

**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 section 101 of the *Courts of Justice Act*, as amended

**MOTION RECORD
(returnable 17 December 2019)**

Date: 13 December 2019

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC#: 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for the Moving Party

TO: THE ATTACHED SERVICE LIST

UPDATED SERVICE LIST

AND TO: GOWLING WLG (CANADA) LLP

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

Patrick Shea

Tel: 416-862-7525
Fax: 416-863-7661
Email: Patrick.shea@gowlingwlg.com

Lawyers for Peoples Trust Company, and Deloitte & Touche Inc. in its capacity as court-appointed receiver of Rose of Sharon (Ontario) Retirement Community

AND TO: ATTORNEY GENERAL LEGAL SERVICES DIVISION

Crown Law Office – Civil
McMurtry-Scott Building, 8th Floor
720 Bay Street
Toronto, ON M7A 2S9

Attention: Eunice Machado

Tel: (416) 326-6084
Fax: (416) 326-4181
Email: Eunice.Machado@ontario.ca

Lawyers for Ministry of Health and Long-Term Care

AND TO: BELSITO, BAICHOO & RUSO/BPR LITIGATION LAWYERS

1 West Pearce Street, Suite 505
Richmond Hill, Ontario L4B 3K3

Attention: Justin P. Baichoo

Tel: (416) 512-2529
Fax: (866) 395-9140
E-mail: justin@bprlitigation.com

Lawyers for Mikal-Calladan Construction Inc., Leon Hui, Unimac Group Ltd., IWOK Corporation and 2383431 Ontario Inc.

AND TO: ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY
165 Vaughan Road
Toronto, Ontario M6C 2L9

Attention Mr. John Yoon
Tel: (416) 998-2777
Email: john.yoon@sympatico.ca

AND TO: DEPARTMENT OF JUSTICE
Exchange Tower, 130 King Street West
Suite 3400, P.O. Box 36
Toronto, Ontario M5X 1K6

Attention: Diane Winters
Tel: (416) 973-3172
Fax: (416) 973-0810
Email: diane.winters@justice.gc.ca

AND TO: MINISTRY OF FINANCE (ONTARIO)
Legal Services Branch
33 King Street West, 6th Floor
Oshawa, Ontario L1H 8H5

Attention: Kevin O'Hara, Senior Counsel
Tel: (905) 433-6934
Fax: (905) 436-4510
Email: kevin.ohara@ontario.ca

AND TO: WILLIAM L. CAMPBELL/TURFPRO INVESTMENTS INC.
112 West Street
Brantford, Ontario N3T 3G1

Tel: (519) 754-1140
Fax: (519) 754-0950
Email: bcampbell320@rogers.com

AND TO: WATEROUS HOLDEN AMEY HITCHON LLP
P.O. Box 1510, 20 Wellington Street
Brantford, Ontario N3T 5V6

Attention: Clark Holden
Tel: (519) 759-6220
Fax: (519) 759-8360
Email: law@waterousholden.com

Lawyers for Turfpro Investments Inc.

AND TO: LAVERY DE BILLY LLP
360 Albert Street, Suite 1810
Ottawa, Ontario K1R 7X7

Attention: Eugene Czolij
Tel: (613) 594-4936
Fax: (613) 594-8783
Email: ECzolij@lavery.ca

Lawyers for Canada Mortgage and Housing Corporation

AND TO: KOREAN (TORONTO) CREDIT UNION
635 Bloor Street
Toronto, Ontario M6G 1L1

Attention: Brian Kim
Tel: (416) 535-4511
Fax: (416) 535-9323
Email: briankim@koreancu.com

AND TO: VACE INVESTMENTS INC.
101 Frederick Street
Kitchener, Ontario N2H 6R2

Attention: Vern Heinrichs
Email: vheinrichs@amibsc.com

AND TO: SHELDON HUXTABLE PROFESSIONAL CORPORATION
1801 - 180 Dundas Street
Toronto, ON M5G 1Z8

Patricia L. McLean/ Peter M. Daigle
Tel: (416) 595-5151, ext. 128
Fax: (416) 595-5959
Email: pmclean@sheldonhuxtable.com / pdaigle@sheldonhuxtable.com

Lawyers for Assured Care Consulting Inc.

AND TO: BRUCE McEACHERN
31 Prince Arthur Avenue
Toronto, ON M5R 1B2

Tel: (416) 964-2247, ext. 140
Fax: (416) 960-5456
Email: bgm@ca.inter.net

Lawyer for Steven Yu and Lawrence (Myung Kyou) Kim

AND TO: WHITE, DUNCAN, LINTON LLP
45 Erb Street East, P.O. Box 457
Waterloo, ON N2J 4B5

Irwin A. Duncan
Tel: (519) 886-3340
Fax: (519) 886-8651
Email: iad@kwlaw.net

Lawyers for Vace Investments Inc. and Vern Heinrichs

AND TO: CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Stephen Schwartz
Tel: (416) 218-1132
Fax: (416) 222-8402
Email: Stephen@chaitons.com

Lawyers for York Health Care Developments Inc.

AND TO: MATTHEW R. HARRIS
100 Sheppard Avenue West, Suite 103
Toronto, ON M2N 1M6

Tel: (416) 733-8778
Fax: (416) 733-8778
Email: m.harris@matthewrharrislawyer.com

Lawyer for John Yoon and SDM Design Consulting Inc.

AND TO: ROY O'CONNOR LLP
200 Front Street West, 23rd Floor, P.O. Box #45
Toronto, ON M5V 3K2

Sean M. Grayson
Tel: (416) 362-1989
Fax: (416) 362-6204
Email: smg@royoconnor.ca

Lawyers for Richard Yoon

AND TO: GRACE KIM
15 Maplewood Avenue, Unit PH8
Toronto, ON M6C 4B4

Email: gracekim@sympatico.ca

AND TO: CALEYWRAY
65 Queen Street West, Suite 1600
Toronto, ON M2H 2M5

Attention: Jesse Kugler
Tel: (416) 775-4677
Fax: (416) 366-3293
Email: Kuglerj@caleywrap.com

Lawyers for United Food and Commercial Workers International Union, Local 175

AND TO: WEIR FOULDS LLP
66 Wellington Street West, Suite 4100
PO Box 35, TD Bank Tower
Toronto, ON M5K 1B7

Attention: Philip Cho
Tel: (416) 619-6296
Fax: (416) 365-1876
Email: pcho@weirfoulds.com

Lawyers for Arirang Age-Friendly Community Centre

AND TO: IMSEOP KIM
15 Maplewood Avenue, Unit PH8
Toronto, ON M6C 4B4

INDEX

INDEX

TAB

Notice of Motion.....	1
Tenth Report of the Receiver dated 13 December 2019.....	2
Appendix “A”: Amended and Restated Appointment Order dated September 27, 2011	A
Appendix “B”: Eighth Report of the Receiver dated May 12, 2017 (without appendices).....	B
Appendix “C”: Order of Justice Pattillo dated June 6, 2017	C
Appendix “D”: Terms and Conditions of Sale	D
Appendix “E”: Redacted Agreement of Purchase and Sale dated May 13, 2019.....	E

TAB 1

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

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

B E T W E E N:

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 section 101 of the *Courts of Justice Act*, as amended

NOTICE OF MOTION

PEOPLES TRUST COMPANY will make a motion to the Court on Tuesday the 17th of December 2019 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

THE MOTION IS FOR:

1. An Order Vesting certain property free and clear attached as Schedule "A"; and
2. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. The grounds set out in the Tenth Report of the Receiver dated 13 December 2019.
2. Such further and other grounds as counsel may advise and this Honourable Court may accept.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. The Tenth Report of the Receiver dated 13 December 2019; and
2. Such further and other evidence as this Honourable Court may permit.

13 December 2019

GOWLING WLG (CANADA) LLP

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

E. Patrick Shea (LSUC No. 39655K)

Tel: (416) 369-7399

Fax: (416) 862-7661

Solicitors for the Moving Party

TAB A

SCHEDULE "A"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	TUESDAY, THE 17 TH
)	
JUSTICE)	DAY OF DECEMBER, 2019

B E T W E E N:

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 section 101 of the *Courts of Justice Act*, as amended

APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of Rose of Sharon (Ontario) Retirement Community (the “**Debtor**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver and RYKKA Care Centres LP (the “**Purchaser**”) dated [Date] May 2019 (as amended) and appended to the Tenth Report of the Receiver dated 13 December 2019 (the “**Report**”), and vesting in the Purchaser the Debtor’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary.
2. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to: (i) subject to obtaining the approval of the Purchaser, complete the Schedules to the certificate in the form attached as Schedule A (the "Receiver's Certificate"); and (ii) take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Receiver's Certificate all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, including the property identified on **Schedule 1** to the Receiver's Certificate shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order dated 27 September 2011; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on **Schedule 2** to the Receiver's Certificate (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule 3** to the Receiver's Certificate) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for Land Titles Division of Metropolitan Toronto (64 and 66) (CRO#80) of an Application for Vesting

Order in the form prescribed by the *Land Titles Act* and/or the *Land Registrations Reform Act*, the Land Registrar is hereby directed to enter the City as the owner of the real property identified on Schedule 1 to the Receiver's Certificate (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule 3 to the Receiver's Certificate.

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

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

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

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

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

- (c) any assignment in bankruptcy made in respect of the Debtor;

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

9. **THIS COURT 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.

Schedule A – Form of Receiver’s Certificate

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

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

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Ontario Superior Court of Justice dated 27 September 2011, Deloitte Restructuring Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Rose of Sharon (Ontario) Retirement Community (the “**Debtor**”).

B. Pursuant to an Order of the Court dated [DATE] 2019, the Court approved the agreement of purchase and sale made as of [DATE] May 2019 (the “**Sale Agreement**”) between the Receiver and RYKKA Care Centres LP (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, including the real property identified on Schedule 1 which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section [Number] of the Sale Agreement have been satisfied

or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The Purchaser has consented to the attached Schedules;
3. The conditions to Closing as set out in section [Number] of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
4. The Transaction has been completed to the satisfaction of the Receiver.
5. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

DELOITTE RESTRUCTURING INC., in its capacity as Receiver of the undertaking, property and assets of Rose of Sharon (Ontario) Retirement Community, and not in its personal capacity

Per: _____

Name:

Title:

Schedule 1

Real Property

Schedule 2

Claims to be deleted and expunged from title to Real Property

Schedule 3**Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property****(Unaffected by the Vesting Order)**

TOR_LAW\ 10096712\1

Court File No.: CV-11-9939-00CL	
B E T W E E N:	
PEOPLES TRUST COMPANY Applicant	ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY Respondent
	ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) (PROCEEDING COMMENCED AT TORONTO)
	APPROVAL AND VESTING ORDER
	GOWLING WLG (CANADA) LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 Toronto, ON M5X 1G5 E. Patrick Shea (LSUC No. 39655K) Tel: (416) 369-7399 Fax: (416) 862-7661 Solicitors for the Moving Party

Court File No.: CV-11-9939-00CL		
BETWEEN:		
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 WLG (CANADA) LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 Toronto, ON M5X 1G5 E. Patrick Shea (LSUC No. 39655K) Tel: (416) 369-7399 Fax: (416) 862-7661 Solicitors for the Moving Party		

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

**TENTH REPORT TO THE COURT OF THE RECEIVER
(dated December 13, 2019)**

TABLE OF CONTENTS

INTRODUCTION	2
TERMS OF REFERENCE	3
RECEIVER'S MARKETING AND SALE PROCESS	4
AGREEMENT OF PURCHASE AND SALE	9
RECEIVER'S REQUEST TO THE COURT	13

APPENDICES

APPENDIX "A":	Amended and Restated Appointment Order dated September 27, 2011
APPENDIX "B":	Eighth Report to the Court of the Receiver dated May 12, 2017 (without appendices)
APPENDIX "C":	Order of Justice Pattillo dated June 6, 2017
APPENDIX "D":	Terms and Conditions of Sale
APPENDIX "E":	Redacted Agreement of Purchase and Sale dated May 13, 2019 between the Receiver and Rykka Care Centres LP as amended

CONFIDENTIAL APPENDICES

CONFIDENTIAL APPENDIX "A":	Summary of First Round Offers
CONFIDENTIAL APPENDIX "B":	Summary of Second Round Offers
CONFIDENTIAL APPENDIX "C":	Unredacted Agreement of Purchase and Sale dated May 13, 2019 between the Receiver and Rykka Care Centres LP
CONFIDENTIAL APPENDIX "D":	CBRE and Altus Appraisal Letters

INTRODUCTION

1. Pursuant to an Order (the "**Appointment Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated September 27, 2011 (the "**Appointment Date**"), Deloitte & Touche Inc., now known as Deloitte Restructuring 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 Amended and Restated Appointment Order is attached hereto as **Appendix "A"**.
2. Rose's principal asset is a 12-storey building (the "**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 91 life-lease units ("**Units**", and individually "**Unit**") located on floors 2, 3 and 7 through 12 (the "**Residential Component**").
3. On June 6, 2017, the Receiver brought a motion to, amongst other things, seek the Court's approval to enter into an Exclusive Listing Agreement with John A. Jensen Realty Inc. ("**Jensen**") to market and sell the Nursing Home. In support of that motion, the Receiver filed with the Court its Eighth Report to the Court dated May 12, 2017 (the "**Eighth Report**"). Based on the Eighth Report and the submissions made by counsel for the Applicant and the Receiver, the Court granted an order (the "**June 6 Order**") approving the relief sought. Copies of the Eighth Report without exhibits and the June 6 Order are attached hereto as **Appendices "B"** and "**C**", respectively.
4. The purpose of this Tenth Report to the Court (the "**Tenth Report**") is to:
 - a) provide the Court with results of the Receiver's marketing and sale process for the Nursing Home; and
 - b) request the Court issue an order approving an Agreement of Purchase and Sale dated May 10, 2019 as amended (the "**APS**"), as between the Receiver and Rykka Care Centres LP ("**Rykka**" or the "**Purchaser**") and, to the extent the conditions of the APS are satisfied, vesting in the Purchaser all the right, title and interest in the Assets

(as defined in the APS) free and clear of all liens, security interests and other encumbrances, save and except for the permitted encumbrances referred to in the APS; and

- c) request the Court temporarily seal the confidential appendices contained in the confidential supplement to this Report (the “**Confidential Supplement**”), filed with this Court from the public record until the closing of the transaction contemplated in the APS and the filing of the Receiver’s Certificate (as defined and described below) or further order of this Court.

TERMS OF REFERENCE

- 5. In preparing this Tenth Report, the Receiver has reviewed unaudited financial information and other records related to the Rose and the Nursing Home provided by Assured Care Consulting Inc. (“**ACC**”), the manager of the nursing home, and information provided by third-party sources, and has held discussions with individuals involved in administering the Nursing Home (collectively, the “**Information**”). Except as described in this report:

- (a) the Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information;
- (b) some of the information referred to in this Tenth Report consists of forecasts and projections which were prepared based on estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence, no assurance can be provided regarding the forecasted or projected results. Accordingly, the reader is cautioned that the actual results

will likely vary from the forecasts or projections, even if the assumptions materialize, and the variations could be significant; and

- (c) the Receiver has prepared this Tenth Report in its capacity as a Court-appointed officer to support the Court's approval of its course of action with respect to a sale of the Property, and the other relief being sought. Parties using this report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes.
6. Capitalized terms not defined in this report are as defined in the Appointment Order, or the Receiver's First through Ninth Reports. All references to dollars are in Canadian currency unless otherwise noted.
7. The Receiver has sought the advice of Gowling WLG (Canada) LLP ("**Gowlings**"), counsel to the Applicant, for general legal matters that have arisen in respect of the Rose receivership. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Blaney McMurtry LLP.

RECEIVER'S MARKETING AND SALE PROCESS

8. Following the issuance of the June 6 Order, and in accordance with that order, the Receiver entered into an Exclusive Listing Agreement dated June 28, 2017 (the "**Listing Agreement**") with John A. Jensen Realty Inc. ("**Jensen**") for a six-month period.
9. While the Receiver intended to have Jensen commence the sale process forthwith after the issuance of the June 6 Order, the commencement of the sale process was delayed until November 2018 as a result of the following:
- Delays in satisfying conditions imposed by the City of Toronto in connection with the Receiver's plan of condominium application. The delays involved completion of required repairs to the Property, the requirement to obtain a reserve fund study setting out the funding requirements for future repairs to the Building, and the preparation of the various condominium documents, including the Declaration and Description and the Shared Facilities Agreement, which were key documents

that would govern the future operation and costs facing a potential purchaser of the Nursing Home;

- A determination in early 2018 that it would be appropriate to seek a minor variance of the site specific by-law in respect of the allocation of the 30 parking spots in the underground parking garage, from 15 spaces to each component to 26 spaces for the Residential Component and 4 for the Nursing Home (the “**Minor Variance**”). This allocation of parking spots reflected the historic usage of parking at the facility and also freed up more parking spots to be sold with condominium units, thereby enhancing realizations. As a result, the Receiver submitted a Committee of Adjustment (the “**Committee**”) Application for the Minor Variance on June 27, 2018. The application was heard by the Committee on November 28, 2018 and a final and binding decision of the Committee approving the Minor Variance was received on December 19, 2018.
10. As a result of these delays, the Receiver accordingly extended the period of the Listing Agreement.
11. Jensen formally commenced the marketing process for the Nursing Home on November 8, 2018. Jensen’s marketing campaign consisted of:
- preparing a comprehensive information package about the Nursing Home and the investment opportunity;
 - advertising the Nursing Home on its website;
 - sending marketing information on the Nursing Home to its proprietary database of contacts of parties interested in senior’s housing opportunities as well as those parties that had previously contacted the Receiver directly expressing interest in the Nursing Home; and
 - placing two advertisements in The Globe & Mail newspaper;

12. Jensen has advised the Receiver that it received inquiries about the Nursing Home from 77 parties, 31 of which executed confidentiality agreements. Those parties which signed confidentiality agreements were provided with:
 - a confidential information memorandum prepared by Jensen; and
 - access to a secure website maintained by Jensen which contained financial and other pertinent information about the Nursing Home.
13. Jensen's marketing program, and the Terms and Conditions of Sale (the "TCS") prepared by the Receiver and attached hereto as **Appendix "D"**, incorporated a sunset date approach whereby offers were to be submitted by noon on January 15, 2019 (the "**Offer Due Date**"), which allowed interested parties over two months to conduct their due diligence and submit their offer.
14. Other key components of the TCS were (capitalized terms below are as defined in the TSC):
 - Interested Parties seeking to make an Offer were to present their Offer on the Offer Form as prepared by the Receiver and posted in the Virtual Data Room;
 - Attached as Appendix "A" to the Offer Form was a Draft APS which reflected the terms and conditions by which the Receiver was prepared to complete the sale of the Nursing Home. Offerors were directed to provide a blacklined copy of the Draft APS along with their Offer Form which indicated their requested changes to the Draft APS (the "**Marked APS**"); however, Offerors were advised that those Offers whose Marked APS adhered to the Draft APS would be preferred;
 - Offers were to be made and accepted on the basis that the Offeror has inspected the Assets described therein and has relied entirely upon its own inspection and investigation of such Assets and title to same, and has agreed that any Offer and any Transaction is on an "**as is, where is**" basis with respect to the Assets and without any representation, warranty or condition;

- No Offer containing financing condition(s) in order to fund the payment of the Purchase Price at Closing would be considered;
- All Offers were to be accompanied by a deposit representing no less than 10% of the purchase price;
- An Offeror which the Receiver determined had a reasonable prospect of completing a transaction in respect of the purchase of the Assets, would be designated a "Qualified Offeror" and would be promptly notified of such designation by the Receiver. As the case may be, the Qualified Offeror must have been able to justify its ability to carry out all of the terms and conditions of its Offer within five (5) business days following a request from the Receiver to that effect. The Receiver reserved the right to seek clarifications with respect to any and all Offers;
- The highest or any Offer would not necessarily be accepted and the Receiver reserved the right to reject any or all Offers;
- Following receipt of a Notice of Acceptance by a Qualified Offeror, the Marked APS would be negotiated and would represent a definitive agreement between the Receiver and the Qualified Offeror for the sale of the applicable Assets on the Closing Date;
- The Closing of the Transaction pursuant to the Agreement shall occur on or before 5:00 PM (Toronto Time) on the date that is no later than 20 days after the date that the Ministry of Health and Long-Term Care ("MOHLTC") issues its letter approving the transfer of the licences of the Nursing Home to the Offeror and the transfer of title to the Assets to the Purchaser would be by way of an approval and vesting order: (a) approving the Agreement and the Transaction outlined therein, and (b) vesting the Assets subject to the Agreement free and clear of any claims, charges, liens or encumbrances. The Closing is to occur upon the delivery by the Receiver to the Purchaser of a Receiver's certificate (the

“Receiver’s Certificate”) certifying that all conditions precedent in the Agreement have been satisfied or waived and that the balance of the Purchase Price, including applicable taxes, has paid in full by the Purchaser by irrevocable wire transfer, certified cheque or bank draft.

15. By the Offer Due Date, the Receiver received six Offers (the **“First Round Offers”**). A summary of those Offers is in the attached **Confidential Appendix “A”**.
16. Of the First Round Offers, the Receiver concluded that four Offerors had a reasonable prospect of completing a transaction and designated them each to be Qualified Offeror. The Receiver wrote to each of the Qualified Offerors on January 17, 2019 to: i) advise them that they had been designated as a Qualifying Offeror, ii) seek clarification on certain parts of their Offer, and iii) allow them to submit an amended Offer Form with an improved purchase price, should they so desire. The Qualified Offerors were provided until 5:00 pm on January 28, 2019 (the **“Second Offer Due Date”**) to submit their amended Offer Form.
17. By the Second Offer Due Date, the Receiver had received responses from all four Qualified Offerors, three of whom elected to increase their purchase price (the **“Second Round Offers”**). A summary of those Second Round Offers is in the attached **Confidential Appendix “B”**.
18. As a result of the Second Round Offers received, the Receiver determined that the offer from Rykka Care Centres LP (**“Rykka”** or the **“Purchaser”**) represented the best Offer in the circumstances. It made this determination based on the following:
 - Rykka has significant senior’s housing experience, owning nine long-term care homes and two retirement communities;
 - Rykka’s Managing Partner, Responsive Management Inc., has significant experience with the MOHLTC’s license transfer process, having been involved in 11 license transfers in the last 9 years. They advised that they have developed a “comprehensive proprietary licence transfer package template” that they use to “ensure an efficient expedited process which results in faster license transfers by

anticipating the MOHLTC's questions and concerns and being transparent and forthright in the information provided upfront". The Receiver considered this to be an important qualification since the Nursing Home's licences were non-profit licences, whereas Rykka is a for-profit entity, and, while the Receiver is aware that the *Long-Term Care Homes Act, 2007* (the "LTCHA") permits the transfer of non-profit licences to a for-profit entity in circumstances such as these receivership proceedings, the Receiver has been advised by the MOHLTC that there have been no previous applications for such a transfer since the LTCHA was enacted;

- Rykka's advised that while their offer included a due diligence condition, they had completed substantially all of their operational due diligence prior to submitting their Offer and that their remaining due diligence would centre around obtaining environmental and building condition reports and searching title; and
- Rykka's Offer provided the highest purchase price of the Second Round Offers by a significant margin.

19. As a result, on February 4, 2019, the Receiver wrote to Rykka to notify them that their Offer had been accepted, subject to negotiating acceptable terms of a definitive Agreement of Purchase and Sale (the "APS"). On that day, the Receiver also wrote to the other Second Round Offers to advise them that the Receiver had elected to proceed with another offer. The deposits received from all of the unsuccessful Offerors were then returned.

AGREEMENT OF PURCHASE AND SALE

20. Subsequent to the Receiver's acceptance of Rykka's offer, the Receiver entered into discussions with Rykka to negotiate the APS. Those discussions resulted in the Receiver and Rykka executing the APS on May 13, 2019. A redacted copy of the APS is attached hereto as **Appendix "E"**, and the unredacted copy is attached as **Confidential Appendix "C"**.

21. A key term of the APS is a Due Diligence Condition, primarily for the purpose of investigating title to the Property. The Due Diligence Period was 45 days from the date of the APS. On June 28, 2019, Rykka requested, and the Receiver agreed to, a 16-day extension of the Due Diligence Period to allow Rykka to complete its title searches. The parties agreed to further extensions of the Due Diligence Period until, on July 25, 2019, the parties executed a Waiver and Amending Agreement to the APS which, amongst other things:
- amended the definition of Closing Date to the date which is fifteen (15) days immediately following the later of written confirmation from the Vendor to the Purchaser that: (a) the Approval and Vesting Order has been granted, and (b) the MOHLTC has approved the purchase by the Purchaser contemplated under this Agreement and the MOHLTC has issued or approved the Purchaser for transfer of the Licence(s) or for issue of licences similar to the Licence(s) to the Purchaser; or such earlier date as agreed by the parties, but in no event will the Closing Date be later than September 1, 2020;
 - waived the Due Diligence Condition;
 - provided for the Purchaser to be satisfied with the documents for the registration of the condominium on or prior to January 31, 2020, defined as the Further Due Diligence Condition; and
 - provided for the parties to mutually agree on the form and content of the Shared Facilities Agreement by September 15, 2019;
22. As a result of continued delays in the completion of the plan of condominium, the parties were unable to meet the September 15, 2019 deadline for mutual agreement on the form and content of the Shared Facilities Agreement. After a number of extensions of that date without any resolution of the plan of condominium with the City of Toronto, the parties agreed to amend the APS such that the entering into of a Shared Facilities Agreement and any other agreement(s) required by the City of Toronto in connection with the plan of

condominium in form and substance satisfactory to the Purchaser would be a condition of Closing.

23. Other key terms of the APS are as follows:

- The Vendor is selling the Assets on an “as is, where is” basis as they exist on the Closing Date, with no representation, warranty, or condition expressed or implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality, or assignability;
- Rykka shall offer employment to all Salaried Employees on terms no less favourable in the aggregate to the same terms and conditions as they had been employed by Rose and will recognize the seniority and years of service of the Salaried Employees with Rose;
- Rykka shall become the successor employer with respect to those employees who are members of the United Food and Commercial Workers International Union, Local 175 (the “**Unionized Employees**”);
- An approval and vesting order (the “**AVO**”) will have been made by the Court approving the APS and the Transaction and vesting in the Purchaser all the right, title and interest of the debtor in the Assets free and clear of all liens, security interests and other encumbrances, save and except for the Permitted Encumbrances; and
- The Closing of the Transaction is to occur within fifteen (15) days following the satisfaction of the conditions to Closing.

24. Rykka has paid all of the deposits required under the APS, as amended, and those funds are being held in trust by Gowlings pending Closing of the Transaction.

25. The Receiver is seeking this Court’s approval of the APS. In support of that request, the Receiver notes the following:

- i) as described above, the marketing process effectively canvassed and exposed the Nursing Home to the market, and generated significant interest resulting in six Offers;
 - ii) the purchase price being offered by Rykka represents commercially reasonable value, being the highest of the six Offers received and also exceeding two market value appraisals obtained by the Receiver in 2018 (the “**Appraisals**”). Summary copies of those Appraisals are attached hereto in **Confidential Appendix “D”**;
 - iii) the Purchaser is an experienced senior’s housing operator and has previously successfully navigated the MOHLTC’s licencing transfer process;
 - iv) the Purchaser has advised the Receiver that it intends to continue to operate the Nursing Home as a Korean-focused facility, which the Receiver believes is a key component to obtaining MOHLTC approval;
 - v) the Purchaser will offer employment to all salary staff and will become a successor employer for all Unionized Employees;
 - vi) the sale will allow for a permanent operator and employer to assume management of the Nursing Home, bringing the receivership of this portion of the Property finally to a close; and
 - vii) Peoples Trust Company, the first secured creditor who expects to experience a shortfall on its loan to Rose, has advised the Receiver that it approves of the sale to Rykka.
26. Should this Court approve the APS and issue the AVO, the Receiver will work with Rykka to obtain MOHLTC approval for the transfer of the bed licences to Rykka pursuant to the provisions of the LTCHA. Based on discussions with the MOHLTC, and the Receiver’s experience with previous license transfers, the process could take up to or in excess of six months to complete before the licence transfer is approved. The Receiver will also continue to work with the City of Toronto to register the condominium and

negotiate the Shares Facilities Agreement or any other agreement(s) that are necessary to register the condominium. The issues raised by the City of Toronto may require that the Receiver apply for a further minor variance of the site-specific by-law and/or the entering into of a formal agreement with respect to the facilities that will be available to the condominium residents going forward.

27. To the extent that this Court does not approve the Receiver completing the APS or if the APS is approved by the Court but is not completed for other reasons, public disclosure of the offers received and the contents of the APS, including the purchase price, as well as the Appraisals, could materially negatively impact the Receiver's re-marketing of the Nursing Home. For that reason, the Receiver is seeking an Order of this Honourable Court to seal the Confidential Supplement which contains the unredacted copies of Confidential Appendices "A", "B" and "C" and Confidential Appendix "D" until the Receiver's Certificate has been filed with this Honourable Court.

RECEIVER'S REQUEST TO THE COURT

28. For the reasons set out above, the Receiver recommends that the Court make an Order;
- i) approving the activities of the Receiver in executing the marketing and sale process for the Nursing Home;
 - ii) approving the APS, together with any further amendments thereto deemed necessary by the Receiver in its sole opinion, for the Sale of the Nursing Home to Rykka, and authorizing and directing the Receiver to carry out the terms of the APS;
 - iii) vesting Rose's right, title and interest in the Nursing Home to Rykka subject to the filing by the Receiver of a Receiver's Certificate; and
 - iv) temporarily sealing the Confidential Supplement, together with the confidential exhibits thereto, filed with this Court from the public record until the Closing of the Transaction and the filing of the Receiver's Certificate or further order of this Court.

All of which is respectfully submitted to this Honourable Court.

DATED this 13th day of December, 2019.

DELOITTE RESTRUCTURING 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

Per:

Deloitte Restructuring Inc.

Paul Casey, CPA, CA, FCIRP, LIT
Senior Vice-President

Hartley Bricks, MBA, CPA, CA, CIRP, LIT
Senior Vice-President

TAB A

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	TUESDAY, THE 27 th 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, subject to the foregoing reconciliations, 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.

- 6 -

- (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, at least one of which will describe the account holder as "Deloitte & Touche Inc. as Rec. & Mgr. of Rose of Sharon (Ontario) Retirement Community" (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,

- 14 -

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 ~~the~~ 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. _____

- 15 -

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.



Natasha Brown
Registrar

FILED AT THE COURT OF COMMON PLEAS
CASE NO.
LEAD/CHARGE/REFERENCE NO.

DEC 23 2011

RECEIVED



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-11-9399-00CL	
PEOPLES TRUST COMPANY Applicant	ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY Respondent
ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)	
<u>AMENDED AND RESTATED</u> 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) 268-9900 Facsimile: (416) 862-7661 Lawyers for the Applicant, Peoples Trust Company	

TAB B

000119

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

EIGHTH REPORT TO THE COURT OF THE RECEIVER
(dated May 12, 2017)

TABLE OF CONTENTS

INTRODUCTION	4
TERMS OF REFERENCE	10
STATUS OF CONVERSION TO CONDOMINIUMS	11
STATUS OF THE REMEDIATION OF BUILDING DEFICIENCIES	14
STATUS OF LIFE-LEASE RESIDENCE AND UNIT HOLDERS	15
NURSING HOME UPDATE	20
MARKETING AND SALE PROGRAMS	22
STATEMENT OF CLAIM	26
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS	27
STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL	28
RECEIVER'S REQUEST TO THE COURT	29

APPENDICES

- APPENDIX "A": Amended and Restated Appointment Order dated September 27, 2011
- APPENDIX "B": Seventh Report to the Court of the Receiver dated March 3, 2015
- APPENDIX "C": Order of Justice Wilton-Siegel dated March 6, 2015
- APPENDIX "D": Letter to Gowling Lafleur Henderson LLP from the City of Toronto City Planning Division dated July 11, 2016 re Notice of Decision Under S. 51(37) of The Planning Act
- APPENDIX "E": Schedule of 48 Peoples Priority Units
- APPENDIX "F": Settlement Agreement between Mugungwha Homes and Peoples Trust Company concerning Unit 207
- APPENDIX "G": Copy of the Affidavit of Service of Eric Golden sworn March 6, 2015, that was before Justice Wilton-Siegel on March 6, 2015, as well as Mr. Golden's letters dated March 4 and March 19, 2015 to the tenants of Unit PH8, Mr. Golden's emails dated March 10, 2015, to the entire email Service List (including Justin Baichoo) and to Justin Baichoo individually, and Mr. Golden's letters of March 10, 2015 to Justin Baichoo and Leon Hui
- APPENDIX "H": Agreement to Lease between Imseop Kim and Grace Kim and Unimac Group Ltd. dated June 28, 2014 for Unit PH8 along with copy of cheque
- APPENDIX "I": Notice to End Tenancy For Non-payment of Rent dated March 9, 2017
- APPENDIX "J": Summary Statement of Income for the Period January 1 to December 31, 2016 for the Nursing Home
- APPENDIX "K": Receiver's Interim Statement of Receipts and Disbursements for the period September 28, 2011 to March 31, 2017
- CONFIDENTIAL APPENDIX "A": Residential Condominium Marketing and Sales Agreement between Milborne Real Estate Inc. and Deloitte Restructuring Inc.
- CONFIDENTIAL APPENDIX "B": Exclusive Listing Agreement between John A. Jensen Realty Inc. and Deloitte Restructuring Inc.

INTRODUCTION

1. Pursuant to an Order (the "**Appointment Order**") of Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated September 27, 2011 (the "**Appointment Date**"), Deloitte & Touche Inc., now known as Deloitte Restructuring 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 Amended and Restated Appointment Order is attached hereto as **Appendix "A"**.
2. Capitalized terms not defined in this report are as defined in the Appointment Order, or the Receiver's First through Sixth Reports. All references to dollars are in Canadian currency unless otherwise noted.
3. Rose's principal asset is a 12-storey building (the "**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 91 life-lease units ("**Units**", and individually "**Unit**") located on floors 2, 3 and 7 through 12 (the "**Life-Lease Residence**").
4. The Receiver's Third Report to the Court dated February 19, 2013 (the "**Third Report**") provided the Court with, among other things, the history of the Property, the construction of the Property, a detailed analysis of the Units purchased in the Life-Lease Residence, the categorization of the Units and those claiming an interest in those Units, details on the terms of the loan provided by Peoples Trust Company ("**Peoples**") used to fund construction of the Property (the "**Construction Loan**"), the competing interests in the Property, and the Receiver's position on priority of the first mortgage registered against title to the Property (the "**Construction Mortgage**") and held by Peoples as against the other various agreements, loans, notes, liens, charges and mortgages registered and unregistered against the Property (the "**Priority Issue**").
5. The Receiver's Fourth Report to the Court (the "**Fourth Report**") dated March 11, 2013, provided the Court with an update on the Receiver's activities in respect of its motion for the appointment of Kronis, Rotzstain, Margles, Cappel LLP ("**KRMC**") as representative

counsel ("**Representative Counsel**") of arm's length purchasers of 28 Units in the Life-Lease Residence (the "**ALUs**"), composed mostly of persons of Korean Heritage, many of whom are elderly and/or have a limited grasp of English. The Fourth report also included re-categorization of certain Unit-holders into or out of the ALU category, and addressed procedural matters related to the appointment of Representative Counsel. The Receiver had proposed the appointment of representative counsel would be to the general benefit of the Rose estate and the ALUs, and would allow for the Priority Issue to be dealt with in a more efficient process.

6. On April 8, 2013, Peoples served its motion materials (the "**Priority Motion**") seeking priority over all of the mortgages registered against the Property and over the Life-Lease Claimants (as defined in the Priority Motion, and essentially being all persons having an interest in the Property, except for those having construction lien claims found to be valid and in priority to Peoples).
7. On April 11, 2013, Justice Mesbur issued an Order approving the appointment of KRMC as Representative Counsel in respect of the Priority Motion for the group that what would eventually consist of only the ALUs (the "**Representative Counsel Order**").
8. On September 10, 2013, the date scheduled for the hearing of the Priority Motion, Gowlings advised the Court that Peoples and the Receiver had reached a settlement with the ALUs in respect of the Priority Motion, representing 28 Units in the Life-Lease Residence (the "**ALU Settlement**"), and sought the Court's approval of the ALU Settlement. Justice Mesbur approved the ALU Settlement and issued an Order (the "**ALUs Settlement Approval Order**") to that effect. There was no opposition to the ALU Settlement at that time (as noted in Justice Mesbur's Endorsement, Justin Baichoo attended on the motion as counsel for both Unimac Group Ltd. ("**Unimac**") and IWOK Corporation ("**IWOK**"). Unimac was the general contractor for the Building, and both it and IWOK held mortgages over the Property at different points in time (IWOK held a fifth mortgage as of September 10, 2013). Unimac and its principal, Leon Hui, also claimed an interest in seven Units. Leon Hui was also an officer and director of IWOK. Other mortgagees as of September 10, 2013, included Turfpro Investments Inc.

("Turfpro", a third and a fourth mortgagee), which also claimed an interest in seven Units. The remaining issues concerning the Priority Motion were adjourned to November, 2013.

9. As summarized in the Receiver's Fifth Report to the Court dated December 10, 2013 (the "**Fifth Report**"), the continuation of the Priority Motion resulted in the following Orders:
 - (a) on November 14, 2013, Justice Mesbur ordered and declared that Peoples was entitled to priority over the claims of all persons claiming an interest in 25 non-ALU Units in the Property, except for any construction lien claims found to be valid and prior by a judge presiding over the Superior Court of Justice (Commercial List) (the "**November 14 Priority Claims Order**"). These 25 non-ALU Units consisted of sixteen (16) Released and Vacant Units, three (3) Turfpro RTOA Units, two (2) Turfpro Option Units identified as Units 310 and PH3, one (1) Unsold and Vacant Unit, and three (3) Units in which John Yoon or Moon Yoon claimed an interest;
 - (b) on November 22, 2013, Justice Mesbur made an order (the "**ILA Order**") that KRMC be discharged as Representative Counsel and that it perform a new mandate to provide independent legal advice ("**ILA**") to certain individual unrepresented non-ALUs (the "**ILA Mandate**", ultimately encompassing Unit-holders of 6 Units purchased by non-ALUs, separate and apart from the 25 Units set out in subparagraph (a) above) who had entered, or would be entering, into settlements with Peoples regarding their Units ("**ILA Unit-holders**"); and,
 - (c) on November 22, 2013, Justice Mesbur made an order refusing to admit the supplementary affidavit of Leon Hui sworn November 11, 2013 on behalf of Unimac (the "**Second Hui Affidavit**"), and adjourning the remaining issues in the Priority Motion to December 13, 2013.
10. On December 13, 2013, Justice Mesbur issued an Order (the "**December 13 Order**") that, among other things:

- (a) approved settlements between Peoples, the Receiver and Unit-holders claiming an interest in 14 additional non-ALU Units (the “**December 13 Settlements**”);
 - (b) declared that Peoples is entitled to priority over the claims of all persons claiming an interest in 17 Units, except for any construction lien claims found to be valid and prior; and
 - (c) declared that Peoples is entitled to priority over the claims of IWOK and Turfpro, including any assignees, claiming under four subordinate mortgages.
11. On January 9, 2014, Madam Justice Kiteley heard and denied a motion brought by Unimac for leave to appeal Justice Mesbur’s decision of November 22, 2013, refusing to admit the Second Hui Affidavit.
12. On February 4, 2014, 2383431 Ontario Inc. (“**238**”) appealed the December 13 Settlements, alleging, among other things, that 238 never received any notice of the receivership proceedings, including the motion for approval of the December 13 Settlements (the “**238 Appeal**”). On or about September 26, 2013, 238 had taken an assignment of the second mortgage registered against the Property.
13. Unimac was claiming an interest in six Units (including Unit PH8) and Leon Hui was claiming an interest in one Unit. On February 6, 2014, the Unimac/Leon Hui portion of the Priority Motion was heard by Justice D. M. Brown, who granted an Order declaring that Peoples’ security is entitled to priority over “over the claims of all persons, including Unimac and Leon Hui, claiming an interest in” the Unimac Units and the Leon Hui Unit (the “**February 6 Order**”).
14. On February 18, 2014, Unimac appealed the February 6 Order (the “**Unimac Appeal**”).
15. The Receiver’s Sixth Report to the Court (the “**Sixth Report**”) dated May 16, 2014 provided the Court with an update on the disposition of matters involved in the Priority Motion since December 10, 2013, including providing the Court with information with respect to 238.

16. On July 4, 2014, Justices Feldman, MacPherson and Cronk heard the 238 Appeal and the Unimac Appeal. Both appeals were dismissed.
17. The Receiver's Seventh Report to the Court (the "**Seventh Report**") dated March 3, 2015 provided the Court with an update on, among other things, the rehabilitation work at the Building, the status of the conversion of the Nursing Home and Life Lease Units to condominiums, the status of litigation involving Rose of Sharon and the status of the Occupied Units (as defined in the Seventh Report). Additionally, the Receiver sought approval for, among other things, a settlement of a construction lien action, and an increase in the amount that the Receiver is authorized to borrow pursuant to paragraph 20 of the Appointment Order, which funds would substantially be used to fund the rehabilitation work at the Building. The Seventh Report without exhibits is attached hereto as **Appendix "B"**.
18. On March 6, 2015, Justice Wilton-Siegel issued an Order (the "**March 6 Order**") that, among other things:
 - i) approved the settlement of the construction lien action, including sealing an unredacted version of the Minutes of Settlement until the completion of the Minutes of Settlement;
 - ii) in respect of the Occupied Units, ordered that Unimac, John Yoon, Moon Yoon, and Leon Hui:
 - a) each provide an accounting of funds received;
 - b) pay to the Receiver funds received since July 31, 2014; and
 - c) provide the Receiver with copies of any and leases;
 - iii) in respect of defined "Occupied Units", ordered that all tenants of those Units:
 - a) produce on or before March 31, 2015, information required in the Notices to Tenants, Demands for Particulars of Tenancy Agreement and Notices of Rental Attornment (the "**Notices**") that were served by the Receiver; and,

- b) commence paying rent to the Receiver from the date of the March 6 Order forward based on the terms of their lease, and, to the extent there is no lease, at market rates as determined by the Receiver;
- iv) increased the amount that the Receiver is authorized to borrow pursuant to paragraph 20 of the Appointment Order from \$2,500,000 to \$6,500,000; and
- v) approved the fees and disbursements of the Receiver to November 30, 2014, of Blaneys McMurtry LLP ("**Blaneys**") to September 30, 2014, of Gowling WLG Canada LLP ("**Gowlings**") to December 31, 2014, and KRMC to March 6, 2015.

A copy of the March 6 Order is attached hereto as **Appendix "C"**.

19. The purpose of this Eighth Report to the Court (the "**Eighth Report**") is to:

- a) provide the Court with an update on the rehabilitation works at the Rose of Sharon building;
- b) provide the Court with the status of the conversion of the Property to condominiums;
- c) provide the Court with an update on the Life-Lease Residence and its Unit-holders;
- d) seek the Court's approval to enter into a conditional settlement agreement with Mugungwha Homes with respect to Unit 207;
- e) provide the Court with an update on the operations of the Nursing Home;
- f) seek the Court's approval to enter into a Marketing and Sales Agreement with Milborne Real Estate Inc. for the marketing and sale of the available residential condominium units as set out further below;
- g) seek the Court's approval to enter into an Exclusive Listing Agreement with John A. Jensen Realty Inc. to market and sell the Nursing Home;
- h) provide the Court with an update on the Statement of Claim Rose, by its Receiver, issued and served against Trisura Guarantee Assurance Company ("**Trisura**", the

surety who issued a Performance Bond in respect of the construction of the Property), Unimac (the general contractor on the project), and other parties involved in the construction of the Property (the “**Building Action**”);

- i) seek an Order requiring that Grace Kim and Imseop Kim (collectively, the “**Kims**”) vacate Unit PH8 at the Property, a Declaration that the purported lease entered into for that Unit is void *ab initio*, and should the Kims take the position they are tenants, Judgment against the Grace Kim for the rent owing for the rental of Unit PH8 since the date of the March 6 Order;
- j) seek a Declaration that KRMC has fulfilled its ILA Mandate, and an Order discharging KRMC from its ILA Mandate;
- k) seek the Court’s approval of the Eighth Report, and the actions and activities of the Receiver from December 1, 2014 to March 31, 2017;
- l) seek the Court’s approval of the Receiver’s Interim Statement of Receipts and Disbursements for the period from September 27, 2011 to March 31, 2017;
- m) seek the Court’s approval of the Receiver’s fees incurred for the period December 1, 2014 to December 31, 2016; and
- n) seek the Court’s approval of the fees of Blaneys and KRMC as detailed more fully herein.

TERMS OF REFERENCE

- 20. In preparing this Eighth Report, the Receiver has relied upon the books and records of Rose. In addition, the Receiver has relied upon information provided by Unit-holders, or parties claiming to have a direct or indirect financial interest in Life-Lease Units.
- 21. The Receiver has compared certain information contained in Rose’s records to information that has been provided by Unit-holders. While the Receiver has reviewed certain information for reasonableness, the Receiver has not performed an audit or other

verification of information that is contained in Rose's records or that has been provided to the Receiver and expresses no opinion thereon.

22. The Receiver has sought the advice of Gowlings, counsel to the Applicant, for general legal matters that have arisen in respect of the Rose receivership. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Blaneys.

STATUS OF CONVERSION TO CONDOMINIUMS

23. In paragraphs 187 through 193 of the Third Report, the Receiver reported on the status of the conversion of the Building to condominiums and that the deadline for submission of materials to the City of Toronto (the "City") in respect of approval of the Draft Plan of Condominium was May 26, 2013. In the Fifth Report, the Receiver advised that by letter dated April 19, 2013, the City had agreed to extend the deadline for the submission of materials to April 19, 2014.
24. Prior to the expiration of the April 19, 2014 deadline, Gowlings contacted the City to seek a further extension. The City did not respond to the Receiver's request and, as a result, the draft approvals of the plans of condominium for the Nursing Home and the Life-Lease Residence portions of the Building lapsed.
25. As a result, the Receiver was required to submit a new application for draft approval to the City. The Receiver engaged Sedun + Kanerva Architects Inc. ("Sedun") to finalize the condominium application and certify that the easements and reciprocal rights of ways are correctly identified in the Declaration. The Receiver also engaged Norman Lee & Associates ("NLA") to provide the certification required by the City that the Property had been completed in accordance with the *Condominium Act*. As discussed below, the Receiver had previously engaged NLA to prepare a Building Audit Report ("BAR"), the results of which were set out in the Third Report, and to manage the commissioning of the Building's mechanical and HVAC systems. As a result, NLA was intimately familiar with the Property. NLA advised the Receiver that in order to provide the certification required by the City (that the Property had been completed in accordance with the *Condominium Act*), substantially all of the deficiencies identified in the BAR needed to

be rectified. The progress in completing the rectification of the deficiencies is discussed further below.

26. In December 2015, the Receiver submitted a new application to the City (the “**Condo Application**”) for a Draft Plan of Standard Condominium (the “**Draft Plan**”). The Condo Application differs from the original application submitted by Rose in that it involves only the Life-Lease Residence and its 91 units (the Life Lease Residence previously was reported to have 90 units; however, it was determined that at some point one of the units, Unit 5 on level 12, had been bifurcated into two units, Units 5 and 7, identified as PH4 and PH6, resulting in 91 units), whereas the original application included applications for both the Life-Lease Residence and the Nursing Home. The decision to not proceed with the Nursing Home application was made to save the costs that would be involved in that separate application and also reflects the advice received from Gowlings that an eventual purchaser of the Nursing Home would expect to purchase a fee simple interest rather than a condominium.
27. By letter dated July 11, 2016, attached hereto as **Appendix “D”**, the City provided its approval of the Condo Application subject to certain conditions attached to the letter. The conditions for approval are summarized as follows:
 - the plans submitted for final approval and registration must be substantially in accordance with the approved draft plans;
 - confirmation that taxes have been paid in full and that there are no outstanding City initiated assessment or tax appeals;
 - the filing of a complete copy of the final version of the Declaration and Description which includes: i) a schedule containing an opinion from the declarant’s solicitor that the legal description is correct and the easements mentioned in the schedule will exist in law upon the registration of the Declaration and Description, and ii) the certification of NLA that the Building has been constructed in accordance with the regulations made under the Condominium Act;

- visitor parking spaces will be clearly delineated on the condominium plan to be registered and that the Declaration shall contain a clause clearly specifying visitors parking shall form part of the common elements and neither be used by or sold to unit owners or be considered part of the exclusive use portions of the common elements;
 - the final Declaration and Description shall contain a provision concerning parking units for persons with physical disabilities;
 - the filing of certificates with respect to the creation of necessary easements;
 - the Declaration must contain necessary wording respecting reciprocal rights-of-way/easements between the owners of the condominium to be established and the freehold lands, for vehicular access to and use of the underground garage, parking spaces, loading area and garbage/recycling storage room;
 - establish separate water meters for the non-condominium lands or include wording in the Declaration that the services are to be shared and designate who will be responsible to the local water authority for payment of the water bill;
 - the Parties (assumed to be the owner and the Nursing Home) will have entered into a Cost Sharing Agreement with respect to the shared services and/or any other shared facilities; and
 - Rose must convey to the City a 2.2 metre strip of land, in perpendicular width across the entire Vaughan Road frontage of the Property.
28. The Receiver and Gowlings are working towards satisfying the conditions and anticipate being in a position to apply for final approval in late Spring 2017.
29. Once the application for final approval of the Draft Plan is submitted, the Receiver has been advised by Gowlings that it typically takes one to two months to receive final approval from the City.

STATUS OF THE REMEDIATION OF BUILDING DEFICIENCIES

30. As discussed in its Third Report, upon its appointment, the Receiver authorized certain immediate repairs to the mechanical systems to ensure that the HVAC system was functioning appropriately, and for certain rooftop mechanical pumps to repair leaks and bring the systems into proper functioning capacity. As noted above, the Receiver also engaged NLA to conduct a BAR of the Property. NLA undertook a thorough review of the Building and in March 2012 delivered the BAR. As detailed in the BAR, NLA identified a number of deficiencies in the Building, the most significant of which involved the windows, glass sliding doors, balcony guardrails, roof and garage waterproofing, mechanical issues and exterior walls and caulking. A summary of the deficiencies identified in the BAR is set out in Appendix "F" attached to the Seventh Report.
31. As a result of the disposition of the Priority Motion, Peoples advised the Receiver that it was in a position to move forward with funding the balance of the Building remediation in order to meet the requirements for application to the City of the Draft Plan. At the Receiver's direction, NLA prepared tender packages for the Building envelope repairs that were required to be made to obtain the certification. The general scope of Building envelope work involved:
- removal of existing windows, frames, and sliding doors metal panels, and supply and installation of new aluminium framed thermal windows, insulated metal panels, insect screens, and insulated metal patio doors;
 - retrofitting of existing guardrails at all balconies to meet dimensional requirements of the Ontario Building Code;
 - tuckpointing of all missing or prematurely deteriorated brick mortar joints; and,
 - installation of new metal flashing at specified areas.
32. As a result of the tender process, the Receiver entered into a Standard Construction Document CCDC2-2008 with KC Structural Ltd. dated July 25, 2014 (the "**Remediation**

Contract”). The base amount of the Remediation Contract was \$2,375,400 plus HST. After incorporating NLA’s fees in respect of the design, tendering and project management of the Remediation Contract, and the addition of a performance bond and a labour and material payment bond, the total cost of the Remediation Contract was \$3,048,499 including HST. The Remediation Contract was completed in late fall of 2015.

33. In addition to the Remediation Contract, the Receiver engaged contractors to repair other Building envelope deficiencies, including repair of deteriorated concrete in the underground parking garage and installation of a waterproofing membrane, and waterproofing the mechanical penthouse, at a cost of \$136,617 including HST.

STATUS OF LIFE-LEASE RESIDENCE AND UNIT HOLDERS

34. The various court appearances, orders and endorsements concerning the Priority Motion are discussed in paragraphs 4 to 16 above, the net result of which is the following:

- The ALU Settlement (28 Units, but as the result of the bifurcation of Unit PH6 into PH4 and PH6, now 29 Units) and the December 13 Settlements (14 Units) (collectively, the “**Settlements**”), as approved by the ALUs Settlement Approval Order and the December 13 Order, respectively, and the proposed settlement with Mugungwha Homes for Unit 207 as discussed below, allowed for holders of Right to Occupy Agreements (“**RTOAs**”) representing 44 units (the “**Settlement Units**”) to continue to occupy their unit pending the conversion of the Building to condominiums, at which point those settling Unit-holders can elect to close the purchase of their unit(s) by the payment of amounts as stipulated in the settlements, or abandon their interest in their Units. Upon the final approval of the Plan of Condominium, the Receiver will provide the parties to the Settlements with a Purchase Notice as provided for in the ALUs Settlement Approval Order and the December 13 Order. The Purchase Notice will set out the total amount due on closing should they elect to purchase their unit, which amount will include the settlement amount owing plus any unpaid common area maintenance fees and unpaid interest required to be paid pursuant to RTOAs (the “**Unit Purchase Price**”). Those parties will have 60 days from the date of Purchase Notice to pay

the Receiver the Unit Purchase Price, failing which the Receiver will be free to sell the Unit free and clear of any and all claims of the Unit-holder; and,

- The November 14 Priority Claims Order (24 Units), the December 13 Order (17 Units) and the February 6 Order (7 Units) declared that Peoples is entitled to priority over the claims of all persons claiming an interest in 48 Units. After consideration of the proposed settlement with Mugungwha Homes for Unit 207, as discussed below, the total number of units that Peoples is declaring priority over is 47 Units (the **"Peoples Priority Units"**). A schedule listing the 47 Peoples Priority Units, which includes details concerning their size and configuration, is attached hereto as **Appendix "E"**;
35. With respect to Unit PH6 (the **"Bifurcated Unit"**), the Settlement that Peoples entered with the ALU for that Unit was completed before it was discovered that the Unit had been split into two Units (PH6 and PH4). As a result, upon the final approval of the Plan of Condominium by the City, and in the event the Unit-holder of the Bifurcated Unit elects to complete the purchase of the Bifurcated Unit, the Receiver will take steps to convey both Units PH4 and PH6 to that ALU.
36. With respect to Unit 207, both Unimac and Mugungwha Homes claimed an interest in that Unit. Prior to the December 13 Hearing, Mugungwha Homes entered into a conditional settlement agreement with Peoples and the Receiver (the **"Unit 207 Settlement"**) which agreement applied the same terms, including payment methodology, as was employed in the ALU Settlements. Justice Mesbur declined to approve the Unit 207 Settlement prior to the disposition of Unimac's claim to Unit 207. A copy of the Unit 207 Settlement is attached hereto as **Appendix "F"**.
37. Given Justice Brown's February 6 Order declaring that Peoples is entitled to priority over the Unimac Units, over the claims of all other parties in the those Units, and given that the Unimac Appeal was dismissed by the Court of Appeal, Peoples has advised the Receiver that it wishes to seek this Court's approval for the Unit 207 Settlement.

Extension of Settlement Agreements

38. The ALUs Settlement Approval Order provided that the ALU Settlements (28 Units) would be effective until 12 months after the date of court approval of the ALU Settlements (the “**ALU Outside Date**”), unless Peoples, in its sole discretion, agrees in writing to extend to a later date. The initial ALU Outside Date was September 9, 2014. As the work to register the Property as a condominium had not been completed by the initial ALU Outside Date, Gowlings on behalf of Peoples has written to the settling ALUs from time to time as required giving them notice that Peoples was extending the ALU Outside Date. The most recent notices issued on March 9, 2017 extend the ALU Outside Date by a further six months.
39. The settlements with the Unit-holders claiming an interest in the non-ALU Units (14 Units), which were approved in the December 13 Order, also provided for an outside date that is twelve months after court approval (the “**Non-ALU Outside Date**”). Similar to the ALU Settlements, by various letters, the most recent dated December 13, 2016, Gowlings on behalf of Peoples extended the Non-ALU Outside Date by a further six months.

Unimac Units and Yoon Units

40. Upon the resolution of the Priority Issue, the Receiver determined that of the 48 Peoples Priority Units (now 47), 10 Units were occupied by either a relative or third-party tenant of the former Unit-holder (the “**Occupied Units**”) while the remainder were vacant. Accordingly, on July 29, 2014, the Receiver delivered Notices to Tenants, Demands for Particulars of Tenancy Agreement and Notices of Rental Attornment (the “**Notices**”) to each of the occupants of the Occupied Units.
41. Subsequent to the delivery of the Notices, while certain of the tenants commenced paying the Receiver their monthly lease payments, the majority did not. As a result, the Receiver sought the March 6 Order. The occupants of the Occupied Units, Unimac, Leon Hui and John Yoon and counsel for Unimac and Leon Hui (Justin Baichoo) were all provided with a copy of the motion material in support of the March 6 Order, as well as with a copy of the March 6 Order when issued. A copy of the affidavit of service of Eric Golden sworn March 6, 2015, that was before Justice Wilton-Siegel on March 6, 2015, as

well as Mr. Golden's letters dated March 4 and March 19, 2015 to the tenants of Unit PH8, Mr. Golden's emails dated March 10, 2015, to the entire email Service List (including Justin Baichoo) and to Justin Baichoo individually, and Mr. Golden's letters of March 10, 2015 to Justin Baichoo and Leon Hui are attached hereto as **Appendix "G"**.

42. In addition, a copy of the Order of Justice D. M. Brown made February 6, 2014, granting Peoples priority over Unimac's claim to six Units and Leon Hui's claim to one additional Unit was delivered to the occupants of those Units, including the occupants of Unit PH8, on or about July 29, 2014 (see Appendix "G" of the Receiver's Seventh Report dated March 3, 2015).
43. Of those tenants served, the tenant of Unit 301, Jonathan Yapp, and the tenant of Unit PH8, Grace Kim, failed to pay any rent to the Receiver.
44. In the case of Unit 301, the Receiver sent a number of demands for payment of rent to Mr. Yapp who refused to comply with the March 6 Order. The Receiver understands that in or around October 2016, Mr. Yapp vacated Unit 301. In addition, there has been further turnover in the Building such that only three of the Occupied Units are currently still occupied, being Units 1105, PH1 and PH8.
45. The tenants occupying Units 1105 and PH1 continue to pay monthly rent for their Units at the same amount as they were paying in April 2015 (\$1,300). Unit 1105 is a 2 bedroom, 2 bathroom unit totaling 825 sq. ft. and Unit PH1 is a 1 bedroom + den, 2 bathroom unit measuring 857 sq. ft. By way of comparison, Unit PH8, is a 2 bedroom, 2 bathroom unit measuring 1,181 sq. ft.
46. The March 6 Order required the tenants of the Occupied Units pay rent for their Unit to the Receiver from the date of that Order based on the terms of their lease, and to the extent there is no lease, at market rates as determined by the Receiver.
47. In the case of Unit PH8, after a number of requests to forward rent payments to the Receiver, by email dated April 28, 2015 (i.e. more than 30 days after the March 6 Order and after notice of that Order and the supporting material was provided to the occupants of PH8, and to Unimac, Hui and Justin Baichoo), Grace Kim provided the Receiver with

an Agreement to Lease dated June 28, 2014 (one month before the date of the Notices) between Grace Kim and Imseop Kim as lessees and Unimac Group Ltd as "landlord" (the "**Purported Unit PH8 Lease**").

48. The Receiver has been advised that Imseop Kim is Grace Kim's mother and a former resident of the Nursing Home. The Purported Unit PH8 Lease provides for a long-term lease of nine years and two months commencing on July 1, 2014 with rent comprising "a lump sum payment of Thirty Three Thousand Canadian Dollars (CDN\$ 33,000.00) before closing and this lump sum shall cover the terms of Nine (9) years and Two (2) months." This rental term equates to monthly rent of \$300 for a two-bedroom, 1,181 sq. ft. suite, which is also the largest unit in the Life-Lease Residence. Under the terms of use under the Purported Unit PH8 Lease, the following has been added: "Retirement Residential – This Rental Agreement superseded previous Rental Agreement, as a settlement from the physical abuse and wrongful discharge of IMSEOP KIM by Rose O [sic] Sharon LTC as claimed by the Tenant, see pictures attached. Tenant tried to appeal in Court before Judge Brown twice." Attached to the April 28, 2015 email is a copy of the front of cheque dated June 28, 2014, for \$33,000.00 written by Mr. In Soo Pak and Mrs. Young Sook Pak to Unimac Group Ltd. The Receiver is unaware if the cheque was cashed, or if so on what date. The Receiver believes Mrs. Pak to be the sister of Grace Kim. A copy of the April 28, 2015, email along with the Agreement to Lease and cheque are attached hereto as **Appendix "H"**. The Receiver was not provided with a copy of any previous Rental Agreement that was apparently superseded by the Purported Unit PH8 Lease.
49. Neither Unimac, nor anyone else, was authorized to enter into the Purported Unit PH8 Lease on their own behalf, or on behalf of the Receiver or Peoples, or deal with Unit PH8 in any way, shape or form. The Purported Unit PH8 Lease was entered into without the knowledge or consent of Peoples and the Receiver.
50. On or about March 8, 2017, the Receiver delivered to the Kims a Notice to End Tenancy for Non-payment of Rent totalling \$31,200.00, which is attached hereto as **Appendix "I"**.

51. With respect to Imseop Kim, the Nursing Home Manager advises that she was indeed a former resident of the Nursing Home and there were a number of incidents concerning Grace Kim and the Nursing Home Staff. On August 30, 2013, as a result of an incident at the Nursing Home on August 29, 2013, a Critical Incident Report was submitted to the Ministry of Health and Long-Term Care (the "**Ministry**") by the Nursing Home Administrator concerning Grace Kim's abusive behaviour to staff. The Receiver was advised by the Nursing Home Administrator that in October 2013, Grace Kim contacted the local police to report abuse allegations against staff at the Nursing Home. The Receiver was advised by ACC that the police found the allegations to be groundless, no charges were filed, and the police supported restricting Grace Kim's visits. As a result of excessive vacation absences from the Nursing Home, pursuant to O. Reg. 79/10, s 146(4)(c), Imseop Kim was discharged on January 2, 2014. The Receiver believes that since her discharge, Imseop Kim has been living with Grace Kim in unit PH8.
52. The Receiver is seeking a Declaration that the Kims do not have any right, title or interest in Unit PH8, and that the Purported Unit PH8 Lease is void *ab initio*. As well, the Receiver is seeking an Order providing it with vacant possession of Unit PH8 and, should the Kims take the position that they are tenants, judgment against them for \$31,200 being the minimum rent they would have had to pay the Receiver for rental of Unit PH8 since April, 2015 (\$1,300 per month).

NURSING HOME UPDATE

53. The Nursing Home continues to be fully occupied with an average occupancy for the year-to-date ending December 31, 2016 of 99.8%. The Nursing Home has a wait list of approximately 150 applicants.
54. In its report dated March 27, 2015, the Ministry provided the results of its annual Resident Quality Inspection ("**RQI Inspection**") of the Nursing Home, which it conducted between March 4 and March 11, 2015. The purpose of the Resident Quality Inspection is to ensure long-term care homes comply with the *Long Term Care Homes Act, 2007* and its regulations, which the Ministry achieves through interviews with residents, family members and staff, direct observations of how care is being delivered

and record reviews. The Ministry identified six areas of non-compliance (down from thirteen in the previous year's review) for which it requested the Nursing Home prepare written plans of correction action to achieve compliance. The written plans of correction were submitted to the Ministry within the required timeframe and no further actions were required. The Nursing Home Manager has advised the Receiver that the results of the RQI Inspection were one of the best amongst the long-term care facilities that they manage.

55. In its report dated February 16, 2017, the Ministry provided the results of a further RQI Inspection conducted between January 4 and 12, 2017. During this RQI Inspection, the Ministry investigated an incident that occurred on October 31, 2016, wherein a resident sustained injuries as a result of a fall during bathing. The Ministry initially issued a Compliance Order requiring the Nursing Home to "review and revise the plan of care for that resident to ensure he/she is monitored during bathing". The Nursing Home appealed the Compliance Order, which appeal was upheld and the Compliance Order was rescinded.
56. Attached hereto as **Appendix "J"** is a Summary Statement of Income for the period January 1 to December 31, 2016 for the Nursing Home. As set out in the operating statement, the Nursing Home has generated positive net income of approximately \$512,000 for the 12-month period, which is approximately \$132,000 or 26% greater than budgeted operating income. The positive operating income variance is essentially due to lower than budgeted expenses in repairs and maintenance, utilities (as a result of a hydro refund relating to prior years) and realty taxes. With respect to realty taxes, MPAC reassessed the Nursing Home in 2016 making it exempt from realty taxes, resulting in no realty expense for the year, which was partially offset by the requirement to repay to the Ministry funding received up to the date of the reassessment (the Ministry reimburses 85% of realty taxes).

MARKETING AND SALE PROGRAMS

Residential Component

57. With the Priority Motion issues resolved, the Building remediation complete and approval of the Draft Plan received, the Receiver approached real estate brokers who specialize in condominiums in order to solicit proposals for the marketing and sale of the residential component of the Building.
58. The Receiver contacted five brokers who have experience in the marketing and sale of condominium residences. Of those contacted, two elected to tour the Property and submit proposals. Of the proposals received, the Receiver determined that the proposal from Milborne Real Estate Inc. ("**Milborne**") provided the most appropriate marketing program and fee structure.
59. Milborne advises that it has over 37 years of experience in condominium sales acting on behalf of over 700 developments and selling over 100,000 units involving residential condominiums, hotel condominiums, condominium conversions, hotel conversions to residential, commercial condominiums and resort properties. Milborne considers itself the most experienced project marketing company in Toronto and estimates that it has 30% market share of the total units for sale being marketed by outside agencies.
60. Milborne's proposed marketing plan involves the following:
 - Reviewing each residential Unit to assess any work required both in the individual units and common areas with a view to maximization of sale proceeds;
 - Providing recommendations regarding refinements/extras to maximize proceeds and to compete with similar condominium offerings in the area;
 - Preparing a detailed Competitive Market Analysis presenting both relevant resale and new competition to assist in establishing pricing with a view to maximizing proceeds in a reasonable timeframe;
 - Preparing suggested additions or modifications to the Property to maximize revenue, including analysis of parking and storage locker spaces;

- Reviewing agreements of purchase and sale, disclosure statements, condominium budgets, declarations and by-laws, and surveys to assist with the sale process;
 - Establishing furnished model suites and an on-site office staffed by Milborne reception and sales personnel; and,
 - Promoting the condominiums via on-site signage, open houses, Multiple Listing Service, social media, and other appropriate methods (the cost of which will be borne by the Receiver).
61. The Receiver and Milborne have negotiated a Residential Condominium Marketing and Sales Agreement (the “**Milborne Agreement**”), a copy of which is attached hereto as **Confidential Appendix “A”**, which sets out the terms and conditions under which Milborne will market and sell available residential Units (representing those Units not subject to a Settlement Agreement, and those units subject to a Settlement Agreement but for which the unitholder elects not to complete the purchase of the Unit). The Milborne Agreement includes the following key terms:
- Six month listing agreement, which automatically renews in further one month increments, and which can be terminated by either party on 30-day’s notice;
 - A fee for one-time mobilization costs payable upon execution of the Milborne Agreement, which is to cover preparation time, unit walk-throughs and preparation of deficiency lists, upgrade and improvement recommendations and document review;
 - Selling commissions at market rates, and provisions for co-broker arrangements should a purchaser be introduced to the Property through their own real estate broker;
 - The Receiver shall be responsible for the costs of establishing the on-site sales office including rent, utilities, site administration, reception staff, equipment, services, supplies, insurance, and business and real estate taxes; and,

- Milborne will compensate and supervise all full-time qualified sales agents as may be reasonably required to sell the units in an effective manner.
62. The Receiver is of the view that Milborne is sufficiently experienced and qualified to conduct the marketing and sale process for the residential component of the Building and that the terms of the Milborne Agreement are reasonable. Both Peoples and CMHC have advised the Receiver that they approve of the engagement of Milborne under the terms of the Milborne Agreement.
63. The Receiver is seeking the Court's approval to enter into and carry out the terms of the Milborne Agreement. The Receiver is further seeking that Confidential Appendix "A" filed with this Court be sealed until such time as all of the residential Units are sold and closed.

Nursing Home

64. The Receiver obtained a listing proposal and Exclusive Listing Agreement (the "**Jensen Listing Agreement**") from John Jensen Realty Inc. ("**Jensen Realty**") for the marketing and sale of the Nursing Home. Jensen Realty specializes in the purchase and sale of seniors housing properties and advises that it has sold or financed over 150 seniors housing properties with an aggregate transaction value in excess of \$1 billion. The Receiver has engaged Jensen Realty in previous receivership situations involving seniors housing which resulted in successful transactions. Given the relatively small size of the Nursing Home, both in terms of beds and potential sale price, and the fact that the proposed listing agreement with Jensen Realty represent normal market terms, the Receiver is of the view that incurring fees soliciting and evaluating further listing proposals would not be in the best interests of the estate. A copy of the Jensen Listing Agreement is attached hereto as **Confidential Appendix "B"**.

65. Jensen's proposed marketing plan involves the following:

- Implementing a high profile marketing campaign that includes newspaper advertising, posting the opportunity on Jensen Realty's website, networking with other real estate brokerages in the seniors housing sector and distribution of an email teaser to Jensen Realty's proprietary database of over 400 parties interested in seniors housing investment opportunities.
- Establishing an online data room with relevant information concerning the operation of the Nursing Home including financial and operating statements, budgets, contracts and agreements, and offer documentation; and,
- Establishing an appropriate "Sunrise Date" for the acceptance of offers. A Sunrise Date is the earliest date at which offers will be accepted, and is typically one to two months from the commencement of the marketing process, depending on the time of year, the nature of the property and the interest in the market. The Sunrise Date methodology allows for an ample amount of time for interested parties to be made aware of the availability of the Nursing Home, execute a confidentiality agreement, and perform their due diligence in order to submit an offer for the property in a form to be provided in the data room.

66. Jensen Realty has suggested that the marketing campaign exclude an asking price so as not to set a target in purchaser's minds. The Receiver agrees with this recommendation. The Receiver and Jensen Realty will set the Sunrise Date based on the timing of commencement of the marketing process should the Court approve the Receiver entering into the Jensen Listing Agreement.

67. The Jensen Listing Agreement provides for a brokerage commission at market rates and provides for a co-broker arrangement should the purchaser be introduced to the property by a cooperating broker. The term of the Jensen Listing Agreement is 6 months, which term can be extended by way of mutual agreement between the parties.

68. Both Peoples and CMHC have advised the Receiver that they support the engagement of Jensen Realty under the terms of the Jensen Listing Agreement. The Receiver is seeking this Court's approval to enter into the Jensen Listing Agreement. The Receiver is further seeking that Confidential Appendix "B" filed with this Court be sealed until such time as a closing of the sale of the Nursing Home has been completed.

STATEMENT OF CLAIM

Statement of Claim

69. As detailed in paragraphs 174 through 182 in the Third Report, given the extent of deficiencies identified in the BAR, on September 14, 2012, Rose, by its Receiver, issued and served a Statement of Claim (the "**Statement of Claim**") against i) Trisura, the surety of a \$7,420,000 Performance Bond issued in respect of the Construction Contract for the Building, as a result of the breaches by Unimac pursuant to the Performance Bond; ii) Unimac Group Ltd. operating as Mikal-Calladan Construction Inc., Unimac Group Ltd. and Mikal Calladan Construction Inc. (the general contractor), iii) Victor J. Heinrichs Architect Inc. and Victor J. Heinrichs Inc., (the architect), iv) York Health Care Developments Inc. (the project manager), v) Jain & Associates Limited (an engineering consultant who prepared mechanical, plumbing and electrical specifications for the project and electrical consultant to the architect) ("**Jain**"), and vi) M.V. Shore Associates (1993) Limited (mechanical engineers on the project and consultant to the architect) ("**Shore**"), for breach of contract and/or negligence in connection with the construction of the Property.
70. In its Fifth Report, the Receiver reported that:
- pleadings in this Building Action against the bonding company had closed;
 - the Statement of Claim had been amended to add Royal Windsor Mechanical as a party defendant. Royal Windsor Mechanical failed to defend and had been noted in default; and,
 - the remaining parties, including Unimac, had agreed to a timetable that required affidavits of documents to be delivered before December 31, 2013, with

discoveries to be held in June, 2014. The plaintiff delivered its affidavit of documents on November 4, 2013. Only one other party, N.C.K. Engineering Ltd., who had been brought into the litigation via a third party claim by the architect, had delivered its affidavit of documents as of the date of the Fifth Report.

71. Examinations for discovery have been completed, with the exception of examinations of the defendants Unimac Group Ltd. and Mikal-Calladan Construction Inc. Despite numerous requests, and contrary to a court-ordered Discovery Plan, they have not produced witnesses for examinations for discovery. The Receiver is moving to strike the statements of defence of those two parties. The Receiver has also answered its undertakings.
72. The Receiver agreed to a settlement with Jain and Shore and the parties entered into a Full and Final Release dated June 19, 2015, which provided for the terms of settlement to not be disclosed. The settlement funds have been received.
73. On November 3, 2016, the Receiver participated in a mediation with Heinrichs and York. The mediation failed to result in a settlement and the Receiver intends to move forward to trial. Neither Unimac nor Mikal-Calladan Construction Inc. attended the mediation, and the Receiver intends to go to trial against both of them if they continue to defend.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

74. Attached hereto as **Appendix "K"** is the Receiver's Interim Statement of Receipts and Disbursements for the period September 28, 2011 to March 31, 2017 (the "R&D"). The R&D indicates that as of March 31, 2017, the balance in the Receiver's bank account in respect of the Life-Lease Residence, including the account maintained by Sterling Karamar Property Management (the firm engaged by the Receiver to manage the Life-Lease Residence), is \$262,824. The R&D excludes the bank account maintained by the Nursing Home manager for the Nursing Home which is discussed in the following paragraph. In addition, the R&D excludes proceeds received from Jain and Shore as described in paragraph 72 above as pursuant to the Full and Final Release executed between the parties, the amount of these settlements is not to be disclosed.

75. The R&D includes receipts and disbursements from the Life-Lease Residence and receipts from the Ministry on account of monthly funding of the Nursing Home. In accordance with the Appointment Order, this funding is transferred to the bank account established for Nursing Home operations. As of March 31, 2017, the balance in the bank account maintained by the Nursing Home operator (Assured Care Consulting) is \$1,022,406. Any excess funds not required for operation of the Nursing Home are from time-to-time transferred back to the Receiver's bank account. Since the Appointment Date, \$850,000 in excess funds have been transferred back to the Receiver's bank account.
76. The Receiver is seeking the Court's approval of the R&D.

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

77. The Receiver's fees for services rendered for the period December 1, 2014 to March 31, 2017, in respect of its activities as Receiver are particularized in the Affidavit of Hartley Bricks sworn May 2, 2017, and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$401,086.72, inclusive of HST ("**Receiver Fees**").
78. The fees and disbursements of Blaneys, independent counsel to the Receiver, in respect of work performed for the period October 1, 2014 to December 31, 2016, is particularized in the affidavit of Chad Kopach sworn May 11, 2017. The total amount of the invoices for this period is \$51,633.19 inclusive of HST ("**Blaneys Fees**").
79. As discussed above, KRMC acted as ILA Counsel to certain non-ALUs concerning the December 13 Settlements. The Order of Justice Mesbur made November 22, 2013, appointing KRMC to its ILA Mandate provided for payment of KRMC's fees up to a maximum amount of \$15,000.00 (excluding disbursements and HST). The Order of Justice Wilton-Siegel made March 6, 2015, approved KRMC's fees for its ILA Mandate to March 6, 2015, totalling \$11,883.52 (including disbursements and HST, and a fee estimate of \$2,666.80 for time after March 21, 2014 to complete the ILA Mandate). I am advised by Phillip Cho of KRMC that this estimate was below actual fees incurred, due in part to attempts by Mr. Baichoo's clients to set aside, vary and/or appeal certain Orders

of Justice Mesbur. The actual fees and disbursements of KRMC in respect of work performed on its ILA Mandate from March 22, 2014 to March 20, 2015, are set out in the final KRMC invoice dated April 8, 2015, included in the fee affidavit of Philip Cho sworn May 11, 2017. The total of the invoice for that period is \$3,318.56 (the “KRMC Fees”), but the total fees billed by KRMC for its entire ILA Mandate are still below the maximum amount provided for in the Order of Justice Mesbur made November 22, 2013 (\$15,000.00, plus HST and disbursements), even taking into account the additional KRMC Fees.

80. The Receiver has reviewed the invoices of Blaneys and KRMC, and finds the work performed and charges to be appropriate and reasonable.
81. The Receiver sought and received the approval of Peoples to the Receiver taking interim draws against the fees of the Receiver, Blaneys and Gowlings.
82. The Receiver is seeking this Honourable Court’s approval of its activities to March 31, 2017, and the Receiver Fees, Blaneys Fees and KRMC Fees.

RECEIVER’S REQUEST TO THE COURT

83. The Receiver is respectively seeking an Order:
 - i) approving this Eighth Report and the actions and activities of the Receiver from December 1, 2014 to March 31, 2017;
 - ii) approving the Receiver entering into the Milborne Agreement for the marketing and sale of the available residential units and sealing the Milborne Agreement until such time as all of the residential Units are sold and closed;
 - iii) approving the Receiver entering into the Jensen Listing Agreement for marketing and sale of the Nursing Home and sealing the Jensen Listing Agreement until such time as a sale of the Nursing Home has closed;
 - iv) declaring that the Kims do not have any right, title or interest in Unit PH8, and that the Purported Unit PH8 Lease is void *ab initio*;

- v) if the Kims take the position that they are tenants of Unit PH8, judgment against Grace Kim for \$31,2000.00, being the minimum market rent that should have been payable by them to the Receiver as tenants for Unit PH8 since April 1, 2015;
- vi) regardless of whether the Kims are tenants or occupants, providing the Receiver with vacant possession of Unit PH8;
- vii) approving the R&D;
- viii) declaring that KRMC has fulfilled its mandate as ILA counsel to the ILA Unit-Holders, and discharging KRMC as ILA counsel to the ILA Unit-Holders; and,
- ix) approving the Receiver Fees, the Blaneys Fees and the KRMC Fees.

All of which is respectfully submitted to this Honourable Court.

DATED this 12th day of May, 2017

Deloitte Restructuring 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

Per:



Adam Bryk, CPA, CA, CIRP, LIT
Senior Vice-President



Hartley Bricks, MBA, CPA, CA, CIRP, LIT
Senior Vice-President

TAB C

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

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

THE HONOURABLE

)

TUESDAY, THE 6TH DAY

)

JUSTICE PATTILLO

)

OF JUNE, 2017

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

APPROVAL ORDER

THIS MOTION made by **Deloitte Restructuring Inc.**, in its capacity as Receiver and Manager over all of the current and future assets, undertakings and properties of the Respondent (in that capacity, the “**Receiver**”) for an Order (i) abridging the time for service of the Notice of Motion and Motion Record herein, validating service of the Notice of Motion and Motion Record, and dispensing with further service thereof, (ii) approving the Eighth Report to the Court of the Receiver dated May 12, 2017 (the “**Eighth Report**”), and the actions and activities of the Receiver as set out therein, (iii) authorizing the Receiver to enter into a Marketing and Sales Agreement with Milborne Real Estate Inc. for the marketing and sale of the available residential condominium units of the Rose of Sharon Life-Lease-Residence (the “**Life Lease Residence**”), and approval of this Marketing and Sales Agreement, (iv) authorizing the Receiver to enter into

- 2 -

an Exclusive Listing Agreement with John A. Jensen Realty Inc. to market and sell the Rose of Sharon nursing home (the "**Nursing Home**") and approval of this Exclusive Listing Agreement, (v) sealing Confidential Appendix "A" to the Eighth Report until all of the residential units of the Life-Lease Residence are sold and those sales have all closed, and sealing Confidential Appendix "B" to the Eighth Report until the Nursing Home is sold and that sale has closed, (vi) approving and accepting the Receiver's Interim Statement of Receipt and Disbursements for the period from September 28, 2011 to March 31, 2017, (vii) declaring that Kronis, Rotsztain, Margles, Cappel LLP ("**KRMC**") has fulfilled its mandate as counsel providing independent legal advice ("**ILA Counsel**") to certain Unit-holders in the Rose of Sharon Life-Lease Residence (the "**ILA Unit-Holders**") regarding settlements that those Unit-holders entered into with the Applicant Peoples Trust Company ("**Peoples**"), and discharging KRMC as ILA counsel to the ILA Unit-Holders, and (viii) approving the fees and disbursements of the Receiver for the period from December 1, 2014 to December 31, 2016, the fees and disbursements of Blaney McMurtry LLP ("**Blaneys**") for the period from October 1, 2014, to December 31, 2016, and the fees and disbursements of KRMC for the period from March 22, 2014 to March 20, 2015, was heard this day at Toronto.

ON READING the Receiver's Motion Record dated May 12, 2017, the Eighth Report, the Receiver's Supplementary Report to the Eighth Report dated June 5, 2017, the affidavit of Hartley Bricks sworn May 2, 2017, the affidavit of Chad Kopach sworn May 11, 2017, and the affidavit of Phillip Cho sworn May 11, 2017, and upon hearing the submissions of counsel for the Receiver and counsel for Peoples, and counsel for 2383431 Ontario Inc., no one else appearing,

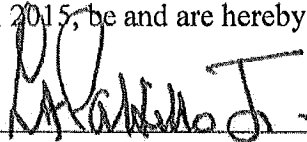
- 3 -

1. **THIS COURT ORDERS** that the time for service of the Receiver's Notice of Motion returnable May 31, 2017 (the "**NOM**"), and related motion material filed in support of that NOM (the "**Motion Material**"), be and is hereby abridged, that service of the NOM and Motion Material is hereby validated, and that further service thereof is hereby dispensed with.
2. **THIS COURT ORDERS** that the Eighth Report dated May 12, 2017, and the actions of the Receiver described therein, be and are hereby approved.
3. **THIS COURT ORDERS** that the Receiver be and is hereby authorized to enter into a Marketing and Sales Agreement with Milborne Real Estate Inc. for the marketing and sale of the available residential condominium units of the Life-Lease Residence, and approval of this Marketing and Sales Agreement.
4. **THIS COURT ORDERS** that the Receiver be and is hereby authorized to enter into an Exclusive Listing Agreement with John A. Jensen Realty Inc., to market and sell the Nursing Home, and approval of this Exclusive Listing Agreement.
5. **THIS COURT ORDERS** that Confidential Appendix "A" to the Eighth Report be and is hereby sealed until all of the residential units of the Life-Lease Residence are sold and those sales have all closed, and that Confidential Appendix "B" to the Eighth Report be and is hereby sealed until the Nursing Home is sold and that sale has closed.
6. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements for the period from September 28, 2011 to March 31, 2017 as set out at Appendix "A" of the Receiver's Supplementary Report to the Eighth Report, be and is hereby accepted and approved.

- 4 -

7. **THIS COURT DECLARES** that KRMC be and is hereby discharged as ILA Counsel to the ILA Unit-Holders.

8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period from December 1, 2014 to December 31, 2016, the fees and disbursements of Blaneys for the period from October 1, 2014 to December 31, 2016, and the fees and disbursements of KRMC for the period from March 22, 2014 to March 20, 2015, be and are hereby approved.



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

JUN 07 2017

PER / PAR:



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

BLANEY McMURTRY LLP
Barristers and Solicitors
1500 — 2 Queen Street East
Toronto, ON M5C 3G5

Eric Golden (LSUC #38239M)
Chad Kopach (LSUC #48084G)
(416) 593-1221 (Tel)
(416) 593-5437 (Fax)

Lawyers for Deloitte Restructuring Inc., in its capacity as
court appointed receiver and manager of Rose of Sharon
(Ontario) Retirement Community

TAB D

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

**TERMS AND CONDITIONS OF SALE OF
ROSE OF SHARON KOREAN LONG TERM CARE**

On September 27, 2011, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") appointed Deloitte & Touche Inc., now known as Deloitte Restructuring Inc., as receiver and manager (the "**Receiver**") of the assets, undertakings and properties of Rose of Sharon (Ontario) Retirement Community ("**Rose of Sharon**"). On June 6, 2017, the Court approved the Receiver enter into an Exclusive Listing Agreement with John A. Jensen Realty Inc. ("**Jensen Realty**" or the "**Listing Broker**") to market and sell (the "**Sales Process**") the Rose of Sharon nursing home known as Rose of Sharon Korean Long Term Care (the "**Nursing Home**" or the "**Property**").

The Sales Process is governed by the following terms and conditions:

1. **Vendor.** The vendor is *Deloitte Restructuring Inc.* solely in its capacity as Receiver of the assets of Rose of Sharon and not in its personal or corporate capacity, pursuant to an order of the Court granted on September 27, 2011 in connection with the proceedings commenced having Court file No. CV-11-9399-00CL (the "**Receivership Order**").
2. **The Assets.** The business and assets of the Nursing Home are described in the website prepared by Jensen Realty in connection with the Sale Process.

The Assets are further described in the schedules to the Agreement of Purchase and Sale attached as Appendix "A" to the Form of Offer to Purchase.

The Receiver has commenced an application with the City of Toronto for a minor variance to amend the number of parking spaces attributable to the Nursing Home from fifteen (15) to four (4). The Receiver expects that a decision on the application will be received from the City of Toronto in late fall of 2018. The purchase price in any offer should reflect the purchase of only four (4) parking spots. The purchase price shall be increased by an amount that is equal to \$_____ for every spot finally determined to be attributable to the Nursing Home above four (4).

3. **Excluded Assets.** For greater certainty, the following assets are excluded from this Sales Process:
 - Assets relating to residential component of the property; and
 - Other assets that are subject to third-party ownership rights.

The Receiver reserves the right to exclude from the Request for Offers all or part of the Assets.

4. **Due Diligence.** The business and assets may be inspected by interested parties that have executed a Confidentiality Agreement ("**Interested Parties**") through the virtual online data room (the "**Virtual Data Room**") and through a site visit. Site visits can be arranged with Jensen by appointment only at 17 Maplewood Ave., Toronto, Ontario.
5. **Offers.** In addition to any requirements indicated below, any Interested Parties seeking to make an Offer (the "**Offerors**", and each an "**Offeror**") must present an Offer in the form Request for Offers to Purchase (the "**Offer Form**") and such Offer must indicate the purchasing entity and its contact information. The Purchase Price indicated in the Offer Form shall prevail.
6. **Agreement of Purchase and Sale.** A draft Agreement of Purchase and Sale ("**Draft APS**") is attached as Appendix "A" to the Offer Form. This Draft APS reflects the terms and conditions by which the Receiver is prepared to complete the sale of the Property. Offerors are directed to provide a blacklined copy of the Draft APS with their Offer Form which reflects their requested changes to the Draft APS (the "**Marked APS**"); however, Offerors are advised that those Offers whose Marked APS adhere to the Draft APS will be preferred.
7. **No Financing Condition.** The Purchase Price is payable in cash at Closing (as this term is defined hereinafter). No Offer containing financing condition(s) in order to fund the payment of the Purchase Price at Closing will be considered.
8. **Deposit.** All Offers must be stated in Canadian currency and must be accompanied by a deposit by way of certified cheque, irrevocable wire transfer or bank draft payable to *Deloitte Restructuring Inc.* in trust, or by a bank standby letter of credit to its order payable on sight, for an amount representing no less than 10% of the Purchase Price indicated in said Offer (the "**Deposit**");

Wire transfer information:

Beneficiary Bank

TD Canada Trust
Swift Code: TDOMCATTOR
Branch address: 55 King St. West
 Toronto, ON M5K 1A2

Beneficiary

Branch Transit #: 10202
Bank No: 004
Trust Bank Acct #: 0690-5414370
Beneficiary Name: Deloitte Restructuring Inc.
 as Receiver of Rose of Sharon
Beneficiary address: 8 Adelaide St. West, Suite 200
 Toronto, Ontario, Canada M5H 0A9

9. **Submission of Offers.**

- (a) All Offers shall be submitted by remitting (i) the Offer Form, completed and executed, and (ii) the Marked APS.
- (b) Offers must be received by the Receiver by 12:00 PM (Toronto Time) on January 15, 2019 (the “**Offer Due Date**”) at the following address:

Deloitte Restructuring Inc.
Re: Rose of Sharon
Attention: Hartley Bricks
8 Adelaide St. West, Suite 200
Toronto, Ontario M5H 0A9
hbricks@deloitte.ca

The envelope must clearly be marked “*Offer – Rose of Sharon Korean Long Term Care*”. Offers may also be delivered by email.

- (c) The Receiver reserves the right to change the Offer Due Date. Upon any such change, it will notify all Interested Parties of the revised Offer Due Date.
10. **Opening of Offers.** All Offers will be opened after 12:00 PM (Toronto Time) on the Offer Due Date. Offerors shall not be present at the opening of the Offers.
11. **Withdrawal of an Offer.** All Offers submitted constitute a “firm offer” and cannot be revoked, unless a written notice of withdrawal of the Offer is transmitted to the Receiver prior to the Offer Due Date.
12. **Qualified Offerors.** An Offeror which the Receiver determines has a reasonable prospect of completing a transaction in respect of the purchase of the Assets (a “**Transaction**”), will be designated a “Qualified Offeror” and will be promptly notified of such designation by the Receiver. As the case may be, the Qualified Offeror must be able to justify its ability to carry out all of the terms and conditions of its Offer within five (5) business days following a request from the Receiver to that effect. The Receiver may seek clarifications with respect to any and all Offers.
13. **Decision on Offers.** The highest or any Offer will not necessarily be accepted and the Receiver reserves the right to reject any or all Offers, to exclude from the solicitation of Offers any or all of the Assets and to dispose of the Assets in any manner it deems appropriate. Upon acceptance of an Offer, each Qualified Offeror shall be notified within ten (10) business days of the Offer Due Date by written notice of the Receiver (the “**Notice of Acceptance**”). In the event any submitted Offer is rejected, each such Offeror will be notified by the Receiver within twelve (12) business days of the Offer Due Date and any Deposit posted by any such unsuccessful Offeror will be promptly returned.

14. **No Compensation.** Whether an Offer submitted is accepted, refused or withdrawn, there will be no compensation for the Offeror of any type or form for any costs or expenses related to its Offer.
15. **Return of Deposit.** The Deposit accompanying an Offer will be returned, without interest, to such Offeror in the event that its Offer is not accepted.
16. **Definitive Agreement.** Following receipt of a Notice of Acceptance by a Qualified Offeror, the Marked APS will be negotiated and will represent a definitive agreement (the "**Agreement**") between the Receiver and the Qualified Offeror for the sale of the applicable Assets on the Closing Date (as this term is defined hereinafter).
17. **Closing.** The closing of the transaction pursuant to the Agreement shall occur on or before 5:00 PM (Toronto Time) on the date that is no later than 20 days after the date that the Ministry of Health and Long-Term Care issues its letter approving the transfer of the licences of the Nursing Home to the Offeror (the "**Closing**" and the "**Closing Date**") and the transfer of title to the Assets (the "**Purchased Assets**") to the Qualified Offeror (the "**Purchaser**") will be by way of an approval and vesting order ("**Approval and Vesting Order**"): (a) approving the Agreement and the Transaction outlined therein, and (b) vesting the Assets subject to the Agreement free and clear of any claims, charges, liens or encumbrances. The Closing occurs upon the delivery by the Receiver to the Purchaser of a Receiver's certificate certifying that all conditions precedent in the Agreement have been satisfied or waived and that the balance of the Purchase Price, including applicable taxes, has paid in full by the Purchaser by irrevocable wire transfer, certified cheque or bank draft.

Any Qualified Offeror shall execute all of the appropriate documentation required in order to particularize and implement its Offer.

18. **Liability for Taxes.** All duties and taxes in connection with the sale including, but not limited to, custom duties, federal, provincial or municipal taxes, any sales taxes applicable or payable by reason of the sale of Assets or the transfer of ownership thereof, and land transfer taxes or mutation taxes, if eligible, are to be paid by the Purchaser in addition to the Purchase Price provided for in the applicable Agreement. Each Purchaser will remain liable for all such taxes, which liability and obligation will survive any formal Closing and transfer of title to the applicable Purchaser.
19. **Representation and Warranties.** Offers shall be made and accepted on the basis that the Offeror has inspected the Assets described therein and has relied entirely upon its own inspection and investigation of such Assets and title to same, and has agreed that any Offer and any Transaction is on an "**as is, where is**" basis with respect to the Assets and without any representation, warranty or condition, whether statutory (including under the *Sale of Goods Act* (Ontario), the *International Sale of Goods Contracts Convention Act* (Canada) and the *International Sale of Goods*

Act (Ontario) or any international equivalent act which may be applicable to the subject matter pursuant to the provisions of these Terms and Conditions, including the United Nations Convention on Contracts for the International Sale of Goods), express, implied, oral, written, legal, equitable, conventional, collateral or otherwise given by the Receiver as to title, encumbrances, description, fitness for any purpose, merchantability, quality, state, suitability, durability, assignability, marketability, condition (environmental or otherwise), defect (patent or latent), existence, location, value, the validity or enforceability of any rights (including intellectual property rights), any requirement for licences, permits, appraisals, consents for ownership, occupation or use, compliance with any government laws, regulations, bylaws and orders, defects in workmanship and/or materials and/or any item of incomplete construction, the location of structures and any easements, rights-of-way, rights of re-entry, restrictions and/or covenants which run with the land, work orders, orders to comply, deficiency notices, municipal requirements (including building or fire codes) including building and zoning by-laws and regulations, development fees, imposts, lot levies and sewer charges, any order or charge under any environmental legislation or in respect of any other matter or thing whatsoever, and all of which are expressly excluded, except as expressly contained in these Terms and Conditions and the Agreement. For greater certainty, any Transaction will be in respect of the Purchased Assets as the Purchased Assets exist on the Closing Date and no adjustments will be allowed for any change in condition, value, or quality of the Purchased Assets. The descriptions of the Assets and any other information supplied by the Receiver have been prepared solely for the convenience of the Interested Parties, and are not warranted or audited to be complete or accurate as to description, quantity, fitness for purpose, merchantability or otherwise; and do not form part of these Terms and Conditions. Any Offeror acknowledges that the Receiver is not required to provide any inspection of the Assets or any part thereof and the Offeror shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Offeror's sole responsibility to obtain, at its own expense, any consents to such transfer of the Assets and any further documents or assurances which are necessary or desirable in the circumstances.

The receipt of an Offer from an Offeror shall be deemed to constitute an irrevocable acknowledgement by the Offeror that the Receiver is not a professional seller.

20. **Possession.** The Purchaser will take possession of the Purchased Assets on an "as is, where is" basis at its own cost, without any liability on the part of the Receiver, at the Closing, the whole subject to Paragraph 22 hereof.
21. **Title.** Title to the Purchased Assets shall not pass to the Purchaser nor shall such Purchaser be entitled to possession of same until Closing, including notably until the Purchase Price and all other payments to be made by the Qualified Offeror have been paid in full.

22. **Risk of Loss.** Prior to Closing, all Assets shall be and remain in the possession of the Receiver. After Closing, the Purchased Assets shall be at the risk of the applicable Purchaser.
23. **Indemnity.** Each Offeror indemnifies and holds the Receiver harmless with respect to:
- (a) All fees and disbursements of the Offeror, including legal and other professional fees related to the Offeror, any sale and purchase of any of the Assets resulting therefrom, any and all searches, evaluations, consultations or representations which the Offeror may wish to do or have done;
 - (b) All applicable taxes including, any and all mutation taxes, land transfer taxes or other similar charges applicable to the transfer of the applicable Assets; and
 - (c) All costs and expenses relating to the preparation of the deed of sale, the registration and preparation of authentic copies thereof, as well as all fees related to the preparation or delivery of certificate of location, surveyor's plan and title search.

Each Offeror agrees to assume, at its own cost, complete responsibility for the compliance with all municipal, provincial and federal laws and regulations insofar as same apply to the Assets and the use thereof by the Offeror.

Each Offeror further acknowledges that it has inspected the Assets for the presence of any contaminants, hazardous substances or materials or other environmental issues which may affect in any way the Assets (collectively the "**Environmental Issues**"), and that it holds the Receiver harmless from and indemnifies it from any liability or any claim (whether accrued, actual, latent or otherwise) including, without limitation, any penalties, fine, debts, suits, judgments, awards, administrative or judicial orders, actions, causes of action, proceedings, obligations, costs, charges, fees and other expenses of whatever kind or nature, relating in any way to the Environmental Issues. Each Offeror acknowledges and agrees that it shall be solely responsible for all expenses, foreseen or unforeseen, relating to any investigation, remediation, restoration, treatment or clean up work concerning the Assets.

With respect to the Assets which may be subject to leases, licenses or other agreements, each Offeror agrees to assume the obligations remaining under such agreements to the complete exoneration and satisfaction of the Offeror or to pay such amount required to the Receiver to enable the Receiver to discharge the remaining obligation under the lease.

24. **Default of the Offeror.**

- (a) In the event an Offeror fails to comply with any one of its obligations herein, it shall indemnify the Receiver, for any damage incurred to the Assets either

now or in the future as a result of such default, without prejudice to any other right and recourse of the Receiver.

- (b) In particular, each Qualified Offeror shall, upon request, reimburse the Receiver for any expenses incurred by the Receiver following such Qualified Offeror's failure to take possession of the Assets within the prescribed time limit, in addition to the confiscation of the Deposit, as the case may be.
 - (c) If following the delivery of a Notice of Acceptance a Qualified Offeror does not complete the Transaction contemplated by the applicable Agreement and/or fails to proceed with Closing (except in circumstances under which it is not obliged to do so hereunder) or breaches in any way these Terms and Conditions including any representation or warranty, and/or for reasons entirely under the control of the Qualified Offeror, then the Receiver will be entitled to retain the Deposit and any portion of the Purchase Price paid by the Qualified Offeror, and to claim from the Qualified Offeror any and all costs and expenses incurred by the Receiver, including legal costs, for which the Qualified Offeror agrees to indemnify the Receiver, the whole as liquidated damages and not as penalty, without prejudice to any other rights, powers or remedies it may have at law, including for additional damages.
25. **Assignment of Rights.** No Qualified Offeror shall transfer or assign rights under the Agreement to any third party, except with the explicit written consent from the Receiver. In the event that such consent is given by the Receiver, the Qualified Offeror and the designated assignee shall be jointly and severally liable for the obligations of the Qualified Offeror under the Agreement.
26. **Notice.** All communications (including, without limitation, all notices, acceptances, consents and approvals) provided for or permitted hereunder (a "Notice") shall be in writing, sent by personal delivery, courier or sent by facsimile or electronic transmission at:

To the offeror: at the address(es) indicated in the Offer.

To the Receiver:

Deloitte Restructuring Inc.
8 Adelaide St. West, Suite 200
Toronto, Ontario, Canada, M5H 0A9

Attention: Hartley Bricks
Telephone: (416) 775-7326
Facsimile: (416) 601-6690
Email: hbricks@deloitte.ca

with a copy to:

Gowling WLG (Canada) LLP
1 First Canadian Place,
100 King Street West, Suite 1600
Toronto, Ontario, Canada, M5X 1G5

Attention: E. Patrick Shea
Telephone: (416) 369-7399
Facsimile: (416) 862-7661
Email: patrick.shea@gowlingwlg.com

A Notice is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day (as defined hereinafter) and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, email or other similar form of communication, be deemed to have been given and received on the Business Day following the day it was so sent. A party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a party.

For the purposes of these Terms and Conditions, "**Business Day**" means any day, other than (a) a Saturday, Sunday or statutory holiday in the Province of Ontario or (b) any other day on which the principal chartered banks in the City of Toronto are closed for business.

27. **Non-Merger.** The Terms and Conditions contained herein shall not merge on the Closing of any Transaction contemplated by an Agreement but shall survive such Closing and remain in full force and effect and be binding on any Purchaser thereafter.
28. **Time is of the Essence.** All stipulations as to time are strictly of the essence, provided that the Receiver shall have the option to extend or abridge any deadline set out in the Terms and Conditions by written notice to the relevant parties.
29. **Acknowledgement of the terms of Confidentiality Agreement.** The terms of the "Confidentiality Agreement" executed by the Offerer set forth the confidentiality obligations of any party Interested Party seeking and obtaining access to (a) Confidential Information (as such term is defined in the Confidentiality Agreement), (b) the virtual data room, and/or (c) the physical Assets for the

purposes of inspection and due diligence in respect of the Assets. By accessing the virtual data room or the Assets, such Interested Party thereby acknowledges and re-affirms the terms of the Confidentiality Agreement.

30. **Acknowledgement of Terms and Conditions of Sale.** The submission of an Offer by an Offeror shall constitute an acknowledgement by the Offeror that he is aware and fully familiarized with all of the Terms and Conditions herein, that each of the said Terms and Conditions have been adequately explained by the Receiver, that the Offeror is satisfied with these explanations and that it is irrevocably bound by the Terms and Conditions herein.
31. **Applicable Law.** Any Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, and the Receiver and the applicable Purchaser attorn to the exclusive jurisdiction of the Court with respect to any legal proceedings or remedies related directly or indirectly to the Agreement.
32. **Delays.** In the event that any delay provided for herein expires on a day other than a Business Day, the delay will be extended to the next Business Day. Time is of the essence of the transactions envisaged by these Terms and Conditions.
33. **Right to Waive or Vary Conditions.** The Receiver reserves the right to waive or vary any or all of the Terms and Conditions herein as well as in the Request for Offers.
34. **Capacity of the Receiver as Vendor.** The Receiver herein acts in its capacity as Receiver and shall have no personal or corporate liability under these Terms and Conditions, the Request for Offers or in connection with any Agreement.

TAB E

AGREEMENT OF PURCHASE AND SALE**BETWEEN:**

**DELOITTE RESTRUCTURING INC.,
solely in its capacity as court-appointed receiver and manager of
Rose Of Sharon (Ontario) Retirement Community
and not in its personal or corporate capacity,
as Vendor**

– and –

**RYKKA CARE CENTRES LP
as Purchaser**

MAY 13, 2019

ARTICLE 1 INTERPRETATION.....	2
1.1 Definitions.....	2
1.2 Entire Agreement.....	7
1.3 Time of Day.....	8
1.4 Business Day.....	8
1.5 Governing Law and Attornment.....	8
1.6 Certain Rules of Interpretation.....	8
1.7 Schedules and Exhibits	9
ARTICLE 2 SALE AND PURCHASE AND ASSIGNMENT.....	9
2.1 Sale and Purchase of Assets.....	9
2.2 Assignment and Assumption of Contracts.....	10
2.3 "As is, Where is".....	10
2.4 Owned Real Property.....	10
2.5 Assumed Obligations.....	11
2.6 Excluded Obligations.....	11
2.7 Payment of the Purchase Price.....	11
2.8 Assumed MOH Debt.....	12
2.9 Adjustments to Purchase Price.....	13
2.10 Allocation of Purchase Price.....	15
2.11 Annual Account Reconciliation.....	15
2.12 Taxes.....	15
2.13 Assumed Salaried Employees.....	15
2.14 Unionized Employees.....	16
2.15 Notice of Change of Employment	16
2.16 Employee List	16
2.17 Assumed Employees General	17
ARTICLE 3 REPRESENTATIONS AND WARRANTIES.....	18
3.1 Purchaser's Representations	18
3.2 Vendor's Representations	18
ARTICLE 4 CONDITIONS	19
4.1 Conditions of the Purchaser	19
4.2 Conditions of the Vendor.....	20
4.3 Mutual Conditions	20
4.4 Transfer of Licenses.....	21
4.5 Non-Satisfaction of Conditions.....	21
4.6 Exclusive Dealings.....	21
ARTICLE 5 CLOSING	21

5.1	Closing	21
5.2	Purchaser's Deliveries on Closing	22
5.3	Vendor's Deliveries on Closing	22
5.4	Purchaser's Acknowledgement	23
5.5	Possession of Assets and Resident Trust Funds	23
5.6	Access to Assets	24
5.7	Conduct of Business Before Closing	24
5.8	Risk	25
5.9	Arbitration	25
5.10	Termination	25
5.11	Limitation on Indemnity by the Vendor	26
ARTICLE 6 GENERAL		26
6.1	Electronic Registration	26
6.2	Paramountcy	26
6.3	Vendor's Capacity	27
6.4	Commission	27
6.5	Confidentiality	27
6.6	Costs and Expenses	28
6.7	Time of Essence	28
6.8	Notices	28
6.9	Further Assurances	29
6.10	Amendment and Waiver	30
6.11	Submission to Jurisdiction	30
6.12	Assignment and Enurement	30
6.13	Severability	30
6.14	Counterparts	31
6.15	Facsimile Signatures	31

SCHEDULES

Schedule 1	Appointment Order
Schedule 2	Contracts
Schedule 3	Licenses
Schedule 4	Owned Real Property
Schedule 5	Equipment
Schedule 6	Receivables
Schedule 7	Buildings and Fixtures

Schedule 8	Leases Rent Roll for Residents of the Business
Schedule 9	Excluded Assets
Schedule 10	Allocation of Purchase Price
Schedule 11	Due Diligence Materials
Schedule 12	Transition Agreement

EXHIBITS

Exhibit A	Form of Approval and Vesting Order
Exhibit B	Form of Bill of Sale and Assignment

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is dated as of May 13, 2019

B E T W E E N :

DELOITTE RESTRUCTURING INC., solely in its capacity as court-appointed receiver and manager of ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY and not in its personal or corporate capacity

(the “Vendor”)

- and -

RYKKA CARE CENTRES LP, a limited partnership existing under the laws of Ontario

(the “Purchaser”)

CONTEXT:

- A. Pursuant to the Appointment Order (as defined herein) the Vendor was appointed receiver and manager (the “**Receiver**”) of the Debtor’s assets, undertakings and properties pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada) and section 101 of the *Courts of Justice Act* (Ontario) with the authority, *inter alia*, to market and sell the assets, undertakings, and properties of the Debtor over which the Vendor was appointed.
- B. On June 6, 2017, the Court authorized the Receiver to enter into an Exclusive Listing Agreement with John A. Jensen Realty Inc. to market and sell Rose of Sharon Korean Long Term Care.
- C. The Vendor wishes to sell and the Purchaser wishes to purchase the Assets of Rose of Sharon Korean Long Term Care (as defined below) upon and subject to the terms and conditions of this Agreement.

FOR GOOD AND VALUABLE CONSIDERATION, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement the following terms have the following meanings:

"Acceptance Date" means the date this Agreement is executed by each of the parties hereto.

"Accrued Payroll" means the portion of the payroll (for wages) which has been earned by the Assumed Employees as at the Closing Date but which has not been paid.

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the term "controlled" shall have a similar meaning.

"Agreement" means this agreement, including all Schedules and Exhibits, as it may be supplemented, amended, restated, or replaced from time to time by written agreement between the parties.

"Allocation of Purchase Price" is defined in Section 2.10 and as more particularly described in Schedule 10.

"Applicable Law" means, at any time, with respect to any Person, property, transaction, or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations, guidelines, orders and policies of any governmental or regulatory body or Persons having authority over that Person, property, transaction or event.

"Appointment Order" means the Appointment Order dated September 27, 2011 issued by the Ontario Superior Court of Justice (Commercial List) appointing the Vendor as receiver and manager of all of the current and future assets, undertakings and properties of the Debtor.

"Approval and Vesting Order" is defined in Section 4.3(a).

"Arbitrator" is defined in Section 2.9(g)(i).

"Assets" means the right, title and interest of the Debtor, if any, in and to the Owned Real Property, Buildings and Fixtures, Equipment, Inventory, and the Business Names, Receivables, Intangibles, Assumed Contracts, Resident Trust Funds, Books and Records and Licences used in the Business but specifically excludes the Excluded Assets.

"Assumed Contracts" means the Assumed Current Contracts and the Assumed Future Contracts.

"Assumed Current Contracts" is defined in Section 2.2 hereof.

"Assumed Employees" means collectively, the Assumed Salaried Employees and the Unionized Employees.

"Assumed Employee Liabilities" is defined in Section 2.17(a).

"Assumed Future Contracts" is defined in Section 2.2 hereof.

"Assumed Obligations" means: (i) all obligations and liabilities of the Debtor and/or the Vendor under the Assumed Contracts; and (ii) the Assumed Employee Liabilities.

"Assumed Salaried Employees" means Salaried Employees who accept offers of employment made by the Purchaser in accordance with the provisions of Section 2.13 hereof, but excluding the Unionized Employees.

"Benefit Plans" means any of the following (whether written, unwritten or terminated): (a) any employee welfare benefit plan, including but not limited to, any medical plan, life insurance plan, short term or long term disability plan and dental plan; and, (b) any employee pension plan, including, but not limited to any supplemental or excess pension plan, any deferred compensation plan, any registered pension plan or any other arrangement under which employees are provided with retirement income; in each case, provided, sponsored, administered or contributed to by the Debtor in relation to the Assumed Employees.

"Bill of Sale" is defined in Section 5.2.

"Books and Records" means:

- (a) all plans and specifications in the Debtor's possession or under its control relating to the Buildings and Fixtures situate on or forming part of the Owned Real Property including, without limiting the generality of the foregoing, all such electrical, mechanical and structural drawings related thereto as are in the possession or under the control of the Debtor; and
- (b) all personnel records, inspection record and other records, books and accounting records, documents and databases relating to the operation of the Business as are in the possession or under the control of the Debtor, the Vendor and the Manager, but excluding any documents that are proprietary to the Manager.

"Buildings and Fixtures" means the plant, buildings, structures, erections, improvements, appurtenances and fixtures situate on, in, under, over or forms part of the Owned Real Property on the Closing Date, including those set out in the Buildings and Fixtures listing in **Schedule 7**.

"Business" means the business carried on at the Owned Real Property on the Closing Date in any way related to the operation of a long-term care facility at the Owned Real Property.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario or any other day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.

"Business Names" means the name Rose of Sharon Korean Long Term Care and other intellectual property related to the Business.

"Closing" means the successful completion of the Transaction.

"Closing Date" means the date which is fifteen (15) days immediately following the later of written confirmation from the Vendor to the Purchaser that: (a) the Approval and Vesting Order has been granted, and (b) the MOH has approved the purchase by the Purchaser contemplated under this Agreement and the MOH has issued or approved the Purchaser for transfer of the Licence(s) or for issue of licences similar to the Licence(s) to the Purchaser; or such earlier date as agreed by the parties, but in no event will the Closing Date be later 13 months from the date that the Due Diligence Condition has been waived by the Purchaser.

"Collective Agreement" means the collective agreements, if any, in force between the Debtor and the Union, as more particularly described in Schedule 2 attached hereto as of the date of this Agreement or such replacement, amendment or other collective agreement(s) as may be bargained and agreed between the Purchaser and the Union prior to the Closing Date.

"Communication" means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a party.

"Confidential Information" means any and all data and information, financial or otherwise, with respect to the Business disclosed by the Debtor, its representatives or agents, including without limitation the Vendor and/or the Manager, to the Purchaser other than data or information which was in the public domain prior to the date of receipt by the Purchaser.

"Contracts" means the agreements listed in **Schedule 2**.

"Court" means the Ontario Superior Court of Justice (Commercial List).

"Debtor" means Rose of Sharon (Ontario) Retirement Community.

"Deposits" is defined in Section 2.7(b).

"Deposit Interest" is defined in Section 2.7.

"Due Diligence Condition" is defined in Section 4.1(a).

"Due Diligence Expiry Date" means the date on which a Notice of Satisfaction is delivered by the Purchaser to the Vendor.

"Due Diligence Period" means the period commencing on the Acceptance Date to and including the date which is no later than forty-five (45) days immediately thereafter.

“**Employee Liabilities Adjustment**” is defined in Section 2.9(a)(i).

“**Employee List**” is defined in Section 2.16.

“**Employees**” means collectively, the Salaried Employees and the Unionized Employees.

“**Equipment**” means the equipment, machinery, furniture, tools and other chattels owned by the Debtor located at the Owned Real Property and used in the Business, including those set out in the Equipment Listing attached to **Schedule 5**.

“**ETA**” means the *Excise Tax Act* (Canada).

“**Excluded Assets**” means all property and assets other than the Assets and includes but is not limited to the Excluded Assets listed on **Schedule 9**, and includes the following property and assets:

- (a) all cash, bank balances, money in possession of banks and other depositories, term or time deposits and similar cash or cash equivalents of, owned or held by or for the account of the Business;
- (b) the amount of any funding from the MOH referable to the operation of the Business by the Debtor prior to the Closing Date, whether the amount is payable before or after the Closing Date;
- (c) all policies and procedures, programs, manuals and documentation that are the proprietary to the Manager, including any continuous quality improvement programs;
- (d) all the corporate, financial and other records of the Debtor and/or Vendor not pertaining to the operation of the Business, or which are confidential and/or privileged; and
- (e) any account(s) receivable between the Debtor and any Person related to or affiliated with the Debtor or the Manager.

“**Final MOH Debt Assumption**” is defined in Section 2.8(b).

“**First Deposit**” is defined in Section 2.7(a).

“**Future Contracts**” means those Contracts entered into by the Vendor between the date that is the day after the date of expiration of the Due Diligence Period and the date on which MOH Approval is received.

“**GAAP**” means the Generally Accepted Accounting Principles from time to time approved by the Canadian Institute of Chartered Accountants, or its successor, applicable as at the date on which the applicable calculation(s) is made or required to be made in accordance with GAAP.

“**Governmental Authority**” means:

- (a) any federal, provincial, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of the foregoing exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature; or
- (b) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

“**HST**” means all harmonized sales taxes payable under the ETA.

“**Intangibles**” means the choses in action and other similar rights or claims directly related to the Business, including goodwill related to the Business.

“**Inventory**” means the inventory owned by the Debtor located at the Owned Real Property and used in the Business as at the Closing Date.

“**Leases**” means the leases and/or occupancy agreements for the Residents of the Business, including those set out in the Leases Rent Roll attached to **Schedule 8**.

“**Licence(s)**” means the licences listed in **Schedule 3**.

“**LHSIA**” means the *Local Health Systems Integration Act, 2006* (Ontario).

“**LTCHA**” means the *Long-Term Care Homes Act, 2007* (Ontario).

“**Manager**” means Assured Care Consulting Inc., the manager retained by the Vendor to manage the Business.

“**MOH**” means the Ontario Ministry of Health and Long-Term Care, and includes the Toronto Central Local Health Integration Network.

“**MOH Approval**” has the meaning ascribed thereto in Section 4.3(c).

“**MOH Debt Assumption**” is defined in Section 2.7(c).

“**Notice of Satisfaction**” means the written notice delivered by the Purchaser to the Vendor, on or before the expiry of the Due Diligence Period, confirming the Purchaser’s satisfaction, in its sole, absolute and unfettered discretion, with the results of the Due Diligence.

“**Owned Real Property**” means the lands and premises more particularly described in **Schedule 4** and includes four (4) parking spaces on level B of the building.

“**Permitted Encumbrances**” means the encumbrances and other documents affecting title to the Owned Real Property, as described in **Schedule 4**, which shall be accepted and/or assumed on Closing by the Purchaser.

"Person" means an individual, body corporate, sole proprietorship, partnership or trust or unincorporated association, unincorporated syndicate, unincorporated organization, or another entity, and a natural person, acting in his or her individual capacity or in his or her capacity as executor, trustee, administrator or legal representative, and any Governmental Authority.

"Pre-closing MOH Reconciliations" is defined in Section 2.11.

"Preliminary MOH Closing Assumption" is defined in Section 2.8(a).

"Purchase Price" means the sum of [REDACTED] in lawful money of Canada.

"Purchaser's Solicitors" means the firm of Gardiner Roberts LLP, 22 Adelaide Street West, Suite 3600, Toronto, Ontario M5H 4E3, Attention: John Atchison, Telephone No. (416) 865-6647, Telecopier No. (416) 865-6636.

"Receivables" means all accounts receivable, bills receivable, trade accounts, book debts, tax refunds and insurance claims directly or indirectly used in, arising from, or relating in any manner to the Business together with any unpaid interest accrued on such items (and expressly excluding any account(s) between the Debtor or Vendor and any Person related to or affiliated with the Debtor or Vendor or the Manager) as at the Closing Date, including those as listed in **Schedule 6**, which schedule shall be updated and substituted as at the Closing Date, but specifically excluding the amount of any funding from the MOH referable to the operation of the Business by the Debtor prior to the Closing Date, whether the amount is payable before or after the Closing Date.

"Reconciliation Amounts" means all amounts repayable by the Debtor or Vendor to the MOH pursuant to Ontario Regulation 79/10, s. 243, under the LTCHA, pursuant to Ontario Regulation 264/07, s. 3, under the LHSIA, or pursuant to any applicable agreement between the Debtor and the MOH for the years prior to the year in which the Closing takes place and following up to the Closing Date.

"Replacement Licence" has the meaning ascribed thereto in Section 4.4.

"Residents" means Residents of the Business as set out in the Leases Rent Roll attached to Schedule 8.

"Resident Trust Funds" means all money held on behalf of the Residents of the Business.

"Retained Employee Liabilities" is defined in Section 2.17(b).

"Salaried Employees" means all persons who are employed in the Business, as at the Closing Date, including those on short term disability leave, maternity leave, or other permitted leave, but excluding the Unionized Employees.

"Second Deposit" is defined in Section 2.7(b).

"Transaction" means the transaction of purchase and sale of the Assets and the transfer or issuance of Replacement Licence as set out in Section 4.4, all as contemplated by this Agreement.

“Union” means the United Food & Commercial Workers International Union, Local 175.

“Unionized Employees” means all persons who are employed in the Business as at the Closing Date, who are members of the Union.

“Unionized Employees Accrual Amount” means the amount that the Vendor shall have accrued on account of retroactive wage settlements with the Unionized Employees pending the resolution of a Collective Agreement with the Union. As of the date of this Agreement, the Unionized Employees Accrual Amount is \$67,958.

“Vendor’s Solicitors” means the firm of Gowling Lafleur Henderson, LLP, Barristers & Solicitors, 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5, Attention: E. Patrick Shea, LSM, CS, Telephone No. (416) 369-7399, Telecopier No. (416) 862-7661.

“Work Order” means any work order, deficiency notice, notice of violation or other notice of non-compliance or notice requiring compliance regarding the Owned Real Property or, any part thereof, under any Applicable Laws.

1.2 Entire Agreement

This Agreement, together with the agreements and other documents to be delivered pursuant to this Agreement, constitute the entire agreement between the parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no representations, warranties or other agreements between the parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement or the other agreements and documents delivered pursuant to this Agreement.

1.3 Time of Day

Unless otherwise specified, references to time of day or date mean the local time or date in the City of Toronto, Province of Ontario.

1.4 Business Day

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the payment is to be made or action taken on the next Business Day following.

1.5 Governing Law and Attornment

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario. Each of the parties hereby irrevocably and unconditionally attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Certain Rules of Interpretation

- (a) In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the word “including” in this Agreement is to be construed as meaning “including, without limitation”.
- (b) The division of this Agreement into Articles and Sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (c) Wherever in this Agreement reference is made to a calculation to be made in accordance with GAAP, the reference is to the GAAP from time to time approved by the Canadian Institute of Chartered Accountants, or its successor, applicable as at the date on which the calculation is made or required to be made in accordance with GAAP.
- (d) References in this Agreement to an Article, Section, Schedule, or Exhibit are to be construed as references to an Article, Section, Schedule, or Exhibit of or to this Agreement unless the context requires otherwise.
- (e) Unless otherwise specified in this Agreement, time periods within which or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.
- (f) Unless otherwise specified, any reference in this Agreement to any statute includes all regulations made thereunder or in connection therewith from time to time, and is to be construed as a reference to such statute as amended, supplemented, or replaced from time to time.

1.7 Schedules and Exhibits

The following is a list of Schedules and Exhibits:

Schedule	Subject Matter	Section Reference
1	Appointment Order	1.1
2	Contracts	1.1
3	Licenses	1.1
4	Owned Real Property	1.1; 2.4
5	Equipment	1.1

6	Receivables	1.1
7	Building and Fixtures	1.1
8	Leases Rent Roll for Residents of the Business	1.1
9	Excluded Assets	1.1
10	Allocation of Purchase Price	2.10
11	Due Diligence Materials	2.18
12	Transition Agreement	5.7

Exhibit	Subject Matter	Section Reference
Exhibit A	Form of Approval and Vesting Order	4.3
Exhibit B	Form of Bill of Sale and Assignment	5.2

ARTICLE 2 SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions of this Agreement, the Vendor will sell to the Purchaser and the Purchaser will purchase the Assets on the Closing Date. The Purchaser acknowledges that it is not purchasing any other property or assets of the Debtor other than the Assets.

2.2 Assignment and Assumption of Contracts

The Purchase shall assume those Contracts listed on **Part 1 of Schedule 2** (the “**Assumed Current Contracts**”). With respect to Future Contracts, within five (5) Business Days of receipt of the MOH Approval, the Vendor shall provide the Purchaser with a list of all Future Contracts. Within five (5) Business Days of receipt of the list of Future Contracts, the Purchaser shall provide the Vendor with the list of Future Contracts it wishes to assume on Closing (the “**Assumed Future Contracts**”), failing which, the Purchaser shall be deemed to have agreed to assume all Future Contracts on Closing. Subject to the conditions and terms of this Agreement, the Vendor will assign to the Purchaser all of the Debtor’s rights, benefits, and interests in and to the Assumed Contracts, if any, and the Purchaser will assume and perform the Assumed Obligations from an after the Closing Date, save and except as otherwise specified herein. For greater certainty, the Purchaser shall not be responsible for performance of any Contracts not assumed or deemed assumed by the Purchaser.

This Agreement and any document delivered under this Agreement will not constitute an assignment or an attempted assignment of any Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Contract or, in the alternative, if an Order of the Court authorizing and approving the assignment of the Contracts to the Purchaser has not been obtained. At the option of the Vendor, any such assignment may be made in the name of and on behalf of the Debtor.

2.3 "As is, Where is"

The Purchaser acknowledges that, subject to Sections 3.2 and 5.8, the Vendor is selling the Assets on an "as is, where is" basis as they exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Assets and that the Purchaser has conducted or will have conducted during the Due Diligence Period such inspections of the condition of and title to the Assets as it deems appropriate and has satisfied itself with regard to these matters. No representation, warranty, or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality, assignability or in respect of any other matter or thing whatsoever concerning the Assets or the right of the Vendor to sell them save and except as expressly represented or warranted in this Agreement or the Appointment Order. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply to this transaction of purchase and sale and have been waived by the Purchaser. The description of the Assets contained in the Schedules is for purposes of identification only. No representation, warranty, or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

2.4 Owned Real Property

The Purchaser acknowledges that it will, at its own expense, examine title to the Owned Real Property on or prior to Due Diligence Expiry Date and that it shall have satisfied itself (in its sole and unfettered discretion) as at such date with:

- (a) the condition of the title to the Owned Real Property;
- (b) any Work Orders affecting the Owned Real Property outstanding as at such date; and
- (c) the use of the Owned Real Property being in accordance with applicable zoning requirements and satisfied itself that the Buildings and Fixtures may be insured to the satisfaction of the Purchaser.

The Purchaser further acknowledges that, notwithstanding any statutory provisions to the contrary, the Purchaser has no right to submit requisitions on title or in regard to any outstanding Work Orders.

Notwithstanding the foregoing or anything to the contrary in this Agreement, if any Work Order is issued by any Governmental Authority within the period beginning on the fifth (5th) day prior to

the Due Diligence Expiry Date and ending on the Closing Date, the Vendor may, in its sole and absolute discretion, elect to clear the Work Order. If the Vendor elects to not clear the Work Order, the Purchase may terminate this Agreement. If the Vendor elects to clear the Work Order and the matters set out in the Work Order cannot be cleared prior to Closing, the Purchaser shall accept an undertaking from the Vendor to complete the work required within 60 days after Closing and there shall be a holdback from the Purchase Price in the amount required to complete the work with a holdback agreement to be negotiated by the parties acting reasonably.

The Debtor and Vendor consent to Governmental Authorities releasing to the Purchaser details of all outstanding municipal work orders or deficiency notices affecting the Owned Real Property and it will execute any authorizations in connection therewith, provided that such consent shall not, without the consent of the Vendor, provide for any inspections to be conducted by any such Governmental Authority.

2.5 Assumed Obligations

In connection with its acquisition of the Assets, the Purchaser will assume the Assumed Obligations on Closing. On Closing, to the extent necessary, the Purchaser will enter into an assumption agreement in form and substance satisfactory to each of the Purchaser and the Vendor, acting reasonably. The Purchaser acknowledges that the Vendor and Debtor will have no responsibility whatsoever for curing any defaults, paying any arrears, or performing any obligations under or with respect to the Assumed Contracts, save and except as otherwise specified herein.

2.6 Excluded Obligations

Other than the Assumed Obligations, the Purchaser will not assume and will not be liable for any other liabilities or obligations of the Debtor.

2.7 Payment of the Purchase Price

The Purchase Price shall be paid, accounted for and satisfied as follows:

- (a) by the Purchaser having delivered to the Vendor (and payable to the Vendor's Solicitors in trust), the sum of [REDACTED] (the "**First Deposit**"), which sum shall be held by the Vendor's Solicitors, in trust, as a deposit pending Closing or termination of this Agreement;
- (b) by the Purchaser delivering to the Vendor's Solicitors, in trust, the further sum of [REDACTED] Dollars within three (3) Business Days following waiver of the Due Diligence Condition (the "**Second Deposit**"), which sum shall be held by the Vendor's Solicitors, in trust, as a deposit pending Closing or termination of this Agreement (the First Deposit and the Second Deposit are collectively referred to as the "**Deposits**"); and
- (c) the balance of the Purchase Price, after crediting: (i) the Deposits; (ii) the Deposit Interest; (iii) the MOH Debt Assumption and subject to the adjustments to Purchase Price set forth in Section 2.9, by payment at Closing to the Vendor or as it may

otherwise direct in writing by the Vendor.

The Vendor and the Purchaser agree and hereby authorize and direct the Vendor's Solicitors to invest the Deposits in an interest-bearing term deposit or interest-bearing account of a Canadian chartered bank bearing current market rate of interest, which interest (the "**Deposit Interest**") shall be paid or credited to the Purchaser at the Closing, unless the Purchaser forfeits the Deposits as provided below in which event the Deposit Interest will be paid to the Vendor.

Unless otherwise agreed, all amounts payable to the Vendor either by way of Deposits or at Closing will be paid to the Vendor by certified cheque or bank draft of a major Canadian bank listed in Schedule I to the *Bank Act* (Canada) or by wire transfer. The Purchaser acknowledges and agrees that the Deposits and Deposit Interest are non-refundable save and except as provided under Section 5.10.

2.8 Assumed MOH Debt

On or before the Closing Date, the Vendor and the Purchaser, each acting reasonably, shall use their best efforts to agree on an estimate of the Reconciliation Amounts. On Closing, from the Purchase Price an amount equal to the Reconciliation Amounts shall be adjusted for on Closing.

2.9 Adjustments to Purchase Price

The Purchase Price shall be subject to the adjustments contemplated in Section 2.8 and as set out below:

(a) Adjustment for Certain Employee Liabilities

- (i) Subject to Subsection 2.9(a)(ii), the Purchaser shall be responsible for Assumed Employee Liabilities.
- (ii) All unpaid amounts owing as at Closing to the Assumed Employees and for which the Purchaser becomes liable at or after Closing for Accrued Payroll and/or other Retained Employee Liabilities (and expressly excluding all Assumed Liabilities), as well as the other amounts set out in Section 2.17 shall be credited against the Purchase Price unless such amounts have been paid by the Debtor such that there is no recourse against the Purchaser (the "**Employee Liabilities Adjustment**"). Notwithstanding the foregoing or anything else to the contrary in this Agreement:
 - A. the Vendor shall be responsible for all retroactive wage settlements and other liabilities that arise out the settlement of the collective agreement for the Unionized Employees by the Vendor and that relate to the period up the Closing Date, but the Purchaser shall be liable for all such obligations that arise arise out the settlement of a new Collective Agreement for the Unionized Employees by the Purchaser with the Union on or after the Closing Date; and
 - B. the Purchase Price shall be adjusted in favour of the Purchaser by

the Unionized Employees Accrual Amount. The Vendor covenants and agrees that it shall continue to accrue and add to the Unionized Employees Accrual Amount until the Closing Date on the same basis as it has done to date unless a new Collective Agreement is entered into between the Union and the Vendor prior to the Closing Date.

- (iii) The Vendor shall prepare and provide to the Purchaser at least four (4) Business Days before the Closing Date, a statement of the calculation of the Employee Liabilities Adjustment as of the Closing Date, together with relevant supporting documentation, satisfactory to the Purchaser, acting reasonably.

(b) **Owned Real Property Adjustments**

- (i) Real property taxes, local improvement rates, water/garbage rates, utilities/fuel costs, monthly amounts paid or payable by the MOH for the month in which the Closing occurs, and amounts payable in respect of Leases and any Assumed Contract and other usual and customary items which are the subject of commercial real property retirement and long term care facility transaction adjustments (and expressly excluding the Collective Agreement, Benefit Plans, and Assumed Employee Liabilities) shall be adjusted as of the Closing Date.

- (ii) On the Closing Date, the Vendor shall arrange that all deposits and/or security deposits in respect of utilities shall be returned to the Vendor.

- (c) The Vendor shall deliver a statement of adjustments acceptable to the Purchaser, acting reasonably, for the items set out in subsections (a) and (b) above to the Purchaser at least four (4) Business Days before Closing together with background information as may be reasonably required to complete and verify the items on the statement of adjustments, and the parties shall undertake to readjust any item on or omitted from the statement of adjustments for a period of six (6) months from Closing

(d) **No Adjustments for Inventory.**

There shall be no adjustment to the Purchase Price in favour of the Vendor or the Purchaser on account of Inventory.

(e) **No Adjustments for Receivables.**

The Receivables shall become the property of the Purchaser on Closing and shall be collected by the Purchaser on its own account thereafter. There shall be no adjustment to the Purchase Price in favour of the Vendor or the Purchaser on account of the Receivables.

(f) **No Right of Set off/Holdback.**

The Purchaser hereby agrees that there shall be no right of set off against the Purchase Price or any element of the Purchase Price except as expressly provided in this Agreement, but including, without limitation, any adjustments required under Sections 2.8(b) and 2.9(b). To secure the Vendor's obligation to readjust under Section 2.9(c), the Vendor's Solicitor shall withhold from the closing proceeds **\$100,000** to satisfy any claims the Purchaser may have under Section 2.9(c) provided, if the Purchaser makes a claim within this period and it is dealt with under clause (g) below, the said solicitor shall continue to withhold this amount until the dispute is resolved under such clause and shall pay such amount in accordance with the direction of the parties, or in accordance with the Arbitrator's decision on receipt thereof, without further inquiry.

(g) **Adjustment Dispute Resolution.**

- (i) Should there be any dispute concerning the calculation of the Employee Liabilities Adjustment, the Owned Real Property adjustments and/or the Final MOH Debt Assumption that remains unresolved, the Purchaser and the Vendor shall cooperate in good faith to resolve any such dispute as promptly as possible. If the Purchaser and the Vendor are unable to resolve any dispute regarding calculation of the Employee Liabilities Adjustment, the Owned Real Property adjustments and/or the Final MOH Debt Assumption within fifteen (15) days of a dispute arising or such longer period as the Purchaser and the Vendor shall mutually agree in writing, the Vendor and the Purchaser shall engage a mutually agreeable independent accounting firm (the "**Arbitrator**") to resolve all issues bearing on such dispute and to determine finally the actual Employee Liabilities Adjustment, the Owned Real Property adjustments, and/or the MOH Closing Adjustment as of the Closing Date. The parties agree that such resolution and determination shall be final and binding on the Vendor and the Purchaser.
- (ii) The Arbitrator shall use commercially reasonable efforts to complete its work within fifteen (15) days of its engagement. The expenses of the Arbitrator shall be shared equally by the Vendor and the Purchaser, or as otherwise determined by the Arbitrator.
- (iii) The Vendor's Solicitors shall pay out any funds held for these adjustments with interest earned thereon, if any, in accordance with the direction of the Vendor and the Purchaser if they agree or in accordance with the Arbitrator's decision on receipt thereof, without further inquiry.

2.10 Allocation of Purchase Price

The Purchase Price shall be allocated in accordance with the Purchase Price Allocation set out on **Schedule 10** attached hereto.

2.11 Annual Account Reconciliation

The Debtor, with the assistance of the Vendor, shall be responsible for preparing and filing the annual account reconciliations with the MOH for the years prior to the year in which the Closing occurs and following up to the Closing Date (collectively, the “**Pre-closing MOH Reconciliations**”). The Purchaser agrees to provide reasonable access to the Vendor or its agent to the Books and Records for the purposes of complying with this Section 2.11.

2.12 Taxes

- (a) The Purchaser will be responsible for all registration fees relating to the Transfer/Deed of land and land transfer taxes payable in connection with the Transaction.
- (b) The Purchaser will pay upon Closing, all land transfer taxes, HST (if any is payable), and any other applicable federal, provincial, and municipal sales taxes exigible on the transfer and sale except those taxes payable by the Vendor or the Debtor in accordance with Applicable Law. Alternatively, where applicable, the Purchaser may furnish the Vendor with appropriate exemption certificates including for the Owned Real Property a warranty and indemnity that includes the Purchaser's HST registration number in form satisfactory to the Vendor's solicitors, acting reasonably. The Vendor shall, if requested by the Purchaser, execute jointly with the Purchaser an election under Section 167 of the ETA to exempt the sale of the Assets from the payment of HST.
- (c) The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands for payment of all applicable transfer and sale taxes as set out above including penalties and interest and any liability or costs incurred as a result of any failure to pay such taxes when due

2.13 Assumed Salaried Employees

- (a) On or before the Closing Date and subject to Closing, the Purchaser will offer employment to all Salaried Employees on terms and conditions which are no less favourable in the aggregate to the same terms and conditions as they had been employed by the Debtor. The Purchaser in making the offer of employment will recognize the seniority and years of service with the Debtor of the Salaried Employees for purposes of notice of termination, termination and/or severance pay as required by the *Employment Standards Act* (Ontario), as amended, only. The Vendor will be responsible for all payments to be made and all expenses, costs, and other liabilities and obligations, if any, of any kind whatsoever arising out of or in connection with those Salaried Employees who do not accept employment by the Purchaser.
- (b) The Purchaser acknowledges and agrees that:

- (i) the Debtor and the Vendor make no representation or warranty that any Salaried Employee will accept employment with the Purchaser; and
- (ii) the acceptance by Assumed Salaried Employees of offers of employment with the Purchaser will not constitute a condition to the Purchaser's obligation to complete the Transaction.

2.14 Unionized Employees

In accordance with Applicable Law, the Purchaser shall become the successor employer with respect to the Unionized Employees shall be bound by and comply with the terms of the Collective Agreement, if any such agreement is negotiated by the Vendor prior to the Closing Date, except that the Purchaser and the Union shall be free (upon mutual agreement) to change the terms and conditions of employment for the Unionized Employees or otherwise modify or enter into a new Collective Agreement and except further that any employee benefits provided to the Unioned Employees through a Benefit Plan maintained by the Debtor or the Vendor as of the Closing Date whether or not required to be provided under the Collective Agreement shall instead be provided by the Purchaser through a benefit plan maintained by the Purchaser, subject to the Union's agreement, if required.

2.15 Notice of Change of Employment

The Purchaser may give such notice to the Assumed Employees concerning the change of their employer with respect to the Business as the Purchaser, in light of Applicable Law, considers reasonable.

2.16 Employee List

Within 5 Business Days following the execution of this Agreement, the Vendor, shall provide the Purchaser with a current list of Employees (the "**Employee List**"), in a format to be agreed upon by both of the parties hereto, each acting reasonably. The Employee List shall include for each Employee their name, job title, hire date, wage or salary rate, amount of accrued vacation pay and rate that vacation pay accumulates, and a job duty outline, and for hourly employees, the number of hours generally worked per week. At least ten (10) Business Days before the Closing Date, the Vendor shall deliver to the Purchaser an up to date Employee List of all Employees as at such date. On the Closing Date, the Vendor shall also deliver to the Purchaser a further updated Employee List as at the Closing Date.

2.17 Assumed Employees General

- (a) The Purchaser shall be responsible for and shall assume (collectively, the "**Assumed Employee Liabilities**"):
 - (i) In respect of the Assumed Salaried Employees:

- (1) any future severance pay, termination pay and/or pay in lieu of notice in the event it terminates any such employees, with the Purchaser having recognized the seniority and years of service with the Debtor for the purposes thereof; and
 - (2) to the extent the Purchaser receives a credit related thereto under Section 2.9(a)(ii):
 - (I) accrued vacation entitlements; and
 - (II) Accrued Payroll and Retained Employee Liabilities; and
- (ii) Subject to Section 2.9(a)(ii), in respect of the Unionized Employees:
 - (1) any future severance pay, termination pay and/or pay in lieu of notice in the event it terminates any such employees, with the Purchaser having recognized the seniority and years of service with the Debtor for the purposes thereof; and
 - (2) to the extent the Purchaser receives a credit related thereto under Section 2.9(a)(ii):
 - (I) accrued vacation entitlements and sick leave credits (if any); and
 - (II) Accrued Payroll and Retained Employee Liabilities.
- (b) Until the Closing Date, subject to the Employee Liabilities Adjustment, the Debtor will be responsible for payment of all: (A) wages, (B) statutory deductions, (C) remittances, (D) assessments, (E) bonuses, (F) vacation pay, (G) severance pay, termination pay or amounts paid in lieu of notice due or owing, (H) payments under the Collective Agreement, if any, for the Unionized Employees and (I) any other remuneration, benefits and deductions for all the Assumed Employees, including without limitation, Benefit Plan premiums and contributions and any other amounts required to be paid in respect of pension plans in which the Assumed Employees participate, that actually become due and payable prior to the Closing Date (the **"Retained Employee Liabilities"**). On the Closing Date, the Purchaser will assume the Assumed Employee Liabilities and other items in the Employee Liabilities Adjustment for the Assumed Employees, as provided in Section 2.9(a) hereof.
- (c) Effective as of the Closing Date, the Purchaser will assume the obligations of the Debtor (and the obligations of the Vendor, if any) with respect to the Assumed Employee Liabilities.
- (d) Except to the extent otherwise imposed by Applicable Law, the Debtor will comply with all Applicable Law in respect of all unpaid workers' compensation amounts,

including payroll premiums, non-compliance charges, experience rating surcharges, work week surcharges, levies and penalties relating to the Assumed Employees arising out of events occurring prior to the Closing Date. The Purchaser will comply with all Applicable Law in respect of such amounts arising out of events occurring on or after the Closing Date relating to the Assumed Employees.

- (e) The Vendor agrees to indemnify and save the Purchaser harmless from and against all claims and demands for payment in connection with its responsibility for Employee Liabilities as provided in Sections 2.17(a) and 2.17(b) hereof. The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands for payment in connection with the Employee Liabilities for the Assumed Employees attributable to the period on or after the Closing Date including the Employee Liabilities Adjustment as provided in Section 2.8(a), and its responsibilities as provided in Sections 2.14 and 2.17(c).

2.18 Due Diligence Information

The Vendor shall, upon the execution of this Agreement by both parties, make available to the Purchaser, in digital form, to the extent same are available or are in its possession or control, the documentation set forth in Schedule 11. In addition, during the Due Diligence Period, at the request of the Purchaser, the Vendor shall as soon as reasonably possible make available or deliver to the Purchaser any additional information and documentation as the Purchaser may reasonably require to the extent such additional information and documentation is specific to the Assets, and is within the possession or control of the Vendor. Up to the Closing Date, the Vendor shall continue to provide written disclosure to the Purchaser of any material new or changed fact, circumstance or event relevant to the Assets and all documentation relating thereto.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a limited partnership duly formed, organized and subsisting under the laws of Ontario;
- (b) the Purchaser has all the necessary power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary corporate actions on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained in this Agreement; and

- (d) the Purchaser is not a non-Canadian person as defined in the *Investment Canada Act*.

3.2 Vendor's Representations

The Vendor represents and warrants to the Purchaser that:

- (a) the Vendor has the right to enter into this Agreement and, subject to the granting of the Approval and Vesting Order by the Court, to complete the Transaction;
- (b) the Vendor is not a non-resident of Canada within the meaning of that term as used in the *Income Tax Act* (Canada);
- (c) save and except for the charges created pursuant to the Appointment Order, the Vendor has not previously sold or done any act to encumber the Assets; and
- (d) to the best of the Vendor's knowledge, no actions or proceedings are pending and none have been threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

ARTICLE 4 CONDITIONS

4.1 Conditions of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the fulfillment of each of the following conditions before the Closing Date or such earlier date specified below (unless otherwise specified, or unless otherwise waived by the Purchaser as it may determine in its sole and unfettered discretion):

- (a) the inspections and investigations contemplated in Section 5.6, the investigation of title to the Owned Real Property and the restrictions on its use and any Work Orders and other due diligence by the Purchaser of the Assets and Business (as determined by the Purchaser in its sole and unfettered discretion) shall have been completed and the Purchaser shall be satisfied (in its sole and unfettered discretion) with the results of those inspections, investigations ~~and~~ (collectively, the "**Due Diligence**") and prior to expiration of the Due Diligence Period (the "**Due Diligence Condition**");
- (b) the Purchaser shall be satisfied as to any conditions imposed by the MOH on the Transaction within fifteen (15) days of written receipt by the Purchaser of the MOH Approval;
- (c) on closing, the Purchaser shall have obtained from the MOH the Replacement Licence;
- (d) all representations and warranties of the Vendor contained in this Agreement will be true as of the Closing Date with the same effect as though made on and as of that

date;

- (e) no action or proceedings will be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement on the Closing Date;
- (f) the Vendor will have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (g) no material loss or damage to the Assets will have occurred on or before the Closing Date, subject to the provisions of Section 5.8.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver will be binding on the Purchaser only if made in writing.

4.2 Conditions of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the fulfillment of each of the following conditions before the Closing Date (unless otherwise specified, or unless otherwise waived by the Vendor in its sole discretion):

- (a) all representations and warranties of the Purchaser contained in this Agreement will be true as of the Closing Date with the same effect as though made on and as of that date;
- (b) no action or proceedings will be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement;
- (c) the Purchaser will have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (d) no material loss or damage to the Assets will have occurred on or before the Closing Date subject to the provisions of Section 5.8 hereof.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver will be binding on the Vendor only if made in writing.

4.3 Mutual Conditions

The obligations of the Vendor and Purchaser to complete the Transaction are subject to the following conditions being fulfilled or performed at or prior to the Closing:

- (a) On or within twenty (20) days following satisfaction or waiver by the Purchaser of the Due Diligence Condition, an Order will have been made by the Court approving this Agreement and the Transaction and vesting in the Purchaser all the right, title, and interest of the Debtor in the Assets free and clear of all liens, security interests

and other encumbrances, save and except for the Permitted Encumbrances, such order to be substantially in the form of the order attached hereto as **Exhibit A** (the **"Approval and Vesting Order"**);

- (b) the Approval and Vesting Order will not have been stayed, varied or vacated and no order will have been issued and no action or proceeding will be pending to restrain or prohibit the completion of the Transaction; and
- (c) on or before the first anniversary of the waiver of the Due Diligence Condition by the Purchaser, the MOH shall have approved the purchase by the Purchaser contemplated under this Agreement and the MOH shall have approved the Purchaser for transfer of the Licence(s) or for issue of the Replacement Licence (the **"MOH Approval"**).

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

4.4 **Transfer of Licenses**

The Vendor, with the assistance of the Debtor, shall make within fifteen (15) Business Days of the obtaining of the Approval and Vesting Order the necessary filings of material with the MOH to request the granting of approval of the Transaction including notice of surrender of the Licence(s) on condition the MOH issue licence(s) similar to the Licence(s) (the **"Replacement Licence"**) to the Purchaser.

The Purchaser shall submit the materials required by the MOH to initiate the approval of the issuance of the Replacement Licence within twenty (20) Business Days of the obtaining of the Approval and Vesting Order and thereafter take all commercially reasonable steps necessary and use due diligence to obtain the Replacement Licence.

4.5 **Non-Satisfaction of Conditions**

- (a) With the exception of the condition in Section 4.1(a), any condition set out in this Article is not satisfied or performed prior to the time specified therefor, a party for whose benefit the condition is inserted shall in writing:
 - (i) ~~(a)~~-waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
 - (ii) ~~(b)~~-elect by written notice to the other party delivered on or before the date specified for the condition to terminate this Agreement.
- (b) In connection with the Due Diligence Condition in Section 4.1(a), on or before the expiry of the Due Diligence Period, the Purchaser shall, if satisfied, in its sole, absolute and unfettered discretion, with the results of the Due Diligence, deliver a Notice of Satisfaction to the Vendor, and the Purchaser will be deemed to have

agreed to proceed with the purchase of the Purchased Assets in accordance with the terms hereof. Failure to deliver a Notice of Satisfaction will terminate the Purchaser's obligation to complete the purchase of the Assets as set forth herein whereupon all the obligations of the Parties provided for herein (except those which are expressly stated to survive the termination of this Agreement) will cease, and the First Deposit, including any interest accrued thereon, shall forthwith be returned to the Purchaser, without any deduction or set-off, the whole without any recourse by either Party against the other.

4.6 Exclusive Dealings

Until the earlier of termination of this Agreement in accordance with its terms or Closing, neither the Vendor nor the Debtor shall take any action, directly or indirectly, to encourage, initiate or engage in discussions or negotiations with, or provide any information to any Person, other than the Purchaser and its designated and authorized representatives, concerning any sale, transfer, assignment, licence, merger or similar transaction involving the Assets.

ARTICLE 5 CLOSING

5.1 Closing

The completion of the Transaction will take place at the offices of the Vendor's Solicitors, on the Closing Date or as otherwise determined by mutual agreement of the parties in writing.

5.2 Purchaser's Deliveries on Closing

At or before the Closing Date, the Purchaser will execute and deliver to the Vendor the following, each of which will be in form and substance satisfactory to the Vendor's Solicitors, acting reasonably:

- (a) a Bill of Sale and Assignment substantially in the form of **Exhibit B** (the "**Bill of Sale**");
- (b) a certificate of a senior officer of the Purchaser dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (c) a certificate of a senior officer of the Purchaser dated the Closing Date, confirming that each of the conditions precedent in Section 4.1 hereof, other than those previously stated as fulfilled, performed or waived by the Purchaser, have been fulfilled, performed or waived as of the Closing Date;
- (d) an assumption agreement as contemplated by Section 2.5;
- (e) possession and control of the Resident Trust Funds, subject to the rights of the

beneficial owner of the Resident Trust Funds;

- (f) an undertaking to readjust any item on or omitted from the statement of adjustments as provided for in Section 2.9(c);
- (g) a mutual indemnity agreement in respect of the Assumed Employees as contemplated by Section 2.17(e); and
- (h) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

The Purchaser shall also deliver the balance of the Purchase Price in accordance with the provisions of Section 2.7(c).

5.3 Vendor's Deliveries on Closing

At or before the Closing Date, the Vendor, with the assistance of the Debtor, will execute and deliver to the Purchaser the following, each of which will be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a statement of adjustments as contemplated by Section 2.9(c);
- (b) a Bill of Sale;
- (c) a certificate of an officer of the Vendor dated the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (d) a certificate of an officer of the Vendor dated the Closing Date confirming that each of the conditions precedent in Section 4.2 have been fulfilled, performed or waived as of the Closing Date;
- (e) an assumption agreement as contemplated by Section 2.5;
- (f) an undertaking to readjust any item on or omitted from the statement of adjustments as provided for in Section 2.9(d);
- (g) a mutual indemnity agreement in respect of the Assumed Employees as contemplated by Section 2.17(e);
- (h) the Approval and Vesting Order and Receiver's Certificate and Transfer/Deed of Land in registrable form;
- (i) any keys, entry devices and passcodes in the possession or control of the Vendor;
- (j) an updated Employee List;
- (k) a transfer of the Resident Trust Funds together with related records; and

- (l) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

5.4 Purchaser's Acknowledgement

The Purchaser acknowledges that the Vendor is selling the right, title and interest of the Debtor in and to the Assets pursuant to the Vendor's powers as authorized by the Appointment Order and the Approval and Vesting Order substantially in the form attached hereto as **Exhibit A**. The Purchaser agrees to purchase and accept the right, title and interest of the Debtor in and to the Assets pursuant to and in accordance with the terms of: (i) this Agreement; (ii) the Approval and Vesting Order; and (iii) the Bill of Sale and other assignment agreements delivered pursuant to the terms of this Agreement.

5.5 Possession of Assets and Resident Trust Funds

The Vendor will remain in possession of the Assets until the Closing Date. On Closing, the Purchaser will take possession of the Assets and the Resident Trust Funds wherever situate as at the Closing Date. In no event will the Assets be sold, assigned, transferred or set over to the Purchaser until the Purchaser has satisfied all delivery requirements outlined in Section 5.2 hereof.

5.6 Access to Assets

- (a) The Purchaser and its duly authorized representatives may have reasonable access to the Assets located at the Debtor Owned Real Property during normal business hours during the Due Diligence Period and until Closing for the purpose of enabling the Purchaser to conduct such inspections of the Assets as it deems appropriate, provided the Purchaser gives the Vendor at least forty-eight (48) hours prior notice of the times it intends to conduct such inspections. Such inspection will only be conducted in the presence of a representative of the Vendor if so required at the discretion of the Vendor.
- (b) The Vendor will furnish to the Purchaser and its duly authorized representatives any financial and operating data and other information and documentation with respect to the Business as the Purchaser reasonably requests, including all working papers in any way relating to the Business and all documents relating to the Owned Real Property, but only to the extent that such information is in the possession or under the control of the Vendor. The parties expressly agree and understand that there will be some documents not within the possession or control of the Vendor.
- (c) The Purchaser agrees to indemnify and save the Vendor and the Debtor harmless from and against all claims, demands, losses, damages, actions and costs incurred or arising from or in any way directly related to the inspection of the Assets or the attendance of the Purchaser, its employees, contractors or agents at the Owned Real Property.

5.7 Conduct of Business Before Closing

The Vendor and the Purchaser shall enter into a Transition Agreement in the form attached as **Schedule 12**. During the period beginning on the Acceptance Date to and including the Closing Date, the Vendor shall:

- (a) operate the Business in the ordinary course, including having Employees take their regularly scheduled vacation;
- (b) provide the Purchaser with the reports concerning the management of the Property that the Manager currently provides to the Vendor;
- (c) maintain and keep the Assets in their present state of repair, ordinary wear and tear excepted and not sell any Assets;
- (d) notify the Purchaser of any breach of any representation, warranty or covenant in this Agreement;
- (e) not do any act or omit to do any act that would cause a breach of any representation, warranty, covenant or agreement contained in this Agreement; and
- (f) not make any material change in the terms of employment of Employees or hire any new Employees or amend any Contracts without the prior approval of the Purchaser.

5.8 Risk

The Assets will be and remain at the risk of the Vendor until Closing and at the risk of the Purchaser from and after Closing. Pending completion, the Vendor will hold insurance policies covering the Assets and any proceeds derived therefrom for the parties as their respective interest may appear. If, prior to Closing, the Assets are substantially damaged or destroyed by fire or other casualty, then, at its option, the Purchaser may decline to complete the transaction. Such option will be exercised within 15 days after notification to the Purchaser by the Vendor of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within 15 days of the Closing Date) in which event this Agreement will be terminated automatically and the Purchaser will be entitled only to a return of the Deposits paid under Section 2.7 hereof and the Deposit Interest but without any other compensation. If the Purchaser does not exercise such option, or where any damage or destruction is not substantial, the Purchaser will complete the Transaction and will be entitled to the proceeds of any insurance payable as a result of the occurrence of such loss, damage or destruction.

For the purposes of this Section, “**substantially damaged or destroyed**” means damage or destruction for which the cost of repair or restoration will exceed \$500,000.

5.9 Arbitration

If any dispute arises under Section 5.8 hereof as to whether any damage or destruction is substantial or with respect to the amount of any abatement, such dispute will be determined by an arbitrator

mutually acceptable to the parties. If the parties fail to agree on an arbitrator, either may, after such party has notified the other of such failure to agree, give notice to the other party that it wishes to submit the dispute to arbitration by a single arbitrator in accordance with the *Arbitration Act*, 1991 (Ontario). The decision of the arbitrator, which will be final and binding on the parties, will be made as soon as possible following his appointment. The fees and expenses of the arbitration will be borne equally by the parties or as otherwise determined by the arbitrator. If an arbitration proceeding is commenced pursuant to this Section prior to the Closing Date, the Closing Date will be automatically extended to the date, which is four (4) Business Days from the date of the decision of the arbitrator.

5.10 Termination

If either the Vendor or the Purchaser validly terminates this Agreement pursuant to the provisions of Sections 4.5(b) or 5.8 hereof:

- (a) all the obligations of both the Vendor and Purchaser pursuant to this Agreement will be at an end; and
- (b) neither party will have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

In addition the event that the Purchaser terminates this Agreement following the expiration of the Due Diligence Period for any reason other than :

- (1) non-satisfaction of the Mutual Conditions set out in Section 4.3; or
- (2) the non-satisfaction of the Conditions in favour of the Purchaser set out in Sections 4.1 (c) to (g);
- (3) the right provided by Section 2.4; or
- (4) as a result of the Vendor's default hereunder,

the Deposits along with the Deposit Interest shall be released by the Vendor's Solicitors from trust and paid to the Vendor in full satisfaction of all damages, losses, costs and expenses resulting therefrom and the Purchaser shall be released from all other liability and obligations contained hereunder.

In the event that the Purchaser terminates this Agreement prior to the expiration of the Due Diligence Period or pursuant to the right provided by Section 2.4, the Vendor's Solicitor shall forthwith return the Deposits and the Deposit Interest to the Purchaser without setoff or deduction and neither party will have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other

5.11 Limitation on Indemnity by the Vendor

Any claim under any indemnity in this Agreement must be made in writing on or before the end of the 12th month following the Closing Date

ARTICLE 6 GENERAL

6.1 Electronic Registration

The Purchaser agrees to cause all necessary procedures to be taken, as may be required by the Vendor or the Vendor's Solicitors, to complete the Owned Real Property part of the Transaction using the system for electronic registration operative and mandatory in the applicable land registry office ("**Ereg**") in accordance with the Law Society of Upper Canada's guidelines. The Purchaser agrees to use a lawyer authorized to use Ereg and who is in good standing with the Law Society of Ontario and the Purchaser's Solicitors will enter into the Vendor's Solicitors' standard form of escrow closing agreement or document registration agreement, which will establish the procedures for closing the Transaction provided same are in accordance with Law Society guidelines. If the Purchaser's Solicitors are unwilling or unable to complete this transaction using Ereg, then the Purchaser's Solicitors must attend at the Vendor's Solicitors' office or at another location designated by the Vendor's Solicitors at such time on Closing as directed by the Vendor's Solicitors to complete the transaction using Ereg utilizing the Vendor's Solicitors' computer facilities, in which event, the Purchaser shall pay to the Vendor's Solicitors a reasonable fee therefor.

6.2 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered by the Vendor in connection with this Transaction or this Agreement, the provisions of this Agreement will prevail to the extent of such conflict or inconsistency.

6.3 Vendor's Capacity

The Vendor acts solely in its capacity as Court-appointed receiver and manager of the Debtor as specifically set out in the Appointment Order and will have no personal or corporate liability under this Agreement.

6.4 Commission

Other than commissions payable by the Vendor in connection with this Transaction, which may include a co-operating broker commission, each party acknowledges that there are no other agent or broker fees or other commissions payable by such party on the Purchase Price or otherwise in connection with the Transaction, and each party agrees to indemnify the other party against any claim for compensation or commission by any third party or agent retained by such party in connection with, or in contemplation of, the Transaction.

6.5 Confidentiality

- (a) The Vendor will provide to the Purchaser Confidential Information including information which might reasonably be expected to materially affect: (i) the decision of a prospective purchaser to complete the Transaction; or (ii) the value of the Assets. The Vendor does not represent or warrant the accuracy or completeness

of any of the Confidential Information and the Vendor assumes no liability whatsoever to the Purchaser if information, which may be deemed by the Purchaser to have been material to a prospective purchaser to contemplate the Transaction or to the value of the Business, is not provided by the Vendor to the Purchaser.

- (b) All information exchanged between the Vendor and the Purchaser in connection with the Transaction will be considered Confidential Information. Any publicity relating to the Transaction and the manner of releasing any information regarding the Transaction will be mutually agreed upon by the Vendor and the Purchaser, both parties acting reasonably.
- (c) The Vendor will continue to have all right, title and interest in and to the Confidential Information and the Confidential Information will be held in trust by the Purchaser for the benefit of the Vendor. The Purchaser will not, directly or indirectly, use, exploit or disclose the Confidential Information for any reason other than evaluating and assessing the Assets for the purpose of acquiring the Assets. Disclosure or use of the Confidential Information by the Purchaser in breach of this Agreement will be deemed to cause the Vendor irreparable harm for which damages may not be an adequate remedy.
- (d) The Purchaser will disclose the Confidential Information only to those of the Purchaser's employees and professional advisors who will have a need to know the Confidential Information for the purpose of evaluating the Assets and, in each case, only after the relevant professional advisors agree in writing and in favour of the Vendor not to disclose the Confidential Information to any other person. The Purchaser will, upon request of the Vendor, deliver copies of such written agreements to the Vendor.
- (e) If the Agreement is terminated for any reason other than the default of the Vendor, the Purchaser will, upon request of the Vendor, immediately return all Confidential Information and copies thereof to the Vendor, or will destroy such Confidential Information and copies thereof, and furnish proof of their destruction to the reasonable satisfaction of the Vendor. If the Agreement is terminated by reason of a default of the Vendor, the Purchaser may delay return of such parts of the Confidential Information as may be reasonably required to deal with any action or claim arising out of such termination until such action or claim has been determined or otherwise resolved.

6.6 Costs and Expenses

Except as otherwise specified in this Agreement, all costs and expenses (including the fees and disbursements of accountants, legal counsel and other professional advisers) incurred in connection with this Agreement and the completion of the Transaction are to be paid by the party incurring those costs and expenses. If this Agreement is terminated, the obligation of each party to pay its own costs and expenses is subject to each party's respective rights arising from a breach or termination.

6.7 Time of Essence

Time is of the essence in all respects of this Agreement.

6.8 Notices

Any Communication must be in writing and either:

- (a) personally delivered;
- (b) sent by prepaid registered mail; or
- (c) sent by facsimile or similar method of recorded communication, charges prepaid.

Any Communication must be sent to the intended recipient at its address as follows:

to the Purchaser at:

3200 Dufferin Street
Suite 407
Toronto, Ontario M6A 3B2

Attention: Ben Friedman
Email: ben@pfbi.ca

with a copy to the Purchaser's Solicitors:

22 Adelaide Street West
Suite 3600
Toronto, Ontario M5H 4E3

Attention:- John Atchison
Email: jatchison@grllp.com

to the Vendor at:

Deloitte Restructuring Inc.
8 Adelaide St. West, Suite 200
Toronto, ON M5H 0A9

Attention: Hartley Bricks
E-mail: hbricks@deloitte.ca

with a copy to the Vendor's Solicitors:

Gowling WLG (Canada) LLP
1 First Canadian Place
100 King Street, Suite 1600
Toronto, ON M5X 1G5

Attention: E. Patrick Shea
E-mail: patrick.shea@gowlingwlg.com

or at such other address as any party may from time to time advise the other by Communication given in accordance with this Section 6.8. Any Communication delivered to the party to whom it is addressed will be deemed to have been given and received on the day it is so delivered at that party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given and received on the next Business Day. Any Communication transmitted by facsimile or other form of recorded communication will be deemed to have been given and received on the day on which it was transmitted (but if the Communication is transmitted on a day which is not a Business Day or after 3:00 p.m. (local time of the recipient), the Communication will be deemed to have been received on the next Business Day). Any Communication given by registered mail will be deemed to have been received on the 5th Business Day after which it is so mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be effected by personal delivery or by facsimile transmission.

6.9 Further Assurances

Each party shall, at the requesting party's cost, execute and deliver such further agreements and documents and provide such further assurances as may be reasonably required by the other party to give effect to this Agreement and, without limiting the generality of the foregoing, shall do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide such assurances, undertakings and information as may be required from time to time by all regulatory or governmental bodies or stock exchanges having jurisdiction over the affairs of a party or as may be required from time to time under applicable securities legislation.

6.10 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by the party to be bound. No waiver of, failure to exercise or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does such waiver constitute a continuing waiver unless otherwise expressly provided.

6.11 Submission to Jurisdiction

Without prejudice to the ability of any party to enforce this Agreement in any other proper jurisdiction, each of the parties irrevocably submits and attorns to the exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity arising from this Agreement. To the extent permitted by Applicable Law, each of the parties irrevocably waives

any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of the Province of Ontario or that the subject matter of this Agreement may not be enforced in the courts and irrevocably agrees not to seek, and hereby waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to herein, of the substantive merits of any such suit, action or proceeding. To the extent a party has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, that party hereby irrevocably waives such immunity in respect of its obligations under this Agreement.

6.12 Assignment and Enurement

Neither this Agreement nor any right or obligation hereunder may be assigned by either party without the prior written consent of the other party. Notwithstanding the foregoing, the Vendor hereby consents to the assignment by the Purchaser of this Agreement to a related or affiliated entity, and further consents to the Purchaser directing title to some or all of the Assets to such related or affiliated entity. The Purchaser shall not be released in whole or in part of its obligations under the Agreement by such permitted assignment. This Agreement enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

6.13 Severability

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction by a court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

- (a) the legality, validity or enforceability of the remaining provisions of this Agreement; or
- (b) the legality, validity or enforceability of that provision in any other jurisdiction.

6.14 Counterparts

This Agreement may be executed and delivered by the parties in one or more counterparts, each of which when so executed and delivered will be an original and such counterparts will together constitute one and the same instrument.

6.15 Planning Act

This Agreement is effective to create an interest in the Property only if the subdivision control provisions of the *Planning Act* (Ontario), as amended, are complied with on or before Closing.

6.16 Interpretation

- (a) Words importing the singular include the plural and *vice versa*. Words importing gender include all genders.

- (b) The word “includes” or “including” shall mean “includes without limitation” or “including without limitation”, respectively.
- (c) The captions and headings contained herein are for reference only and in no way affect this Agreement or its interpretation.
- (d) Except as otherwise expressly provided in this Agreement, any references to a statute or regulation shall be construed as a reference such statute or regulation as it may be amended, re-enacted or superseded from time to time.
- (e) If under this Agreement any payment or calculation is to be made or any other action is to be taken, on or as of a day which is not a Business Day, then notwithstanding any provision of this Agreement, that payment or calculation shall instead be made, and that other action shall instead be taken, as applicable, on or as of the next day that is a Business Day.
- (f) In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the words “to” and “until” each mean “to but excluding”.

6.17 Facsimile Signatures

Delivery of this Agreement by facsimile or PDF transmission constitutes valid and effective delivery.

[signature page follows]

EACH OF THE PARTIES has executed and delivered this Agreement, as of the date noted at the beginning of the Agreement.

DELOITTE RESTRUCTURING INC., solely in its capacity as Court-appointed receiver and manager of ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY and not in its personal or corporate capacity

Per: _____

Name: _____

Title: _____

RYKKA CARE CENTRES LP, by its general partner, RYKKA CARE CENTRES GP INC.

Per: _____

Name: _____

Title: _____

EACH OF THE PARTIES has executed and delivered this Agreement, as of the date noted at the beginning of the Agreement.

DELOITTE RESTRUCTURING INC., solely in its capacity as Court-appointed receiver and manager of ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY and not in its personal or corporate capacity

Per:

Name:

Title:



HARTLEY BRICKS

SENIOR VICE-PRESIDENT

RYKKA CARE CENTRES LP, by its general partner,
RYKKA CARE CENTRES GP INC.

Per:

Name:

Title:

SCHEDULE 1
APPOINTMENT ORDER

Attached

SCHEDULE 2
CONTRACTS [SECTION 1.1]

Attached

SCHEDULE 2
CONTRACTS

Vendor Name	Service Provided	Term of Contract	Term	Billing Cycle	Pricing	Number of visits per year
		No term length	TBD	Monthly	Subject to Section 8 and Schedule "A" of the SFA	N/A
1 Toronto Standard Community Corporation No. _____	Shared Facilities Agreement					
2 Compass Group Canada Ltd.	Food and Nutrition Services and Environmental Services	On-going. Can be terminated without cause at any time on 90 days prior written notice to the other party.	November 1, 2015 onward	Monthly	Food and Management Services - \$29,958.62 per month Dietitian Services - \$2,369.54 per month Environmental Services - \$18,353.39 (above costs increased annually by 1.5%) \$8.33 per resident day for raw food costs (adjusted based on MOHLTC funding)	N/A
3 Toronto Central Local Health Integration Network	Service Accountability Agreement	3 years	April 1, 2019 to March 31, 2022	not applicable	not applicable	not applicable
4 Dr. Matthew Kim (Medical Director)	Medical Director Agreement as required by Ontario Ministry of Health and Long Term Homes Program Manual to perform renegotiate services	3 years or until either one of the parties give 60 days written notice to terminate or	March 1, 2019 to March 1, 2022	Not applicable	Long Term Care Home a) to pay administrative services fee in the amount of 0.36 per resident which may be more but not less than the amount established by MHLTC and OMA. Annual adjustments will be paid immediately or retroactively, b) to pay the Medical Director's fees for education (CME), c) to reimburse the medical director's annual membership fee	N/A
5 Dr. Matthew Kim (Attending Physician)	Attending Physician Agreement as required by Ontario Ministry of Health and Long Term Care to perform services and provide care to individual residents within the Home	2 years or until either one of the parties give 60 days, 90 days written notice to terminate or renegotiate	March 1, 2019 to March 1, 2022	Not applicable	Not applicable	Not applicable
6 Dr. Sangoh Shawn Lee (Attending Physician)	Attending Physician Agreement as required by Ontario Ministry of Health and Long Term Care to perform services and provide care to individual residents within the Home	2 years or until either one of the parties give 60 days, 90 days written notice to terminate or renegotiate	March 1, 2019 to March 1, 2022	Not applicable	Not applicable	Not applicable

SCHEDULE 2
CONTRACTS

Vendor Name	Service Provided	Term of Contract	Term	Billing Cycle	Pricing	Number of visits per year
7 MediSystem Pharmacy Ltd. ("Active")	An agreement for the provision of the pharmaceutical services	60 months from Effective Date and option to be extended for a period of up to 60 months. Agreement extended for 14 months.	Jan 1, 2014 to Dec 31, 2018. Extension: Jan 1, 2019 to Feb 29, 2020	Not applicable	Not applicable	Not applicable
8 Active Health Services Ltd. ("Active")	Service Agreement Amended (Physiotherapy and additional programs)	Not applicable	Original Service Agreement date: Aug 22, 2013 Amended effective date: Jan 1, 2015	Not applicable	Physio - Active to provide approx. 8.5 hrs/week of physio time, to a max of 442hrs/year. As well as approach. 910 hrs/year. Funding provided by the Ministry of Health and Long Term Care based on the envelope of \$765 per resident/year for 60 beds and annual max of \$45,900. The Home will be invoiced based on the hours provided each calendar month. Additional Program - for 60 beds, annual max of \$5,913 based on the envelope of \$0.27 cents per diem per resident, Active will provide group exercise approx. 5.24 hrs/week to a max of 273 hrs/year of physio assistant time within the funding listed above. Home will be invoiced based on hours provided each calendar month	Not applicable
9 StL Diagnostic Imaging Inc.	Service Level Commitment Agreement to provide mobile x-ray and ultrasounds services	2 years commencing on the date this Agreement is executed by the facility. It will renew automatically for one year. It will terminate with written notice provided 3 months prior to the expiry	April 19, 2018 to April 19, 2020	Not applicable	Fees for service will be billed to the OHIP directly.	Not applicable

SCHEDULE 2
CONTRACTS

Vendor Name	Service Provided	Term of Contract	Term	Billing Cycle	Pricing	Number of visits per year
10 MedEx ck Health Services Inc.	Service Agreement to provide laboratory services and additional services such as ECG, Emergency/STAT phlebotomy, critical result delivery, supplies for blood draw, client service rep etc.	3 years with an option to renew. Termination at anytime upon 60 days notice	April 15, 2014 to April 15, 2017	Not applicable	Invoices should be submitted with full documentation. Regular visit \$50. Stat visit \$75. Each client \$5. Electrocardiogram \$15 per resident. Unscheduled courier service \$25	Not applicable
11 VitalAire Canada Inc.	Service Agreement to provide oxygen services, distribute medical gases, respiratory and medical equipment, related supplies and associated therapeutic and diagnostic services including registered respiratory therapists and care practitioners and nurses or practical nurses to perform services.	1 year from the first date written on the agreement and renewed automatically for 2 years unless written notice at least 60 days prior to expiry is received	April 14, 2014 to April 14, 2017. Extension to 2019 is confirmed.	Not applicable	Not applicable	Not applicable
12 Colleen Tomlinson Comfort Foot care	Service Agreement to provide the consultant to provide foot care services as an independent contractor	Annual	Feb 25, 2011 and review on an annual basis unless terminated	Invoice due and payable within 15 days	Twice per month on Friday or mutually agreed day and to pay consultant \$25 per client	Not applicable
13 24HR Pest Control	Service Agreement to provide pest control	Monthly inspection by licensed technician to common areas.	Original date: Jan 14, 2011	Monthly	No initial charge to set up. Monthly cost \$70 plus HST. Additional cost for additional equipment	Not applicable
14 Dr. Y.S Choi Dentist	Service Agreement to provide dental services	3 years from the date of the contract. Termination is upon written notice 60 days prior to expiration. This contract will automatically extend for an additional term	March 2017 to March 2020	Not applicable	To bill the patient or responsible party directly for services rendered.	Not applicable

SCHEDULE 2
CONTRACTS

Vendor Name	Service Provided	Term of Contract	Term	Billing Cycle	Pricing	Number of visits per year
15 Woongjin Coway of Toronto	Rental Agreement of appliances (water filters) on 6th floor activity room	Not applicable	June 9, 2018	Monthly	Downpayment of \$100 - Monthly rental fee of \$67.80. 1st month free	Not applicable
16 Woongjin Coway of Toronto	Rental Agreement of appliances (water filters) on 4th floor activity room	Not applicable	December 5, 2017	Invoice every quarter	Registration fee of \$100 - Monthly rental fee of \$67.80.	Not applicable
17 Woongjin Coway of Toronto	Rental Agreement of appliances (water filters x2) on 5th floor and staff room	Not applicable	June 9, 2018	Monthly	Downpayment of \$200 - Monthly rental fee of \$135.60.	Not applicable
18 Access Abilities	Service Agreement to provide maintenance on a regular basis to medical equipment such as wheelchair cleaning twice annually	Contract may be terminated upon 30 days notice	February 19, 2019	Not applicable	10% discount off standard rates for more complex repairs	Not applicable

SCHEDULE 3
LICENCES [SECTION 1.1]

See attached.



Ministry of Health
and Long-Term Care
Ministère de la Santé
et des Soins de longue durée

Long-Term Care Home Licence

Long-Term Care Homes Act, 2007

Permis autorisant un foyer de soins de longue durée

Loi de 2007 sur les foyers de soins de longue durée

This licence is issued under section 99 of the *Long-Term Care Homes Act, 2007*.
Le présent permis est délivré aux termes de l'article 99 de la *Loi de 2007 sur les foyers de soins de longue durée*.

Rose of Sharon (Ontario) Retirement Community

(Name of Licensee / Nom du titulaire du permis)

Long-Term Care Home:
Foyer de soins de longue durée :

Rose of Sharon Korean Long Term Care

(Name of Home / Nom du foyer)

17 Maplewood Avenue, Toronto, Ontario

(Address of Home / Adresse du foyer)

Long-Term Care Home Licence Number:

Numéro du permis :

3038-L01

Effective Date:

Date d'entrée en vigueur du permis :

2011-03-04

Expiry Date:

Date d'expiration du permis :

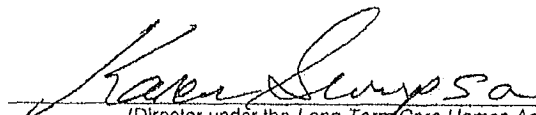
2041-03-03

The number of beds allowed under this licence is:

Nombre de lits autorisé en vertu du permis :

60

This licence is subject to the condition(s) in Appendix A.
Le présent permis est assorti des conditions énoncées à l'annexe A.


(Director under the *Long-Term Care Homes Act, 2007*)
Directeur en vertu de la *Loi de 2007 sur les foyers de soins de longue durée*



Ministry of Health
and Long-Term Care
Ministère de la Santé
et des Soins de longue durée

Long-Term Care Home Licence
Long-Term Care Homes Act, 2007

**Permis autorisant un foyer
de soins de longue durée**

Loi de 2007 sur les foyers de soins de longue durée

Appendix A
Annexe A

Long-Term Care Home Licence Number:
Numéro du permis du foyer de soins de longue durée : 3038-L01

The licence noted above is subject to the following condition(s):
Le permis mentionné ci-dessus est soumis aux conditions suivantes :

Note: This revised licence document replaces a previous licence document in respect of the long-term care beds under this licence, effective as of January 1, 2015, to incorporate a one-time extension of the term of the licence by five years pursuant to subsection 193.1(1) of the Long-Term Care Homes Act, 2007.

SCHEDULE 4
OWNED REAL PROPERTY [SECTION 1.1]

Legal Description

PIN – 10468-0554(LT)

LOTS 25, 26 AND PART OF LOT 24, BLOCK F, PLAN 875 DESIGNATED AS PARTS 1 AND 2 ON PLAN 66R-22215. CITY OF TORONTO (FORMERLY CITY OF YORK). S/T A RIGHT OF WAY OVER PART 2 ON PL 66R-22215 AS IN TB374581 IN FAVOUR OF PT LTS 23 AND 24 BLOCK F PL 875. S/T A RIGHT AS IN CA439308 OVER PART 2 PL 66R-22215 IN FAVOUR OF PT LTS 23 AND 24 BLOCK F, PL 875.

Municipal Address

17 Maplewood Avenue, Toronto

Permitted Encumbrances

SCHEDULE 5
EQUIPMENT LISTING [SECTION 1.1]

See attached

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
6	601	Chair (Medium)
6	601	Bed
6	601	Bureau
6	601	Meal Table
6	601	Bedside Table
6	602	Bed
6	602	Bedside Table
6	602	Bureau
6	603	Bedside Table
6	603	Bureau
6	603	Chair (Medium)
6	603	Meal Table
6	603	Bed
6	604	Bed
6	604	Chair (Medium)
6	604	Bureau
6	604	Bedside Table
6	604	Meal Table
6	605	Bureau (2)
6	605	Bed (2)
6	605	Chair (Medium) (2)
6	605	Bedside Table (2)
6	606	Chair (Medium)
6	606	Meal Table
6	606	Bedside Table
6	606	Bed
6	606	Bureau
6	606	Maxi 500 Resident Lift
6	607	Bed
6	607	Bedside Table
6	607	Bureau
6	607	Chair (Medium)
6	608	Bed
6	608	Bureau
6	608	Bedside Table
6	608	Chair (Medium)
6	609	Bed
6	609	Bureau
6	609	Chair (Medium)

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
6	609	Bedside Table
6	610	Bedside Table
6	610	Bed
6	610	Chair (Medium)
6	610	Bureau
6	611	Bed (2)
6	611	Chair (Medium) (2)
6	611	Bureau (2)
6	611	Bedside Table (2)
6	612	Bed
6	612	Bureau
6	612	Bedside Table
6	613	Bed
6	613	Bureau
6	613	Bedside Table
6	613	Chair (Medium)
6	614	Bedside Table
6	614	Bed
6	614	Bureau
6	614	Meal Table
6	614	Chair (Medium)
6	615	Chair (Medium) (2)
6	615	Bed (2)
6	615	Bedside Table (2)
6	615	Bureau (2)
6	616	Bed (2)
6	616	Bedside Table (2)
6	616	Bureau (2)
6	616	Chair (Medium) (2)
6	Janitor Closet	Mop Bucket
6	Janitor Closet	Cleaning Cart
6	Cleaning Utility	Lift Battery (3)
6	Cleaning Utility	Linen Cart
6	Nursing Station	Office Chair
6	Nursing Station	Lenovo Laptop
6	Nursing Station	Nurse Call Phone
6	Nursing Station	Sphygmomanometer
6	Nursing Station	Spot Vital Signs Lxi
6	Nursing Station	Office Chair (2)

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
6	Nursing Station	Small Desk
6	Nursing Station	Large Desk
6	Hallway	Care Works Monitor V2 (1) V3 (1)
6	Hallway	Dirty Linen Cart (Large) (2)
6	Hallway	Meal Table (2)
6	Hallway	Chair (Medium)
6	Hallway	Dirty Linen Cart (Small) (2)
6	Hallway	Cleaning Cart
6	Hallway	Nurse Chair
6	Hallway	Rubbermaid Light Cart
6	Rai Mds	Office Chair
6	Rai Mds	Filing Cabinet
6	Rai Mds	Desk
6	Rai Mds	Office Phone
6	Rai Mds	Coat Rack
6	Rai Mds	Bookshelf
6	Rai Mds	HP Printer
6	Rai Mds	HP Laptop
6	Spa Room	Shower Chair
6	Spa Room	Spa Tub
6	Spa Room	Bath Lift
6	Spa Room	Wash Chair
6	Spa Room	Potty Chair (2)
6	Spa Room	Tower Warmer
6	Spa Room	Linen Cart
6	Dining Hall	Care Works Monitor V1
6	Dining Hall	LG Fridge
6	Dining Hall	Dining Room Cart (Small)
6	Dining Hall	Dirty Linen Cart (Small)
6	Dining Hall	Dining Table (2)
6	Dining Hall	Butterfly Tables (5)
6	Dining Hall	Nurse Stool (3)
6	Dining Hall	Suction Machine
6	Dining Hall	Chairs (5)
6	Servery	Toaster
6	Servery	Heavy Duty Commercial Microwave (Amana)
6	Servery	Shelf
6	Servery	Heavy Duty Mini Fridge (True)
6	Servery	Bunn Machine Hot Water

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
6	Servery	Bunn Coffee Machine
6	Servery	Ice Machine Hoshizaki
6	Lounge/Activity Room	Physio Arm Trainer
6	Lounge/Activity Room	Healthometer Professional (Scale)
6	Lounge/Activity Room	Physio Leg Exerciser
6	Lounge/Activity Room	Speaker
6	Lounge/Activity Room	Wall Cabinet
6	Lounge/Activity Room	Chair (Medium)
6	Lounge/Activity Room	Chair (Small) (13)
6	Lounge/Activity Room	Blue Chair (Medium) (3)
6	Lounge/Activity Room	Fold Out Table (Large) (5)
6	Lounge/Activity Room	Dining Room Table Square (2)
6	Lounge/Activity Room	Side Table Small
6	Lounge/Activity Room	Samsung TV
6	Lounge/Activity Room	Love Seat
6	Lounge/Activity Room	Portable Whiteboard
6	Equipment Storage	IV Stands (2)
5	501	Bed
5	501	Chair (Medium)
5	501	Bureau
5	501	Bedside Table
5	502	Bed
5	502	Bedside Table
5	502	Bureau
5	502	Chair (Medium)
5	503	Bed
5	503	Bureau
5	503	Bedside Table
5	504	Bed
5	504	Bedside Table
5	504	Bureau
5	504	Chair (Medium)
5	505	Bed (2)
5	505	Bureau (2)
5	505	Chair (Medium) (2)
5	505	Bedside Table (2)
5	506	Bed
5	506	Bureau
5	506	Bedside Table

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
5	506	Chair (Medium)
5	507	Bed
5	507	Bedside Table
5	507	Chair (Small)
5	507	Bureau
5	508	Chair (Small)
5	508	Bureau
5	508	Bed
5	508	Bedside Table
5	509	Bed
5	509	Bureau
5	509	Chair (Medium)
5	509	Bedside Table
5	510	Bed
5	510	Bureau
5	510	Bedside Table
5	510	Chair (Medium)
5	511	Bureau (2)
5	511	Bedside Table (2)
5	511	Bed (2)
5	512	Bed
5	512	Bedside Table
5	512	Bureau
5	512	Chair (Medium)
5	513	Bed
5	513	Bedside Table
5	513	Bureau
5	513	Chair (Medium)
5	514	Bed
5	514	Bureau
5	514	Bedside Table
5	514	Chair (Medium) (2)
5	515	Bed (2)
5	515	Bureau (2)
5	515	Bedside Table (2)
5	515	Chair (Medium)
5	515	Chair Small
5	516	Bed (2)
5	516	Bedside Table (2)

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
5	516	Bureau (2)
5	Hallway	Care Works Work Station
5	Hallway	Dirty Linen Cart (Large) (2)
5	Hallway	Dirty Linen Cart (Small) (2)
5	Hallway	Cleaning Cart
5	Hallway	Nurse Chair
5	Hallway	Care Works Monitor V2 (1) V3 (1)
5	Hallway	Resident Lift
5	Clean Utility	Rubermid Light Cart
5	Nursing Station	Office Chair (2)
5	Nursing Station	Laptop Lenovo
5	Nursing Station	Phone
5	Nursing Station	Nurse Chair (4)
5	Nursing Station	Rubermid Light Cart
5	Nursing Station	Spots Vital
5	Nursing Station	Sphygmomanometer
5	Nursing Station	HP Laptop
5	Medication	IV Stand
5	Nurse Manager	Bookshelves (2)
5	Nurse Manager	Coat Rack
5	Nurse Manager	Office Chair
5	Nurse Manager	Desk
5	Spa Room	Shower Chair
5	Spa Room	Rubermid Light Cart
5	Spa Room	Chair (Small)
5	Spa Room	Bath Lift
5	Spa Room	Bath Chair
5	Spa Room	Potty Chair
5	Spa Room	Tower Warmer
5	Spa Room	Linen Cart
5	Equipment Storage	Walkers (2)
5	Equipment Storage	Wheelchair
5	Equipment Storage	Recline Chair
5	Equipment Storage	Potty Chair
5	Equipment Storage	Medi Chair
5	Lounge	Love Seat
5	Lounge	Chair (Medium) (11)
5	Lounge	Chair (Small) (14)
5	Lounge	Wheel Chair Scale

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
5	Lounge	Dining Tables (4)
5	Lounge	Wall Cabinet
5	Lounge	Dynex TV
5	Lounge	Resident Lift Standing
5	Lounge	Chair Scale
5	Dining Hall	Care Works Monitor V1
5	Dining Hall	Whirlpool Fridge
5	Dining Hall	Dirty Linen Cart (Small)
5	Dining Hall	Dining Room Cart (Small)
5	Dining Hall	Meal Table (2)
5	Dining Hall	Oval Table
5	Dining Hall	Nurse Stool (3)
5	Dining Hall	Dining Table (2)
5	Dining Hall	Chairs (9)
5	Dining Hall	Butterfly Tables (5)
5	Dining Hall	Suction Machine
5	Servery	Bunn Machine Hot Water
5	Servery	Shelf
5	Servery	Curtis Coffee Maker
5	Servery	Heavy Duty Commercial Microwave (Amana)
5	Servery	Toaster
5	Servery	Ice Machine (Hoshizaki)
5	Servery	Heavy Duty Fridge (Norlake)
4	401	Bed
4	401	Bureau
4	401	Bedside Table
4	401	Chair (Medium)
4	402	Bed
4	402	Bureau
4	402	Chair (Medium)
4	402	Bedside Table
4	403	Bureau
4	403	Bed
4	403	Bedside Table
4	403	Chair (Medium)
4	404	Bedside Table
4	404	Bed
4	404	Chair (Medium)
4	404	Meal Table

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
4	404	Bureau
4	405	Bed (2)
4	405	Bureau (2)
4	405	Bedside Table (2)
4	405	Chair (Medium) (2)
4	406	Bed
4	406	Bedside Table
4	406	Bureau
4	406	Chair (Medium)
4	407	Bed
4	407	Chair (Medium)
4	407	Bureau
4	407	Bedside Table
4	408	Bed
4	408	Bedside Table
4	408	Bureau
4	408	Chair (Medium)
4	409	Bureau
4	409	Chair (Medium)
4	409	Bed
4	409	Bedside Table
4	410	Bed
4	410	Bedside Table
4	410	Bureau
4	411	Bed (2)
4	411	Bedside Table (2)
4	411	Bureau (2)
4	411	Chair (Medium)
4	412	Bed
4	412	Bureau
4	412	Bedside Table
4	413	Chair (Medium)
4	413	Bed
4	413	Bureau
4	413	Bedside Table
4	414	Bed
4	414	Bureau
4	414	Bedside Table
4	415	Bureau (2)

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
4	415	Bedside Table (2)
4	415	Bed (2)
4	415	Floor Mat (2)
4	416	Bed (2)
4	416	Bedside Table (2)
4	416	Bureau (2)
4	Hallway	Care Works Work Station
4	Hallway	Dirty Linen Cart (Large) (2)
4	Hallway	Dirty Linen Cart (Small) (2)
4	Hallway	Care Works Monitor V2 (1) V3 (1)
4	Hallway	Cleaning Cart
4	Nursing Station	Camera System Computer
4	Nursing Station	Nursing Chair (4)
4	Nursing Station	Laptop Asus
4	Nursing Station	Call Bell Phone
4	Nursing Station	Laptop Acer
4	Nursing Station	Vital Signs System
4	Nursing Station	Wheel Chair
4	Nursing Station	Sphygmomanometer
4	Clean Utility	Rubermid Cart
4	Clean Utility	Lift Batteries (3)
4	Therapy	Coat Rack
4	Therapy	Office Chair (2)
4	Therapy	Desk
4	Therapy	Laptop HP
4	Spa Room	Shower Chair
4	Spa Room	Rubermid Cart
4	Spa Room	Chair Small
4	Spa Room	Bath Lift
4	Spa Room	Tower Warmer
4	Spa Room	Linen Cart
4	Equipment Storage	Vital Signs System
4	Equipment Storage	Potty Chair
4	Equipment Storage	Bed Side Assistance Stand
4	Lounge	Loveseat
4	Lounge	Dining Table (2)
4	Lounge	Blue Chair (14)
4	Lounge	Portable Whiteboard
4	Lounge	Sitdown Scale

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
4	Lounge	Maxi500 Bed Lift
4	Lounge	Sarah3000 Standing Lift
4	Lounge	Chair (Medium) (3)
4	Lounge	Wall Cabinet
4	Lounge	Samsung TV
4	4th Floor Balcony	Table
4	5th Floor Balcony	Chair (Medium) 5
4	6th Floor Balcony	Chair (White) 7
4	7th Floor Balcony	Loveseat
4	Dining Hall	Care Works Monitor V1
4	Dining Hall	Frigidare
4	Dining Hall	Dining Room Cart (Small)
4	Dining Hall	Dirty Linen Cart (Small)
4	Dining Hall	Meal Table (3)
4	Dining Hall	Small Stool (3)
4	Dining Hall	Chair (12)
4	Dining Hall	Butterfly Tables (5)
4	Dining Hall	Dining Table
4	Dining Hall	Suction Machine
4	Servery	Silver King Refridgerator
4	Servery	Ice Machine Hoshizaki
4	Servery	Toaster
4	Servery	Heavy Duty Commercial Mircowave (Amana)
4	Servery	Bunn Machine Hot Water
4	Servery	Curtis Coffee Maker
4	Servery	Shelf
Ground	Lobby	Loveseat (2)
Ground	Lobby	Chair
Ground	Lobby	Coffee Table
Ground	Lobby	Round Table
Ground	Reception	Filing Cabinet
Ground	Reception	Office Phone
Ground	Front Office	Office Table
Ground	Front Office	Filing Cabinet
Ground	Front Office	Office Chair (3)
Ground	Front Office	Side Table
Ground	Front Office	Main Office Chair
Ground	Front Office	Bosch Coffee Machine
Ground	Front Office	Standing Closet

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
Ground	Doc Office	Office Chair (2)
Ground	Doc Office	Main Office Chair
Ground	Doc Office	Desk
Ground	Doc Office	Standing Cabinet
Ground	Auditorium And Chapel	Snow Blower
Ground	Auditorium And Chapel	Dining Chairs (30)
Ground	Auditorium And Chapel	Dining Tables 4
Ground	Auditorium And Chapel	Table
Ground	Auditorium And Chapel	Small Chair (19)
Ground	Offices	Mini Fridge
Ground	Offices	Ladder
Ground	Offices	Rubermid Cart (2)
Ground	Offices	Hairdressing Chair (2)
Ground	Offices	Hair Dryer
Ground	Offices	Office Chair (2)
Ground	Offices	Coat Rack
Ground	Offices	Shelf
Ground	Offices	Filing Cabinet
Ground	Offices	Standing Closet
Ground	Offices	Microwave
Ground	Program Office	Microwave
Ground	Program Office	Laptop Asus (3)
Ground	Program Office	Desk
Ground	Program Office	Stand Up Heater
Ground	Program Office	Office Chair (3)
Ground	Program Office	Fold Out Chair
Ground	Storage	IMop
Ground	Storage	Filing Cabinet
Ground	Family Dining Room	Laptop Lenovo
Ground	Family Dining Room	Filing Cabinet
Ground	Family Dining Room	Office Chair
Ground	Family Dining Room	Fridge Hotpoint
Ground	Family Dining Room	Sanyo TV
Ground	Kitchen Office	Whirlpool Mini Fridge
Ground	Kitchen Office	Shelf
Ground	Kitchen Office	Table
Ground	Kitchen Office	Filing Cabinet
Ground	Kitchen Office	Phone
Ground	Kitchen Office	Laptop Lenovo

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
Ground	Kitchen	Ice Machine Hoshizaki Large
Ground	Kitchen	Under Fridge True
Ground	Kitchen	Fridge Dimchae
Ground	Kitchen	Metro Combination Oven
Ground	Kitchen	Food Processor
Ground	Kitchen	Blender
Ground	Kitchen	Pronto Garland
Ground	Kitchen	Dining Room Cart (Small)
Ground	Kitchen	Shelf (2)
Ground	Kitchen	Fridge Dimchae
Ground	Kitchen	American Range Oven
Ground	Kitchen	Standing Steamer Doyon
Ground	Kitchen	Food Containers
Ground	Kitchen	Transport Carts (3)
Ground	Kitchen	Fridge Curtis
Ground	Kitchen	Rubermid Cart (2)
Ground	Kitchen	Hobart Dishwasher
Ground	Kitchen	Dish Trays (13)
Ground	Kitchen	Rubermid Cart
Ground	Kitchen	Garbage Bin
Ground	Kitchen	ABN Walk in Fridge
Ground	Kitchen	Blender
Ground	Chapel	Chairs (6)
Ground	Chapel	Tables (3)
B2	LTC Storage	Shower Chair (2)
B2	LTC Storage	Shelf
B2	LTC Storage	Rubermid Cart
B2	LTC Storage	Potty Chairs (3)
B2	Medical Supplies Storage	Shelfs (3)
B2	Medical Records	Shelf
B2	Staff Room	Microwave
B2	Staff Room	Fridge
B2	Staff Room	Lockers (32)
B2	Staff Room	Shelfs 4
B2	Staff Room	Coatrack
B2	Staff Room	Chairs (9)
B2	Staff Room	Tables (2)
B2	Staff Room	Coffee Machine
B2	Staff Room	Round Table

SCHEDULE 5

EQUIPMENT

Floor	Room/Area	Item/description
B2	Staff Room	Couch (2)
B2	Staff Room	Phone
B2	Staff Room	Toaster
B2	Environmental Office And Shop	Laptop HP
B2	Environmental Office And Shop	Epson 590 Printer
B2	Environmental Office And Shop	Desk
B2	Environmental Office And Shop	Office Chair (2)
B2	Environmental Office And Shop	Phone
B2	Environmental Office And Shop	Tools
B2	Staff Members Room	Lockers (4)
B2	Hallway	Linen Carts (2)
B2	Hallway	Cleaning Cart
B2	Hallway	Small Table
B2	Laundry	Thermopatch
B2	Laundry	Phone
B2	Laundry	Fold Ouut Table (2)
B2	Laundry	Dirty Linen Cart (Small) (3)
B2	Laundry	Clean Linen Cart (4)
B2	Laundry	Laundry Bins (5)
B2	Laundry	Unimac Washin Machine
B2	Laundry	Harco Washing Machine
B2	Laundry	Unimac Dryer (2)
B2	Clean Closet	Shelves (3)

SCHEDULE 6
RECEIVABLES LISTING [SECTION 1.1]

See attached

Rose of Sharon Korean Long Term Care


Accounts Receivable Aging Summary by Resident February 2019

Payer : Resident

Exclude : None

Group : All

Resident	A/R Balance	Future (Mar)	Current (Feb)	30 Days (Jan)	60 Days (Dec)	90 Days (Nov)	120 Days (Oct)
[REDACTED]		\$2,640.78					
[REDACTED]		\$2,675.78					
[REDACTED]	\$10.00	\$1,425.17	\$10.00				
[REDACTED]		\$2,549.76					
[REDACTED]		\$1,399.89					
[REDACTED]		\$2,554.76					
[REDACTED]		\$2,640.78					
[REDACTED]	\$121.56	\$1,477.39	\$121.56				
[REDACTED]	(\$1,077.75)	(\$1,077.75)					
[REDACTED]		\$2,640.78					
[REDACTED]		\$2,665.78					
[REDACTED]		\$1,409.89					
[REDACTED]		\$1,396.89					
[REDACTED]		\$2,640.78					
[REDACTED]		\$1,434.89					
[REDACTED]		\$2,665.78					
[REDACTED]		\$1,492.67					
[REDACTED]		\$1,396.89					
[REDACTED]		\$1,026.00					
[REDACTED]	\$10.00	\$1,399.89	\$10.00				
[REDACTED]		\$1,434.00					
[REDACTED]		\$2,539.76					
[REDACTED]		\$2,640.78					
[REDACTED]	\$10.00	\$2,484.40	\$10.00				
[REDACTED]		\$1,475.94					
[REDACTED]		\$2,640.78					
[REDACTED]		\$2,640.78					
[REDACTED]		\$2,564.76					
[REDACTED]		\$1,399.89					
[REDACTED]		\$1,387.08					
[REDACTED]		\$1,331.08					
[REDACTED]		\$2,595.42					
[REDACTED]	\$10.00	\$1,387.08	\$10.00				
[REDACTED]		\$850.00					

	\$2,620.42					
	\$2,640.78	\$10.00	\$10.00			
	\$1,424.89					
	\$1,434.89					
	\$2,640.78					
	\$2,418.74					
	\$2,499.40	\$10.00	\$10.00			
	\$1,399.89	\$10.00				
	\$2,650.78					
	\$2,640.78					
	\$2,640.78					
	\$2,640.78					
	\$1,431.89	\$302.16				\$302.16
	\$2,665.78					
	\$1,399.89	\$10.00	\$10.00			
	\$2,640.78	\$10.00				
	\$2,610.42					
	\$1,434.89					
	\$2,650.78					
	\$2,640.78					
	\$2,630.42					
	\$1,001.00	\$10.00	\$10.00			
	\$986.17					
	\$2,484.40					
	\$1,409.89					
	\$2,585.42					
	\$2,665.78	\$10.00	\$10.00			
	\$2,650.78					
63 resident(s)	(\$544.03)	\$126,448.28	(\$846.19)	\$0.00	\$0.00	\$302.16
Total						

SCHEDULE 7
BUILDINGS AND FIXTURES [SECTION 1.1]

See attached

SCHEDULE 7

Listed in Schedules 4 and 5

SCHEDULE 8
LEASES RENT ROLL [SECTION 1.1]

See attached

Date: May 7, 2019
Time: 14:32:30 ET
User: Ryhan Ahmad

Rose of Sharon Korean Long Term Care
Resident Rent Roll Report
May 2019

Facility # 54691

Page # 1

Rate Eff. Date	Adm. Date	Disch. Date	Unit	Unit Description	Rate Schedule	Rate Type	Payer	Monthly Charges	Daily Charges	Period Charges
7/1/2018	3/6/2017			null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78
7/1/2019	1/10/2019	5/4/2019		null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	238.55 102.20 340.75	60.78 26.04 86.82	238.55 102.20 340.75
7/1/2018	9/7/2011			null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1400.17 448.56 1848.73	46.03 14.75 60.78	1400.17 448.56 1848.73
7/1/2018	1/10/2014			null	Regular	PRIV-B(After 07/01/13)	Resident Resident Total Charges Total Period Charges	681.03 1848.73 2529.76	22.39 60.78 83.17	681.03 1848.73 2529.76
7/1/2018	8/29/2011			null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1399.89 448.84 1848.73	45.02 14.76 60.78	1399.89 448.84 1848.73
7/1/2018	12/26/2013			null	Regular	PRIV-B(After 07/01/13)	Resident Resident Total Charges Total Period Charges	681.03 1848.73 2529.76	22.39 60.78 83.17	681.03 1848.73 2529.76
10/3/2018	10/3/2018			null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78
2/2/2019	2/27/2019			null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1386.25 462.48 1848.73	45.57 15.21 60.78	1386.25 462.48 1848.73
2/1/2019	2/1/2019			null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78

5/7/2019 2:33:15 PM

Page 1 of 7

Date: May 7, 2019
Time: 14:32:30 ET
User: Ryhan Ahmad

Rose of Sharon Korean Long Term Care
Resident Rent Roll Report
May 2019

Facility # 54691

Page # 2

Rate Eff. Date	Adm. Date	Disch. Date	Unit	Unit	Description	Rate Schedule	Rate Type	Payer	Monthly Charges	Daily Charges	Period Charges
7/1/2018	6/1/2016					Regular	Priv-D (After 07/01/15)	Resident	1848.73	60.78	1848.73
								Resident	792.05	26.04	792.05
								Total Charges	2640.78	86.82	2640.78
								Total Period Charges			2640.78
7/1/2018	5/30/2011					CUSTOM	Ward Custom	Resident	1399.89	46.02	1399.89
								SUBSIDY	448.84	14.76	448.84
								Total Charges	1848.73	60.78	1848.73
								Total Period Charges			1848.73
7/1/2018	1/25/2018					Regular	Priv-D (After 07/01/15)	Resident	1848.73	60.78	1848.73
								Resident	792.05	26.04	792.05
								Total Charges	2640.78	86.82	2640.78
								Total Period Charges			2640.78
4/9/2019	4/9/2019					CUSTOM	Ward Custom	Resident	1427.92	46.95	1427.92
								SUBSIDY	420.81	13.83	420.81
								Total Charges	1848.73	60.78	1848.73
								Total Period Charges			1848.73
7/1/2018	6/14/2011					CUSTOM	Ward Custom	Resident	1399.89	46.02	1399.89
								SUBSIDY	448.84	14.76	448.84
								Total Charges	1848.73	60.78	1848.73
								Total Period Charges			1848.73
7/1/2018	4/9/2018					Regular	Priv-D (After 07/01/15)	Resident	1848.73	60.78	1848.73
								Resident	792.05	26.04	792.05
								Total Charges	2640.78	86.82	2640.78
								Total Period Charges			2640.78
7/1/2018	9/15/2011					CUSTOM	Ward Custom	Resident	1482.67	48.75	1482.67
								SUBSIDY	366.06	12.03	366.06
								Total Charges	1848.73	60.78	1848.73
								Total Period Charges			1848.73
12/1/2018	1/1/2016					CUSTOM	Ward Custom	Resident	1396.89	45.93	1396.89
								SUBSIDY	451.84	14.85	451.84
								Total Charges	1848.73	60.78	1848.73
								Total Period Charges			1848.73
7/1/2018	2/1/2017					CUSTOM	Ward Custom	Resident	1001.00	32.91	1001.00
								SUBSIDY	847.73	27.87	847.73
								Total Charges	1848.73	60.78	1848.73
								Total Period Charges			1848.73

5/7/2019 2:33:15 PM

Page 2 of 7

0162

Date: May 7, 2019
 Time: 14:32:30 ET
 User: Ryhan Ahmad

Rose of Sharon Korean Long Term Care
 Resident Rent Roll Report
 May 2019

Facility # 54691
 Page # 3

Rate Eff. Date	Adm. Date	Disch. Date	Unit	Unit Description	Rate Schedule	Rate Type	Payer	Monthly Charges	Daily Charges	Period Charges
7/1/2018	4/4/2011			null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1399.89 448.84 1848.73	46.02 14.76 60.78	1399.89 448.84 1848.73 1848.73
7/1/2019	1/17/2019			null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1424.00 424.73 1848.73	46.82 13.96 60.78	1424.00 424.73 1848.73 1848.73
7/1/2018	8/21/2013			null	Regular	PRIV-B(After 07/01/13)	Resident Resident Total Charges Total Period Charges	681.03 1848.73 2529.76	22.39 60.78 83.17	681.03 1848.73 2529.76 2529.76
7/1/2018	3/23/2016			null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
7/1/2018	1/18/2013			null	Regular	Priv-A (After 07/01/12)	Resident Resident Total Charges Total Period Charges	625.67 1848.73 2474.40	20.57 60.78 81.35	625.67 1848.73 2474.40 2474.40
3/15/2019	3/15/2019			null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
7/1/2018	4/17/2017			null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
7/1/2018	1/25/2018			null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
7/1/2018	1/8/2014			null	Regular	PRIV-B(After 07/01/13)	Resident Resident Total Charges Total Period Charges	681.03 1848.73 2529.76	22.39 60.78 83.17	681.03 1848.73 2529.76 2529.76

Date: May 7, 2019
Time: 14:32:30 ET
User: Ryhan Ahmad

Rose of Sharon Korean Long Term Care
Resident Rent Roll Report
May 2019

Facility # 54591

Page # 4

Rate Eff. Date	Adm. Date	Disch. Date	Unit	Unit	Description	Rate Schedule	Rate Type	Payer	Monthly Charges	Daily Charges	Period Charges
7/1/2018	12/22/2015				null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1399.89 448.84 1848.73	46.02 14.76 50.78	1399.89 448.84 1848.73 1848.73
7/1/2018	6/6/2011				null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1387.08 461.65 1848.73	45.60 15.18 60.78	1387.08 461.65 1848.73 1848.73
7/1/2018	1/25/2018				null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1331.08 517.65 1848.73	43.76 17.02 60.78	1331.08 517.65 1848.73 1848.73
7/1/2018	11/27/2014				null	Regular	Priv-C(After 09/01/14)	Resident Resident Total Charges Total Period Charges	1848.73 736.69 2585.42	60.78 24.22 85.00	1848.73 736.69 2585.42 2585.42
7/1/2018	8/21/2015				null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1387.08 461.65 1848.73	45.60 15.18 60.78	1387.08 461.65 1848.73 1848.73
12/18/2018	12/18/2018				null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
7/1/2018	9/1/2011				null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1399.89 448.84 1848.73	46.02 14.76 60.78	1399.89 448.84 1848.73 1848.73
7/1/2018	7/15/2012				null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1399.89 448.84 1848.73	45.02 14.76 60.78	1399.89 448.84 1848.73 1848.73
7/1/2018	1/18/2017				null	Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78

5/7/2019 2:33:15 PM

Page 4 of 7

0164

Date: May 7, 2019
Time: 14:32:30 ET
User: Ryhan Ahmad

Rose of Sharon Korean Long Term Care
Resident Rent Roll Report
May 2019

Facility # 54691

Page # 5

Rate Eff. Date	Adm. Date	Disch. Date	Unit	Unit	Description	Rate Schedule	Rate Type	Payer	Monthly Charges	Daily Charges	Period Charges
7/1/2018	5/9/2011					Regular	Private (olo)	Resident Resident Total Charges Total Period Charges	1848.73 570.01 2418.74	60.78 18.74 79.52	1848.73 570.01 2418.74 2418.74
7/1/2018	4/10/2013					Regular	Priv-A (After 07/01/12)	Resident Resident Total Charges Total Period Charges	625.67 1848.73 2474.40	20.57 60.78 81.35	625.67 1848.73 2474.40 2474.40
7/1/2018	4/15/2011					CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1399.89 448.84 1848.73	46.02 14.76 60.78	1399.89 448.84 1848.73 1848.73
11/23/2018	11/23/2018					Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
7/1/2018	2/2/2018					Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
12/11/2018	12/11/2018					Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
7/1/2018	5/9/2017					Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
11/28/2018	5/13/2014					CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1396.89 451.84 1848.73	45.93 14.86 60.79	1396.89 451.84 1848.73 1848.73
7/1/2018	5/1/2017					Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78

5/7/2019 2:33:15 PM

Page 5 of 7

Rose of Sharon Korean Long Term Care
Resident Rent Roll Report
May 2019

Date: May 7, 2019
Time: 14:32:30 ET
User: Ryhan Ahmad

Facility # 54691
Page # 6

Rate Eff. Date	Adm. Date	Disch. Date	Unit	Unit	Description	Rate Schedule	Rate Type	Payer	Monthly Charges	Daily Charges	Period Charges
7/1/2018	3/30/2011				null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1399.89 448.84 1848.73	45.02 14.76 60.78	1399.89 448.84 1848.73 1848.73
9/21/2018	9/21/2018				null	Regular	Priv-D (After 07/01/15)	Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
5/2/2019	5/2/2019				null	Regular	Priv-D (After 07/01/15)	Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1789.09 766.50 2555.59 2555.59
7/1/2018	10/14/2014				null	Regular	Priv-C (After 09/01/14)	Resident Total Charges Total Period Charges	1848.73 736.69 2585.42	60.78 24.22 85.00	1848.73 736.69 2585.42 2585.42
7/1/2018	1/26/2015				null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1399.89 448.84 1848.73	46.02 14.76 60.78	1399.89 448.84 1848.73 1848.73
12/17/2018	12/17/2018				null	Regular	Priv-D (After 07/01/15)	Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
7/1/2018	2/14/2018				null	Regular	Priv-D (After 07/01/15)	Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
7/1/2018	5/27/2015				null	Regular	Priv-C (After 09/01/14)	Resident Total Charges Total Period Charges	1848.73 736.69 2585.42	60.78 24.22 85.00	1848.73 736.69 2585.42 2585.42
7/1/2018	6/23/2017				null	CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1001.00 847.73 1848.73	32.91 27.87 60.78	1001.00 847.73 1848.73 1848.73

Date: May 7, 2019
Time: 14:32:31 ET
User: Ryhan Ahmad

Rose of Sharon Korean Long Term Care
Resident Rent Roll Report
May 2019

Facility # 54691

Page # 7

Rate Eff. Date	Adm. Date	Disch. Date	Unit	Unit Description	Rate Schedule	Rate Type	Payer	Monthly Charges	Daily Charges	Period Charges
1/8/2019	1/8/2019				CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	986.17 982.56 1848.73	32.42 28.36 60.78	986.17 982.56 1848.73 1848.73
7/1/2018	1/17/2012				Regular	Priv-A (After 07/01/12)	Resident Resident Total Charges Total Period Charges	625.67 1848.73 2474.40	20.57 60.78 81.35	625.67 1848.73 2474.40 2474.40
7/1/2018	4/18/2011				CUSTOM	Ward Custom	Resident SUBSIDY Total Charges Total Period Charges	1399.89 448.84 1848.73	46.02 14.76 60.78	1399.89 448.84 1848.73 1848.73
7/1/2018	11/10/2014				Regular	Priv-C (After 09/01/14)	Resident Resident Total Charges Total Period Charges	1848.73 736.69 2585.42	60.78 24.22 85.00	1848.73 736.69 2585.42 2585.42
7/1/2018	9/23/2016				Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78
12/31/2018	12/31/2018				Regular	Priv-D (After 07/01/15)	Resident Resident Total Charges Total Period Charges	1848.73 792.05 2640.78	60.78 26.04 86.82	1848.73 792.05 2640.78 2640.78

5/7/2019 2:33:15 PM

Page 7 of 7

SCHEDULE 9
EXCLUDED ASSETS [SECTION 1.1]

See attached

SCHEDULE 9
EXCLUDED ASSETS

Floor	Room/Area	Item/description
6	602	Dresser
6	612	Meal Table
6	Nursing Station	Med Cart
6	Nursing Station	Med Cart Non Digital
6	Medical Room	Danby Med Fridge (Small)
6	Lounge/Activity Room	Physio Wheelchair (2)
6	Lounge/Activity Room	Water Cooler
6	Equipment Storage	Potty Chair (3)
6	Equipment Storage	Resident Walker (2)
6	Equipment Storage	Resident Walker Wheels
6	Equipment Storage	Physio Assessment Device (2)
5	502	Floor Mat
5	Soiled Utility	Med Cart Small
5	Nursing Station	Nurse Cart Medium
5	Nursing Station	Vital Air
5	Medication	Danby Fridge
5	Nurse Manager	Vaccine Fridge
5	Lounge	Water Cooler
4	Medication	Fridge Owned By Pharmacy
4	Nursing Station	Biohazard Fridge
4	Nursing Station	Nurse Cart Non Electric
4	Therapy	Microwave
4	Lounge	Piano
4	Lounge	Wheel Chair (2)
4	Lounge	Water Cooler
Ground	CACF	Camera Server
Ground	Reception	Sharp Printer Fax
Ground	Doc Office	Printer Ricoh
Ground	Auditorium And Chapel	Bookshelves (3)
Ground	Auditorium And Chapel	Love Seat
Ground	Auditorium And Chapel	Couch
Ground	Auditorium And Chapel	Coffee Table
Ground	Janitor	Wetvac
Ground	Auditorium And Chapel	Ping Pong Table
Ground	Auditorium And Chapel	Bookshelf
Ground	Storage And Communications	Safe And Paintings
Ground	Program Office	Coffee Pot
Ground	Program Office	Laptop Acer
Ground	Storage	Cleaning Cart

SCHEDULE 9
EXCLUDED ASSETS

Floor	Room/Area	Item/description
Ground	Family Dining Room	Dining Table With 6 Chairs
Ground	Family Dining Room	Display Cabinet
Ground	Family Dining Room	Guitar
Ground	Chapel	Pianos (3)
Ground	Chapel	Bench
B2	LTC Storage	Wheelchair (4)
B2	LTC Storage	Med Cart Old
B2	LTC Storage	Outdoor Tents (2)
B2	LTC Storage	Wheelchairs (2)
B2	Staff Room	Water Cooler
B2	Environmental Office And Shop	Microwave Whirlpool
B2	Environmental Office And Shop	Heavy Duty Silverking Fridge
B2	Environmental Office And Shop	Salton Mini Fridge
B2	Environmental Office And Shop	Maintennance Cart (Used To Be Treatment

SCHEDULE 10
ALLOCATION OF PURCHASE PRICE [SECTION 2.10]

See attached

Rose of Sharon

Purchase Price Allocation

May 9, 2019

	\$
LAND	710,000
BUILDING	5,340,000
LICENCE	600,000
FF&E	450,000
TOTAL	<u><u>7,100,000</u></u>

SCHEDULE 10
DUE DILIGENCE MATERIALS [SECTION 2.18]

See attached

**ROSE OF SHARON
DUE DILIGENCE LIST**

ITEM	TIME	LTC
Compliance		
MOHLTC Compliance Inspections & Responses to the MOHLTC	36 Months	X
Service Agreements with LHIN's	Current	X
LAPS	Current	X
Copy of MOHLTC License	Current	X
Copy of Accreditation Certificate and Report	Current	X
Payroll/HR		
Payroll Registers	6 months	X
Staffing Schedules	Current	X
Collective Agreements	Current	X
All Letters of Understanding with Unions	Current	X
Union Grievances	24 Months	X
Employee List With Rates, Start Dates & Positions	Current	X
Copy of All Policies that relate to Terms And Conditions of Employment	Current	X
Employee Files - For review	Current	X
Benefit Plan Contract and Employee Handbook	Current	X
Detailed Listing of Accruals for Vacation / Sick / Stat Holiday	Current	X
Details of Any Outstanding Arbitration / Mediation Proceedings	Current	X
Operations		
Monthly Occupancy Reports	2019	X
Annual Occupancy Reports By Room Type	3 Years	
Critical Incident Reports	24 months	X
Floor Plans	Current	X
Building Plans	Current	X
Phase I Environmental Reports	Current	X
Building Condition Reports	Current	X
Public Health Inspection Reports	Current	X
Copy of Any Municipal License (If applicable)	Current	X
Copy of All Supplier Contracts	Current	X
List of All Chattels	Current	X
List of All Computer Equipment & Software with Ages	Current	X
Annual Fire System certification -- from certified contractor	Current	X
Local Fire Department inspection report	Current	X
Elevator Licenses	Current	X
T.S.S.A. Elevator Inspection Report	Current	X
T.S.S.A. Pressure Vessel (Boilers) Inspection Report (If Any)	Current	X
Insurance Company Inspection Reports (If Any)	Current	X
E.S.A. (Electrical Safety Authority) Inspection Reports and/or Outstanding Permits (If Any)	Current	X
Local Planning Department Inspections and/or Outstanding Building Permits (If Any)	Current	X
Details of Any Construction Contemplated Prior To Closing	Current	X
Marketing		
Marketing Brochures & Materials	Current	X
Admission Packages	Current	X
Finance		
Monthly Financial Statements	2018 and 2019 YTD	X
Annual Statements	2 Years	X
List of Capital Expenditures	36 months	X
ARR's	36 months	X
Most Recent Comprehensive Business Plan	Current	X
Utility Bills	36 months	X
Property Tax Bills	2 years	X
Rent Roll	Current	X
List of Capital Expenditures	36 months	X
WSIB Claims Summary and NEER Statements	36 months	X
MOHLTC Funding Statements	24 months	X
Pay Equity Documentation	Current	X
Detailed Reconciliation of Amounts Owed to MOHLTC	Current	X

Resident Trust Audit Reports	2 years	X
Budgets	2 years	X
Monthly Accounts Receivable Listing by Resident	24 months	X

SCHEDULE 12
TRANSITION AGREEMENT [SECTION 5.7]

See attached

TRANSITION AGREEMENT

THIS AGREEMENT MADE AS OF THE ● DAY OF ●, ● [DD WAIVER DATE]

BETWEEN:

DELOITTE RESTRUCTURING INC., solely in its capacity as
court-appointed receiver and manager of ROSE OF SHARON (ONTARIO)
RETIREMENT COMMUNITY and not in its personal or corporate capacity

(the "Vendor")

- and -

RYKKA CARE CENTRES LP

(the "Purchaser")

WHEREAS the Vendor and the Purchaser have entered into an agreement of purchase and sale made as of ● [as amended, supplemented or restated] (the "**Purchase Agreement**") by which the Vendor has agreed to sell, transfer and assign to the Purchaser, and the Purchaser has agreed to purchase, assume and acquire from the Vendor, the Vendor's right, title and interest, if any, in and to the Assets (as defined in the Purchase Agreement);

AND WHEREAS the Assets and the Business collectively make up the Rose of Sharon long-term care facility (the "**Facility**");

AND WHEREAS Section 5.7 of the Purchase Agreement contemplates the Vendor and the Purchaser entering into this agreement (the "**Agreement**") providing for certain transition and other matters during the period from the date of this Agreement until the Closing Date (as defined in the Purchase Agreement).

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the mutual covenants and agreements hereinafter contained and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each party hereto), the parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions

Capitalized terms in this Agreement that are not otherwise defined in this Agreement shall have, for all purposes of this Agreement, the meanings ascribed to them in the Purchase Agreement, unless the context expressly or by necessary implication otherwise requires.

ARTICLE 2 GENERAL TRANSITIONAL MATTERS

Section 2.1 General Transitional Matters

Subject to the terms of this Agreement and to the extent applicable, the Purchase Agreement,, from and after the date of this Agreement (the "**Transition Effective Date**") until the Closing Date (the "**Transition Period**"), the Vendor shall continue to operate the Business in accordance with its past management practices applicable to such Business. Without limiting the foregoing, the Vendor shall have complete and total discretion to:

- (a) manage human resources including without limitation, hire, terminate and discipline the Employees;
- (b) manage labour relations including (if required by law) negotiate the Union and settle any labour grievances and arbitrations;
- (c) settle any litigation or claims concerning the Facility and/or the Business;
- (d) effect maintenance and non-capital repairs to the Facility and/or the Assets; and
- (e) enter into, amend, supplement or terminate any agreement with any Resident,

provided that in each case, the Vendor shall do so in a manner consistent with the Vendor's past management practices applicable to the Business.

Notwithstanding the foregoing, during the Transition period, the Vendor shall:

- (i) not, without the Purchaser's prior written consent, not to be unreasonably withheld, promise or offer any new bonus or deferred compensation to any Employee for which the Purchaser would be liable;
- (ii) consult with the Purchaser in connection with any agreement with the MOH or LHIN the term or effect of which may reasonably be expected to extend beyond the Closing Date;
- (iii) provide the Purchaser with the monthly management reports in the form presently prepared for the Vendor by the Manager within five (5) Business Days of their completion, which reports shall provide the current financial results of the Business and any other relevant updates concerning compliance issues raised in any report from the MOH or LHIN, any remediation plans to address such issues and any existing compliance issues, preparation of the Facility for certification by the appropriate accreditation agency, and any capital improvements regarding the Facility;
- (iv) without the Purchaser's prior written consent, not admit any resident at the Facility into a private or semi-private room at a rate that is less than the then MOH approved rates therefor; and

- (v) deliver to the Purchaser within 30 days of the date hereof curriculum vitae of the administrator of the Facility and those directly responsible to to such person.

ARTICLE 3

ACCESS AND INFORMATION DURING TRANSITION PERIOD

Section 3.1 Access and Information During Transition Period

- (a) From and after the Transition Effective Date, the Purchaser shall have access to:
 - (i) the information detailed in Section 5.7 of the Purchase Agreement and the information that was otherwise provided to the Purchaser during the Due Diligence Period, but only to the extent that any such item is a new item or has been updated, amended, restated, replaced or supplemented;
 - (ii) the Assets; and
 - (iii) such existing documentation and information as may be reasonably required by the MOH or LHIN or any financial institution for the purposes of arranging financing;

in each case, at the Purchaser's sole risk and expense solely for the purposes of monitoring, but not interfering with, participating in or commenting upon, the operating procedures of the Business to facilitate the orderly transition of the Facility and the Business to the Purchaser on the Closing Date. In addition, the Vendor acknowledges that, subject to the provisions of Sections 5.6 and 5.7 of the Purchase Agreement, the Purchaser intends to be present at the Facility frequently throughout the Transition Period in order to prepare for a seamless turnover of the Facility on Closing.

- (b) The foregoing right of access shall be subject to the following additional provisions:
 - (i) any observations by the Purchaser shall be conducted in a manner which does not interfere with the use, care or control of the Assets by the Vendor and does not contravene any Contract(s) or interfere with any of the Residents and/or the Employees;
 - (ii) the Purchaser shall not have any contact or any communication with the Residents or the Residents counsel and/or, except in the presence of the Vendor; and
 - (iii) while attending at any Property, the Purchaser shall be accompanied, at the Vendor's option, by an agent or employee of the Vendor at all times, and the Purchaser shall give the Vendor at least two (2) Business Days prior written notice of attendance at any Property to allow the Vendor to make arrangements in this regard.

- (c) During the Transition Period, should the Purchaser request further information concerning transitional or operational issues relating to the Assets or the Business, the Purchaser shall submit those inquiries in writing to the Vendor, who will respond either in writing and/or by convening a meeting or conference call between the parties, including the Manager, at a mutually convenient time and location.
- (d) The Purchaser hereby indemnifies and saves harmless the Vendor and Rose of Sharon (Ontario) Retirement Community from and against all liabilities, costs, actions, losses, claims, causes of action, demands and damages of any nature whatsoever, whether at law or in equity arising out of or related to the access provided to the Purchaser pursuant to this Agreement.

ARTICLE 4

CAPITAL REPAIRS AND REPLACEMENTS

Section 4.1 Capital Repairs and Replacements

From and after the Transition Effective Date of this Agreement, the Vendor shall not carry out or incur any obligation to carry out any improvements, repairs, replacements or additions of a capital nature determined in accordance with generally accepted accounting principles ("**Capital Improvements**") to the Assets except for the following, which the Vendor will carry out during the Transition Period, being those capital improvements required: (a) to be made under Applicable Laws and (b) which are required for normal maintenance of the Facility. All contracts for Capital Improvements shall be completed and paid for in full by the Vendor on or before the Closing Date except as otherwise agreed upon between the Vendor and the Purchaser, each acting reasonably. The Vendor shall provide the Purchaser with copies of all such contracts and any other information related thereto as may be requested by the Purchaser from time to time.

ARTICLE 5

GENERAL

Section 5.1 Applicable Law

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable thereto and shall be treated in all respects as an Ontario contract.

Section 5.2 Invalidity

If any covenant, obligation, agreement or part thereof or the application thereof to any Person or circumstance, to any extent, shall be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement or part thereof to any Person, party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby. Each covenant, obligation and agreement in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

Section 5.3 Amendment of Agreement

No supplement, modification, waiver or termination (other than a termination pursuant to the terms of this Agreement) of this Agreement shall be binding unless executed in writing by the parties hereto in the same manner as the execution of this Agreement.

Section 5.4 Further Assurances

Each of the parties hereto shall from time to time hereafter and upon any reasonable request of the other, execute and deliver, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

Section 5.5 Successors and Assigns

All of the covenants and agreements in this Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall enure to the benefit of and be enforceable by the parties hereto and their respective successors and their permitted assigns pursuant to the terms and conditions of this Agreement.

Section 5.6 Assignment

The Purchaser shall not assign its rights and/or obligations hereunder and/or its interest herein in whole or in part (or agree to do so) without the prior written consent of the Vendor, which consent may be withheld by the Vendor in its sole and absolute discretion. The Purchaser shall provide the Vendor with all information about any proposed assignee or assignment that the Vendor requires.

Section 5.7 Notice

Any notice, demand, approval, consent, information, agreement, offer, payment, request or other communication to be given under or in connection with this Agreement shall be given in accordance with the provisions of the Purchase Agreement.

Section 5.8 Counterparts and Facsimile

This Agreement may be executed in several counterparts and/or by facsimile transmission of an originally executed document, each of which shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument.

[Signature page follows]

- 6 -

IN WITNESS WHEREOF the parties hereto have executed this Agreement by their properly authorized officers in that behalf as of the day and year first above written.

**DELOITTE RESTRUCTURING INC.,
solely in its capacity as Court-appointed
receiver and manager of ROSE OF
SHARON (ONTARIO) RETIREMENT
COMMUNITY and not in its personal or
corporate capacity**

By: _____
Name:
Title:

By: _____
Name:
Title:

**RYKKA CARE CENTRES LP, by its general
partner, RYKKA CARE CENTRES GP INC.**

By: _____
Name:
Title:

EXHIBIT A**FORM OF APPROVAL AND VESTING ORDER****[SECTION 4.3]**

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	DAY, THE
)	
JUSTICE)	DAY OF APRIL, 2019

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 section 101 of the *Courts of Justice Act*, as amended

APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of Rose of Sharon (Ontario) Retirement Community (the “**Debtor**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver and RYKKA Care Centres LP (the “**Purchaser**”) dated [Date] May 2019 and appended to the Report of the Receiver dated [DATE] (the “**Report**”), and vesting in the Purchaser the Debtor’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list:

1. **THIS COURT ORDERS** that all capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Sale Agreement, unless indicated otherwise.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, including the property identified on **Schedule B** hereto shall vest absolutely in the Purchaser, as beneficial owner (with registered title to be in the name of a transferee, as nominee for the Purchaser, specified in the transfer to be delivered by the Receiver hereunder), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order dated 27 September 2011; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system, including those listed on Schedule " " hereto; and (iii) encumbrances, including the encumbrances listed on **Schedule C** hereto and such further Claims and encumbrances as may arise and/or be registered against the title to the Purchased Assets up to and including the time of the closing of the Transaction (all of which are collectively referred to as the "Encumbrances",

which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule D**) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the **Land Titles Division of Metropolitan Toronto (No. 66) of a Transfer/Deed of Land in the form prescribed by the *Land Registration Reform Act* duly executed by the Receiver (or deemed to be executed through electronic signature) (the “Transfer”)** the Land Registrar is hereby directed to enter the transferee identified in the Transfer as the owner of the subject real property identified in **Schedule D** hereto (the “Real Property”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule B hereto.

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

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

7. **THIS COURT ORDERS AND DIRECTS** the Receiver to advise in writing each bank branch at which a Resident Trust Funds bank account is maintained that, effective as at the close of business on the Closing Date, such bank account be closed and the proceeds thereof transferred to the Purchaser, in trust into a new bank account and the Purchaser shall thereafter maintain and operate such new bank account.

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted

to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees and the information contained in the resident records in connection with the Purchased Assets. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

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

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

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

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule A – Form of Receiver’s Certificate

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

PEOPLES TRUST COMPANY

Applicant

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Respondent

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

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Ontario Superior Court of Justice (the “**Court**”) dated 27 September 2011, Deloitte Restructuring Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Rose of Sharon (Ontario) Retirement Community (the “**Debtor**”).

B. Pursuant to an Order of the Court dated [DATE] 2019, the Court approved the agreement of purchase and sale made as of [DATE] May 2019 (the “**Sale Agreement**”) between the Receiver and RYKKA Care Centres LP (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section [Number] of the

Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed in accordance with the Sale Agreement to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section [Number] of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

DELOITTE RESTRUCTURING INC., in its capacity as Receiver of the undertaking, property and assets of Rose of Sharon (Ontario) Retirement Community, and not in its personal capacity

Per: _____

Name: _____

Title: _____

Schedule B – Real Property

Schedule C - Claims to be deleted and expunged from title to Real Property

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(Unaffected by the Vesting Order)

EXHIBIT B**FORM OF BILL OF SALE AND ASSIGNMENT
[SECTION 5.]**

EXHIBIT B**FORM OF BILL OF SALE AND ASSIGNMENT
[SECTION 5.2]****BILL OF SALE AND ASSIGNMENT**

THIS AGREEMENT dated as of the ____ day of _____, 201•

B E T W E E N :

DELOITTE RESTRUCTURING INC., solely in its capacity as court-appointed receiver and manager of Rose Of Sharon (Ontario) Retirement Community as specifically set out in the Appointment Order issued by the Ontario Superior Court of Justice (Commercial List) dated September 27, 2011, and not in its personal capacity

(the "**Receiver**")

- and -

RYKKA CARE CENTRES LP, by its general partner, **RYKKA CARE CENTRES GP INC.**, a corporation existing under the laws of Ontario

(the "**Purchaser**")

- and -

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY, a corporation existing under the laws of Ontario

(the "**Debtor**")

CONTEXT:

- A. By an Appointment Order issued by the Ontario Superior Court of Justice (Commercial List) dated September 27, 2011 (the "Appointment Order"), Deloitte Restructuring Inc. was appointed receiver and manager (in such capacity, the "Receiver") of Rose Of Sharon (Ontario) Retirement Community (the "**Debtor**") as specifically set out in the Appointment Order, pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the "**BIA**").
- B. The Purchaser, the Debtor and the Receiver have entered into an Agreement of Purchase and Sale made as of April _____, 2019 (the "**Purchase Agreement**"), pursuant to which the Receiver has agreed to sell the Assets and assign the Assumed Contracts to the Purchaser and the Purchaser has agreed to purchase the rights, benefits, and interests of the Debtor, and the Receiver, if any, in and to the Assets and the Assumed Contracts and to assume the Assumed Obligations.
- C. Capitalized terms used herein not otherwise defined herein will have the meanings set out in the Purchase Agreement.

FOR VALUE RECEIVED, the parties agree as follows:

1. SALE OF ASSETS

Sale of Assets

The Receiver, exercising the powers granted pursuant to the Appointment Order and the Approval and Vesting Order, effective as of the date hereof, hereby sells, transfers, conveys, assigns and sets over to the Purchaser, pursuant to the terms of the Purchase Agreement, all of the rights, title, benefits and interests of the Debtor, and the Receiver, if any, in and to the Assets as described in the Purchase Agreement.

Assignment of Contracts

Effective as of the date hereof, on the terms and subject to the conditions set forth in the Purchase Agreement and the Approval and Vesting Order, the Receiver hereby assigns to the Purchaser all of the Debtor's and the Receiver's rights, benefits and interests, if any, in, to and under the Contracts listed in Schedule "A" hereto and the Purchaser accepts such assignment effective as of the date hereof.

Release

The Receiver hereby remises, releases, and forever discharges to the Purchaser all of its interests, claims, and demands whatsoever to and under the Assets.

2. MISCELLANEOUS

Benefit of Agreement

This Indenture and all of its provisions will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

Governing Law

This Indenture will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Counterparts

This Indenture may be executed in any number of counterparts, each of which will be deemed to be an original and all of which will constitute one and the same agreement. Transmission by facsimile of an executed counterpart of this Agreement will be deemed to constitute due and sufficient delivery of such counterpart.

"As-Is, Where-Is"

This Agreement and the Purchase Agreement constitute the entire agreement between the parties with respect to the Assets and the subject matter of this Agreement and there are no representations, warranties, agreements, covenants, obligations, promises or undertakings, whether oral or written, in connection with the Assets and the transfer thereof by the Receiver, as court-appointed receiver and manager of the Debtor, to the Purchaser save and except as specifically set forth in this Agreement and the Purchase Agreement. The Purchaser acknowledges, agrees and confirms that the provisions contained

in Section 2.3 of the Purchase Agreement shall survive and not merge on Closing and that the transfer of the Assets by the Receiver, as court-appointed receiver and manager of the Debtor, to the Purchaser is subject to the provisions contained in Section 2.3 of the Purchase Agreement.

[Signature page to follow.]

The parties have executed this Indenture.

DELOITTE RESTRUCTURING INC., solely in its capacity as court-appointed receiver and manager of, ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY, and not in its personal or corporate capacity

Per: _____

Name:

Title:

I have authority to bind the Corporation

ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY

Per: _____

Name:

Title:

I have authority to bind the Corporation

RYKKA CARE CENTRES LP, by its general partner, RYKKA CARE CENTRES GP INC.

Per: _____

Name:

Title:

I have authority to bind the Corporation

SCHEDULE "A"**CONTRACTS**

AMENDING AGREEMENT TO AGREEMENT OF PURCHASE AND SALE

This Agreement dated as of June 28, 2019:

B E T W E E N:

RYKKA CARE CENTRES LP,
a limited partnership existing under the laws of Ontario

(hereinafter called the "**Purchaser**")

- and -

DELOITTE RESTRUCTURING INC.,
solely in its capacity as court-appointed receiver and manager of
Rose Of Sharon (Ontario) Retirement Community
and not in its personal or corporate capacity,

(hereinafter called the "**Vendor**")

WHEREAS the Purchaser and the Vendor entered into an agreement of purchase and sale dated May 13, 2019 (the "**Purchase Agreement**") in connection with the sale of the Assets of Rose of Sharon Korean Long Term Care;

AND WHEREAS the Purchaser and the Vendor have agreed to amend the terms of the Purchase Agreement in accordance with the terms set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants and agreements hereinafter contained and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each party hereto), the parties hereto covenant and agree as follows:

1. The definition of Due Diligence Period as set out under Section 1.1 of the Purchase Agreement, is hereby deleted and replaced with:

"**Due Diligence Period**" means the period commencing on the Acceptance Date and expiring 5:00 p.m. (local time where the Owned Real Property is situate) on July 15, 2019, or such other date as may be mutually agreed to by the parties in writing.

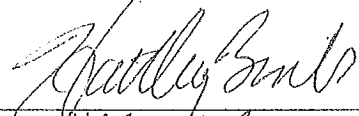
2. All other terms and conditions of the Purchase Agreement shall remain the same and time shall remain of the essence. Capitalized terms not herein defined shall have the same meaning as set out under the Purchase Agreement.
3. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument. This Agreement may be executed via facsimile, which shall have the same force and effect as if this Agreement had been originally executed by each of the parties.

[Signature page to follow.]

IN WITNESS WHEREOF the parties hereto have agreed to this Amending Agreement on the date first mentioned above.

DELOITTE RESTRUCTURING INC., solely in its capacity as Court-appointed receiver and manager of ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY and not in its personal or corporate capacity

Per: _____


Name: HARTLEY BRILKS
Title: SENIOR VICE PRESIDENT

RYKKA CARE CENTRES LP, by its general partner,
RYKKA CARE CENTRES GP INC.

Per: _____

Name: _____
Title: _____

WAIVER AND AMENDING AGREEMENT TO AGREEMENT OF PURCHASE AND SALE

This Agreement dated as of July 25, 2019:

B E T W E E N:

RYKKA CARE CENTRES LP,
a limited partnership existing under the laws of Ontario
(hereinafter called the "**Purchaser**")

- and -

DELOITTE RESTRUCTURING INC.,
solely in its capacity as court-appointed receiver and manager of
Rose Of Sharon (Ontario) Retirement Community
and not in its personal or corporate capacity,
(hereinafter called the "**Vendor**")

WHEREAS the Purchaser and the Vendor entered into an agreement of purchase and sale dated May 13, 2019, as amended by an amending agreement to agreement of purchase and sale dated June 28, 2019 (the "**Purchase Agreement**") in connection with the sale of the Assets of Rose of Sharon Korean Long Term Care;

AND WHEREAS the Purchaser and the Vendor have agreed to further amend the terms of the Purchase Agreement in accordance with the terms set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants and agreements hereinafter contained and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each party hereto), the parties hereto covenant and agree as follows:

1. The definition of Owned Real Property set out in Section 1.1 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

"**Owned Real Property**" means portion of the Lands more particularly described as Parts 3, 8, 10, 13, 14, 15 and 16 on Plan 66R-30578."

2. Section 1.1 of the Purchase Agreement is hereby amended to add the following definitions in correct alphabetical order:

"**Closing Date**" means the date which is fifteen (15) days immediately following the later of written confirmation from the Vendor to the Purchaser that: (a) the Approval and Vesting Order has been granted, and (b) the MOH has approved the purchase by the Purchaser contemplated under this Agreement and the MOH has issued or approved the Purchaser for transfer of the Licence(s) or for issue of licences similar to the Licence(s) to the Purchaser; or such earlier date as agreed by the parties, but in no event will the Closing Date be later than September 1, 2020."

"Lands" means LOTS 25, 26 AND PART OF LOT 24, BLOCK F, PLAN 875 DESIGNATED AS PARTS 1 AND 2 ON PLAN 66R-22215, CITY OF TORONTO (FORMERLY CITY OF YORK). S/T A RIGHT OF WAY OVER PART 2 ON PL 66R-22215 AS IN TB374581 IN FAVOUR OF PT LTS 23 AND 24 BLOCK F PL 875. S/T A RIGHT AS IN CA439308 OVER PART 2 PL 66R-22215 IN FAVOUR OF PT LTS 23 AND 24 BLOCK F, PL 875 (PIN 104680-0554).

"Residential Component" means the Lands other than the Owned Real Property.

"Shared Facilities Agreement" means a mutual easement and cost sharing agreement between the owner of the Owned Real Property and the owner of the Residential Component to be assumed or entered into between the Purchaser and the owner of the Residential Component governing the use and sharing of costs of certain services and facilities."

3. Section 2.7(b) of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

"(b-1) by the Purchaser delivering to the Vendor's Solicitors, in trust, the further sum of [REDACTED] Dollars within three (3) Business Days following waiver of the Due Diligence Condition (the "**Second Deposit**"), which sum shall be held by the Vendor's Solicitors, in trust, as a deposit pending Closing or termination of this Agreement; and

(b-2) by the Purchaser delivering to the Vendor's Solicitors, in trust, the further sum of [REDACTED] Dollars within three (3) Business Days following waiver of the Further Due Diligence Condition (the "**Third Deposit**"), which sum shall be held by the Vendor's Solicitors, in trust, as a deposit pending Closing or termination of this Agreement (the First Deposit, the Second Deposit and the Third Deposit are collectively referred to as the "**Deposits**"); and

4. Section 4.1(a) of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

"(a-1). the inspections and investigations contemplated in Section 5.6, the investigation of title to the Owned Real Property (other than as set out in Section 4.1(a-2) hereof and the restrictions on its use and any Work Orders and other due diligence by the Purchaser of the Assets and Business (other than as set out in Section 4.1(a-2) hereof (as determined by the Purchaser in its sole and unfettered discretion) shall have been completed and the Purchaser shall be satisfied (in its sole and unfettered discretion) with the results of those inspections, investigations and (collectively, the "**Due Diligence**") and prior to expiration of the Due Diligence Period (the "**Due Diligence Condition**");

(a-2). the Purchaser shall be satisfied, acting reasonably, with the registration of the documents (the "**Condominium Documents**") entered into by the owner of the Residential Component pursuant to the provisions of the *Condominium Act*, 1998, S.O. 1998, c. 19 with respect to the Residential Component (the "**Further Due Diligence Condition**") on or prior to January 31, 2020 (the "**Further Due Diligence Date**");"

5. Section 4.3 of the Purchase Agreement shall be amended to include Subsection (d) as follows:

"(d) on or prior to September 15, 2019, the parties shall have agreed on the form and content of the Shared Facilities Agreement, each party acting reasonably, subject only to the

Condominium Documents being registered in the form that have been made available to the Purchaser on or prior to such date."

6. Section 4.5(b) of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

"(b-1). In connection with the Due Diligence Condition in Section 4.1(a-1), on or before July 18, 2019, the Purchaser shall, if satisfied, in its sole, absolute and unfettered discretion, with the results of the Due Diligence, deliver a Notice of Satisfaction to the Vendor with respect thereto. Failure to deliver a Notice of Satisfaction will terminate the Purchaser's obligation to complete the purchase of the Assets as set forth herein whereupon all the obligations of the Parties provided for herein (except those which are expressly stated to survive the termination of this Agreement) will cease, and the First Deposit, including any interest accrued thereon, shall forthwith be returned to the Purchaser, without any deduction or set-off, the whole without any recourse by either Party against the other.

(b-2). In connection with the Further Due Diligence Condition in Section 4.1(a-2), on or before the expiry of the Further Due Diligence Period, the Purchaser shall, if satisfied, acting reasonably, with the results of the Further Due Diligence, deliver a Notice of Satisfaction to the Vendor, and the Purchaser will be deemed to have agreed to proceed with the purchase of the Purchased Assets in accordance with the terms hereof. Failure to deliver a Notice of Satisfaction will terminate the Purchaser's obligation to complete the purchase of the Assets as set forth herein whereupon all the obligations of the Parties provided for herein (except those which are expressly stated to survive the termination of this Agreement) will cease, and the First Deposit, including any interest accrued thereon, shall forthwith be returned to the Purchaser, without any deduction or set-off, the whole without any recourse by either Party against the other."

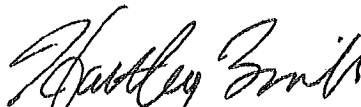
7. The Purchaser hereby waives the conditions set out in Section 4.1(a-1) of the Purchase Agreement.
8. All other terms and conditions of the Purchase Agreement shall remain the same and time shall remain of the essence. Capitalized terms not herein defined shall have the same meaning as set out under the Purchase Agreement.
9. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument. This Agreement may be executed via facsimile, which shall have the same force and effect as if this Agreement had been originally executed by each of the parties.

[Signature page to follow.]

IN WITNESS WHEREOF the parties hereto have agreed to this Agreement on the date first mentioned above.


DELOITTE RESTRUCTURING INC., solely in its capacity as Court-appointed receiver and manager of ROSE OF SHARON (ONTARIO) RETIREMENT COMMUNITY and not in its personal or corporate capacity

Per:


Name: HARTLEY BRICKS
Title: SENIOR VICE-PRESIDENT

RYKKA CARE CENTRES LP, by its general partner, RYKKA CARE CENTRES GP INC.

Per:


Name: Ben Friedman
Title: ASO

B E T W E E N:

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 17 December 2019)

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661
Solicitors for the Moving Party