

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

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

B E T W E E N:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

**SUPPLEMENTARY MOTION RECORD
Returnable November 9, 2011**

November 8, 2011

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 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

TO: see Service List at Schedule "A"

SCHEDULE "A"

SERVICE LIST

TO: Craiglee Nursing Home Limited
c/o Roy McDougall
1790 Rosebank Drive
Pickering, ON L1V 1P6

AND TO: Roy McDougall
3650 Kingston Road, #809
Toronto, ON M1M 1R9

AND TO: Celia McDougall
3650 Kingston Road, #809
Toronto, ON M1M 1R9

AND TO: Doris McDougall
3650 Kingston Road, #809
Toronto, ON M1M 1R9

AND TO: Sack Goldblatt Mitchell
20 Dundas Street West
Suite 1130, Box 180
Toronto ON M5G 2G8

Attn: Doug Lefaive
Tel: (416) 977-6070
Fax: (416) 591-7333

Lawyers for Service Employees International Union, Local 1.on and
the Nursing Homes and Related Industries Pension Plan

AND TO: Ministry of Finance, Insolvency Unit
33 King Street West
6th Floor
Oshawa ON L1H 8H5

AND TO: Department of Justice (CANADA)
Ontario Regional Office
The Exchange Tower Box 36
130 King Street West, Suite 3400
Toronto ON M5X 1K6

Attn: Diane Winters
Tel: (416)973-3172
Fax: (416)973-0810

AND TO: The City of Toronto
Litigation Section, Legal Services Division
26th Floor, Metro Hall, Station 1260
55 John Street
Toronto, Ontario M5V 3C6

Attn: Christopher J. Henderson
Tel: (416) 397-7106
Fax: (416) 392-1199

AND TO: Ministry of Health & Long Term Care
c/o Crown Law Office-Civil
Ministry of the Attorney General
720 Bay Street, 8th Fl., Toronto, ON M5G 2K1

Attn: William R. MacLarkey
Tel: 416-326-4082
Fax: 416-326-4181

AND TO: Scotia Mortgage Corporation
Scotia Plaza
44 King Street West
8th Floor
Toronto ON M5H 1H1

Attn: Sherry Hanlon
Tel: (416) 866-4715
Fax: (416) 866-7767

AND TO: Dickinson Wright LLP
Ernst & Young Tower
222 Bay Street
P.O. Box 124 STN.
18th Floor
Toronto ON M5K 1H1

Attn: Lisa Corne
Tel: (416) 646-4608
Fax: (416) 865-1398

AND TO: Wilson Vukelich LLP
Valleywood Corporate Centre
60 Columbia Way, Suite 710
Markham, Ontario
Canada L3R 0C9

Attn: Chris Caruana
Tel: (905) 944-2952
Fax: (905) 940-8785

AND TO: Miller Thomson LLP
One London Place
255 Queens Avenue, Suite 2010
London, Ontario N6A 5R8

Attn: Alissa Mitchell
Tel: (519) 931-3510
Fax: (519) 858-8511

Lawyers for SAC 4 Inc.

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF AN APPLICATION UNDER SECTION
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TAB 1

Court File No. No.CV- 09-8156-00CL

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

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
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B E T W E E N:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

SUPPLEMENTARY NOTICE OF MOTION

DELOITTE & TOUCHE INC., 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**”), will make a motion to a judge on Wednesday the 9th day of November, 2011, at 10:00 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, Toronto.

THE MOTION is to be heard orally.

THE MOTION IS FOR:

1. abridging the time for and validating service of this Supplementary Notice of Motion and the motion materials filed in support of this Supplementary Notice of Motion, and dispensing with further service thereof;
2. as required, amending the original Notice of Motion returnable November 9, 2011, and related draft Approval and Vesting Order, so that the right, title and interest of Craiglee Nursing Home Limited in and to the assets described in the Agreement of Purchase and Sale between the Receiver and SAC 4 Inc. (the "**Purchased Assets**") is vested in CVH GP Inc., a general partner of CVH (No. 1) LP, assignee of SAC 4 Inc. ("**CVH**").
3. the costs of this motion on a substantial indemnity basis; and
4. such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. the lawyer for SAC 4 Inc. advised the Receiver's lawyer on November 8, 2011, that it wishes to have the Purchased Assets vested in CVH instead of in SAC 4 Inc; and
2. such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. the Supplemental Second Report of the Receiver dated November 8, 2011, and the appendices attached thereto;
2. such further and other evidence as counsel may advise and this Honourable Court may permit.

November 8, 2011

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 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

TO: see Service List at Schedule "A"

TAB A

SCHEDULE "A"

FORM OF APPROVAL AND VESTING ORDER
(SECTION 4.3)

APPROVAL AND VESTING ORDER ON STANDARD TERMS

Court File No. CV-09-8156-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

)

DAY, THE 9TH

JUSTICE ●

)

DAY OF NOVEMBER, 2011

BETWEEN:

DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte & Touche Inc. in its capacity as the Court-appointed interim receiver and receiver and manager (the "**Receiver**") of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale, as amended from time to time (the "**APS**") between the Receiver and SAC 4 Inc. made as of April 1, 2011 and appended to the Second Report of the Receiver dated November 2, 2011 (the "**Second Report**"), and vesting in CVH GP Inc., general partner of CVH (No. 1) LP, assignee of SAC 4 Inc., (the "**Purchaser**"), the Debtor's right, title and interest in and to the assets described in the APS (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report, the Supplemental Report to the Second Report dated November 8, 2011, and on hearing the submissions of counsel for the Receiver, the Purchaser and the City (as defined below)● <Insert names of other parties appearing.>, no one appearing

for any other person on the service list, although properly served as appears from the affidavit of Sharm Velvet Sowa sworn November 4, 2011, filed:

1. **THIS COURT ORDERS** that the time for service of the Receiver's Notice of Motion and Supplementary Notice of Motion returnable November 9, 2011 (collectively, the "**NOMs**"), and related motion material filed in support of those NOMs (the "**Motion Material**") be and is hereby abridged, that service of the NOMs and Motion Material is hereby validated, and that further service thereof is hereby dispensed with.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and that the APS is commercially reasonable and in the best interests of the Debtor and its stakeholders. The execution of the APS by the Receiver is hereby authorized and approved, and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS** that the unredacted copy of the APS, shall be treated as confidential and shall be sealed and segregated from the public record, pending the closing of the Transaction contemplated by the APS. When the Receiver delivers the Receiver's Certificate (as defined below), the unredacted copy of the APS shall be unsealed.

4. **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 APS shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing; (i) any encumbrances or charges created by the Order of the Honourable Justice Campbell dated April 28, 2009; (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 C** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule D**, and any overpayments made to the Debtor after April 28, 2009, by the Ontario Ministry of Health and Long-Term Care (the "**MOH**")) 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.

5. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Registry Division of Toronto of a Transfer/Deed of Land in the form prescribed by the *Land Registration Reform Act* (Ontario) duly executed by the Receiver, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in **Schedule B** hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

6. THIS COURT ORDERS that the City of Toronto (the "**City**") is hereby prohibited from adding to the tax rolls relating to the Real Property any amounts now owing or subsequently determined to be owing by the Debtor on account of water, sewage and/or solid waste charges relating to the Real Property, including penalties and interest, which accrued prior to closing of the Transaction (the "**City Claims**"). Notwithstanding the foregoing, the City is permitted to advance a Claim in respect of the City Claims against the net proceeds from the sale of the Purchased Assets (the "**Net Proceeds**"). In addition, any such City Claims shall be determined on the same basis that they would have been had the City moved prior to this Approval and Vesting Order to:

- (a) Seek a determination that the Order of Justice Campbell dated April 29, 2009 would not have prohibited the City from adding the amount(s) sought in the City Claims to the municipal tax roll of the Debtor's Real Property as of right;
- (b) Seek leave to add the amount(s) sought in the City Claims to the municipal tax roll of the Debtor's Real Property; and/or
- (c) Seek to vary or amend the Order of Justice Campbell dated April 29, 2009 such that the City would not have been prohibited from adding the amount(s) sought in the City Claims to the municipal tax roll of the Debtor's Real Property as of right.

7. THIS COURT ORDERS AND DECLARES that, following the vesting of the Purchased Assets in the Purchaser, the MOH is hereby prohibited from exercising any right of set-off against any and all funds and/or payments to which the Purchaser may be entitled to receive from the MOH under the License (as defined in the APS which comprises a portion of the Purchased Assets) or pursuant to statute, with respect to any overpayments made by the MOH

to the Debtor prior to April 28, 2009 (collectively, the "**MOH Overfunding**"). Notwithstanding the foregoing, the MOH is permitted to seek recovery of the Overfunding against the Net Proceeds.

8. THIS COURT ORDERS that the Receiver hold in trust from the Net Proceeds an amount sufficient to satisfy the City Claims and the MOH Overfunding as of the date of this Approval and Vesting Order, until such time as a further Order is made authorizing the release of these trust funds.

9. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the Net Proceeds 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 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.

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

11. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, including personal information of the Assumed Employees, as defined in the APS. 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.

12. 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 settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at under value or other challengeable or voidable 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.

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

14. 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-09-8156-00CL●

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

BETWEEN:

DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY

Applicant

CRAIGLEE NURSING HOME LIMITED

Respondent

RECEIVER'S CERTIFICATE**RECITALS**

- A. Pursuant to an Order of the Honourable Justice Campbell of the Ontario Superior Court of Justice (the "**Court**") dated April 28, 2009, Deloitte & Touche Inc. was appointed as the interim receiver and receiver and manager (the "**Receiver**") of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited (the "**Debtor**").
- B. Pursuant to an Order of the Court dated ●, the Court approved the agreement of purchase and sale made as of April 1, 2011, as amended from time to time (the "**APS**") between the Receiver and CVH GP Inc., general partner of CVH (No. 1) 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 4 of the APS have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction contemplated by the APS 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 APS.

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

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

DELOITTE & TOUCHE INC., solely in its capacity as court appointed interim receiver and receiver and manager of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited and not in its personal capacity

Per: _____

Name: _____

Title: _____

SCHEDULE B**REAL PROPERTY**

In respect of those lands and premises municipally known as 94, 96 & 102 Craiglee Drive, Toronto, Ontario and 10 Shape Street, Toronto, Ontario:

Lots 508, 509, 510, 513, 514, 523 and 524, Plan M-388,
Part of Lot 526, Plan M-388, designated as Part 2, Plan 66R-20226,
Part of Lot 525, Plan M-388, designated as Part 4, Plan 66R-20226,
Part of Lot 512, being the westerly 7 feet 10 inches, Plan M-388,
Lot 511 (except Part 1, Plan 66R-11153), and Part of Lot 512
lying to the east of the northerly 7 feet 10 inches, Plan M-388,
City of Toronto, Land Titles Division of the Toronto Registry Office (No. 66),
being all of PIN 06432-0413(LT).

In, respect of those lands and premises municipally known as 9 Vanbrugh Avenue, Toronto, Ontario:

Part of Lot 526, Plan M-388, designated as Part 1, Plan 66R-20226,
Part of Lot 525, Plan M-388, designated as Part 3, Plan 66R-20226,
City of Toronto, Land Titles Division of the Toronto Registry Office (No. 66),
being all of PIN 06432-0409(LT).

SCHEDULE C**CLAIMS****I. CLAIMS TO BE DELETED AND EXPUNGED FROM TITLE TO REAL PROPERTY****A. In respect of those lands and promises municipally known as 94, 96 & 102 Craiglee Drive, Toronto, Ontario and 10 Sharpe Street, Toronto, Ontario:**

1. Instrument No. AT391092 registered January 22, 2004, being a Charge/Mortgage to and in favour of First National Financial Corporation ("**First National**") securing the original principal sum of \$11,781,565.00 ("**First National Charge**").
2. Instrument No. AT391093 registered January 22, 2004, being a Notice of Assignment of Rents - General relating to the First National Charge.
3. Instrument No. AT391094 registered January 22, 2004, being a Notice of Assignment of Material Contracts and Agreements relating to the First National Charge.
4. Instrument No. AT391095 registered January 22, 2004, being a Notice of Security Interest relating to the First National Charge.
5. Instrument No. AT1017117 registered December 21, 2005, being a Transfer of the First National Charge to Desjardins Financial Security Life Assurance Company (the "Transfer of the First National Charge").
6. Instrument No. AT1017118 registered December 21, 2005, being a Notice of Assignment of Rents - General relating to the Transfer of the First National Charge.
7. Instrument No. AT1017119 registered December 21, 2005, being a Notice of Assignment of Material Contracts and Agreements relating to the Transfer of the First National Charge.
8. Instrument No. AT1017120 registered December 21, 2005, being a Notice of Security Interest relating to the Transfer of the First National Charge.
9. Instrument no. AT1019710 registered December 23, 2005, being a Notice of an Agreement Amending the First National Charge.
10. Instrument No. AT2025023 registered March 6, 2009, being a Charge/Mortgage to and in favour of Extendicare (Canada) Inc. securing the original principal sum of \$350,000.00.

B. In respect of those lands and premises municipally known as 9 Vanbrugh Avenue, Toronto, Ontario:

11. Instrument No. AT1889172 registered August 8, 2008, being a Charge/Mortgage to and in favour of Scotia Mortgage Corporation securing the original principal sum of \$126,000.00.

12. Instrument No. A12015651 registered February 20, 2009, being a Charge/Mortgage to and in favour of Desjardins Financial Security Life Assurance Company securing the original principal sum of \$11,781,565.00 (the "Desjardins Charge").
13. Instrument No. AT2015651 registered February 20, 2009, being a Notice of Assignment of Rents - General relating to the Desjardins Charge.
14. Instrument No. AT2025023 registered March 6, 2009, being a Charge/Mortgage to and in favour of Extendicare (Canada) Inc. securing the original principal sum of \$350,000.00.

II. CLAIMS TO BE DISCHARGED RE PERSONAL PROPERTY

(as of November 1, 2011)

File#	Creation Date	Expiry Date	Period	
079210305	6 Oct 1995	6 Oct 2028	33 years	
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif.
PPSA	THE EQUITABLE TRUST COMPANY	CRAIGLEE NURSING HOME LIMITED	19951006 1449 0043 6475	I E A O MV
Partial Assignment	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY (Assignee) (Assignee)		20051223 1129 1862 2606	
File#	Creation Date	Expiry Date	Period	
612974196	28 Feb 2005	28 Feb 2015	10 years	
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif.
PPSA	HER MAJESTY THE QUEEN AS REPRESENTED BY MOF (RST/EHT/ CT)	CRAIGLEE NURSING HOME LIMITED	20050228 1039 1031 9160	I E A O
File#	Creation Date	Expiry Date	Period	
646034499	12 Jun 2008	12 Jun 2014	3 years	
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif.
PPSA	THE CONSUMERS' WATERHEATER INCOME FUND	CRAIGLEE NURSING HOMES	20080612 1403 1462 9218	E
	General Collateral	HVAC EQUIPMENT LOCATED AT 102 CRAIGLEE DR., TORONTO, ONTARIO, M1N 2M7		

File#	Creation Date	Expiry Date	Period					
652903866	22 Apr 2009	22 Apr 2019	10 years					
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif.				
PPSA	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	CRAIGLEE NURSING HOME LIMITED	20090422 1526 1862 5473			E	A	O

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

(unaffected by the Vesting Order)

In respect of those lands and premises municipally known as 94,96 & 102 Craiglee Drive, Toronto, Ontario and 10 Sharpe Street, Toronto, Ontario:

1. Instrument No. A256117 registered December 3, 1968, being a By-Law of the Corporation of the Borough of Scarborough (the "**Borough**") (now forming part of the City of Toronto).
2. Instrument No. A375207 registered November 30, 1972, being an agreement in favour of the Borough.
3. Instrument No. A853871 registered May 27, 1980, being an agreement in favour of the Borough.
4. Instrument No. E603543 registered September 20, 2002, being an agreement in favour of the City of Toronto (the "City")
5. Instrument No. AT118898 registered March 11, 2003, being an Application to Consolidate Parcels.
6. Instrument No. AT118899 registered March 11, 2003, being an Application to Consolidate Parcels.
7. Instrument No. AT1014167 registered December 19, 2005, being an Application to Consolidate Parcels.

In respect of those lands and premises municipally known as 9 Vanbrugh Avenue, Toronto, Ontario (as of February 24, 2011):

1. Instrument No. A256117 registered December 3, 1968, being a By-Law of the Corporation of the Borough of Scarborough (now forming part of the City of Toronto).
2. Instrument No. AT118898 registered March 11, 2003, being an Application to Consolidate Parcels.

RELATED TO PERSONAL PROPERTY

(unaffected by the Vesting Order)

File#	Creation Date	Expiry Date	Period	
668952486	8 Apr 2011	8 Apr 2014	3 years	
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif
PPSA	ENERCARE SOLUTIONS LIMITED PARTNERSHIP	CRAIGLEE NURSING HOME LTD	20110408 1403 1462 4404	E O
	General Collateral	DOMESTIC BOILER AND 2 STORAGE TANKS LOCATED AT 102 CRAIGLEE DR. TORONTO ON M1N2M7		
File#	Creation Date	Expiry Date	Period	
668952612	8 Apr 2011	8 Apr 2014	3 years	
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif
PPSA	ENERCARE SOLUTIONS LIMITED PARTNERSHIP	CRAIGLEE NURSING HOME LTD.	20110408 1403 1462 4417	E O
	General Collateral	HEATING BOILER LOCATED AT 102 CRAIGLEE DR. TORONTO M1N2M7		
File#	Creation Date	Expiry Date	Period	
670367232	2 June 2011	2 June 2014	3 years	
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif
PPSA	ENERCARE SOLUTIONS LIMITED PARTNERSHIP	CRAIGLEE NURSING HOMES	20110602 1704 1462 8586	E O
	General Collateral	DOMESTIC BOILER LOCATED AT 102 CRAIGLEE DR. TORONTO M1N2M7		

TAB B

Revised: May 11, 2010

SCHEDULE "A"FORM OF APPROVAL AND VESTING ORDER
(SECTION 4.3)APPROVAL AND VESTING ORDER ON STANDARD TERMSCourt File No. _____ CV-09-8156-00CL**ONTARIO**
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE _____)	WEEKDAY, THE #
)	
JUSTICE _____)	DAY OF MONTH, 20YR

BETWEEN:**PLAINTIFF**Plaintiff

THE HONOURABLE _____)	DAY, THE 9TH
)	
JUSTICE _____)	DAY OF NOVEMBER, 2011

BETWEEN:DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANYApplicant

- and -

DEFENDANTDefendantCRAIGLEE NURSING HOME LIMITEDRespondent**APPROVAL AND VESTING ORDER**

THIS MOTION, made by [RECEIVER'S NAME] Deloitte & Touche Inc. in its capacity as the Court-appointed interim receiver and receiver and manager (the "Receiver") of the

~~undertaking, property~~current and future assets of [DEBTOR], undertakings and properties of Craiglee Nursing Home Limited (the "[Debtor]") for an order approving the sale transaction (the "[Transaction]") contemplated by an agreement of purchase and sale, as amended from time to time (the "Sale Agreement" "APS") between the Receiver and ~~[NAME OF PURCHASER]~~ (the "Purchaser") dated ~~[DATE]~~SAC 4 Inc. made as of April 1, 2011 and appended to the Second Report of the Receiver dated [DATE] November 2, 2011 (the "[Second Report]"), and vesting in the CVH GP Inc., general partner of CVH (No. 1) LP, assignee of SAC 4 Inc., (the "Purchaser"), the Debtor's right, title and interest in and to the assets described in the ~~Sale Agreement~~APS (the "[Purchased Assets]"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the ~~Report~~Second Report, the Supplemental Report to the Second Report dated November 8, 2011, and on hearing the submissions of counsel for the Receiver, ~~[NAMES OF OTHER PARTIES APPEARING]~~the Purchaser and the City (as defined below)●
<Insert names of other parties appearing.>, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~Sharm Velvet Sowa sworn ~~[DATE]~~November 4, 2011, filed¹:

1. **THIS COURT ORDERS** that the time for service of the Receiver's Notice of Motion and Supplementary Notice of Motion returnable November 9, 2011 (collectively, the "**NOMs**"), and related motion material filed in support of those NOMs (the "**Motion Material**") be and is hereby abridged, that service of the NOMs and Motion Material is hereby validated, and that further service thereof is hereby dispensed with.

2. **1. THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved,² and the and that the APS is commercially reasonable and in the best interests of the Debtor and

¹ This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.

² In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.

its stakeholders. The execution of the Sale Agreement~~APS~~ by the Receiver³ is hereby authorized and approved, ~~with such minor amendments as the Receiver may deem necessary.~~ ~~The~~and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS that the unredacted copy of the APS, shall be treated as confidential and shall be sealed and segregated from the public record, pending the closing of the Transaction contemplated by the APS. When the Receiver delivers the Receiver's Certificate (as defined below), the unredacted copy of the APS shall be unsealed.

4. ~~2.~~ **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 [and listed on Schedule B hereto]~~⁴ APS 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"⁵) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice ~~[NAME]~~ Campbell dated ~~[DATE]~~ April 28, 2009; (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 C** hereto (all of which are collectively referred to as the "Encumbrances",

³ ~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

⁴ ~~To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

⁵ ~~The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule D**, and any overpayments made to the Debtor after April 28, 2009, by the Ontario Ministry of Health and Long-Term Care (the "**MOH**") 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.

5. 3.-THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}Toronto of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act (Ontario) duly executed by the Receiver][Land Titles Division of {LOCATION} of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act]⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in **Schedule B** hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

6. THIS COURT ORDERS that the City of Toronto (the "City") is hereby prohibited from adding to the tax rolls relating to the Real Property any amounts now owing or subsequently determined to be owing by the Debtor on account of water, sewage and/or solid waste charges relating to the Real Property, including penalties and interest, which accrued prior to closing of the Transaction (the "City Claims"). Notwithstanding the foregoing, the City is permitted to advance a Claim in respect of the City Claims against the net proceeds from the sale of the Purchased Assets (the "Net Proceeds"). In addition, any such City Claims shall be determined on the same basis that they would have been had the City moved prior to this Approval and Vesting Order to:

(a) Seek a determination that the Order of Justice Campbell dated April 29, 2009 would not have prohibited the City from adding the amount(s) sought in the City Claims to the municipal tax roll of the Debtor's Real Property as of right;

(b) Seek leave to add the amount(s) sought in the City Claims to the municipal tax roll of the Debtor's Real Property; and/or

⁶ ~~Elect the language appropriate to the land registry system (Registry vs. Land Titles).~~

(c) Seek to vary or amend the Order of Justice Campbell dated April 29, 2009 such that the City would not have been prohibited from adding the amount(s) sought in the City Claims to the municipal tax roll of the Debtor's Real Property as of right.

7. THIS COURT ORDERS AND DECLARES that, following the vesting of the Purchased Assets in the Purchaser, the MOH is hereby prohibited from exercising any right of set-off against any and all funds and/or payments to which the Purchaser may be entitled to receive from the MOH under the License (as defined in the APS which comprises a portion of the Purchased Assets) or pursuant to statute, with respect to any overpayments made by the MOH to the Debtor prior to April 28, 2009 (collectively, the "MOH Overfunding"). Notwithstanding the foregoing, the MOH is permitted to seek recovery of the Overfunding against the Net Proceeds.

8. THIS COURT ORDERS that the Receiver hold in trust from the Net Proceeds an amount sufficient to satisfy the City Claims and the MOH Overfunding as of the date of this Approval and Vesting Order, until such time as a further Order is made authorizing the release of these trust funds.

9. 4-THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased Assets~~Net Proceeds~~ 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~~Net Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁸, 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.

10. 5-THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

⁷ ~~The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".~~

⁸ ~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

11. ~~6.~~ 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~~ Debtor's records pertaining to the Debtor's past and current employees, including personal information of ~~those employees listed on Schedule "●" to the Sale Agreement.~~ the Assumed Employees, as defined in the APS. 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.

12. ~~7.~~ 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 settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at ~~undervalue~~, under value or other ~~reviewable~~ challengeable or voidable 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.

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

14. ~~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~~A

FORM OF RECEIVER'S CERTIFICATE

Court File No. — CV-09-8156-00CL●

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

BETWEEN:

PLAINTIFF

Plaintiff

—and—

DEFENDANT

Defendant

BETWEEN:

DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY

Applicant

CRAIGLEE NURSING HOME LIMITED

Respondent

RECEIVER'S CERTIFICATE

RECITALS

- A. Pursuant to an Order of the Honourable ~~[DATE OF JUDGE]~~Justice Campbell of the Ontario Superior Court of Justice (the "**Court**") dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~April 28, 2009, Deloitte & Touche Inc. was appointed as the interim receiver and receiver and manager (the "**Receiver**") of the ~~undertaking, property current and future assets of [DEBTOR], undertakings and properties of~~Craiglee Nursing Home Limited (the "Debtor").

- B. Pursuant to an Order of the Court dated ~~[DATE]~~, the Court approved the agreement of purchase and sale made as of ~~[DATE OF AGREEMENT]~~ (the "Sale Agreement" April 1, 2011, as amended from time to time (the "APS") between the Receiver ~~[Debtor]~~ and ~~[NAME OF PURCHASER]~~ CVH GP Inc., general partner of CVH (No. 1) 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 ~~4~~ of the ~~Sale Agreement~~ APS have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction contemplated by the APS 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~~ APS.

THE RECEIVER CERTIFIES the following:

1. 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 APS;
2. 2. — The conditions to Closing as set out in section 4 of the Sale Agreement APS have been satisfied or waived by the Receiver and the Purchaser; and
3. 3. — The Transaction has been completed to the satisfaction of the Receiver.
4. — This Certificate was delivered by the Receiver to the Purchaser at [TIME] ● <Insert time> on [DATE] ● <Insert date>.

[NAME OF RECEIVER], DELOITTE & TOUCHE
INC., solely in its capacity as Receiver of the
undertaking, property court appointed interim
receiver and receiver and manager of the current and
future assets of [DEBTOR], undertakings and
properties of Craiglee Nursing Home Limited and not
in its personal capacity

Per:

Schedule B

~~Schedule B — Purchased Assets~~

REAL PROPERTY

In respect of those lands and premises municipally known as 94, 96 & 102 Craiglee Drive, Toronto, Ontario and 10 Shape Street, Toronto, Ontario:

Lots 508, 509, 510, 513, 514, 523 and 524, Plan M-388,
Part of Lot 526, Plan M-388, designated as Part 2, Plan 66R-20226,
Part of Lot 525, Plan M-388, designated as Part 4, Plan 66R-20226,
Part of Lot 512, being the westerly 7 feet 10 inches, Plan M-388,
Lot 511 (except Part 1, Plan 66R-11153), and Part of Lot 512
lying to the east of the northerly 7 feet 10 inches, Plan M-388,
City of Toronto, Land Titles Division of the Toronto Registry Office (No. 66),
being all of PIN 06432-0413(LT).

In, respect of those lands and premises municipally known as 9 Vanbrugh Avenue, Toronto, Ontario:

Part of Lot 526, Plan M-388, designated as Part 1, Plan 66R-20226,
Part of Lot 525, Plan M-388, designated as Part 3, Plan 66R-20226,
City of Toronto, Land Titles Division of the Toronto Registry Office (No. 66),
being all of PIN 06432-0409(LT).

SCHEDULE C

CLAIMS

I. CLAIMS TO BE DELETED AND EXPUNGED FROM TITLE TO REAL PROPERTY

A. In respect of those lands and promises municipally known as 94, 96 & 102 Craiglee Drive, Toronto, Ontario and 10 Sharpe Street, Toronto, Ontario:

1. Instrument No. AT391092 registered January 22, 2004, being a Charge/Mortgage to and in favour of First National Financial Corporation ("First National") securing the original principal sum of \$11,781,565.00 ("First National Charge").
2. Instrument No. AT391093 registered January 22, 2004, being a Notice of Assignment of Rents - General relating to the First National Charge.
3. Instrument No. AT391094 registered January 22, 2004, being a Notice of Assignment of Material Contracts and Agreements relating to the First National Charge.
4. Instrument No. AT391095 registered January 22, 2004, being a Notice of Security Interest relating to the First National Charge.
5. Instrument No. AT1017117 registered December 21, 2005, being a Transfer of the First National Charge to Desjardins Financial Security Life Assurance Company (the "Transfer of the First National Charge").
6. Instrument No. AT1017118 registered December 21, 2005, being a Notice of Assignment of Rents - General relating to the Transfer of the First National Charge.
7. Instrument No. AT1017119 registered December 21, 2005, being a Notice of Assignment of Material Contracts and Agreements relating to the Transfer of the First National Charge.
8. Instrument No. AT1017120 registered December 21, 2005, being a Notice of Security Interest relating to the Transfer of the First National Charge.
9. Instrument no. AT1019710 registered December 23, 2005, being a Notice of an Agreement Amending the First National Charge.
10. Instrument No. AT2025023 registered March 6, 2009, being a Charge/Mortgage to and in favour of Extendicare (Canada) Inc. securing the original principal sum of \$350,000.00.

B. In respect of those lands and premises municipally known as 9 Vanbrugh Avenue, Toronto, Ontario:

11. Instrument No. AT1889172 registered August 8, 2008, being a Charge/Mortgage to and in favour of Scotia Mortgage Corporation securing the original principal sum of \$126,000.00.

12. Instrument No. A12015651 registered February 20, 2009, being a Charge/Mortgage to and in favour of Desjardins Financial Security Life Assurance Company securing the original principal sum of \$11,781,565.00 (the "Desjardins Charge").
13. Instrument No. AT2015651 registered February 20, 2009, being a Notice of Assignment of Rents - General relating to the Desjardins Charge.
14. Instrument No. AT2025023 registered March 6, 2009, being a Charge/Mortgage to and in favour of Extendicare (Canada) Inc. securing the original principal sum of \$350,000.00.

II. CLAIMS TO BE DISCHARGED RE PERSONAL PROPERTY

(as of November 1, 2011)

File#	Creation Date	Expiry Date	Period	
079210305	6 Oct 1995	6 Oct 2028	33 years	
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif.
PPSA	THE EQUITABLE TRUST COMPANY	CRAIGLEE NURSING HOME LIMITED	19951006 1449 0043 6475	I E A O MV
Partial Assignment	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY (Assignee)		20051223 1129 1862 2606	
	(Assignee)			
File#	Creation Date	Expiry Date	Period	
612974196	28 Feb 2005	28 Feb 2015	10 years	
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif.
PPSA	HER MAJESTY THE QUEEN AS REPRESENTED BY MOE (RST/EHT/CT)	CRAIGLEE NURSING HOME LIMITED	20050228 1039 1031 9160	I E A O
File#	Creation Date	Expiry Date	Period	
646034499	12 Jun 2008	12 Jun 2014	3 years	
Reg. Type	Secured Party(ies)	Debtor(s)	Registration#	Coll. Classif.
PPSA	THE CONSUMERS WATERHEATER FUND	CRAIGLEE NURSING HOMES	20080612 1403 1462 9218	I E A O
General Collateral	HVAC EQUIPMENT LOCATED AT 102 CRAIGLEE DR. TORONTO, ONTARIO. M1N 2M7			

~~DOCSTOR: 1201927\13~~

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 PropertyD**

PERMITTED ENCUMBRANCES, EASEMENTS AND RESTRICTIVE COVENANTS

RELATED TO THE REAL PROPERTY

(unaffected by the Vesting Order)——

In respect of those lands and premises municipally known as 94,96 & 102 Craiglee Drive,
Toronto, Ontario and 10 Sharpe Street, Toronto, Ontario:

1. Instrument No. A256117 registered December 3, 1968, being a By-Law of the Corporation of the Borough of Scarborough (the "Borough") (now forming part of the City of Toronto).
2. Instrument No. A375207 registered November 30, 1972, being an agreement in favour of the Borough.
3. Instrument No. A853871 registered May 27, 1980, being an agreement in favour of the Borough.
4. Instrument No. E603543 registered September 20, 2002, being an agreement in favour of the City of Toronto (the "City")
5. Instrument No. AT118898 registered March 11, 2003, being an Application to Consolidate Parcels.
6. Instrument No. AT118899 registered March 11, 2003, being an Application to Consolidate Parcels.
7. Instrument No. AT1014167 registered December 19, 2005, being an Application to Consolidate Parcels.

In respect of those lands and premises municipally known as 9 Vanbrugh Avenue, Toronto,
Ontario (as of February 24, 2011):

1. Instrument No. A256117 registered December 3, 1968, being a By-Law of the Corporation of the Borough of Scarborough (now forming part of the City of Toronto).
2. Instrument No. AT118898 registered March 11, 2003, being an Application to Consolidate Parcels.

RELATED TO PERSONAL PROPERTY

(unaffected by the Vesting Order)

File#	Creation Date	Expiry Date	Period	
668952486	8 Apr 2011	8 Apr 2014	3 years	
Reg Type	Secured Party(ies)	Debtor(s)	Registration#	Coll Classif
PPSA	ENERCARE SOLUTIONS LIMITED PARTNERSHIP	CRAIGLEE NURSING HOME LTD	20110408 1403 1462 4404	E O
	General	DOMESTIC BOILER AND 2 STORAGE TANKS LOCATED AT 102 CRAIGLEE		
	Collateral	DR		
		TORONTO ON M1N2M7		
File#	Creation Date	Expiry Date	Period	
668952612	8 Apr 2011	8 Apr 2014	3 years	
Reg Type	Secured Party(ies)	Debtor(s)	Registration#	Coll Classif
PPSA	ENERCARE SOLUTIONS LIMITED PARTNERSHIP	CRAIGLEE NURSING HOME LTD	20110408 1403 1462 4417	E O
	General	HEATING BOILER LOCATED AT 102 CRAIGLEE DR TORONTO M1N2M7		
	Collateral			
File#	Creation Date	Expiry Date	Period	
670367232	2 June 2011	2 June 2014	3 years	
Reg Type	Secured Party(ies)	Debtor(s)	Registration#	Coll Classif
PPSA	ENERCARE SOLUTIONS LIMITED PARTNERSHIP	CRAIGLEE NURSING HOMES	20110602 1704 1462 8586	E O
	General	DOMESTIC BOILER LOCATED AT 102 CRAIGLEE DR TORONTO M1N2M7		
	Collateral			

Document comparison by Workshare Compare on November 08, 2011 3:38:57 PM

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Rendering set	Standard

Legend	
<u>Insertion</u>	
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Format change	
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Deleted cell	
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Split/Merged cell	
Padding cell	

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Moved to	0
Style change	0
Format changed	0
Total changes	562

TAB 2

Court File No. CV-09-8156-00-CL

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

BETWEEN:

**DESJARDINS FINANCIAL SECURITY LIFE
ASSURANCE COMPANY**

Applicant

- and -

CRAIGLEE NURSING HOME LIMITED

Respondent

**SUPPLEMENTAL REPORT TO THE SECOND REPORT
TO THE COURT OF THE RECEIVER
(dated November 8, 2011)**

INTRODUCTION

1. Pursuant to an Order of the Honourable Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 28, 2009 (the "**Appointment Order**"), Deloitte & Touche Inc. ("**Deloitte**") was appointed as Interim Receiver and Receiver and Manager (the "**Receiver**") of all of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited ("**Craiglee**").
2. In the Receiver's Second Report to the Court dated November 3, 2011 (the "**Second Report**"), the Receiver set out for this Honourable Court the terms of an Agreement of Purchase and Sale dated April 1, 2011, including amendments thereto (the "**APS**") as between the Receiver and SAC 4 Inc. ("**SAC 4**" or the "**Purchaser**") for the sale of Craiglee and requested the Court's (i) approval for the Receiver to enter into and complete the APS; and (ii) making an approval and vesting order in connection with the transaction.
3. The purpose of this Supplemental Report to the Second Report (the "**Supplemental Report**") is to advise the Court of a further amending agreement to the APS which the Receiver has entered into with SAC 4.
4. Capitalized terms not defined in this Supplemental Report are as defined in the APS, the Second Report and the Appointment Order.

The MOH Closing Adjustment

5. Following service of the Notice of Motion and the Second Report, counsel for the Ministry of Health and Long-Term Care ("**MOHLTC**") corresponded with the Receiver regarding the manner in which over-funding by the MOHLTC of Craiglee from the Appointment Date to the Closing Date, that remained to be recovered by the MOHLTC ("**MOHLTC Recoveries**"), was addressed in the APS. The MOHLTC was concerned that the APS did not explicitly address which party the MOHLTC could pursue for the MOHLTC Recoveries.
6. Section 2.8(c) of the APS provides for an adjustment on Closing for the amount of over-

funding by the Ministry of Health and Long-Term Care ("MOHLTC") of Craiglee from the Appointment Date to the Closing Date that remained to be recovered by the MOHLTC ("MOHLTC Recoveries"). Section 2.8(c) states:

"The Vendor and the Purchaser, each acting reasonably, shall use their best efforts to agree on the estimated amount that may be repayable to or receivable from the MOH in regard to any overpayments/credits for the period prior to the Closing (not including adjustments for monthly amounts paid or payable by the MOH for the month in which the Closing occurs which are adjusted pursuant to Section 2.8(b) hereof) (the "**MOH Closing Adjustment**") on or before the 10th Business Day before the Closing Date. On Closing, the Purchase Price shall be adjusted by that amount in favour of the Purchaser if the Vendor is in a net payable position with the MOH at Closing or in favour of the Vendor if the Vendor is in a net receivable position with the MOH at Closing. There shall be no further adjustment in regard to the MOH Closing Adjustment after Closing."

7. The purpose of the MOH Closing Adjustment was to transfer to SAC 4 the obligation to remit the MOHLTC Recoveries once the transaction was completed.
8. The APS also included a term that the Purchaser could, on Closing, assume the Service Accountability Agreement (the "**SAA**") between the Central East Local Health Integration Network (the "**LHIN**") and Craiglee effective as of July 1, 2010. The SAA is a document which every long-term care home in Ontario must enter into in order to obtain government funding to operate. The SAA governs the terms of funding, including the ability of the MOHLTC (or LHIN) to recover any overpayments made to a nursing home. The SAA was included in Schedule 2 of the APS as an Assumed Contract under the transaction.
9. On September 30, 2011, pursuant to the terms of the APS, SAC 4 advised the Receiver

that it would not be assuming the SAA since SAC 4 intends to enter into a new SAA with the LHIN. While the Receiver is of the view that, should the transaction be completed, the MOH Closing Adjustment and SAC 4's obligation to assume the MOHLTC Recoveries is unaffected by the fact that a new SAA would be entered into between SAC 4 and the LHIN, the MOHLTC has requested that the documents clarify the transfer of the obligation to SAC 4.

10. The Receiver and SAC 4 have agreed to amend the APS to clarify that after Closing, SAC 4 is responsible for remitting the MOHLTC Recoveries.

AMENDING AGREEMENT NO. 7

11. In order to clarify the transfer to SAC 4 of the liability for the MOHLTC Recoveries upon Closing, the Receiver and SAC 4 have entered into Amending Agreement No. 7 dated November 7, 2011. Amending Agreement No. 7 provides that the definition of "Assumed Obligations" in the APS is amended to include the MOHLTC Recoveries. A copy of Amending Agreement No. 7 is attached hereto as **Appendix "A"**.
12. Counsel for the MOHLTC has advised the Receiver that it is satisfied that Amending Agreement No. 7 addresses its concerns regarding the MOHLTC Recoveries.

CHANGE IN NAME OF THE PURCHASER

13. On November 8, 2011, SAC 4's lawyer advised the Receiver's lawyer that SAC 4 wishes to have the right, title and interest of Craiglee in and to the Assets vested in "CVH GP Inc., a general partner of CVH (No. 1) LP, assignee of SAC 4 Inc." ("CVH"), instead of in SAC 4.
14. The Receiver and the Purchaser will execute the documents necessary to effect this change prior to Closing.

All of which is respectfully submitted to this Honourable Court.

DATED this 8th day of November, 2011.

Deloitte & Touche Inc.

Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Craiglee Nursing Home Limited
and not in its personal capacity

Deloitte + Touche Inc.

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

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

AMENDING AGREEMENT NO. 7

THIS AMENDING AGREEMENT is dated as of November 7, 2011

BETWEEN:

DELOITTE & TOUCHE INC., solely in its capacity as court-appointed interim receiver and receiver and manager of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited and not in its personal capacity

(the "Vendor")

- and -

SAC 4 INC., a corporation existing under the laws of Ontario

(the "Purchaser")

CONTEXT:

A. The parties have made an Agreement of Purchase and Sale of the Assets dated April 1, 2011 as amended by agreements dated June 8, 2011, July 15, 2011, August 12, 2011, August 19, 2011, August 31, 2011 and September 2, 2011 ("Purchase Agreement").

B. The parties wish to further amend the Purchase Agreement as set out below.

C. The words and phrases beginning with capitals have the meanings assigned in the Purchase Agreement unless the context otherwise requires.


FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. **Section 1.1 Definitions** is amended by deleting:

"Assumed Obligations" means: (i) all obligations and liabilities of the Debtor and the Vendor under the Assumed Contracts that the Purchaser has agreed to assume as of the Closing Date by way of separate and specific written agreement with the Vendor or party or parties to whom the relevant obligations and liabilities are owed; and (ii) the Assumed Liabilities."

and substituting therefore:

"Assumed Obligations" means: (i) all obligations and liabilities of the Debtor and the Vendor under the Assumed Contracts that the Purchaser has agreed to assume as of the Closing Date by way of separate and specific written agreement with the Vendor or party or parties to whom the relevant obligations and liabilities are owed; (ii) the Assumed Liabilities; and (iii) any amount repayable to the MOH in regard to any overpayment



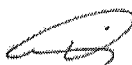
for the period from the date of the Appointment Order to the Closing Date."

2. Except as specifically amended herein, the Purchase Agreement continues in full force and effect.
3. This Agreement may be executed by the parties in counterparts and delivered by way of pdf email transmission or facsimile, with such counterparts together and such delivery being deemed originals.

Each of the parties has executed and delivered this Agreement, as of the date noted at the beginning of the Agreement.

DELOITTE & TOUCHE INC., solely in its capacity as court-appointed interim receiver and receiver and manager of the current and future assets, undertakings and properties of Craiglee Nursing Home Limited and not in its personal capacity

Per


Name: DANIEL WERSL
Title: SENIOR VICE PRESIDENT

SAC 4 INC.

Per


Name: Robert Yeandis
Title: Vice-President

DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY
Applicant

and **CRAIGLEE NURSING HOME LIMITED**
Respondent

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

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

Proceeding Commenced at **TORONTO**

**SUPPLEMENTARY MOTION RECORD
RETURNABLE NOVEMBER 9, 2011**

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capacity as Interim Receiver and Receiver and Manager of the
current and future assets, undertakings and properties of
Craiglee Nursing Home Limited