000.00 |
| ROYAL WINDSOR MECHANICAL INC. | | 87,132.00 |
| TREMONTE MANUFACTURING WELDING & IRONWORKS LIMITED | | 42,735.00 |
| NATIONAL LEASING GROUP INC. | | Unknown |
| INDCOM LEASING INC. | | Unknown |
| ESSEX CAPITAL LEASING CORP. | | Unknown |

\$ 21,823,909.00

UNSECURED

| | | |
|-------------------------------------|----|------------|
| | \$ | |
| 24 HR PEST CONTROL | | 79.10 |
| ARJOHUNTLEIGH CANADA INC. | | 1,300.00 |
| ASSURED CARE CONSULTING | | 5,000.00 |
| BDO CANADA LLP | | 5,000.00 |
| BELL CANADA | | 925.13 |
| BELL CANADA CUSTOMER PAYMENT CENTRE | | 9.89 |
| BELL MOBILITY | | 493.73 |
| BARID LOGISTICS INC. | | 5,864.22 |
| BYUN | | 90.50 |
| CANADA REVENUE AGENCY | | Unknown |
| CAREWORX INC. | | 24,291.62 |
| CARTSPUS HEALTHCARE PRODUCTS LTD. | | 16,444.61 |
| CHANG'S DRAPERY HOUSE LTD. | | 26,590.00 |
| COFFEY GEOTECHNICS INC. | | 700.60 |
| COMFY COTTON DIAPER SERVICE INC. | | 2,916.26 |
| CORFLEX PARTITIONS INC. | | 7,063.30 |
| DAE WON GROUP INC. | | 847.50 |
| EDWIN CLEANING | | 813.60 |
| EN JAN AN | | 400.00 |
| ENBRIDGE | | 11,406.14 |
| EXCLUSIVE ALARMS | | 9,006.91 |
| FIRE & ICE HVAC | | 22,870.67 |
| FIRST PRODUCTS INCS. | | 2,932.97 |
| GFS CANADA INC. | | 5,622.44 |
| GRANT THORNTON | | 10,950.00 |
| HGR | | 11,315.15 |
| HJ PARK COMPANY | | 6,328.00 |
| IGERCARE SOLUTION INC. | | 17,254.26 |
| INDCOM LEASING INC. | | 14,817.40 |
| IWOK CORP | | 21,000.00 |
| JAIN & ASSOCIATES | | 6,571.56 |
| JENNICA KIM | | 252.07 |
| KIM'S LOCKSERVICES | | 335.00 |
| KONICA MINOLTA BUSINESEE SOLUTIONS | | 3,359.45 |
| KOREA CANADA CENTRAL DAILY | | 400.00 |
| KOREAN CREDIT UNION | | 216,851.00 |
| MEDICAL MART SUPPLIES LIMITED | | 34,625.84 |
| MEDI-I-PANT INC. | | 15,516.27 |
| MIKE YOON | | 488.16 |
| MIRCOM/GARDIA | | 1,057.68 |
| MOMO | | 2,300.00 |
| NEXTSTEP | | 1,200.00 |

| | |
|---|------------|
| NOVA SERVICES GROUP INC. | 45,640.23 |
| OLYMPIC DUST CONTROL | 79.68 |
| P.A.T. CENTRAL MARKET | 688.62 |
| PPL | 9,713.76 |
| PRODEX | 566.58 |
| QUALITY ALLIED ELEVATOR | 14,694.24 |
| RAZ CONTRACTOR CO. | 2,293.90 |
| REACTION DISTRIBUTING INC. | 11,237.85 |
| RECEIVER GENERAL OF ONTARIO | Unknown |
| ROBERT GORE & ASSOCIATES | 30,426.55 |
| RYU ELECTRIC INC. | 33,878.00 |
| SDM DESIGN CONSULTING INC. | 10,396.00 |
| SG ELECTRONICS | 1,213.62 |
| SIGNTEL | 23,624.82 |
| SOLO MOBILE | 139.45 |
| SONG, SUNGHACK | 400.00 |
| STAPLES | 3,290.85 |
| SUNBRIGHT LINEN SERVICES INC. | 296.35 |
| TECHNICAL STANDARD AND SAFETY AUTHORITY | 120.00 |
| THE ECONOMIC INSURANCE COMPANY | 21,512.62 |
| THE KOREA TIMES DAILY | 2,499.50 |
| THE OFFICE SHOP | 11,949.51 |
| THERMOPATCH (CANADA) INC. | 3,492.41 |
| TORONTO HYDRO-ELECTRIC SYSTEM LIMITED | 44,013.00 |
| TREASURER, CITY OF TORONTO | 32,624.00 |
| UNIMAC | 451,187.47 |
| WASTEKO | 289.82 |
| WESCOM SOLUTIONS INC. | 637.66 |
| WOODEN WOODWORKING LTD. | 2,271.40 |
| WORLD MEATS INC. | 221.59 |
| BILL CHAMPBELL | 150,000.00 |
| CHANG HUN SHIN | 64,796.04 |
| CHUL KWAN LEE | 25,000.00 |
| DANIEL YOON | 45,050.00 |
| HAN HYEONG LEE | 25,000.00 |
| HYANG SOON KIM | 25,000.00 |
| HYONG BAE PARK | 25,000.00 |
| HYUN SOOK HWANG | 7,455.00 |
| JANE KIM | 100,000.00 |
| JANG HOON LEE | 12,293.47 |
| JOHN BAI | 48,386.79 |
| JOHN YOON | 75,112.61 |
| JONG RAN KIM | 150,150.00 |
| JUNG LIM YOON | 25,000.00 |
| KIM MYUNG HEE | 22,100.00 |
| KWANG HO BYUN | 230,864.00 |
| KYUNG YURL LEE & JUNG HA | 119,700.00 |
| LAWRENCE KIM | 555,018.23 |
| MI HYUNG CHANG | 50,000.00 |
| MYUNG KYU KIM | 25,000.00 |
| OLIVIA YOON | 36,825.35 |
| RICHARD YOON | 131,247.18 |
| ROBERT GORE | 194,345.88 |
| SAN HYUN AN | 22,719.96 |
| SEUNG KILE PARK | 50,000.00 |
| SEUNG MIN YU | 25,000.00 |
| SOON SUP LEE | 82,242.00 |
| STEVE YU | 165,650.55 |
| SUN HWA LEE | 346,384.05 |
| SUNNY YOON | 78,571.70 |
| VIVIAN RHEE | 25,000.00 |
| WOO SAM PARK | 41,300.00 |
| YOUNG OK JEON | 160,402.82 |

\$ 4,415,306.14

TAB I

**IN THE MATTER OF THE RECEIVERSHIP OF
ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY**

**Receiver's Interim Statement of Receipts and Disbursements
for the period September 27, 2011 to November 30, 2011**

Receipts

| | | |
|---|-----------|------------------|
| 1. Ministry of Health funding | \$ | 567,915 |
| 2. Cash in bank | | 199,067 |
| 3. Receipts from life lease tenants | | 93,945 |
| 4. Receipts from preferred accommodation re: nursing home residents | | 203,711 |
| 5. Other | | 451 |
| 6. Total receipts | \$ | 1,065,089 |

Disbursements

| | | |
|--|-----------|----------------|
| 7. Funding of nursing home costs (notes 2 and 3) | | 395,045 |
| 8. Insurance | | 9,443 |
| 9. Consulting fees | | 5,600 |
| 10. Ministry of Health license | | 3,750 |
| 11. HST | | 1,102 |
| 12. PST | | 756 |
| 13. Bank charges | | 5 |
| 14. Postage and courier | | 80 |
| 15. Security & maintenance | | 3,322 |
| 16. Utilities | | 66 |
| 17. Telephone | | 292 |
| 18. Total disbursements | \$ | 419,461 |
| 19. Excess of receipts over disbursements | \$ | 645,628 |

Notes:

- 1 This statement of receipts and disbursements does not reflect the operations of the nursing home.
- 2 This statement excludes two funding transfers totaling \$185,000 to Assured Care Consulting Inc. on December 6, 2011 to be used for the payment of supplier invoices and the funding of December 9, 2011 payroll.
- 3 This amount includes payments totalling \$75,979 on account of expenses relating to the period prior to the date of receivership, of which \$68,320 is in respect of payroll.

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

AFFIDAVIT OF HARTLEY M. BRICKS
(Sworn December 7, 2011)

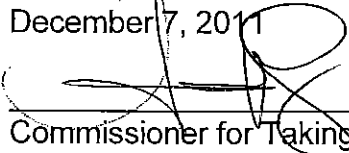
I, **Hartley M. Bricks**, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am a Vice-President of Deloitte & Touche Inc., the court appointed receiver and manager (the "**Receiver**") of the assets, undertakings and properties of Rose of Sharon (Ontario) Retirement Community ("**Rose**"). As such, I have personal knowledge of the matters to which I hereinafter refer.
2. Attached hereto as **Exhibit "A"** is a summary of the accounts issued by the Receiver for Rose.
3. Attached hereto as **Exhibit "B"** are true copies of the accounts of the Receiver with respect to Rose, including a detailed description of the activities, number of hours worked, applicable hourly rates, and totals. The Receiver's average hourly rate charged over this period is approximately \$380. I confirm that these accounts accurately reflect the services provided by the Receiver in this proceeding.

4. Based on my review of the Rose accounts and my personal knowledge of this matter, the Rose accounts represent a fair and accurate description of the services provided and the amounts charged by the Receiver.

5. I swear this affidavit in support of the Receiver's Motion for, among other things, approval of its fees and disbursements and for no other or improper purpose.

SWORN before me at the City of
Toronto, in the Province of Ontario, on
December 7, 2011



Commissioner for Taking Affidavits

Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte & Touche Inc.,
Trustee In Bankruptcy.
Expires June 5, 2014.

)
)
)
)



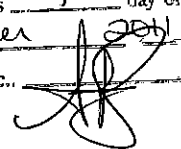
HARTLEY M. BRICKS

TAB A

Exhibit "A"

**Summary of Invoices Issued by the Receiver for
Rose of Sharon (Ontario) Retirement Community**


| <u>Invoice Date</u> | <u>Invoice Period</u> | <u>Amount of Invoice (including HST)</u> |
|---------------------|---------------------------------------|--|
| 17-Nov-11 | September 20, 2011 to October 9, 2011 | \$ 86,552.35 |
| 17-Nov-11 | October 10, 2011 to October 31, 2011 | 113,366.69 |
| 5-Dec-11 | November 1, 2011 to November 15, 2011 | <u>50,755.64</u> |
| | | <u>\$ 250,674.68</u> |

This is Exhibit "A" referred to
in the Affidavit of Hartley Bicks
Sworn before me this 7th day of
December 2011
A Commissioner, etc.. 

Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte & Touche Inc.,
Trustee in Bankruptcy.
Expires June 5, 2014.

TAB B

Deloitte.

This is Exhibit "B" referred to
in the Affidavit of Hartley Bricks.
Sworn before me this 7th day of
December 2011
A Commissioner, etc.. 

Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte & Touche Inc.,
Trustee in Bankruptcy.
Expires June 5, 2014.

Deloitte & Touche Inc.
181 Bay St.
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-601-6150
Fax: 416-601-6690
www.deloitte.ca

Rose of Sharon (Ontario) Retirement Community
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date: November 17, 2011
Invoice No: 2961166
Client/Mandate No: 902388.1000002
Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #1

For professional services rendered for the period ending October 9, 2011 in connection with the appointment of Deloitte & Touche Inc. as Receiver and Manager (the "Receiver") of Rose of Sharon (Ontario) Retirement Community ("Rose of Sharon"):

| Date | Professional | Description |
|-----------|-----------------|---|
| 9/20/2011 | Bricks, Hartley | Discussion with H. Vanderlugt of Gowling Lafleur Henderson LLP ("Gowlings") regarding the status of Rose of Sharon and the proposed application by Peoples Trust Company ("Peoples") to appoint a receiver and manager and the timing and requirements for same; discussion of status with D. Weisz. |
| 9/20/2011 | Weisz, Daniel | Discussion with H. Bricks re status of Rose of Sharon and Peoples' intention to appoint a receiver and manager. |
| 9/21/2011 | Bricks, Hartley | Attend meeting at Gowlings with C. Prophet, H. Vanderlugt, D. Weisz, R. Gore of Robert Gore & Associates ("RG&A") and M. Mallich of Peoples (by phone) to discuss the status of Rose of Sharon and information required to apply for a receiver and manager; review of draft application materials, discuss with D. Weisz and provide comments to Gowlings. |
| 9/21/2011 | Weisz, Daniel | Attend meeting at Gowlings with C. Prophet, H. Vanderlugt, H. Bricks, R. Gore of Robert Gore & Associates and M. Mallich of Peoples (by phone) to discuss the status of Rose of Sharon and information required to apply for a receiver and manager; review of draft application materials and discuss with H. Bricks. |
| 9/22/2011 | Bricks, Hartley | Discussion with E. Golden of Blaney McMurtry LLP ("Blaneys") regarding Blaneys' ability to act as independent counsel to the receiver and manager and status of the receivership application; discussion with D. Weisz re status; review of correspondence from C. Prophet. |
| 9/22/2011 | Weisz, Daniel | Discussion with R. Berg to arrange meeting to discuss the nursing home; various discussions with C. Prophet regarding the status of the application materials and issues involved with the receivership; discussion with H. Bricks re status. |
| 9/23/2011 | Bricks, Hartley | Attend meeting with R. Berg of Assured Care Consulting Inc. ("Assured") and D. Weisz regarding the status of the long-term care home, review of documents provided by R. Berg; review of draft application materials |

Invoice #1
 Rose of Sharon - Receivership
 November 17, 2011
 Page 2

| Date | Professional | Description |
|-----------|-----------------|---|
| | | provided by C. Prophet. |
| 9/23/2011 | Weisz, Daniel | Attend meeting with R. Berg and H. Bricks to discuss status of the nursing home; review application materials. |
| 9/26/2011 | Bricks, Hartley | Meeting with D. Weisz, J. Cook and H. Weber to discuss course of action re the pending receivership; review of motion materials; discussion with E. Golden regarding status; review and provide comments on banking letters and letter to employees. |
| 9/26/2011 | Cook, James | Attend at planning meeting with D. Weisz, H. Weber, H. Bricks to discuss next steps and discussion with H. Weber and H. Bricks regarding planning for appointment. |
| 9/26/2011 | Weber, Haley S | Prepare bank letter to be sent to Korean Credit Union ("KCU") and TD Canada Trust; prepare letter for Long-Term Care ("LTC") residents; prepare letters to send to Toronto Hydro and Enbridge; attendance at planning meeting with H. Bricks, D. Weisz and J. Cook. |
| 9/26/2011 | Weisz, Daniel | Review information sent by R. Gore regarding Unimac claim; review summary of meeting held at Gowlings; exchange e-mails and engage in telephone discussion with Attorney General's office ("AG"), counsel for the Ministry of Health and Long-Term Care ("MOH") regarding the pending application to Court for the appointment of a receiver and manager; discussion with C. Prophet of Gowlings on proposed changes to the draft court order; discussion with H. Bricks regarding conference call with AG and management of property; prepare for and attend at Gowlings for conference call with C Prophet, L Marsello, S Compton and E Machado of the AG's office; prepare for and attend planning meeting with H. Bricks, J. Cook and H. Weber. |
| 9/27/2011 | Weisz, Daniel | E-mail to J Dietrich of Fraser Milner Casgrain LLP ("FMC") regarding the status of the appointment of the receiver and manager ("Receiver"); telephone call with R. Gore regarding the appointment of the Receiver; prepare for and attend in court for application for the appointment of the Receiver; review of draft letters to residents; H. Bricks on status at location; telephone call with N Wiley of United Food and Commercial Workers ("UFCW") regarding the appointment of the Receiver and e-mail to C. Prophet regarding same; review draft management agreement, and prepare MOH approval of management agreement, edit and forward to Gowlings for review and comment. |
| 9/27/2011 | Bricks, Hartley | Prepare for and attend at Rose of Sharon re the appointment of the Receiver; attend meetings with nursing home administrator and representative of Assured; meeting with John Yoon and D. Park; tour of facility. |
| 9/27/2011 | Cook, James | Attend at site re the appointment of the Receiver; meeting with management regarding next steps; meeting with Assured to discuss LTC; site tour; supervise change of locks by Reliable Lock & Safe; review utility letters drafted by H. Weber. |
| 9/27/2011 | Weber, Haley S | Attend site re the appointment of the Receiver; meeting with H. Jung, LTC administrator, H. Bricks, J. Cook; meeting with John Yoon, tour of facility. |
| 9/28/2011 | Weisz, Daniel | Review letter to employees and provide comments; e-mail to C. Prophet regarding forwarding application record and order to UFCW; review e-mails; telephone call with H. VanderLugt regarding proposed changes to the management agreement and the agreement to approve the management agreement between the MOH, Assured and the Receiver; telephone call with |

Invoice #1
 Rose of Sharon - Receivership
 November 17, 2011
 Page 3

| Date | Professional | Description |
|-----------|-----------------|--|
| | | H. VanderLugt regarding changes to draft management contracts, review changes, finalize and send in draft to R. Berg; telephone call with H. VanderLugt regarding transferability of licenses; review Court Order; review revised letter to employees, H. Bricks on same, forward letter to UFCW. |
| 9/28/2011 | Bricks, Hartley | Review of various correspondence; preparation for and attendance at Rose of Sharon to meet with staff of LTC to discuss receivership appointment; meeting with R. Berg regarding various issues. |
| 9/28/2011 | Cook, James | Attend on site; draft correspondence to R. Gore and C. Daley regarding return of books and records and other property; review correspondence drafted by H. Weber; e-mails to/from H. Bricks regarding status; draft e-mails to property management providers regarding proposals; discussion with R. Pertas of Fire & Ice regarding priority maintenance issues; attend at staff meeting with H. Bricks and H. Weber. |
| 9/28/2011 | Weber, Haley S | Attend on site; confirm receipt of letter with TD Canada Trust; discussion with Exclusive Alarms; draft insurance letter to Deerborne Insurance ("Deerborne") and e-mails with Deerborne regarding adding the Receiver to Rose of Sharon's insurance policy; various discussions with Assured regarding operational matters; discussion with J. Cook and R Berg; meeting with employees; drafting of letter for signing for keys. |
| 9/29/2011 | Cook, James | Attend on site; e-mails and telephone discussion with R Gore to discuss records in his possession and to arrange a meeting to discuss handover of same; discussions with H. Weber and H. Bricks in respect of banking and confirmation as to items approved to be cleared by the bank; various discussions with J. Yoon; directions and discussion with H. Weber re Exclusive Alarm and outstanding pre-receivership amounts. |
| 9/29/2011 | Weber, Haley S | Prepare additional employee letters; take pictures of building; various discussions with J. Yoon; discussion with Exclusive Alarm regarding emergency contacts for the Receiver; take possession of cheques for both LTC and Life Lease business, obtain Staples credit cards, review cheques clearing through TD Bank. |
| 9/30/2011 | Cook, James | Attend at site; meeting with a property management firm to discuss details of our request for a proposal on providing property management services; meeting with D. Park in respect of his departure and status of various outstanding matters; discussion and direction to H. Weber re draft letter to residents; attend meeting with P. Vinson of Nova re status of various services and to provide an update re the receivership; follow up with H. Weber re cashflow and status of insurance. |
| 9/30/2011 | Weber, Haley S | Prepare Notice and Statement of the Receiver; discussions with Sue of Assured regarding accounting entries, Assured general ledger and employee queries; discussions with M. Yoon; various discussions with J. Yoon regarding accounts payable, promissory notes, etc.; discussions with D. Park regarding property management, tasks and departure from Rose of Sharon; correspondence with Marsh Canada Limited ("Marsh") regarding insurance; correspondence with B. Nash regarding Exclusive Alarms; discussions with H. Jung regarding letter to LTC occupants. |
| 9/30/2011 | Weisz, Daniel | Review letter from UFCW and C. Prophet on same. |
| 10/3/2011 | Bricks, Hartley | Discussion with D. Weisz regarding banking; discussion with H. Weber regarding banking; review of files and send e-mail to R Brown regarding set up of bank accounts. |

Invoice #1
 Rose of Sharon - Receivership
 November 17, 2011
 Page 4

| Date | Professional | Description |
|-----------|-----------------|--|
| 10/3/2011 | Weisz, Daniel | Discussion with H. Bricks regarding bank accounts and sign letter to open Receiver bank account. |
| 10/3/2011 | Bricks, Hartley | Review of banking documents for Assured account and discussion with D. Weisz regarding bank account set up; |
| 10/3/2011 | Brown, Rose M | Estate Trust Administration – create creditor list and account setup. |
| 10/3/2011 | Cook, James | Review various e-mails from H. Weber; telephone discussion with R. Pertab of Fire and Ice regarding P1 parking garage; telephone discussion with H. Weber regarding insurance matters. |
| 10/3/2011 | Weber, Haley S | Discussions with J. Yoon regarding Unimac units; discussion with Fire and Ice regarding P1 parking garage; deposit of cheques and draft GST letter. |
| 10/4/2011 | Weisz, Daniel | Prepare for and attend conference call with H. Bricks, J. Cook and H. Weber regarding matters relating to receivership administration; prepare for and attend conference call with H. Bricks, C. Prophet and H. VanderLugt to discuss issues relating to the receivership. |
| 10/4/2011 | Bricks, Hartley | Conference call with D. Weisz, J. Cook and H. Weber to discuss status; conference call with C. Prophet, H. VanderLugt and D. Weisz to discuss status; call to W. Kubicka of MOH regarding receivership; call and e-mail to R. Lee of MOH to set up funding for Receiver's new account, complete forms and forward to R. Lee. |
| 10/4/2011 | Brown, Rose M | Estate Trust Administration - Deposit. Complete and send creditor list in excel to H. Weber. Complete the setup of estate and bank account in Ascend. |
| 10/4/2011 | Cook, James | Attend on conference call regarding status update; attend at a meeting with R. Berg of Assured regarding LTC matters; review proposals received from property managers regarding property management and draft summary e-mail to D. Weisz and H. Bricks; discussion with J. Yoon; telephone discussion with B. Gore regarding meeting and books and records. |
| 10/4/2011 | Weber, Haley S | Update call with D. Weisz, H. Bricks and J. Cook; various e-mails with Marsh regarding insurance coverage; discussions with KCU regarding accounts to confirm that all five accounts are frozen; meeting with D. Park to discuss matters required for the Receiver's cash flow. |
| 10/5/2011 | Weisz, Daniel | Meet with H. Bricks to discuss insurance and building condition; J. Cook on property management proposals, property management contract and insurance. |
| 10/5/2011 | Bricks, Hartley | Discussion with J. Cook regarding status of various matters; review of Notice and Statement of Receiver pursuant to Sections 245 and 246 ("BIA Notices") and provide comments on same; discussion with H. Weber regarding banking; discussion with D. Weisz regarding insurance and building status. |
| 10/5/2011 | Cook, James | Attendance at meeting with R. Gore regarding return of books and records and discussion regarding life lease agreements; review insurance proposal from Marsh; e-mails to H. VanderLugt regarding construction deficiencies; e-mail to Sterling to clarify details of the property management proposal. |
| 10/5/2011 | Weber, Haley S | Compile addresses for the BIA Notices and reconcile the mail merge; meeting with D. Park regarding ownership of life units; discussions regarding insurance with Marsh. |
| 10/6/2011 | Weisz, Daniel | Meet with H. Bricks and J. Cook in preparation for meeting with C. Daley; prepare for and attend meeting with L. Hui et al and J. Cook; meet with H. Bricks to discuss the meeting; telephone conversation with C. Prophet regarding the BIA Notices; review the BIA Notices and other documents. |

Invoice #1
 Rose of Sharon - Receivership
 November 17, 2011
 Page 5

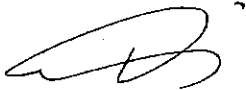
| Date | Professional | Description |
|-----------|-----------------|--|
| 10/6/2011 | Bricks, Hartley | Meeting with D. Weisz and J. Cook in preparation for meeting with C. Daley and discussion after meeting. |
| 10/6/2011 | Brown, Rose M | Estate Trust Administration - deposit, final cleanup of creditor list and import into Ascend for mailing labels. Check input totals to the BIA notices; complete mailing. |
| 10/6/2011 | Cook, James | Various e-mails and discussion with H. Weber regarding insurance; computer backups; review of the BIA Notices drafted by H. Weber; assist R. Brown with mailing of notice; attend meeting with D. Weisz to meet with L. Hui et al for discussion regarding the receivership administration; meeting with H. Bricks and D. Weisz regarding same. |
| 10/6/2011 | Weber, Haley S | Update addresses for promissory note holders; review of insurance property application with D. Park. |
| 10/7/2011 | Weisz, Daniel | Review insurance certificates and H. Bricks on same; exchange e-mails with R. Berg regarding management contract; review draft letter to Unimac; review e-mail from L. Hui; draft reply and forward correspondence to Gowlings; R. Brown on various matters. |
| 10/7/2011 | Cook, James | Attend at site meeting regarding the Receiver's request for a proposal to complete a Building Condition Assessment ("BCA"); discussion with H. Weber regarding cancellation of insurance policy; draft letters to Unimac and send to Gowlings for review; telephone discussion with Pelican Woodcliff to obtain construction contract and Certificates of Substantial Performance; e-mail to R. Gore to obtain copy of Stipulated Price Contract and Certificate of Substantial Performance; |
| 10/7/2011 | Weber, Haley S | Updates to insurance; discussion with D. Park regarding life lease units; meeting with H. Jung regarding health portion of insurance application; discussions with KCU regarding closure of account and transfer of money to TD account; discussions with M. Yoon regarding services. |
| 10/7/2011 | Brown, Rose M | Estate Trust Administration - Discuss signature information for CIBC with H. Weber, prepare letter/signature card to go to CIBC regarding signatories for Assured account. |
| | | To all other administrative matters, including all meetings, telephone attendances, written and verbal correspondence to facilitate the foregoing. |

Invoice #1
 Rose of Sharon - Receivership
 November 17, 2011
 Page 6

Summary of Fees

| Professional | Position | Hours | Rate | Fee |
|--|-----------------------|--------------|-----------|---------------------|
| Weisz, Daniel R. | Senior Vice President | 31.4 | \$ 575.00 | \$ 18,055.00 |
| Bricks, Hartley | Vice President | 32.6 | 480.00 | 15,648.00 |
| Cook, James | Manager | 53.5 | 385.00 | 20,597.50 |
| Weber, Haley | Senior Associate | 75.5 | 275.00 | 20,762.50 |
| Kim, Jessica | Analyst | 1.5 | 200.00 | 300.00 |
| Brown, Rose M. | Trust Administration | 7.7 | 160.00 | 1,232.00 |
| Total hours and professional fees | | 202.2 | | \$ 76,595.00 |
| HST @ 13% | | | | 9,957.35 |
| Total payable | | | | \$ 86,552.35 |

Payable upon receipt to: Deloitte & Touche Inc.



Daniel R. Weisz, CA-CIRP, CIRP
 Senior Vice President

Deloitte

Deloitte & Touche Inc.
181 Bay St.
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-601-6150
Fax: 416-601-6690
www.deloitte.ca

Rose of Sharon (Ontario) Retirement Community
c/o Deloitte & Touche Inc.,
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date: November 17, 2011
Invoice No: 2961172
Client/Mandate No: 902388.1000002
Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #2

For professional services rendered for the period October 10, 2011 to October 31, 2011 in connection with the appointment of Deloitte & Touche Inc. as Receiver and Manager (the "Receiver") of Rose of Sharon (Ontario) Retirement Community ("Rose of Sharon"):

| Date | Professional | Description |
|------------|-----------------|---|
| 10/11/2011 | Weisz, Daniel | Review e-mails, discussion with H. Bricks regarding the status of a property manager; prepare for and attend status update call with H. Bricks, J. Cook and H. Weber; review and finalize management agreement with Assured Care Consulting Inc. ("Assured"), sign three copies of agreement, and H. Weber on same; e-mail to R. Berg of Assured regarding execution of the agreements. |
| 10/11/2011 | Bricks, Hartley | Review of various letters and provide comments to H. Weber; review and provide comments on property management agreement; update meeting with D. Weisz, H. Weber and J. Cook. |
| 10/11/2011 | Cook, James | Attend on call with H. Weber, D. Weisz and H. Bricks to discuss status of various outstanding matters; attend on site; e-mails to/from R. Gore of Robert Gore & Associates re Certificate of Substantial Completion; follow up with Sterling Karamar Property Management ("Sterling") in respect of the property management agreement; review e-mails from H. VanderLugt of Gowling Lafleur Henderson LLP ("Gowlings") re his comments on various correspondence; |

Invoice 2
 Rose of Sharon - Receivership
 November 17, 2011
 Page 2

| Date | Professional | Description |
|------------|-----------------|--|
| 10/11/2011 | Weber, Haley S | Updated call with J. Cook, D. Weisz and H. Bricks; review of insurance application and follow-up questions for Marsh Canada Limited ("Marsh"); preparation of letter and forms for the closure of the Korean Credit Union ("KCU") accounts and transfer of funds; preparation of TD Bank letter for the transfer of funds and recurring deposits; review of bank statements provided by C. Daley and request to D. Park regarding location of statements for the prior year; discussions with Gordon Food Service ("GFS") regarding continuing to provide service and completion of the requested credit applications; discussions with D. Weisz regarding the management agreement; discussions with R. Berg and CIBC regarding progress on establishing Assured bank account; discussion with Marsh regarding the insurance certificate. |
| 10/12/2011 | Weisz, Daniel | Review e-mails; review and revise property management agreement. |
| 10/12/2011 | Bricks, Hartley | Review of insurance and other correspondence; review and respond to correspondence from MOH regarding funding. |
| 10/12/2011 | Cook, James | Respond to various e-mails from H. Weber. |
| 10/12/2011 | Weber, Haley S | Discussions with Nova and Fire & Ice regarding emergency coverage for the weekend; review of cash flow support provided by Assured; coordination with Marsh regarding emergency contacts; attend to transfer of funds at TD regarding October 14 payroll; set-up of GFS supplier credit application. |
| 10/13/2011 | Weisz, Daniel | Review H. Bricks changes to property management agreement, update and discuss with H. Bricks; e-mail draft document to Gowlings for comments. |
| 10/13/2011 | Bricks, Hartley | Discussion with H. Weber regarding status of various issues; discussion with J. Cook and D. Weisz re property management agreement. |
| 10/13/2011 | Brown, Rose M | Trust Banking Administration - Deposit |
| 10/13/2011 | Cook, James | Attend at site; e-mails and discussion regarding various matters; draft the Receiver's First Report to the Court ("First Report"); attend meeting with Assured; attend meeting with Family Council. |
| 10/13/2011 | Weber, Haley S | Review of cash flow support and discussions with D. Park and Assured staff; attend meeting with family council; discussions with Nova regarding coverage on the weekend and discussions with H. Bricks regarding same; preparation of life lease unit holder addresses and review of agreement documentation in an attempt to identify to whom letters should be sent; review of the Assured budget for the nursing home. |
| 10/14/2011 | Weisz, Daniel | Review e-mail from L. Hui, prepare for and attend on a conference call with H. Bricks and C. Prophet regarding e-mail from L. Hui, status of documents for review and status of receivership administration; draft response to L. Hui and send draft to Gowlings for comments; review banking forms for signature and H. Bricks on same; review H. VanderLugt comments regarding life lease letter and H. Bricks on same; finalize response to L. Hui e-mail. |
| 10/14/2011 | Bricks, Hartley | Review of various correspondence, conference call with C. Prophet and D. Weisz regarding status of various matters; discussion with D. Weisz regarding banking and life lease issues; |
| 10/14/2011 | Cook, James | Attend at site; work on First Report; discussion with H. Weber regarding cash flow and matters. |
| 10/14/2011 | Weber, Haley S | Cash flow preparation and discussions with Fire & Ice. |

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 Rose of Sharon - Receivership
 November 17, 2011
 Page 3

| Date | Professional | Description |
|------------|-----------------|--|
| 10/17/2011 | Weisz, Daniel | Discussion with H. VanderLugt regarding property management agreement; discussion with H. Bricks regarding banking forms to open Assured bank account; discussion with J. Cook regarding selection of property manager; review and update letter to life lease unit owners. |
| 10/17/2011 | Cook, James | Attend on site; meeting with Nova regarding mechanical problems; discussion with H. Weber regarding KCU release of funds and subsequent e-mail to D. Weisz regarding same; discussion and supervision of sending letters to life lease owners; various discussions with D. Park regarding life lease and mechanical issues; meeting with J. Kim regarding her purchase agreement and rental of her unit; e-mails and discussions with D. Weisz and H. Bricks regarding selection of property manager; review documents sent to Gowlings regarding KCU; |
| 10/17/2011 | Bricks, Hartley | Review and modify the First Report; review and modify banking information to establish nursing home account; correspondence with Peoples regarding life-lease documentation. |
| 10/17/2011 | Brown, Rose M | Trust banking administration - request transaction report from bank to confirm incoming wires, input return items. |
| 10/17/2011 | Kim, Jessica | English-Korean translation for the letter sent to all LTC resident families. |
| 10/17/2011 | Weber, Haley S | E-mails with H. Bricks and D. Weisz with respect to funds on deposit at KCU; discussions with B. Kim of KCU regarding Rose of Sharon funds; input of data regarding cash flow; on site attendance regarding fire alarm during the early morning hours. |
| 10/18/2011 | Weisz, Daniel | Discussion with J. Cook regarding status of property manager engagement; review H. VanderLugt comments on property management agreement; telephone conversation with H. VanderLugt regarding comments on management agreement; meet with J. Cook and H. Bricks regarding heating issue. |
| 10/18/2011 | Bricks, Hartley | Review of various agreements; discussion with H. Weber regarding various matters including cash flow; meeting with J. Cook and D. Weisz regarding property issues. |
| 10/18/2011 | Cook, James | Attend at site; telephone conversation and subsequent e-mail with Mark of Nova regarding ongoing hot water and heating issues in Long-Term Care ("LTC") units; telephone discussion with Diversatech Mechanical Ltd. ("Diversatech") regarding site visit and addressing issues; brief meeting with D. Weisz and H. Bricks regarding heating issues and next steps regarding same; review initial draft of cash flow received from H Weber; return various calls. |
| 10/18/2011 | Weber, Haley S | Discussions with Nova and J. Cook regarding heating issue; respond to e-mail from ADP regarding payroll; work on cash flow forecast. |
| 10/18/2011 | Brown, Rose M | Trust Banking Administration - Obtain balances. |
| 10/19/2011 | Weisz, Daniel | Meet with H. Bricks regarding review of Rose of Sharon transactions, security opinion to be obtained; review updated management agreement, H. VanderLugt on same; discussion with H. Weber on various matters; review and sign letters to purchasers of life lease units; meet with S. Damiani regarding review of bank statements and cancelled cheques; discussion with H. Bricks on status of the First Report. |

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 Rose of Sharon - Receivership
 November 17, 2011
 Page 4

| Date | Professional | Description |
|------------|------------------|---|
| 10/19/2011 | Bricks, Hartley | Review of various agreements; various discussions with D. Weisz, J. Cook and H. Weber; review of property management agreement; forward management agreement to MOH for approval; advise D. Weisz on status of the First Report and other matters. |
| 10/19/2011 | Cook, James | Attend on site; meeting with Family Council to discuss receivership and upcoming residents' meeting; meeting with Diversatech regarding mechanical issues and introduce him to representatives from Nova; subsequent discussion with Diversatech regarding its findings and provide direction regarding necessity of turning on heat; review draft property management agreement and provide comments; e-mail to D. Weisz regarding status of Building Condition Assessment ("BCA") proposals and follow up with one proponent. |
| 10/19/2011 | Damiani, Stefano | Meeting with H. Weber; review of available banking and payables binders; discussion with D. Weisz with respect to required analysis; compile summary of bank statements; commence analysis of debits from certain bank statements. |
| 10/19/2011 | Weber, Haley S | Review of cash flow projections; discussion with S. Damiani regarding banking review; discussion with H. Bricks regarding the status of various matters. |
| 10/19/2011 | Brown, Rose M | Trust Banking Administration - deposit. |
| 10/20/2011 | Weisz, Daniel | Discussion with J. Cook on status of BCA proposals; status of turning on heat at the premises; work on the First Report; prepare for calls with Sterling and Gowlings; attend conference call with J. Beaton of Sterling, H. Bricks, J. Cook and H. Weber; attendance on conference call with L. Marsello, H. Bricks and C. Prophet to discuss nursing home funding to bank accounts by MOH; meet with S. Damiani regarding his review of bank statements, schedules prepared, discussion with H. Bricks on same. |
| 10/20/2011 | Bricks, Hartley | Update call with Gowlings and provide certain documents to Gowlings; attend conference call with J. Beaton, D. Weisz, J. Cook, and H. Weber regarding property management; conference call with L. Marsello, C. Prophet and D. Weisz re MOH funding to Receiver's account. |
| 10/20/2011 | Cook, James | Attend on site; various calls with Nova and Diversatech regarding LTC units and heating; attend on conference call with Sterling to discuss property management requirements and current situation at property; review final draft property management agreement sent to Sterling; review R. Gore memo and materials regarding Rose's position regarding construction deficiencies; e-mails to/from H. Weber regarding various issues. |
| 10/20/2011 | Damiani, Stefano | Review of banking records; update the bank statement tracking schedule; update analysis of debits from certain bank statements. |
| 10/20/2011 | Weber, Haley S | Update the cash flow projection; discussion with D. Weisz regarding operational matters; conference call with Sterling; attend upon a discussion with Imprint Plus regarding payment; discussions with Sychem regarding water cooling tower. |

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 Rose of Sharon - Receivership
 November 17, 2011
 Page 5

| Date | Professional | Description |
|------------|------------------|---|
| 10/21/2011 | Weisz, Daniel | Discussion with J. Cook on HVAC and status of BCA quotes; J. Beaton regarding comments on property management agreement, H. Bricks on same; H. Bricks regarding call from R. Yoon and request for meeting; work on the First Report; discussion with S. Damiani re status of review of banking information. |
| 10/21/2011 | Bricks, Hartley | Discussion with J. Cook regarding status; discussion with D. Weisz regarding various matters; review of correspondence from MOH; discussion with H. Weber regarding banking; discussion with R. Yoon regarding request to meet with the Receiver and organize same. |
| 10/21/2011 | Damiani, Stefano | Compile summaries and prepare for meeting with D. Weisz; meeting with D. Weisz with respect to banking information and certain transactions; communication to H. Weber with respect to outstanding banking records and e-mail on same. |
| 10/21/2011 | Weber, Haley S | Discussions with R. Berg regarding letters from the MOH; discussion with H. Bricks regarding banking status; discussion with S. Damiani regarding bank statements. |
| 10/21/2011 | Brown, Rose M | Trust Banking Administration - Disbursement cheques, input return items, and deposit. |
| 10/24/2011 | Weisz, Daniel | Prepare for and attend meeting with H. Bricks, B. Gore, R. Yoon, J. Wong, V. Heinrichs, A. Heinrichs, Vern Heinrichs, and P. Kwan, J. Cho, M. Park of the Korean Business Association to discuss status of the receivership including subsequent conference call with C. Prophet and H. Bricks regarding same; work on the First Report. |
| 10/24/2011 | Bricks, Hartley | Meeting with R. Yoon, V. Heinrichs and Korean Business Association representatives regarding the status of Rose of Sharon and subsequent update discussion with C. Prophet; review of proposed changes to court order and banking info and provide comments to C. Prophet; prepare correspondence to the MOH regarding payment of fees and for approval of management agreement; attend resident and family meeting for the nursing home. |
| 10/24/2011 | Cook, James | Attend on site; attend meeting with Sterling regarding property management handover; discussion with life lease occupant regarding appliances for her unit; attend resident/family meeting; review e-mail financial documents sent to Juliette of Sterling; |
| 10/24/2011 | Weber, Haley S | Attendance at meeting with J. Cook, Assured and Sterling; attend meeting with family council. |
| 10/24/2011 | Brown, Rose M | Trust Banking Administration - deposits & obtain certified cheque for Minister of Finance. |
| 10/25/2011 | Weisz, Daniel | Discussion with H. Bricks on resident meeting, and status of property manager; review e-mail from J. Cook regarding property manager and H. Bricks on same. |
| 10/25/2011 | Bricks, Hartley | Discussion with D. Weisz re results of family council meeting and property manager. |
| 10/25/2011 | Cook, James | Attend on site; supervision; meeting with Mark of Nova regarding heating issues and telephone call with Diversatech regarding same; various e-mails to/from H. Weber; review payroll funds and documents to ADP; telephone discussion with Sterling regarding handover and building condition |

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 Rose of Sharon - Receivership
 November 17, 2011
 Page 6

| Date | Professional | Description |
|------------|------------------|--|
| | | assessment; revisions to unit review spreadsheet. |
| 10/25/2011 | Damiani, Stefano | E-mails to H. Weber regarding banking matters. |
| 10/25/2011 | Weber, Haley S | Draft minutes from meeting with LTC residents and family members, review payroll and discussions with Assured regarding payroll, prepare payroll wire transfer information and coordinate with Assured to transfer to bank account; discussions with Assured regarding bank account not being set-up. |
| 10/26/2011 | Weisz, Daniel | Review e-mails from V. Heinrichs; review H. Bricks' comments on the First report, H. Bricks on same; forward e-mail with draft report to Gowlings. |
| 10/26/2011 | Bricks, Hartley | Review and provide comments on the First Report; various discussions with J. Cook regarding property management and H. Weber regarding details for report; discussion with D. Weisz on the First Report; |
| 10/26/2011 | Cook, James | Attend on site; attend meeting with Sterling to discuss HVAC issues and finances; telephone discussion with Allied Elevator regarding construction holdback; e-mail to Allied Elevator regarding unsecured pre-receivership accounts; various e-mails to/from H. Weber regarding operational matters; discussion with H. Weber regarding banking account setup; revisions to Sterling introduction letter. |
| 10/26/2011 | Weber, Haley S | Review Assured invoice support; draft letter to life lease residents introducing Sterling; e-mails to Sterling regarding contacts for the Receiver; request to R. Brown to set-up new account for Sterling transactions; obtain employee employment letter; provide R. Brown with information with respect to bank transfers; draft letter to KCU regarding additional bank statements; review other insurance documents sent to the Receiver; provide information for the First Report, prepare insurance application for review. |
| 10/27/2011 | Weisz, Daniel | Discussion with J. Cook regarding schedule of life lease units; prepare for and attend at Gowlings to meet with C. Prophet, H. VanderLugt and H. Bricks to discuss the First Report, life lease units and other matters; discussion with H. Bricks, J. Cook and H. Weber on various matters; conference call with H. Bricks and E. Golden regarding status of the receivership; meet with S. Damiani and J. Cook regarding review of life lease unit documentation. |
| 10/27/2011 | Bricks, Hartley | Prepare for and attendance at meeting with C. Prophet, H. VanderLugt and D. Weisz to discuss status of receivership and life leases; update call with E. Golden and D. Weisz; discussion with J. Cook, H. Weber and D. Weisz re status of various matters. |
| 10/27/2011 | Cook, James | E-mail to Norman Lee & Associates Engineers regarding a proposal to prepare a BCA; telephone discussion with Diversatech regarding the status of heating issues and cooling tower and to request a written summary and estimated cost of repair; discussion with H. Bricks and H. Weber regarding tenant move out and release; meeting with D. Weisz and S. Damiani regarding review of life lease unit agreements. |
| 10/27/2011 | Damiani, Stefano | Meeting with J. Cook and D. Weisz regarding review of life lease documents; |

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 Rose of Sharon - Receivership
 November 17, 2011
 Page 7

| Date | Professional | Description |
|------------|------------------|---|
| 10/27/2011 | Weber, Haley S | Update life lease occupant letter regarding Sterling; discussions with R. Berg, D. Park and H. Jong regarding parking spots and MOH regulations; review of additional information provided by Assured regarding pre-receivership invoices; discussions with Sue of Assured and H. Bricks regarding agent account; discussions with ADP regarding payroll services fees; direction to TD Bank to close secondary account for Rose of Sharon. |
| 10/28/2011 | Bricks, Hartley | Review of various agreements; provide update report to Peoples; discussion with H. Weber regarding status, banking and review of correspondence. |
| 10/28/2011 | Cook, James | E-mails to/from H. Weber regarding HVAC issues; telephone discussion with Nova regarding HVAC issues and status; revisions to unit summary spreadsheet; respond to e-mail from D. Park regarding heating issues in two units; review e-mail from Nova regarding heating and HVAC issues; telephone discussion with Diversatech regarding same; follow-up regarding BCA proposal; e-mail to R. Gore regarding GST returns and liability. |
| 10/28/2011 | Weber, Haley S | Discussions with Assured and CIBC regarding bank account; review of invoices for payment; obtain release letter for tenant; review of comments regarding occupant notification of Sterling's engagement as property manager. |
| 10/29/2011 | Weisz, Daniel | Review documents; update property management agreement based on Sterling's comments and forward to H VanderLugt for comments. |
| 10/31/2011 | Weisz, Daniel | Discussion with H. Bricks on status; review documentation; exchange e-mails with J. Beaton regarding management agreement; review, finalize and sign management agreement with Sterling, and agreement between MOH, Assured and the Receiver; review draft letters. |
| 10/31/2011 | Bricks, Hartley | Discussion with John Yoon regarding statement of claim received by directors of Rose of Sharon and various other matters; forward statement of claim to Gowlings; correspondence with Peoples re insurance coverage; discussion with H. Weber regarding Assured bank account. |
| 10/31/2011 | Weber, Haley S | Various discussions with CIBC regarding Assured bank account and review of changes to banking information; discussion with H. Bricks regarding Assured bank account; e-mail from S. Damiani on status; on-site attendance and discussion with D. Park regarding weekend events; discussions regarding weekend events. |
| 10/31/2011 | Brown, Rose M | Trust banking Administration – prepare disbursement cheques. |
| 10/31/2011 | Damiani, Stefano | E-mail correspondence with H. Weber; review background documentation with respect to the life leases and nursing home; review e-mail and life lease tracking schedules prepared by J. Cook; draft follow up letter to life lease purchasers. |
| | | To all other administrative matters, including all meetings, telephone attendances, written and verbal correspondence to facilitate the foregoing. |

Invoice 2
 Rose of Sharon - Receivership
 November 17, 2011
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Summary of Fees

| Professional | Position | Hours | Rate | Fee |
|--|-----------------------|--------------|-------------|----------------------|
| Weisz, Daniel R. | Senior Vice President | 37.0 | \$ 575.00 | \$ 21,275.00 |
| Bricks, Hartley | Vice President | 31.3 | 480.00 | 15,024.00 |
| Cook, James | Manager | 68.0 | 385.00 | 26,180.00 |
| Damiani, Stefano | Manager | 15.1 | 385.00 | 5,813.50 |
| Weber, Haley | Senior Associate | 112.0 | 275.00 | 30,800.00 |
| Brown, Rose M. | Trust Administration | 7.7 | 160.00 | 1,232.00 |
| Total hours and professional fees | | <u>271.1</u> | | \$ 100,324.50 |
| HST @ 13% | | | | 13,042.19 |
| Total payable | | | | \$ 113,366.69 |

Payable upon receipt to: Deloitte & Touche Inc.



Daniel R. Weisz, CA-CIRP, CIRP
 Senior Vice President



Deloitte & Touche Inc.
181 Bay St.
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Toronto ON M5J 2V1
Canada

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Rose of Sharon (Ontario) Retirement Community
c/o Deloitte & Touche Inc.,
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

Date: December 6, 2011
Invoice No: 2969649
Client/Mandate No: 902388.1000002
Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #3

For professional services rendered for the period November 1, 2011 to November 15, 2011 in connection with the appointment of Deloitte & Touche Inc. as Receiver and Manager (the "Receiver") of Rose of Sharon (Ontario) Retirement Community ("Rose of Sharon" or the "Company"):

| Date | Professional | Description |
|-----------|------------------|--|
| 11/1/2011 | Weisz, Daniel | Meet with C. Prophet of Gowling Lafleur Henderson LLP ("Gowlings") and H. Bricks to discuss issues related to life lease units. |
| 11/1/2011 | Bricks, Hartley | Discussion with C. Prophet regarding valuation of assets and statement of claim served by the general contractor on certain directors of Rose of Sharon; review insurance policy and reply to J. Yoon regarding the Receiver not participating in defending the claim; discussion with C. Prophet and D. Weisz regarding life lease units and rental thereof; correspondence with H. Weber re pre-receivership invoices; review of correspondence prepared by H. Weber and S. Damiani. |
| 11/1/2011 | Damiani, Stefano | Discussion with H. Weber regarding promissory notes and life lease documentation; update letter based on comments by H. Bricks; review of the life lease unit holder mailing list and status update; commence review of banking documents. |
| 11/1/2011 | Weber, Haley S | Various discussions with a CIBC representative regarding agent account for Assured Care Consulting ("ACC"); discussions with N. Lee regarding a Building Condition Assessment ("BCA") proposal; review incoming invoices for payment; update addresses for life lease unit holders; reconcile receipt of documents from life lease unit holders; correspondence with H. Bricks re pre-receivership invoices. |
| 11/1/2011 | Brown, Rose M | Trust Banking Administration - deposits and discuss CIBC account with H. Weber. |
| 11/2/2011 | Weisz, Daniel | Prepare for and attend meeting at Sterling Karamar Property Management ("Sterling") to have property managements agreements executed and discuss Rose of Sharon; update H. Bricks on meeting at Sterling and |

| Date | Professional | Description |
|-----------|------------------|--|
| | | occupancy permit; review letter from Gowlings regarding request to consent to lift of stay regarding bankruptcy application and discuss same with E. Golden of Blaney McMurtry LLP; prepare for and attend at CIBC regarding opening of ACC account and telephone discussion with Andrea of CIBC on same. |
| 11/2/2011 | Bricks, Hartley | Review correspondence from Gowlings regarding bankruptcy application and discuss same with D. Weisz and E. Golden. |
| 11/2/2011 | Damiani, Stefano | Review of the Company's records and update the life lease purchaser analysis; amend the life lease tracking schedule. |
| 11/2/2011 | Weber, Haley S | Administration regarding CIBC ACC account; discussions with Canada Revenue Agency ("CRA") regarding GST and payroll; discussions with R. Brown regarding deposits to account and gathering of the support; discussions with N. Lee regarding the BCA. |
| | Brown, Rose M | Discussion with H. Weber regarding deposits. |
| 11/3/2011 | Weisz, Daniel | Meeting with H. Weber regarding banking and status of matters; review e-mails; meeting with H. Bricks, J. Cook and H. Weber to discuss the status of various matters relating to the receivership administration. |
| 11/3/2011 | Bricks, Hartley | Meeting with D. Weisz, J. Cook and H. Weber to discuss status; correspondence with M. Mallich of Peoples Trust Company ("Peoples") regarding the bankruptcy application. |
| 11/3/2011 | Cook, James | Meet with H. Bricks, H. Weber and D. Weisz regarding the status of various items. |
| 11/3/2011 | Damiani, Stefano | Review of the life lease documents and update the life lease unit holder analysis; review of documentation received from life lease unit holders and update schedule; discussion with A. Zailer regarding records; discussion with H. Weber regarding outstanding information. |
| 11/3/2011 | Weber, Haley S | Review of hard disk drive returned by C. Daley; preparation of outstanding items listing; discussions with D. Weisz, H. Bricks and J. Cook regarding status; discussions with S. Sirju of ACC regarding payroll, bank accounts and other matters; discussion with S. Damiani regarding life lease purchaser documents. |
| 11/3/2011 | Brown, Rose M | Trust Banking Administration - disbursement cheques. |
| 11/4/2011 | Weisz, Daniel | Meet with H. Bricks, J. Cook and S. Damiani to discuss status of review of life lease files; telephone call with Nello DelRizzo of the Toronto Central Local Health Integration Network regarding agreement required for Rose of Sharon and related matters and discussion with H. Bricks on same and Ministry of Health and Long-Term Care ("MOH") funding; review e-mail; telephone call with C. Prophet on building inspection quote, funding from the MOH and the pending application for a bankruptcy order; prepare for and attend conference call with H. Bricks and M. Mallich to provide M. Mallich with update on receivership administration. |
| 11/4/2011 | Bricks, Hartley | Meet with J. Cook, D. Weisz and S. Damiani to discuss the status of the review of the life lease files; discussion with D. Weisz regarding Long-Term Care Home Service Accountability Agreement ("L-SAA") and review of same; correspondence with D. Weisz regarding MOH funding; |

| Date | Professional | Description |
|-----------|------------------|--|
| | | prepare for and discussion with M. Mallich regarding status and prepare e-mail update regarding the status of the receivership; discussion with C. Prophet and Eunice Machado of the Office of the Attorney General, counsel for the MOH, regarding MOH funding to the Receiver. |
| 11/4/2011 | Cook, James | Meet with D. Weisz, H. Bricks and S. Damiani regarding status of life lease unit document review and subsequent discussion with S. Damiani regarding same; review quotations received from Diversatech Mechanical regarding chiller, carbon monoxide detectors and heat pumps; telephone discussion with unit holder regarding appliances. |
| 11/4/2011 | Damiani, Stefano | Meeting with H. Bricks, D. Weisz and J. Cook regarding the status of the review of the life lease documents; discussion with J. Cook regarding life lease unit holders; review of the Company's records and update the life lease purchaser analysis; review of documentation received from life lease unit holders and update schedule. |
| 11/6/2011 | Bricks, Hartley | Revise e-mail update for Peoples and forward to M. Mallich. |
| 11/7/2011 | Weisz, Daniel | Review e-mails regarding outstanding items; draft report to Court. |
| 11/7/2011 | Bricks, Hartley | Review and respond to M. Mallich regarding questions regarding the bankruptcy application and the status of the registration of the condominium. |
| 11/7/2011 | Cook, James | Correspondence with J. Beaton of Sterling to provide quotes received from Diversatech and to provide direction regarding same; telephone discussion with N. Smith of CRA regarding GST returns and audit request; telephone discussion with M. Handler regarding Tremonte lien claim and status of receivership; return various telephone calls regarding various issues; emails with D. Park regarding maintenance matters. |
| 11/7/2011 | Damiani, Stefano | Review of the Company's life lease records and update the Receiver's tracking schedule; review of information provided by the life lease holders and update the related schedule. |
| 11/7/2011 | Brown, Rose M | Trust Bank Administration - obtain signature information for ACC account. |
| 11/8/2011 | Weisz, Daniel | Review Right to Occupy Agreement, discuss same with H. VanderLugt of Gowlings; update report to Court. |
| 11/8/2011 | Bricks, Hartley | Correspondence with Gowlings regarding timing for Court motion; review of correspondence from Gowlings regarding the status of the application for condominium registration; update on status of review from S. Damiani. |
| 11/8/2011 | Damiani, Stefano | Review of the Company's life lease records and update the Receiver's tracking schedule; discussion with H. Bricks; review of information provided by the life lease purchasers and update the related schedule. |
| 11/8/2011 | Brown, Rose M | Trust Bank Administration - prepare payroll wire and deposit. |
| 11/9/2011 | Weisz, Daniel | Review letter from United Food & Commercial Workers Canada regarding intent to negotiate collective agreement and e-mail to C. Prophet on same; attend at TD Bank regarding signing signature cards regarding ACC bank account. |
| 11/9/2011 | Bricks, Hartley | Review correspondence from M. Mallich regarding questions posed by Canada Mortgage and Housing Corporation ("CMHC") and prepare |

| Date | Professional | Description |
|------------|------------------|--|
| | | response to same. |
| 11/9/2011 | Damiani, Stefano | Review of the Company's records and update the life lease tracking schedule; e-mail correspondence with R. Brown regarding banking matters. |
| 11/10/2011 | Weisz, Daniel | Review e-mails; discussion with H. Bricks regarding GST/HST; draft report to Court; meet with H. Bricks and J. Cook regarding status of outstanding matters. |
| 11/10/2011 | Bricks, Hartley | Discussion with D. Weisz and J. Cook regarding status of various issues; discussion with S. Damiani regarding status of review; respond to M. Mallich regarding CMHC's questions; discussion with H. VanderLugt regarding GST issue. |
| 11/11/2011 | Bricks, Hartley | Discussion with J. Cook regarding the status of the cash flow forecast. |
| 11/11/2011 | Cook, James | Discussion with H. Bricks regarding the cash flow forecast; discussion with J. Beaton regarding timing of receipt of cash flow forecast for the property. |
| 11/14/2011 | Weisz, Daniel | Review documents received from TD Bank, review and discuss with H. Bricks on same; meet with H. Bricks and S. Damiani to discuss status of analysis of life lease units; work on report to Court. |
| 11/14/2011 | Bricks, Hartley | Discussion with D. Weisz regarding status; review of banking documents and telephone discussion with Mark Poon of TD Bank regarding same; and subsequent discussion with S. Sirju of ACC regarding same. |
| 11/14/2011 | Cook, James | Email correspondence with P. Consiglio of Sterling regarding maintenance issues; follow up with N. Lee regarding the BCA and status of start date; telephone discussion with Wasteco regarding status of account and payments going forward. |
| 11/14/2011 | Damiani, Stefano | Update the life lease tracking schedule; meeting with D. Weisz and H. Bricks; discussion with J. Cook with respect to life lease units; discussion with A. Zailer regarding mailing listing. |
| 11/15/2011 | Weisz, Daniel | Update report; review and update statements of activities. |
| 11/15/2011 | Bricks, Hartley | Discussion with D. Weisz regarding status; discussion with J. Cook regarding status; discussion with TD Bank regarding status of account. |
| 11/15/2011 | Cook, James | Follow up with N. Lee and V. Heinrichs regarding status of delivery of drawings to N. Lee and Associates in regards to preparation of the BCA; follow up with Sterling regarding the property cash flow forecast. |
| 11/15/2011 | Damiani, Stefano | Review of information provided by life lease purchasers; meeting with A. Zailer to prepare letters and update mailing listing; review of right to occupy agreements and promissory notes. |
| | | To all other administrative matters, including all meetings, telephone attendances, written and verbal correspondence to facilitate the foregoing. |

Summary of Fees

| Professional | Position | Hours | Rate | Fee |
|--|-----------------------|--------------|-------------|---------------------|
| Weisz, Daniel R. | Senior Vice President | 19.7 | \$ 575.00 | \$ 11,327.50 |
| Bricks, Hartley | Vice President | 11.3 | 480.00 | 5,424.00 |
| Cook, James | Manager | 10.5 | 385.00 | 4,042.50 |
| Damiani, Stefano | Manager | 51.7 | 385.00 | 19,904.50 |
| Weber, Haley | Senior Associate | 14.0 | 275.00 | 3,850.00 |
| Brown, Rose M. | Trust Administration | 2.3 | 160.00 | 368.00 |
| Total hours and professional fees | | 109.5 | | \$ 44,916.50 |
| HST @ 13% | | | | 5,839.14 |
| Total payable | | | | \$ 50,755.64 |

Payable upon receipt to: Deloitte & Touche Inc.



Daniel R. Weisz, CA•CIRP, CIRP
Senior Vice President

TAB 4

Court File No. CV-11-9399-00CL

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

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

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

**AFFIDAVIT OF HARRY R. VANDERLUGT
(Sworn December 12, 2011)**

I, **HARRY R. VANDERLUGT**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a partner in the law firm of Gowling Lafleur Henderson LLP ("**Gowlings**"), counsel for Deloitte & Touche, in its capacity as receiver and manager of Rose of Sharon (Ontario) Retirement Community (the "**Debtor**"). I am the billing professional for billings related to Gowlings' retainer in respect of the receivership of the Debtor and as such I have personal knowledge of the matters to which I hereinafter refer.


2. Pursuant to Order of this Honourable Court made on September 27, 2011 and effective 9:00 a.m. on September 28, 2011 (the "**Appointment Order**"), Deloitte & Touche Inc. was appointed as receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties (the "**Property**") of the Debtor.

3. Gowlings has provided services and incurred disbursements in relation to the receivership of the Debtor for the period from September 26, 2011 to October 31, 2011, as described in the Legal Costs Summary for the Debtor receivership and detailed invoice attached hereto as **Exhibit "A"** (the "**Debtor Dockets**"). The Debtor Dockets have been redacted where they reference information subject to privilege.

4. Based on my review of the Debtor Dockets my personal knowledge of this matter, the Debtor Dockets represent a fair and accurate description of the services provided and the amounts charged by Gowlings.


5. I swear this affidavit in support of the Receiver's Motion for, among other things, approval of its fees and disbursements and those of its counsel and for no other or improper purpose.

SWORN before me at the City of Toronto, in the Province of Ontario, on December 12, 2011.



Commissioner for Taking Affidavits, etc.

Clifton P. Prapret

)
)
)
)
)


Harry R. VanderLugt

THIS IS EXHIBIT "A"
TO THE AFFIDAVIT OF
HARRY R. VANDERLUGT
SWORN BEFORE ME THIS
12TH DAY OF DECEMBER, 2011.



A Commissioner for Taking Affidavits, etc.

Exhibit "A"

LEGAL COSTS SUMMARY
Receivership of Rose of Sharon (Ontario) Retirement Community

| LAWYER | YEAR OF CALL | HOURLY RATE 2011 |
|-----------------------|--------------|---------------------|
| Clifton Prophet | 1993 | \$725 |
| Michael Bussmann | 2001 | \$725 |
| Harry R. VanderLugt | 1972 | \$675 |
| Leila J. Burden Nixon | 2005 | \$490 |
| Vukica Djuric | 2009 | \$340 |
| Cara B. Sklar | 2011 | \$325 |

| SUMMARY OF ACCOUNTS | | | | | |
|---|-------------------|---|-----------------|-------------------|--------------------|
| No. | Date of Account | Fees | Disbursements | HST | Total |
| 1. | November 11, 2011 | \$23,220.50 | \$212.86 | \$3,046.34 | \$26,479.70 |
| TOTAL | | \$23,220.50 | \$212.86 | \$3,046.34 | \$26,479.70 |
| Average Hourly Rate – Before GST | | Total fees before GST - \$23,220.50 ÷ Total hours of 36.2 = \$641.45 | | | |
| TOTAL | | \$26,479.70 | | | |



montréal · ottawa · toronto · hamilton · waterloo region · calgary · vancouver · moscow · london

Exhibit "A"

Deloitte & Touche LLP
 ATTN: Dan Weisz
 Senior Vice President
 Brookfield Place
 181 Bay Street
 Suite 1400
 Toronto ON M5J 2V1

November 11, 2011
 INVOICE: 17349810

Our Matter: T988324 / 90669
 RE: Receivership of Rose of Sharon (Ontario) Retirement Community
 15 & 17 Maplewood Avenue, Toronto

TO OUR FEE:

| | |
|--------------------------------|------------------|
| Fees for Professional Services | \$23,220.50 |
| HST on Fees | 3,018.67 |
| Total Fees and Taxes | 26,239.17 |

DISBURSEMENTS:

| | |
|--------------------------------------|---------------|
| Disbursements (Taxable) | 212.86 |
| HST on Disbursements | 27.67 |
| Total Disbursements and Taxes | 240.53 |

TOTAL INVOICE BALANCE:

| | |
|--|----------------------------|
| Total for this Invoice | 26,479.70 |
| [Total HST: \$3,046.34] | |
| Please remit total invoice balance due: | In Canadian Dollars |
| | \$26,479.70 |

GOWLING LAFLEUR HENDERSON LLP

PER _____
 Harry R. VanderLugt

terms: due upon receipt
 interest at the rate of 1.3% per annum will be charged on all amounts not paid within one month from the date of this invoice

errors and omissions excluded
 GST/HST: 11936 4511 RT

November 11, 2011
 INVOICE: 17349810

Deloitte & Touche LLP
Our Matter: T988324
Receivership of Rose of Sharon (Ontario) Retirement
Community
15 & 17 Maplewood Avenue, Toronto

PROFESSIONAL SERVICES

| Date | Hours | Timekeeper | Description |
|------------|-------|-----------------------|---|
| 26/09/2011 | 1.50 | Harry R. VanderLugt | Review Residential Tenancy Act [REDACTED] |
| 27/09/2011 | 0.80 | Harry R. VanderLugt | E-message re security documents; [REDACTED] telephone attendance with and e-message Iwok solicitor re set-off and other matters; |
| 28/09/2011 | 4.70 | Harry R. VanderLugt | e-messages; review appointment order and issues; [REDACTED]; telephone attendance [REDACTED] review draft LTC management agreement and Ministry approval agreement; telephone attendance [REDACTED] re issues and revisions; revise and forward; e-message D. Weisz |
| 28/09/2011 | 0.50 | Harry R. VanderLugt | Telephone attendance [REDACTED] review Act and e-message to confirm [REDACTED]; |
| 29/09/2011 | 0.40 | Cliff Prophet | Call from [REDACTED] receiver [REDACTED]; |
| 30/09/2011 | 0.30 | Cliff Prophet | Call to union counsel; |
| 04/10/2011 | 0.80 | Leila J. Burden Nixon | Engaged in telephone call [REDACTED] |
| 04/10/2011 | 1.00 | Cliff Prophet | Call re operational dealings with nursing home; |
| 04/10/2011 | 1.10 | Harry R. VanderLugt | Tel confce [REDACTED] |
| 05/10/2011 | 0.80 | Harry R. VanderLugt | Consider [REDACTED] process and issues; e-message [REDACTED] |
| 14/10/2011 | 0.90 | Cliff Prophet | Calls with [REDACTED] re various issues; work [REDACTED]; |
| 14/10/2011 | 3.10 | Harry R. VanderLugt | Receive and review security binder and ; various issues and matters; follow [REDACTED] review leasing and occupancy; review [REDACTED], revise and comment; [REDACTED] e-message [REDACTED] |
| 17/10/2011 | 4.60 | Harry R. VanderLugt | Management Agreement- review [REDACTED] draft revisions and additional clauses; e-messages re various items and security documents |
| 18/10/2011 | 0.50 | Harry R. | Property Management Agreement: telephone attendance [REDACTED] |

terms: due upon receipt
 interest at the rate of 1.3% per annum will be charged on all amounts not paid within one month from the date of this invoice

errors and omissions excluded

November 11, 2011
 INVOICE: 17349810

| Date | Hours | Timekeeper | Description |
|------------|-------|---------------------|--|
| | | VanderLugt | [REDACTED] revisions and forward |
| 19/10/2011 | 0.20 | Harry R. VanderLugt | Telephone attendance [REDACTED] re management agreement and re additional supporting security documents |
| 20/10/2011 | 0.80 | Cliff Prophet | Calls [REDACTED] |
| 20/10/2011 | 0.70 | Harry R. VanderLugt | Tel confce [REDACTED] |
| 21/10/2011 | 1.10 | Cliff Prophet | Review of deficiency correspondence [REDACTED] of [REDACTED] |
| 26/10/2011 | 0.40 | Cliff Prophet | [REDACTED] |
| 27/10/2011 | 1.20 | Michael Bussmann | Meeting with H. van derLugt [REDACTED] considering [REDACTED] |
| 27/10/2011 | 2.10 | Cliff Prophet | Instructions for preparation of release of tenant; [REDACTED] |
| 27/10/2011 | 2.70 | Harry R. VanderLugt | Review and organize information [REDACTED] meeting [REDACTED] f/u e-messages and arrangements [REDACTED] |
| 27/10/2011 | 0.50 | Harry R. VanderLugt | Interoffice conference [REDACTED] application to project [REDACTED] |
| 28/10/2011 | 2.40 | Cara B. Sklar | Received instructions from C. Prophet; drafted and revised mutual release re termination of residential tenancy agreement; |
| 31/10/2011 | 1.90 | Vukica Djuric | Drafted the bankruptcy petition and accompanying affidavit of verification; briefly reviewed material filed on the receivership application; |
| 31/10/2011 | 1.20 | Harry R. VanderLugt | Various e-messages; review changes re employees and revision of property management agreement; [REDACTED] |

Total Fees for Professional Services \$23,220.50

DISBURSEMENTS

Taxable Costs

| | | |
|------------------|---|----------|
| Scanning Service | | \$3.25 |
| Courier | | \$24.61 |
| 30/09/2011 | Process Servers | \$105.00 |
| | VENDOR: Reliable Process Servers Inc.; INVOICE#: 49103; | |
| | DATE: 09/30/2011 - T988324; Urgent rush; Peoples Trust / Rose | |

terms: due upon receipt
 interest at the rate of 1.3% per annum will be charged on all amounts not paid within one month from the date of this invoice

errors and omissions excluded

November 11, 2011
INVOICE: 17349810

| | | |
|------------|--|------------------------|
| 30/09/2011 | of Sharon Commercial court filing of Notice of Application on Sept. 26/2011; C. Prophet | |
| | Process Servers | \$80.00 |
| | VENDOR: Reliable Process Servers Inc.; INVOICE#: 49104; DATE: 09/30/2011 - T988324; Commercial court filing of Peoples Trust v. Rose of Sharon Application Record on Sept . 26/2011; C. Prophet | |
| | Total Taxable Disbursements | <u>\$212.86</u> |

terms: due upon receipt
interest at the rate of 1.3% per annum will be charged on all amounts not paid within one month from the date of this invoice

errors and omissions excluded

November 11, 2011
INVOICE: 17349810

Remittance Copy

Client: 90669 Deloitte & Touche LLP
Matter: T988324
RE: Receivership of Rose of Sharon (Ontario) Retirement Community
15 & 17 Maplewood Avenue, Toronto
Amount Due: \$26,479.70

PAYMENT BY CHEQUE:

Please return this page with your payment payable to Gowling Lafleur Henderson LLP

Remit to: Gowling Lafleur Henderson LLP
1 First Canadian Place
Suite 1600
100 King Street W
Toronto, ON M5X 1G5
Canada

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce
Main Branch, Commerce Court, Toronto, ON
M5L 1G9

TRANSIT NUMBER: 0010-00002

BENEFICIARY ACCOUNT NAME: Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 38-51311
USD Account: 03-54112

International payments intermediary banking information:
USD BOFAUS3N (ABA 026009593)

* if paying by wire or EFT please e-mail the remittance details to payments.toronto@gowlings.com

terms: due upon receipt
interest at the rate of 1.3% per annum will be charged on all amounts not paid within one month from the date of this invoice

errors and omissions excluded

PEOPLES TRUST COMPANY
Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY
Respondent

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

(PROCEEDING COMMENCED AT TORONTO)

AFFIDAVIT OF HARRY R. VANDERLUGT
(Sworn December 12, 2011)

Gowling Lafleur Henderson LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, Ontario
M5X 1G5

Clifton Prophet
LSUC No.: 34345K

Telephone: (416) 862-3509
Facsimile: (416) 863-3509

Solicitors for Deloitte & Touche Inc., in its capacity as receiver and manager of Rose of Sharon (Ontario) Retirement Community

TAB 5

Court File No. No.CV- 11-9399-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

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

AFFIDAVIT OF ERIC GOLDEN

I, ERIC GOLDEN, of the City of Toronto, in the Province of Ontario, **MAKE OATH
AND SAY AS FOLLOWS:**

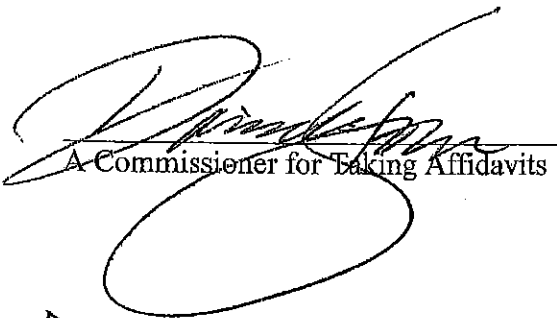
1. I am a partner with the law firm of Blaney McMurtry LLP ("**Blaneys**"). I am the billing professional for billings related to Blaneys' retainer by Deloitte & Touche Inc. ("**Deloitte**") in relation to Rose of Sharon (Ontario) Retirement Community ("**Rose**"). As such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and where so stated I verily believe it to be true.

- 2 -

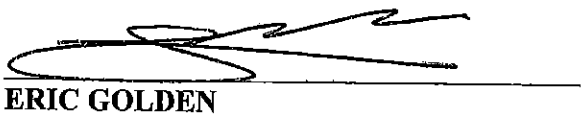
2. Pursuant to an Order of the Honourable Mr. Justice Campbell dated September 27, 2011, Deloitte was appointed as Interim Receiver and Receiver and Manager of Rose. Blaneys has provided services and incurred disbursements in relation to the receivership of Rose (the "**Receivership**") for the period from September 22, 2011 to and including October 27, 2011 as described in the Legal Costs Summary attached hereto and marked as **Exhibit "A"**, and the detailed accounts rendered by Blaneys dated September 30 and October 31, 2011 (redacted to remove privileged communication), which are attached hereto and marked as **Exhibits "B"** and **"C"** respectively (the "**Blaneys Accounts**").
3. Based on my review of the Blaneys Accounts and my personal knowledge of this matter, the Blaneys Accounts represent a fair and accurate description of the services provided and the amounts charged by Blaneys.
4. A total of approximately 26 hours were expended by Eric Golden, John Papadakis, Shawn Wolfson, Grace Kim, and various law clerks during the period noted above in performing legal services relating to the Receivership.
5. I verily believe that the hourly billing rates, outlined in detail in the Blaneys Accounts, are in the range of normal average hourly rates charged by legal counsel for services rendered in relation to engagements similar to Blaneys' engagement as counsel for Deloitte.

6. I swear this Affidavit in support of a motion for, among other things, approval of Deloitte's fees and disbursements and those of its counsel and for no other or improper purpose.

SWORN BEFORE ME at)
the City of Toronto,)
in the Province of Ontario,)
this 7th day of December, 2011)


A Commissioner for Taking Affidavits

Danielle Stone


ERIC GOLDEN

TAB A

LEGAL COSTS SUMMARY

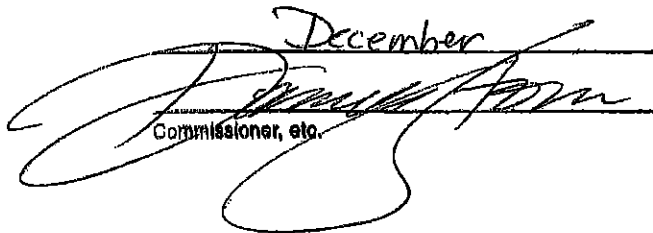
| LAWYER | YEAR OF CALL | HOURLY RATE (as of February 1, 2011) |
|----------------|-----------------|--------------------------------------|
| John Papadakis | 1994 | \$500.00 |
| Eric Golden | 1996 | \$450.00 |
| Shawn Wolfson | 2002 | \$395.00 |
| Grace Kim | 2008 | \$320.00 |
| Marvin Crotin | Corporate Clerk | \$190.00 |
| Terri Cutbush | Corporate Clerk | \$175.00 |

SUMMARY OF ACCOUNTS

| No. | Date of Account | Fees | Disbursements | H.S.T. | Total |
|---------------------------------------|--------------------|--|---------------|------------|-------------|
| 1. | September 30, 2011 | \$9,338.00 | \$247.00 | \$1,228.89 | \$10,813.89 |
| 2. | October 31, 2011 | \$877.00 | \$3.00 | \$114.40 | \$ 994.40 |
| TOTAL | | | | | \$11,808.29 |
| Average Hourly Rate - (before H.S.T.) | | Total fees (before H.S.T.): \$10,215.00 ÷ Total hours: 26 = \$392.88 | | | |

THIS IS EXHIBIT "A" TO THE AFFIDAVIT
 OF Eric Golden SWORN
 BEFORE ME, THIS 7th DAY OF

December


 Commissioner, etc.

TAB B

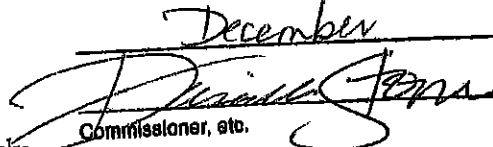
HST REGISTRATION # R119444149

COPY

PRIVATE AND CONFIDENTIAL

Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

THIS IS EXHIBIT "B" TO THE AFFIDAVIT OF Eric Golden SWORN BEFORE ME, THIS 7th DAY OF September 30, 2011
Juratice No.
463743

December

Commissioner, etc. File No.
104079-0001

Attention: Hartley Bricks
Vice President, Financial Advis

RE: **Rose of Sharon (Ontario) Retirement
Community**

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above noted matter for the period ended September 30, 2011 as more particularly described below.


| <u>Date</u> | <u>Lawyer</u> | <u>Time</u> | <u>Description</u> |
|--------------------|---------------|-------------|--|
| September 22, 2011 | EG | 0.20 | Telephone call with Hartley concerning Rose of Sharon matter; |
| September 23, 2011 | EG | 3.00 | Emails from Hartley enclosing draft appointment order; review same; arrange for prelim searches; review draft application material; telephone calls with Hartley concerning background; email to C. Prophet concerning status; |
| September 23, 2011 | TC | 0.30 | Conduct Corporate profile search regarding Rose of Sharon (Ontario) Retirement Community; Conduct PPSA verbal and certified search regarding same; |
| September 25, 2011 | GJK | 1.10 | Begin review of application record of Peoples Trust Company; |

Date
September 30, 2011

Invoice No.
463743

File No.
104079-0001

-2-

| <u>Date</u> | <u>Lawyer</u> | <u>Time</u> | <u>Description</u> |
|--------------------|---------------|-------------|--|
| September 26, 2011 | EG | 2.50 | Instructions to John Papadakis and Shawn Wolfson concerning opinion; telephone calls with Hartley concerning receivership; emails from and to Gowlings concerning receivership; instructions to clerk concerning opinion searches; discuss court search results with clerk; review appointment order; |
| September 26, 2011 | JCP | 4.50 | Consultations with E. Golden, review searches, draft opinion and schedules |
| September 26, 2011 | SW | 4.90 | Reviewing and considering copies of security provided; conducting subsearch of property; reviewing relevant registered instruments; drafting security opinion as it relates to real estate documentation; telephone conversation with and e-mail to E. Golden regarding  |
| September 26, 2011 | GJK | 1.50 | Continue review of application record; brief review of the Long Term Care Homes Act, the Local Health System Integration Act and the Nursing Homes Act; |
| September 26, 2011 | MC | 2.20 | Meet E. Golden regarding court file searches; attend court to conduct litigation search in relation to Rose of Sharon (Ontario) Retirement; review computer records relating to four files found; obtain and review files currently still in Toronto and obtain copies of documents; review storage location records in relation to file sent to storage; complete requisition to retrieve file from storage and attend to submit same to court; meet E. Golden to |

Date
September 30, 2011

Invoice No.
463743

File No.
104079-0001

-3-

| <u>Date</u> | <u>Lawyer</u> | <u>Time</u> | <u>Description</u> |
|--------------------|---------------|-------------|--|
| September 26, 2011 | TC | 0.40 | advise in relation to searches; Conduct Certificate of status search regarding Rose of Sharon (Ontario) Retirement Community; Conduct Bank Act search regarding same; Conduct Bankruptcy search regarding same; |
| September 27, 2011 | EG | 2.70 | Emails from and to Gowlings concerning appointment Order; attend in court concerning appointment order; discussions with D. Weisz concerning background; emails to Cliff concerning security opinion; |

| | |
|-----------------|------------|
| OUR FEE HEREIN: | \$9,338.00 |
| FEE HST: | \$1,213.94 |

| <u>Lawyer</u> | <u>Title</u> | <u>Hours</u> | <u>Rate</u> | <u>Amount</u> |
|-------------------|--------------|--------------|-------------|---------------|
| Eric Golden | Partner | 8.40 | \$450.00 | \$3,780.00 |
| John C. Papadakis | Partner | 4.50 | \$500.00 | \$2,250.00 |
| Shawn Wolfson | Partner | 4.90 | \$395.00 | \$1,935.50 |
| Grace J. Kim | Associate | 2.60 | \$320.00 | \$832.00 |
| M. Crotin | Clerk | 2.20 | \$190.00 | \$418.00 |
| Terri Cutbush | Clerk | 0.70 | \$175.00 | \$122.50 |

| <u>Disbursements</u> | <u>Amount</u> |
|--|---------------|
| Court Fees* - Non-Taxable | \$61.00 |
| Certificate of Status* - Non-Taxable | \$26.00 |
| Profile Report/Point in Time Report* - N | \$8.00 |
| Search - Corporate* - Non-Taxable | \$16.00 |
| Computer Searches - R.E. (Teraview) * - | \$21.00 |
| Cyberbahn Agent Service Fee | \$58.00 |
| Search - Corporate | \$6.00 |
| Computer Searches - R.E. (Teraview) | \$51.00 |

Date
September 30, 2011

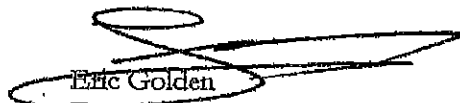
Invoice No.
463743

File No.
104079-0001

-4-

| | |
|-------------------------------|--------------------|
| TOTAL DISBURSEMENTS: | \$247.00 |
| *HST is not charged | |
| DISBURSEMENT HST: | <u>\$14.95</u> |
| TOTAL FEES AND DISBURSEMENTS: | \$9,585.00 |
| TOTAL HST: | <u>\$1,228.89</u> |
| TOTAL AMOUNT DUE: | <u>\$10,813.89</u> |

BLANEY McMURTRY LLP


Eric Golden
E. & O.E.

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

TAB C

**Blaney
McMurtry**
BARRISTERS & SOLICITORS LLP

2 Queen Street East
Suite 1500
Toronto, Canada M5C 3G5
416.593.1221 TEL
416.593.5437 FAX
www.blaney.com

HST REGISTRATION # R119444149

PRIVATE AND CONFIDENTIAL
Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1

COPY

Date
October 31, 2011

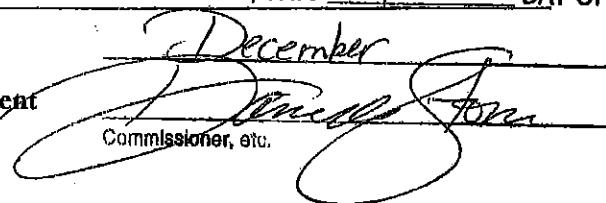
Invoice No.
465629

File No.
104079-0001

Attention: Hartley Bricks
Vice President, Financial Advis

THIS IS EXHIBIT "C" TO THE AFFIDAVIT
OF Eric Golden SWORN
BEFORE ME, THIS 7th DAY OF

RE: **Rose of Sharon (Ontario) Retirement
Community**

December

Commissioner, etc.

TO ALL PROFESSIONAL SERVICES RENDERED on your behalf in connection with the
above noted matter for the period ended October 31, 2011 as more particularly described below.

| <u>Date</u> | <u>Lawyer</u> | <u>Time</u> | <u>Description</u> |
|------------------|---------------|-------------|--|
| October 12, 2011 | MC | 1.30 | Advised by E. Golden court file from storage has arrived; attend court to obtain and review file; photocopy documents; |
| October 19, 2011 | EG | 0.80 | Email to C. Prophet concerning [REDACTED] |
| October 21, 2011 | EG | 0.20 | Telephone call with Hartley concerning status; |
| October 27, 2011 | EG | 0.40 | Email from and to Hartley concerning call; conference call with same and Danny Weisz concerning status and outstanding issues; |

OUR FEE HEREIN: \$877.00
FEE HST: \$114.01

Terms: Payment upon receipt. Interest as allowed in the Solicitors Act at a rate of .8% per annum, calculated monthly will be added to all amounts overdue 30 days or more.

Date
October 31, 2011

Invoice No.
465629

File No.
104079-0001

-2-

| <u>Lawyer</u> | <u>Title</u> | <u>Hours</u> | <u>Rate</u> | <u>Amount</u> |
|---------------|--------------|--------------|-------------|---------------|
| Eric Golden | Partner | 1.40 | \$450.00 | \$630.00 |
| M. Crotin | Clerk | 1.30 | \$190.00 | \$247.00 |

| <u>Disbursements</u> | <u>Amount</u> |
|----------------------|---------------|
| Courier | \$3.00 |

TOTAL DISBURSEMENTS: \$3.00

*HST is not charged

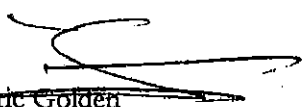
DISBURSEMENT HST: \$0.39

TOTAL FEES AND DISBURSEMENTS: \$880.00

TOTAL HST: \$114.40

TOTAL AMOUNT DUE: \$994.40

BLANEY McMURTRY LLP


~~Eric Golden~~
E. & O.E

Fees may include charges for services provided by Lawco Limited.
Details are available upon request.

PEOPLES TRUST COMPANY
Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(PROCEEDING COMMENCED AT TORONTO)**

**MOTION RECORD
(Returnable December 23, 2011)**

Gowling Lafleur Henderson LLP
Barristers and Solicitors
1 First Canadian Place
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