

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

THE HONOURABLE
JUSTICE MORAWETZ

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THURSDAY, THE 20TH DAY
OF DECEMBER, 2012

IN THE MATTER OF AN APPLICATION UNDER SECTION
47(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985,
c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

BETWEEN:

DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

ORDER

THIS MOTION made by Deloitte & Touche Inc. ("**Deloitte**"), in its capacity as the Court-appointed interim receiver and receiver and manager (the "**Receiver**") over all of the current and future assets, undertakings and properties (the "**Assets**") of the Respondent Craiglee Nursing Home Limited ("**Craiglee**" or the "**Debtor**"), for an Order (i) confirming and approving

the actions and activities of the Receiver with respect to the Craiglee receivership (the “**Receivership**”) to November 30, 2012; (ii) approving the Third Report of the Receiver dated December 14, 2012 (the “**Third Report**”); (iii) approving and accepting the Receiver’s Interim Statements of Receipt and Disbursements for the period from April 28, 2009, to November 30, 2012; (iv) approving the fees for services rendered by the Receiver for the period from August 1, 2011 to October 31, 2012, the fees and disbursements of Gowlings LLP for the period from October 14, 2011 to December 9, 2011, and the fees and disbursements of Blaney, McMurtry LLP for the period from October 1, 2011 to October 31, 2012; (v) authorizing and directing the Receiver to distribute from the trust account held by the Receiver in respect of Craiglee (the “**Craiglee Trust Account**”), funds in the amount of \$742,794.70 to Canada Revenue Agency (“**CRA**”) in respect of CRA’s deemed trust claim over the Assets for unremitted source deductions for the period prior to the Appointment Order; (vi) authorizing and directing the Receiver to distribute from the Craiglee Trust Account funds to Desjardins Financial Security Life Assurance Company (“**Desjardins**”) in the amount of \$8,200,000.00; and (vii) authorizing and directing the Receiver to make subsequent distributions to Desjardins from excess cash on hand from the Craiglee Trust Account, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Receiver’s Notice of Motion dated December 14, 2012, the Third Report of the Receiver dated December 14, 2012 (the “**Third Report**”), filed, and upon hearing the submissions of counsel for the Receiver, no other parties attending, although duly served as appears from the Affidavits of Service of Sharm Sowa and Eric Golden, sworn December 17, 2012, filed,

1. **THIS COURT ORDERS** that service of the Notice of Motion and the Motion Record herein is hereby abridged, if necessary, and that this motion is properly returnable today and that service, including the form, manner and time that such service was actually effected on all parties, is hereby validated, and where such service was not effected such service is hereby dispensed with.

2. **THIS COURT ORDERS** that the Third Report is hereby accepted and approved.

3. **THIS COURT ORDERS** that the conduct of the Receiver and its agents to November 30, 2012, as detailed in the Third Report, be and the same is hereby accepted and approved.

4. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements for the period April 28, 2009, to November 30, 2012 in respect of Craiglee as set out in **Appendix "N"** to the Third Report, filed, is hereby approved.

5. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute from the Craiglee Trust Account the sum of \$742,794.70 to CRA, in respect of CRA's deemed trust claim over the Assets for the period prior to the Appointment Order.

6. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute from the Craiglee Trust Account the sum of \$8,200,000.00 to Desjardins Financial Security Life Assurance Company, as partial payment on account of its secured claims against Craiglee.

7. **THIS COURT ORDERS** that commencing six (6) months from the date of this Order, the Receiver is authorized and hereby directed to make distributions to Desjardins Financial Security Life Assurance Company from excess cash on hand from the from the Craiglee Trust Account.

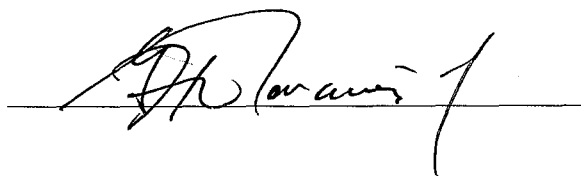
8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver relating to the receivership of Craiglee for the period August 1, 2011 to October 31, 2012, in the amount of \$207,064.05 as set out in the Affidavit of Daniel R. Weisz sworn December 4, 2012, filed, be and the same are hereby approved.

9. **THIS COURT ORDERS** that the fees and disbursements of Gowling Lafleur Henderson LLP, independent counsel to the Receiver, relating to the receivership of Craiglee for the period October 14, 2011 to December 9, 2011, in the amount of \$13,926.78, as set out in the Affidavit of Patrick Shea, sworn December 19, 2012, filed, be and the same are hereby approved.

10. **THIS COURT ORDERS** that the fees and disbursements of Blaney McMurtry LLP, counsel to the Receiver, relating to the receivership of Craiglee for the period October 1, 2011 to October 31, 2012, in the amount of \$115,028.52, as set out in the Affidavit of William Anderson, sworn December 14, 2012, filed, be and the same are hereby approved.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
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DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY
Applicant

and **CRAIGLEE NURSING HOME LIMITED**
Respondent

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COURTS OF JUSTICE ACT, R.S.O. 1990, c.
C-43, AS AMENDED

Proceeding Commenced at **TORONTO**

ORDER

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Lawyers for the Receiver, Deloitte & Touche Inc. in its
capacity as Interim Receiver and Receiver and Manager of the
current and future assets, undertakings and properties of
Craiglee Nursing Home Limited