

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
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**

**AND IN THE MATTER of SECTION 101 of *THE
COURTS of JUSTICE ACT*, R.S.O. 1990, C.C-43**

B E T W E E N:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

**MOTION RECORD
(Returnable December 20, 2012)**

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

Clifton Prophet (LSUC No. 34845K)
Frank Lamie (LSUC No. 54035S)
Telephone: (416) 862-7525
Facsimile: (416) 862-7661

Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited

SERVICE LIST

TO: Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and
1508669 Ontario Limited
131 Beecroft Road, Suite 201
Toronto, Ontario M2N 5G9

AND TO: SACK GOLDBLATT MITCHELL
Suite 1130, Box 180
20 Dundas Street West
Toronto, Ontario M5G 2G8

Attention: Doug LeFaive

Tel.: 416-977-6070

Fax: 416-591-7333

Email: dlefaive@sgmlaw.com

Solicitors for Service Employees Union International, CUPE and the
Nurses and Related Industries Pension Plan

AND TO: MINISTRY OF FINANCE, Insolvency Unit
33 King Street West, 6th Floor
Oshawa, Ontario L1H 8H5

Attention: Sandra Courvoisier

Tel: 905-433-6677

Fax: 905-436-4524

Email: sandra.courvoisier@ontario.ca

AND TO: DEPARTMENT OF JUSTICE (CANADA)
Ontario Regional Office
The Exchange Tower, Box 36
130 King Street West, Suite 3400
Toronto, Ontario M5X 1K6

Attention: Diane Winters

Tel: 416-973-3172

Fax: 416-973-0810

Email: diane.winters@justice.gc.ca

AND TO: HEENAN BLAIKIE
Bay Adelaide Centre
P.O. Box 2900
333 Bay Street, Suite 2900
Toronto, Ontario M5H 2T4

Attention: Leslie Wittlin
Tel: 416-643-6961
Fax: 416-360-8425
Email: lwittlin@heenan.ca

Independent Counsel to Deloitte & Touche Inc.

AND TO: MINISTRY OF HEALTH AND LONG-TERM CARE
Hepburn Block, 10th Floor
80 Grosvenor Street
Toronto, Ontario M7A 2J9

Attention: Leonard Marsello
Email: leonard.marsello@ontario.ca

AND TO: THE CONSUMERS' GAS COMPANY LTD.
c/o Enbridge
500 Consumers Road
North York, Ontario M2J 1P8

Tel: 416-643-6961

AND TO: GINETTE HARQUAIL
131 Beecroft Road, Suite 201
Toronto, Ontario M2N 5G9

**AND TO: JOHN ALPAUGH, PETER BOULTBEE, KENNETH MAIDEN,
SUSAN MAYNARD, JUDITH MOORE, ROBERT REID,
RICHARD WEBB, JOHN SINCLAIR, GAIL WEILER,
RHONDA KLOSLER, SMITH, NIXON & CO. LLP**
390 Bay Street, Suite 1900
Toronto, Ontario M5H 2Y2

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

Attention: George Benchetrit / Robert Miller
Tel: 416-218-1141 / 416-218-1134
Fax: 416-218-1841 / 416-218-1834
Email: george@chaitons.com / robert@chaitons.com

Solicitors for GEM Health Care Group Limited

AND TO: OFFICE OF THE PUBLIC GUARDIAN AND TRUSTEE
595 Bay Street
Suite 800
Toronto, Ontario M5G 2M6

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

Attention: Alissa Mitchell
Tel: 519-931-3510
Fax: 519-858-8511
Email: amitchell@millerthomson.com

Solicitors for SAC 4 Inc.

AND TO: MILLER THOMSON LLP
Accelerator Building 295 Hagey Blvd., Suite 300
Waterloo, Ontario, Canada N2L 6R5

Attention: Dwayne K. Kuiper
Tel: 519-593-3243
Fax: 519-743-2540
Email: dkuiper@millerthomson.com

Solicitors for CVH (No. 1) LP

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TAB 1

Court File No. 06-CL-6233

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
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**

**AND IN THE MATTER of SECTION 101 OF *THE
COURTS OF JUSTICE ACT*, R.S.O. 1990, C.C-43**

B E T W E E N:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

NOTICE OF MOTION

DELOITTE & TOUCHE INC. in its capacity as Interim Receiver and Receiver and Manager (the “**Receiver**”) of the current and future assets, undertakings and properties (the “**Assets**”) of each of Paragon Health Care Inc. (“**Paragon**”), Paragon Health Care (Ontario) Inc. (“**Paragon Ontario**”) and 1508669 Ontario Limited (“**1508669**”) will make a motion to the Court on Thursday, December 20th, 2012 at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto.

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

THE MOTION IS FOR:

1. An Order, substantially in the form attached hereto as **Schedule “A”**, *inter alia*:
 - (a) abridging the time for and validating service of this Notice of Motion and the motion materials filed in support of this motion and dispensing with further service thereof;
 - (b) approving the Receiver’s actions and activities with respect to the receivership of Paragon, Paragon Ontario, and 1508669 to and including December 10, 2012 as set out in the Ninth Report of the Receiver dated December 11, 2012 (the “**Ninth Report**”) and approving the Ninth Report;
 - (c) approving the Receiver’s Interim Statement of Receipts and Disbursements in respect of 1508669 for the period of January 24, 2006 to November 30, 2012 as set out in the Ninth Report;
 - (d) authorizing and directing the Receiver to distribute funds to Peoples Trust Company (“**Peoples**”) in the amount of \$2,250,000 from the trust account held by the Receiver in respect of 1508669 as recommended in the Ninth Report;
 - (e) authorizing and directing the Receiver to make subsequent distributions to Peoples from excess cash on hand from the 1508669 Trust Account; and
 - (f) approving the fees of the Receiver and its counsel.
2. Such further and other relief as counsel may request and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. Pursuant to an Order of this Honourable Court made on January 23, 2006 and effective 9:00 a.m. on January 24, 2006, Mintz & Partners Limited was appointed as Interim Receiver and Receiver and Manager of the assets, undertakings and properties of Paragon, Paragon Ontario and 1508669 pursuant to subsection 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.1985, C. B-3 (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 19111190, c. C. 43 (the “**CJA**”);
2. Pursuant to an Order of the Honourable Madam Justice Karakatsanis dated July 2, 2008, following the merger of the accounting practices of Deloitte & Touche LLP and Mintz & Partners LLP, the name of the Receiver was changed to Deloitte & Touche Inc. (“**Deloitte**”);
3. On November 9, 2011, the Honourable Mr. Justice Wilton-Siegel granted an Approval and Vesting Order approving the Receiver entering into and completing an Agreement of Purchase and Sale for the sale of West Park Health Centre (“**West Park**”), being, among other things, a 93-bed nursing home located at 103-111 Pelham Road, St. Catherines, Ontario;
4. On November 2, 2012, the Receiver (a) advised the Ministry of Health and Long Term Care (the “**MOH**”) that the Closing Date for the transaction in respect of West Park was November 13, 2012, and (b) subject to the closing of the transaction and the issuance of a license to the purchaser of West Park, surrendered West Park’s original nursing home license to the MOH;
5. On November 13, 2012, the sale of West Park closed and the MOH issued the license in respect of West Park to the purchaser of West Park;
6. Peoples has valid and enforceable security against the property, assets and undertakings of 1508669 Ontario Limited and the business of West Park, including a charge/mortgage dated August 14, 1995 and registered August 17, 1995 as instrument number RO699419 in favour of Sun Life Assurance

Company of Canada for the principal amount of \$3,941,505 and assigned to Peoples by assignment of charge/mortgage of land dated June 13, 2000 and registered June 15, 2000 as instrument number RO768790, and related personal property security (the “**West Park First Mortgage**”);

7. As of November 30, 2012, the outstanding balance under the West Park First Mortgage is \$5,940,138.99, inclusive of principal and interest;
8. The Receiver has determined that \$2,250,000 would be an appropriate amount to distribute to Peoples as partial payment against the West Park First Mortgage and is seeking this Honourable Court’s authorization to make such distribution;
9. The Receiver has operated the nursing home and retirement home businesses of Paragon and 1508669 in a prudent and sustainable manner since its appointment and until their sale;
10. The Receiver’s fees and disbursements, and those of its counsel, incurred in relation to this proceeding are fair, appropriate, and reasonable;
11. Such further and other grounds as set out in the Ninth Report;
12. The BIA; and
13. The CJA.

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

1. The Ninth Report of the Receiver dated December 11, 2011;
2. The Affidavit of Daniel R. Weisz, sworn December 7, 2012;
3. The Affidavit of C. Prophet, sworn December 11, 2012; and
4. Such further and other evidence as counsel may advise and this Honourable Court may permit.

Dated: December 11, 2012

GOWLING LAFLEUR HENDERSON LLP

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

Clifton Prophet (LSUC No. 34845K)

Frank Lamie (LSUC No. 54035S)

Tel: (416) 862-7525

Fax: (416) 862-7661

Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited

TO: THE SERVICE LIST

TAB 1A

Schedule "A"

Court File No. 06-CL-6233

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE

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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

AND IN THE MATTER of SECTION 101 of *THE
COURTS of JUSTICE ACT*, R.S.O. 1990, C.C-43

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

DISTRIBUTION ORDER

THIS MOTION made by Deloitte & Touche Inc. ("**Deloitte**"), appointed as interim receiver and receiver and manager (the "**Receiver**") pursuant to section 101 of the *Courts of Justice Act*, without security, of the property, assets and undertaking of Paragon Health Care Inc. ("**Paragon**"), Paragon Health Care (Ontario) Inc. ("**Paragon Ontario**") and 1508669 Ontario Limited ("**1508669**") pursuant to the terms of the Order

of the Honourable Mr. Justice Cumming dated January 23, 2006 and effective 9:00 a.m. on January 24, 2006 (the “**Initial Order**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Ninth Report of the Receiver dated December 11, 2012 (the “**Ninth Report**”), filed, and upon hearing the submissions of counsel for the Receiver, no other parties attending, although duly served as appears from the Affidavit of Service of [NAME], sworn December [DATE], 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 Ninth Report is hereby accepted and approved.
3. **THIS COURT ORDERS** that the conduct of the Receiver and its agents from October 15, 2011 to December 10, 2012, as detailed in the Ninth 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 January 24, 2006 to November 30, 2012 in respect of 1508669 as set out in **Appendix “K”** to the Ninth Report, filed, is hereby approved.
5. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute the sum of \$2,250,000 to Peoples Trust Company from the trust account in respect of 1508669, as partial payment on account of its secured claims against 1508669.

6. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to make distributions to Peoples Trust Company from excess cash on hand from the Receiver's trust account in respect of 1508869.

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver relating to the receivership of Paragon and 1508669 for the period from July 1, 2011 to October 31, 2012 in the amount of \$255,076.33 in respect of Paragon and \$185,595.73 in respect of 1508669, as set out in the Affidavit of Daniel R. Weisz sworn December 7, 2012, filed, be and the same are hereby approved.

8. **THIS COURT ORDERS** that the fees and disbursements of Gowling Lafleur Henderson LLP, counsel to the Receiver, relating to the receivership of Paragon and 1508669 for the period June 1, 2011 to October 25, 2012 in the amount of \$78,133.34 in respect of Paragon and 1508669, as set out in the Affidavit of Clifton Prophet, sworn December 11, 2012, filed, be and the same are hereby approved

<p>PEOPLES TRUST COMPANY</p>	<p>Court File No.: 06-CL-6233</p> <p>- and -</p> <p>PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED</p>
	<p>ONTARIO</p> <p>SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)</p> <p>(PROCEEDING COMMENCED AT TORONTO)</p>
	<p>DISTRIBUTION ORDER</p>
	<p>Gowling Lafleur Henderson LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 Toronto, Ontario M5X 1G5</p> <p>Clifton P. Prophet / Frank Lamie LSUC No.: 34845K / 54035S</p> <p>Telephone: (416) 862-7525 Facsimile: (416) 862-7661</p> <p>Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited</p>

Court File No.: 06-CL-6233		
PEOPLES TRUST COMPANY	- and -	PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED
<div><div>ONTARIO</div><div>SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)</div><div>(PROCEEDING COMMENCED AT TORONTO)</div></div>		
NOTICE OF MOTION		
<div><div>Gowling Lafleur Henderson LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 TORONTO, Ontario M5X 1G5</div><div>Clifton Prophet / Frank Lamie LSUC No.: 34845K / 54035S</div><div>Telephone: (416) 862-7525 Facsimile: (416) 862-7661</div><div>Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited</div></div>		

TAB 2

Court File No. 06-CL-6233

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

B E T W E E N:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

**NINTH REPORT TO THE COURT OF THE RECEIVER
(dated December 11, 2012)**

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APPENDICES

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APPENDIX “B”:	Seventh Report of the Receiver dated November 1, 2011 and Supplemental Report to the Seventh Report of the Receiver dated November 8, 2011 (both without Appendices)
APPENDIX “C”:	Order of Justice Wilton-Seigel dated November 9, 2011
APPENDIX “D”:	West Park Sale Order dated November 9, 2011
APPENDIX “E”:	Eighth Report of the Receiver dated September 4, 2012 (without Appendices)
APPENDIX “F”:	Order of Justice Morawetz dated September 4, 2012
APPENDIX “G”:	Amending Agreement Nos. 9 through 13

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- APPENDIX "H":** Amending Agreement No. 14 and the Escrow Agreement
- APPENDIX "I":** Sample Letter dated November 12, 2012 from the Receiver to non-union employees of West Park
- APPENDIX "J":** Sample Letter dated November 12, 2012 to suppliers to West Park
- APPENDIX "K":** Receiver's Interim Statement of Receipts and Disbursements for 1508669 Ontario Limited for the period January 24, 2006 to November 30, 2012
- APPENDIX "L":** Receiver's Certificate dated November 22, 2010
- APPENDIX "M":** Peoples Trust Company Statement for Discharge Purposes effective November 30, 2012

INTRODUCTION

1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 23, 2006 (the “**Appointment Order**”), Mintz & Partners Limited (“**MPL**”) was appointed as Interim Receiver and Receiver and Manager (the “**Receiver**”) of all the assets, undertakings and property of Paragon Health Care Inc. (“**Paragon**”), Paragon Health Care (Ontario) Inc. (“**Paragon Ontario**”) and 1508669 Ontario Limited (“**1508669**”) (individually or collectively, the “**Debtor**”) effective 9:00 am on January 24, 2006 (the “**Appointment Date**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**. By Order of the Court dated July 2, 2008, following the merger of the accounting practices of Deloitte & Touche LLP and Mintz & Partners LLP, the name of the Receiver was changed to Deloitte & Touche Inc. (“**Deloitte**”).
2. As at the Appointment Date, Paragon’s assets comprised the Casa Verde Health Centre, a 252-bed nursing home (“**Casa Verde Nursing Home**”) and a 94-bed retirement home (“**Casa Verde Retirement Home**”) (collectively, with Casa Verde Nursing Home, “**Casa Verde**”) located at 3595 Keele Street, Toronto, Ontario. 1508669’s assets comprised the West Park Health Centre (“**West Park**”), a 93-bed nursing home located at 103-111 Pelham Road, St. Catharines, Ontario (collectively, with Casa Verde, the “**Homes**” or “**Facilities**”).
3. As at the Appointment Date, Paragon Ontario was a non-operating entity that employed certain nursing staff used by Casa Verde.
4. On April 4, 2007, Justice Cumming granted an Order (the “**April 4, 2007 Order**”) approving, among other things, (i) a distribution to Peoples Trust Company (“**Peoples**”), the first secured creditor, of \$200,000 from the Receiver’s trust account relating to 1508669; (ii) the Receiver’s activities from the Appointment Date to March 26, 2007; and (iii) the fees and disbursements of the Receiver and those of its counsel. In support of the motion that resulted in the April 4, 2007 Order, the Receiver submitted its First Report to the Court dated March 26, 2007 (“**First Report**”).

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5. On August 21, 2007, Justice Lederman granted an Order approving the Receiver's commencement of a marketing and sale process for the Homes (the "**Sale Process Order**"). In support of the motion that resulted in the Sale Process Order, the Receiver submitted its Second Report to the Court dated July 27, 2007 (the "**Second Report**").
6. The Receiver's Third Report to the Court dated August 24, 2007 was submitted in response to a motion brought by a former employee who was seeking leave to issue a Statement of Claim to commence a wrongful dismissal action against the Receiver.
7. On July 2, 2008, Justice Karakatsanis granted an Order (the "**July 2 Order**") approving, among other things (i) a distribution to Peoples of \$800,000 from the Receiver's trust account relating to 1508669; (ii) the fees and disbursements of the Receiver and those of its counsel; (iii) the Receiver's actions and activities described in the Receiver's Fourth Report; and (iv) changing the name of the Receiver to Deloitte. In support of the motion that resulted in the July 2 Order, the Receiver submitted its Fourth Report to the Court (the "**Fourth Report**") dated June 25, 2008.
8. On December 23, 2009, Justice Cumming granted an Order (the "**December 23 Order**") approving, among other things, (i) a distribution to Peoples of \$1,000,000 from the Receiver's trust account relating to Paragon; (ii) the fees and disbursements of the Receiver and those of its counsel; and (iii) the Receiver's actions and activities from June 26, 2008 to December 14, 2009. In support of the motion that resulted in the December 23 Order, the Receiver submitted its Fifth Report to the Court (the "**Fifth Report**") dated December 14, 2009.
9. On February 22, 2011, Justice Mesbur granted an Order (the "**February 22 Order**") approving, among other things, (i) a distribution to Peoples of \$2,000,000 from the Receiver's trust account relating to Paragon; (ii) the fees and disbursements of the Receiver and those of its counsel; and (iii) the Receiver's actions and activities from December 15, 2009 to February 15, 2011. Also on February 22, 2011, Justice Mesbur granted an Approval and Vesting Order (the "**Casa Verde Sale Order**") approving the Receiver entering into and

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completing an Agreement of Purchase and Sale (the “**GEM APS**”) for the sale of Casa Verde to GEM Health Care Group Limited (“**GEM**”) and vesting in GEM the Debtor’s right, title and interest in the Purchased Assets (as defined in the Casa Verde Sale Order) subject to the closing of the transaction with GEM and the Receiver filing with the Court a Receiver’s Certificate confirming the closing of the sale. In support of the motion that resulted in the February 22 Order and the Casa Verde Sale Order, the Receiver submitted its Sixth Report to the Court (the “**Sixth Report**”) dated February 15, 2011.

10. On November 9, 2011, Justice Wilton-Siegel granted an Order (the “**November 9 Order**”) approving, among other things, (i) a distribution to Peoples of \$1,250,000 from the Receiver’s trust account relating to Paragon; (ii) the fees and disbursements of the Receiver and those of its counsel; and (iii) the Receiver’s actions and activities from December 16, 2009 to October 14, 2011. Also on November 9, 2011, Justice Wilton-Siegel granted an Approval and Vesting Order (the “**West Park Sale Order**”) approving the Receiver entering into and completing an Agreement of Purchase and Sale (the “**West Park APS**”) for the sale of West Park to CVH (No. 1) LP (“**CVH**”), the assignee of the West Park APS, and vesting in CVH the Debtor’s right, title and interest in the Purchased Assets (as defined in the West Park Sale Order) subject to the closing of the transaction with CVH and the Receiver filing with the Court a Receiver’s Certificate confirming the closing of the sale. In support of the motion that resulted in the November 9 Order and the West Park Sale Order, the Receiver submitted its Seventh Report to the Court (the “**Seventh Report**”) dated November 1, 2011 and the Supplemental Report to the Seventh Report to the Court dated November 9, 2011. Copies of the Seventh Report and the Supplemental Report to the Seventh Report, both without appendices, are attached hereto as **Appendix “B”**. Copies of the November 9 Order and the West Park Sale Order are attached hereto as **Appendix “C”** and **Appendix “D”**, respectively.
11. On September 4, 2012, Justice Morawetz granted an Order (the “**September 4 Order**”) approving (i) a distribution to Peoples of \$7,900,000 from the Receiver’s trust account relating to Paragon; (ii) the fees and disbursements of the Receiver and those of its counsel;

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and (iii) the Receiver's actions and activities as detailed in the Eighth Report to the Court dated August 21, 2012 (the "**Eighth Report**"). In support of the motion that resulted in the September 4 Order, the Receiver submitted its Eighth Report. A copy of the Eighth Report without appendices is attached hereto as **Appendix "E"**. A copy of the September 4 Order is attached hereto as **Appendix "F"**.

PURPOSE

12. The purpose of this Ninth Report of the Receiver (the "**Ninth Report**") is to:

- Report to the Court on the closing of the transaction providing for the sale of West Park;
- Request approval of a proposed distribution to Peoples of \$2,250,000 from the Receiver's trust account relating to West Park; and
- Request the Court's approval of (i) the Receiver's Interim Statement of Receipts and Disbursements in respect of 1508669, (ii) the Receiver's fees and disbursements to October 31, 2012 in respect of both Paragon and 1508669, (iii) the fees and disbursements of Receiver's counsel, and (iv) the Receiver's activities to November 30, 2012.

TERMS OF REFERENCE

13. In preparing this Ninth Report, the Receiver has relied upon records of the Debtor and unaudited financial information prepared by the Debtor and/or Diversicare Canada Management Services Co., Inc. ("**Diversicare**"). The Receiver has not performed an audit or other verification of such information. As set out in the First Report, Diversicare was engaged as day-to-day manager of Casa Verde and West Park on behalf of the Receiver.
14. The Receiver has sought the advice of Gowling Lafleur Henderson LLP ("**Gowlings**"), counsel to Peoples, for general legal matters that have arisen in respect of the receiverships. Where the Receiver has required independent legal advice, the Receiver has sought the

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counsel of Lang Michener LLP ("**Lang Michener**") and subsequently, Heenan Blaikie LLP ("**Heenan**").

15. Capitalized terms not defined in this Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

MINISTRY OF HEALTH AND LONG-TERM CARE ("MOH") APPROVAL

16. Following issuance of the West Park Sale Order, by letter dated December 2, 2011, the Receiver advised the MOH that the Receiver had entered into the APS and of the Receiver's desire to sell West Park to CVH. The December 2, 2011 letter caused the MOH to commence its Licensing Approval Process in order to issue a new nursing home licence (the "**Licence**") to CVH pursuant to the *Long-Term Care Homes Act, 2007* (the "**Act**"), which process, according to the MOH, could take four to six months to complete.
17. The APS provided, among other things, that: (i) the MOH shall have approved the purchase by CVH contemplated under the West Park APS, and the MOH shall have approved the Purchaser for transfer of the Licence(s) or for the issue of licences similar to the Licence(s) on or before February 29, 2012 (the "**MOH Approval Date**"); (ii) CVH was to be satisfied within 15 days of the MOH Approval Date as to any conditions imposed by the MOH on the transaction (the "**MOH Conditions Date**"); and (iii) the Closing Date was to be no later than April 15, 2012. However, as the MOH did not provide its approval for the transfer of the Licence by April 15, 2012, the parties entered into Amending Agreement No. 9 which extended the MOH Approval Date to May 31, 2012 and the Closing Date to July 15, 2012.
18. Licence approval from the MOH was not received in the summer and fall of 2012 requiring the parties to enter into Amending Agreement Nos. 10, 11, 12 and 13, all of which had the ultimate effect of extending the MOH Approval Date to November 9, 2012 and the Closing Date to no later than November 30, 2012. Attached hereto as **Appendix "G"** are copies of Amending Agreement Nos. 9 through 13.
19. By letter dated October 30, 2012 (the "**MOH Approval Letter**"), the MOH advised CVH

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that it would approve the issuance of the Licence to CVH once the following conditions were met:

- i) the MOH receives written confirmation of the actual date of the sale closing;
- ii) the MOH responds to a public submission received October 30, 2012 regarding the proposal to transfer the Licence;
- iii) the MOH receives a letter from the Vendor (the Receiver) surrendering the current licence held by the Vendor along with the original licence for West Park;
- iv) the Purchaser agrees in a form acceptable to the MOH that it will reimburse the Local Health Integration Network or the MOH any amounts owed to either of them by the Vendor resulting from the reconciliation process as set out in s. 243 of Ontario Regulation 79/10 under the Act or under the previously applicable legislation and service agreement in respect of West Park; and
- v) the Purchaser agrees to correct all outstanding findings of non-compliance set out in the inspection reports issued by the MOH to the Vendor, and to comply with all outstanding orders issued by a MOH inspector or the Director against the Vendor, if any, and all inspection reports and orders should be available from the Vendor and they must be posted in the Home pursuant to applicable law.

20. With respect to condition iv) above, the amounts referred to therein involve obligations that are repayable to the MOH due to any overfunding by the MOH of West Park in the period after the Appointment Date up to the Closing Date. Overfunding could occur for a number of reasons, including:

- Actual occupancy levels lower than funded levels;
- Failure to spend amounts funded on qualified expenditures; and
- Disallowance of expenditures by the MOH.

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MOH CLOSING ADJUSTMENT AND ESTABLISHMENT OF AN ESCROW AGREEMENT

21. Section 2.8(c) of the APS provided for an adjustment on closing of the estimated amount, as agreed to between the parties, that may be repayable to or receivable from the MOH in regard to any overpayments/credits for the period prior to the closing (the “**MOH Closing Adjustment**”). The MOH Closing Adjustment was intended to provide a credit on closing to CVH for the obligations that CVH was assuming (if any) pursuant to condition iv) of the MOH Approval Letter.
22. While the MOH had completed its annual reconciliations for 2006 through 2010, it had not yet completed its annual reconciliation for 2011. In addition, the Long-Term Care Home Annual Report (“**Annual Report**”) for 2012 was not scheduled to be completed and submitted until sometime in 2013 and would probably not be reviewed by the MOH until sometime in 2014. Given the uncertainty surrounding the amounts that may be recoverable by the MOH for the period from January 1, 2011 to the Closing Date that would represent the MOH Closing Adjustment, the parties agreed to enter into Amending Agreement No. 14 which amended the terms governing the MOH Closing Adjustment as follows:
 - i) The Vendor and the Purchaser, acting reasonably, shall agree to adjust on Closing based on an estimated amount reflecting the parties’ view concerning the net position with the MOH for the period from January 1, 2011 to September 30, 2012 (the “**Preliminary MOH Closing Adjustment**”), which shall be an amount allowed to the Purchaser if the Vendor is determined to be in a net payable position with the MOH or an amount allowed to the Vendor if the Vendor is in a net receivable position with the MOH; and
 - ii) In addition to the Preliminary MOH Closing Adjustment, the Vendor and the Purchaser, acting reasonably, shall agree on a further estimated adjustment amount for the period from October 1, 2012 to the Closing Date concerning the net position with the MOH for that period (the “**Further MOH Closing Adjustment**” and,

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together with the Preliminary MOH Closing Adjustment, the MOH Closing Adjustment). The Further MOH Closing Adjustment was to be determined within 30 days after the Closing, such that the MOH Closing Adjustment would be determined within 30 days after Closing.

23. Amending Agreement No. 14 further provided for the establishment of an escrow fund of \$100,000 out of the purchase price payable by the Purchaser upon Closing (the “**Escrow Fund**”), to be held in escrow for any further required adjustments in favour of the Purchaser over and above the MOH Closing Adjustment and for other amounts repayable to the MOH. The purpose of the Escrow Fund is to permit payment once the MOH Final Adjustment (as defined in Amending Agreement No. 14) is determined and compared to the MOH Closing Adjustment. Other than the MOH Closing Adjustment and the claims to the Escrow Fund, Amending Agreement No. 14 provides that there shall be no further adjustment with respect to any further or other claims relating to the MOH. Attached hereto as **Appendix “H”** are copies of Amending Agreement No. 14 and the Escrow Agreement.

CLOSING OF THE SALE OF WEST PARK

24. On November 2, 2012, pursuant to the terms of the MOH Approval Letter, the Receiver i) advised the MOH that the Closing Date of the transaction was November 13, 2012, and ii) subject to the closing of the transaction and the issuance of a Licence to CVH, surrendered to the MOH West Park’s original nursing home licence.
25. On November 13, 2012, the sale of West Park closed and the Receiver’s Certificate was provided to the Purchaser and filed with the Court on November 21, 2012. The MOH issued the License to CVH on November 13, 2012.
26. The Receiver and Extendicare continue to address matters relating to the receivership of West Park, including ensuring that all required filings to the MOH and other government authorities are made on a timely basis.

SALE-RELATED MATTERS

CUPE

27. Amending Agreement No. 6 of the West Park APS, attached as Appendix "H" to the Sixth Report, provided for the Receiver to use its best efforts to facilitate an agreement between the Purchaser and Canadian Union of Public Employees Local 1263 (the "**Union**") conditional upon Closing for a roll over collective agreement ("**Rollover Agreement**") to be entered into between the Purchaser and the Union (with an expiry date one year after the Closing Date in respect of West Park).
28. On April 23, 2012, the Receiver convened a meeting at its offices for the purposes of introducing the Purchaser to representatives of the Union and to facilitate discussions between the Purchaser and the Union regarding a Rollover Agreement. Subsequent to that meeting, the Receiver understands the Purchaser and the Union held further discussions in an effort to negotiate a mutually acceptable Rollover Agreement; however, no agreement was entered into and the condition was waived by the Purchaser.
29. By letter dated November 20, 2012, the Receiver's counsel advised counsel to the Union of the closing of the transaction and that i) the Purchaser has become the successor employer for the purposes of bargaining and collective agreement obligations in relation to employment in the business, and ii) the Receiver has no on-going liability or obligation whatsoever remaining to the Union.

Employees

30. In view of the pending closing of the West Park APS, on November 6, 2012, the Receiver attended a meeting with West Park's employees at which meeting the employees were advised of the upcoming closing of the transaction with CVH. With the exception of one employee whose employment was not assumed by CVH and whose employment was terminated by the Receiver prior to the Closing Date, employees were advised that pursuant to the Receiver's agreement with CVH, upon the closing of the transaction, Union employees and non-union employees would become employees of CVH and that all of the terms of their

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employment with the Receiver, including wage rates, vacation pay entitlements, sick credit entitlements, and seniority rights, would be recognized by CVH. Representatives of CVH also attended the meeting and confirmed CVH's assumption of the employees and their terms of employment.

31. By letter dated November 12, 2012, the Receiver advised non-union employees that as a result of the closing of the sale of West Park, their employment by the Receiver had come to an end. The form of letter provided to non-union employees is attached hereto as **Appendix "I"**. No letter was provided to Union employees due to the notice given to the Union's counsel as discussed in paragraph 29 above.

Suppliers

32. By letter dated November 12, 2012, the Receiver advised suppliers to West Park that the assets of West Park were sold to CVH, that the Receiver would be paying for goods and services provided prior to November 13, 2012 in the normal course and that the Receiver would not be responsible for goods and services provided to West Park after November 12, 2012. The form of letter provided to suppliers is attached hereto as **Appendix "J"**.

Closing Proceeds

33. The West Park APS provided for a Purchase Price of \$3,075,000. After the adjustments set out in the Statement of Adjustments, the proceeds payable to the Receiver were \$3,220,991.07. After consideration of the \$100,000 Escrow Fund and real estate commission of \$86,868.75, which amounts were paid by Gowlings, the Receiver received from Gowlings net proceeds of \$3,034,122.32.

Potential Future Proceeds

(a) Escrow Fund

34. On closing, \$100,000 of the closing proceeds was delivered to Gowlings as Escrow Agent to be administered in accordance with the terms of the Escrow Agreement. Amending

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Agreement No. 14 provides for the release of amounts from the Escrow Fund as follows:

- i) to the Purchaser on receipt of a monthly Long-Term Care Home Payment Notice ("**MOH Monthly Payment Notice**") from the MOH that an amount relating to the MOH Final Adjustment Period will be recovered or withheld from any scheduled monthly payment to be made to CVH and such amount has not already been fully adjusted for in the MOH Closing Adjustment and only to the extent of the amount set out in the applicable Long Term Care Home Payment Notice; and
- ii) to the Receiver on receipt by the Escrow Agent of correspondence issued by the MOH that confirms that the reconciliations for all periods in the MOH Final Adjustment Period are finalized or closed and that no further amounts are owing.

35. Based on the Receiver's experience, the MOH's review and reconciliation of West Park's Annual Report for 2012 may take approximately two years to complete. As a result, the time frame for the final release of amounts from the Escrow Fund is unknown; however, the Escrow Agreement establishes June 30, 2015 as the outside date for the release of the balance of funds in the Escrow Fund. Therefore, it may be June 30, 2015 before the Receiver receives the balance remaining in the Escrow Fund. The potential further proceeds available to the Receiver is the total amount of the Escrow Fund of \$100,000, prior to consideration of Gowlings' fees to administer the Escrow Fund.

(b) Other Post-Closing Adjustments

36. The APS provides for each party to provide an undertaking to readjust any item on or omitted from the statement of adjustments, except for the MOH Closing Adjustment, for a period of six (6) months from Closing. Since the adjustment on closing relating to accrued vacation pay was based on an estimate as of the Closing Date, the Receiver anticipates that post-closing adjustment(s) will be required for, at a minimum, vacation pay. The Receiver has also identified certain prepaid items of a nominal value that will require further adjustment with the Purchaser.

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INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

37. Attached hereto as **Appendix "K"** is the Receiver's Interim Statement of Receipts and Disbursements for the period January 24, 2006 to November 30, 2012 for 1508669 (the "**Interim R&D**"). The Interim R&D indicates the Receiver is holding \$3,267,083 of cash in its trust account in respect of 1508669 ("**1508669 Trust Account**"), which includes the proceeds from the sale of West Park (but excluding \$100,000 placed into escrow with Gowlings).
38. The Interim R&D reflects transactions through the Receiver's account and does not reflect the receipts and disbursements of the operating account managed by Diversicare for the Receiver (the "**Diversicare Account**"). The Receiver has been funding the Diversicare Account on a monthly basis based on the cash requirements to operate the facility. As of November 30, 2012, the balance in the Diversicare Account was \$50,687.58.
39. Diversicare is in the process of assessing the amount of funds it will require to satisfy all of the operating costs incurred up until Closing which may require further funding from the Receiver. Diversicare will maintain the operating accounts until it is satisfied that all operating expenditures have been paid.

PROPOSED DISTRIBUTION TO PEOPLES

40. The balance in the 1508669 Trust Account as of November 30, 2012 was \$3,267,083.
41. On November 22, 2010, the Receiver borrowed \$375,000 from Peoples by way of a Receiver Certificate, which funds were required by the Receiver to operate West Park due to lower than anticipated occupancy resulting in decreased funding from the MOH. A copy of the Receiver Certificate is attached hereto as **Appendix "L"**. After considering accrued interest on the Receiver Certificate up to December 6, 2012, the amount repayable to Peoples in respect of the Receiver Certificate was \$415,101, which was repaid on December 7, 2012 by the Receiver to Peoples.

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42. After consideration of the repayment of the Receiver Certificate, the balance of funds on hand in the 1508669 Trust Account is \$2,851,982.
43. With respect to the property, assets and undertaking of 1508669 and the business of West Park, Peoples holds the security described in the First Report, which security includes a charge/mortgage dated August 14, 1995 and registered August 17, 1995 as instrument number RO699419 in favour of Sun Life Assurance Company of Canada for the principal amount of \$3,941,505 and assigned to Peoples by assignment of charge/mortgage of land dated June 13, 2000 and registered June 15, 2000 as instrument number RO768790, and related personal property security (the “**West Park First Mortgage**”).
44. The Receiver received an independent legal opinion from Lang Michener dated March 8, 2007 that under the laws of Ontario, the various securities held by Peoples, including the West Park First Mortgage, constitute legal, valid and binding obligations of 1508669, enforceable against 1508669 by Peoples in accordance with their terms, and create, in favour of Peoples, valid security interests, mortgages and charges in and over the property, assets and undertaking in which 1508669 has rights, securing payment and performance of the obligations secured thereby. Appendix “L” to the First Report lists the various financing statements filed under the *Personal Property Security Act* (Ontario) in respect of the security interest of Peoples.
45. A copy of Peoples’ Statement for Discharge Purposes effective November 30, 2012 with respect to the West Park First Mortgage is attached hereto as **Appendix “M”**. As of November 30, 2012, the outstanding balance (principal and interest) under the West Park First Mortgage is \$5,940,138.99. This balance includes the \$375,000 of funding, plus accrued interest, provided to the Receiver by way of Receiver Certificate. Peoples has informed the Receiver that it would like to receive a payment against the outstanding balance of 1508669’s indebtedness.
46. The Receiver has determined that \$2,250,000 would be an appropriate amount to distribute to Peoples at this time as payment against the West Park First Mortgage and is seeking this

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Court's approval to make that payment. After consideration of the amount of the proposed distribution, the Receiver should have sufficient cash to (i) address post-closing sale adjustments; (ii) address any operating cost obligations in excess of the funds being held in the Diversicare operating accounts; (iii) pay the fees of Diversicare; and (iv) fund professional fees incurred as part of the closing of the West Park APS and future fees to be incurred to complete the receivership of 1508669.

47. The Receiver is also seeking this Court's approval to make subsequent distributions to Peoples should the Receiver determine that it is in a position to distribute excess cash in the 1508669 Trust Account.

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

48. The Receiver's fees and disbursements for services rendered for the period July 1, 2011 to October 31, 2012 in respect of the receiverships of both Paragon and 1508669 are particularized in the Affidavit of Daniel R. Weisz sworn December 7, 2012 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$255,076.33 in respect of Paragon and \$185,595.73 in respect of 1508669, inclusive of HST (the **"Receiver's Fees"**).
49. The fees and disbursements of Gowlings, counsel for Peoples, in respect of certain work performed for the Receiver, are to be particularized in the Affidavit of Harry Vanderlugt, to be sworn, and the invoices to be attached as exhibits thereto (the **"Gowlings' Fees"**).
50. The Receiver has reviewed the invoices of Gowlings and finds the work performed and charges to be appropriate and reasonable.
51. The Receiver has sought and received the approval of Peoples to the interim draws taken against the fees of the Receiver and Gowlings.
52. The Receiver is seeking this Honourable Court's approval of its activities with respect to 1508669 to December 10, 2012, the Receiver's Fees and Gowlings' Fees as set out above.

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RECEIVER'S REQUEST TO THE COURT

53. The Receiver is respectfully seeking an order approving the following:

- i) the actions and activities of the Receiver from October 15, 2011 to December 10, 2012 with respect to 1508669 as outlined in the Eighth Report and this Ninth Report;
- ii) the Interim R&D for the period January 24, 2006 to November 30, 2012;
- iii) a distribution to Peoples in the amount of \$2,250,000 to be applied against the balance outstanding on the West Park First Mortgage;
- iv) the Receiver making subsequent distributions to Peoples from excess cash on hand from the 1508669 Trust Account; and
- v) the Receiver's Fees and Gowlings' Fees.

All of which is respectfully submitted to this Honourable Court.

DATED this 11th day of December, 2012.

DELOITTE & TOUCHE INC.

**in its capacity as Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.
and 1508669 Ontario 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

This is **Appendix “A”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited

ONTARIO

SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

THE HONOURABLE) MONDAY, THE 23rd DAY
)
JUSTICE CUMMING) OF JANUARY, 2006

Applicant

- and -

Respondents

ORDER

THIS MOTION, made by the Applicant for an Order pursuant to section 47(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 Mintz & Partners Limited ("Mintz") as interim receiver and receiver and

manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Paragon Health Care Inc. ("Paragon") and 1508669 Ontario Limited ("150 Ontario") was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the affidavit of James Dysart sworn January 13, 2006 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and the Respondents, no one appearing for the persons referenced in the Service List appended hereto as **Appendix "A"**, although duly served as appears from the affidavit of service of Carla Clarizia sworn January 17, 2006 (the "Affidavit of Service") and on reading the consent of Mintz to act as the Receiver,

SERVICE AND AMENDMENT

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged so that this motion is properly returnable today, service upon those parties described in the Affidavit of Service is hereby validated and any further service of the Notice of Application and Application Record is hereby dispensed with.

2. **THIS COURT ORDERS** that Paragon Health Care (Ontario) Inc. ("Paragon Ontario") be added as a respondent to these proceedings.

APPOINTMENT

3. **THIS COURT ORDERS** that pursuant to section 47(1) of BIA and section 101 of the CJA, effective 9:00 a.m. Eastern Standard Time January 24, 2006, Mintz is hereby appointed Receiver, without security, of all of the current and future assets, undertakings and properties of Paragon, 150 Ontario and Paragon Ontario (collectively, the "Debtors"), of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property"), including, without limitation, the real property described in **Appendix "B"** hereto.

RECEIVER'S POWERS

4. **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 and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, 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) to manage, operate and carry on the business of the Debtors, 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 Debtors;
- (d) 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 powers and duties conferred by this Order, including, without limitation, Diversicare Canada Management Services Co., Inc., or such other third party operator as the Receiver may in its discretion designate (the "Manager");
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors and to collect any payments or subsidies from the Ontario Ministry of Health and Long Term Care (the "MOH") and any municipalities, provided, however, that notwithstanding anything herein contained, any monies received by the Receiver from the MOH pursuant to this Order shall be used or applied by the Receiver only in accordance with the operation of the Debtors' nursing homes which are currently licensed pursuant to the *Nursing Homes Act*, R.S.O. 1990, c. N-7, as amended and the regulations thereunder (the "NHA") and related policy (and which amounts will be subject to MOH review and reconciliation as provided for by applicable law);
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) 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 Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to undertake such repairs and improvements to the Property as the Receiver may, in its discretion, deem appropriate or the MOH may require;
- (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 NHA;
- (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 Debtors, the Property or the Receiver, and to

settle or compromise any such proceedings, including, without limitation, any grievances or other labour disputes. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

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

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

- (o) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (p) to report to, meet with and discuss with such secured and unsecured creditors of the Debtors and their advisors 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 or all 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 Debtors;
- (s) to enter into arrangements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors and the power to lend money to or indemnify any such trustee, such trustee borrowings or indemnity not to exceed \$25,000 unless otherwise increased by this Court;
- (t) to vote any shares and exercise any rights which the Debtors may have as shareholder and to otherwise deal with all securities, warrants or other interests held by the Debtors, for its benefit; and,
- (u) to take any steps reasonably incidental to the exercise of these powers,

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, including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents and shareholders, any other persons acting on their instructions or behalf including, without limitation, any accountants

or legal counsel, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request, other than documents or information 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 all Persons shall deliver to the Receiver all of the Debtors' books, documents, securities, contracts, orders, corporate and accounting records and all computer records, computer programs, computer tapes, computer disks, data storage media and programs containing any such information, and any other papers, records and information of any kind of the Debtors relating thereto in their possession or control (the foregoing, collectively, the "Records"), and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver access to and use of accounting, computer, software and physical facilities relating thereto.
7. **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 obtain access 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,

without limiting the generality of the foregoing, 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

8. **THIS COURT ORDERS** that no proceeding, enforcement process, or extrajudicial proceeding in any court or other tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver or any person engaged by the Receiver, including the Manager, except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtors or affecting the Property are hereby stayed and suspended pending written consent of the Receiver or leave of this Court, provided, however, that nothing in this paragraph or this Order shall:
- (a) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on;
 - (b) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, or other mandatory statutory or regulatory provisions of applicable law, and, for greater certainty, this Order shall not be construed so as to prohibit,

restrain, impede or in any way interfere with the MOH , the Director under the NHA, or employees or agents of the MOH (collectively, the "Minister") in exercising any jurisdiction, duty, power, or authority granted under the NHA or the *Health Facilities Special Orders Act*, R.S.O. 1990, c. H.5, as amended, without further order of this Court or the written consent of the Receiver (including, without limitation, the right to suspend a licence, to take control of a home, or to terminate a service agreement), where it has been determined by the Minister to be necessary to protect the health, safety and welfare of residents, and any such exercise by the Minister shall not in any way diminish or derogate from the protections against liabilities afforded to the Receiver under this Order, or under the provision of the BIA, or at law or equity; or,

- (c) prevent the filing of any registration to preserve a security interest or a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour renewal rights, alter, interfere with, repudiate, terminate or cease to perform any right, contract, arrangement, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court, and, without limiting the generality of the foregoing, the MOH is hereby directed to make all payments of funds to which the Debtors are entitled directly to the Receiver and the MOH shall not suspend, cancel or set-off such payments without further order of this Court, provided, however, that nothing in this paragraph shall exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, or other mandatory statutory or regulatory provisions of applicable law from and after the date of this order.

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors 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 Debtors are hereby restrained until further Order of this Court from discontinuing, failing to honour renewal rights on reasonable terms, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' 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 Debtors 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

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

EMPLOYEES

14. **THIS COURT ORDERS** that the Receiver shall not be liable for any non-unionized employee-related liabilities, including, without limitation, wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.
15. **THIS COURT ORDERS** that the Receiver shall not be liable for any unionized employee-related liabilities, including, without limitation, wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than in accordance with the terms of the agreements appended as to the Supplementary Affidavit of James Dysart (the "Labour Agreements"), which Mintz is hereby authorized to execute in its capacity as Receiver and, if applicable, Trustee in Bankruptcy, and, for greater certainty, leave shall not be granted to any person, pursuant to s. 215 of the BIA, to commence proceedings against the Receiver or, if applicable, the Trustee in Bankruptcy, in respect of matters forming the subject matter of the Labour Agreements, other than in accordance with the terms thereof.
16. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canadian *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 Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. **THIS COURT ORDERS** that nothing herein contained shall require or obligate the Receiver to occupy or to take control, care, charge, occupation, possession or management of any of the Property which may be environmentally contaminated, or a pollutant or a contaminant, or cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other legislation, statute, regulation or rule of law or equity 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 the Receiver shall promptly advise the Ontario Ministry of the Environment of any obvious or known environmental condition existing on or in any of the Property in accordance with applicable Environmental Legislation.

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that any expenditure or liability which shall properly be made or incurred by the Receiver, including (subject to the approval of the Court) the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the normal rates and charges of the Receiver and its counsel (the "Receiver's Operating Costs"), shall be allowed to it in passing its accounts and 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, including, without limitation, the security interest of Peoples Trust Company (the "Receiver's Charge").

19. **THIS COURT ORDERS** 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 referred to a judge of the Commercial List of the Ontario Superior Court of Justice.
20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$750,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

22. **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.
23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Appendix "C"** hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
24. **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.

LIMITATION ON THE RECEIVER'S LIABILITY

25. **THIS COURT ORDERS** that the liability that the Receiver may incur as a result of its appointment or as a result of the performance of its duties hereunder other than the Receiver's Operating Costs or any liability arising as a result of its gross negligence or wilful misconduct (the "Receiver's Liabilities"), shall be limited in the aggregate to the Net Realizable Value of the Property. The Net Realizable Value of the Property shall be the proceeds realized in cash from the disposition of the Property after the Receiver's Operating Costs, including monies borrowed hereunder, have been paid.
26. **THIS COURT ORDERS** that the Receiver's Liabilities shall form a charge on the Net Realizable Value of the Property (the "Receiver's Liability Charge") subordinate to the Receiver's Charge and the Receiver's Borrowings Charge.

GENERAL

27. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. **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 or elsewhere 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.
29. **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.
30. **THIS COURT ORDERS** that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis.
31. **THIS COURT ORDERS** that any interested party may apply to this Court, within 30 days of mailing to them of a copy of this Order, to vary or amend this Order on 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.


JOSEPH P VAN TASSEL
REGISTRAR

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

JAN 24 2006

PER/PAR: 

APPENDIX "A"**SERVICE LIST**

TO: PARAGON HEALTH CARE INC.
3595 Keele Street
Toronto, Ontario
M3J 1M7

Attention: Gerald Harquail, President

AND TO: 1508669 ONTARIO LIMITED
103-111 Pelham Road
St. Catharines, Ontario
L2S 1S9

Attention: Gerald Harquail, President

AND TO: SACK GOLDBLATT MITCHELL
Suite 1130, Box 180
20 Dundas St. W.
Toronto, Ontario
M5G 2G8

Attention: Michael Kainer
Tel: (416) 977-6070
Fax: (416) 591-7333

Solicitors for Service Employees International Union, Local 1.on,
Canadian Union of Public Employees and its Local 1263 and the Nursing
Homes and Related Industries Pension Plan

AND TO: MINISTRY OF FINANCE, Insolvency Unit
33 King Street West, 6th Floor
Oshawa, Ontario
L1H 8H5

AND TO: DEPARTMENT OF JUSTICE (CANADA)

Ontario Regional Office
The Exchange Tower, Box 36
130 King Street West, Suite 3400
Toronto, Ontario
M5X 1K6

Attention: Diane Winters

Tel: (416) 973-3172
Fax: (416) 973-0810

AND TO: LANG MICHENER LLP

BCE Place, P.O. Box 747
Suite 2500, 181 Bay Street
Toronto, Ontario
M5J 2T7

Attention: Les Wittlin

Tel: (416) 360-8600
Fax: (416) 365-1719

Solicitors for Mintz & Partners Limited

AND TO: Ginette Harquail

c/o Paragon Health Care Inc.
3595 Keele Street
Toronto, Ontario
M3J 1M7

AND TO: MINISTRY OF HEALTH AND LONG TERM CARE

56 Wellsley Street West, 9th Floor
Toronto, Ontario
M7A 2J9

Attention: Tim Burns, Director, Long Term Care Homes Branch**AND TO: CAPPELLACCI DAROZA LLP**

462 Wellington Street West, Suite 500
Toronto, Ontario
M5V 1E3

Attention: Ernest J. Cappellacci

Tel: 416-955-9500
Fax: 416-955-9503

Solicitors for Diversicare

APPENDIX "B"

LEGAL DESCRIPTIONS OF PROPERTY

Part Lot 17, Concession 3, W.Y.S., Township of York, designated as Part 1, Plan 64R-9597, City of Toronto, Property Identifier Number 10181-0039(LT), municipally known as 3595 Keele Street, Toronto, Ontario.

Lots 814-819 and 857-861, TP Plan 94 Grantham, City of St. Catharines, Property Identifier Number 46172-0268(LT) municipally known as 103-111 Pelham Road, St. Catharines, Ontario and Lots 738-739, TP Plan 94, Grantham, City of St. Catharines, Property Identifier Number 46172-0309(LT), municipally known as 34-36 Whitworth Street, St. Catharines, Ontario.

APPENDIX "C"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of [DEBTOR'S NAME] appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the ____ day of _____, 2006 (the "Order") made in an action (the "Action") having Court file number 06-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 (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration, expenses and liabilities.

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2006.

[RECEIVER'S NAME], solely in its capacity as
Receiver of the Property (as defined in the
Order), and not in its personal capacity

Per: _____

Name:

Title:

TOR_LAW 6220395\1

Court File No.: 06-CL-6233	
BETWEEN: PEOPLES TRUST COMPANY Applicant	- AND - PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED Respondents
APPLICATION UNDER section 47 of the <i>Bankruptcy and Insolvency Act</i>, R.S.C. 1985, c. B-3, and under section 101 of the <i>Courts of Justice Act</i>, R.S.O. 1990, c. C.43	
ONTARIO SUPERIOR COURT OF JUSTICE (Commercial List) PROCEEDING COMMENCED AT TORONTO	
ORDER	
GOWLING LAFLEUR HENDERSON LLP Barristers and Solicitors Suite 1600, 1 First Canadian Place 100 King Street West TORONTO, Ontario M5X 1G5 Massimo C. Starnino (LSUC # 41048G) Tel: (416) 862-3630 Fax: (416) 863-3630 Solicitors for Peoples Trust Company	

TOR LAW 62107771

This is **Appendix “B”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited

Court File No. 06-CL-6233

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

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. AND 1508669 ONTARIO LIMITED

Respondent

**SEVENTH REPORT TO THE COURT OF THE RECEIVER
(dated November 1, 2011)**

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APPENDICES

- APPENDIX "A": Appointment Order dated January 23, 2006
- APPENDIX "B": Sixth Report of the Receiver dated February 15, 2011
- APPENDIX "C": Order of the Honourable Justice Mesbur dated February 22, 2011
- APPENDIX "D": Casa Verde Sale Order dated February 22, 2011
- APPENDIX "E": Casa Verde Nursing Home Operating Statement Summary for the period January 24, 2006 to August 31, 2011
- APPENDIX "F": Casa Verde Retirement Home Operating Statement Summary for the period January 24, 2006 to August 31, 2011
- APPENDIX "G": West Park Health Centre Operating Statement Summary for the period January 24, 2006 to August 31, 2011
- APPENDIX "H": Agreement of Purchase and Sale between the Receiver and SAC 4 Inc. dated April 1, 2011, as amended
- APPENDIX "I": Receiver's Interim Statement of Receipts and Disbursements for Paragon Health Care Inc. for the period January 24, 2006 to September 30, 2011
- APPENDIX "J": Receiver's Interim Statement of Receipts and Disbursements for Paragon Health Care (Ontario) Inc. for the period January 24, 2006 to September 30, 2011
- APPENDIX "K": Receiver's Interim Statement of Receipts and Disbursements for 1508669 Ontario Limited for the period January 24, 2006 to September 30, 2011
- APPENDIX "L": Peoples Trust Company Statement for Discharge Purposes dated October 13, 2011

INTRODUCTION

1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 23, 2006 (the “**Appointment Order**”), Mintz & Partners Limited (“**MPL**”) was appointed as Interim Receiver and Receiver and Manager (the “**Receiver**”) of all the assets, undertakings and property of Paragon Health Care Inc. (“**Paragon**”), Paragon Health Care (Ontario) Inc. (“**Paragon Ontario**”) and 1508669 Ontario Limited (“**1508669**”) (individually or collectively, the “**Debtor**”) effective 9:00 am on January 24, 2006 (the “**Appointment Date**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**. By Order of the Court dated July 2, 2008, following the merger of the accounting practices of Deloitte & Touche LLP and Mintz & Partners LLP, the name of the Receiver was changed to Deloitte & Touche Inc. (“**Deloitte**”).
2. Paragon’s assets comprise the Casa Verde Health Centre, a 252-bed nursing home (“**Casa Verde Nursing Home**”) and a 94-bed retirement home (“**Casa Verde Retirement Home**”) (collectively, with Casa Verde Nursing Home, “**Casa Verde**”) located at 3595 Keele Street, Toronto, Ontario. 1508669’s assets comprise the West Park Health Centre (“**West Park**”), a 93-bed nursing home located at 103-111 Pelham Road, St. Catharines, Ontario (collectively, with Casa Verde, the “**Homes**” or “**Facilities**”).
3. Paragon Ontario is a non-operating entity that employs certain nursing staff used by Casa Verde.
4. On April 4, 2007, the Honourable Justice Cumming granted an Order (the “**April 4, 2007 Order**”) approving, among other things
 - i) a distribution of \$200,000 from 1508669 to Peoples Trust Company (“**Peoples**”), the first secured creditor;
 - ii) the Receiver’s activities from the Appointment Date to March 26, 2007; and

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- iii) the fees and disbursements of the Receiver and those of its counsel. In support of the motion that resulted in the April 4, 2007 Order, the Receiver submitted its First Report to the Court dated March 26, 2007 ("**First Report**").
5. On August 21, 2007, the Honourable Justice Lederman granted an Order approving the Receiver's commencement of a marketing and sale process for the Homes (the "**Sale Process Order**"). In support of the motion that resulted in the Sale Process Order, the Receiver submitted its Second Report to the Court dated July 27, 2007 (the "**Second Report**").
6. The Receiver's Third Report to the Court dated August 24, 2007 was submitted in response to a motion brought by a former employee who was seeking leave to issue a Statement of Claim to commence a wrongful dismissal action against the Receiver.
7. On July 2, 2008, the Honourable Justice Karakatsanis granted an Order (the "**July 2 Order**") approving, among other things
- i) a distribution of \$800,000 from 1508669 to Peoples;
 - ii) the fees and disbursements of the Receiver and those of its counsel; and
 - iii) changing the name of the Receiver to Deloitte. In support of the motion that resulted in the July 2 Order, the Receiver submitted its Fourth Report to the Court (the "**Fourth Report**") dated June 25, 2008.
8. On December 23, 2009, the Honourable Justice Cumming granted an Order (the "**December 23 Order**") approving, among other things
- i) a distribution of \$1,000,000 from Paragon to Peoples;
 - ii) the fees and disbursements of the Receiver and those of its counsel; and
 - iii) the Receiver's actions and activities from June 26, 2008 to December 14, 2009. In support of the motion that resulted in the December 23 Order, the Receiver

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submitted its Fifth Report to the Court (the "**Fifth Report**") dated December 14, 2009.

9. On February 22, 2011, the Honourable Justice Mesbur granted an Order (the "**February 22 Order**") approving, among other things
 - i) a distribution of \$2,000,000 from Paragon to Peoples;
 - ii) the fees and disbursements of the Receiver and those of its counsel; and
 - iii) the Receiver's actions and activities from December 15, 2009 to February 15, 2011.
10. Also on February 22, 2011, the Honourable Justice Mesbur granted an Approval and Vesting Order (the "**Casa Verde Sale Order**") approving the Receiver entering into and completing an Agreement of Purchase and Sale (the "**GEM APS**") for the sale of Casa Verde to GEM Health Care Group Limited ("**GEM**") and vesting in GEM the Debtor's right, title and interest in the Purchased Assets (as defined in the Casa Verde Sale Order) subject to the closing of the transaction with GEM and the Receiver filing with the Court a Receiver's Certificate. In support of the motion that resulted in the February 22 Order and the Paragon Sale Order, the Receiver submitted its Sixth Report to the Court (the "**Sixth Report**") dated February 15, 2011. A copy of the Sixth Report without appendices is attached hereto as **Appendix "B"**. Copies of the February 22 Order and the Casa Verde Sale Order are attached hereto as **Appendix "C"** and **Appendix "D"**, respectively.
11. The purpose of this Seventh Report of the Receiver (the "**Seventh Report**") is to:
 - i) update the Court on the operation of the Homes;
 - ii) update the Court on the status of the sale of Casa Verde;

- iii) request the Court issue an order approving an Agreement of Purchase and Sale dated April 1, 2011, including amendments thereto (the “**West Park APS**”) as between the Receiver and SAC 4 Inc. (“**SAC 4**” or the “**Purchaser**”) and, to the extent the conditions of the West Park APS are satisfied, vesting in the Purchaser all the right, title and interest of 1508669 in the assets referred to in the West Park APS free and clear of all liens, security interests and other encumbrances, save and except for the permitted encumbrances referred to in the West Park APS;
- iv) request approval of a proposed distribution of \$1,250,000 from Paragon to Peoples; and
- v) request the Court’s approval of the Receiver’s Interim Statements of Receipts and Disbursements for the period January 24, 2006 to September 30, 2011, the Receiver’s activities for the period February 16, 2011 to October 14, 2011, the Receiver’s fees for the period November 1, 2010 to June 30, 2010, and the fees of its counsel for the period January 1, 2011 to August 31, 2011.

TERMS OF REFERENCE

- 12. In preparing this Report, the Receiver has relied upon records of the Debtor and unaudited financial information prepared by the Debtor and/or Diversicare Canada Management Services Co., Inc. (“**Diversicare**”). The Receiver has not performed an audit or other verification of such information. As set out in the First Report, Diversicare has been engaged as day-to-day manager of Casa Verde and West Park on behalf of the Receiver.
- 13. The Receiver has sought the advice of Gowling Lafleur Henderson LLP (“**Gowlings**”), counsel to Peoples, for general legal matters that have arisen in respect of the receiverships. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Lang Michener LLP (“**Lang Michener**”) and subsequently, Heenan Blaikie LLP (“**Heenan**”).

14. Capitalized terms not defined in this Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

OPERATIONS

15. The Receiver has continued to operate the Facilities pursuant to the powers and duties under the Appointment Order.

Casa Verde

Occupancy

16. At the Appointment Date, Casa Verde Nursing Home was approximately 67% occupied and Casa Verde Retirement Home was approximately 50% occupied. Upon its appointment, the Receiver commenced a capital expenditure and repair program with a goal of improving the physical premises at Casa Verde and increasing occupancy. To that end, as of August 30, 2011, and as discussed later herein, the Receiver has made capital expenditures of approximately \$1,250,000 since the Appointment Date.
17. As of September 30, 2011, Casa Verde Nursing Home is approximately 96% occupied while Casa Verde Retirement Home is at 53% occupancy. For 2010, Casa Verde Nursing Home averaged approximately 92% occupancy while Casa Verde Retirement Home averaged approximately 55% occupancy. The increase in occupancy since the Appointment Date can be attributed to the following:
- i) a more concerted marketing campaign by Casa Verde, including marketing of the local Community Care Access Centre which places new applicants in homes;
 - ii) a change to a more experienced senior management team;
 - iii) the creation of model suites for a better presentation to potential residents;
 - iv) improved appearance of Casa Verde Nursing Home through repairs and maintenance authorized by the Receiver and effected through Diversicare; and

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- v) a general decrease in available beds in competitor nursing homes in the North Toronto area.
18. The Receiver continues to work with Diversicare to develop strategies to try to increase the occupancy of Casa Verde Retirement Home.

Ministry of Health and Long-Term Care

19. On September 13, 16 and 19, 2011, the Ministry of Health and Long-Term Care ("MOHLTC") completed a critical incident inspection with respect to an incident involving a resident at Casa Verde. The MOHLTC determined that a resident had been transferred in an unsafe manner that resulted in a fall and injuries which required hospitalization. The resident was assessed in hospital and returned to Casa Verde. The resident required further care and Casa Verde returned the resident to hospital where the resident died nine days after the incident.
20. Diversicare advised the Receiver that the resident was found in bed with injuries consistent with a fall and was transferred to hospital. Management investigated the incident (before the MOHLTC visit) and found that a personal support worker used an improper lifting device to transfer the resident which was contrary to the resident's care plan and contrary to Casa Verde's policies and procedures. Diversicare promptly terminated the personal support worker who failed to follow procedure. That employee filed a grievance over their termination, which grievance was later settled by allowing the employee to resign. Diversicare also terminated two other personal support workers who observed the fall but failed to report the incident to the Administrator until well after the incident had occurred. Those two personal support workers have also filed a grievance regarding their termination which grievance remains unsettled.
21. The MOHLTC cited Casa Verde with three written notices in connection with the fall of the resident: i) failure to comply with O. Reg 79/10, s. 107. Reports re critical incidents; ii) failure to comply with O. Reg 79/10, s. 30. General requirements; and iii) failure to comply with LTCHA, 2007 S.O. 2007, c.8, s.8 Residents' Bill of Rights. Additionally,

the MOHLTC directed Casa Verde to prepare three voluntary plans of corrective action to address the issues identified in the written notices. Diversicare advises that the voluntary plans of corrective action are in the process of being prepared for submission to the MOHLTC.

22. The MOHLTC's annual inspection of Casa Verde for 2011 has not yet taken place and could occur at any time before December 31, 2011.

Accreditation

23. On August 31, 2011, Casa Verde received notification that the long-term care home has earned accreditation from CARF International, one of two leading accreditation associations recognized by the MOHLTC that assess the quality of services provided by nursing homes. The accreditation is effective August 16, 2011 through August 31, 2014. In April 2011, Casa Verde Retirement Home received notification that its accreditation from the Ontario Retirement Communities Association was renewed for a further two year period.

Legal Action

24. On December 6, 2010, the Receiver was forwarded a Statement of Claim in which it and Diversicare were named as defendants in an action brought by a former Casa Verde resident regarding an altercation between two residents that took place at Casa Verde. The Receiver forwarded the statement of claim to its insurer which has advised the Receiver that it has engaged legal counsel to defend the action and that a mediation has been scheduled for January 2012.

Human Rights Complaint

25. As previously reported in the Sixth Report, on August 5, 2010, the Receiver was advised that on June 10, 2010 a former Casa Verde employee had filed an Application under the Human Rights Code, R.S.O. 1990, c. H 10, as amended, (the "**HR Application**") naming Casa Verde Retirement Residence and Long-Term Care and the Service Employees

International Union, Local 1 as respondents. The grounds of the HR Application are discrimination on the grounds of disability and age. Casa Verde has engaged Hicks Morley Hamilton Stewart Storie LLP to defend the HR Application as it was advised by Diversicare that the employee was terminated solely for performance related issues. The Receiver's counsel participated in a mediation on August 18, 2011. At the mediation, no settlement was reached and the Receiver continues to defend the HR Application.

Operating Results

26. Attached hereto as **Appendix "E"** is a summary operating statement for Casa Verde Nursing Home for the period January 24, 2006 to August 31, 2011 (the "**Results Period**"). Casa Verde Nursing Home has generated positive operating income (before consideration of interest, depreciation and capital expenditures) of approximately \$5.7 million over the Results Period.
27. Over the Results Period, the Receiver has incurred approximately \$260,000 in restructuring costs, which are non-recurring costs substantially consisting of appraisal fees and severance and termination costs for terminated employees.
28. In addition to the operating expenses referred to in the summary operating statement, the Receiver has incurred approximately \$1,250,000 in capital expenditures for Casa Verde. The significant expenditures relate to remediation of Casa Verde's roof, replacement of certain HVAC components, refurbishment and improvement of certain wings of the building to bring these areas back into use following the Receiver's appointment in order to allow for full occupancy at Casa Verde, and the purchase of new furniture and fixtures.
29. Attached hereto as **Appendix "F"** is an summary operating statement for Casa Verde Retirement Home for the Results Period. Casa Verde Retirement Home has experienced a net operating loss of approximately \$1.97 million (before consideration of interest, depreciation and capital expenditures) over the Results Period as a result of occupancy levels in the 50% to 60% range since the Appointment Date. The Receiver is continuing

to work with Diversicare to develop strategies to increase occupancy or otherwise employ the unused space at Casa Verde Retirement Home for other revenue generating projects.

West Park

Occupancy

30. Since the Appointment Date to 2010, occupancy at West Park had remained relatively constant at an average occupancy rate in excess of 97%. However, due to a cessation of admissions imposed by the MOHLTC over the January to March 2010 period (as discussed further below), occupancy for 2010 averaged approximately 94%.
31. In the latter half of 2010, occupancy at West Park recovered to be at or near 100%; however, commencing in 2011, occupancy at West Park has declined resulting in an average occupancy for the period January 1 to August 31, 2011 of approximately 92%. Diversicare advises that the drop in occupancy is due to a softening of the market in the St. Catharines/Niagara region. West Park's occupancy at the date of this Seventh Report is approximately 95%. At this time, it is unclear when West Park will return to 100% occupancy.

Ministry of Health and Long-Term Care

32. On March 9 and 14, 2011, the MOHLTC completed a complaint inspection with respect to a complaint filed by a family member of a West Park resident. The MOHLTC reported findings of non-compliance in the areas of fall prevention and use of restraints that resulted in the issuance of nine written notifications, three requests that voluntary plans of corrective action be prepared and five compliance orders. Diversicare has advised that all of the voluntary plans of corrective action were submitted to and approved by the MOHLTC and the compliance orders have been addressed.
33. The MOHLTC's annual inspection of West Park for 2011 has not yet taken place and could occur at any time before December 31, 2011.

Operating Results

34. Attached hereto as **Appendix “G”** is a summary operating statement for West Park for the Results Period. Over the Results Period, West Park has generated positive net operating income of approximately \$973,000 (before consideration of interest, depreciation and capital expenditures).
35. Until 2010, West Park had generated relatively constant positive results. However, due to the compliance matters in late 2009 and throughout most of 2010 including the cessation of admissions for a two month period in early 2010 (as described in the Sixth Report), and the increased costs incurred to address those compliance matters, West Park experienced a net loss in 2010 of approximately \$252,000.
36. For fiscal 2011, West Park’s operating net income for the period January 1, 2011 to August 31, 2011 is approximately \$95,500 which is lower than forecast operating income by approximately \$75,000. As discussed above, the shortfall is due substantially to lower than anticipated occupancy at West Park due to a softness of its local market.
37. In addition to the operating expenses referred to in the summary operating statement, over the Results Period, the Receiver has incurred approximately \$428,000 in capital expenditures for West Park. The significant expenditures relate to remediation of the roof, replacement of substantially all of the windows of the building, elevator repairs, air conditioner replacement and replacement of flooring in certain sections of the building.

MARKETING AND SALES PROCESS

38. Following the issuance of the Sale Process Order, the Receiver conducted a marketing and sales process (the “**First Sale Process**”), the details of which were set out in the Fourth Report. The First Sale Process failed to produce acceptable offers for the Homes.
39. On May 30, 2008, the Receiver, with the concurrence of Peoples, engaged John A. Jensen Realty Inc. (“**Jensen**”) to list the Homes for sale under separate six-month listing

agreements. Jensen's expertise is the marketing and sale of nursing and retirement home facilities. With the agreement of Peoples, the Receiver extended its listing agreements with Jensen with respect to the Homes to October 29, 2011. Jensen advertised the Homes on its website, sent marketing information on the Homes to its proprietary database of contacts of parties interested in senior's housing opportunities and also advertised the Homes on Loop Net, which purports to be the largest and most heavily trafficked commercial online real estate listing service.

40. For purposes of this Seventh Report, the Receiver has not included the names of potential purchasers, or offered purchase prices for the Homes, in order not to compromise the current or future sales efforts by the Receiver.

Casa Verde

41. The Sixth Report contains the details of the marketing process for Casa Verde, which culminated in the Receiver entering into the GEM APS, which agreement was approved by the Honourable Justice Mesbur through the making of the Casa Verde Sale Order.
42. Since the issuance of the Casa Verde Sale Order, by letter dated February 28, 2011, the Receiver advised the MOHLTC that it had entered into the GEM APS, which letter caused the MOHLTC to commence its Licensing Approval Process.
43. The MOHLTC has advised the Receiver that it has received all of the documents from the Purchaser as required to assess the Purchaser under the Licensing Transfer Process and that approval now lies with the Minister of Health who is evaluating the documents. Should the Minister approve the issuance of new licences to the Purchaser, pursuant to the GEM APS, the transaction is to close within 30 days of receipt of approval.
44. Section 4.1(c) of the GEM APS, as amended, set September 30, 2011 as the date by which GEM was to be satisfied of any conditions imposed by the MOHLTC on the Transaction. In addition, Section 4.3(c) of the GEM APS set November 30, 2011 as the date by which the MOHLTC shall have approved the purchase by GEM and approved GEM for transfer

of the Licence(s) or for the issue of licences similar to the Licence(s). Given the delays in obtaining MOHLTC approval for the transfer of the licences, the Receiver and GEM entered into Amending Agreement No. 3 dated September 29, 2011 that amended the date in Section 4.1(c) to November 30, 2011 and the date in Section 4.3(c) to December 20, 2011.

West Park

45. After a prolonged marketing and sale process, as detailed in the Sixth Report, on January 28, 2011, after having consulted with the senior secured creditor, Peoples, the Receiver accepted an offer to purchase West Park from Southbridge Investment Partnership No. 1 on behalf of a purchaser to be established (“**Southbridge**”). The Receiver understands that Southbridge is a Cambridge, Ontario partnership focused on acquiring long-term care facilities across Canada. The principals of Southbridge formerly owned and operated a company that was a significant operator of long-term care beds in Canada prior to a sale of a substantial portion of its portfolio in 1997. The Receiver understands that Southbridge, through certain limited partnerships, currently operates five long-term care facilities in Ontario. Southbridge is also the selected purchaser for another long-term care home for which Deloitte is receiver and manager under separate receivership proceedings. The purchase of this other home by Southbridge has followed similar timelines to the sale of West Park and both Peoples and CMHC are aware that Southbridge is the proposed purchaser of this other home.
46. Following acceptance of the Southbridge offer, the Receiver and Southbridge negotiated and agreed to the terms of the West Park APS. During those negotiations, Southbridge advised the Receiver that the Purchaser under the West Park APS would be SAC 4. A copy of the West Park APS including amending agreements (as discussed below) are attached hereto as **Appendix “H”**, redacted to maintain confidentiality with respect to the purchase price, pending the closing of the West Park APS. An unredacted copy of the West Park APS will be made available to the Court, subject to a request for a Sealing Order. Capitalized terms found below and not otherwise defined herein have the

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meanings set out in the West Park APS.

47. The West Park APS initially provided for, amongst other things, a Due Diligence Period of 75 days and a Financing Condition period commensurate with the Due Diligence Period. On June 8, 2011, with the Due Diligence Period set to expire on June 15, 2011, SAC 4 advised the Receiver that it had not yet completed its due diligence nor satisfied its Financing Condition. Accordingly, the Receiver and SAC 4 entered into Amending Agreement No. 1 dated May 24, 2011 which extended the Due Diligence Period to July 15, 2011 and adjusted certain other related dates in the West Park APS.
48. Prior to July 15, 2011, SAC 4 advised the Receiver that it was not in a position to waive the Due Diligence Condition and that it wanted to meet with the Receiver to discuss the results of its due diligence process. Accordingly, the Receiver and SAC 4 entered into Amending Agreement No. 2 dated July 15, 2011 which extended the Due Diligence Period to August 12, 2011 in order to provide sufficient time to arrange a meeting between the parties.
49. On August 9, 2011, a meeting was convened between the Receiver and SAC 4 at which time SAC 4 advised the Receiver that during its due diligence review of West Park it had identified a number of issues that in its view necessitated adjustments to the terms and conditions of the West Park APS. The adjustments to the West Park APS that SAC 4 was seeking involved both sale price adjustments and additional conditions in the nature of information flow and operations of West Park prior to and after the eventual closing of the transaction.
50. After the August 9, 2011 meeting, the Receiver discussed with Peoples the adjustments SAC 4 tabled at the meeting. It was agreed that SAC 4 would be advised to prepare a draft amending agreement that contained the revised terms and conditions it was seeking in order that the Receiver could consider and discuss those terms with Peoples. In order to provide SAC 4 with sufficient time to prepare the draft amending agreement, the Receiver and SAC 4 entered into Amending Agreement No. 3 dated August 12, 2011

which extended the Due Diligence Period to August 19, 2011.

51. On August 18, 2011, SAC 4 provided the Receiver with a draft amending agreement which contained those revised terms and conditions to the West Park APS that SAC 4 was seeking. In order to provide the Receiver with sufficient time to assess the draft amending agreement and discuss its terms with Peoples, the Receiver and SAC 4 entered into Amending Agreement No. 4 dated August 19, 2011 which extended the Due Diligence Period to August 31, 2011. Since the target date of August 31, 2011 proved to not provide sufficient time for the parties to reach an agreement on revised terms and conditions to the West Park APS, the Receiver and SAC 4 entered into Amending Agreement No. 5 dated August 31, 2011 which extend the Due Diligence Period to September 8, 2011.
52. By way of Amending Agreement No. 6 dated September 2, 2011, the Receiver and SAC 4 agreed to amend the West Park APS to adjust the purchase price and certain other terms and conditions that were satisfactory to both the Receiver and SAC 4.
53. One of the terms of Amending Agreement No. 6 provided for the Financing Condition Period to be extended to September 30, 2011. On September 30, 2011, SAC 4 waived the Financing Condition.
54. Paragraph 4.3(a) of the West Park APS provides for the following:

“On or within 45 days following satisfaction or waiver by the Purchaser of the Due Diligence Condition and the Financing 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. Such Approval and Vesting Order will include provisions satisfactory to the Purchaser that the assets of the Debtor have not become the property of the

government as a result of the Debtor not being in good standing.”

Given that SAC 4 waived the Due Diligence Condition on September 2, 2011 and the Financing Condition on September 30, 2011, the Receiver is seeking this Court’s approval of the West Park APS through the granting of an approval and vesting order. The approval and vesting order being sought provides that title will only vest with the Purchaser upon the Receiver delivering to the Purchaser a certificate (the “**Receiver’s Certificate**”) that certifies the following (defined terms are as defined in the Receiver’s Certificate):

- i) 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;
- ii) The conditions to Closing as set out in section 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
- iii) The Transaction has been completed to the satisfaction of the Receiver.

55. Pursuant to the West Park APS, SAC 4 has paid deposits totalling \$100,000 which funds are being held in trust by Gowlings pending completion of the transaction.

56. Should this Honourable Court approve the West Park APS, the Receiver will work with SAC 4 to obtain MOHLTC approval for the transfer the licences to SAC 4 pursuant to the provisions of the *Long-Term Care Homes Act, 2007*. Given the Receiver’s recent experience with the sale of Casa Verde, the licensing transfer process could take in excess of six months to complete before the license transfer is approved.

57. Paragraph 4.3(c) of the West Park APS provides for the following:

“On or before February 29, 2012, 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 licences similar to the Licence(s).”

In view of the Receiver's recent experience concerning the timing for obtaining MOHLTC approval for the transfer of licences, and on the assumption that this Honourable Court approves the West Park APS and directs the Receiver to complete the sale to SAC 4, the Receiver may be required to enter into a further amending agreement(s) with SAC 4 to extend the date by which the MOHLTC will have approved the purchase by SAC 4 and the issuance of a new licence to SAC 4, from February 29, 2012 to some other date(s) mutually acceptable to the Receiver and SAC 4.

58. To the extent that this Honourable Court does not approve the Receiver completing the West Park APS, or if the West Park APS is approved by the Court but is not completed for other reasons, public disclosure of the contents of the West Park APS, including the purchase price, could materially negatively impact the Receiver's re-marketing of West Park. For that reason, as stated above, the Receiver is seeking an Order of this Honourable Court to seal the unredacted copy of **Appendix "H"** until the Receiver's Certificate has been filed with this Honourable Court.

INTERIM STATEMENTS OF RECEIPTS AND DISBURSEMENTS

59. Attached hereto as **Appendices "I", "J" and "K"** are the Receiver's Interim Statements of Receipts and Disbursements for the period January 24, 2006 to September 30, 2011 (the "**Interim R&Ds**") for each of Paragon, Paragon Ontario and 1508669, respectively. The Interim R&Ds reflect transactions through the Receiver's accounts and do not reflect the receipts and disbursements of the operating accounts managed by Diversicare for the Receiver, which are maintained on an accrual basis and are reflected in the operating statement summaries referred to in paragraphs 26, 29 and 34 of this Seventh Report.
60. On the 22nd day of each month, MOHLTC funding is deposited into the Receiver's trust account, the amount of which is based on the census at the Homes and is fairly consistent from month to month. Each month, Diversicare provides the Receiver with a cash flow forecast for the Homes and a funding request to meet the cash flow requirements of each

of the Homes. The Receiver provides the requisite funding to Diversicare and holds the balance in its trust account.

61. Due to the compliance issues at West Park in 2010 which resulted in a drop in occupancy and increased costs to deal with those compliance issues, in late 2010, it became clear that West Park's cash receipts were insufficient to meet its obligations. As a result, in November 2010, the Receiver borrowed \$375,000 from Peoples and provided to Peoples Receiver's Certificate #1 in the amount of \$375,000. The borrowed amount was used to fund shortfalls from receipts at the end of 2010 and in the first quarter of 2011. At this time, the Receiver does not anticipate it will be in a position to repay the funding provided by Peoples from funds generated by operations prior to completion of the transaction with SAC 4.
62. As set out in the Interim R&Ds, the current cash balances in the Receiver's trust accounts as at September 30, 2011 in respect of each of the Companies is as follows:

Company	Cash Balance
Paragon	\$ 1,730,221
Paragon Ontario	3,813
1508669	161,353
Total	\$ 1,895,387

As discussed below, the Receiver is proposing to make a distribution to Peoples of a portion of the cash being held in the Receiver's Paragon trust account.

PROPOSED DISTRIBUTION TO PEOPLES

63. The Receiver has approximately \$1.73 million in its Paragon trust account.

64. With respect to the property, assets and undertaking of Paragon and the business of Casa Verde, Peoples holds the security described in Appendix "O" attached to the Fifth Report, which security includes a charge/mortgage of land made in favour of First National Financial Corporation by Paragon dated May 30, 2004 and registered as Instrument No. TB953231 as subsequently amended and assigned to Peoples and registered June 15, 2000 as Instrument No. TR061724 (the "**Casa Verde First Mortgage**"). The Receiver reported in paragraph 62 of the First Report that it had received an independent legal opinion from Lang Michener that Peoples' security over Paragon's assets was legal, valid and binding.
65. A copy of Peoples' Statement for Discharge Purposes effective October 13, 2011 with respect to the Casa Verde First Mortgage is attached hereto as **Appendix "L"**. As of October 13, 2011, the outstanding balance (principal and interest) under the Casa Verde First Mortgage is \$16,474,866.10. Peoples had previously informed the Receiver that it would like to receive a payment against the outstanding balance on the Casa Verde First Mortgage should there be sufficient excess cash flow that is not required to operate Casa Verde.
66. The Receiver has determined that \$1,250,000 would be an appropriate amount to distribute to Peoples as payment against arrears interest on the Casa Verde First Mortgage and is seeking this Honourable Court's approval to make that payment. After consideration of the amount of the proposed distribution, the Receiver should have sufficient cash to (i) continue to fund Casa Verde's operations; (ii) address any capital costs or other costs that may be required in respect of the sale of Casa Verde or as required by the MOHLTC; and (iii) address any "clawback" claims that may be made by the MOHLTC in respect of MOHLTC funding provided to the Receiver in respect of the period following the Appointment Date.

STATEMENTS OF ACCOUNT OF THE RECEIVER AND ITS COUNSEL

67. The Receiver's fees for services rendered for the period November 1, 2010 to June 30, 2011 are particularized in the Affidavit of Hartley Bricks sworn October 31, 2011 and the invoices attached as exhibits thereto. The total amount of the invoices for this period is \$100,664.93 in respect of Paragon and \$100,708.44 in respect of 1508669, inclusive of HST (the "**Receiver's Fees**").
68. The fees and disbursements of Gowlings, counsel for Peoples Trust, in respect of work performed for the Receiver, for the period January 1, 2011 to August 31, 2011 are particularized in the Affidavit of Harry VanderLugt sworn October 31, 2011 and the invoices are attached as exhibits thereto. The total amount of the invoices for this period is \$7,288.79 in respect of Paragon and \$12,875.62 in respect of 1508669, inclusive of HST ("**Gowling's Fees**").
69. The fees and disbursements of Heenan, independent counsel to the Receiver, in respect of work performed for the Receiver, for the period February 15 to February 22, 2011 are \$1,231.02 in respect of Paragon and \$662.86 in respect of 1508669, inclusive of HST ("**Heenan's Fees**")
70. The Receiver has reviewed the invoices of Gowlings and Heenan and finds the work performed and charges to be appropriate and reasonable.
71. The Receiver has sought and received the approval of Peoples prior to taking interim draws against the fees of the Receiver and Gowlings.
72. The Receiver is seeking this Honourable Court's approval of its activities to October 14, 2011, the Receiver's Fees, Gowling's Fees and Heenan's Fees as set out above.

RECEIVER'S REQUEST TO THE COURT

73. The Receiver is respectfully seeking an order:

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- i) approving the actions and activities of the Receiver from February 16, 2011 to October 14, 2011;
- ii) approving the Interim R&D's for the period January 24, 2006 to September 30, 2011;
- iii) approving the Receiver entering into and completing the West Park APS and the Court granting an approval and vesting order;
- iv) sealing **Appendix "H"** to this Seventh Report until such time as the West Park APS is completed and the Receiver's Certificate is issued by the Receiver and filed with this Honourable Court;
- v) approving a distribution to Peoples in the amount of \$1,250,000 to be applied against interest outstanding on the Casa Verde First Mortgage; and
- vi) approving the Receiver's Fees, Gowling's Fees and Heenan's Fees.

All of which is respectfully submitted to this Honourable Court.

DATED this 1st day of November, 2011.

Deloitte & Touche Inc.

in its capacity as Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.
and 1508669 Ontario 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

Court File No. 06-CL-6233

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

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. AND 1508669 ONTARIO LIMITED

Respondents

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

INTRODUCTION

1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 23, 2006 (the “**Appointment Order**”), Mintz & Partners Limited (“**MPL**”) was appointed as Interim Receiver and Receiver and Manager (the “**Receiver**”) of all the assets, undertakings and property of Paragon Health Care Inc. (“**Paragon**”), Paragon Health Care (Ontario) Inc. (“**Paragon Ontario**”) and 1508669 Ontario Limited (“**1508669**”) (individually or collectively, the “**Debtor**”) effective 9:00 am on January 24, 2006 (the “**Appointment Date**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**. By Order of the Court dated July 2, 2008, following the merger of the accounting practices of Deloitte & Touche LLP and Mintz & Partners LLP, the name of the Receiver was changed to Deloitte & Touche Inc. (“**Deloitte**”).
2. In the Receiver’s Seventh Report to the Court dated November 1, 2011 (the “**Seventh 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 “**West Park APS**”) as between the Receiver and SAC 4 Inc. (“**SAC 4**” or the “**Purchaser**”) for the sale of West Park Health Centre (“**West Park**”) and requested the Court’s (i) approval for the Receiver to enter into and complete the West Park APS; and (ii) making an approval and vesting order in connection with the transaction.
3. The purpose of this Supplemental Report to the Seventh Report (the “**Supplemental Report**”) is to advise the Court of a further amending agreement to the West Park APS which the Receiver has entered into with SAC 4.
4. Capitalized terms not defined in this Supplemental Report are as defined in the West Park APS, the Seventh Report and the Appointment Order.

Discussions with the Ministry of Health and Long-Term Care

5. Following service of the Notice of Motion and the Seventh Report, counsel for the Ministry of Health and Long-Term Care (“**MOHLTC**”) contacted the Receiver regarding

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the manner in which over-funding by the MOHLTC of West Park from the Appointment Date to the Closing Date, that remained to be recovered by the MOHLTC (“**MOHLTC Recoveries**”), was addressed in the West Park APS. The MOHLTC was concerned that the West Park APS did not explicitly address which party the MOHLTC could pursue for the MOHLTC Recoveries.

6. Section 2.8(c) of the West Park APS provides for an adjustment on Closing for the amount of the 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. Section 2.8(c) was drafted based on the assumption that the Purchaser would, on Closing, assume the Service Accountability Agreement (the “**SAA**”) between the Hamilton Niagara Haldimand Brant Local Health Integration Network (the “**LHIN**”) and 1508669 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 West Park APS as an Assumed Contract under the transaction.

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8. On September 30, 2011, pursuant to the terms of the West Park 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.
9. 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. However, SAC 4's notice to the Receiver that it would not be assuming the SAA necessitates that the West Park APS be amended to explicitly set out which party would be, after closing, responsible for remitting the MOHLTC Recoveries.

AMENDING AGREEMENT NO. 7

10. 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 West Park APS is amended to include the MOHLTC Recoveries. A copy of Amending Agreement No. 7 is attached hereto as **Appendix "A"**.
11. Counsel for the MOHLTC has advised the Receiver that it is satisfied that Amending Agreement No. 7 addresses its concerns regarding the MOHLTC Recoveries.

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All of which is respectfully submitted to this Honourable Court.

DATED this 8th day of November, 2011.

DELOITTE & TOUCHE INC.

**in its capacity as Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.
and 1508669 Ontario 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

This is **Appendix “C”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited

Court File No. 06-CL-6233

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)
JUSTICE H. J. WILTON-SIBBEL)

WEDNESDAY, THE 9TH DAY
OF NOVEMBER, 2011

[Handwritten signature]



IN THE MATTER OF AN APPLICATION UNDER
SECTION 47 (1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*
R.S.C. 1985, C.B-3

AND IN THE MATTER of SECTION 101 of *THE*
COURTS of JUSTICE ACT, R.S.O. 1990, C.C-43

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

DISTRIBUTION ORDER

THIS MOTION made by Deloitte & Touche Inc. ("**Deloitte**"), appointed as interim receiver and receiver and manager (the "**Receiver**") pursuant to section 101 of the *Courts of Justice Act*, without security, of the property, assets and undertaking of Paragon Health Care Inc. ("**Paragon**"), Paragon Health Care (Ontario) Inc. ("**Paragon Ontario**") and 1508669 Ontario Limited ("**1508669**") pursuant to the terms of the Order of the Honourable Mr. Justice Cumming dated January 23, 2006 and effective 9:00 a.m.

on January 24, 2006 (the "**Initial Order**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Seventh Report of the Receiver dated November 1, 2011 (the "**Seventh Report**") and the Affidavits of Harry Vanderlugt sworn October 31, 2011, filed, and Hartley M. Bricks sworn October 31, 2011, filed, and upon hearing the submissions of counsel for the Receiver, no other parties attending,

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 Seventh Report is hereby accepted and approved.
3. **THIS COURT ORDERS** that the conduct of the Receiver and its agents to date, as detailed in the Seventh Report, be and the same is hereby approved.
4. **THIS COURT ORDERS** that the Interim Statements of Receipts and Disbursements of the Receiver for the period January 24, 2006 to September 30, 2011 in respect of Paragon, Paragon Ontario and 1508669 as respectively set out in **Appendices "I", "J" and "K"** to the Seventh Report, filed, be and the same are hereby accepted and approved.
5. **THIS COURT ORDERS** that the fees of the Receiver relating to the receivership of Paragon and 1508669 for the period from November 1, 2010 to June 30, 2011 in the amount of \$100,664.93 in respect of Paragon and \$100,708.44 in respect of 1508669, as set out in the Affidavit of Hartley M. Bricks sworn November 1, 2011, filed, be and the same are hereby approved.

6. **THIS COURT ORDERS** that the fees and disbursements of Gowling Lafleur Henderson LLP, counsel to the Receiver, in the amount of \$24,027.23 in respect of Paragon and \$14,073.24 in respect of 1508669, as set out in the Affidavit of Harry Vanderlugt sworn February 14, 2011, filed, be and the same are hereby approved for the period December 31, 2009 to December 31, 2010.

7. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute the total sum of \$1,250,000.00 to Peoples Trust Company, as partial payment on account of its secured claims against Paragon.

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

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- W. Han - hms -

<p>PEOPLES TRUST COMPANY</p>	<p>Court File No.: 06-CL-6233</p> <p>- and -</p> <p>PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED</p>
	<p>ONTARIO</p> <p>SUPERIOR COURT OF JUSTICE</p> <p>(PROCEEDING COMMENCED AT TORONTO)</p>
	<p>DISTRIBUTION ORDER</p>
	<p>Gowling Lafleur Henderson LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 Toronto, Ontario M5X 1G5</p> <p>Clifton P. Prophet / Frank Lamie LSUC No.: 34345K / 54035S</p> <p>Telephone: (416) 862-7525 Facsimile: (416) 862-7661</p> <p>Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited</p>

This is **Appendix “D”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited

Court File No. 06-CL-6233

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE *MR.*JUSTICE *H.J. WILTON-SIBER*

WEDNESDAY, THE 9TH DAY

OF NOVEMBER, 2011

BETWEEN:**PEOPLES TRUST COMPANY**

Applicant

– and –

PARAGON HEALTH CARE INC. AND 1508669 ONTARIO LIMITED

Respondents

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 1508669 Ontario Limited (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 SAC 4 Inc. made as of April 1, 2011, as amended, appended as **Appendix “H”** to the Report of the Receiver dated November 1, 2011 (the “**Seventh Report**”), 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 Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

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

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and that the Sale Agreement is commercially reasonable and in the best interests of the Debtor and its stakeholders. The execution of the Sale Agreement by the Receiver is hereby authorized and approved, 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.
2. THIS COURT ORDERS AND DECLARES that Appendix "H" to the Seventh Report, being an un-redacted copy of the Sale Agreement, shall be treated as confidential and shall be sealed and segregated from the public record, pending the closing of the Transaction contemplated by the Sale Agreement. *OTAS*
The appraisal provided to the Court shall also be sealed pending further order of the Court.
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 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 Cumming dated January 23, 2006; (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". 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 AND DECLARES that Paragraph 3. above does not apply to the permitted encumbrances, easements and restrictive covenants listed on **Schedule D**, and any overpayments made to the Debtor after January 23, 2006, by the Ontario Ministry of Health and Long-Term Care (the "**MOH**").
5. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Land Registry Division of Niagara North (No. 30) 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 for the Land Registry Division of Niagara North (No. 30) is hereby directed to enter the Purchaser or in whose name it may direct 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 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.
7. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.
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, including personal information of the Assumed Employees, as defined in the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a

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

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 settlement, fraudulent preference, assignment, fraudulent conveyance 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 ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

11. 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.

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

NOV 09 2011



FILED / F.A.S. 

SCHEDULE A

FORM OF RECEIVER'S CERTIFICATE

ONTARIO

Court File No. ●

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

BETWEEN:

●

●

Plaintiff

Defendant

RECEIVER'S CERTIFICATE

RECITALS

- A. Pursuant to an Order of the Honourable Justice Cumming of the Ontario Superior Court of Justice (the "**Court**") dated January 23, 2006, Mintz & Partners Limited, now 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 1508669 Ontario Limited (the "**Debtor**")
- B. Pursuant to an Order of the Court dated November 9, 2011, the Court approved the agreement of purchase and sale made as of April 1, 2011 (the "**Sale Agreement**") between the Receiver and SAC 4 Inc. and providing for the vesting in CVH GP Inc., general partner of CVH (No. 1) LP, assignee of SAC 4 Inc. (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 have been satisfied or waived by the Receiver and the

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

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

THE RECEIVER CERTIFIES the following:

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

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

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 1508669 Ontario Limited and not in its personal capacity

Per: _____

Name: _____

Title: _____

SCHEDULE B**SUBJECT REAL PROPERTY**

103-111 Pelham Road, St. Catharines, Ontario & 34-36 Witworth Street, St. Catharines, Ontario

Lots 814, 815, 816, 817, 818, & 819, Township Plan 94 and Lots 857, 858, 859, 860 & 861, Township Plan 94, St. Catharines, Property Identifier Number 46172-0268(LT); Lots 738 and 739, Township Plan 94, St. Catharines, Property Identifier Number 46172-0309(LT) City of St. Catharines (formerly Township of Grantham), Regional Municipality of Niagara

SCHEDULE C**CLAIMS TO BE DELETED AND EXPUNGED FROM TITLE TO REAL
PROPERTY**

1. 1508669 Ontario Limited under transfer 759592 Ontario Inc. instrument number RO699418 and application for change of name of owner instrument number NR20355.
2. West Park Holdings Ltd. under Judgment for Foreclosure registered as Instrument Number NR230588.
3. Peoples Trust Company under
 - (i) charge instrument number RO699419 as assigned by transfer of charge instrument number RO768790 and amended by agreement instrument number RO768792;
 - (ii) general assignment of rents instrument number RO699420 as assigned by instrument number RO768791.
4. HMQ-Minister of National Revenue, Canada Customs and Revenue Agency, Toronto North Tax Services office, 5001 Yonge Street, North York, ON M2N 6R9 under execution number 05-0000237 for \$67,775.07.
5. Mintz & Partners Limited in its capacity as interim receiver and receiver and manager of 1508669 Ontario Limited under Instrument Number NR92230.

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

(unaffected by the Vesting Order)

1. Agreements re Site Plan registered as Instrument Numbers RO200232 and RO321002.
2. Site Plan Agreement registered as Instrument Number RO416442 as amended by Agreements registered as Instrument Numbers RO424442, RO460394 and RO502090.
3. By-law registered as Instrument Number RO457591.

Zoning Regulations notice of which registered as Instrument Number RO493091

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<p>PEOPLES TRUST COMPANY</p>	<p>Court File No.: 06-CL-6233</p> <p>- and -</p> <p>PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED</p>
	<p>ONTARIO</p> <p>SUPERIOR COURT OF JUSTICE</p> <p>COMMERCIAL LIST</p> <p>(PROCEEDING COMMENCED AT TORONTO)</p>
	<p>APPROVAL AND VESTING ORDER</p>
	<p>GOWLING LAFLEUR HENDERSON LLP Barristers and Solicitors Suite 1600, 1 First Canadian Place 100 King Street West Toronto, Ontario M5X 1G5</p> <p>Clifton Prophet (LSUC No.: 34845K) Frank Lamie (LSUC No. 54035S)</p> <p>Telephone: (416) 862-7525 Facsimile: (416) 862-7661</p> <p>Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited</p>

This is **Appendix “E”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited

Court File No. 06-CL-6233

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

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. AND 1508669 ONTARIO LIMITED

Respondent

**EIGHTH REPORT TO THE COURT OF THE RECEIVER
(dated August 21, 2012)**

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APPENDICES

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APPENDIX "B":	Sixth Report of the Receiver dated February 15, 2011 (without Appendices)
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APPENDIX "F":	Supplemental Report to the Seventh Report of the Receiver dated November 8, 2011
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APPENDIX "K":	Amending Agreement No. 5 to the GEM APS
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APPENDIX "P":	Sample letter to suppliers to Casa Verde dated July 25, 2012
APPENDIX "Q":	Receiver's Interim Statement of Receipts and Disbursements for Paragon Health Care Inc. for the period January 24, 2006 to August 3, 2012
APPENDIX "R":	Receiver's Interim Statement of Receipts and Disbursements for Paragon Health Care (Ontario) Inc. for the period January 24, 2006 to August 3, 2012
APPENDIX "S":	Peoples Trust Company Statement for Discharge Purposes effective July 31, 2012

INTRODUCTION

1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 23, 2006 (the "**Appointment Order**"), Mintz & Partners Limited ("**MPL**") was appointed as Interim Receiver and Receiver and Manager (the "**Receiver**") of all the assets, undertakings and property of Paragon Health Care Inc. ("**Paragon**"), Paragon Health Care (Ontario) Inc. ("**Paragon Ontario**") and 1508669 Ontario Limited ("**1508669**") (individually or collectively, the "**Debtor**") effective 9:00 am on January 24, 2006 (the "**Appointment Date**"). A copy of the Appointment Order is attached hereto as **Appendix "A"**. By Order of the Court dated July 2, 2008, following the merger of the accounting practices of Deloitte & Touche LLP and Mintz & Partners LLP, the name of the Receiver was changed to Deloitte & Touche Inc. ("**Deloitte**").
2. As at the Appointment Date, Paragon's assets comprised the Casa Verde Health Centre, a 252-bed nursing home ("**Casa Verde Nursing Home**") and a 94-bed retirement home ("**Casa Verde Retirement Home**") (collectively, with Casa Verde Nursing Home, "**Casa Verde**") located at 3595 Keele Street, Toronto, Ontario. 1508669's assets comprise the West Park Health Centre ("**West Park**"), a 93-bed nursing home located at 103-111 Pelham Road, St. Catharines, Ontario (collectively, with Casa Verde, the "**Homes**" or "**Facilities**").
3. As at the Appointment Date, Paragon Ontario was a non-operating entity that employed certain nursing staff used by Casa Verde.
4. On April 4, 2007, Justice Cumming granted an Order (the "**April 4, 2007 Order**") approving, among other things (i) a distribution to Peoples Trust Company ("**Peoples**"), the first secured creditor, of \$200,000 from the Receiver's trust account relating to 1508669; (ii) the Receiver's activities from the Appointment Date to March 26, 2007; and (iii) the fees and disbursements of the Receiver and those of its counsel. In support of the motion that resulted in the April 4, 2007 Order, the Receiver submitted its First Report to the Court dated March 26, 2007 ("**First Report**").

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5. On August 21, 2007, Justice Lederman granted an Order approving the Receiver's commencement of a marketing and sale process for the Homes (the "**Sale Process Order**"). In support of the motion that resulted in the Sale Process Order, the Receiver submitted its Second Report to the Court dated July 27, 2007 (the "**Second Report**").
6. The Receiver's Third Report to the Court dated August 24, 2007 was submitted in response to a motion brought by a former employee who was seeking leave to issue a Statement of Claim to commence a wrongful dismissal action against the Receiver.
7. On July 2, 2008, Justice Karakatsanis granted an Order (the "**July 2 Order**") approving, among other things (i) a distribution to Peoples of \$800,000 from the Receiver's trust account relating to 1508669; (ii) the fees and disbursements of the Receiver and those of its counsel; (iii) the Receiver's actions and activities in the Receiver's Fourth Report; and (iii) changing the name of the Receiver to Deloitte. In support of the motion that resulted in the July 2 Order, the Receiver submitted its Fourth Report to the Court (the "**Fourth Report**") dated June 25, 2008.
8. On December 23, 2009, Justice Cumming granted an Order (the "**December 23 Order**") approving, among other things (i) a distribution to Peoples of \$1,000,000 from the Receiver's trust account relating to Paragon; (ii) the fees and disbursements of the Receiver and those of its counsel; and (iii) the Receiver's actions and activities from June 26, 2008 to December 14, 2009. In support of the motion that resulted in the December 23 Order, the Receiver submitted its Fifth Report to the Court (the "**Fifth Report**") dated December 14, 2009.
9. On February 22, 2011, Justice Mesbur granted an Order (the "**February 22 Order**") approving, among other things, (i) a distribution to Peoples of \$2,000,000 from the Receiver's trust account relating to Paragon; (ii) the fees and disbursements of the Receiver and those of its counsel; and (iii) the Receiver's actions and activities from December 15, 2009 to February 15, 2011. Also on February 22, 2011, Justice Mesbur granted an Approval and Vesting Order (the "**Casa Verde Sale Order**") approving the Receiver entering into and completing an Agreement of Purchase and Sale (the "**GEM APS**") for the sale of Casa Verde to GEM Health Care Group Limited ("**GEM**") and vesting in GEM the Debtor's right, title

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and interest in the Purchased Assets (as defined in the Casa Verde Sale Order) subject to the closing of the transaction with GEM and the Receiver filing with the Court a Receiver's Certificate (the "**Receiver's Certificate**"). In support of the motion that resulted in the February 22 Order and the Casa Verde Sale Order, the Receiver submitted its Sixth Report to the Court (the "**Sixth Report**") dated February 15, 2011. A copy of the Sixth Report without appendices is attached hereto as **Appendix "B"**. Copies of the February 22 Order and the Casa Verde Sale Order are attached hereto as **Appendix "C"** and **Appendix "D"**, respectively.

10. On November 9, 2011, Justice Wilton-Siegel granted an Order (the "**November 9 Order**") approving, among other things, (i) a distribution to Peoples of \$1,250,000 from the Receiver's trust account relating to Paragon; (ii) the fees and disbursements of the Receiver and those of its counsel; and (iii) the Receiver's actions and activities from December 16, 2009 to October 14, 2011. Also on November 9, 2011, Justice Wilton-Siegel granted an Approval and Vesting Order (the "**West Park Sale Order**") approving the Receiver entering into and completing an Agreement of Purchase and Sale (the "**West Park APS**") for the sale of West Park to CVH GP Inc., general partner of CVH (No. 1) LP ("**CVH**"), assignee of SAC 4 Inc., and vesting in CVH the Debtor's right, title and interest in the Purchased Assets (as defined in the West Park Sale Order) subject to the closing of the transaction with CVH and the Receiver filing with the Court a Receiver's Certificate. In support of the motion that resulted in the November 9 Order and the West Park Sale Order, the Receiver submitted its Seventh Report to the Court (the "**Seventh Report**") dated November 1, 2011. A copy of the Seventh Report without appendices is attached hereto as **Appendix "E"**. Attached hereto as **Appendix "F"** is the Supplemental Report to the Receiver's Seventh Report to the Court dated November 9, 2011 which advised the Court of i) a further amending agreement to the West Park APS that was entered into to address certain concerns of the Ministry of Health and Long-Term Care (the "**MOH**"), and ii) SAC 4 Inc.'s intention to assign its right, title and interest in the West Park APS to CVH (which assignment was completed on November 14, 2011). Copies of the November 9 Order and the West Park Sale Order are attached hereto as **Appendix "G"** and **Appendix "H"**, respectively.

PURPOSE

11. The purpose of this Eighth Report of the Receiver (the “**Eighth Report**”) is to:
- report to the Court on the closing of the transaction for the sale of Casa Verde to GEM;
 - provide the Court with a brief update on the status of the West Park APS; and
 - request approval of a proposed distribution to Peoples of \$7,900,000 from the Receiver’s trust account relating to Paragon.

TERMS OF REFERENCE

12. In preparing this Report, the Receiver has relied upon records of the Debtor and unaudited financial information prepared by the Debtor and/or Diversicare Canada Management Services Co., Inc. (“**Diversicare**”). The Receiver has not performed an audit or other verification of such information. As set out in the First Report, Diversicare has been engaged as day-to-day manager of Casa Verde and West Park on behalf of the Receiver.
13. The Receiver has sought the advice of Gowling Lafleur Henderson LLP (“**Gowlings**”), counsel to Peoples, for general legal matters that have arisen in respect of the receiverships. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Lang Michener LLP (“**Lang Michener**”) and subsequently, Heenan Blaikie LLP (“**Heenan**”).
14. Capitalized terms not defined in this Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

MOH APPROVAL

15. Upon issuance of the Casa Verde Sale Order, by letter dated February 28, 2011, the Receiver advised the MOH that it had entered into the GEM APS and of the Receiver’s desire to sell Casa Verde to GEM. The February 28, 2011 letter caused the MOH to commence its

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Licensing Approval Process, which the MOH had verbally informed the Receiver could take four to six months to complete.

16. The GEM APS provided, among other things, that i) the MOH shall have approved the purchase by GEM contemplated under the GEM APS, and the MOH shall have approved the Purchaser for transfer of the Licence(s) or for the issue of licences similar to the Licence(s) on or before March 31, 2011 (the "**MOH Approval Date**"), ii) GEM was to be satisfied on or before May 31, 2011 as to any conditions imposed by the MOH on the transaction (the "**MOH Conditions Date**"), and iii) the Closing Date was to be no later than June 30, 2011. Given the MOH's estimated time frame to complete its Licencing Transfer Process, the parties entered into Amending Agreement No. 2 which extended the MOH Approval Date to October 31, 2011, the MOH Conditions Date to September 30, 2011 and the Closing Date to November 30, 2011. In addition, in Amending Agreement No. 2, the Receiver consented to the assignment of the GEM APS to Downsvew Long Term Care Centre Limited ("**Downsvew**"). Downsvew is an entity related to GEM. Attached hereto as **Appendix "I"** is Amending Agreement No. 2.
17. As the MOH had not completed its Licencing Review Process by September 30, 2011, the parties entered into Amending Agreement No. 3 which extended the MOH Conditions Date to November 30, 2011 and the MOH Approval Date to December 20, 2011. With the Licencing Review Process not completed by November 30, 2011, the parties entered into Amending Agreement No. 4 which extended the MOH Conditions Date to January 31, 2012, MOH Approval Date to February 28, 2012 and the Closing Date to March 31, 2012. Attached hereto as **Appendix "J"** are Amending Agreements No. 3 and No. 4.
18. By letter dated December 13, 2011 (the "**MOH Approval Letter**"), the MOH advised Downsvew that it had complete its Licensing Transaction Review and approved the issuance of a new licence to Downsvew once the following conditions were met:
 - i) the MOH receives, in writing, confirmation of the actual date of the sale closing;

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- ii) the MOH receives a letter from the Vendor surrendering the current licence held by the Vendor along with the original current licence for Casa Verde Nursing Home;
 - iii) the Purchaser agrees in a form acceptable to the MOH that it will reimburse the Local Health Integration Network or the MOH any amounts owed to either of them by the Vendor resulting from the reconciliation process as set out in s.243 of Ontario Regulation 79/10 under the Act or under the previously applicable legislation and service agreement in respect of Casa Verde Nursing Home; and
 - iv) the Purchaser agrees to correct all outstanding findings of non-compliance set out in the inspection reports issued by the MOH to the Vendor, and to comply with all outstanding orders issued by a MOH inspector or the Director against the Vendor, if any, and all inspection reports and orders should be available from the Vendor and they must be posted in the Home pursuant to applicable law.
19. With respect to condition iii) above, the amounts referred to therein involve obligations that are repayable to the MOH due to any overfunding by the MOH of Casa Verde. Overfunding could occur for a number of reasons, including:
- Actual occupancy levels lower than funded levels;
 - Failure to spend amounts funded on qualified expenditures; and
 - Disallowance of expenditures by the MOH.

MOH CLOSING ADJUSTMENT AND ESTABLISHMENT OF AN ESCROW AGREEMENT

20. Section 2.8(c) of the GEM APS provided for an adjustment on closing of the estimated amount, as agreed to between the parties, that may be repayable to or receivable from the MOH in regard to any overpayments/credits for the period prior to closing (the “MOH

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Closing Adjustment”). The MOH Closing Adjustment was intended to provide a credit on closing to Downsvew for the obligations Downsvew was assuming (if any) pursuant to condition iii) of the MOH Approval Letter.

21. After extensive discussions and negotiations, it became apparent that the parties could not agree on an amount for the MOH Closing Adjustment, primarily due to the uncertainty of the amounts that the MOH would seek to recover from the Purchaser relating to the pre-closing period, as the MOH had not yet finalized its annual reconciliations for 2007 through 2010 and the Long-Term Care Home Annual Report for 2011 had not yet been completed or submitted.
22. In order to address the MOH Closing Adjustment, the parties agreed to institute an escrow arrangement whereby a portion of the purchase price would be held in escrow to reimburse the Purchaser for recoveries taken by the MOH from subsequent funding of the Purchaser; the portion of the escrow fund not paid to the Purchaser would be paid to the Vendor.
23. In order to provide additional time to negotiate the terms of the escrow agreement, the parties entered into Amending Agreement No. 5 which extended the MOH Conditions Date to February 29, 2012 and the MOH Approval Date to March 30, 2012. Attached hereto as **Appendix “K”** is Amending Agreement No. 5.
24. During the course of its negotiations with the Purchaser, in early March 2012, the Receiver contacted the MOH and requested that the MOH provide the status of its reconciliations of funding in respect of the period from the Appointment Date to December 31, 2011.
25. On March 21, 2012, the MOH advised the parties of the status of reconciliations for the years 2006 through 2011 and estimated the total amount of pre-Closing MOH obligations for those years at \$665,649.
26. Notwithstanding the MOH’s estimate of the pre-closing MOH obligations, Downsvew maintained the escrow amount should be \$1.75 million. It was Downsvew’s position that the MOH’s correspondence did not definitively indicate that the reconciliations for 2006 through 2009 had been finalized and the MOH’s estimate was prepared without the benefit of any

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prior review of the actual reconciliations for 2010 and 2011. As a result, Downsview did not want to be in a position to have to pay the MOH for pre-closing amounts should the actual obligations increase as a result of the MOH subsequently attempting to recover further amounts for the 2006 through 2009 period and the MOH's subsequent completion of the reconciliations for 2010 and 2011.

27. Following further negotiations, the parties agreed to set the amount to be placed into escrow at \$1.75 million on the proviso that the escrow amount be reduced to \$1.1 million upon the receipt of correspondence from the MOH, either before or after closing, that clearly indicated that the reconciliations for 2006 through 2009 were final and that Downsview would not be assuming any obligations for those years.
28. Accordingly, the parties entered into Amending Agreement No. 6 with an effective date as of February 29, 2012 which, among other things:
 - i) amended the Closing Date to July 26, 2012;
 - ii) deleted the clauses in the GEM APS concerning the MOH Closing Adjustment and replaced the clauses with an agreement to place into escrow \$1.75 million of the Purchase Price payable on closing (the "**Escrow Fund**") to be held in respect of MOH obligations for the period January 24, 2006 to December 31, 2011 (the "**MOH Closing Adjustment Period**") and to be administered on the terms of an escrow agreement to be dated as of the Closing Date (the "**Escrow Agreement**"), with Gowlings acting as the Escrow Agent;
 - iii) provided for the amount of the Escrow Fund to be reduced to \$1.1 million upon receipt from the MOH of correspondence that confirmed that the reconciliations for the years up to and until December 31, 2009 are finalized or closed; and
 - iv) amended the MOH Conditions Date and the MOH Approval Date to June 20, 2012.

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A copy of each of Amending Agreement No. 6 and the Escrow Agreement are attached hereto as **Appendix "L"**.

29. By (a) letter dated July 10, 2012, the MOH issued a revised letter to Downsview approving the transfer of the licences but which modified condition iii) of the December 13, 2011 approval letter by setting the maximum liability to be assumed by Downsview for MOH obligations relating to the period beginning on January 1, 2011 to the Closing Date at \$1.0 million; and (b) e-mail correspondence dated July 10, 2012, the MOH confirmed that reconciliations for the years 2006 through 2010 were closed and no amounts remained owing to the MOH for those years. A copy of each of the July 10, 2012 letter and e-mail correspondence from the MOH is attached hereto as **Appendix "M"**.
30. Given the MOH's establishment of a maximum obligation of \$1.0 million to be assumed by Downsview on closing, the parties entered into Amending Agreement No. 7 which, among other things, revised the amount of the Escrow Fund to \$1.0 million and amended the MOH Closing Adjustment Period to be from January 1, 2010 to December 31, 2011. Corresponding amendments to the Escrow Agreement were also made. Attached hereto as **Appendix "N"** is a copy of Amending Agreement No. 7.

CLOSING OF THE SALE OF CASA VERDE

31. On June 22, 2012, pursuant to the terms of the MOH Approval Letter, the Receiver i) advised the MOH that the Closing Date of the transaction was July 26, 2012, and ii) subject to the closing of the transaction and the issuance of a new licence to Downsview, surrendered to the MOH Casa Verde's original Long-Term Care Home Licence.
32. After execution of Amending Agreement No. 7, which set the Closing Date to be no later than July 26, 2012, Downsview informed the Receiver that it wished to change the Closing Date to July 25, 2012, which change was acceptable to the Receiver. On July 16, 2012, the Receiver advised the MOH that the Closing Date had been changed to July 25, 2012.
33. On July 25, 2012, the sale of Casa Verde closed and the Receiver's Certificate was provided to the Purchaser.

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34. The Receiver and Diversicare continue to address matters relating to the receivership of Casa Verde, including ensuring that all required filings to the MOH and other government authorities are made on a timely basis.

SALE-RELATED MATTERS

SEIU

35. On July 12, 2012, Downsview advised the Receiver that it wished to speak with representatives of the Service Employees International Union Local 1.0N (the "SEIU") prior to the Closing Date.
36. On July 16, 2012, the Receiver advised the SEIU of the scheduled Closing Date of the transaction and of Downsview's desire to convene a meeting with the SEIU. While the Receiver had offered to participate in the meeting, Downsview advised that it did not see a need for the Receiver's participation.

Employees

37. In view of the pending closing of the GEM APS, on July 11, 2012, the Receiver directed Diversicare to advise Casa Verde's management team of the scheduled closing date.
38. On July 19, 2012, the Receiver attended meetings held with Casa Verde's employees at which the employees were advised of the upcoming closing of the transaction with Downsview. Employees were advised that pursuant to the Receiver's agreement with Downsview, upon the closing of the transaction, Paragon's union and non-union employees would become employees of Downsview and that all of the terms of their employment with the Receiver, including wage rates, vacation pay entitlements, sick credit entitlements, and seniority rights, would be recognized by Downsview.
39. By letter dated July 25, 2012, the Receiver advised non-union employees that as a result of the closing of the sale of Casa Verde, their employment by the Receiver had come to an end. The form of letter provided to non-union employees is attached hereto as **Appendix "O"**. Counsel for the Receiver sent formal notice to counsel for SEIU to advise SEIU of the closing of the transaction and that Downsview had become the successor employer of Casa

Verde's employees.

Suppliers

40. By letter dated July 25, 2012, the Receiver advised suppliers to Casa Verde that the assets of Casa Verde were sold to Downsview, that the Receiver would be paying for goods and services provided prior to July 25, 2012 in the normal course and that the Receiver would not be responsible for goods and services provided to Casa Verde after July 24, 2012. The form of letter provided to suppliers is attached hereto as **Appendix "P"**.

Closing Proceeds

41. The GEM APS provided for a Purchase Price of \$9.0 million. After the adjustments set out in the Statement of Adjustments, and after consideration of the \$1.0 million Escrow Fund, the Receiver received net proceeds of \$6,759,391.71 on closing.

Potential Future Proceeds

(a) *Escrow Fund*

42. On closing, \$1.0 million of the closing proceeds were delivered to Gowlings to be administered in accordance with the terms of the Escrow Agreement. Amending Agreement No. 6 provides for the release of amounts from the Escrow Fund as follows:
- i) to the Purchaser on receipt of a monthly Long-Term Care Home Payment Notice ("**MOH Monthly Payment Notice**") from the MOH that an amount relating to the period prior to closing will be recovered or withheld from any scheduled monthly payment to be made to Downsview; and
 - ii) to the Vendor on receipt by the Escrow Agent of correspondence issued by the MOH that confirms that the reconciliations for all periods in the MOH Closing Adjustment Period are finalized or closed and that no further amounts are owing.

43. As the MOH confirmed on July 10, 2012 that the reconciliation for the year 2010 had been finalized and no further amounts are owed, and the last day of the MOH Closing Adjustment Period is December 31, 2011, the \$1.0 million Escrow Fund is being held only in respect of the 2011 year. By e-mail correspondence dated March 21, 2012, the MOH estimated that the amount of its recoveries relating to 2011 will be \$52,756. However, the MOH's estimate was provided without it having reviewed and reconciled the Long-Term Care Home Annual Report for 2011, which is not due to be submitted to the MOH until September 2012.
44. Based on the Receiver's experience with Casa Verde, the MOH's review and reconciliation of Casa Verde's annual report may take up to three years to complete. As a result, the time frame for the final release of amounts from the Escrow Fund is unknown; however, the Escrow Agreement establishes July 25, 2016 as the outside date for the release of the balance of funds in the Escrow Fund. Therefore, while it could be up to four years before the Receiver could receive the balance remaining in the Escrow Fund, the potential further proceeds available to the Receiver, based on the MOH's estimate referred to earlier herein, could be up to \$947,000.

(b) High Intensity Needs Claims

45. Casa Verde made certain disbursements in the period of January 1, 2012 until the Closing Date for High Intensity Needs and Lab Costs ("**HIN Costs**") for which it can seek reimbursement from the MOH ("**HIN Claims**"). As of the Closing Date, Casa Verde had submitted \$80,157 of HIN Claims for a portion of 2012 for which it was awaiting reimbursement from the MOH. In addition, Casa Verde had incurred further HIN Costs up to the Closing Date for which HIN Claims had not been submitted to the MOH as of the Closing Date. The MOH's policy for reimbursement of these claims is to include a payment in future MOH Monthly Payment Notices, which amounts would be received by Downsview. Accordingly, the Receiver sought an adjustment on closing in its favour for outstanding HIN Claims.
46. Downsview did not agree to provide an adjustment on closing for outstanding HIN Claims since it was unclear if all of the claims would be approved and the amount of HIN Costs

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incurred prior to the Closing Date that had not been submitted to the MOH for reimbursement was not available prior to closing. Accordingly the parties executed an undertaking that Downsview, subject to certain set off rights in respect of post-closing adjustments, would reimburse the Receiver for any HIN Claims paid to Downsview in the twelve months after the Closing Date which related to the period prior to the Closing Date. Therefore, a further \$80,000 plus the amount of pre-closing HIN Claims to be submitted could be received by the Receiver within one year of the Closing Date, subject to Downsview's set off rights for post-closing adjustments.

(c) July 2012 Rent

47. The GEM APS provided for an adjustment on closing for usual and customary items which are subject of commercial real property and retirement and long term care facility transactions. As the Receiver had received \$413,292 of payments from residents in the period from July 1, 2012 to July 24, 2012, it intended to provide Downsview with an adjustment on closing of \$93,324 representing the rent payments for the seven days of July during which Downsview would be in possession of the facility; this amount would have been reconciled post-closing to determine if any of the payments received in July related to the period prior to July 1, 2012. July payments relating to pre-July 2012 payment amounts owed would have been reimbursable by Downsview to the Receiver.
48. Downsview did not agree with the Receiver's position and was of the view that it should receive an adjustment not just for amounts collected in respect of July rent but for all amounts billed for July rent (amounts billed in July totalled \$451,112 resulting in an adjustment on closing of \$101,864). In addition, to the extent Downsview received rent payments from residents relating to July 2012 in the six month period after closing, Downsview would remit to the Receiver the portion of the rent payment relating to the period July 1 to July 24.
49. While the Receiver did not agree with Downsview's position, in view of the amount in disagreement (\$8,540), the re-adjustment provision set out above, and the fact that this issue was the final outstanding item to be resolved prior to closing, the Receiver agreed to the

closing adjustment of \$101,864. The Receiver estimates that if all amounts for July rent are collected, it could receive up to a further \$8,540 from Downsview.

(d) Post-Closing Adjustments

50. The GEM APS provides for each party to provide an undertaking to readjust any item on or omitted from the statement of adjustments, except for the MOH Closing Adjustment and the adjustment for HIN Claims, for a period of six (6) months from Closing. Since the adjustment on closing relating to payroll was based on an estimate as of the Closing Date, the Receiver anticipates that post-closing adjustment(s) will be required for, at a minimum, payroll.
51. The adjustment period for the HIN claims is one year, and the Escrow Agreement in respect of the MOH Closing Adjustment expires on July 25, 2016.

INTERIM STATEMENTS OF RECEIPTS AND DISBURSEMENTS

52. Attached hereto as **Appendices "Q" and "R"** are the Receiver's Interim Statements of Receipts and Disbursements for the period January 24, 2006 to August 3, 2012 (the "**Interim R&Ds**") for each of Paragon and Paragon Ontario, respectively. Due to the inactivity in the Paragon Ontario account, on January 30, 2012, the account was closed and the balance therein was transferred to the Receiver's account relating to Paragon.
53. The Interim R&Ds indicate the Receiver is holding \$8,592,550 of cash, of which \$6,759,392 represents net proceeds from the sale of Casa Verde.
54. The Interim R&Ds reflect transactions through the Receiver's accounts and do not reflect the receipts and disbursements of the operating accounts managed by Diversicare for the Receiver. The Receiver has been funding the operating accounts on a monthly basis based on the cash requirements to operate the facility. As of July 31, 2012, the balance in the operating accounts administered by Diversicare was \$267,031.61.
55. Diversicare is in the process of assessing the amount of funds it will require to satisfy all of the operating costs incurred up until Closing which may require further funding from the

Receiver. Diversicare will maintain the operating accounts until it is satisfied that all operating expenditures have been paid.

PROPOSED DISTRIBUTION TO PEOPLES

56. The Receiver has approximately \$8,590,000 in its Paragon trust account.
57. With respect to the property, assets and undertaking of Paragon and the business of Casa Verde, Peoples holds the security described in Appendix "O" attached to the Fifth Report, which security includes a charge/mortgage of land made in favour of First National Financial Corporation by Paragon dated May 30, 1994 and registered as Instrument No. TB953231 as subsequently amended and assigned to Peoples and registered June 15, 2000 as Instrument No. TR061724 (the "**Casa Verde First Mortgage**"). The Receiver reported in paragraph 62 of the First Report that it had received an independent legal opinion from Lang Michener that Peoples' security over Paragon's assets was legal, valid and binding.
58. A copy of Peoples' Statement for Discharge Purposes effective July 31, 2012 with respect to the Casa Verde First Mortgage is attached hereto as **Appendix "S"**. As of July 31, 2012, the outstanding balance (principal and interest) under the Casa Verde First Mortgage is \$16,121,574.17. Peoples has informed the Receiver that it would like to receive a payment against the outstanding balance on the Casa Verde First Mortgage.
59. The Receiver has determined that \$7,900,000 would be an appropriate amount to distribute to Peoples as payment against the Casa Verde First Mortgage and is seeking this Court's approval to make that payment. After consideration of the amount of the proposed distribution, the Receiver should have sufficient cash to (i) address post-closing sale adjustments; (ii) address any operating cost obligations in excess of the funds being held in the Diversicare operating accounts; (iii) pay the fees of Diversicare; and (iv) fund professional fees incurred as part of the closing of the GEM APS and future fees to be incurred to complete the receiverships of Paragon and Paragon Ontario.

60. The Receiver is also seeking this Court's approval to make subsequent distributions to Peoples should the Receiver determine that it is in a position to distribute excess cash in its trust account.

STATUS OF THE SALE OF WEST PARK

61. Upon issuance of the West Park Sale Order, by letter dated December 2, 2011, the Receiver advised the MOH that it had entered into the West Park APS and of the Receiver's wish to sell West Park to CVH. The December 2, 2011 letter caused the MOH to commence its Licensing Approval Process.
62. The Receiver understands that CVH has provided the information and documentation requested by the MOH as part of the Licensing Transfer Process. As of the date of this Eighth Report, the MOH has not communicated its decision to CVH or the Receiver.
63. Given the delays in obtaining approval from the MOH, the Receiver has entered into a number of amending agreements to extend the time frames under the West Park APS for obtaining MOH approval for the transfer of the licence to CVH and the outside closing date. The most recent amending agreement executed between the parties extends the MOH Approval Date for the transaction to October 1, 2012 and the outside closing date to November 1, 2012.

RECEIVER'S REQUEST TO THE COURT

64. The Receiver is respectively seeking an order approving the following:
- i) the actions and activities of the Receiver from October 15, 2011 to August 3, 2012 with respect to its activities undertaken for Paragon and Paragon Ontario as outlined in this Eighth Report;
 - ii) the Interim R&Ds for the period January 24, 2006 to August 3, 2012;
 - iii) a distribution to Peoples in the amount of \$7,900,000 to be applied against the balance outstanding on the Casa Verde First Mortgage; and
 - iv) the Receiver making subsequent distributions to Peoples from excess cash on hand.

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All of which is respectfully submitted to this Honourable Court.

DATED this 21st day of August, 2012.

DELOITTE & TOUCHE INC.

**in its capacity as Interim Receiver and Receiver and Manager of
the assets, undertakings and properties of
Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.
and 1508669 Ontario 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

This is **Appendix “F”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited



Court File No. 06-CL-6233

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

JUSTICE MORAWETZ

)
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)

TUESDAY , THE 4TH DAY

OF SEPTEMBER, 2012

IN THE MATTER OF AN APPLICATION UNDER
SECTION 47 (1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*
R.S.C. 1985, C.B-3

AND IN THE MATTER of SECTION 101 of *THE
COURTS of JUSTICE ACT*, R.S.O. 1990, C.C-43

B E T W E E N :

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

Respondents

DISTRIBUTION ORDER

THIS MOTION made by Deloitte & Touche Inc. ("**Deloitte**"), appointed as interim receiver and receiver and manager (the "**Receiver**") pursuant to section 101 of the *Courts of Justice Act*, without security, of the property, assets and undertaking of Paragon Health Care Inc. ("**Paragon**"), Paragon Health Care (Ontario) Inc. ("**Paragon Ontario**") and 1508669 Ontario Limited ("**1508669**") pursuant to the terms of the Order of the Honourable Mr. Justice Cumming dated January 23, 2006 and effective 9:00 a.m.

on January 24, 2006 (the "**Initial Order**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Eighth Report of the Receiver dated August 21, 2012 (the "**Eighth Report**"), filed, and upon hearing the submissions of counsel for the Receiver, no other parties attending, although duly served as appears from the Affidavit of Service of Alma Cano, sworn August 28, 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 Eighth Report is hereby accepted and approved.
3. **THIS COURT ORDERS** that the conduct of the Receiver and its agents to date, as detailed in the Eighth Report, be and the same is hereby approved.
4. **THIS COURT ORDERS** that the Receiver's Interim Statements of Receipts and Disbursements for the period January 24, 2006 to August 3, 2012 in respect of Paragon, and Paragon Ontario as respectively set out in **Appendices "Q" and "R"** to the Eighth Report, filed, are hereby approved.
5. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute the sum of \$7,900,000.00 to Peoples Trust Company, as partial payment on account of its secured claims against Paragon.

FILED AT / F-2 / 330 UNIVERSITY AVENUE
 SEP 4 2012
 LE / DANS LE REGISTRE NO. 1

SEP 4 - 2012

MB



<p>PEOPLES TRUST COMPANY</p>	<p>- and -</p>	<p>Court File No.: 06-CL-6233</p> <p>PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED</p>
<div data-bbox="332 94 1518 892"> <div> <div> ONTARIO </div> <div> SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) </div> <div> (PROCEEDING COMMENCED AT TORONTO) </div> </div> <div> DISTRIBUTION ORDER </div> <div> <p>Gowling Lafleur Henderson LLP Barristers and Solicitors 1 First Canadian Place 100 King Street West, Suite 1600 Toronto, Ontario M5X 1G5</p> <p>Clifton P. Prophet / Frank Lamie LSUC No.: 34845K / 54035S</p> <p>Telephone: (416) 862-7525 Facsimile: (416) 862-7661</p> <p>Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited</p> </div> </div>		

This is **Appendix “G”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited

AMENDING AGREEMENT NO. 9

THIS AMENDING AGREEMENT is dated as of February 29, 2012

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 1508669 Ontario Limited and not in its personal capacity

(the "Vendor")

- and -

CVH (NO. 1) LP by its general partner **CVH GP INC.**, a corporation existing under the laws of Ontario

(the "Purchaser")

- and -

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

CONTEXT:

A. The parties have made an Agreement of Purchase and Sale of the Assets dated April 1, 2011 as amended by agreements dated May 24, 2011, July 15, 2011, August 12, 2011, August 19, 2011, August 31, 2011, September 2, 2011, November 7, 2011 and November 17, 2011 ("Purchase Agreement").

B. By Assignment dated November 14th, 2011 and in accordance with section 6.12 of the Purchase Agreement, SAC 4 Inc. assigned all its right, title and interest in the Purchase Agreement to CVH (No. 1) LP by its general partner CVH GP Inc.

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

D. 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 4.3(c) of the Purchase Agreement is amended by deleting "February 29, 2012", and replacing it with "May 31, 2012".
2. Section 1.1 definition of "Closing Date" is amended by deleting "April 15, 2012" in the last line and replacing it with "July 15, 2012".



3. Except as specifically amended herein, the Purchase Agreement continues in full force and effect.
4. 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 1508669 Ontario Limited and not in its personal capacity

Per 

Name: DANIEL WEISS

Title: SENIOR VICE PRESIDENT

CVH (NO. 1) LP
by its general partner
CVH GP INC.

Per 

Name: MIKE PETERSEN

Title: President

SAC 4 INC.

Per 

Name: Robert Yoanidis

Title: Vice-President

AMENDING AGREEMENT NO. 10

THIS AMENDING AGREEMENT is dated as of April 25, 2012

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 1508669 Ontario Limited and not in its personal capacity

(the "Vendor")

- and -

CVH (NO. 1) LP by its general partner **CVH GP INC.**, a corporation existing under the laws of Ontario

(the "Purchaser")

- and -

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

CONTEXT:

A. The parties have made an Agreement of Purchase and Sale of the Assets dated April 1, 2011 as amended by agreements dated May 24, 2011, July 15, 2011, August 12, 2011, August 19, 2011, August 31, 2011, September 2, 2011, November 7, 2011, November 17, 2011 and February 29, 2012 ("Purchase Agreement").

B. By Assignment dated November 14th, 2011 and in accordance with section 6.12 of the Purchase Agreement, SAC 4 Inc. assigned all its right, title and interest in the Purchase Agreement to CVH (No. 1) LP by its general partner CVH GP Inc.

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

D. 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 4.3(c) of the Purchase Agreement is amended by deleting "May 31, 2012", and replacing it with "July 31, 2012".
2. Section 1.1 definition of "Closing Date" is amended by deleting "July 15, 2012" in the last line and replacing it with "September 15, 2012".

3. Except as specifically amended herein, the Purchase Agreement continues in full force and effect.
4. 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 1508669 Ontario Limited and not in its personal capacity

Per 

Name: Daniel Weiss

Title: Senior Vice President

CVH (NO. 1) LP
by its general partner
CVH GP INC.

Per 

Name: Michael Petersen

Title: President

SAC 4 INC.

Per 

Name: Robert Yoanidis

Title: Vice-President

AMENDING AGREEMENT NO. 11

THIS AMENDING AGREEMENT is dated as of July 25, 2012

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 1508669 Ontario Limited and not in its personal capacity

(the "**Vendor**")

- and -

CVH (NO. 1) LP by its general partner **CVH GP INC.**, a corporation existing under the laws of Ontario

(the "**Purchaser**")

- and -

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

CONTEXT:

A. The parties have made an Agreement of Purchase and Sale of the Assets dated April 1, 2011 as amended by agreements dated May 24, 2011, July 15, 2011, August 12, 2011, August 19, 2011, August 31, 2011, September 2, 2011, November 7, 2011, November 17, 2011, February 29, 2012 and April 25, 2012 ("**Purchase Agreement**").

B. By Assignment dated November 14th, 2011 and in accordance with section 6.12 of the Purchase Agreement, all right, title and interest in the Purchase Agreement was assigned to CVH (No. 1) LP by its general partner CVH GP Inc.

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

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

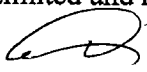
FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. Section 4.3(c) of the Purchase Agreement is amended by deleting "July 31, 2012", and replacing it with "October 1, 2012".
2. Section 1.1 definition of "Closing Date" is amended by deleting "September 15, 2012" in the last line and replacing it with "November 1, 2012".

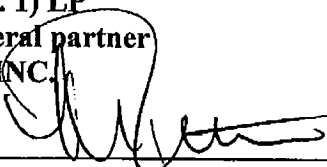
3. Except as specifically amended herein, the Purchase Agreement continues in full force and effect.
4. This Agreement may be executed by the parties in counterparts and delivered by way of pdf email transmission or facsimile, with such counterparts together and such delivery being deemed originals.

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

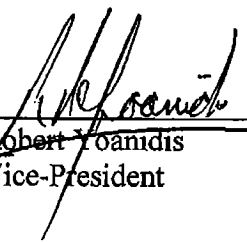
DELOITTE & TOUCHE INC., solely in its capacity as court-appointed interim receiver and receiver and manager of the current and future assets, undertakings and properties of 1508669 Ontario Limited and not in its personal capacity

Per 
 Name: DANIEL WEISS
 Title: SENIOR VICE PRESIDENT

CVH (NO. 1) LP
 by its general partner
CVH GP INC.

Per 
 Name: Michael Petersen
 Title: President

SAC 4 INC.

Per 
 Name: Robert Yoanidis
 Title: Vice-President

AMENDING AGREEMENT NO. 12

THIS AMENDING AGREEMENT is dated as of October 1, 2012

B E T W E E N :

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 1508669 Ontario Limited and not in its personal capacity

(the "**Vendor**")

- and -

CVH (NO. 1) LP by its general partner **CVH GP INC.**, a corporation existing under the laws of Ontario

(the "**Purchaser**")

- and -

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

CONTEXT:

A. The parties have made an Agreement of Purchase and Sale of the Assets dated April 1, 2011 as amended by agreements dated May 24, 2011, July 15, 2011, August 12, 2011, August 19, 2011, August 31, 2011, September 2, 2011, November 7, 2011, November 17, 2011, February 29, 2012, April 25, 2012 and July 25, 2012 ("**Purchase Agreement**").

B. By Assignment dated November 14th, 2011 and in accordance with section 6.12 of the Purchase Agreement, all right, title and interest in the Purchase Agreement was assigned to CVH (No. 1) LP by its general partner CVH GP Inc.

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

D. 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:

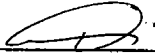
1. Section 4.3(c) of the Purchase Agreement is amended by deleting "October 1, 2012", and replacing it with "October 26, 2012".
2. Section 1.1 definition of "Closing Date" is amended by deleting "November 1, 2012" in the last line and replacing it with "November 30, 2012".



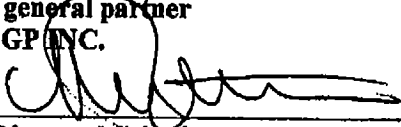
3. Except as specifically amended herein, the Purchase Agreement continues in full force and effect.
4. This Agreement may be executed by the parties in counterparts and delivered by way of pdf email transmission or facsimile, with such counterparts together and such delivery being deemed originals.

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

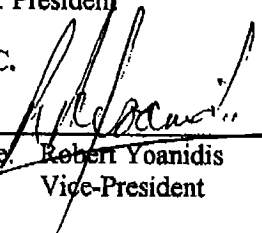
DELOITTE & TOUCHE INC., solely in its capacity as court-appointed interim receiver and receiver and manager of the current and future assets, undertakings and properties of 1508669 Ontario Limited and not in its personal capacity

Per 
 Name: DANIEL WEISS
 Title: SENIOR VICE PRESIDENT

CVH (NO. 1) LP
 by its general partner
CVH GP INC.

Per 
 Name: Michael Petersen
 Title: President

SAC 4 INC.

Per 
 Name: Robert Yoanidis
 Title: Vice-President

AMENDING AGREEMENT NO. 13

THIS AMENDING AGREEMENT is dated as of October 26, 2012

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 1508669 Ontario Limited and not in its personal capacity

(the "**Vendor**")

- and -

CVH (NO. 1) LP by its general partner **CVH GP INC.**, a corporation existing under the laws of Ontario

(the "**Purchaser**")

- and -

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

CONTEXT:

A. The parties have made an Agreement of Purchase and Sale of the Assets dated April 1, 2011 as amended by agreements dated May 24, 2011, July 15, 2011, August 12, 2011, August 19, 2011, August 31, 2011, September 2, 2011, November 7, 2011, November 17, 2011, February 29, 2012, April 25, 2012, July 25, 2012 and October 1, 2012 ("**Purchase Agreement**").

B. By Assignment dated November 14th, 2011 and in accordance with section 6.12 of the Purchase Agreement, all right, title and interest in the Purchase Agreement was assigned to CVH (No. 1) LP by its general partner CVH GP Inc.

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

D. 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 4.3(c) of the Purchase Agreement is amended by deleting "October 26, 2012", and replacing it with "November 9, 2012".
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.

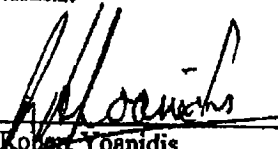
DELOITTE & TOUCHE INC., solely in its capacity as court-appointed interim receiver and receiver and manager of the current and future assets, undertakings and properties of 1508669 Ontario Limited and not in its personal capacity

Per 
 Name: DANIEL WEISS
 Title: SENIOR VICE PRESIDENT

CVH (NO. 1) LP
 by its general partner
CVH GP INC.

Per 
 Name: Michael Petersen
 Title: President

SAC 4 INC.

Per 
 Name: Robert Yoanidis
 Title: Vice-President

This is **Appendix “H”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited

AMENDING AGREEMENT NO. 14

THIS AMENDING AGREEMENT with an effective date as of November 13, 2012,

B E T W E E N :

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 1508669 Ontario Limited and not in its personal capacity

(the “**Vendor**”)

- and -

CVH (NO. 1) LP

(the “**Purchaser**”)

- and -

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

CONTEXT:

A. The parties have made an Agreement of Purchase and Sale of the Assets dated April 1, 2011 as amended by agreements dated May 24, 2011, July 15, 2011, August 12, 2011, August 19, 2011, August 31, 2011, September 2, 2011, November 7, 2011, November 17, 2011, February 29, 2012, April 25, 2012, July 25, 2012, October 1, 2012 and October 26, 2012 (“**Purchase Agreement**”).

B. By Assignment dated November 14th, 2011 and in accordance with section 6.12 of the Purchase Agreement, all right, title and interest in the Purchase Agreement was assigned to CVH (No. 1) LP by its general partner CVH GP Inc.

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

D. 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 2.8(c)** is amended by deleting the section in full and substituting therefor

A. “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

Ministry of Health and Long-Term Care and/or the Local Health Integration Network (together for purposes of this section 2.8(c) as amended the “**MOH**”) in regard to any overpayments/credits for the period up to September 30, 2012 on or 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 as of September 30, 2012 or in favour of the Vendor if the Vendor is in a net receivable position with the MOH as of September 30, 2012 (the “**Preliminary MOH Closing Adjustment**”).

- B. Within thirty (30) days of the Closing (i) 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 from October 1, 2012 to the Closing Date, and (ii) the Purchase Price shall be further adjusted, pursuant to an undertaking to readjust, by that amount in favour of the Purchaser if the Vendor is in a net payable position with the MOH for the period between October 1, 2012 and the Closing Date or in favour of the Vendor if the Vendor is in a net receivable position with the MOH for the period between October 1, 2012 and the Closing Date (such further adjustment together with the Preliminary MOH Closing Adjustment is hereinafter called the “**MOH Closing Adjustment**”). The Vendor and Purchaser each agree to pay to the other any amounts owing by them in respect of the MOH Closing Adjustment within three (3) Business Days of the determination of the MOH Closing Adjustment.
- C. The Vendor and the Purchaser have agreed that \$100,000 of the Purchase Price payable by the Purchaser to the Vendor upon the closing of the transaction contemplated by the Purchase Agreement (the “**Escrow Fund**”) is to be held in escrow to cover amounts that may be repayable to the MOH (including amounts that pertain to high intensity needs receivables, lab cost receivables, recoveries of bad debts and in regard to any overpayments) (the “**MOH Final Adjustments**”) for the period January 1, 2011 to the Closing Date (the “**MOH Final Adjustment Period**”). On Closing, the Escrow Fund shall be deposited with Gowling Lafleur Henderson LLP (the “**Escrow Agent**”) to be held and administered on the terms of an escrow agreement (the “**Escrow Agreement**”) substantially in the form attached as Appendix A to this Amending Agreement No. 14. For greater certainty, other than the MOH Closing Adjustment and the MOH Final Adjustments payable to the Purchaser or the Vendor pursuant to this Amending Agreement No. 14, there shall be no further adjustment in the amount of the MOH Closing Adjustment after Closing and no adjustment for any MOH recoveries attributable to the period after the Closing Date.
- D. The Vendor shall be responsible to maintain and keep the Books and Records until the Closing Date. The Vendor and the Purchaser shall cooperate to complete, approve and submit all filings to the MOH for the period from January 1, 2012 to December 31, 2012 in regard to any amounts that may be repayable to or receivable from the MOH. For greater certainty, the Purchaser shall be primarily responsible for preparation of that portion of the filings from the

Closing Date to December 31, 2012 and the Vendor shall be primarily responsible for preparation of that portion of the filings from January 1, 2012 to the Closing Date. The Purchaser shall be solely responsible for all filings beginning January 1, 2013. Each of the Vendor and the Purchaser agree that they shall provide to each other their complete draft filings on or before March 31, 2013. If a party fails to provide its complete draft filing to the other party within the required time frame the non-defaulting party may complete the portion required and file the return with the MOH and the defaulting party shall pay all reasonable costs incurred by the non-defaulting party in connection with the preparation and filing of the return within ten (10) Business Days of it receiving an invoice for such preparation costs from the non-defaulting party.

- E. The Vendor and Purchaser agree to provide a joint written instruction to the Escrow Agent to release funds from Escrow as follows:
- (i) on receipt of a monthly Long-Term Care Home Payment Calculation Notice, quarterly lab cost reimbursement notice or quarterly high intensity need reimbursement notice (“**MOH Payment Notices**”) from the MOH relating to the MOH Final Adjustment Period indicating that any amount(s) (including amounts that pertain to high intensity needs receivables, lab cost receivables, recoveries of bad debts and in regard to any overpayments) will be recovered or withheld from any scheduled monthly payment to the Purchaser or will not be properly reimbursed to the Purchaser, the Purchaser shall provide a copy thereof to the Vendor and the Escrow Agent. To the extent that such item has not otherwise been fully adjusted for between the Purchaser and Vendor in the MOH Closing Adjustment, the Escrow Agent shall be directed to release an amount equal to (A) the full amount to be recovered or withheld or not properly reimbursed by the MOH as indicated in the MOH Payment Notice if no adjustment was made in the MOH Closing Adjustment in respect of such amount, or (B) the difference between the amount to be recovered or withheld or not properly reimbursed by the MOH as indicated in the MOH Payment Notice and the amount that was adjusted for in the MOH Closing Adjustment if a partial adjustment was made in the MOH Closing Adjustment in respect of such amount, to the Purchaser within three (3) Business Days of the Escrow Agent’s receipt of the joint written instruction; and
 - (ii) on receipt of correspondence from the MOH that confirms that the reconciliations for all periods in the MOH Final Adjustment Period are finalized or closed and that no further amounts are owing for regular payments, high intensity needs or lab costs (with the parties agreeing that such correspondence may include other phrases or terminology with similar meaning which will be sufficient for the purposes of this section, provided that such other phrases or terminology are satisfactory to both parties hereto, each acting reasonably), provided that no disputes of an MOH Payment Notice are ongoing pursuant to Section 2.8(c)(E) hereof,

the Escrow Agent shall be directed to release the balance of the Escrow Fund, if any, to the Vendor less any amounts not yet paid by the Escrow Agent to the Purchaser in respect of MOH Payment Notices received prior to such date.

- F. On receipt of a MOH Payment Notice that indicates that any amount(s) will be credited to the Purchaser on account of a matter relating to the MOH Final Adjustment Period which has not otherwise been fully adjusted for between the Purchaser and Vendor in the MOH Closing Adjustment, the Purchaser shall promptly provide a copy thereof to the Vendor and within 3 Business Days, following issuance of the credit by the MOH, issue a cheque to the Vendor in an amount equal to (A) the full amount credited to the Purchaser by the MOH as indicated in the MOH Payment Notice if no adjustment was made in the MOH Closing Adjustment in respect of such amount, or (B) the difference between the amount to be credited to the Purchaser in the MOH Payment Notice and the amount that was previously adjusted for in the MOH Closing Adjustment if a partial adjustment was made in the MOH Closing Adjustment in respect of such amount. The Purchaser's obligation to remit additional credits it receives to the Vendor will terminate on the release of all of the Escrow Funds by the Escrow Agent except for any credits owing but not yet paid by the Purchaser to the Vendor pursuant to MOH Payment Notices received by the Purchaser prior to such date.
- G. The release of funds from the Escrow Fund upon receipt of the MOH Payment Notices in accordance with the provisions above will occur notwithstanding that the amount to be recovered or otherwise adjusted by the MOH may be subject to further adjustment, consideration, appeal or dispute. Any dispute of a MOH Payment Notice must be made within the time frame provided for in the MOH Payment Notice, or if no such period is identified in the MOH Payment Notice, then within the time period permitted by the MOH to file a dispute.
- H. The Purchaser agrees:
 - (i) to provide to the Vendor, within 3 Business Days after receipt from the MOH, copies of all MOH Payment Notices, information requests, and any other letters, disallowances or other notices and/or communications from the MOH regarding recoveries, credits or other adjustments relating to the MOH Final Adjustment Period;
 - (ii) to provide to the Vendor on Closing a letter addressed to the MOH substantially in the form attached hereto as Schedule "2.8(c)" authorizing (A) the MOH to release to the Vendor all information including, without limitation, all MOH Payment Notices, information requests, and any other letters, disallowances or other notices and/or communications, relating to the MOH Final Adjustment Period, and (B) the Vendor to respond directly to the MOH in connection with all MOH Monthly Payment Notices, information requests, letters, disallowances or other notices and/or communications relating to the MOH Final Adjustment Period, in each

case provided that all correspondence and documentation provided to or delivered by the Vendor in accordance with such letter is copied to the Purchaser; and

- (iii) to provide to the Vendor and Diversicare access to the books and records received from the Vendor in connection with the Closing for purposes of (A) preparing all filings to the MOH for January 1, 2012 to the Closing Date; and (B) to review or dispute any MOH Payment Notice relating to the MOH Final Adjustment Period.

- 2. **Section 2.8(g)** is amended by deleting part (i) and substituting therefor

“Should there be any dispute concerning the calculation of the Employee Liabilities Adjustment and/or the Owned Real Property adjustments that remain unresolved at Closing, 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 and/or the Owned Real Property adjustments within thirty (30) days of Closing 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 Employee Liabilities Adjustment and/or the Owned Real Property adjustments as of the Closing Date. The parties agree that such resolution and determination shall be final and binding on the Vendor and the Purchaser.”

- 3. By executing this Agreement, the Purchaser hereby acknowledges and agrees that Section 4.1(c) of the Purchase Agreement has been satisfied.
- 4. Except as specifically amended herein, the Purchase Agreement continues in full force and effect.
- 5. This Agreement may be executed by the parties in counterparts, with the executed counterparts delivered by each party together constituting this Amending Agreement.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

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 1508669 Ontario Limited and not in its personal capacity

Per 

Name: Daniel Weisz

Title: Senior Vice President

CVH (NO. 1) LP by its managing general partner **CVH GP INC.** **SAC 4 INC.**

Per _____

Name: Michael Petersen

Title: President

Per _____

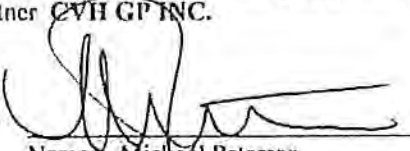
Name: Robert Yoanidis


Title: Vice-President

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 1508669 Ontario Limited and not in its personal capacity

Per _____
 Name: Daniel Weisz
 Title: Senior Vice President

CVH (NO. 1) LP by its managing general partner **CVH GP INC.** **SAC 4 INC.**

Per 
 Name: Michael Petersen
 Title: President

Per 
 Name: Robert Yonidis
 Title: Vice-President

AMENDING AGREEMENT #14 (WEST PARK)

APPENDIX A
ESCROW AGREEMENT



ESCROW AGREEMENT

BETWEEN

CVH (NO. 1) LP

– and –

**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 1508669 ONTARIO LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

– and –

GOWLING LAFLEUR HENDERSON LLP,
a Limited Liability Partnership with an office at
1 First Canadian Place, 100 King Street West, Suite 1600,
Toronto, Ontario M5X 1G5, Canada

ESCROW AGREEMENT

THIS AGREEMENT dated as of the Closing Date (as defined in the Purchase Agreement as defined below),

B E T W E E N

CVH (NO. 1) LP

(the “**Purchaser**”)

- and -

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 1508669 Ontario Limited and not in its personal capacity

(the “**Vendor**”)

(and the Purchaser and Vendor together the “**Parties**”)

- and -

GOWLING LAFLEUR HENDERSON LLP, a Limited Liability Partnership with an office at 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5, Canada

(the “**Escrow Agent**”).

CONTEXT:

- A. By an agreement of purchase and sale dated April 1, 2011, made between the Vendor and SAC 4 Inc., as amended (the “**Purchase Agreement**”), the Vendor agreed to sell and SAC 4 Inc. agreed to purchase the Purchased Assets. The Purchase Agreement was subsequently assigned to the Purchaser.
- B. It is a condition of the Closing that an escrow fund be established to hold the Escrow Fund to provide for payment of the MOH Closing Adjustment as required under Amending Agreement No. 14 to the Purchase Agreement.
- C. The Escrow Agent has agreed to facilitate the purchase and sale of the Purchased Assets pursuant to the provisions of this Agreement.

THEREFORE, the Parties and the Escrow Agent agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Capitalized Terms

Capitalized terms used in this Agreement and not otherwise defined have the meanings given to them in the Purchase Agreement.

1.2 Defined Terms

In this Agreement the following terms have the following meanings:

- 1.2.1 **“Agreement”** means this agreement, as it may be supplemented or amended by written agreement between the Parties and the Escrow Agent.
- 1.2.2 **“Claim”** means any claim, demand, action, cause of action, suit, arbitration, investigation, proceeding, complaint, grievance, charge, prosecution, assessment or reassessment (including any appeal or application for review) and includes the Escrow Agent’s costs and/or expenses of defending itself against any claim of liability or in any action for interpleader and any costs and/or expenses if it is required to attend or provide evidence in a dispute between the Parties in relation to this Agreement.
- 1.2.3 **“Document”** is defined in Section 7.3.
- 1.2.4 **“Escrow Fund”** is defined in Section 3.1.
- 1.2.5 **“Final Release Date”** is defined in Section 6.1.
- 1.2.6 **“Joint Instructions”** means written instructions given by all the Parties to the Escrow Agent from time to time providing for the investment, reinvestment, liquidation or payment of all or any part of the Escrow Fund.
- 1.2.7 **“Purchase Agreement”** is defined in the recitals.
- 1.2.8 **“Term”** is defined in Section 3.3.

1.3 Certain Rules of Interpretation

- 1.3.1 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”.
- 1.3.2 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.

- 1.3.3 References in this Agreement to an Article or Section are to be construed as references to an Article or Section of this Agreement unless the context requires otherwise.

1.4 Governing Law

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 that Province.

1.5 Entire Agreement

This Agreement constitutes the entire agreement between the Parties and the Escrow Agent pertaining to the administration and disposition of the Escrow Fund by the Escrow Agent, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and the Escrow Agent. There are no representations, warranties, or conditions (including any that may be implied by statute) and there are no other agreements between the Parties and the Escrow Agent in connection with the administration and disposition of the Escrow Fund except as specifically set out in this Agreement. None of the Parties or the Escrow Agent has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or in contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term of this Agreement.

ARTICLE 2 DISCLOSURE, APPOINTMENT AND ACCEPTANCE

2.1 Appointment and Acceptance

The Parties appoint the Escrow Agent to act, and the Escrow Agent accepts the appointment and will act, as escrow agent in accordance with this Agreement.

2.2 Disclosure and Right to Act

The Purchaser acknowledges that the Escrow Agent acts as solicitors for the Vendor in all matters arising under or related to the Purchase Agreement except with respect to fulfilling its obligations under this Agreement. The Purchaser acknowledges that no solicitor-client relationship arises between the Escrow Agent and the Purchaser as a result of the Escrow Agent acting as escrow agent in accordance with this Agreement.

ARTICLE 3

ESTABLISHMENT OF ESCROW

3.1 Escrow Fund

At the time of Closing, the Vendor will deposit into escrow with the Escrow Agent by a wire transfer of immediately available funds, a certified cheque or a bank draft the sum of \$100,000 which amount, as increased by any earnings or decreased by any disbursements or losses on investments, will be referred to in this Agreement as the “**Escrow Fund**”. The Escrow Fund will be held by the Escrow Agent as a trust fund, to be applied in accordance with Section 2.8(c) of the Purchase Agreement, as amended.

3.2 Receipt

The Escrow Agent:

- 3.2.1 will acknowledge in writing receipt of the Escrow Fund immediately upon receipt of same and confirm that the Escrow Fund will be held in accordance with this Agreement; and
- 3.2.2 confirms that it has no ownership interest in the Escrow Fund, but is serving as escrow holder only, and has possession of the Escrow Fund only in accordance with this Agreement.

3.3 Term

The term of this Agreement (the “**Term**”) will begin at the time the Escrow Agent acknowledges in writing receipt of the Escrow Fund, and will end on the earlier of:

- 3.3.1 the effective date of the Escrow Agent’s resignation, as provided in Section 7.4;
- 3.3.2 the effective date of the Escrow Agent’s removal, as provided in Section 7.5; and
- 3.3.3 the termination of the escrow, as provided in Section 6.1.

ARTICLE 4

INVESTMENT OF ESCROW FUND

4.1 Direction to Invest

Except as expressly provided in this Agreement, and subject to any Joint Instructions, the Escrow Agent is directed to invest the Escrow Fund, including any interest or other proceeds earned, in an interest bearing deposit account or interest bearing instruments with a Canadian chartered bank listed in Schedule 1 to the *Bank Act* (Canada).

4.2 Authorization to Disclose

Either Party may, at any time, request full particulars of the investments provided for in Section 4.1, and upon receipt of any such request, the Escrow Agent will disclose those particulars in writing to both Parties.

4.3 Liquidation of Investments

The Escrow Agent is authorized, at any time during the Term, to liquidate any portion of the Escrow Fund consisting of investments in accordance with its customary procedures, to provide funds for any payments required to be made under this Agreement.

4.4 Restricted Access to Funds

The Parties acknowledge and understand that all or any portion of the Escrow Fund invested in interest bearing instruments (including the instruments described in Section 4.1) and, if available before maturity, may be available only on terms which require payment of break fees, make whole premiums, or similar charges to the issuers of such instruments.

ARTICLE 5 RELEASE OF ESCROW FUND

5.1 Release of Escrow Fund

At any time during the Term, the Escrow Agent may receive Joint Instructions with regard to the application of the Escrow Fund under Section 2.8(c) of the Purchase Agreement specifying payment due to the Purchaser and/or the Vendor, as the case may be, and the Escrow Agent will, within 3 Business Days of receiving the Joint Instructions pay to the Purchaser and/or the Vendor, as the case may be, the dollar amount set out in such Joint Instructions.

ARTICLE 6 TERMINATION OF ESCROW

6.1 Termination of Escrow

If the Term has not already ended by virtue of the Escrow Agent's resignation or removal, the escrow established by this Agreement will terminate on the earlier to occur of (the "**Final Release Date**"):

- 6.1.1 there being no further funds in the Escrow Fund; and
- 6.1.2 June 30, 2015, at which time any balance in the Escrow Fund will be paid to the Vendor in accordance with Section 2.8(c) of the Purchase Agreement.

ARTICLE 7
DUTIES AND RIGHTS OF THE ESCROW AGENT

7.1 Duties of the Escrow Agent

7.1.1 Specific Duties. The Escrow Agent will:

- 7.1.1.1 hold, safeguard, invest, reinvest and pay the Escrow Fund in accordance with this Agreement;
- 7.1.1.2 deduct, at the time any payment of income is made from the Escrow Fund, all amounts from the payment which the Escrow Agent is required to deduct pursuant to applicable withholding tax laws; and
- 7.1.1.3 remit all amounts withheld under Section 7.1.1.2 to the appropriate governmental authority.

7.1.2 No Implied Duties. Except as expressly provided in this Agreement, the Escrow Agent will have no other duties or responsibilities under this Agreement and no implied duties or obligations will be read into this Agreement against the Escrow Agent.

7.1.3 No Duty—Instances. Without limiting the generality of Section 7.1.2, the Escrow Agent will have no duty to:

- 7.1.3.1 give the Escrow Fund any greater degree of care than required under the applicable by-laws and rules of professional conduct established by the Law Society of Upper Canada;
- 7.1.3.2 invest all or any part of the Escrow Fund except as directed in this Agreement;
- 7.1.3.3 enforce any obligation of any Person, except as expressly provided in this Agreement;
- 7.1.3.4 make any representation as to the validity, value, genuineness or collectability of any Document held by or delivered to it; or
- 7.1.3.5 advise any Party as to the wisdom in selling or retaining, or taking or refraining from taking any action, with respect to any property in the Escrow Fund.

7.2 Liability of the Escrow Agent

The Escrow Agent will not be liable for any action taken or not taken by it with respect to any matter relating to this Agreement, except for its own wilful misconduct or gross negligence.

7.3 Rights of the Escrow Agent

The Escrow Agent will be entitled to:

- 7.3.1 rely upon any Joint Instructions, any judgment, court order or other judicial process, certification, demand, notice, deed, agreement, instrument, security or other writing (each being a “**Document**”) delivered to it under this Agreement without being required to determine the:
 - 7.3.1.1 authenticity of any Document (whether the Document purports to be an original or a copy);
 - 7.3.1.2 due authorization, execution or delivery of any Document;
 - 7.3.1.3 correctness of any fact stated in any Document; or
 - 7.3.1.4 propriety or validity of the service of any Document;
- 7.3.2 rely upon any signature believed by the Escrow Agent to be genuine;
- 7.3.3 assume that the Person purporting to give any receipt or advice or make any statement or execute any Document in connection with the provisions of this Agreement has been duly authorized to do so;
- 7.3.4 assume that the undersigned representative of any Party which is an entity other than a natural person has full power and authority to instruct the Escrow Agent on behalf of that Party unless written notice to the contrary is delivered to the Escrow Agent;
- 7.3.5 in its capacity as a trustee for the benefit of the Parties, seek advice and directions from a court having jurisdiction;
- 7.3.6 commence or defend any action or proceeding for the determination of any Claims, including a suit or action in interpleader;
- 7.3.7 retain at the Parties’ sole expense, and act on the opinion, advice or information obtained from, any independent lawyer or other expert, whether retained by the Escrow Agent or any Party, but will not be bound to act upon such opinion, advice or information and, except as expressly provided in this Agreement, will not be held responsible for any losses occasioned by so retaining or not retaining any such independent lawyer or other expert or for so acting or not so acting, as the case may be; and
- 7.3.8 employ any assistance as the Escrow Agent may, in its sole discretion, determine to be necessary or advisable to properly discharge its duties under this Agreement and pay, for the account of the Parties, the fees, disbursements and other costs required for such assistance, including legal or other services provided for in Section 7.3.7.

7.4 Resignation of Escrow Agent

The Escrow Agent may resign at any time upon 5 Business Days' prior written notice, and:

- 7.4.1 if the Escrow Agent has received Joint Instructions within the 5 Business Day period to deliver the Escrow Fund to a named successor escrow agent, the Escrow Agent's resignation will take effect on the date of delivery of the Escrow Fund to the successor escrow agent; or
- 7.4.2 if the Escrow Agent has not received the Joint Instructions described above within the 5 Business Day period, the Escrow Agent's sole responsibilities after the expiry of that period will be to hold and safeguard (and not to invest or reinvest) the Escrow Fund until the Joint Instructions are received pursuant to Section 7.4.1 above.

7.5 Removal of the Escrow Agent

The Parties may remove the Escrow Agent at any time by Joint Instructions, and:

- 7.5.1 if those Joint Instructions name a successor escrow agent, the Escrow Agent's removal will take effect on the date of delivery of the Escrow Fund to the successor escrow agent;
- 7.5.2 if those Joint Instructions do not name a successor escrow agent the Escrow Agent's sole responsibilities will be to hold and safeguard (and not to invest or reinvest) the Escrow Fund until the Joint Instructions are received pursuant to Section 7.5.1 above.

7.6 Discharge from Duties

At the time the Escrow Agent's resignation or removal, as the case may be, takes effect, the Escrow Agent will be discharged of and from any and all further duties and obligations arising in connection with this Agreement.

7.7 Disagreement

If any disagreement between the Parties results in adverse claims or demands made in relation to the Escrow Fund or if the Escrow Agent is in doubt as to what action it should take under this Agreement, the Escrow Agent:

- 7.7.1 will be entitled to retain the Escrow Fund until the Escrow Agent has received Joint Instructions directing payment of the Escrow Fund and the Escrow Agent will rely and act on the Joint Instructions without further question by paying the Escrow Fund as directed; and
- 7.7.2 will be entitled to continue to act as legal counsel to the Vendor and Peoples Trust Company in connection with any matter unconnected to any such disagreement, and its appointment as Escrow Agent will in no way hinder its ability to do so.

7.8 Escrow Agent's Compensation

7.8.1 Right to Payment and Reimbursement. The Parties will:

- 7.8.1.1 pay the Escrow Agent compensation (as payment in full) for the services to be rendered by the Escrow Agent under this Agreement in the amount of \$2,500 at the time of Closing and \$750 on each anniversary of the Closing plus HST or other applicable taxes; and
- 7.8.1.2 reimburse the Escrow Agent for all reasonable expenses, disbursements or advances incurred or made by the Escrow Agent in performance of its duties under this Agreement (including reasonable fees, expenses and disbursements of its counsel), with the exception of any such expenses, disbursements or advances incurred by the Escrow Agent in connection with any Claim successfully asserted against the Escrow Agent under Section 7.2,

and each such payment or reimbursement to which the Escrow Agent is entitled will be borne 50% by the Purchaser and 50% by the Vendor.

7.9 Indemnity

Except to the extent that any Claim which can be brought under Section 7.2 is successfully asserted against the Escrow Agent, the Parties will jointly and severally indemnify and hold harmless the Escrow Agent (and any successor escrow agent) from and against any and all Claims incurred or sustained by the Escrow Agent in respect of any matter or thing done by it under, pursuant to or in connection with this Agreement, or otherwise arising in connection with its office as Escrow Agent.

7.10 Certain Obligations of the Parties

Use of Escrow Agent's Name. No printed or other matter in any language (including prospectuses, notices, reports and promotional material) that mentions the Escrow Agent's name or the rights, powers or duties of the Escrow Agent will be issued by or on behalf of the Parties unless the Escrow Agent will first have given its specific written consent.

ARTICLE 8 OWNERSHIP FOR TAX PURPOSES

8.1 Rights and Obligations

The Vendor will:

- 8.1.1 be treated as the owner of the Escrow Fund for purposes of all applicable taxes;

- 8.1.2 report, if applicable, all income, if any, that is earned on, or derived from, the Escrow Fund as its income in the taxation year or years in which such income is properly includible; and
- 8.1.3 pay any taxes attributable to the Vendor pursuant to this Article 8.

ARTICLE 9 GENERAL

9.1 Notices

Any notice provided in connection with this Agreement will be provided in accordance with Section 6.8 of the Purchase Agreement, with delivery to the Escrow Agent to be made to the Escrow Agent at:

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

Attention: Cliff Prophet and Harry VanderLugt
Facsimile No.: 416-862-7661

9.2 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, the illegality, invalidity or unenforceability of that provision will not affect:

- 9.2.1 the legality, validity or enforceability of the remaining provisions of this Agreement;
or
- 9.2.2 the legality, validity or enforceability of that provision in any other jurisdiction.

9.3 Submission to Jurisdiction

Each of the Parties and the Escrow Agent 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.

9.4 Remedies Cumulative

The rights and remedies of the Parties and the Escrow Agent under this Agreement are cumulative and not alternative.

9.5 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by each of the Parties and the Escrow Agent. 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 any waiver constitute a continuing waiver unless otherwise expressly provided.

9.6 Assignment and Enurement

None of the Parties and the Escrow Agent may assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Parties, or the Escrow Agent and the other Party, as the case may be, save and except that the Vendor may, upon the approval or direction of the court, transfer all or any of its right and obligations hereunder to a another receiver approved by the court. This Agreement enures to the benefit of and is binding upon the Parties and the Escrow Agent and their respective successors and permitted assigns.

9.7 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.

9.8 Survival

Section 7.8 and any other provisions that would reasonably be expected to remain in force will survive the termination of the escrow created under this Agreement. The termination of the escrow created under this Agreement will not affect the rights of any Party or the Escrow Agent to make a claim for damages arising from a breach of any provision of this Agreement which occurred prior to that termination.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

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

CVH (NO. 1) LP by its managing general partner
CVH GP INC.

Per: _____
Name: Michael Petersen
Title: President, CVH GP Inc.

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 1508669
Ontario Limited and not in its personal capacity

Per: _____
Name: Daniel Weisz
Title: Senior Vice President

GOWLING LAFLEUR HENDERSON LLP

Per: _____
Name: Harry VanderLugt
Title: Partner

Schedule 2.8(c)**Sample Letter to MOH**

CVH (NO. 1) LP
80 Bloor Street West, 19th Floor
Toronto, Ontario
M5S 2V1

November 13, 2012

VIA COURIER

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

Attention: Karen Slater, Director (A)
Director, Performance Improvement and Compliance Branch
Director under the *Long-Term Care Homes Act, 2007*

Dear Sirs:

Re: Agreement of Purchase and Sale dated as of April 1, 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 1508669 Ontario Limited and not in its personal capacity, as Vendor (the "Receiver") and SAC 4 INC., as assigned to CVH (NO. 1) LP, as Purchaser, as amended (the "Purchase Agreement") relating to the property at 103-111 Pelham Road and 34-36 Witworth Street, St. Catharines, Ontario commonly referred to as West Park Health Centre ("West Park")

In connection with the Purchase Agreement, we hereby:

- (a) authorize the Ministry of Health and Long-Term Care (the "MOH") to release to the Receiver all information including, without limitation, all Long-Term Care Home Payment Calculation Notices, information requests, and any other letters, reconciliations, disallowances or other notices and/or communications relating to MOH funding of West park for the period from January 1, 2011 to and including December 31, 2012, and this shall be your good, sufficient and irrevocable authority for so doing, and
- (b) give notice to the MOH that we have authorized the Receiver (or Diversicare Canada Management Services Co, Inc. on the Receiver's behalf) to respond directly to the MOH in connection with all Long-Term Care Home Payment Calculation Notices, information requests, letters, reconciliations, disallowances or other notices and/or communications relating to MOH funding of West Park for the period from January 1, 2011 to and including December 31, 2012,

for the purpose of calculating and implementing the MOH Closing Adjustment (as defined in the Purchase Agreement) which pertains to any MOH overpayments/credits for the period from January 1, 2011 to December 31, 2012.

Notwithstanding the foregoing, we kindly request that the MOH provide us with a copy of each and every MOH correspondence delivered to the Receiver pursuant to the terms of this letter.

Sincerely,

CVH (NO. 1) LP, by its managing general partner
CVH GP Inc.

PER: _____

Michael Petersen
President

I have authority to bind the partnership and the partnership

T958691.1\TOR_LAW\8030036\4



ESCROW AGREEMENT

BETWEEN

CVH (NO. 1) LP

– and –

**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 1508669 ONTARIO LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

– and –

GOWLING LAFLEUR HENDERSON LLP,
a Limited Liability Partnership with an office at
1 First Canadian Place, 100 King Street West, Suite 1600,
Toronto, Ontario M5X 1G5, Canada

ESCROW AGREEMENT

THIS AGREEMENT dated as of the Closing Date (as defined in the Purchase Agreement as defined below),

B E T W E E N

CVH (NO. 1) LP

(the “**Purchaser**”)

- and -

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 1508669 Ontario Limited and not in its personal capacity

(the “**Vendor**”)

(and the Purchaser and Vendor together the “**Parties**”)

- and -

GOWLING LAFLEUR HENDERSON LLP, a Limited Liability Partnership with an office at 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5, Canada

(the “**Escrow Agent**”).

CONTEXT:

- A. By an agreement of purchase and sale dated April 1, 2011, made between the Vendor and SAC 4 Inc., as amended (the “**Purchase Agreement**”), the Vendor agreed to sell and SAC 4 Inc. agreed to purchase the Purchased Assets. The Purchase Agreement was subsequently assigned to the Purchaser.
- B. It is a condition of the Closing that an escrow fund be established to hold the Escrow Fund to provide for payment of the MOH Closing Adjustment as required under Amending Agreement No. 14 to the Purchase Agreement.
- C. The Escrow Agent has agreed to facilitate the purchase and sale of the Purchased Assets pursuant to the provisions of this Agreement.

THEREFORE, the Parties and the Escrow Agent agree as follows:

- 2 -

ARTICLE 1 DEFINITIONS

1.1 Capitalized Terms

Capitalized terms used in this Agreement and not otherwise defined have the meanings given to them in the Purchase Agreement.

1.2 Defined Terms

In this Agreement the following terms have the following meanings:

- 1.2.1 “**Agreement**” means this agreement, as it may be supplemented or amended by written agreement between the Parties and the Escrow Agent.
- 1.2.2 “**Claim**” means any claim, demand, action, cause of action, suit, arbitration, investigation, proceeding, complaint, grievance, charge, prosecution, assessment or reassessment (including any appeal or application for review) and includes the Escrow Agent’s costs and/or expenses of defending itself against any claim of liability or in any action for interpleader and any costs and/or expenses if it is required to attend or provide evidence in a dispute between the Parties in relation to this Agreement.
- 1.2.3 “**Document**” is defined in Section 7.3.
- 1.2.4 “**Escrow Fund**” is defined in Section 3.1.
- 1.2.5 “**Final Release Date**” is defined in Section 6.1.
- 1.2.6 “**Joint Instructions**” means written instructions given by all the Parties to the Escrow Agent from time to time providing for the investment, reinvestment, liquidation or payment of all or any part of the Escrow Fund.
- 1.2.7 “**Purchase Agreement**” is defined in the recitals.
- 1.2.8 “**Term**” is defined in Section 3.3.

1.3 Certain Rules of Interpretation

- 1.3.1 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”.
- 1.3.2 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.

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- 1.3.3 References in this Agreement to an Article or Section are to be construed as references to an Article or Section of this Agreement unless the context requires otherwise.

1.4 Governing Law

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 that Province.

1.5 Entire Agreement

This Agreement constitutes the entire agreement between the Parties and the Escrow Agent pertaining to the administration and disposition of the Escrow Fund by the Escrow Agent, and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and the Escrow Agent. There are no representations, warranties, or conditions (including any that may be implied by statute) and there are no other agreements between the Parties and the Escrow Agent in connection with the administration and disposition of the Escrow Fund except as specifically set out in this Agreement. None of the Parties or the Escrow Agent has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or in contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term of this Agreement.

ARTICLE 2 DISCLOSURE, APPOINTMENT AND ACCEPTANCE

2.1 Appointment and Acceptance

The Parties appoint the Escrow Agent to act, and the Escrow Agent accepts the appointment and will act, as escrow agent in accordance with this Agreement.

2.2 Disclosure and Right to Act

The Purchaser acknowledges that the Escrow Agent acts as solicitors for the Vendor in all matters arising under or related to the Purchase Agreement except with respect to fulfilling its obligations under this Agreement. The Purchaser acknowledges that no solicitor-client relationship arises between the Escrow Agent and the Purchaser as a result of the Escrow Agent acting as escrow agent in accordance with this Agreement.

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ARTICLE 3 ESTABLISHMENT OF ESCROW

3.1 Escrow Fund

At the time of Closing, the Vendor will deposit into escrow with the Escrow Agent by a wire transfer of immediately available funds, a certified cheque or a bank draft the sum of \$100,000 which amount, as increased by any earnings or decreased by any disbursements or losses on investments, will be referred to in this Agreement as the “**Escrow Fund**”. The Escrow Fund will be held by the Escrow Agent as a trust fund, to be applied in accordance with Section 2.8(c) of the Purchase Agreement, as amended.

3.2 Receipt

The Escrow Agent:

- 3.2.1 will acknowledge in writing receipt of the Escrow Fund immediately upon receipt of same and confirm that the Escrow Fund will be held in accordance with this Agreement; and
- 3.2.2 confirms that it has no ownership interest in the Escrow Fund, but is serving as escrow holder only, and has possession of the Escrow Fund only in accordance with this Agreement.

3.3 Term

The term of this Agreement (the “**Term**”) will begin at the time the Escrow Agent acknowledges in writing receipt of the Escrow Fund, and will end on the earlier of:

- 3.3.1 the effective date of the Escrow Agent’s resignation, as provided in Section 7.4;
- 3.3.2 the effective date of the Escrow Agent’s removal, as provided in Section 7.5; and
- 3.3.3 the termination of the escrow, as provided in Section 6.1.

ARTICLE 4 INVESTMENT OF ESCROW FUND

4.1 Direction to Invest

Except as expressly provided in this Agreement, and subject to any Joint Instructions, the Escrow Agent is directed to invest the Escrow Fund, including any interest or other proceeds earned, in an interest bearing deposit account or interest bearing instruments with a Canadian chartered bank listed in Schedule 1 to the *Bank Act* (Canada).

- 5 -

4.2 Authorization to Disclose

Either Party may, at any time, request full particulars of the investments provided for in Section 4.1, and upon receipt of any such request, the Escrow Agent will disclose those particulars in writing to both Parties.

4.3 Liquidation of Investments

The Escrow Agent is authorized, at any time during the Term, to liquidate any portion of the Escrow Fund consisting of investments in accordance with its customary procedures, to provide funds for any payments required to be made under this Agreement.

4.4 Restricted Access to Funds

The Parties acknowledge and understand that all or any portion of the Escrow Fund invested in interest bearing instruments (including the instruments described in Section 4.1) and, if available before maturity, may be available only on terms which require payment of break fees, make whole premiums, or similar charges to the issuers of such instruments.

ARTICLE 5 RELEASE OF ESCROW FUND

5.1 Release of Escrow Fund

At any time during the Term, the Escrow Agent may receive Joint Instructions with regard to the application of the Escrow Fund under Section 2.8(c) of the Purchase Agreement specifying payment due to the Purchaser and/or the Vendor, as the case may be, and the Escrow Agent will, within 3 Business Days of receiving the Joint Instructions pay to the Purchaser and/or the Vendor, as the case may be, the dollar amount set out in such Joint Instructions.

ARTICLE 6 TERMINATION OF ESCROW

6.1 Termination of Escrow

If the Term has not already ended by virtue of the Escrow Agent's resignation or removal, the escrow established by this Agreement will terminate on the earlier to occur of (the "Final Release Date"):

- 6.1.1 there being no further funds in the Escrow Fund; and
- 6.1.2 June 30, 2015, at which time any balance in the Escrow Fund will be paid to the Vendor in accordance with Section 2.8(c) of the Purchase Agreement.

- 6 -

ARTICLE 7 DUTIES AND RIGHTS OF THE ESCROW AGENT

7.1 Duties of the Escrow Agent

7.1.1 Specific Duties. The Escrow Agent will:

- 7.1.1.1 hold, safeguard, invest, reinvest and pay the Escrow Fund in accordance with this Agreement;
- 7.1.1.2 deduct, at the time any payment of income is made from the Escrow Fund, all amounts from the payment which the Escrow Agent is required to deduct pursuant to applicable withholding tax laws; and
- 7.1.1.3 remit all amounts withheld under Section 7.1.1.2 to the appropriate governmental authority.

7.1.2 No Implied Duties. Except as expressly provided in this Agreement, the Escrow Agent will have no other duties or responsibilities under this Agreement and no implied duties or obligations will be read into this Agreement against the Escrow Agent.

7.1.3 No Duty—Instances. Without limiting the generality of Section 7.1.2, the Escrow Agent will have no duty to:

- 7.1.3.1 give the Escrow Fund any greater degree of care than required under the applicable by-laws and rules of professional conduct established by the Law Society of Upper Canada;
- 7.1.3.2 invest all or any part of the Escrow Fund except as directed in this Agreement;
- 7.1.3.3 enforce any obligation of any Person, except as expressly provided in this Agreement;
- 7.1.3.4 make any representation as to the validity, value, genuineness or collectability of any Document held by or delivered to it; or
- 7.1.3.5 advise any Party as to the wisdom in selling or retaining, or taking or refraining from taking any action, with respect to any property in the Escrow Fund.

7.2 Liability of the Escrow Agent

The Escrow Agent will not be liable for any action taken or not taken by it with respect to any matter relating to this Agreement, except for its own wilful misconduct or gross negligence.

- 7 -

7.3 Rights of the Escrow Agent

The Escrow Agent will be entitled to:

- 7.3.1 rely upon any Joint Instructions, any judgment, court order or other judicial process, certification, demand, notice, deed, agreement, instrument, security or other writing (each being a "**Document**") delivered to it under this Agreement without being required to determine the:
 - 7.3.1.1 authenticity of any Document (whether the Document purports to be an original or a copy);
 - 7.3.1.2 due authorization, execution or delivery of any Document;
 - 7.3.1.3 correctness of any fact stated in any Document; or
 - 7.3.1.4 propriety or validity of the service of any Document;
- 7.3.2 rely upon any signature believed by the Escrow Agent to be genuine;
- 7.3.3 assume that the Person purporting to give any receipt or advice or make any statement or execute any Document in connection with the provisions of this Agreement has been duly authorized to do so;
- 7.3.4 assume that the undersigned representative of any Party which is an entity other than a natural person has full power and authority to instruct the Escrow Agent on behalf of that Party unless written notice to the contrary is delivered to the Escrow Agent;
- 7.3.5 in its capacity as a trustee for the benefit of the Parties, seek advice and directions from a court having jurisdiction;
- 7.3.6 commence or defend any action or proceeding for the determination of any Claims, including a suit or action in interpleader;
- 7.3.7 retain at the Parties' sole expense, and act on the opinion, advice or information obtained from, any independent lawyer or other expert, whether retained by the Escrow Agent or any Party, but will not be bound to act upon such opinion, advice or information and, except as expressly provided in this Agreement, will not be held responsible for any losses occasioned by so retaining or not retaining any such independent lawyer or other expert or for so acting or not so acting, as the case may be; and
- 7.3.8 employ any assistance as the Escrow Agent may, in its sole discretion, determine to be necessary or advisable to properly discharge its duties under this Agreement and pay, for the account of the Parties, the fees, disbursements and other costs required for such assistance, including legal or other services provided for in Section 7.3.7.

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7.4 Resignation of Escrow Agent

The Escrow Agent may resign at any time upon 5 Business Days' prior written notice, and:

- 7.4.1 if the Escrow Agent has received Joint Instructions within the 5 Business Day period to deliver the Escrow Fund to a named successor escrow agent, the Escrow Agent's resignation will take effect on the date of delivery of the Escrow Fund to the successor escrow agent; or
- 7.4.2 if the Escrow Agent has not received the Joint Instructions described above within the 5 Business Day period, the Escrow Agent's sole responsibilities after the expiry of that period will be to hold and safeguard (and not to invest or reinvest) the Escrow Fund until the Joint Instructions are received pursuant to Section 7.4.1 above.

7.5 Removal of the Escrow Agent

The Parties may remove the Escrow Agent at any time by Joint Instructions, and:

- 7.5.1 if those Joint Instructions name a successor escrow agent, the Escrow Agent's removal will take effect on the date of delivery of the Escrow Fund to the successor escrow agent;
- 7.5.2 if those Joint Instructions do not name a successor escrow agent the Escrow Agent's sole responsibilities will be to hold and safeguard (and not to invest or reinvest) the Escrow Fund until the Joint Instructions are received pursuant to Section 7.5.1 above.

7.6 Discharge from Duties

At the time the Escrow Agent's resignation or removal, as the case may be, takes effect, the Escrow Agent will be discharged of and from any and all further duties and obligations arising in connection with this Agreement.

7.7 Disagreement

If any disagreement between the Parties results in adverse claims or demands made in relation to the Escrow Fund or if the Escrow Agent is in doubt as to what action it should take under this Agreement, the Escrow Agent:

- 7.7.1 will be entitled to retain the Escrow Fund until the Escrow Agent has received Joint Instructions directing payment of the Escrow Fund and the Escrow Agent will rely and act on the Joint Instructions without further question by paying the Escrow Fund as directed; and
- 7.7.2 will be entitled to continue to act as legal counsel to the Vendor and Peoples Trust Company in connection with any matter unconnected to any such disagreement, and its appointment as Escrow Agent will in no way hinder its ability to do so.

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7.8 Escrow Agent's Compensation

7.8.1 Right to Payment and Reimbursement. The Parties will:

- 7.8.1.1 pay the Escrow Agent compensation (as payment in full) for the services to be rendered by the Escrow Agent under this Agreement in the amount of \$2,500 at the time of Closing and \$750 on each anniversary of the Closing plus HST or other applicable taxes; and
- 7.8.1.2 reimburse the Escrow Agent for all reasonable expenses, disbursements or advances incurred or made by the Escrow Agent in performance of its duties under this Agreement (including reasonable fees, expenses and disbursements of its counsel), with the exception of any such expenses, disbursements or advances incurred by the Escrow Agent in connection with any Claim successfully asserted against the Escrow Agent under Section 7.2.

and each such payment or reimbursement to which the Escrow Agent is entitled will be borne 50% by the Purchaser and 50% by the Vendor.

7.9 Indemnity

Except to the extent that any Claim which can be brought under Section 7.2 is successfully asserted against the Escrow Agent, the Parties will jointly and severally indemnify and hold harmless the Escrow Agent (and any successor escrow agent) from and against any and all Claims incurred or sustained by the Escrow Agent in respect of any matter or thing done by it under, pursuant to or in connection with this Agreement, or otherwise arising in connection with its office as Escrow Agent.

7.10 Certain Obligations of the Parties

Use of Escrow Agent's Name. No printed or other matter in any language (including prospectuses, notices, reports and promotional material) that mentions the Escrow Agent's name or the rights, powers or duties of the Escrow Agent will be issued by or on behalf of the Parties unless the Escrow Agent will first have given its specific written consent.

ARTICLE 8 OWNERSHIP FOR TAX PURPOSES

8.1 Rights and Obligations

The Vendor will:

- 8.1.1 be treated as the owner of the Escrow Fund for purposes of all applicable taxes;

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- 8.1.2 report, if applicable, all income, if any, that is earned on, or derived from, the Escrow Fund as its income in the taxation year or years in which such income is properly includible; and
- 8.1.3 pay any taxes attributable to the Vendor pursuant to this Article 8.

ARTICLE 9 GENERAL

9.1 Notices

Any notice provided in connection with this Agreement will be provided in accordance with Section 6.8 of the Purchase Agreement, with delivery to the Escrow Agent to be made to the Escrow Agent at:

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

Attention: Cliff Prophet and Harry VanderLugt
Facsimile No.: 416-862-7661

9.2 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, the illegality, invalidity or unenforceability of that provision will not affect:

- 9.2.1 the legality, validity or enforceability of the remaining provisions of this Agreement;
or
- 9.2.2 the legality, validity or enforceability of that provision in any other jurisdiction.

9.3 Submission to Jurisdiction

Each of the Parties and the Escrow Agent 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.

9.4 Remedies Cumulative

The rights and remedies of the Parties and the Escrow Agent under this Agreement are cumulative and not alternative.

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9.5 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by each of the Parties and the Escrow Agent. 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 any waiver constitute a continuing waiver unless otherwise expressly provided.

9.6 Assignment and Enurement

None of the Parties and the Escrow Agent may assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Parties, or the Escrow Agent and the other Party, as the case may be, save and except that the Vendor may, upon the approval or direction of the court, transfer all or any of its right and obligations hereunder to a another receiver approved by the court. This Agreement enures to the benefit of and is binding upon the Parties and the Escrow Agent and their respective successors and permitted assigns.

9.7 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.

9.8 Survival

Section 7.8 and any other provisions that would reasonably be expected to remain in force will survive the termination of the escrow created under this Agreement. The termination of the escrow created under this Agreement will not affect the rights of any Party or the Escrow Agent to make a claim for damages arising from a breach of any provision of this Agreement which occurred prior to that termination.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

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

CVH (NO. 1) LP by its managing general partner
CVH GP INC.

Per: _____

Name: Michael Petersen

Title: President, CVH GP Inc.

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 1508669
Ontario Limited and not in its personal capacity

Per: _____

Name: Daniel Weisz

Title: Senior Vice President

GOWLING LAFLEUR HENDERSON LLP

Per: _____

Name: Harry VanderLugt

Title: Partner

ESCROW AGREEMENT (WEST PARK)

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

CVH (NO. 1) LP by its managing general partner
CVH GP INC.

Per: 

Name: Michael Petersen

Title: President, CVH GP Inc.

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 1508669
 Ontario Limited and not in its personal capacity

Per: _____

Name: Daniel Weisz

Title: Senior Vice President

GOWLING LAFLEUR HENDERSON LLP

Per: _____

Name: Harry VanderLugt

Title: Partner

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

CVH (NO. 1) LP by its managing general partner
CVH GP INC.

Per: _____

Name: Michael Petersen

Title: President, CVH GP Inc.

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 1508669
Ontario Limited and not in its personal capacity

Per: _____

Name: Daniel Weisz

Title: Senior Vice President

GOWLING LAFLEUR HENDERSON LLP

Per: _____

Name: Harry VanderLugt

Title: Partner

ESCROW AGREEMENT (WEST PARK)

This is **Appendix “I”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited



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

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

November 12, 2012

To: West Park Salaried Employees

Re: Sale of West Park Health Centre (“West Park”) to CVH (No. 1) LP

This letter is to advise you that Deloitte & Touche Inc., solely in its capacity as court-appointed interim receiver and receiver and manager of 1508669 Ontario Limited (“1508669”) and not in its personal capacity (the “Receiver”), has entered into an Agreement of Purchase and Sale, as amended, with SAC 4 Inc. dated April 1, 2011 for the sale of 1508669’s assets to SAC 4 Inc. (the “Sale Agreement”). The Sale Agreement was subsequently assigned to CVH (No. 1) LP (“CVH”). The sale is scheduled to be completed on November 13, 2012 (the “Closing Date”).

As a result of the closing of the sale, your employment by the Receiver has come to an end as of the Closing Date. In accordance with the Sale Agreement, we understand that CVH has or will be making an offer of employment to you effective as of the Closing Date for your continued work at the facility.

We thank you for your assistance during the receivership and wish you the best of luck in the future.

Yours very truly,

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 1508669 Ontario Limited

Per:

Hartley Bricks, MBA, CA•CIRP
Vice President

This is **Appendix “J”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited



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

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

November 12, 2012

TO SUPPLIERS OF GOODS AND SERVICES TO WEST PARK HEALTH CENTRE

Re: Sale of West Park Health Centre to CVH (No. 1) LP

This letter is to advise you that Deloitte & Touche Inc., solely in its capacity as court-appointed interim receiver and receiver and manager of 1508669 Ontario Limited ("West Park") and not in its personal capacity (the "Receiver"), has entered into an Agreement of Purchase and Sale, as amended, with SAC 4 Inc. dated April 1, 2011 for the sale of West Park's assets to SAC 4 Inc. (the "Sale Agreement"). The Sale Agreement was subsequently assigned to CVH (No. 1) LP ("CVH"). The sale is scheduled to be completed on November 13, 2012 (the "Closing Date").

Please be advised that neither the Receiver nor Diversicare Canada Management Services Co., Inc. ("Diversicare"), acting as agent for the Receiver, is responsible for any goods and services provided by your company to West Park after November 12, 2012 and that any supply agreements terminate as of that date. Invoices for any goods and services provided to West Park prior to November 13, 2012 should be sent to 103 Pelham Road, St. Catharines, Ontario, L2S 1S9 and will be paid by the Receiver in the normal course. Any questions regarding your invoices for goods or services provided to West Park prior to November 12, 2012 should be directed to Elsa Gorospe of Diversicare at 905-821-1161.

Commencing November 13, 2012, supplier inquiries regarding future goods and services for West Park should be directed to Stephanie Solem of Extendicare (Canada) Inc. at 905-471-5549.

On behalf of the Receiver and Diversicare, we thank you for your support during the receivership of West Park.

Yours very truly,

DELOITTE & TOUCHE INC.

in its capacity as court-appointed interim receiver and
receiver and manager of the current and future assets,
undertakings and properties of 1508669 Ontario Limited
and not in its personal capacity

Per:

Hartley Bricks, MBA, CA•CIRP
Vice President

This is **Appendix “K”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited

**IN THE MATTER OF THE RECEIVERSHIP OF
1508669 ONTARIO LIMITED**

**Receiver's Interim Statement of Receipts and Disbursements
for the period January 24, 2006 to November 30, 2012**

Receipts

1. Ministry of Health Funding	\$ 27,344,530
2. Net proceeds from sale of nursing home	3,220,991
3. Receiver's Certificates	477,273
4. Interest earned	37,898
5. Cash in bank	32,194
6. Miscellaneous refunds	3,160
7. Total receipts	\$ 31,116,047

Disbursements

8. Funding to West Park Health Centre	\$ 25,677,434
9. Receiver fees	629,236
10. Legal fees	165,934
11. Repayment of Receiver's Certificate	106,958
12. Transfer to Escrow Fund	100,000
13. Real estate commission	76,875
14. HST	48,132
15. GST	28,383
16. Advertisement	3,955
17. Consulting fees	3,557
18. Appraisal fees	2,500
19. Security	2,406
20. Courier	1,169
21. Travel expenses	975
22. Telephone	787
23. Photocopies	308
24. Postage	276
25. Filing fee	70
26. Bank charges	10
27. Total disbursements	\$ 26,848,963
28. Receipts less disbursements	\$ 4,267,083
29. Less: Distributions to secured creditor	(1,000,000)
30. Balance on hand	\$ 3,267,083

Notes:

1. The above does not include amounts currently maintained in West Park's operating account managed by Diversicare

This is **Appendix “L”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited

RECEIVER CERTIFICATE

CERTIFICATE NO.: 2

AMOUNT: \$ 375,000.00

CERTIFICATE ISSUED TO: PEOPLES TRUST COMPANY

CERTIFICATE ISSUED IN RESPECT OF: 1508669 ONTARIO LIMITED

1. THIS IS TO CERTIFY that Deloitte & Touche Inc., the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Paragon Health Care Inc., 1508669 Ontario Limited and Paragon Health Care (Ontario) Inc. appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the 23rd day of January, 2006 (the "Order") effective 9:00 a.m. on January 24, 2006 made in an action (the "Action") having Court file number 06-CL-6233, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$375,000, being part of the total principal sum of \$750,000 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 monthly not in advance on the 1st day of each month after the date hereof at a notional rate per annum equal to the rate of two per cent above the prime commercial lending rate of Royal Bank of Canada from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration, expenses and liabilities.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

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5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED effective the 22nd day of November, 2010.

Deloitte & Touche Inc., solely in its capacity as
Receiver of the Property (as defined in the
Order), and not in its personal capacity

Per: 
Name: DANIEL WEISS
Title: SENIOR VICE PRES. DBWT

This is **Appendix “M”** to the
Ninth Report to Court of Deloitte & Touche Inc.
in its Capacity as Court-Appointed Interim Receiver and Receiver and Manager
of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc.,
and 1508669 Ontario Limited



December 03, 2012

759592 Ontario Inc - Attn.: Gerald
3595 Keele Street
North York, ON M3J1M7

RE: 759592 Ontario Inc - Attn.: Gerald
103 Pelham Road St. Catharines, ON

STATEMENT FOR DISCHARGE PURPOSES - Mortgage No. 20793
(Effective November 30, 2012 - interest currently paid to July 01, 2007)

Principal Balance as at July 01 2007	\$2,762,461.68
Interest Rate 7.280% from July 01 2007 to November 30 2012	\$1,084,587.49
Tax Account (A Minus Balance is a Credit)	\$822,670.25
Late Payment Interest	\$358,847.36
Discharge Penalty	\$ 0.00
Statement Fee	\$ 0.00
Discharge Fee	\$ 0.00
Sundry Account (A Minus Balance is a Credit)	\$911,572.21

Total Amount	\$5,940,138.99
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Per Diem from November 30, 2012	\$550.98
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The loan balance outstanding as at November 30, 2012 will be \$5,940,138.99.

THE AMOUNTS IN THIS STATEMENT ARE CALCULATED ON THE BASIS THAT ALL PAYMENTS UP TO AND INCLUDING THE ACTUAL PAYOUT ARE MADE AND HONOURED. If any such payments are not made or honoured, then the amounts in this statement will no longer be valid and will be replaced without notice by amounts reflecting such non-payment. WE WILL NOT BE OBLIGED TO PROVIDE A DISCHARGE OF OUR MORTGAGE, NOTWITHSTANDING ANY TERMS OR CONDITIONS ACCOMPANYING PAYOUT, UNLESS AND UNTIL ANY SUCH PAYMENTS ARE MADE OR HONOURED, so the obligation to ensure that all such payments are made and honoured is on the party relying on this statement and making payment to us in accordance with it.

All taxes and other charges paid by us from the time of preparation to the closing date and not indicated on this statement are the responsibility of the Mortgagor.

Funds received after 12:00 P.M. of the proposed discharge date will be subject to an additional daily interest charge of \$550.98 until paid. If the proposed discharge date is on Friday, funds received after 12:00 P.M. will be subject to additional interest until the next business day. If this is a floating rate mortgage, the daily interest charge is subject to change in the Prime Lending Rate of the Bank of Montreal.

Payment must be in the form of a solicitor's trust cheque or certified cheque. Please include the appropriate form of Discharge Documentation (including PPSA Security if applicable) for execution by Peoples Trust Company.

This statement may not be used past the end of the month in which it was issued.

If this loan is in an MBS Pool, the Discharge Statement may be subject to CMHC approval. If approved, a final Discharge penalty calculation must be requested no more than 5 business days prior to payout. If this is a final penalty calculation, the penalty is valid only for the effective date on this statement.

Martin Mallich
Manager, Default Management

E. & O.E.

Head Office <input type="checkbox"/> Suite 1400, 888 Dunsmuir St. Vancouver, B.C. V6C 3K4 Telephone: 604-683-2881 Fax: 604-683-5110 Email: people@peoplestrust.com	B.C. Region <input type="checkbox"/> Suite 1115 - Bentall Two, PO Box 231 555 Burrard Street Vancouver, B.C. V7X 1M8 Telephone: 604-685-1068 Fax: 604-683-2787 Email: vancouver@peoplestrust.com	Prairie Region <input type="checkbox"/> Suite 955, 808-4 th Ave. S.W. Calgary, AB, T2P 3E8 Telephone: 403-237-8975 Fax: 403-266-5002 Email: calgary@peoplestrust.com	Ontario Region <input type="checkbox"/> Citigroup Place, 123 Front St. W., Suite No. 901 Toronto, ON M5J 2M2 Telephone: 416-368-3266 Fax: 416-368-3328 Email: toronto@peoplestrust.com
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TAB 3

Court File No. 06-CL-6233

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

BETWEEN:

PEOPLES TRUST COMPANY

Applicant

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED
and PARAGON HEALTH CARE (ONTARIO) INC.

Respondents

AFFIDAVIT OF DANIEL R. WEISZ
(Sworn December 7, 2012)

I, DANIEL R. WEISZ, of the City of Vaughan, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am a Senior Vice President of Deloitte & Touche Inc., the court-appointed interim receiver and receiver and manager (the "**Receiver**") of Paragon Health Care Inc. ("**Paragon**"), Paragon Health Care (Ontario) Inc. ("**Paragon Ontario**") and 1508669 Ontario Limited ("**1508669**"). As such, I have personal knowledge of the matters to which I hereinafter refer.
2. Attached hereto as **Exhibit "A"** is a summary of the accounts issued by the Receiver for Paragon and Paragon Ontario for services rendered during the period July 1, 2011 to October 31, 2012.
3. Attached hereto as **Exhibit "B"** are true copies of the accounts of the Receiver for services rendered during the period July 1, 2011 to October 31, 2012 with respect to

- 2 -

Paragon and Paragon Ontario, including a detailed description of the activities, number of hours worked, applicable hourly rates, and totals. The Receiver's average hourly rate charged over this period is \$483. I confirm that these accounts accurately reflect the services rendered by the Receiver during the period July 1, 2011 to October 31, 2012 in this proceeding.

4. Attached hereto as **Exhibit "C"** is a summary of the accounts issued by the Receiver for 1508669 for services rendered during the period July 1, 2011 to October 31, 2012.

5. Attached hereto as **Exhibit "D"** are true copies of the accounts of the Receiver for services rendered during the period July 1, 2011 to October 31, 2012 with respect to 1508669, including a detailed description of the activities, number of hours worked, applicable hourly rates, and totals. The Receiver's average hourly rate charged over this period is \$479. I confirm that these accounts accurately reflect the services provided by the Receiver during the period July 1, 2011 to October 31, 2012 in this proceeding.

6. Based on my review of both the Paragon and Paragon Ontario, and 1508669 accounts and my personal knowledge of this matter, the Paragon and Paragon Ontario, and 1508669 accounts represent a fair and accurate description of the services provided and the amounts charged by the Receiver for services provided during the period July 1, 2011 to October 31, 2012 in this proceeding.

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

SWORN before me at the City of
Toronto, in the Province of Ontario,
on December 7, 2012.

Commissioner for Taking Affidavits

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

Daniel R. Weisz

This is Exhibit "A" referred to 186
in the Affidavit of Daniel R. Weisz
Sworn before me this 7th day of
December 2012
A Commissioner, etc.

Exhibit "A"

**Summary of Invoices Issued by the Receiver for
Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc.**
Anna Koroneos, a Commissioner, etc.,
Province of Ontario
for Deloitte & Touche Inc.,
Trustee in Bankruptcy.
Expires June 5, 2014.

<u>Invoice Date</u>	<u>Invoice Period</u>	<u>Amount of Invoice (including HST)</u>
17-Nov-11	July 1 to August 31, 2011	\$ 14,862.60
6-Jan-12	September 1 to October 31, 2011	14,536.32
12-Jan-12	November 1, 2011 to December 31, 2011	26,703.60
12-Apr-12	January 1, 2012 to February 29, 2012	33,545.75
12-Jun-12	March 1, 2012 to April 30, 2012	48,996.24
7-Sep-12	May 1, 2012 to June 30, 2012	34,694.96
25-Sep-12	July 1, 2012 to August 31, 2012	65,907.25
26-Nov-12	September 1, 2012 to October 31, 2012	15,829.61
		<u>\$255,076.33</u>

Deloitte.

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

Tel: 416-601-6150
Fax: 416-601-6690

www.deloitte.ca

This is Exhibit 712 referred to
in the Affidavit of Daniel R. Weisz
Sworn before me this 7th day of
December, 2012

Private and Confidential

Paragon Health Care Inc. o/a Casa Verde Health Centre and
Paragon Health Care (Ontario) Inc.
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: November 17, 2011
Invoice No: 2961151
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz
HST Registration No: 133245290

A Commissioner, etc.

November 17, 2011

Anna Koroneos, a Commissioner, etc.,

Province of Ontario

for Deloitte & Touche Inc.,

Trustee in Bankruptcy.

Expires June 5, 2014.

Invoice #33

Regarding: Paragon Health Care Inc. ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre ("Casa Verde") for the period July 1, 2011 to August 31, 2011, including;

- Review on July 4, 2011 of Inspection Report forwarded by the Ministry of Health and Long-Term Care (the "MOH");
- Review and execute on July 5, 2011 an amendment to the Service Accountability Agreement with the LHIN;
- Correspondence on July 5, 2011 with Ms. Millie Christie of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding MOH funding and review of same;
- Correspondence on July 6, 2011 with Mr. John Jensen of John A. Jensen Realty Inc. regarding the increase in funding available to Casa Verde;
- Correspondence on July 7, 2011 to/from Ms. Christie regarding operational matters;
- Prepare on July 14, 2011 the monthly cash flow funding request for Casa Verde;

Correspondence on July 14, 2011 with Ms. Christie regarding the status of various issues;

- Review on July 14, 2011 of a MOH Inspection Report and forward same to Ms. Christie;
- Review on July 14, 2011 of a Plan of Compliance prepared by Mr. Richard Stewart of Casa Verde as forwarded to the MOH;
- Discussion on July 14, 2011 with Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation regarding the status of the sale of Casa Verde and information regarding the Independent Living Centre ("ILC");
- Correspondence on July 14, 2011 with Diversicare regarding preparation of a summary of past and current marketing events for the ILC;
- Correspondence on July 15, 2011 with Diversicare regarding the timing for monthly cash flow funding;
- Discussion on July 18, 2011 with Mr. Jensen regarding the timing for the MOH license transfer approval;
- Correspondence on July 18, 2011 with Diversicare regarding a quote for the audit of the 2010 Long-Term Care Home Annual Report of Casa Verde;
- Review on July 20, 2011 of a request from the LHIN to sign letter acknowledging certain changes in the Service Accountability Agreement, review Long-Term Care Homes Financial Policy provided and e-mail correspondence to Ms. Christie;
- Review and sign on July 22, 2011 the acknowledgement with the LHIN and finalize enclosure letter to Diversicare;
- Review and execute on July 28, 2011 an offer letter of employment;
- Correspondence on July 29, 2011 with Mr. Jensen regarding the status of the MOH licencing approval process;
- Review and respond on August 8, 2011 to various correspondence from Diversicare regarding a human rights complaint and revisions to the Long-Term Care Homes Act;
- Review on August 10, 2011 of correspondence from Diversicare regarding past and current marketing efforts for the ILC and respond to same;
- Discussion on August 12, 2011 with Ms. Pinky Lee of Diversicare regarding bank accounts and other matters;
- Discussion on August 15, 2011 with Ms. Christie regarding the status of various matters;
- Correspondence on August 15, 2011 with Diversicare regarding the human rights complaint;
- Review on August 16, 2011 of June 2011 operating results and forward same to Mr. Jensen;
- Correspondence on August 16, 2011 with Mr. O'Rafferty regarding the status of the sale process;
- Correspondence on August 17, 2011 with Diversicare regarding a human rights matter and

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
November 17, 2011
Page 3 of 4 – Invoice #33

subsequent discussion with Mr. Craig Rix of Hicks Morley Hamilton Stewart Storie regarding same;

- Review on August 17, 2011 and execute engagement letter for audit of 2010 Long-Term Care Home Annual Report;
- Discussion on August 18, 2011 with Mr. Rix regarding the status of the mediation of the human rights matter;
- Review and sign on August 23, 2011 the LHIN Amending Agreement letter;
- Correspondence on August 24, 2011 with Ms. Christie regarding operational matters;
- Review and sign on August 24, 2011 an offer letter of employment;
- Discussion on August 26, 2011 with Ms. Christie regarding status;
- Correspondence on August 26, 2011 with Mr. Gary Loder of Extendicare (Canada) Inc. regarding the status of the MOH licencing approval process;
- Discussion on August 30, 2011 with Ms. Edith Petes of MOH regarding the status of the licensing transfer process and prepare correspondence to Mr. Jensen regarding same;
- Review and execute on August 31, 2011 the amendments to L-SAA and return to the Central LHIN; and
- To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, written and verbal correspondence to facilitate the foregoing.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 November 17, 2011
 Page 4 of 4 - Invoice #33

Summary of fees

A detailed summary of hours and rates as follows:

Staff	Hours	Hourly Rates	Total Fees
Daniel Weisz, CA•CIRP, CIRP, Senior Vice President	3.4	\$ 575.00	\$ 1,955.00
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	23.0	480.00	11,040.00
Rose Brown Estate Administrator	<u>0.8</u>	160.00	128.00
Total hours and fees	<u>27.2</u>		\$ 13,123.00
Disbursements: Mileage			29.74
Total disbursements and fees			\$ 13,152.74
HST@ 13%			1,709.86
Total payable			\$ 14,862.60

Payable upon receipt to Deloitte & Touche Inc.



Daniel R. Weisz, CA•CIRP, CIRP
 Senior Vice President
 #542574



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

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

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Paragon Health Care Inc. o/a Casa Verde Health Centre and
Paragon Health Care (Ontario) Inc.
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: January 5, 2012
Invoice No: 2986981
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #34

Regarding: Paragon Health Care Inc. ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre ("Casa Verde") for the period September 1, 2011 to October 31, 2011, including;

Date	Description
9/1/2011	Review of correspondence from Mr. John Jensen of John A. Jensen Realty Inc. regarding the date for the public meeting;
9/6/2011	Review of the advertisement of the public meeting to be held regarding the proposed sale and forward same to Mr. Martin Mallich of Peoples Trust Company ("Peoples"), further correspondence regarding timing for completion of sale transaction;
9/9/2011	Correspondence with Ms. Millie Christie of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding operational matters and timing for the public meeting; review of correspondence from the Ministry of Health and Long Term Care ("MOH") regarding the status of the licence transfer process and advise Mr. Mallich regarding same;
9/12/2011	Correspondence with Ms. Christie regarding posting of the notice of a public meeting at Casa Verde; discussion with Ms. Pinky Lee of Diversicare regarding the status of the July 2011 operating results;
9/14/2011	Correspondence with Ms. Christie regarding various operational matters;
9/16/2011	Review of correspondence from Ms. Lee regarding monthly cash flow funding; Review correspondence from Mr. Mallich regarding the Receiver's reports;
9/19/2011	Review of the 2010 Long-Term Care Home Annual Report ("2010 Annual Report"), execute same and return to Diversicare for submission to the MOH;

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 January 6, 2012
 Page 2 of 3 – Invoice #34

Date	Description
9/20/2011	Review of an Inspection Report from the MOH and correspondence with Ms. Christie regarding same;
9/21/2011	Further correspondence with Ms. Millie regarding the MOH Inspection Report, CARF Accreditation and other operational matters;
9/22/2011	Review of the July 2011 operating statements; Review of the monthly cash flow funding request and attend upon transferring funds;
9/27/2011	Correspondence with Ms. Elaine Whitelocke of Diversicare regarding union member wage increases; review and execute offer letters of employment;
9/28/2011	Discussion with Mr. Jensen regarding the status of the MOH licencing process and forward the 2010 Annual Report; review and execute offer letters of employment;
9/29/2011	Correspondence with Mr. Craig Rix of Hicks Morley Hamilton Stewart Storie LLP regarding defense of a human rights complaint; review and execute offer letters of employment; discussion with Mr. Harry VanderLugt of Gowling Lafleur Henderson LLP regarding a requirement to enter into an amending agreement to the Agreement of Purchase and Sale ("APS") with GEM Healthcare Group Limited to extend certain dates in the APS due to the delay in the MOH's licensing transfer process, review amending agreement and execute same;
10/3/2011	Review and execute of an offer letter of employment;
10/5/2011	Correspondence with Ms. Lee regarding capital expenditures for 2011; review of August 2011 operating results and forward same to Mr. Jensen;
10/7/2011	Correspondence with Mr. Jensen and Ms. Christie regarding the status and outcome of the public meeting regarding the proposed sale of Casa Verde;
10/18/2011	Correspondence with Diversicare regarding operational matters; review of an interim decision regarding the human rights complaint;
10/20/2011	Attendance at a meeting with Ms. Lee, Ms. Christie and Ms. Paige Chan of Diversicare regarding the status of yearly MOH reconciliations and other matters;
10/21/2011	Discussion with Mr. Cliff Prophet of Gowling Lafleur Henderson LLP regarding the status of the application materials; prepare correspondence on October 21, 2011 to Mr. Rix regarding information required in connection with the human rights complaint;
10/24/2011	Discussion with Ms. Christie regarding collection activities and request for updated accounting information in preparation for the closing of the sale transaction;
10/28/2011	Correspondence with Ms. Christie regarding the MOH direct funding agreement, execute acknowledgement letter and forward same to the MOH;
10/29/2011	Correspondence with Ms. Christie regarding information required for the Report to Court;
10/31/2011	Correspondence with Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation regarding an update on the status of the sale process;
	To Preparation of a Report to Court regarding the Receiver's activities and to seek Court approval for a distribution to Peoples; and
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, written and verbal correspondence to facilitate the foregoing.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 January 6, 2012
 Page 3 of 3 – Invoice #34

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice President	3.2	\$ 575.00	\$ 1,840.00
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	22.8	480.00	10,944.00
Rose Brown	Estate Administrator	0.8	100.00	80.00
Total hours and professional fees		<u>26.8</u>		\$ 12,864.00
HST at 13%				1,672.32
Total payable				\$ 14,536.32

Payable upon receipt to Deloitte & Touche Inc.



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

4543709



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

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

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Paragon Health Care Inc. o/a Casa Verde Health Centre and
Paragon Health Care (Ontario) Inc.
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: January 12, 2012
Invoice No: 2989284
Client/Mandate No: 891066.1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #35

Regarding: Paragon Health Care Inc. ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre ("Casa Verde") for the period November 1, 2011 to December 31, 2011, including;

Date	Description
11/1/2011	Correspondence with Ms. Paige Chan of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding Ministry of Health and Long-Term Care ("MOH") clawbacks.
11/1/2011	Review of correspondence from Ms. Millie Christie of Diversicare regarding questions raised at the public meeting and responses thereto and forward same to Mr. Martin Mallich of Peoples Trust Company ("Peoples").
11/1/2011	Revise and finalize the Receiver's report to the court ("Report").
11/1/2011	Forward final version of the Report to Mr. Cliff Prophet of Gowling Lafleur Henderson LLP ("Gowlings").
11/3/2011	Correspondence with Ms. Christie regarding the status of various issues;
11/3/2011	Review of motion materials as served and post same on Deloitte's website.
11/4/2011	Correspondence with Mr. John Jensen of John A. Jensen Realty Inc. regarding the results of the public meeting and anticipated time for MOH approval of the sale.
11/4/2011	Review of files and correspondence with the MOH regarding the treatment of outstanding MOH clawbacks on the closing of the sale.
11/7/2011	Review of correspondence from the purchaser as forwarded by Mr. Jensen and provide purchaser with the 2010 Long-Term Care Home Annual Report.
11/8/2011	Correspondence with Mr. Calvin Ho of Gowlings regarding upcoming application to the Court by the Receiver.
11/8/2011	Review of documents and prepare for distribution motion.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership

January 12, 2012

Page 2 of 3 – Invoice #35

Date	Description
11/9/2011	Attendance in Court for the Receiver's application.
11/9/2011	Review of distribution order, correspondence with Mr. Mallich regarding bank account wire details and prepare distribution to Peoples.
11/10/2011	Respond to information request from the purchaser; correspondence with Ms. Christie regarding operational matters; discussion with Mr. Jensen regarding the status of MOH approval.
11/15/2011	Review summary of activities; review of files regarding status of purchase agreement; correspondence with Ms. Christie regarding status of various matters.
11/16/2011	Discussion with Ms. Christie regarding status of various operational matters.
11/17/2011	Review of MOH correspondence regarding the 2007 and 2008 Long-Term Care Home Annual Report Reconciliations ("ARR") and correspondence to Diversicare regarding same.
11/18/2011	Further correspondence with Diversicare regarding the 2007 and 2008 ARR.
11/21/2011	Discussion with Mr. Jensen regarding the status of the MOH review.
11/22/2011	Review of MOH Inspection Reports and correspondence with Ms. Christie regarding same.
11/22/2011	Prepare cash flow funding for November 2011 as requested by Diversicare.
11/23/2011	Correspondence with Mr. Jensen regarding information requested by the purchaser and the status of the licensing transfer process.
11/23/2011	Correspondence with Mr. Harry VanderLugt of Gowlings regarding the purchaser's request to amend certain dates in the Agreement of Purchase and Sale concerning approval for the issuance of new licences by the MOH.
11/28/2011	Correspondence with the MOH regarding the status of the licensing transfer process.
11/28/2011	Review of the operating results for September 2011.
11/28/2011	Correspondence with Mr. VanderLugt regarding Amending Agreement #4 to amend certain dates in the Agreement of Purchase and Sale.
11/30/2011	Review Amending Agreement #4 as provided by Mr. VanderLugt, execute amending agreement and forward to Chaitons LLP.
11/30/2011	Review of correspondence from Diversicare regarding support for expenditures for the 2007 ARR.
12/1/2011	Correspondence with Diversicare regarding information requested by the purchaser.
12/5/2011	Correspondence with Diversicare regarding monthly reporting matters.
12/6/2011	Discussion with Ms. Christie regarding the status of various matters.
12/8/2011	Review and execute a short-term stay survey for the MOH; discussion with Ms. Christie regarding retirement home issues, MOH reconciliations and other matters.
12/9/2011	Review and respond to information requests from the purchaser.
12/13/2011	Discussion with Mr. Jensen regarding the status of the sale; review of insurance renewal, execute same, and return signed forms to Canada Brokerlink.
12/15/2011	Review correspondence from Central Local Health Integration Network and correspondence with Diversicare regarding same.
12/19/2011	Correspondence from Ms. Christie regarding a service agreement and execute same.
12/19/2011	Review of operating results for October 2011.
12/20/2011	Review of a letter from the MOH regarding conditional approval for the issuance of new licences; discussion with Mr. Jensen regarding same; discussion with Ms. Christie regarding status of any findings of non-compliance and changeover issues.
12/21/2011	Correspondence with Ms. Christie regarding MOH matters.
12/22/2011	Discussion with Mr. VanderLugt regarding MOH conditional approval, proposed closing

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership

January 12, 2012

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Date	Description
	date and go-forward work; draft correspondence to the MOH regarding surrender of licence; draft correspondence to the purchaser regarding letter to the MOH.
12/23/2011	Prepare cash flow funding as requested by Diversicare.
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice President	2.5	\$ 575.00	\$ 1,437.50
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	45.8	\$ 480.00	21,984.00
Rose Brown	Estate Administrator	1.3	\$ 100.00	130.00
Anna Zailer	Administration	0.8	\$ 100.00	80.00
Total hours and professional fees		<u>50.4</u>		\$ 23,631.50
HST at 13%				3,072.10
Total payable				\$ 26,703.60

Payable upon receipt to Deloitte & Touche Inc.



Daniel R. Weisz, CA•CIRP, CIRP
Senior Vice President
#545868



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

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

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Paragon Health Care Inc. o/a Casa Verde Health Centre and
Paragon Health Care (Ontario) Inc.
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: April 12, 2012
Invoice No: 3047423
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #36

Regarding: Paragon Health Care Inc. ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre ("Casa Verde") for the period January 1, 2011 to February 29, 2012, including;

Date	Description
1/2/2012	Review correspondence and accumulate materials requested by the Purchaser;
1/3/2012	Correspondence with Ms. Millie Christie of Diversicare Canada Management Services Co. Inc. ("Diversicare") regarding operational matters; discussion with Mr. John Jensen of John A. Jensen Realty Inc. regarding the status of the licensing transfer process; review of information requested by the Purchaser and forward the request to Diversicare;
1/4/2012	Correspondence with Ms. Christie regarding uses for special Ministry of Health and Long Term Care ("MOH") funding; review and execute an offer letter of employment; review information provided by Diversicare and forward same to the Purchaser; review of correspondence from the MOH regarding the licensing transfer process;
1/6/2012	Correspondence with Mr. Jensen regarding the status of the Purchaser's review of the licensing transfer conditions;
1/10/2012	Correspondence with Ms. Rameena Shiwram of Canada Brokerlink regarding renewal of the insurance policy; discussion with Mr. Jensen regarding the Purchaser's request for a meeting with Diversicare to discuss the MOH closing adjustment;
1/11/2012	Further discussion with Mr. Jensen regarding the Purchaser's request for a meeting with Diversicare; review of November 2011 operating results;
1/12/2012	Review correspondence from Ms. Christie regarding operational matters and to arrange a meeting with the Purchaser;
1/13/2012	Review of correspondence from Mr. Jensen regarding information requested by the Purchaser and accumulate information to respond to Mr. Jensen; review of insurance renewal documents provided by Ms. Shiwram;

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership

April 12, 2012

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Date	Description
1/17/2012	Prepare for and attend a meeting at Diversicare's offices with Mr. Syed Hussain and Mr. James Balcom of GEM Healthcare Group Limited, Ms. Paige Chan of Diversicare, Ms. Christie and Mr. Jensen to discuss the MOH reconciliation and closing matters;
1/18/2012	Review of correspondence from Ms. Chan regarding reconciliation of the 2009 MOH Annual Report to Purchaser's calculations and discussion with Ms. Chan regarding same; forward same to Mr. Jensen; discussion with Mr. Richard Lee of the MOH regarding the status of the MOH reconciliation review and request review be commenced, follow up with e-mail;
1/19/2012	Discussion with Mr. Harry VanderLugt of Gowling Lafleur Henderson LLP ("Gowlings") regarding the status of the Purchaser's review of the licencing transfer conditions and the timing to closing; correspondence with Mr. Lee regarding MOH reconciliation support; provide update on the sale process and operational status to Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation ("CMHC"); review of information provided by Diversicare regarding 2010 ARR and discussion with Ms. Chan regarding same;
1/20/2012	Discussion with Mr. Jensen regarding the status of the transaction;
1/23/2012	Review of cash flow funding request from Diversicare and prepare same; correspondence with Ms. Christie regarding a statement of claim, operational matters and correspondence received from the MOH regarding the 2009 reconciliation; review and execute an offer letter of employment;
1/24/2012	Discussion with Ms. Christie regarding information requested by the Purchaser and the status of MOH reconciliations; prepare correspondence to Diversicare regarding the MOH reconciliation status; correspondence with Mr. Martin Mallich of Peoples Trust Company regarding property tax payments and the status of the sale process;
1/27/2012	Review of a decision of the Ontario Human Rights Tribunal regarding a former Casa Verde employee;
1/30/2012	Correspondence with Ms. Christie regarding the status of MOH reconciliations; correspondence with the Purchaser regarding contracts to be assumed; correspondence with Mr. VanderLugt regarding an extension of dates in the Agreement of Purchase and Sale ("APS"); review and execute amending agreement No. 5 to the APS;
1/31/2012	Review and execute amending agreement to the Service Accountability Agreement ("SAA") with the Local Health Integration Network ("LHIN") regarding Addition of Guidelines, and return the amending agreement to the LHIN;
2/2/2012	Review and execute amending agreement to the SAA regarding Behavioral Supports Ontario, and return the amending agreement to the LHIN;
2/3/2012	Review schedule of updated contracts and leases prepared by Diversicare;
2/6/2012	Correspondence with Ms. Christie regarding operational matters; correspondence with Ms. Chan regarding the status of operating results and the budget;
2/7/2012	Correspondence with Diversicare regarding the status of various operational matters;
2/10/2012	Correspondence with Mr. Jensen regarding the status of the transaction;
2/13/2012	Discussion with Mr. Jensen regarding the status of transaction; review of a report from the Ministry of Labour and forward the report to the Purchaser;
2/14/2012	Correspondence with Ms. Chan regarding operating results and cash flow funding;
2/16/2012	Review of correspondence from Diversicare regarding union salary and benefit matters and forward to Mr. Jensen; correspondence with Mr. O'Rafferty;
2/17/2012	Discussion with Mr. Jensen regarding the status of the transaction; review of correspondence from Ms. Christie regarding an update on various operational matters;
2/20/2012	Review correspondence from the Purchaser and prepare an analysis of MOH reconciliations and contracts in preparation for the closing of the transaction;
2/22/2012	Finalize analysis of the status of MOH reconciliations and forward the schedule to Diversicare;

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership

April 12, 2012

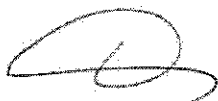
Page 3 of 3 - Invoice #36

Date	Description
2/22/2012	Review of current contracts and prepare a schedule of same; update correspondence to the Purchaser on the status of the MOH reconciliations; e-mail to Ms. Chan regarding the MOH reconciliations; review correspondence from Diversicare regarding WSIB;
2/23/2012	Finalize analysis of MOH reconciliations and forward to the Purchaser; review contract information and prepare response to the Purchaser;
2/24/2012	Review and respond to questions from the Purchaser on the MOH reconciliations; telephone discussion with Ms. Ursula Dunston of the MOH regarding the reconciliations;
2/27/2012	Discussion with Ms. Dunston regarding the status of the reconciliations and correspondence to Mr. Jensen regarding same;
2/28/2012	Review of the MOH closing adjustment issue and discuss same with Mr. VanderLugt;
2/29/2012	Conference call with the Purchaser and counsel to discuss closing matters; subsequent discussion with Mr. VanderLugt regarding MOH holdback issue; prepare information on contracts and forward to the Purchaser; discuss the MOH reconciliation issue with Mr. Mallich; and
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice-President	2.3	\$ 575.00	\$ 1,322.50
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	58.8	\$ 480.00	28,224.00
Rose Brown	Estate Administrator	1.4	\$ 100.00	140.00
Total hours and professional fees		<u>62.5</u>		\$ 29,686.50
HST at 13%				3,859.25
Total payable				\$ 33,545.75

Payable upon receipt to Deloitte & Touche Inc.


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

#547336



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

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

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Paragon Health Care Inc. o/a Casa Verde Health Centre and
Paragon Health Care (Ontario) Inc.
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: June 12, 2012
Invoice No: 3117617
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #37

Regarding: Paragon Health Care Inc. ("Paragon") and Paragon Health Care (Ontario) Inc.
("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre ("Casa Verde") for the period March 1, 2012 to April 30, 2012, including;

Date	Description
3/1/2012	Prepare report pursuant to section 246(2) of the Bankruptcy and Insolvency Act; review of correspondence from the proposed purchaser of Casa Verde (the "Purchaser") and prepare correspondence to Peoples Trust Company ("Peoples") regarding Ministry of Health and Long-Term Care ("MOH") closing adjustment issues; review of contract information provided by Ms. Millie Christie of Diversicare Canada Management Services Co. Inc. ("Diversicare"); review correspondence from John Jensen of John A. Jensen Realty Inc. regarding FINTRAC information requested and forward same to Mr. Harry VanderLugt of Gowling Lafleur Henderson LLP ("Gowlings").
3/2/2012	Preparation of interim statement of receipts and disbursements ("R&D"); discussion with Mr. VanderLugt regarding the status of the terms of a proposed escrow agreement with the Purchaser; conference call with Mr. Robert Miller of Chaitons LLP, counsel to the Purchaser, regarding the Receiver's position on a proposed escrow agreement and update Peoples regarding same; review of correspondence from Ms. Christie regarding leases and contracts.
3/5/2012	Correspondence with Mr. Jensen regarding the status of the transaction and provide information requested by the Purchaser; review correspondence from Ms. Paige Chan of Diversicare regarding MOH reconciliations, discussion with Ms. Chan regarding reconciliations and forward information to Mr. Jensen regarding same; discussion with Mr. VanderLugt regarding status of the transaction and the timing for receipt of information regarding the MOH reconciliation status; correspondence with Ms. Ursula Dunston of the MOH regarding status of the MOH's reconciliation of prior years; discussion with Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation ("CMHC") regarding the MOH adjustment issue and the

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 June 12, 2012
 Page 2 of 2 - Invoice #37

Date	Description
	proposed escrow agreement.
3/6/2012	Correspondence with Mr. VanderLugt regarding an extension of the Agreement of Purchase and Sale ("APS").
3/7/2012	Review of and propose revisions to the draft escrow agreement and draft amending agreement concerning the MOH closing adjustment, including various discussions with Mr. VanderLugt; update Mr. Jensen; review of contracts and discuss same with Mr. VanderLugt; attendance on a call with Ms. Weisia Kubicka of the MOH regarding status of yearly reviews and prepare correspondence to Ms. Kubicka regarding same.
3/8/2012	Discussion with Mr. Jensen regarding timeline of MOH closing adjustment issue; review of revised amending agreement and escrow agreement and discussion with Mr. Vanderlugt regarding same; prepare pre-closing instructions for Diversicare; review Gowlings' further changes to the draft amending agreement and the draft escrow agreement and attendance on a conference call with Mr. VanderLugt regarding same.
3/9/2012	Review e-mail correspondence from Mr. Miller and telephone call with Ms. Leila Burden Nixon of Gowlings to discuss same; review Ms. Burden Nixon's reporting e-mail; review APS and send e-mail to Ms. Burden Nixon; review of correspondence from Mr. Jensen regarding the Purchaser's request for information and forward same to Ms. Chan.
3/12/2012	Attendance on a conference call with Ms. Burden Nixon regarding the Purchaser's request for information; prepare for and attend conference calls with Mr. Cliff Prophet of Gowlings and Ms. Burden Nixon regarding closing issues; prepare correspondence to Mr. Prophet regarding the MOH closing adjustment issue; correspondence with Mr. Mallich regarding property taxes.
3/13/2012	Prepare for and attend conference call with Mr. Prophet and Ms. Burden Nixon regarding MOH adjustment at closing; various discussions with Ms. Burden Nixon and Mr. Prophet regarding the draft amending agreement and the Purchaser's position and prepare analysis of same.
3/14/2012	Attendance on a conference call with Ms. Burden Nixon regarding closing adjustments; various discussions with Ms. Burden Nixon regarding amending agreement for MOH adjustment, prepare correspondence to Mr. Mallich of Peoples regarding same.
3/15/2012	Review of correspondence from Mr. Mallich regarding the MOH closing adjustment issue; telephone call to Ms. Burden Nixon regarding concluding negotiations, status of MOH closing adjustment issue and the Receiver's position on same; review revised draft amending agreement and draft escrow agreement and discuss same with Ms. Burden Nixon; correspondence with the Purchaser regarding operational matters.
3/16/2012	Review of the draft amending agreement, draft escrow agreement, and discussions with Ms. Burden Nixon regarding same; review of pre-closing documents prepared by Diversicare.
3/19/2012	Review e-mail from Ms. Burden Nixon regarding her discussion with Mr. Miller concerning the MOH closing adjustment issue; attendance on conference calls with Ms. Chan of Diversicare and then Ms. Burden Nixon regarding closing adjustment matters; review of various documents; review updated versions of the draft amending agreement and escrow agreement; discussion with Ms. Burden Nixon regarding the draft amending agreement; discussion with Ms. Chan regarding the MOH reconciliation matter; correspondence with Gowlings regarding closing matters.
3/20/2012	Telephone discussion with Ms. Burden Nixon regarding changes to the draft documents; review Mr. Miller's response to Gowlings' comments and discussion with Ms. Burden Nixon on same; review of draft amending agreement and discuss with Ms. Burden Nixon; preparation of closing adjustment items.
3/21/2012	Telephone call with Ms. Burden Nixon regarding the draft amending agreement and draft escrow agreement; review correspondence from the MOH regarding the status of yearly reconciliations and forward same to Gowlings.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership

June 12, 2012

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Date	Description
3/22/2012	Discussion with Ms. Burden Nixon regarding the status of the draft amending agreement; prepare monthly cash flow funding and forward to Diversicare.
3/23/2012	E-mail and telephone call to Ms. Burden Nixon regarding the status of the draft amending agreement.
3/27/2012	Discussion with Mr. Jensen regarding status; prepare correspondence to Peoples regarding the status of closing and discussion with Mr. Mallich regarding same.
3/29/2012	Prepare update on the status of the receivership as requested by Mr. O'Rafferty; correspondence with Ms. Burden Nixon regarding extension of the APS.
4/2/2012	E-mail to Ms. Burden Nixon regarding further amending agreement; review of APS; provide update to Peoples regarding status.
4/3/2012	Review draft amending agreement; e-mail correspondence to Ms. Burden Nixon regarding same; discussion with Mr. O'Rafferty regarding status and provide monthly operating reports; review and execute an offer letter of employment.
4/4/2012	Review draft amending agreement and draft escrow agreement and e-mail to Ms. Nixon Burden regarding same; update information for Mr. O'Rafferty; review e-mail from Ms. Burden Nixon regarding Chaitons' comments to draft agreements, e-mail to Mr. Mallich regarding same.
4/5/2012	Review and execute an offer letter of employment.
4/9/2012	Review draft e-mail to Ms. Burden Nixon; review of correspondence from the MOH regarding final reconciliations for 2007 through 2009 and prepare correspondence to Gowlings regarding same; correspondence with Diversicare regarding MOH reconciliations; discussion with Ms. Christie regarding the status of various matters.
4/11/2012	Conference call with Ms. Burden Nixon to discuss the MOH reconciliations and status of the Purchaser's financing.
4/12/2012	Correspondence with Ms. Chan regarding various accounting matters; correspondence with Mr. Mallich regarding property taxes.
4/16/2012	E-mail correspondence with Ms. Burden Nixon regarding the status of discussions with the Purchaser; correspondence to the Purchaser regarding the resignation of the Administrator.
4/18/2012	Correspondence with Mr. Jensen regarding the status of the transaction.
4/19/2012	Discussion with Ms. Christie regarding the status of the sale and various operational matters; review of correspondence from the Ontario Seniors' Secretariat regarding the Retirement Homes Act.
4/20/2012	Review of APS regarding closing matters.
4/23/2012	Prepare monthly cash flow funding and forward same to Diversicare; correspondence with Ms. Christie regarding operational matters.
4/24/2012	Discussion with Ms. Christie regarding the status of the sale process and operational matters; correspondence with Ms. Burden Nixon regarding correspondence received from Mr. Miller.
4/26/2012	Review and execute Long-Term Care Home Service Accountability Schedule F Amendments; correspondence with Gowlings regarding Retirement Homes Act and its applicability to Casa Verde.
4/27/2012	Review and execute agreements regarding fire alarms and security monitoring and forward same to the Purchaser for its information; review and respond to correspondence from Mr. Jensen regarding status.
4/30/2012	Correspondence with Mr. Mallich regarding information requested by Peoples.
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, execution and approval of disbursements, written and verbal correspondence to facilitate the foregoing.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 June 12, 2012
 Page 4 of 4 – Invoice #37

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Weisz, Daniel	Senior Vice-President	20.3	\$ 575.00	\$ 11,672.50
Bricks, Hartley	Vice President	61.6	\$ 480.00	29,568.00
Koroneos, Anna	Manager	8.2	\$ 245.00	2,009.00
Brown, Rose	Estate Administrator	<u>1.1</u>	\$ 100.00	<u>110.00</u>
Total hours and professional fees		<u>91.2</u>		\$ 43,359.50
HST at 13%				5,636.74
Total payable				\$ 48,996.24

Payable upon receipt to Deloitte & Touche Inc.



Daniel R. Weisz, CA•CIRP, CIRP
 Senior Vice President
 #547336



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

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

Private and Confidential

Paragon Health Care Inc. o/a Casa Verde Health Centre and
Paragon Health Care (Ontario) Inc.
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: September 7, 2012
Invoice No: 3158998
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz
HST Registration No: 133245290

Invoice #38

Regarding: Paragon Health Care Inc. ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre ("Casa Verde") for the period May 1, 2012 to June 30, 2012, including;

Date	Description
5/1/2012	Correspondence with Gowling Lafleur Henderson LLP ("Gowlings") regarding status of the sale transaction.
5/1/2012	Review of the monthly operating report for March 2012 as prepared by Diversicare Canada Management Services Co., Inc. ("Diversicare").
5/2/2012	Review of correspondence from Chaitons LLP, counsel to the purchaser (the "Purchaser"), regarding the status of the Ministry of Health and Long-Term Care's ("MOH") reconciliation for the 2006 reporting year.
5/2/2012	Review of correspondence from Gowlings regarding the status of the sale transaction; review of files and prepare correspondence to the MOH regarding the status of yearly reconciliations.
5/3/2012	Discussion with Ms. Millie Christie of Diversicare regarding the status of various operational matters; correspondence with Gowlings regarding the status of transaction issues.
5/7/2012	Correspondence with Gowlings regarding the status of the sale transaction.
5/8/2012	Correspondence with Ms. Leila Burden Nixon of Gowlings regarding the status of the closing of the sale transaction.
5/9/2012	Review of correspondence from Mr. Robert Miller of Chaitons LLP ("Chaitons"), counsel to the Purchaser, regarding the MOH closing adjustment.
5/9/2012	Discussion with Ms. Christie regarding operational matters; correspondence with Ms. Paige Chan of Diversicare regarding the MOH reconciliations; correspondence with Ms. Burden Nixon regarding the proposed terms for an escrow agreement; correspondence with Ms. Weisia Kubicka of the MOH regarding the status of the MOH's review of the yearly reconciliations.

5/10/2012	Review of revised amending agreement to the Agreement of Purchase and Sale ("APS") and escrow agreement and provide comments to Gowlings.
5/10/2012	Prepare information requested by Mr. Martin Mallich of Peoples Trust Company ("Peoples").
5/11/2012	Review Chaitons' proposed changes to draft documents and discussion with Ms. Burden Nixon regarding same and timing for closing of the sale transaction.
5/15/2012	Review of correspondence from Mr. Miller and attendance on a conference call with Mr. Cliff Prophet and Ms. Burden Nixon of Gowlings to discuss same.
5/16/2012	Review of e-mail correspondence and attendance on a conference call with Ms. Burden Nixon regarding e-mail received from Mr. Miller on the status of the closing of the sale; discussion with Ms. Christie regarding the Administrator position.
5/16/2012	Discussion with Ms. Edith Petes of the MOH regarding the timing for the MOH to issue a new licence to the Purchaser and prepare correspondence to Ms. Burden Nixon regarding same; discussion with Ms. Burden Nixon regarding the status and timing of the closing of the sale transaction; discussion with Ms. Christie regarding the Administrator.
5/17/2012	Review correspondence from Ms. Christie regarding the Administrator position and an offer letter for a temporary Administrator; review and execute the offer letter.
5/18/2012	Discussion with Ms. Kubicka regarding the status of the licensing transfer letter; prepare correspondence to Gowlings regarding status of the MOH and the Purchaser; discussion with Mr. John Jensen of John A. Jensen Realty Inc. ("Jensen") regarding the status of the sale transaction; discussion with Ms. Christie regarding the Administrator position.
5/23/2012	Review of correspondence from Mr. Jensen regarding the status of the sale transaction; discussion with Ms. Christie regarding operational matters.
5/30/2012	Discussion with Ms. Kubicka regarding the status of correspondence concerning the annual reconciliations and advise Gowlings of same; provide a sale transaction update as requested by Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation ("CMHC").
6/1/2012	Review of the Retirement Home Regulatory Authority Application ("RHA") and revise same.
6/4/2012	Preparation of correspondence to Ms. Burden Nixon regarding the RHA application fees; correspondence with Jensen regarding the status of the sale transaction and the hiring of a temporary Administrator; review of operating results for April, 2012.
6/5/2012	Review of correspondence from the Purchaser regarding its search for a new permanent Administrator.
6/6/2012	Review e-mail correspondence regarding closing issues and telephone call with Ms. Burden Nixon regarding same; correspondence with Ms. Christie regarding operational matters.
6/7/2012	Review and execute an offer letter of employment.
6/11/2012	Review and respond to e-mail correspondence from Ms. Christie regarding the Administrator position and other operational matters; correspondence with Ms. Burden Nixon regarding timing for closing of the sale transaction and an amending agreement to address same; prepare an update on the status of the sale transaction for Peoples.
6/12/2012	Review and provide comments to Gowlings on the draft amending agreement.
6/13/2012	Discussion with Ms. Burden Nixon regarding comments on the draft amending agreement and the status of the closing of the sale transaction.
6/14/2012	Review of draft amending agreement and escrow agreement and discussion with Ms. Burden Nixon regarding same; correspondence with Ms. Christie regarding the RHA form.
6/15/2012	Review of Gowlings correspondence to Chaitons regarding the draft amending agreement and escrow agreement.
6/16/2012	Discussion with Mr. Miller regarding the status of closing of the sale transaction.
6/18/2012	Review of comments from Mr. Miller and Ms. Burden Nixon regarding the draft amending agreement and escrow agreement and provide further comments regarding same; correspondence with Ms. Christie regarding various operational matters.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 September 7, 2012
 Page 3 of 4 – Invoice #38

6/19/2012	Attendance on a call with Ms. Burden Nixon regarding the draft amending agreement and escrow agreement; review and execute disbursements.
6/20/2012	Review of correspondence from Mr. Miller regarding further changes to the draft amending agreement and escrow agreement and prepare correspondence to Ms. Burden Nixon regarding same.
6/21/2012	Prepare correspondence to the MOH regarding surrender of nursing home licence conditional on the closing of the sale transaction.
6/22/2012	Attend a meeting at Gowlings' offices to execute the amending agreement and escrow agreement.
6/22/2012	Preparation of correspondence to Diversicare regarding closing adjustments; review of the RHA and correspondence with Diversicare regarding same; prepare cash flow funding and forward same to Diversicare; review and execute termination letter for a Paragon employee.
6/26/2012	Prepare a schedule of estimated proceeds from the sale transaction; correspondence and discussion with Ms. Chan regarding closing adjustments and closing matters.
6/27/2012	Finalize a schedule of estimated proceeds from the sale transaction and forward to Peoples and CMHC; correspondence with Peoples regarding closing matters.
6/28/2012	Discussion with Ms. Rameena Shiwram of Canada Brokerlink regarding insurance matters and the timing for closing of the sale transaction; correspondence with Ms. Christie regarding transitional matters; review and respond to information requests and questions from the Purchaser's counsel and Diversicare.
6/28/2012	Preparation for and attendance on a conference call at Gowlings' offices with representatives of the Purchaser, Chaitons, Ms. Burden Nixon and Mr. John Risk of the RHRA to discuss the license transfer process regarding the retirement home.
6/29/2012	Review and update letter to RHRA regarding consent requested.
6/29/2012	Revise and send consent letter to RHRA.
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, execution and approval of disbursements, written and verbal correspondence to facilitate the foregoing.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership

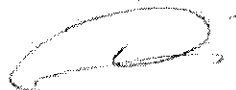
September 7, 2012

Page 4 of 4 - Invoice #38

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice-President	8.9	\$ 575.00	\$ 5,117.50
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	53.2	\$ 480.00	25,536.00
Rose Brown	Estate Administrator	<u>0.5</u>	\$ 100.00	<u>50.00</u>
Total hours and professional fees		<u>62.6</u>		\$ 30,703.50
HST at 13%				3,991.46
Total payable				\$ 34,694.96

Payable upon receipt to Deloitte & Touche Inc.



Daniel R. Weisz, CA•CIRP, CIRP
Senior Vice President
#547336

Deloitte.

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

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

Private and Confidential

Paragon Health Care Inc. o/a Casa Verde Health Centre and
Paragon Health Care (Ontario) Inc.
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: September 25, 2012
Invoice No: 3169408
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz
HST Registration No: 133245290

Invoice #39

Regarding: Paragon Health Care Inc. ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre ("Casa Verde") for the period July 1, 2012 to August 31, 2012, including;

Date	Description
7/3/2012	Review of correspondence from Mr. John Risk of the Retirement Homes Regulatory Authority ("RHRA") regarding licensing of the retirement home upon closing of the sale transaction; review e-mail from Ms. Millie Christie of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding Coinamatic and respond to Ms. Christie regarding same.
7/4/2012	Attendance at a meeting at Gowling Lafleur Henderson LLP ("Gowlings") with Ms. Leila Burden Nixon of Gowlings to discuss the Coinamatic correspondence and various closing matters.
7/5/2012	Review the Agreement of Purchase and Sale ("APS"), review draft closing documents, discuss comments with Ms. Burden Nixon.
7/5/2012	Review and sign letter of employment.
7/5/2012	Telephone call with Ms. Christie regarding Coinamatic, e-mail to Ms. Burden Nixon regarding same.
7/9/2012	Review supplier invoices for approval and payment, including a detailed review of the supporting documentation and sign cheques.
7/10/2012	Telephone call with Ms. Stella Tai of the Financial Services Commission of Ontario regarding the Paragon pension plan and the Purchaser's enquiry, e-mail correspondence with Ms. Christie regarding the status of Diversicare equipment, review request of Purchaser's counsel regarding copies of posters in the home and discussion with Ms. Burden Nixon regarding same; telephone call with Ms. Edith Petes of the Ministry of Health and Long-Term Care (the "MOH") regarding the letter received, telephone call to Ms. Weisia Kubicka of the MOH confirming completion of the reconciliation for 2010 and prior years, and discussion with Ms. Burden

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 September 25, 2012
 Page 2 of 5 - Invoice #39

Date	Description
	Nixon regarding same.
7/11/2012	Review of e-mail correspondence from Ms. Kubicka and forward same to Ms. Burden Nixon; telephone call with Ms. Christie regarding attendance at a meeting with the Purchaser at the property, e-mail correspondence to Ms. Burden Nixon regarding same.
7/12/2012	E-mail correspondence with Ms. Paige Chan of Diversicare regarding resident billings, discussion with Ms. Chan and e-mail correspondence to Ms. Burden Nixon regarding same, review of e-mail from Ms. Sherri Lavine of Chaitons LLP regarding Coinamatic and other matters and e-mail correspondence to Ms. Burden Nixon regarding same.
7/13/2012	Review of e-mail correspondence from Ms. Burden Nixon, e-mails to Ms. Christie regarding same; review of updated closing documents, e-mail correspondence to Ms. Burden Nixon with comments, e-mail correspondence with Ms. Christie regarding equipment, Purchaser's requests; review and execute certificate regarding employees; review of Gowlings invoice.
7/16/2012	Review of outstanding matters prior to call with Ms. Burden Nixon, review of e-mail from Chaitons regarding employee certificate and e-mail correspondence to Diversicare regarding same; prepare for and convene a call with Ms. Burden Nixon to review various items relating to closing of the transaction, review of e-mail correspondence from Ms. Burden Nixon regarding an election pursuant to the Excise Tax Act and respond to same, telephone call with SEIU, draft e-mail to SEIU, correspondence with Diversicare regarding the employee list and certificate, and e-mail correspondence to Ms. Burden Nixon regarding same, e-mail correspondence with Mr. R. Miller of Chaitons, review e-mail correspondence from SEIU, e-mail correspondence to Ms. Burden Nixon regarding the amending agreement; prepare for and attendance on a conference call with Ms. Burden Nixon to discuss closing matters; review of various closing documents; conference call with Ms. Burden Nixon regarding the status of various closing matters; preparation of correspondence to Ms. Christie regarding contracts; preparation of correspondence to Ms. Karen Slater of the MOH regarding the revised closing date.
7/17/2012	Review various revised closing documents and provide comments to Gowlings, e-mail correspondence to Ms. Burden Nixon regarding same; correspondence with Ms. Christie regarding leasing/contract matters; review updated draft escrow agreement, letter to the MOH, amending agreement #7 and draft statement of adjustments and provide comments to Ms. Burden Nixon; various correspondence with Diversicare and Gowlings regarding closing matters; correspondence with Mr. Martin Mallich of Peoples Trust Company regarding property taxes.
7/18/2012	Attendance at a meeting at Gowlings with Ms. Burden Nixon and Mr. Prophet to discuss closing issues; review and forward Chaitons' comments regarding employee list to Diversicare; review of various e-mails regarding closing matters; prepare letter to Paragon employees regarding the closing of the sale; review of Purchaser's comments on various items, e-mail correspondence and discussion with Ms. Burden Nixon regarding same; review and provide comments to Ms. Burden Nixon on the draft statement of adjustments.
7/19/2012	Review of e-mail correspondence regarding Assumption Agreement, e-mail correspondence to Ms. Burden Nixon, execute certificate of incumbency and forward same to Ms. Burden Nixon; review of various documents involved with the closing; various discussions with Ms. Burden Nixon regarding closing matters; correspondence with Ms. Chan and Ms. Christie and review of various documents from Diversicare regarding statement of adjustment issues.
7/20/2012	Attendance on a conference call with Ms. Burden Nixon to discuss closing matters; review of various closing documents and discussion with Ms. Burden Nixon and Ms. Chan regarding same; discussion with Ms. Christie regarding Administrator and CARF issues; attendance at Casa Verde for employee meetings to advise of closing of the sale and transitional matters; completion of on-going trust account banking administration, and disbursement processing and confirm receipt of wire deposit.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership

September 24, 2012

Page 3 of 5 - Invoice #39

Date	Description
7/23/2012	Review of various closing documents and discussions with Ms. Burden Nixon regarding same; correspondence with Ms. Christie regarding various operational matters involved with transfer; prepare correspondence to suppliers; revise correspondence to employees regarding termination of employment; review and respond to various correspondence from Gowlings regarding closing matters; conference call with Ms. Burden Nixon regarding closing matters; discussion with Ms. Chan regarding employee liabilities; review of e-mails regarding sick pay treatment in the APS; review statement of adjustments and discuss same with Ms. Burden Nixon; completion of on-going trust account banking administration, and disbursement processing and confirm receipt of Electronic Fund Transfer.
7/24/2012	Review of e-mail correspondence and discussion with Ms. Burden Nixon regarding closing matters; review of various closing documents; review of numerous e-mails, discussions with Ms. Burden Nixon regarding closing issues and M. Scullion regarding HST questions; discussion with Mr. John Jensen of John A. Jensen Realty Inc. ("Jensen") regarding the status of the closing of the APS; correspondence with Ms. Chan and Ms. Christie regarding closing matters; review of the draft statement of adjustments and provide comments to Gowlings; review of applicability of GST/HST on the sale of the nursing home; discussion with Canada Revenue Agency ("CRA") regarding HST; correspondence with Ms. Rameena Shiwram of Canada Brokerlink regarding insurance coverage; attendance at a meeting at Gowlings to execute closing documents.
7/25/2012	Various discussions with Ms. Burden Nixon regarding closing matters; discussion with Ms. Chan regarding High Intensity Needs ("HIN") claims and review of documents regarding same; conference call with Mr. Miller and Ms. Levine regarding closing issues; correspondence with Mr. Mallich regarding the status of the closing of the APS; discussion with Ms. Christie regarding closing timing and transitional matters.
7/26/2012	Discussion with Ms. Christie regarding the status of the Purchaser taking possession of Casa Verde; preparation of correspondence with the MOH regarding completion of the transaction; review of correspondence regarding closing; finalization of the letter to suppliers regarding final invoices and cut off; discussion with Ms. Chan regarding post-closing matters; preparation of the Receiver's Eighth Report to Court ("Eighth Report").
7/27/2012	Continue drafting the Eighth Report; correspondence with Diversicare regarding letter to suppliers; discussion with Jensen regarding status.
7/30/2012	Continue drafting the Eighth Report; correspondence with Ms. Burden Nixon regarding closing matters; correspondence with Mr. Mallich regarding timing for the Receiver's application to Court for an order to distribute funds from the Receiver's account and request for an updated payout statement from Peoples.
8/1/2012	Correspondence with Ms. Burden Nixon regarding the MOH Closing Adjustment; correspondence with creditors regarding payment of final invoices; continue drafting the Eighth Report.
8/2/2012	Correspondence with Ms. Burden Nixon regarding the sale proceeds; correspondence with Mr. Mallich regarding the estimated amount available for distribution; correspondence with Ms. Chan regarding HIN claims and cash on hand to pay outstanding payables; continue drafting the Eighth Report.
8/3/2012	Review of correspondence received from a creditor and forward same to Diversicare; continue drafting the Eighth Report.
8/7/2012	Review of e-mail correspondence regarding the closing of the sale.
8/8/2012	Prepare an Interim Statement of Receipts & Disbursements ("R&D"); discussion with Mr. Prophet regarding the status of the Eighth Report and requests to be made of the court; continue drafting the Eighth Report; correspondence with Ms. Christie regarding supplier matters; review of cash flow funding request prepared by Ms. Chan; correspondence with Gowlings regarding

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 September 25, 2012
 Page 4 of 5 – Invoice #39

Date	Description
	direction of funds statement; completion of on-going trust account banking administration, and disbursement processing; confirm receipt of incoming wire.
8/9/2012	Completion of on-going trust account banking administration, and disbursement processing; investment set up with the bank and input into general ledger.
8/10/2012	Correspondence from Mr. F. Lamie of Gowlings regarding the timing for the Receiver's court application; completion of on-going trust account banking administration, and disbursement processing.
8/13/2012	Review the June 2012 operating statement prepared by Diversicare; review and execute disbursements.
8/14/2012	Correspondence with Mr. Mallich regarding property taxes; correspondence with Mr. H. Render of Render & Partners LLP regarding the timing for the audit of the 2011 Long-Term Care Home Annual Report.
8/21/2012	Discussion with Mr. Prophet regarding comments on the Eighth Report and revisions to same.
8/23/2012	Finalize the Eighth Report and forward to Gowlings for inclusion in the Notice of Motion.
8/24/2012	Correspondence with the MOH regarding funding for August deposited into the Receiver's account and correspondence with the Purchaser and Ms. Burden Nixon regarding same; completion of on-going trust account banking administration, and disbursement processing; confirm Electronic Fund Transfer received from the MOH and prepare wire transfer to the Purchaser.
8/27/2012	Discussion with Mr. Prophet regarding the status of the notice of motion; review of e-mails regarding the August MOH funding received by the Receiver, update letter to the bank regarding the wire transfer, review the revised letter; correspondence with Mr. John Yuan of the Purchaser regarding the wire transfer; e-mail correspondence with Mr. Yuan regarding the wire transfer status, e-mail correspondence to Ms. Burden Nixon regarding amount sent to the Purchaser.
8/29/2012	Review of the notice of motion regarding the Receiver's September 4 application to the court and discussion with Mr. Lamie regarding same.
8/31/2012	Conference call with Mr. Prophet and Mr. Lamie regarding court attendance on September 4.
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, execution and approval of disbursements, written and verbal correspondence to facilitate the foregoing.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 September 25, 2012
 Page 5 of 5 – Invoice #39

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice-President	32.8	\$ 575.00	\$ 18,860.00
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	80.9	\$ 480.00	38,832.00
Maria Scullion	Senior Manager	0.7	\$ 480.00	336.00
Anna Koroneos	Manager	0.2	\$ 385.00	77.00
Rose Brown	Estate Administrator	2.2	\$ 100.00	220.00
Total hours and professional fees		<u>116.8</u>		\$ 58,325.00
HST at 13%				7,582.25
Total payable				\$ 65,907.25

Payable upon receipt to Deloitte & Touche Inc.



Daniel R. Weisz, CA•CIRP, CIRP
 Senior Vice President
 #547336



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

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

Private and Confidential

Paragon Health Care Inc. o/a Casa Verde Health Centre and
Paragon Health Care (Ontario) Inc.
c/o Deloitte & Touche Inc.
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Date: November 26, 2012
Invoice No: 3202914
Client/Mandate No: 891048.1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #40

Regarding: Paragon Health Care Inc. ("Paragon") and Paragon Health Care (Ontario) Inc. ("Paragon Ontario") - Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of Paragon Health Care Inc. and Paragon Health Care (Ontario) Inc. o/a Casa Verde Health Centre ("Casa Verde") for the period September 1, 2012 to October 31, 2012, including;

Date	Description
9/4/2012	Prepare for and attend in Court regarding the Receiver's application for approval of the Receiver's Eighth Report; prepare distribution to Peoples Trust Company ("Peoples"); email correspondence to Mr. Martin Mallich of Peoples regarding same; correspondence with Mr. Sunil Hirjee of Desjardins Financial Security regarding Casa Verde's benefit plan; correspondence with Mr. Howard Render of Render & Partners LLP regarding the audit of the 2011 Long-Term Care Home Annual Report; correspondence with Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation regarding court approval of the distribution to Peoples.
9/5/2012	Correspondence with Ms. Paige Chan of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding post-closing adjustments; correspondence with Ms. Millie Christie of Diversicare regarding the removal of a security registration of laundry equipment sold to Downsview Long Term Care Centre; correspondence with Mr. Mallich regarding closing documents.
9/11/2012	Review and execute disbursements; review and respond to correspondence from Ms. Christie and Ms. Chan regarding post-closing employee and supplier matters.
9/12/2012	Correspondence with Ms. Rameena Shiwram of Canada Brokerlink regarding cancellation of insurance coverage for Casa Verde and return of unused premiums.
9/14/2012	Correspondence with Mr. Mallich and provide various requested documents.
9/18/2012	Discussion with Ms. Chan regarding various post-closing matters; correspondence with Mr. Mallich and provide various requested documents; review and execute disbursements.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership
 November 26, 2012
 Page 2 of 3 – Invoice #40

Date	Description
9/20/2012	Review Gowling Lafleur Henderson LLP ("Gowlings") invoice received.
9/24/2012	Correspondence with Mr. Mallich and provide various requested documents; correspondence with Ms. Christie regarding WSIB.
9/25/2012	Correspondence with Mr. Mallich and provide various requested documents; review and execute disbursements.
9/28/2012	Review and execute the 2011 Long-Term Care Home Annual Report for submission to the Ministry of Health and Long-Term Care.
10/1/2012	Review of correspondence from Ms. Chan regarding resident account reconciliations; review of correspondence from Ms. Shiwram regarding an insurance premium refund.
10/3/2012	Review and execute disbursements; review of invoices received for the pre-closing period and forward same to Ms. Chan.
10/4/2012	Discussion with Ms. Chan regarding post-closing matters and filing of future annual reports; correspondence with Ms. Leila Burden Nixon of Gowlings regarding the status of the closing book.
10/9/2012	Discussion with Mr. O'Rafferty regarding the status of the receivership.
10/10/2012	Discussion with Mr. O'Rafferty regarding information required re Casa Verde and begin preparing same.
10/11/2012	Finalize receivership information as requested by Mr. O'Rafferty and forward same.
10/11/2012	Review and execute the Revocation, Acknowledgement and Discharge between the Receiver and the Board of Trustees of the Nursing Homes and Related Industries Pension Plan, draft cover letter to Gowlings; correspondence with Ms. Chan regarding the status of the July 2012 operating statements.
10/17/2012	Correspondence with a trade supplier regarding the status of payment of its final invoice.
10/22/2012	Review of closing operating statements and respond to correspondence from Ms. Chan regarding same.
10/31/2012	Review of Gowlings invoice.
	To all other administrative matters with respect to the receivership administration, including all meetings, telephone attendances, execution and approval of disbursements, written and verbal correspondence to facilitate the foregoing.

Paragon Health Care Inc. o/a Casa Verde Health Centre - Receivership

November 26, 2012

Page 3 of 3 – Invoice #40

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice-President	5.5	\$ 575.00	\$ 3,162.50
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	22.2	\$ 480.00	10,656.00
Rose Brown	Estate Administrator	<u>1.9</u>	\$ 100.00	<u>190.00</u>
Total hours and professional fees		<u>29.6</u>		\$ 14,008.50
HST at 13%				1,821.11
Total payable				\$ 15,829.61

Payable upon receipt to Deloitte & Touche Inc.



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

This is Exhibit "C" referred to in
 in the Affidavit of Daniel B. Weisz
 Sworn before me this 17th day of
 December 2012
 A Commissioner, etc.
 Anna Koroneos, a Commissioner, etc.,
 Province of Ontario
 for Deloitte & Touche Inc.,
 Trustee in Bankruptcy.
 Expires June 5, 2014.

Exhibit "C"

**Summary of Invoices Issued by the Receiver for Services Rendered
 as Interim Receiver and Receiver and Manager of 1508669 Ontario Limited
 For the Period July 1, 2011 to October 31, 2012**

<u>Invoice Date</u>	<u>Invoice Period</u>	<u>Amount of Invoice (including HST)</u>
15-Nov-11	July 1 to August 31, 2011	\$ 27,577.09
17-Jan-12	September 1 to October 31, 2011	37,966.31
12-Jan-12	November 1, 2011 to December 31, 2011	27,367.47
13-Apr-12	January 1, 2012 to February 29, 2012	15,419.98
12-Jun-12	March 1, 2012 to April 30, 2012	15,675.36
7-Sep-12	May 1, 2012 to June 30, 2012	18,008.81
21-Sep-12	July 1, 2012 to August 31, 2012	12,304.57
22-Nov-12	September 1, 2012 to October 31, 2012	31,276.14
		<u>\$185,595.73</u>

Deloitte.

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

Tel: 416-601-6150
Fax: 416-601-6690

www.deloitte.ca

This is Exhibit "D." referred to
in the Affidavit of Daniel R. W. Koroneos

Sworn before me this 7th day of

December 2012

Date: November 15, 2011

Invoice No: 2959789

Client/Mandate No: 891066.1000000

Billing Partner: Daniel R. W. Koroneos, a Commissioner, etc.,
Province of Ontario

HST Registration No: 133245290

for Deloitte & Touche Inc.,
Trustee in Bankruptcy.
Expires June 5, 2014.

Private and Confidential

1508669 Ontario Limited o/a West Park Health Centre
c/o Deloitte & Touche Inc.
181 Bay Street
Suite 1400
Toronto, Ontario
M5J 2V1

Invoice #33

Regarding: 1508669 Ontario Limited ("1508669" or the "Company") – Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. ("Deloitte") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre ("West Park") for the period July 1 to August 31, 2011, including:

- Discussion on July 4, 2011 with Mr. Eric Hall of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding his discussions with the Ministry of Health and Long-Term Care ("MOH") regarding the use of eight beds in abeyance;
- Review on July 4, 2011 of responses to the purchaser's questions and forward same to Mr. John Jensen of John A. Jensen Realty Inc.;
- Correspondence on July 4, 2011 with Ms. Marjorie Mossman of West Park regarding sick bank matters and responses to the purchaser's due diligence questions;
- Review on July 5, 7 and 8, 2011 of questions from the purchaser and respond to same;
- Discussion on July 11, 2011 with Mr. John Jensen of John A. Jensen Realty Inc. regarding status of due diligence information and forward outstanding information;
- Discussion on July 14, 2011 with Mr. Jensen regarding the need to extend the due diligence period;
- Review and sign the Amending Agreement to Agreement of Purchase and Sale ("APS") on July 15, 2011;
- Review on July 15, 2011 of amendment to APS, and forward to legal counsel; correspondence to Diversicare regarding timing of various matters;
- E-mail correspondence on July 27, 2011 to Mr. Hall regarding information requested by the purchaser;

1508669 Ontario Limited o/a West Park Health Centre
 November 15, 2011
 Page 2 of 5 – Invoice #33

- E-mail correspondence on July 28, 2011 to Mr. Jensen regarding information requested by the purchaser;
- E-mail correspondence on August 8, 2011 to Mr. Hall regarding the status of certain repairs;
- Prepare for and attend on August 9, 2011 a meeting with representatives of the purchaser to discuss its due diligence review; prepare correspondence to Peoples Trust Company ("Peoples") and Canada Mortgage and Housing Corporation ("CMHC") regarding a summary of the meeting with Purchaser;
- Discussion on August 10, 2011 with Mr. Larry Doraty of CMHC regarding the purchaser's proposed amendments to the APS;
- Preparation of correspondence on August 10, 2011 to Mr. Martin Mallich of Peoples regarding the purchaser's due diligence related issues and the Receiver's discussion with CMHC;
- Correspondence on August 10, 2011 to Diversicare regarding potential building issues identified by the purchaser and request information regarding same;
- Correspondence on August 11, 2011 with the purchaser regarding the purchaser's proposed amendments to the APS;
- Various discussions and correspondence on August 11, 2011 with Mr. Jensen regarding the status of the APS and the Receiver's position;
- Review on August 12, 2011 of correspondence from Mr. Jensen regarding an extension of the due diligence period;
- Prepare correspondence on August 12, 2011 to Peoples and CMHC regarding the extension of the due diligence period to consider the purchaser's proposed amendments and forward executed amending agreement to Mr. Jensen;
- Correspondence on August 15, 2011 with Mr. Hall regarding operational matters and a Ministry of Health and Long-Term Care funding announcement and the impact on West Park;
- Review on August 15, 2011 of the purchaser's proposed amendments to the APS and discuss same with Mr. Jensen;
- Review on August 15, 2011 of a list of building deficiencies provided by the purchaser and information provided by Diversicare in connection with same;
- Correspondence on August 15, 2011 regarding the sick bank accrual and historical information regarding same;
- Correspondence on August 16, 2011 with Mr. Eamonn O'Rafferty of CMHC regarding the status of the sale of West Park to the purchaser;
- Discussion on August 16, 2011 with Mr. Jensen regarding the Receiver's position on the purchaser's proposed amendments to the APS;
- Review on August 16, 2011 of June 2011 operating results and forward same to Mr. Jensen;
- Discussion on August 17, 2011 with Mr. Hall regarding Diversicare's estimate of costs;
- Review and execute on August 17, 2011 a notice to the Canadian Union of Public Employees of impending layoffs at West Park;
- Review on August 18, 2011 of the purchaser's proposed amendments to the APS;

- Discussion on August 18, 2011 with Mr. Jensen regarding the purchaser's updated proposed amendments to the APS and correspondence with Mr. Mallich and Mr. Doraty regarding same;
- Discussion on August 18, 2011 with Mr. Mallich regarding the proposed amendments and the vesting order;
- Discussion on August 19, 2011 with Mr. Jensen regarding extension of the due diligence period, review amending agreement and execute same;
- Prepare on August 22, 2011 the monthly cash flow funding as requested by Diversicare;
- Correspondence on August 22, 2011 with Peoples and Diversicare regarding a utility bill for West Park;
- Review on August 22, 2011 of the proposed amending agreement to the APS;
- Correspondence on August 22, 2011 with Mr. Mallich regarding the purchaser's proposed amendments to the APS;
- Review and sign on August 23, 2011 the LHIN Amending Agreement letter;
- Review and execute on August 23, 2011 an engagement letter regarding the 2010 audit of West Park;
- Review on August 23, 2011 of a summary of contracts and termination terms as prepared by Diversicare;
- Discussion on August 23, 2011 with Mr. Harry VanderLugt of Gowling Lafleur Henderson LLP regarding the purchaser's proposed amendments to the APS;
- Correspondence on August 24, 2011 with Diversicare regarding employee benefit matters;
- Discussion on August 24, 2011 with Mr. VanderLugt regarding comments on the Receiver's comments on the purchaser's proposed amendments to the APS and revise same;
- Discussion on August 25, 2011 with Mr. Hall regarding information in order to assess the purchaser's proposed amendments to the APS;
- Prepare on August 25, 2011 an analysis of the purchaser's proposed amendments to the APS and forward to Peoples and CMHC;
- Discussion on August 26, 2011 with Mr. O'Rafferty regarding the Receiver's position on the purchaser's proposed amendments to the APS;
- Correspondence on August 26, 2011 with Mr. Hall regarding operational matters;
- Prepare on August 29, 2011 revisions to the proposed amending agreement to the APS;
- Various discussions on August 29, 2011 with Mr. Jensen regarding revisions to amending agreement and discussion with Mr. VanderLugt regarding same;
- Review on August 29, 2011 of Mr. VanderLugt's amendments to the proposed amending agreement;
- Correspondence on August 30, 2011 regarding sick bank information;
- Finalize on August 30, 2011 the revisions to the proposed amending agreement, discuss same with Mr. VanderLugt and forward to Mr. Jensen and discussion with Mr. Jensen regarding same;

1508669 Ontario Limited o/a West Park Health Centre
November 15, 2011
Page 4 of 5 – Invoice #33

- Review and execute on August 31, 2011 an amending agreement letter regarding the Service Accountability Agreement with the LHIN;
- Discussion on August 31, 2011 with Mr. Jensen regarding the purchaser's request for extension of the due diligence period, forward to Desjardins and CMHC, execute and forward extension; and
- To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

1508669 Ontario Limited o/a West Park Health Centre
 November 15, 2011
 Page 5 of 5 – Invoice #33

A detailed summary of hours and rates as follows:

Staff	Hours	Hourly Rates	Total Fees
Daniel Weisz, CA•CIRP, CIRP, Senior Vice President	5.1	\$ 575.00	\$2,932.50
Hartley Bricks, MBA, CA•CIRP, CIRP, Vice President	44.5	480.00	21,360.00
Rose Brown, Estate Administrator	<u>0.7</u>	160.00	<u>112.00</u>
Total Hours	<u>50.3</u>		
		Our Fee	\$24,404.50
		HST @ 13%	3,172.59
		Amount Payable	\$27,577.09

Payable upon receipt to Deloitte & Touche Inc.



Daniel R. Weisz, CA•CIRP, CIRP
 Senior Vice President
 #340030



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

Tel: 416-601-8150
Fax: 416-601-6690
www.deloitte.ca

Private and Confidential

1508669 Ontario Limited o/a West Park Health Centre
c/o Deloitte & Touche Inc.
181 Bay Street
Suite 1400
Toronto, Ontario
M5J 2V1

Date: January 17, 2011
Invoice No: 2990469
Client/Mandate No: 891066.1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #34

Regarding: 1508669 Ontario Limited ("1508669" or the "Company") – Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. ("Deloitte") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre ("West Park") for the period September 1 to October 31, 2011, including:

Date	Description
9/1/2011	Discussion with Mr. John Jensen of John A. Jensen Realty Inc. regarding the status of the purchaser's review of the Receiver's changes to the proposed amendments to the Agreement of Purchase and Sale ("APS").
9/2/2011	Review of the purchaser's comments on the Receiver's proposed amendments to the APS, discuss same with Mr. Jensen and prepare correspondence to Mr. Martin Mallich of Peoples Trust Company ("Peoples") and Mr. Larry Doraty of Canada Mortgage and Housing Corporation ("CMHC") regarding same; various correspondence with Mr. Mallich and Mr. Doraty regarding the proposed amendments.
9/2/2011	Correspondence with Mr. Eric Hall of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding operating results.
9/6/2011	Discussion with Mr. Doraty regarding the proposed amendments to the APS and discussion with Mr. Jensen regarding same; correspondence with Mr. Mallich regarding the proposed amending agreement; discussion with Mr. Hall regarding operational matters.
9/7/2011	Correspondence with Mr. Hall regarding transitional clauses in the proposed amending agreement; discussion of status with Mr. Jensen; review of final Amending Agreement No. 6 and execute same; review and execute an offer letter of employment.
9/8/2011	Various discussions and correspondence with Mr. Jensen regarding Amending Agreement No. 6; correspondence to Mr. Mallich regarding completion of the amending agreement.
9/9/2011	Review and execute employment offer letter.
9/12/2011	Correspondence with Mr. Jensen regarding information requested by the purchaser.
9/13/2011	Correspondence with Diversicare regarding the tax roll numbers for West Park.

1508669 Ontario Limited o/a West Park Health Centre
 January 17, 2011
 Page 2 of 3 – Invoice #34

Date	Description
9/14/2011	Accumulate and provide information as requested by the purchaser.
9/15/2011	Review and execute an amending agreement to the Service Accountability Agreement with the Local Health Integration Network (the "LHIN"); discussion with Mr. Hall regarding facility issues and the Ministry of Health and Long-Term Care ("MOH").
9/16/2011	Review of correspondence from Mr. Hall regarding operational matters.
9/19/2011	Review of 2010 Long-Term Care Home Annual Report ("LTCHAR"), execute same and forward to Diversicare for submission.
9/22/2011	Review and execute cash flow funding as requested by Diversicare; review of the monthly operating statements for July 2011 and forward same to Mr. Jensen.
9/23/2011	Review of correspondence from Mr. Jensen regarding information requested by the purchaser, discuss same with Diversicare and respond to Mr. Jensen.
9/26/2011	Correspondence with Mr. Jensen regarding the status of various matters.
9/27/2011	Review of correspondence from Mr. Jensen regarding contracts and other matters; discussion with Mr. Hall regarding status.
9/28/2011	Discussion with Mr. Jensen regarding the status of the purchaser's financing condition and other matters; forward information to Mr. Jensen as requested by the purchaser.
9/30/2011	Review of correspondence from the purchaser regarding the waiver of the financing condition and forward same to Mr. Mallich.
10/3/2011	Correspondence with Mr. Hall regarding financial reporting matters;
10/5/2011	Correspondence with Diversicare regarding the status of various operational matters; correspondence with Mr. Harry VanderLugt of Gowling Lafleur Henderson LLP ("Gowlings") regarding receipt of the second deposit from the purchaser and timing for court approval of the transaction; draft Seventh Report to the Court (the "Seventh Report") to, among other things, seek approval of the sale of West Park;
10/6/2011	Review of responses from Diversicare regarding operational matters and update the Seventh Report to reflect same.
10/7/2011	Review of monthly operating results for August 2011 and forward same to Mr. Jensen; prepare the Seventh Report.
10/11/2011	Prepare the Seventh Report.
10/12/2011	Review and respond to correspondence from Mr. Jensen regarding information requested by the purchaser.
10/13/2011	Prepare the Seventh Report.
10/14/2011	Correspondence with Ms. Petes of the MOH regarding the licensing transfer process; prepare the Seventh Report and forward to Mr. Cliff Prophet of Gowlings for his review and comments
10/18/2011	Review of MOH reconciliations in advance of a meeting with Diversicare.
10/20/2011	Attendance at a meeting with Ms. Pinky Lee, Ms. Paige Chan and Mr. Hall of Diversicare regarding MOH reconciliations and other matters; discussion with Mr. Prophet regarding comments on the draft court report; correspondence with Mr. Jensen regarding information requested by the purchaser.
10/24/2011	Correspondence from Mr. Hall regarding the current census at West Park.
10/25/2011	Review of draft notice of motion and provide comments to Mr. Prophet.
10/29/2011	Review of Mr. Prophet's comments on the Seventh Report and update the report.
10/31/2011	Prepare an Affidavit of Fees; correspondence with Mr. Eamonn O'Rafferty of CMHC regarding the status of the sale of West Park.
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

1508669 Ontario Limited o/a West Park Health Centre
 January 17, 2011
 Page 3 of 3 – Invoice #34

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice President	4.7	\$575.00	\$ 2,702.50
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	64.2	480.00	30,816.00
Rose Brown	Estate Administrator	<u>0.8</u>	100.00	<u>80.00</u>
Total Hours and professional fees		<u>69.7</u>		\$33,598.50
HST @13%				4,367.81
Total payable				\$37,966.31

Payable upon receipt to Deloitte & Touche Inc.



Daniel R. Weisz, CA•CIRP, CIRP
 Senior Vice President
 #543675



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

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

Private and Confidential

1508669 Ontario Limited o/a West Park Health Centre
c/o Deloitte & Touche Inc.
181 Bay Street
Suite 1400
Toronto, Ontario
M5J 2V1

Date: January 12, 2012
Invoice No: 2989359
Client/Mandate No: 891066.1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #35

Regarding: 1508669 Ontario Limited ("1508669" or the "Company") – Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. ("Deloitte") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre ("West Park") for the period November 1 to December 31, 2011, including:

Date	Description
11/1/2011	Review and amend the Seventh Report to Court (the "Seventh Report") for approval of the sale of West Park.
11/1/2011	Correspondence with Mr. Martin Mallich of Peoples Trust Company regarding property tax correspondence.
11/2/2011	Finalize and forward the Seventh Report to Mr. Cliff Prophet of Gowling Lafleur Henderson LLP for service.
11/2/2011	Review of correspondence from Mr. Eric Hall of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding status of various issues.
11/3/2011	Review of correspondence from Ms. Marjorie Mossman of West Park regarding responses to an information request from the purchaser.
11/4/2011	Discussion with Mr. Prophet and Ms. Eunice Machado, counsel for the Ministry of Health and Long-Term Care ("MOH") regarding treatment of MOH obligations in the Agreement of Purchase and Sale ("APS"), prepare amending agreement regarding same and forward to Gowlings.
11/6/2011	Prepare draft Supplemental Report to the Seventh Report to Court (the "Supplemental Report").
11/7/2011	Revise the Supplemental Report and forward same to Mr. Prophet; discussion with Mr. Harry VanderLugt of Gowlings regarding the Supplemental Report; forward information on West Park management to the purchaser.
11/8/2011	Revise Supplemental Report; correspondence with Mr. Calvin Ho of Gowlings regarding status of Amending Agreement No. 7; review revised documents and discuss same with Mr. VanderLugt and Mr. Ho; correspondence with Ms. Machado regarding the Supplemental Report; review and execute Amending Agreement No. 7 and Supplemental Report.

1508669 Ontario Limited o/a West Park Health Centre
 January 12, 2012
 Page 2 of 3 – Invoice #35

Date	Description
11/9/2011	Review various e-mails prior to attending in court in connection with the Receiver's application; various discussions with Mr. Ho regarding motion materials; attendance at Court for the Receiver's application for, among other things, the approval of the sale of West Park to the purchaser;
11/9/2011	Correspondence with Mr. Hall regarding an MOH Inspection Report;
11/10/2011	Discussion with Mr. John Jensen of John A. Jensen Realty Inc. regarding Court approval of the sale to the purchaser; correspondence with Mr. VanderLugt regarding possible amendments to the APS; respond to information request from the purchaser.
11/11/2011	Review of information request from the purchaser and forward same to Ms. Mossman.
11/14/2011	Review summary of activities; discussion with Mr. Jensen regarding status of MOH notice and possible amending agreement; review of Ms. Mossman's responses to the purchaser's information request and forward same to Mr. Jensen.
11/15/2011	Discussion with Mr. VanderLugt regarding amendments to the APS to adjust certain dates in the APS.
11/16/2011	Discussion with Mr. VanderLugt regarding the proposed amendments to the APS; discussion with Mr. Jensen regarding the status of amendments.
11/17/2011	Review of proposed Amending Agreement No. 8 and provide comments to Mr. VanderLugt.
11/22/2011	Review and respond to information requested by the purchaser regarding August 2011 operating results; execute Amending Agreement No. 8 and forward same to Mr. VanderLugt.
11/22/2011	Prepare cash flow funding as requested by Diversicare.
11/23/2011	Review and respond to questions from the purchaser regarding operational matters.
11/24/2011	Discussion with Mr. Hall regarding utility programs and operational matters.
11/28/2011	Review of correspondence from Diversicare; review of operating results for September 2011; review of water bill for West Park forwarded by Mr. Mallich and forward same to West Park for payment.
11/30/2011	Discussion and correspondence with Mr. Jensen regarding the licensing transfer process and the timing for submissions to the MOH.
12/1/2011	Review letter to the MOH regarding transfer of licenses and attachments; review and execute letters; prepare correspondence and documents to notify MOH of the sale; review correspondence from Mr. Hall regarding a hydro rebate.
12/2/2011	Review correspondence from the MOH regarding amendments to the Service Accountability Agreement.
12/5/2011	Correspondence with Diversicare regarding monthly reporting; provide September results to Mr. Jensen as requested by the purchaser.
12/6/2011	Review and respond to a request for information from the purchaser.
12/9/2011	Review and respond to the purchaser's request for information on operational matters.
12/13/2011	Review of correspondence from the MOH regarding the 2008 Long-Term Care Home Annual Report reconciliation.
12/13/2011	Discussion with Mr. Jensen regarding the status of the sale; review of insurance renewal documentation, execute same and return to Canada Brokerlink; prepare cash flow funding as requested by Diversicare.
12/14/2011	Review of APS regarding key dates.
12/16/2011	Correspondence with Mr. Hall regarding operational matters.
12/19/2011	Discussion with Mr. Sean Jensen regarding the status of various information requested by the purchaser.
12/20/2011	Discussion with Mr. Hall regarding the status of various operating matters.
12/20/2011	Review of correspondence from the MOH regarding the status of the licensing transfer

1508669 Ontario Limited o/a West Park Health Centre
 January 12, 2012
 Page 3 of 3 – Invoice #35

Date	Description
	application and forward same to Mr. Mallich.
12/21/2011	Review of operating results and forward to the purchaser; review of questions from the purchaser and forward same to Diversicare.
12/22/2011	Review of correspondence from Diversicare regarding changes to MOH funding.
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice President	5.0	\$ 575.00	\$ 2,875.00
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	44.3	\$ 480.00	21,264.00
Rose Brown	Estate Administrator	<u>0.8</u>	\$ 100.00	<u>80.00</u>
Total hours and professional fees		<u>50.1</u>		\$ 24,219.00
HST at 13%				3,148.47
Total payable				\$ 27,367.47

Payable upon receipt to Deloitte & Touche Inc.



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



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

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

Private and Confidential

1508669 Ontario Limited o/a West Park Health Centre
c/o Deloitte & Touche Inc.
181 Bay Street
Suite 1400
Toronto, Ontario
M5J 2V1

Date: April 13, 2012
Invoice No.: 3048652
Client/Mandate No: 891066, 1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #36

Regarding: 1508669 Ontario Limited ("1508669" or the "Company") – Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. ("Deloitte") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre ("West Park") for the period January 1 to February 29, 2012, including:

Date	Description
1/3/2012	Correspondence with the Purchaser regarding facilitation of a Rollover Agreement with the union;
1/4/2012	Review of correspondence from the Ministry of Health and Long-Term Care ("MOH") regarding the licensing transfer process;
1/9/2012	Review of correspondence from the Purchaser requesting certain information on operating results and forward same to Diversicare Canada Management Services Co. Inc. ("Diversicare");
1/10/2012	Correspondence with Ms. Rameena Shiwram of Canada Brokerlink regarding renewal of the insurance policy;
1/11/2012	Review of November 2011 operating results and forward same to the Purchaser; correspondence with Mr. Eric Hall of Diversicare regarding operational matters;
1/13/2012	Review of insurance renewal documents provided by Ms. Shiwram; correspondence with Mr. John Jensen of John A. Jensen Realty Inc. regarding information requested by the Purchaser;
1/16/2012	Review of questions from the Purchaser, discuss same with Mr. Jensen and compile information;
1/17/2012	Discussion with Mr. Jensen regarding status of the transaction; discussion with Mr. Hall regarding status of operational matters;
1/19/2012	Provide update on the sale process and operational status to Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation ("CMHC");
1/20/2012	Discussion with Mr. Jensen regarding the status of the purchaser;
1/23/2012	Review of cash flow funding request from Diversicare and prepare same; correspondence with Mr. Jensen regarding the Purchaser's request for a meeting with the Receiver and Diversicare to discuss the Purchaser's operational questions;

1508669 Ontario Limited o/a West Park Health Centre

April 13, 2012

Page 2 of 3 – Invoice #36

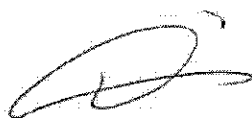
Date	Description
1/24/2012	Correspondence with Mr. Hall regarding operational matters and meeting with the Purchaser;
1/25/2012	Discussion with Mr. Hall regarding various matters; review of correspondence from the Purchaser regarding operational matters;
1/30/2012	Correspondence with Mr. Hall regarding responses to the Purchaser's inquiries;
2/1/2012	Review of correspondence from the MOH regarding the annual reconciliation for 2009 and discuss same with Ms. Paige Chan of Diversicare;
2/3/2012	Review of correspondence from Mr. Hall regarding the timing for responses to questions posed by the Purchaser;
2/6/2012	Discussion with Mr. Jensen regarding the status of Purchaser information requests;
2/7/2012	Review of an MOH inspection report and correspondence with Diversicare regarding same; correspondence with Mr. Jensen regarding status of responses to the Purchaser's questions and the MOH inspection report;
2/8/2012	Correspondence with Mr. Jensen regarding the status of meeting with the Purchaser and other matters;
2/9/2012	Correspondence with Mr. Martin Mallich of Peoples Trust Company regarding the status of the sale process;
2/10/2012	Review of correspondence from Diversicare regarding MOH reconciliations; correspondence with Mr. Hall regarding employee matters;
2/13/2012	Prepare for and attend on a conference call with representatives of the Purchaser, Ms. Chan, Mr. Hall and Mr. Jensen to discuss operational matters and responses to the Purchaser's questions;
2/15/2012	Review of 2011 operating results and forward same to Mr. Jensen;
2/16/2012	Review of correspondence from Diversicare regarding union matters and forward same to Mr. Jensen; correspondence with Mr. O'Rafferty regarding an update on the sale process and operational matters;
2/20/2012	Correspondence with Mr. Mallich regarding property taxes;
2/22/2012	Correspondence with Mr. Mallich regarding a utility bill and forward same to Diversicare; review of the December 2011 operating report; review of MOH Inspection Reports and correspondence with Diversicare regarding same;
2/24/2012	Forward MOH Inspection Reports and December 2011 operating results to the Purchaser; review and respond to Purchaser's questions on December 2011 results; review correspondence from Keith Foot of Ralph Moss Limited regarding the benefit plan renewal;
2/28/2012	Review of questions posed by the Purchaser and responses prepared by Ms. Marjorie Mossman of West Park regarding same; and
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

1508669 Ontario Limited o/a West Park Health Centre
April 13, 2012
Page 3 of 3 – Invoice #36

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice President	0.8	\$ 575.00	\$ 460.00
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	27.2	\$ 480.00	13,056.00
Rose Brown	Estate Administrator	1.3	\$ 100.00	130.00
Total hours and professional fees		<u>29.3</u>		\$ 13,646.00
HST at 13%				1,773.98
Total payable				\$ 15,419.98

Payable upon receipt to Deloitte & Touche Inc.



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



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Toronto, Ontario M5J 2V1
Canada

Tel: 416-601-6150
Fax: 416-601-6680
www.deloitte.ca

Private and confidential

1508669 Ontario Limited o/a West Park Health Centre
c/o Deloitte & Touche Inc.
181 Bay Street
Suite 1400
Toronto, Ontario
M5J 2V1

Date: June 12, 2012
Invoice No: 3117857
Client/Mandate No: 891066.1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #37

Regarding: 1508669 Ontario Limited ("1508669" or the "Company") – Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. ("Deloitte") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre ("West Park") for the period March 1 to April 30, 2012, including:

Date	Description
3/1/2012	Correspondence with the proposed purchaser of West Park (the "Purchaser") regarding responses to questions on operational matters; discussion with Ms. Marjorie Mossman of West Park regarding operating matters.
3/6/2012	Review of information requested by the Purchaser; discuss same with Ms. Paige Chan of Diversicare Canada Management Services Co., Inc. ("Diversicare") and review responses.
3/7/2012	Review of correspondence received from the Purchaser requesting certain operational information and respond to same; discussion with Mr. Hall regarding the status of operations.
3/9/2012	Discussion with Mr. John Jensen of John A. Jensen Realty Inc. regarding the status of the sale process; review of correspondence from the Purchaser regarding operational questions and discussion with Mr. Eric Hall of Diversicare regarding same; review correspondence from Mr. Jensen regarding FINTRAC and forward same to Mr. Harry VanderLugt of Gowling Lafleur Henderson LLP.
3/12/2012	Review of 2012 budget for West Park and January operating statements.
3/15/2012	Correspondence with Diversicare regarding operational matters; correspondence with the Purchaser regarding its questions on operations and provide the 2012 budget and January operating results.
3/16/2012	Review of Food Services Inspection Report from Niagara Region Public Health, discuss same with Mr. Hall and forward a copy of same to the Purchaser; review and respond to an information request from the Purchaser.
3/20/2012	Review and respond to correspondence from the Purchaser regarding information surrounding the 2012 budget.
3/21/2012	Correspondence with Mr. Hall regarding special Ministry of Health and Long-Term Care ("MOH") funding available to West Park.

1508669 Ontario Limited o/a West Park Health Centre

June 12, 2012

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Date	Description
3/22/2012	Review of the February operating report prepared by Ms. Mossman and forward same to the Purchaser.
3/23/2012	Correspondence with Mr. Hall and Ms. Mossman regarding operational matters.
3/29/2012	Review and respond to correspondence from the Purchaser; respond to Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation ("CMHC") regarding an update on the sales process and operations.
3/30/2012	Correspondence with Mr. Martin Mallich of Peoples Trust Company and Ms. Mossman regarding a utility invoice for West Park; review of documents received from the Purchaser and correspondence with Mr. VanderLugt regarding same.
4/2/2012	Correspondence with Mr. VanderLugt regarding the status of the Agreement and Purchase and Sale ("APS") and the requirement to enter into an amending agreement.
4/3/2012	Discussion with Mr. O'Rafferty regarding the status of West Park and forward monthly operational reports; correspondence with the Purchaser regarding coordinating a meeting to discuss operational matters; correspondence with Ms. Edith Petes of the MOH regarding the status of the licensing transfer process and update Mr. Mallich regarding same.
4/4/2012	Review and execute an amending agreement extending the dates of certain matters in the APS.
4/9/2012	Review of the February 2012 operating statement and forward same to the Purchaser.
4/12/2012	Prepare for and attend conference call with representatives of the Purchaser, Mr. Jeff Rhineland of Extendicare (Canada) Inc. ("Extendicare") and Mr. Jensen to discuss the status of the sale process and union issues; correspondence with Ms. Weisia Kubicka of the MOH regarding the status of pre-closing MOH reconciliations; discussion with Mr. Hall regarding the status of various issues and union contacts; correspondence with Ms. Paige regarding reconciliation of amounts due from West Park to Casa Verde.
4/13/2012	Telephone discussion with Ms. Bonnie Robinson of CUPE to schedule a meeting; e-mails to Ms. Robinson and the Purchaser to confirm the meeting.
4/17/2012	Review of correspondence from the Purchaser regarding closing considerations; voicemail to Ms. Robinson to confirm the meeting; correspondence with the Purchaser regarding transitional timing.
4/18/2012	Review and respond to an information request from the Purchaser.
4/19/2012	Correspondence with the Purchaser regarding benefit plans and discussion with Mr. Hall regarding same; review materials provided by Mr. Hall.
4/23/2012	Prepare for and attend meeting with representatives of the Purchaser, Mr. Rhineland and representatives of CUPE to introduce the Purchaser to the union, discuss the status of the sale process and go-forward and transitional matters; prepare monthly cash flow funding and forward to Diversicare.
4/27/2012	Review of the March operating report prepared by Ms. Mossman and forward same to the Purchaser; correspondence with Mr. Hall regarding various operational matters; review of correspondence from the MOH regarding the public meeting.
4/30/2012	Execute an amending agreement to the APS; forward the MOH notice regarding the public meeting to Mr. VanderLugt and Mr. Mallich.
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

1508669 Ontario Limited o/a West Park Health Centre

June 12, 2012

Page 3 of 3 - Invoice #37

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Weisz, Daniel	Senior Vice President	3.6	\$ 575.00	\$ 2,070.00
Bricks, Hartley	Vice President	24.4	\$ 480.00	11,712.00
Brown, Rose	Estate Administrator	0.9	\$ 100.00	90.00
Total hours and professional fees		<u>28.9</u>		\$ 13,872.00
HST at 13%				1,803.36
Total payable				\$ 15,675.36

Payable upon receipt to Deloitte & Touche Inc.

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



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

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

Private and confidential

1508669 Ontario Limited o/a West Park Health Centre
c/o Deloitte & Touche Inc.
181 Bay Street
Suite 1400
Toronto, Ontario
M5J 2V1

Date: September 7, 2012
Invoice No: 3158962
Client/Mandate No: 891066.10000000
Billing Partner: Daniel R. Weisz
HST Registration No: 133245290

Invoice #38

Regarding: 1508669 Ontario Limited ("1508669" or the "Company") – Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. ("Deloitte") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre ("West Park") for the period May 1 to June 30, 2012, including:

Date	Description
5/1/2012	Discussion with Mr. Eric Hall of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding operational matters and the status of the sale transaction; review of operating results for March 2012.
5/2/2012	Review and execute an amending agreement extending the dates of certain matters in the Agreement of Purchase and Sale ("APS"); review of correspondence from Diversicare.
5/7/2012	Review of correspondence from the proposed purchaser of West Park (the "Purchaser") regarding questions on certain operational matters and forward same to Mr. Hall and Ms. Marjorie Mossman of West Park.
5/8/2012	Review and execute an offer letter of employment; correspondence with Ms. Mossman regarding questions posed by the Purchaser.
5/9/2012	Discussion with Ms. Mossman regarding operating matters and prepare correspondence to the Purchaser regarding responses to questions.
5/16/2012	Review of various correspondence.
5/17/2012	Review correspondence from Ms. Mossman and respond to same; review correspondence from the Purchaser regarding operating results.
5/18/2012	Review and execute the Amendment to Schedule F of the Long-Term Care Home Service Accountability Agreement.
5/22/2012	Prepare monthly cash flow funding and forward to Diversicare; review and execute disbursements.
5/23/2012	Review and execute an offer letter of employment; review of correspondence from the Ministry of Health and Long-Term Care (the "MOH") regarding the licensing transfer application.

1508669 Ontario Limited o/a West Park Health Centre

September 7, 2012

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Date	Description
5/25/2012	Review of documents provided by Ms. Mossman regarding the MOH and Local Health Integration Network ("LHIN").
5/29/2012	Travel to and attendance at the public meeting held by the MOH regarding the proposed transfer of the license to the Purchaser, various discussions with Mr. John Jensen of John A. Jensen Realty Inc. and Mr. Keith McIntosh of the Purchaser regarding the status of various issues involved in the sale transaction; meeting at West Park with Ms. Mossman to tour facility and discuss various operational matters.
6/1/2012	Review and respond to an information request from the Purchaser; review and execute an offer letter of employment.
6/4/2012	Correspondence with Diversicare regarding the status of West Park; review of operating results for April 2012 and forward same to the Purchaser.
6/11/2012	Review and respond to questions from the Purchaser; review and execute offer letters of employment; discussion with Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation ("CMHC") regarding an update on the sale transaction and operations.
6/14/2012	Correspondence with Diversicare regarding the status of operational matters.
6/19/2012	Review of the MOH reconciliation calculations prepared by Diversicare; review of correspondence from Mr. Martin Mallich of Peoples Trust Company regarding a utility bill for West Park and coordinate payment of same.
6/22/2012	Review of materials prepared by Diversicare; correspondence with Diversicare regarding preparation of closing adjustments.
6/23/2012	Review of an information request from the Purchaser and Diversicare's response to same.
6/29/2012	Prepare schedule of estimated proceeds from the closing of the sale transaction; discussion with Ms. Mossman regarding financial matters and Purchaser access matters; forward schedule of estimated proceeds on closing of the sale transaction to Mr. Mallich and Mr. O'Rafferty.
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

1508669 Ontario Limited o/a West Park Health Centre
 September 7, 2012
 Page 3 of 3 – Invoice #38

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice President	1.0	\$ 575.00	\$ 575.00
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	31.9	\$ 480.00	15,312.00
Rose Brown	Estate Administrator	0.5	\$ 100.00	50.00
Total hours and professional fees		<u>33.4</u>		\$ 15,937.00
HST at 13%				2,071.81
Total payable				\$ 18,008.81

Payable upon receipt to Deloitte & Touche Inc.



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

Deloitte.

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

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

Private and confidential

1508669 Ontario Limited o/a West Park Health Centre
c/o Deloitte & Touche Inc.
181 Bay Street
Suite 1400
Toronto, Ontario
M5J 2V1

Date: September 21, 2012
Invoice No: 3167479
Client/Mandate No: 891066.1000000
Billing Partner: Daniel R. Weisz

HST Registration No: 133245290

Invoice #39

Regarding: 1508669 Ontario Limited ("1508669" or the "Company") – Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. ("Deloitte") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre ("West Park") for the period July 1 to August 31, 2012, including:

Date	Description
7/3/2012	Correspondence with the Purchaser regarding transitional matters.
7/4/2012	Review of correspondence from the Purchaser regarding amounts owing to the Ministry of Health and Long-Term Care ("MOH") and discussion with Ms. Paige Chan of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding same.
7/9/2012	Discussion with Ms. Marjorie Mossman regarding operating matters.
7/13/2012	Review of correspondence from Ms. Chan regarding MOH payable amounts.
7/16/2012	Review of correspondence from the Purchaser regarding MOH payable amounts and discuss same with Ms. Chan.
7/17/2012	Correspondence with AiMS Environmental regarding providing a reliance letter requested by the Purchaser concerning a Phase I ESA prepared for West Park.
7/18/2012	Review and execute disbursements; review and respond to correspondence with the Purchaser; discussion with Mr. John Jensen of John A. Jensen Realty Inc. ("Jensen") regarding the status of the sale.
7/20/2012	Review the May 2012 operating statement and forward same to the Purchaser; completion of on-going trust account banking administration, and disbursement processing and confirm receipt of wire deposit.
7/23/2012	Provide update and monthly reports to Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation ("CMHC"); discussion with Mr. Bob Yoanidis of Southbridge regarding the status of the licensing transfer process; correspondence to the MOH regarding the status of yearly reconciliations; completion of on-going trust account banking administration, and disbursement processing.
7/24/2012	Review and execute Managing Changes to Schedule F of the Local Service Accountability Agreement ("L-SAA"); correspondence with Ms. Mossman re the status of various matters.

1508669 Ontario Limited o/a West Park Health Centre
 September 21, 2012
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7/26/2012	Review of correspondence from the MOH regarding the status of the MOH review of annual reconciliations and amounts owing, forward same to Diversicare for comments.
7/27/2012	Review of various correspondence from the Purchaser and respond to same; correspondence with Mr. Eric Hall of Diversicare regarding operational matters.
7/30/2012	Correspond with Mr. Martin Mallich of Peoples Trust Company ("Peoples") regarding information requested by MPAC and forward same to Diversicare for completion; review of files regarding same.
8/2/2012	Correspondence with the Purchaser regarding reliance letter for Phase 1 ESA and correspondence with AiMS Environmental regarding same.
8/3/2012	Prepare section of the Eighth Report to Court on the status of West Park and the sale process.
8/7/2012	Attendance at a meeting at West Park with Ms. Mossman to discuss the status of various matters.
8/8/2012	Review and respond to questions from the Purchaser regarding operational matters; correspondence with Mr. Harry VanderLugt of Gowling Lafleur Henderson LLP regarding an amending agreement and other matters.
8/9/2012	Correspondence with Mr. Jensen regarding questions from the Purchaser; provide the Purchaser with a status update on MOH reconciliations; correspondence with Mr. Mallich regarding the property tax bill.
8/13/2012	Review the June 2012 operating results and forward same to the Purchaser; review of correspondence from the MOH regarding the reconciliation for 2009.
8/20/2012	Correspondence with the Purchaser regarding various matters; correspondence with Ms. Mossman regarding operational matters; correspondence with Ms. Chan regarding a cash flow funding request.
8/21/2012	Review and execute disbursements; review and execute an offer letter of employment.
8/22/2012	Review of correspondence from the MOH regarding the reconciliation for 2010; completion of on-going trust account banking administration, and disbursement processing.
8/23/2012	Review of the MOH reconciliation statement; review and execute disbursements.
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

1508669 Ontario Limited o/a West Park Health Centre
September 21, 2012
Page 3 of 3 – Invoice #39

A detailed summary of hours and rates is as follows:

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice President	0.6	\$ 575.00	\$ 345.00
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	21.8	\$ 480.00	10,464.00
Rose Brown	Estate Administrator	<u>0.8</u>	\$ 100.00	<u>80.00</u>
Total hours and professional fees		<u>23.2</u>		\$ 10,889.00
HST at 13%				1,415.57
Total payable				\$ 12,304.57

Payable upon receipt to Deloitte & Touche Inc.



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



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

Tel: 416-601-6150
Fax: 416-601-6680
www.deloitte.ca

Private and confidential

1508669 Ontario Limited o/a West Park Health Centre
c/o Deloitte & Touche Inc.
181 Bay Street
Suite 1400
Toronto, Ontario
M5J 2V1

Date: November 22, 2012
Invoice No: 3202123
Client/Mandate No: 891066.1000000
Billing Partner: Daniel R. Welsz

HST Registration No: 133245290

Invoice #40

Regarding: 1508669 Ontario Limited ("1508669" or the "Company") – Receivership

To professional services rendered in connection with the appointment of Deloitte & Touche Inc. ("Deloitte") as Court-appointed Interim Receiver and Receiver and Manager ("Receiver") of 1508669 Ontario Limited o/a West Park Health Centre ("West Park") for the period September 1 to October 31, 2012, including:

Date	Description
9/4/2012	Review of correspondence from Mr. Eric Hall of Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding a proposed agreement with Seneca College; discussion with Mr. Keith McIntosh of Southbridge regarding the timing for MOH's licence approval process; review of correspondence from Desjardins Financial Security regarding West Park benefits coverage; preparation of correspondence to Mr. Eamonn O'Rafferty of Canada Mortgage and Housing Corporation ("CMHC") regarding the status of the closing of the sale of West Park.
9/5/2012	Correspondence with Diversicare Canada Management Services Co., Inc. ("Diversicare") regarding operational matters; correspondence with Mr. Martin Mallich of Peoples Trust Company ("Peoples") regarding the status of the closing of the sale.
9/6/2012	Review of the July 2012 operating statement for West Park and forward same to Mr. McIntosh.
9/11/2012	Review and respond to correspondence from Ms. Marjorie Mossman of West Park regarding various operational matters.
9/12/2012	Review and respond to correspondence from Ms. Theresa Waller of Southbridge regarding operating results; Correspondence with the Local Health Integration Network ("LHIN") regarding the LTC Accountability Planning Submission.
9/19/2012	Correspondence with Ms. Mossman regarding the status of various operational matters.
9/24/2012	Review of correspondence from Ms. Paige Chan of Diversicare regarding monthly cash flow funding and preparation of same.
9/25/2012	Review of closing agenda and correspondence with Mr. Harry VanderLugt of Gowling Lafleur Henderson LLP ("Gowlings") regarding proposed closing date.
9/28/2012	Review and execute the 2011 Long-Term Care Home Annual Report.

1508669 Ontario Limited o/a West Park Health Centre
 November 22, 2012
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10/1/2012	Review of correspondence from Mr. McIntosh regarding the status of the MOH's licence transfer review.
10/2/2012	Review and respond to correspondence from Mr. McIntosh regarding transitional matters.
10/3/2012	Correspondence with Ms. Jane Buckrell of Southbridge regarding employee matters and correspondence with Ms. Mossman regarding same; review of monthly management report prepared by West Park.
10/4/2012	Review and respond to correspondence from Mr. McIntosh regarding MOH compliance matters and correspondence with Ms. Mossman regarding same.
10/5/2012	Review of information requested by Ms. Buckrell and correspondence to Ms. Mossman and Ms. Paige Chan of Diversicare regarding same; discussion with Ms. Leila Burden Nixon of Gowlings regarding closing matters; correspondence with Ms. Chan regarding closing matters and contracts to be terminated.
10/9/2012	Review and execute Amending Agreement #12 and return to Ms. Burden Nixon; review of closing agenda re completion of the Agreement of Purchase and Sale (the "APS"); review of correspondence from Mr. McIntosh regarding timing for closing; correspondence to Ms. Chan and Ms. Mossman regarding closing matters and information required for closing; telephone call with Mr. O'Rafferty regarding timing for closing of the transaction.
10/10/2012	Correspondence with Mr. Michael Chandler regarding the 2011 ARR and forward same; discussion with Mr. McIntosh regarding the proposed closing date and correspondence regarding same; discussion with Ms. Burden Nixon regarding closing matters; correspondence with Ms. Theresa Waller of Southbridge re elevator licences.
10/11/2012	Correspondence with Ms. Mossman and Ms. Chan regarding information required for closing; correspondence with Ms. Patti Kennedy of Extendicare (Canada) Inc. ("Extendicare") regarding transitional matters; review of correspondence from Ms. Buckrell regarding employee matters; correspondence with Mr. Mossman and Mr. Eric Hall of Diversicare regarding contracts and information required for closing.
10/12/2012	Review of correspondence from Ms. Waller regarding contracts and prepare information regarding same; correspondence with Ms. Mossman regarding various contract matters.
10/15/2012	Correspondence with Ms. Chan regarding the status of MOH recoveries for prior years; prepare a schedule setting out the proposed MOH closing adjustment; correspondence with Ms. Mossman regarding facility matters and contracts; review of draft closing documents provided by Ms. Burden Nixon; correspondence with Ms. Rebecca Scott of Extendicare regarding transitional matters.
10/16/2012	Review and respond to various correspondence from Ms. Buckrell regarding closing matters; correspondence with Ms. Mossman and Ms. Chan regarding closing matters and information for the MOH closing adjustment; discussion with Ms. Burden Nixon regarding the status of various closing matters; correspondence with Mr. Hall regarding contracts to be terminated.
10/17/2012	Correspondence with Ms. Buckrell regarding employee matters; correspondence with Ms. Chan and Ms. Mossman regarding various closing matters; prepare MOH closing adjustment materials; correspondence with Mr. Hall regarding a grievance matter.
10/18/2012	Prepare WSIB clearance certificate application and forward to Ms. Burden Nixon; correspondence with Ms. Burden Nixon regarding employee matters; correspondence with Mr. McIntosh regarding the status of MOH compliance matters; prepare contract documentation and forward to Mr. McIntosh; prepare correspondence to Ms. Chan regarding closing adjustments; correspondence with Mr. Mallich regarding property tax payments; correspondence with Ms. Chan regarding the MOH closing adjustment.
10/19/2012	Correspondence with Ms. Mossman regarding status of closing; review of correspondence from Ms. Burden Nixon regarding closing matters; correspondence with Mr. Hall regarding an employee grievance matter; discussion with Mr. John Jensen of John A. Jensen Realty Inc. regarding the status of closing.

1508669 Ontario Limited o/a West Park Health Centre

November 22, 2012

Page 3 of 4 – Invoice #40

10/22/2012	Review of closing agenda; Correspondence with Ms. Chan regarding monthly cash flow funding and closing adjustments; correspondence with Ms. Mossman regarding employee matters; correspondence with Ms. Buckrell regarding elevator licenses, employees and other closing matters.
10/22/2012	Trust Banking Administration - Check with the bank to confirm incoming EFT deposit and input into Ascend; prepare payroll funds cheque and courier.
10/23/2012	Correspondence with Ms. Edith Petes of the MOH regarding the status of MOH licence approval; correspondence with Ms. Buckrell regarding employee matters; discussion with Ms. Mossman regarding various closing matters; discussion with Mr. Hall regarding employee matters and transition; update MOH closing adjustment; correspondence with Ms. Burden Nixon regarding the WSIB certificate.
10/24/2012	Correspondence with Ms. Chan regarding altered cheque; review and respond to correspondence from Ms. Buckrell regarding closing matters; discussion with Ms. Burden Nixon regarding the employee grievance matter and various other closing issues; correspondence with Ms. Mossman and Ms. Chan regarding closing matters and documentation required; correspondence with Mr. Hall regarding employee matters.
10/25/2012	Review and respond to correspondence from Mr. McIntosh regarding closing matters; discussion with Ms. Petes regarding the status of MOH approval of license transfer and prepare correspondence to Gowlings regarding same; review and respond to correspondence from Ms. Buckrell regarding employee matters; review of draft closing documents; correspondence with Mr. Hall and Ms. Mossman regarding contracts to be terminated and employee matters.
10/26/2012	Conference call with Ms. Burden Nixon regarding the timing of closing of the sale; correspondence with Mr. McIntosh regarding closing matters; correspondence with Ms. Mossman regarding the employee grievance matter; correspondence with Ms. Buckrell regarding employee matters.
10/29/2012	Prepare for and attend on a conference call with Mr. McIntosh and Mr. Robert Yoanidis of Southbridge and counsel regarding the closing date and closing matters; correspondence with Mr. Mallich regarding the proposed timing for closing of the sale and possible requirement to enter into an escrow agreement in respect of the MOH closing adjustment; prepare correspondence to Mr. McIntosh regarding a lease buyout.
10/30/2012	Review and execute Amending Agreement #13 and return to Ms. Burden Nixon; correspondence with Ms. Buckrell regarding the timing of employee meetings and correspondence with Ms. Mossman regarding same; prepare correspondence for the termination of a West Park employee.
10/31/2012	Review of the MOH's conditional licence approval letter and correspondence with Mr. McIntosh regarding same; prepare draft letter to the MOH to surrender the current nursing home license.
	To all other administrative matters with respect to the receivership, including all meetings/discussions, telephone attendances, written correspondence, review and execution of disbursements, verbal and written reporting to facilitate the foregoing.

1508669 Ontario Limited o/a West Park Health Centre

November 22, 2012

Page 4 of 4 – Invoice #40

Staff	Position	Hours	Rate	Fees
Daniel Weisz, CA•CIRP, CIRP	Senior Vice President	4.4	\$ 575.00	\$ 2,530.00
Hartley Bricks, MBA, CA•CIRP, CIRP	Vice President	52.1	\$ 480.00	25,008.00
Rose Brown	Estate Administrator	1.4	\$ 100.00	140.00
Total hours and professional fees		<u>57.9</u>		\$ 27,678.00
HST at 13%				3,598.14
Total payable				\$ 31,276.14

Payable upon receipt to Deloitte & Touche Inc.



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

Court File No.: 06-CL-6233

PEOPLES TRUST COMPANY

- and -

PARAGON HEALTH CARE INC. et al.

ONTARIO
SUPERIOR COURT OF JUSTICE
 (PROCEEDING COMMENCED AT TORONTO)

AFFIDAVIT OF DANIEL R. WEISZ
 (Sworn December 7, 2012)

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

Clifton P. Prophet / Frank Lamie
LSUC No.: 34345K / 54035S

Telephone: (416) 369-3509 / (416) 862-3609
 Facsimile: (416) 862-7661

Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited

TAB 4

Court File No. 06-CL-6233

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

BETWEEN:**PEOPLES TRUST COMPANY****Applicant**

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED**Respondents**

**AFFIDAVIT OF CLIFTON PROPHET
(Sworn December 11, 2012)**

**I, CLIFTON PROPHET, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:**

1. I am a partner in the law firm of Gowling Lafleur Henderson LLP ("**Gowlings**"). I am the billing professional for billings related to Gowlings' retainer in respect of the receivership of Paragon Health Care Inc. ("**Paragon**"), Paragon Health Care (Ontario) Inc. ("**Paragon Ontario**") and 1508669 Ontario Limited ("**1508669**") and as such I have personal knowledge of the matters to which I hereinafter refer.
2. Pursuant to an order of this court dated January 23, 2006, Mintz & Partners Limited was appointed Receiver effective 9:00 am on January 24, 2006 (the "**Initial Order**"). By Order of the Court dated July 2, 2008, following the merger of the accounting practices of Deloitte & Touche LLP and Mintz & Partners LLP, the name of the Receiver was changed to Deloitte & Touche Inc. (the "**Receiver**").
3. Pursuant to the Initial Order, Gowlings has acted as counsel to the Receiver in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon, Paragon Ontario and 1508669.

- 2 -

4. Gowlings has provided services and incurred disbursements in relation to the receivership of Paragon for the period from June 1, 2011 to October 25, 2012, as described in the Legal Costs Summary for the Paragon and 1508669 receiverships and detailed invoices attached hereto as **Exhibit "A"** (the "**Dockets**"). The Paragon Dockets have been redacted where they reference information subject to privilege.

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

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

SWORN before me at the City of
Toronto, in the Province of Ontario, on
December 11, 2012

Commissioner for Taking Affidavits

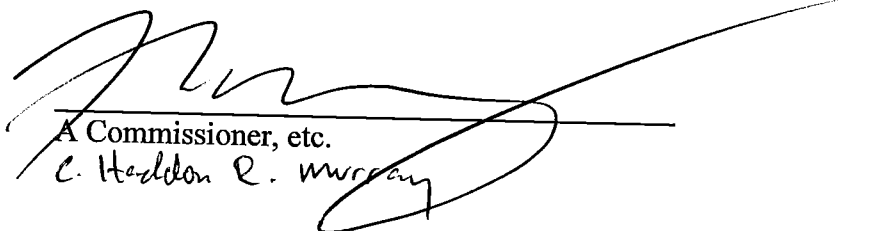
C. Haddon R. Murray

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)
)

C. Prophet

CLIFTON PROPHET

**THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF CLIFTON PROPHET
BEFORE ME THIS 11 DAY OF Dec, 2012**


A Commissioner, etc.
C. Haddon R. Murray

LEGAL COSTS SUMMARY
Receiverships of Paragon Health Care Inc. and 1508669 Ontario Inc.

LAWYER	YEAR OF CALL	HOURLY RATE 2012 (2011)
Harry R. VanderLugt	1972	\$700.00/\$675.00
Clifton P. Prophet	1993	\$750.00/\$725.00
Leila Burden-Nixon	2005	\$505.00/\$490.00
Wendy Wagner	2002	\$425.00/\$395.00
Frank Lamie	2007	\$435.00/\$405.00
Haddon Murray	2012	\$330.00/\$220.00
Kelby Carter	Articling Student	\$225.00
Pam Carter	Law Clerk	\$245.00
Mabel Hung	Corporate Clerk	\$135.00/\$130.00
Hilary Chancey	Corporate Searcher	\$220.00/\$215.00

SUMMARY OF ACCOUNTS

No.	Date of Account	Fees	Disbursements	HST	Total
1.	11 May 2012	\$560.00	N/A	\$72.8	\$632.80
2.	11 November 2011	\$730.00	\$1.00	\$95.03	\$826.03
3.	November 2012	\$1,060.50	\$160.71	\$158.76	\$1,379.97
4.	18 October 2012	\$6,734.00	\$352.65	\$904.75	\$7,991.40
5.	10 September 2012	\$7,176.50	\$713.80	\$1,017.94	\$8,908.24
6.	10 August 2012	\$1,9079.50	\$105.29	\$2,492.73	\$21,677.52

7.	10 July 2012	\$4,091.00	\$0.75	\$531.93	\$4,623.68
8.	11 June 2012	\$3,310.00	N/A	\$430.3	\$3,740.30
9.	11 May 2012	\$1,060.50	\$10.99	\$139.30	\$1,210.79
10.	9 April 2012	\$21,246.50	\$1.00	\$2,762.18	\$24,0098.68
11.	13 March 2012	\$1,820.00	N/A	\$236.60	\$2,056.60
12.	9 February 2012	\$952.50	N/A	\$123.83	\$1,076.33
TOTAL		\$67,821.00	\$1,346.19	\$8,966.15	\$78,133.34
Average Hourly Rate – Before HST		Total fees before HST \$67,821 ÷ Total hours of 125.7= 539.55			
TOTAL		\$78,133.34			



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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

November 11, 2011
INVOICE: 17349811

Our Matter: T958691 / 121969
RE: Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines

TO OUR FEE:

Fees for Professional Services	\$730.00
HST on Fees	94.90
Total Fees and Taxes	824.90

DISBURSEMENTS:

Disbursements (Taxable)	1.00
HST on Disbursements	0.13
Total Disbursements and Taxes	1.13

TOTAL INVOICE BALANCE:

Total for this Invoice	826.03
[Total HST: \$95.03]	
Please remit total invoice balance due:	In Canadian Dollars
	<u>\$826.03</u>

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

November 11, 2011
INVOICE: 17349811

Mintz & Partners Limited
Our Matter: T958691
Receivership of 1508669 Ontario Limited t/a West Park
Health Centre 103-111 Pelham Road, St. Catharines

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
28/10/2011	0.50	Cliff Prophet	Work on motion materials in support of sale approval (revising notice of motion and orders);
31/10/2011	1.50	Pam Carter	Preparation of legal costs summary affidavit and summaries;
Total Fees for Professional Services			<u>\$730.00</u>

DISBURSEMENTS

Taxable Costs

Copying	\$0.25
Scanning Service	\$0.75
Total Taxable Disbursements	<u>\$1.00</u>

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

errors and omissions excluded



November 11, 2011
INVOICE: 17349811

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958691
RE: Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines
Amount Due: \$826.03

PAYMENT BY CHEQUE:

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

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1 First Canadian Place
Suite 1600
100 King Street W
Toronto, ON M5X 1G5
Canada

PAYMENT BY WIRE TRANSFER:

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SWIFTCODE:

CIBCCATT

BENEFICIARY BANK:

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

TRANSIT NUMBER:

0010-00002

BENEFICIARY ACCOUNT NAME:

Gowing Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5

BENEFICIARY ACCOUNT NUMBER(S):

CDN Account: 38-51311
USD Account: 03-54112

International payments intermediary banking information:

USD BOFAUS3N (ABA 026009593)

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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

May 11, 2012
INVOICE: 17477292

Our Matter: T958691 / 121969
RE: Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines

TO OUR FEE:

Fees for Professional Services	\$560.00
HST on Fees	72.80
Total Fees and Taxes	632.80

TOTAL INVOICE BALANCE:

Total for this Invoice	632.80
[Total HST: \$72.80]	
Please remit total invoice balance due:	In Canadian Dollars
	<u>\$632.80</u>

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT



May 11, 2012
INVOICE: 17477292

Mintz & Partners Limited
Our Matter: T958691
Receivership of 1508669 Ontario Limited t/a West Park
Health Centre 103-111 Pelham Road, St. Catharines

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
02/04/2012	0.50	Harry R. VanderLugt	E-message H. Bricks re condition and closing dates and status; amending agreement to extend dates
04/04/2012	0.30	Harry R. VanderLugt	Complete execution and delivery of amending agreement; e- message solicitors

Total Fees for Professional Services

\$560.00

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

errors and omissions excluded



May 11, 2012
INVOICE: 17477292

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958691
RE: Receivership of 1508669 Ontario Limited t/a West Park Health Centre 103-111 Pelham Road, St. Catharines
Amount Due: \$632.80

PAYMENT BY CHEQUE:

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1 First Canadian Place
Suite 1600
100 King Street W
Toronto, ON M5X 1G5
Canada

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SWIFTCODE: CIBCCATT
BENEFICIARY BANK: Canadian Imperial Bank of Commerce
Main Branch, Commerce Court, Toronto, ON
M5L 1G9
TRANSIT NUMBER: 0010-00002
BENEFICIARY ACCOUNT NAME: Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5
BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 38-51311
USD Account: 03-54112

International payments intermediary banking information:
USD WELLS FARGO BANK, N.A. PNBPU3N NYC (ABA 026005092)

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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

November 11, 2011
INVOICE: 17349790

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$545.00
HST on Fees	70.85
Total Fees and Taxes	615.85

DISBURSEMENTS:

Disbursements (Taxable)	1.00
HST on Disbursements	0.13
Total Disbursements and Taxes	1.13

TOTAL INVOICE BALANCE:

Total for this Invoice	616.98
[Total HST: \$70.98]	
Please remit total invoice balance due:	In Canadian Dollars
	\$616.98

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

Gowling Lafleur Henderson LLP · Lawyers · Patent and Trade-mark Agents

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November 11, 2011
INVOICE: 17349790

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
01/06/2011	0.10	Cliff Prophet	Call with H. Bricks re status of sale;
29/09/2011	0.40	Harry R. VanderLugt	Telephone attendance with and e-message purchaser solicitor; draft and complete extension agreement
30/09/2011	0.20	Harry R. VanderLugt	Complete extension agreement
05/10/2011	0.10	Harry R. VanderLugt	E-messages solicitor and H. Bricks

Total Fees for Professional Services

\$545.00

DISBURSEMENTS

Taxable Costs	\$1.00
Scanning Service	<u>\$1.00</u>
Total Taxable Disbursements	

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

errors and omissions excluded

November 11, 2011
INVOICE: 17349790

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$616.98

PAYMENT BY CHEQUE:

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

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100 King Street W
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Canada

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CIBCCATT

BENEFICIARY BANK:

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

TRANSIT NUMBER:

0010-00002

BENEFICIARY ACCOUNT NAME:

Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5

BENEFICIARY ACCOUNT NUMBER(S):

CDN Account: 38-51311
USD Account: 03-54112

International payments intermediary banking information:

USD BOFAUS3N (ABA 026009593)

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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

December 31, 2011
INVOICE: 17407544

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$540.00
HST on Fees	70.20
Total Fees and Taxes	610.20

TOTAL INVOICE BALANCE:

Total for this Invoice	610.20
[Total HST: \$70.20]	
Please remit total invoice balance due:	In Canadian Dollars
	<u>\$610.20</u>

GOWLING LAFLEUR HENDERSON LLP

PER

Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

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December 31, 2011
INVOICE: 17407544

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
02/11/2011	0.20	Harry R. VanderLugt	License transfer status
30/11/2011	0.60	Harry R. VanderLugt	Amending Agreement No. 4 with GEM; e-message solicitor and H. Bricks; telephone attendance with Weisz

Total Fees for Professional Services

\$540.00

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

errors and omissions excluded



December 31, 2011
INVOICE: 17407544

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$610.20

PAYMENT BY CHEQUE:

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

Remit to:

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1 First Canadian Place
Suite 1600
100 King Street W
Toronto, ON M5X 1G5
Canada

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE:

CIBCCATT

BENEFICIARY BANK:

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

TRANSIT NUMBER:

0010-00002

BENEFICIARY ACCOUNT NAME:

Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5

BENEFICIARY ACCOUNT NUMBER(S):

CDN Account: 38-51311
USD Account: 03-54112

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

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errors and omissions excluded



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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

February 9, 2012
INVOICE: 17420126

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$952.50
HST on Fees	123.83
Total Fees and Taxes	1,076.33

TOTAL INVOICE BALANCE:

Total for this Invoice	1,076.33
[Total HST: \$123.83]	
Please remit total invoice balance due:	In Canadian Dollars
	<u>\$1,076.33</u>

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT



February 9, 2012
INVOICE: 17420126

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
22/12/2011	1.10	Harry R. VanderLugt	Correspondence from purchaser solicitor re MOH approval; e-message and telephone attendance with H. Bricks; review surrender letter and related items and closing date
19/01/2012	0.30	Harry R. VanderLugt	Review status, reconciliations and closing with H. Bricks
Total Fees for Professional Services			<u>\$952.50</u>

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

errors and omissions excluded



February 9, 2012
INVOICE: 17420126

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$1,076.33

PAYMENT BY CHEQUE:

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

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1 First Canadian Place
Suite 1600
100 King Street W
Toronto, ON M5X 1G5
Canada

PAYMENT BY WIRE TRANSFER:

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SWIFT CODE:

CIBCCATT

BENEFICIARY BANK:

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

TRANSIT NUMBER:

0010-00002

BENEFICIARY ACCOUNT NAME:

Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5

BENEFICIARY ACCOUNT NUMBER(S):

CDN Account: 38-51311
USD Account: 03-54112

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

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Deloitte & Touche Inc.
 Attention: Daniel Weisz, Senior Vice President
 Brookfield Place
 181 Bay Street, Suite 1400
 Toronto ON M5J 2V1

March 13, 2012
 INVOICE: 17438072

Our Matter: T958690 / 121969
 RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$1,820.00
HST on Fees	236.60
Total Fees and Taxes	2,056.60

TOTAL INVOICE BALANCE:

Total for this Invoice	2,056.60
[Total HST: \$236.60]	
Please remit total invoice balance due:	In Canadian Dollars
	<u>\$2,056.60</u>

GOWLING LAFLEUR HENDERSON LLP

PER _____
 Harry R. VanderLugt

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

errors and omissions excluded
 GST/HST: 11936 4511 RT

page 1 of 3

March 13, 2012
INVOICE: 17438072

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
25/01/2012	0.50	Harry R. VanderLugt	E-message x2 re status and date extensions; draft and forward Amending Agreement No.5
28/02/2012	0.90	Harry R. VanderLugt	E-messages re extension of dates; review issues re MOH reconciliation; telephone attendance with H. Bricks; extension agreement
29/02/2012	1.20	Harry R. VanderLugt	Tel confce with purchaser and its solicitors and receiver re MOH adjustment, escrow and related items; further review with H. Bricks

Total Fees for Professional Services

\$1,820.00

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

errors and omissions excluded



March 13, 2012
INVOICE: 17438072

Remittance Copy

Client:	121969 Mintz & Partners Limited
Matter:	T958690
RE:	Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due:	\$2,056.60

PAYMENT BY CHEQUE:

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

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1 First Canadian Place
Suite 1600
100 King Street W
Toronto, ON M5X 1G5
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SWIFTCODE:

CIBCCATT

BENEFICIARY BANK:

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

TRANSIT NUMBER:

0010-00002

BENEFICIARY ACCOUNT NAME:

Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5

BENEFICIARY ACCOUNT NUMBER(S):

CDN Account: 38-51311
USD Account: 03-54112

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

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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

April 9, 2012
INVOICE: 17455282

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$21,246.50
HST on Fees	2,762.05
Total Fees and Taxes	24,008.55

DISBURSEMENTS:

Disbursements (Taxable)	1.00
HST on Disbursements	0.13
Total Disbursements and Taxes	1.13

TOTAL INVOICE BALANCE:

Total for this Invoice	24,009.68
[Total HST: \$2,762.18]	
Please remit total invoice balance due:	In Canadian Dollars
	\$24,009.68

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

page 1 of 5



April 9, 2012
INVOICE: 17455282

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
01/03/2012	0.30	Harry R. VanderLugt	Various e mails and considerations re MOH holdback and escrow
02/03/2012	1.40	Harry R. VanderLugt	Consider structure and issues for escrow for MOH adjustment; telephone attendance with and e-message H. Bricks; tel conference with purchaser solicitor;
05/03/2012	0.30	Harry R. VanderLugt	Issue re contracts; e-message purchaser solicitor
05/03/2012	0.30	Harry R. VanderLugt	Telephone attendance with H. Bricks and solicitor and e-mails re extension of condition and evidence of occupancy
06/03/2012	0.80	Leila J. Burden Nixon	Engaged in discussions with H. Vanderlugt to receive instructions re purchase transaction and to discuss closing deliveries;
06/03/2012	3.60	Harry R. VanderLugt	E-message purchaser solicitor; e-message and telephone attendance with H. Bricks re extension and re proposals and escrow terms; draft escrow agreement; prelim draft of agreement to amend purchase agreement re MOH adjustment escrow and related matters
06/03/2012	0.40	Harry R. VanderLugt	Meting with L. Burden re transaction and documents and preparations for closing
07/03/2012	0.90	Leila J. Burden Nixon	Drafted closing agenda for purchase transaction; received and reviewed correspondence re escrow arrangement and amendment 6;
07/03/2012	2.70	Harry R. VanderLugt	Revise escrow agreement; draft additional parts of amending agreement; consider release issues; draft jt retainer letter for escrow agreement
07/03/2012	0.50	Harry R. VanderLugt	Telephone attendance with H. Bricks; e-message solicitor re extension and re contracts
08/03/2012	3.10	Leila J. Burden Nixon	Engaged in discussions with H. Vanderlugt to go through closing agenda and closing deliveries; provided instructions re draft purchase documents; drafted assumption agreement and reviewed and revised draft closing documents for purchase transaction; received and reviewed draft amendment 6 and escrow agreement; engaged in discussions with H. Vanderlugt re amendment 6 and escrow agreement and timing for closing;
08/03/2012	2.60	Harry R. VanderLugt	Complete revisions and issues on escrow arrangement and agreements; telephone attendance with H. Bricks and D. Weisz; e-message solicitor x2; extension of time; review agreements and closing agenda with L. Burden Nixon

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

errors and omissions excluded



April 9, 2012
INVOICE: 17455282

Date	Hours	Timekeeper	Description
09/03/2012	1.30	Leila J. Burden Nixon	Received and reviewed email from purchaser's counsel re comments to escrow agreement and amendment 6; engaged in discussions with D. Weisz to address comments from purchaser's counsel; engaged in discussions with purchaser's counsel to go through comments to escrow agreement and amendment 6; drafted email to receiver to summarize discussions with purchaser's counsel;
12/03/2012	1.60	Leila J. Burden Nixon	Engaged in discussions with Receiver and C. Prophet re MOH adjustment; engaged in email correspondence with R. Miller re extension and Receiver's response to purchaser's comments to amendment 6 and escrow agreement;
12/03/2012	1.40	Cliff Prophet	Call with D. Weisz;
13/03/2012	0.90	Leila J. Burden Nixon	Engaged in discussions with Receiver and C. Prophet re MOH adjustment; engaged in conference call with R. Miller and C. Prophet re MOH adjustment;
13/03/2012	1.20	Cliff Prophet	Review of correspondence from solicitors for purchaser concerning adjustments for Ministry recoveries; call with D. Weisz and H. Bricks;
14/03/2012	1.10	Leila J. Burden Nixon	Engaged in discussions with R. Miller re purchaser's response to changes to MOH adjustment; engaged in discussions with the Receiver re purchaser's position to MOH adjustment and alternative escrow arrangement;
14/03/2012	0.30	Cliff Prophet	Call with lawyer for purchaser re adjustments and escrow arrangements for Ministry recoveries;
15/03/2012	2.70	Leila J. Burden Nixon	Negotiated terms of escrow agreement and amending agreement 6; revised and circulated documents to the Receiver and to R. Miller; engaged in discussions with the Receiver re comments to documents; engaged in discussions with R. Miller re comments to documents;
16/03/2012	1.60	Leila J. Burden Nixon	Negotiated terms of escrow agreement and amending agreement 6; revised and circulated documents to the Receiver and to R. Miller; engaged in discussions with the Receiver re comments to documents; engaged in discussions with R. Miller re comments to documents;
19/03/2012	2.20	Leila J. Burden Nixon	Negotiated terms of escrow agreement and amending agreement 6; revised and circulated documents to the Receiver and to R. Miller; engaged in discussions with the Receiver re comments to documents; engaged in discussions with R. Miller re comments to documents;
19/03/2012	0.50	Harry R. VanderLugt	Update re escrow and closing issues; e-message re tax payment
20/03/2012	2.20	Leila J. Burden Nixon	Negotiated terms of escrow agreement and amending agreement 6; revised and circulated documents to the Receiver and to R. Miller; engaged in discussions with the Receiver re comments to documents; engaged in discussions with R. Miller re comments to documents; drafted schedule A to amending agreement re

terms: due upon receipt

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

errors and omissions excluded

April 9, 2012
INVOICE: 17455282

Date	Hours	Timekeeper	Description
21/03/2012	0.90	Leila J. Burden Nixon	letter to MOH from Purchaser; Drafted and revised schedule A to amending agreement re letter to MOH from Purchaser to be delivered on closing re instructions for disclosure to Vendors; received comments from Deloitte to amending agreement and schedule A and incorporated into documents accordingly; drafted email to R. Miller enclosing draft schedule A to amending agreement and responding to other comments to documents;
22/03/2012	0.70	Leila J. Burden Nixon	Received and reviewed email re MOH comments to closing adjustment; engaged in discussions with Deloitte re MOH email and closing date; engaged in discussions with R. Miller re reduction in escrow amount; drafted emails to R. Miller re escrow arrangement and closing date;
26/03/2012	0.20	Leila J. Burden Nixon	Left voice message with R. Miller re closing date and escrow fund amount; received, reviewed and responded to email from R. Miller re closing date and escrow fund; engaged in telephone call with D. Weisz re response from R. Miller;
29/03/2012	0.10	Leila J. Burden Nixon	Received and forwarded email from R. Miller to Deloitte re extension of MOH adjustment and closing; drafted email response to R. Miller to confirm acceptance of April 16th extension date;

Total Fees for Professional Services

\$21,246.50

DISBURSEMENTS

Taxable Costs

Scanning Service

\$1.00

Total Taxable Disbursements

\$1.00

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

errors and omissions excluded



April 9, 2012
INVOICE: 17455282

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$24,009.68

PAYMENT BY CHEQUE:

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

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

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE: CIBCCATT

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

TRANSIT NUMBER: 0010-00002

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

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

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

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



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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

June 11, 2012
INVOICE: 17498447

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$3,310.00
HST on Fees	430.30
Total Fees and Taxes	3,740.30

TOTAL INVOICE BALANCE:

Total for this Invoice	3,740.30
[Total HST: \$430.30]	
Please remit total invoice balance due:	In Canadian Dollars
	<u>3,740.30</u>

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT



June 11, 2012
INVOICE: 17498447

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
01/05/2012	0.10	Leila J. Burden Nixon	Left voice message for R. Miller re status of purchaser's review of Receiver's new MOH adjustment proposal;
02/05/2012	0.20	Leila J. Burden Nixon	Received email from R. Miller re purchasers' review of MOH correspondence and further due diligence inquiries to be made by purchasers and forwarded to Receiver; engaged in correspondence with R. Miller and the Receiver re further extension date;
08/05/2012	0.20	Leila J. Burden Nixon	Engaged in correspondence with R. Miller and client re status of closing and MOH holdback;
09/05/2012	0.80	Leila J. Burden Nixon	Engaged in email correspondence with R. Miller and Deloitte to negotiate final terms of the MOH holdback;
10/05/2012	0.80	Leila J. Burden Nixon	Revised escrow agreement and amending agreement 6 and circulated to Deloitte for comment; engaged in discussions with H. Bricks re comments to agreements and revised agreements accordingly; drafted email to R. Miller enclosing revised agreements;
11/05/2012	0.60	Leila J. Burden Nixon	Received, reviewed and responded to comments to escrow agreement and amending agreement from R. Miller; engaged in discussions with D. Weisz to seek instructions to comments from R. Miller;
15/05/2012	1.20	Leila J. Burden Nixon	Received and reviewed response from D. Miller on outstanding points to amending agreement and escrow arrangement; engaged in discussions with C. Prophet and R. Walker re pre-receivership debts owed to MOH; engaged in discussions with D. Weisz, H. Bricks and C. Prophet re pre-receivership debts owed to MOH and responsibility for them post-closing;
16/05/2012	0.90	Leila J. Burden Nixon	Engaged in discussions with H. Vanderlugt re pre-receivership monies owing to MOH; received and reviewed email from H. Bricks re MOH licensing; drafted email to R. Miller re responses to remaining MOH holdback issues; engaged in discussions with Deloitte re closing date;
16/05/2012	0.40	Harry R. VanderLugt	Consider issues and advise re MOH set off for pre receivership reconciliations
17/05/2012	1.00	Leila J. Burden Nixon	Engaged in conference call with H. Bricks, Diversicare and legal counsel to retirement regulator re retirement licensing in context of sale; engaged in discussions with H. Bricks and Diversicare re next steps;
18/05/2012	0.10	Leila J. Burden	Received and reviewed email from H. Bricks re summary of

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



June 11, 2012
INVOICE: 17498447

Date	Hours	Timekeeper	Description
		Nixon	discussions with MOH;
29/05/2012	0.10	Leila J. Burden Nixon	Drafted email to H. Bricks re status;

Total Fees for Professional Services

\$3,310.00

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

errors and omissions excluded

June 11, 2012
INVOICE: 17498447

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$3,740.30

PAYMENT BY CHEQUE:

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

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

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE: CIBCCATT

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

TRANSIT NUMBER: 0010-00002

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

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

International payments intermediary banking information:
USD WELLS FARGO BANK, N.A. PNBPU33NNYC (ABA 026005092)

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



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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

July 10, 2012
INVOICE: 17519523

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$4,091.00
HST on Fees	531.83
Total Fees and Taxes	4,622.83

DISBURSEMENTS:

Disbursements (Taxable)	0.75
HST on Disbursements	0.10
Total Disbursements and Taxes	0.85

TOTAL INVOICE BALANCE:

Total for this Invoice	4,623.68
[Total HST: \$531.93]	
Please remit total invoice balance due:	In Canadian Dollars <u>\$4,623.68</u>

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

page 1 of 4

July 10, 2012
INVOICE: 17519523

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
15/05/2012	1.00	Cliff Prophet	Meeting with Deloitte and discussion of adjustment issues; instructions to L. Burden re same;
06/06/2012	0.40	Leila J. Burden Nixon	Reviewed correspondence from Deloitte re correspondence with MOH; drafted email to H. Bricks re timing of response to R. Miller and closing date; engaged in correspondence with D. Weisz re closing date;
07/06/2012	0.30	Leila J. Burden Nixon	Engaged in discussions with R. Miller re comments to amending agreement re closing date, retention of books and records and reconciliation period;
08/06/2012	0.10	Leila J. Burden Nixon	Engaged in telephone call with D. Weisz re MOH letter;
12/06/2012	0.90	Leila J. Burden Nixon	Received and reviewed correspondence from Deloitte re response to R. Miller; revised amending agreement as per comments from Deloitte and circulated to Deloitte for comment;
14/06/2012	0.30	Leila J. Burden Nixon	Received and responded to email from R. Miller re RHRA Application;
18/06/2012	0.70	Leila J. Burden Nixon	Received and listened to voice message from R. Miller re responsibility of books and records to closing and drafted email in response; received and reviewed email from R. Miller re additional points to amending agreement; provided comments to email from R. Miller and forwarded to the Receiver for consideration;
19/06/2012	0.80	Leila J. Burden Nixon	Engaged in discussions with Deloitte re comments to points raised by R. Miller; revised amending agreement, escrow agreement and MOH letter and forwarded to Deloitte for review; revised documents as per comments from Deloitte and forwarded to R. Miller for approval;
20/06/2012	0.30	Leila J. Burden Nixon	Received additional comment from R. Miller re change to escrow agreement; drafted email to Receiver to confirm change; revised documents and circulated execution versions to R. Miller to arrange for signature; received and reviewed signed documents from R. Miller; drafted email to Receiver re execution of documents and to request letter to MOH to submit original license; received and forwarded letter to MOH to be circulated on Friday enclosing original license;
21/06/2012	0.10	Leila J. Burden Nixon	Engaged in correspondence with Deloitte to sign documents; reviewed email from R. Miller re change of closing date to July 25th;

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

errors and omissions excluded

July 10, 2012
INVOICE: 17519523

Date	Hours	Timekeeper	Description
21/06/2012	0.30	Harry R. VanderLugt	Extension and escrow agreements
22/06/2012	0.20	Leila J. Burden Nixon	Engaged in meeting with D. Weisz to have amending agreement and escrow agreement signed; arranged for fully executed documents to be compiled;
25/06/2012	0.20	Leila J. Burden Nixon	Engaged in emails to find WSIB number to provide to Chaitons; circulated fully executed copies of amending agreement and escrow agreement to R. Miller;
26/06/2012	0.40	Leila J. Burden Nixon	Engaged in correspondence with Deloitte re discussions with RHRA re 'transfer' of 'deemed license' and statement of adjustments;
27/06/2012	0.20	Leila J. Burden Nixon	Engaged in correspondence with Deloitte re meeting with RHRA; drafted email to R. Miller extending invitation for conference call with RHRA; received, reviewed and responded to email from S. Lavine re closing date and visitation of purchasers' personnel at Casa Verde; drafted email to Deloitte to forward email from S. Lavine;
28/06/2012	1.30	Leila J. Burden Nixon	Engaged in conference call with Deloitte, Chaitons, the purchasers and RHRA to discuss 'transfer' of 'deemed license';

Total Fees for Professional Services

\$4,091.00

DISBURSEMENTS

Taxable Costs

Scanning Service

\$0.75

Total Taxable Disbursements

\$0.75

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

errors and omissions excluded



July 10, 2012
INVOICE: 17519523

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$4,623.68

PAYMENT BY CHEQUE:

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

Remit to:

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

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE:

CIBCCATT

BENEFICIARY BANK:

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

TRANSIT NUMBER:

0010-00002

BENEFICIARY ACCOUNT NAME:

Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5

BENEFICIARY ACCOUNT NUMBER(S):

CDN Account: 38-51311
USD Account: 03-54112

International payments intermediary banking information:
USD WELLS FARGO BANK, N.A. PNBPU33NNYC (ABA 026005092)

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



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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

August 10, 2012
INVOICE: 17537930

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$19,079.50
HST on Fees	2,480.34
Total Fees and Taxes	21,559.84

DISBURSEMENTS:

Disbursements (Taxable)	95.29
Disbursements (Non-Taxable)	10.00
HST on Disbursements	12.39
Total Disbursements and Taxes	117.68

TOTAL INVOICE BALANCE:

Total for this Invoice	21,677.52
[Total HST: \$2,492.73]	
Please remit total invoice balance due:	In Canadian Dollars <u>\$21,677.52</u>

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

page 1 of 6

August 10, 2012
INVOICE: 17537930

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
04/07/2012	1.20	Leila J. Burden Nixon	Drafted and revised closing agenda and closing documents and circulated to Chaitons for review and comment;
05/07/2012	0.50	Leila J. Burden Nixon	Engaged in telephone call with S. Lavine re comments to closing documents, HST delivery and assumption agreement; engaged in discussions with D. Weisz re comments to closing documents; arranged for signature pages to be created;
06/07/2012	0.50	Leila J. Burden Nixon	Reviewed and revised signature pages for closing documents; drafted email to Chaitons enclosing signature pages for closing documents; engaged in correspondence with Chaitons re comments to signature pages;
10/07/2012	0.80	Leila J. Burden Nixon	Engaged in correspondence with D. Weisz re pension plan documents, posters re RHRA request and coinamatic; engaged in correspondence with Chaitons re 'fire' posters and coinamatic; received and reviewed various closing deliveries;
11/07/2012	0.40	Leila J. Burden Nixon	Received and reviewed letter from MOH re license for GEM; engaged in discussions with D. Weisz re confirmation from MOH re outstanding payments; drafted email to Chaitons to suggest reduction of MOH holdback to \$1,000,000;
12/07/2012	2.30	Leila J. Burden Nixon	Engaged in correspondence with D. Weisz and Chaitons re various contracts and leases; revised closing documents and circulated to Chaitons for review and comment; drafted assumption agreement and HST indemnity and circulated to Chaitons for review and comment;
13/07/2012	0.50	Leila J. Burden Nixon	Received, reviewed and responded to email from Chaitons re comments to closing documents; engaged in correspondence with D. Weisz re correspondence with Chaitons re equipment; received employee certificate from Deloitte and forwarded to Chaitons;
16/07/2012	1.50	Leila J. Burden Nixon	Received and reviewed correspondence from Chaitons re employee certificate; engaged in telephone call with D. Weisz and H. Brinks re status of outstanding items and strategy to approach certain equipment re statement of adjustments; engaged in correspondence with Deloitte re HST undertaking and joint election; revised closing documents as per comments from Deloitte;
17/07/2012	4.40	Leila J. Burden Nixon	Drafted email to Chaitons addressing questions and comments to closing matters; drafted amending agreement 7 and revised escrow agreement and schedule to amending agreement 6 accordingly and forwarded to Deloitte for review and comment;

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

errors and omissions excluded



August 10, 2012
INVOICE: 17537930

Date	Hours	Timekeeper	Description
17/07/2012	0.30	Cliff Prophet	engaged in correspondence with Deloitte re indemnity in assumption agreement; received, reviewed and responded to correspondence re equipment buyouts, employee certificate and other closing matters;
18/07/2012	2.10	Leila J. Burden Nixon	Advice to L. Burden re closing; Drafted statement of adjustments and forwarded to H. Bricks for review and comment; engaged in correspondence with M. Mallich re property taxes; engaged in correspondence with H. Bricks re property taxes; revised closing documents as per comments from Deloitte and forwarded to Chaitons for review; engaged in meeting with D. Weisz, H. Bricks and C. Prophet to discuss closing matters; engaged in correspondence re WSIB certificate; engaged in correspondence with Chaitons re status of certain equipment; finalized FINTRAC deliveries and forwarded to D. Weisz for execution;
18/07/2012	0.30	Hilary Chancey	Deloitte & Touche Inc. - attendance to certificate of compliance;
18/07/2012	0.50	Mabel Hung	Obtaining Certificate of Compliance from Industry Canada with respect to for Deloitte & Touche Inc.; Reporting results to Hilary Chancey;
18/07/2012	0.40	Cliff Prophet	Advice to receiver re dealing with employee matters on closing of sale;
19/07/2012	1.70	Leila J. Burden Nixon	Engaged in various correspondence with Chaitons and the receiver re IT requirements for closing, notice to employees, employment of administrator, statement of adjustments; revised assumption agreement and forwarded to Deloitte for comment; drafted statement of adjustments and circulated to Deloitte for review and comment;
19/07/2012	0.40	Harry R. VanderLugt	Consider and advise on closing issues
20/07/2012	3.90	Leila J. Burden Nixon	Drafted and revised statement of adjustments; engaged in discussions with Deloitte on closing deliveries, timing of deliveries, schedule of assumed contracts, etc; drafted schedule to assumed contracts; drafted email to Chaiton answering questions and enclosing various closing deliveries and various documentation requests; engaged in correspondence with Deloitte re various service providers, i.e. Bell and employee benefits;
23/07/2012	3.70	Leila J. Burden Nixon	Engaged in discussions with Deloitte re indemnity to assumption agreement; finalized list of assumed contracts and forwarded to Chaitons for review and consideration; drafted email to Chaitons answering questions and enclosing various documentation requests and revised drafts of various closing documents; arranged for signature pages to be prepared for execution by Receiver; received and reviewed executed documents from the purchaser;
23/07/2012	0.30	Cliff Prophet	Instructions to L. Burden;

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

August 10, 2012
INVOICE: 17537930

Date	Hours	Timekeeper	Description
24/07/2012	4.30	Leila J. Burden Nixon	Engaged in meeting with Deloitte to have closing documents executed; arranged for package to be delivered to Chaiton enclosing signature pages from vendor; finalized documentation; engaged in discussions with all parties re outstanding issues re HIN, billings and employee liabilities; drafted acknowledgment to undertaking to re-adjust; updated and revised statement of adjustments; received, reviewed and responded to questions from Chaitons; arranged for PPSA discharges to be drafted; drafted notice of security interest to register vesting order and messaged to Chaiton;
24/07/2012	0.50	Hilary Chancey	1508669 Ontario Limited - attendance to ppsa verbal search;
25/07/2012	5.80	Leila J. Burden Nixon	Attended to closing;
25/07/2012	1.00	Wendy Wagner	Telephone call with L.Burden Nixon to discuss privacy implications of sale of long term care home; reviewing PIPEDA and Personal Health Information Protection Act rules regarding transfer of personal information to successor organizations; further telephone discussion with L.Burden Nixon regarding transfer of data; emailing L.Burden Nixon relevant provisions from PHPA
26/07/2012	0.40	Leila J. Burden Nixon	Attended to post-closing matters re final statement of adjustments, etc; arranged for over-payment to be returned to Chaitons;
26/07/2012	0.50	Hilary Chancey	Paragon Health Care Inc., etc. - attendance to file financing statement discharges;
27/07/2012	0.10	Leila J. Burden Nixon	Engaged in telephone call with E. Levy re elevator assignment;
30/07/2012	0.10	Leila J. Burden Nixon	Attended to post-closing follow-up;

Total Fees for Professional Services

\$19,079.50

DISBURSEMENTS

Non-Taxable Costs

Certificate of Status Search - Agency \$10.00

Total Non-Taxable Disbursements

\$10.00

Taxable Costs

Copying \$0.25

Scanning Service \$18.50

Courier \$23.54

PPSA Online Search - Taxable \$8.00

Bank Charges \$45.00

terms: due upon receipt

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

errors and omissions excluded



August 10, 2012
INVOICE: 17537930

Total Taxable Disbursements

\$95.29

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

errors and omissions excluded



August 10, 2012
INVOICE: 17537930

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$21,677.52

PAYMENT BY CHEQUE:

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

Remit to:

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

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFT CODE:

CIBCCATT

BENEFICIARY BANK:

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

TRANSIT NUMBER:

0010-00002

BENEFICIARY ACCOUNT NAME:

Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5

BENEFICIARY ACCOUNT NUMBER(S):

CDN Account: 38-51311
USD Account: 03-54112

International payments intermediary banking information:

USD WELLS FARGO BANK, N.A. PNBPU33NNYC (ABA 026005092)

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



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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

September 10, 2012
INVOICE: 17554791

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$7,176.50
HST on Fees	932.95
Total Fees and Taxes	8,109.45

DISBURSEMENTS:

Disbursements (Taxable)	653.80
Disbursements (Non-Taxable)	60.00
HST on Disbursements	84.99
Total Disbursements and Taxes	798.79

TOTAL INVOICE BALANCE:

Total for this Invoice	8,908.24
[Total HST: \$1,017.94]	
Please remit total invoice balance due:	In Canadian Dollars
	\$8,908.24

GOWLING LAFLEUR HENDERSON LLP

PER

Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

page 1 of 5



September 10, 2012
INVOICE: 17554791

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
27/07/2012	0.10	Frank D. Lamie	Attendance to correspondence and instructions to F. Sasso regarding Court booking;
30/07/2012	0.20	Frank D. Lamie	Attendance to correspondence from Court regarding availability; attendance to instructions to F. Sasso; attendance to update to C. Prophet;
01/08/2012	0.40	Harry R. VanderLugt	Review post closing matters, establish escrow account and other distribution
07/08/2012	0.40	Harry R. VanderLugt	E-message Chaitons re escrow confirmation and other items
08/08/2012	0.10	Frank D. Lamie	Attendance to correspondence and enclosure from H. Bricks; attendance to correspondence to H. Bricks;
09/08/2012	0.20	Frank D. Lamie	Attendance to review draft material in support of motion;
09/08/2012	0.80	Harry R. VanderLugt	Review accounts and closing documents ; Prepare and forward trust account statement; provide certification of funds to purchaser solicitors; review draft court report and items to support
10/08/2012	1.20	Frank D. Lamie	Attendance to correspondence with D. Weisz; attendance to phone call with D. Weisz; attendance to instructions to L. Taylor regarding Court booking; attendance to call with H. Bricks; attendance to phone call with R. Miller; attendance to correspondence to G. Benchetrit; attendance to correspondence from G. Benchetrit; attendance to correspondence to D. Weisz et al; attendance to set up motion materials;
16/08/2012	0.20	Frank D. Lamie	Attendance to correspondence and enclosure to L. Burden; attendance to discussion with L. Burden regarding comments on Court report;
17/08/2012	0.60	Leila J. Burden Nixon	Reviewed and provided comments to Receiver's report for F. Lamie;
19/08/2012	0.50	Frank D. Lamie	Attendance to review comments of L. Burden;
20/08/2012	0.30	Frank D. Lamie	Attendance to review and provide comments on report to C. Prophet; consolidate report comments to C. Prophet; attendance to correspondence with H. Bricks;
20/08/2012	0.90	Cliff Prophet	Review and comment on report in support of distribution order;
21/08/2012	0.80	Leila J. Burden Nixon	Drafted letter to union for C. Prophet;
23/08/2012	0.80	Haddon Murray	Attendance with C. Prophet re: Authorizing Distribution; reviewing Receiver's report;

terms: due upon receipt

Interest at the rate of 1.3% per annum will be charged on all amounts not paid within one month from the date of this invoice

errors and omissions excluded

page 2 of 5



September 10, 2012
INVOICE: 17554791

Date	Hours	Timekeeper	Description
23/08/2012	0.30	Cliff Prophet	Further discussion of report and instructions for preparation of motion materials in support of distribution motion;
24/08/2012	0.40	Leila J. Burden Nixon	Engaged in correspondence with Deloitte re MOH adjustment;
24/08/2012	0.30	Frank D. Lamie	Attendance to meeting with H. Murray; attendance to review Court materials and comments to H. Murray;
24/08/2012	3.20	Haddon Murray	Reviewed Receiver's report; drafted notice of motion for distribution; drafted distribution order;
24/08/2012	0.30	Cliff Prophet	Instructions to H. Murray re preparation of report;
27/08/2012	0.10	Leila J. Burden Nixon	Engaged in discussions with C. Prophet re revocation of amendments to MEPP;
27/08/2012	0.80	Haddon Murray	Attendance with C. Prophet re: motion for distribution order; revised notice of motion for distribution order; organized service of motion record;
27/08/2012	0.40	Cliff Prophet	Work on report re distribution; instructions to H. Murray;
28/08/2012	0.30	Frank D. Lamie	Attendance to correspondence and enclosure from C. Prophet; attendance to review motion record; attendance to correspondence and enclosure to H. Bricks and D. Weiss; attendance to instructions to F. Sasso;
29/08/2012	0.50	Frank D. Lamie	Attendance to phone call with D. Weisz; attendance to note to file; instructions to A. Sullivan regarding court record; attendance to further meeting with and update from A. Sullivan; attendance to review motion record;
30/08/2012	0.30	Frank D. Lamie	Attendance to review motion material;
31/08/2012	0.60	Frank D. Lamie	Attendance to review draft Order; attendance to instructions to H. Murray regarding affidavit of service and draft order; attendance to meeting with C. Prophet; attendance to conference call with C. Prophet and D. Weisz;

\$7,176.50

Total Fees for Professional Services

DISBURSEMENTS

Non-Taxable Costs

TeraView (Ontario) Online Searches & Registration - Agency

\$60.00

\$60.00

Total Non-Taxable Disbursements

Taxable Costs

Copying

\$3.75

Scanning Service

\$0.75

Fax Charges

\$7.30

Binding

\$82.74

Courier

terms: due upon receipt

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

errors and omissions excluded



September 10, 2012
INVOICE: 17554791

Courier - FedEx

\$12.76

PPSA Online Search - Taxable

\$36.00

TeraView (Ontario) Online Searches & Registration - Taxable

\$10.00

Bank Charges

\$45.00

\$653.80

Total Taxable Disbursements



September 10, 2012
INVOICE: 17554791

Remittance Copy

Client:	121969 Mintz & Partners Limited
Matter:	T958690
RE:	Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due:	\$8,908.24

PAYMENT BY CHEQUE:

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

Remit to:	Gowling Lafleur Henderson LLP PO Box 466, STN D Ottawa, ON K1P 1C3 Canada
-----------	--

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE:

CIBCCATT

BENEFICIARY BANK:

Canadian Imperial Bank of Commerce
119 Sparks Street, Ottawa, ON K1P 5B5

TRANSIT NUMBER:

0010-00006

BENEFICIARY ACCOUNT NAME:

Gowling Lafleur Henderson LLP
160 Elgin Street, Suite 2600, Ottawa, ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S):

CDN Account: 41-02916
USD Account: 02-21015

International payments intermediary banking information:
USD WELLS FARGO BANK, N.A. PNBUS3NNYC (ABA 026005092)

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



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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

October 18, 2012
INVOICE: 17579507

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$6,734.00
HST on Fees	875.42
Total Fees and Taxes	7,609.42

DISBURSEMENTS:

Disbursements (Taxable)	225.65
Disbursements (Non-Taxable)	127.00
HST on Disbursements	29.33
Total Disbursements and Taxes	381.98

TOTAL INVOICE BALANCE:

Total for this Invoice	7,991.40
[Total HST: \$904.75]	
Please remit total invoice balance due:	In Canadian Dollars
	<u>\$7,991.40</u>

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

page 1 of 4



October 18, 2012
INVOICE: 17579507

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
30/08/2012	0.20	Leila J. Burden Nixon	Engaged in correspondence with D. LeFaive re revocation of amendments to MEPP;
03/09/2012	5.10	Frank D. Lamie	Attendance to correspondence with H. Murray; attendance to review record and previous records and security; attendance to preparation for court; attendance to review draft order; attendance to review fifth report; appendices; attendance to correspondence regarding first report and statement regarding security;
04/09/2012	0.20	Leila J. Burden Nixon	Engaged in correspondence with D. LeFaive re revocation of amendments to plan and trust;
04/09/2012	4.10	Frank D. Lamie	Attendance to finalize Court Order; attendance to preparation for Court; attendance to instructions to H. Murray; attendance to meeting with D. Weisz; attendance to review first report to Court; attendance in Court before Justice Morawetz; instructions to H. Murray and K. Carter regarding issuance and entry of Court Order; attendance to instructions to A. Sullivan; attendance to instructions to L. Taylor; attendance to correspondence and enclosure to service list; attendance to correspondence to D. Weisz and H. Bricks; attendance to correspondence from L. Taylor;
04/09/2012	3.40	Haddon Murray	Attended at Commercial List before Morawetz, J.; issued and entered order for distribution of Morawetz, J.;
04/09/2012	0.50	Cliff Prophet	Instructions on distribution motion;
05/09/2012	0.30	Leila J. Burden Nixon	Engaged in discussions with C. Prophet re drafting a stand alone agreement between Trustees and Deloitte re revocation of plan and trust amendments; received and reviewed plan and trust amendment from D. LeFaive;
07/09/2012	1.00	Leila J. Burden Nixon	Drafted revocation, acknowledgment and discharge re plan and trust amendments; drafted email to C. Prophet enclosing draft revocation, acknowledgement and discharge for review and comment;
10/09/2012	0.20	Leila J. Burden Nixon	Received comments from C. Prophet to the draft revocation, acknowledgment and discharge and amended document accordingly; drafted email to D. LeFaive enclosing draft revocation, acknowledgment and discharge for comment;
10/09/2012	0.30	Cliff Prophet	Instructions to L. Burden re amendment to CWIPP trust and plan agreements;
25/09/2012	0.10	Leila J. Burden	Reviewed and responded to amendments to release re pension

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

errors and omissions excluded



October 18, 2012
INVOICE: 17579507

Date	Hours	Timekeeper	Description	
		Nixon	documents and requested signed copies;	
				<u>\$6,734.00</u>
		Total Fees for Professional Services		

DISBURSEMENTS

Non-Taxable Costs

29/08/2012

Court Filing Fees - Non Taxable
VENDOR: Reliable Process Servers Inc.; INVOICE#: 53516;
DATE: 08/29/2012 - T958690; Commercial list court filing of
motion record on Aug. 28/12 re: Paragon Health Care Inc.; Court
filing fee; C. Prophet

\$127.00

Total Non-Taxable Disbursements

\$127.00

Taxable Costs

Scanning Service

Binding

Courier

29/08/2012

Process Servers
VENDOR: Reliable Process Servers Inc.; INVOICE#: 53516;
DATE: 08/29/2012 - T958690; Commercial list court filing of
motion record on Aug. 28/12 re: Paragon Health Care Inc.; Court
filing fee; C. Prophet

\$6.50

\$81.50

\$32.65

\$105.00

Total Taxable Disbursements

\$225.65

October 18, 2012
INVOICE: 17579507

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$7,991.40

PAYMENT BY CHEQUE:

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

Remit to: Gowling Lafleur Henderson LLP
PO Box 466, STN D
Ottawa, ON K1P 1C3
Canada

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce
119 Sparks Street, Ottawa, ON K1P 5B5

TRANSIT NUMBER: 0010-00006

BENEFICIARY ACCOUNT NAME: Gowling Lafleur Henderson LLP
160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916
USD Account: 02-21015

International payments intermediary banking information:
USD WELLS FARGO BANK, N.A. PNBPU33NNYC (ABA 026005092)

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November 12, 2012
INVOICE: 17595141

Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$1,060.50
HST on Fees	137.87
Total Fees and Taxes	1,198.37

DISBURSEMENTS:

Disbursements (Taxable)	160.71
HST on Disbursements	20.89
Total Disbursements and Taxes	181.60

TOTAL INVOICE BALANCE:

Total for this Invoice	1,379.97
[Total HST: \$158.76]	
Please remit total invoice balance due:	\$1,379.97

In Canadian Dollars

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

page 1 of 3



November 12, 2012
INVOICE: 17595141

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
05/10/2012	0.80	Leila J. Burden Nixon	Engaged in discussions with H. Bricks re post-closing matters; attended to record books;
09/10/2012	0.90	Leila J. Burden Nixon	Attended to record books;
10/10/2012	0.20	Leila J. Burden Nixon	Attended to record books;
25/10/2012	0.20	Leila J. Burden Nixon	Finalized record books and sent to Deloitte;

Total Fees for Professional Services

\$1,060.50

DISBURSEMENTS

Taxable Costs	\$90.25
Copying	\$16.25
Scanning Service	\$41.10
Binding	\$13.11
Courier	<u>\$160.71</u>
Total Taxable Disbursements	

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

errors and omissions excluded



November 12, 2012
INVOICE: 17595141

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$1,379.97

PAYMENT BY CHEQUE:

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

Remit to: Gowling Lafleur Henderson LLP
PO Box 466, STN D
Ottawa, ON K1P 1C3
Canada

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce
119 Sparks Street, Ottawa, ON K1P 5B5

TRANSIT NUMBER: 0010-00006

BENEFICIARY ACCOUNT NAME: Gowling Lafleur Henderson LLP
160 Elgin Street, Suite 2600, Ottawa, ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916
USD Account: 02-21015

International payments intermediary banking information:
USD WELLS FARGO BANK, N.A. PNBPU33NNYC (ABA 026005092)

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



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Deloitte & Touche Inc.
Attention: Daniel Weisz, Senior Vice President
Brookfield Place
181 Bay Street, Suite 1400
Toronto ON M5J 2V1

May 11, 2012
INVOICE: 17477291

Our Matter: T958690 / 121969
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto

TO OUR FEE:

Fees for Professional Services	\$1,060.50
HST on Fees	137.87
Total Fees and Taxes	1,198.37

DISBURSEMENTS:

Disbursements (Taxable)	10.99
HST on Disbursements	1.43
Total Disbursements and Taxes	12.42

TOTAL INVOICE BALANCE:

Total for this Invoice	1,210.79
[Total HST: \$139.30]	
Please remit total invoice balance due:	In Canadian Dollars
	<u>\$1,210.79</u>

GOWLING LAFLEUR HENDERSON LLP

PER _____
Harry R. VanderLugt

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

errors and omissions excluded
GST/HST: 11936 4511 RT

page 1 of 3



May 11, 2012
INVOICE: 17477291

Mintz & Partners Limited
Our Matter: T958690
Receivership of Paragon Health Care Inc. t/a Casa Verde
Health Centre 3585 Keele Street, Toronto

PROFESSIONAL SERVICES

Date	Hours	Timekeeper	Description
03/04/2012	0.90	Leila J. Burden Nixon	Revised amending agreement 6 and sent to Deloitte for review and comment; drafted amending agreement 6 re extensions and revised amending agreement 7 re MOH adjustment; circulated draft amending agreements to Deloitte for approval;
04/04/2012	0.50	Leila J. Burden Nixon	Drafted email to R. Miller enclosing amending agreement 6 and amending agreement 7; received email from and engaged in telephone conversation to address email with R. Miller re comments to amending agreements; drafted email to Deloitte to forward response to amending agreements;
11/04/2012	0.20	Leila J. Burden Nixon	Engaged in telephone call with Deloitte re receiver position re MOH adjustment after receiving final reconciliation letters from MOH for 2007, 2008 and 2009;
16/04/2012	0.10	Leila J. Burden Nixon	Received, reviewed, forwarded and responded to email from R. Miller re extension of MOH adjustment date;
24/04/2012	0.30	Leila J. Burden Nixon	Received email from R. Miller re closing date and MOH holdback; forwarded email from R. Miller to Receiver for comment; engaged in correspondence with Receiver re response to R. Miller; engaged in telephone call with R. Miller to accept closing date and suggest new amount for MOH holdback in light of receipt of MOH final reconciliation letters; drafted email to summarize conversation;
26/04/2012	0.10	Leila J. Burden Nixon	Received, reviewed and responded to email from H. Bricks re timing of application for licensing;

Total Fees for Professional Services

\$1,060.50

DISBURSEMENTS

Taxable Costs

Conference Call Expenses **\$10.99**

Total Taxable Disbursements

\$10.99

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

errors and omissions excluded



May 11, 2012
INVOICE: 17477291

Remittance Copy

Client: 121969 Mintz & Partners Limited
Matter: T958690
RE: Receivership of Paragon Health Care Inc. t/a Casa Verde Health Centre 3585 Keele Street, Toronto
Amount Due: \$1,210.79

PAYMENT BY CHEQUE:

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

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

PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:
SWIFTCODE:

CIBCCATT

BENEFICIARY BANK:

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

TRANSIT NUMBER:

0010-00002

BENEFICIARY ACCOUNT NAME:

Gowling Lafleur Henderson LLP
Suite 1600, 1 First Canadian Place, Toronto, ON
M5X 1G5

BENEFICIARY ACCOUNT NUMBER(S):

CDN Account: 38-51311
USD Account: 03-54112

International payments intermediary banking information:

USD WELLS FARGO BANK, N.A. PNBPU33NNYC (ABA 026005092)

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

Court File No.: 06-CL-6233

and

PARAGON HEALTH CARE INC. et al.

PEOPLES TRUST CANADA

ONTARIO**SUPERIOR COURT OF JUSTICE**

(PROCEEDING COMMENCED AT TORONTO)

AFFIDAVIT OF CLIFTON PROPHET

(Sworn December 11, 2012)

Gowling Lafleur Henderson LLP

Barristers and Solicitors

1 First Canadian Place

100 King Street West, Suite 1600

TORONTO, Ontario

M5X 1G5

Frank Lamie

LSUC No.: 54035S

Telephone: (416) 369-7399 / (416) 862-3609

Facsimile: (416) 862-7661

**Solicitors for Deloitte & Touche Inc. in its
capacity as Interim Receiver and Receiver and
Manager of the current and future assets,
undertakings and properties of Paragon Health
Care Inc., Paragon Health Care (Ontario) Inc. and
1508669 Ontario Limited**

PEOPLES TRUST COMPANY

- and -

PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED

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

(PROCEEDING COMMENCED AT TORONTO)

MOTION RECORD
(Returnable December 20, 2012)

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

Clifton Prophet (LSUC No.: 34845K)
Frank Lamie (LSUC No. 54035S)

Telephone: (416) 862-7525
Facsimile: (416) 862-7661

Solicitors for Deloitte & Touche Inc. in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, undertakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited