

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

NINTH REPORT OF THE RECEIVER & MANAGER

DATED JUNE 29, 2020

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INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (the “**Court**”) dated September 22, 2017 (the “**Appointment Order**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as the interim receiver (the “**Receiver**”) of certain real property of Golden Dragon Ho 10 Inc. (“**GDH 10**”) municipally known as 347 Barber Street, Ottawa, Ontario (formerly known as 347 Clarence Street, Ottawa) (“**347 Barber**”) and of certain real property of Golden Dragon Ho 11 Inc. (“**GDH 11**”, and combined with GDH 10, the “**Debtors**”) municipally known as 345 Barber Street, Ottawa, Ontario (formerly known as 345 Clarence Street, Ottawa) (“**345 Barber**”) (collectively, with 347 Barber, referred to herein as the “**Property**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
2. The Appointment Order authorized the Receiver to, among other things:
 - (a) take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) undertake any renovations and make any repairs to the Property necessary to ensure that the Property is well maintained and rentable and is in compliance with the applicable laws and building codes; and
 - (c) market available rental units, enter into new rental agreements or renew expiring rental agreements where applicable.
3. On October 20, 2017, the Applicant, First National Financial GP Corporation (“**FN**”), brought a motion to, among other things, extend the appointment of the Receiver as permitted under section 47(1)(c) of the *Bankruptcy and Insolvency Act*. In support of that motion, the Receiver filed with the Court its First Report of the Interim Receiver dated October 17, 2017 (the “**First Report**”). Based on the First Report and submissions made to the Court by counsel for FN and the Receiver on October 20, 2017, the Court granted an Order that, among other things, extended the appointment of the Receiver until further Order of this Court.

4. On May 21, 2019, Liahona Mortgage Investment Corp. (“**Liahona**”), the second secured creditor on 345 Barber, and the Receiver each brought motions, for among other things, advice and direction with respect to expanding the Receiver’s mandate to that of a receiver and manager, authorizing the Receiver to conduct a marketing and sale process to realize on the Property, approving the Receiver’s proposed marketing and sale process, and authorizing the Receiver to enter into a listing agreement with CBRE Group Inc. (“**CBRE**”). In support of that motion, the Receiver filed with the Court the Sixth Report of the Interim Receiver dated May 6, 2019 (the “**Sixth Report**”).
5. Based on the Sixth Report and the submissions made by Liahona, on May 26, 2019 the Court granted an order (the “**Expanded Powers Order**”) approving the relief sought. A copy of the Expanded Powers Order is attached hereto as **Appendix “B”**.
6. On October 3, 2019, the Receiver brought a motion (the “**Sale Approval Motion**”) for a Court order approving, among other things, the transaction (the “**Transaction**”) contemplated in the Offer to Purchase dated August 27, 2019 made by Royal United Investments Limited (“**Royal United**” or the “**Purchaser**”) and accepted by the Receiver (the “**APS**”), together with any further amendments thereto deemed necessary by the Receiver in its sole opinion, for the sale of the Property and vesting the Debtors’ right, title and interest in the Property in and to the Purchaser’s designees, 347 Barber Street Ltd. and 345 Barber Street Ltd. (collectively, the “**Purchaser’s Designees**”), upon the closing of the Transaction. In support of the Sale Approval Motion, the Receiver filed with the Court the Seventh Report of the Receiver dated September 27, 2019 (the “**Seventh Report**”) and the Supplemental Report to the Seventh Report dated October 2, 2019 (the “**First Supplement**”) to advise the Court of, among other things, a late offer received for the Property (the “**Late Offer**”) and an Agreement reached between the Purchaser, the City of Ottawa and the Ontario Ministry of Housing for the continuation of the affordable housing program at 347 Barber.

7. On October 3, 2019, after hearing preliminary submissions from the parties, Justice Hackland adjourned the Sale Approval Motion to October 11, 2019 so that Liahona and other parties could file responding material.
8. On October 8, 2019, the Receiver filed with the Court its Second Supplemental Report to the Seventh Report (the “**Second Supplement**”) which: i) addressed the immediate financial implications to the Debtor’s estates if the Sale Approval Motion was further adjourned or dismissed; ii) addressed the purported concerns raised in the Affidavit of Chi Van Ho sworn October 3, 2019; and iii) reported to the Court on the receipt of a revised Late Offer. Copies of the Seventh Report along with the First Supplement and the Second Supplement (all without appendices) are attached hereto as **Appendix “C”**.
9. On October 11, 2019, the Sale Approval Motion was heard by Justice Hackland who granted the Amended and Restated Approval and Vesting Order (the “**Vesting Order**”). A copy of Vesting Order is attached hereto as **Appendix “D”**.
10. In his endorsement made with respect to the October 11, 2019 hearing, which was released on October 23, 2019 (the “**October 23 Endorsement**”), Justice Hackland:
 - i) approved a distribution from the net proceeds of sale, subject to the Receiver to holding back “the sum of \$1.7 million pending the Court’s further ruling on a disputed prepayment penalty claimed by FN.”;
 - ii) held that there must be a trial of an issue (the “**Yield Maintenance Issue**”) with respect to the FN’s entitlement to the payment of what he referred to as the “yield maintenance penalty”; and
 - iii) directed counsel to arrange a case conference to agree on a timetable for a trial of the Yield Maintenance Issue and any ancillary issues.

A copy of the October 23 Endorsement is attached hereto as **Appendix “E”**.

11. The parties had agreed on a Transaction closing date of October 18, 2019. However, on October 17, 2019, counsel for the Debtors served a Notice of Appeal in respect of the Vesting Order (“**Notice of Appeal**”). As a result, the parties agreed to extend the closing date to November 5, 2019 to enable the Receiver to move for directions before a single judge of the Court of Appeal for Ontario (the “**COA**”).
12. On November 4, 2019, the Receiver brought an urgent motion (the “**Receiver’s Urgent Motion**”) before Justice Fairburn of the COA seeking, among other things:
 - i) a declaration that the *Bankruptcy and Insolvency Act* RSC 1985, c. B-3 (the “**BIA**”) governs the appeal of the Vesting Order;
 - ii) a declaration that there is no automatic right of appeal with respect to the Vesting Order pursuant to subsections 193(a) through (d) of the BIA; and
 - iii) a declaration that the Vesting Order is not stayed pursuant to section 195 of the BIA or the *Courts of Justice Act*, R.S.O. 1990 c. C.43 or the *Rules of Civil Procedure*, R.R.O. 1990 Reg. 194.
13. In support of the Receiver’s Urgent Motion, the Receiver filed its Eighth Report dated October 30, 2019 (the “**Eighth Report**”), a copy of which is attached here to as **Appendix “F”** (without appendices).
14. On November 4, 2019, Justice Fairburn granted the Receiver’s motion and held that there is no automatic right to appeal the Vesting Order and that leave to appeal must be sought under s. 193(e) of the BIA, which the Debtors had failed to seek. Justice Fairburn further held that even the Debtors had a right of appeal or were granted leave to appeal, triggering a stay pursuant to section 195 of the BIA, she would cancel the stay because the appeal lacked merit and the relative prejudice to the parties arising from a stay weighed against a stay. A copy of the Reasons for Decision of Justice Fairburn dated November 5, 2019 are attached hereto as **Appendix “G”**.

15. The parties agreed to extend the closing date of the Transaction to a date that was three days after the COA's decision in order to accommodate the time necessary to recalculate the statement of adjustments and for the Purchaser to arrange for the balance of the purchase price to be wired to the Receiver. The transaction closed on November 7, 2019.
16. On November 25, 2019, as a result of the parties having settled the terms of an interim distribution and other matters, Justice Hackland granted the Interim Administration and Distribution Order dated October 23, 2019 (the "**Interim Distribution Order**"), a copy of which is attached hereto as **Appendix "H"**.
17. The above noted Court Orders, Endorsements, the Receiver's previous Reports, the Receiver's Ninth Report to the Court (the "**Ninth Report**"), and other key documents have been posted on the Receiver's website at www.insolvencies.deloitte.ca/en-ca/GoldenDragonHo10-11.

PURPOSE OF REPORT

18. The purpose of this Ninth Report is to:
 - (a) seek the Court's approval of the activities of the Receiver as described in the Eighth Report and this Ninth Report;
 - (b) update the Court on the closing of the Transaction;
 - (c) update the Court on the status of the case conference and the Yield Maintenance Issue;
 - (d) update the Court on the status of the reserves held by the Receiver;
 - (e) seek the Court's approval of the Receiver's Interim Statement of Receipts and Disbursements for the period from September 22, 2017 to June 25, 2020;
 - (f) seek the Court's approval of the fees and disbursements of the Receiver from September 1, 2019 to June 19, 2020 and the fees and disbursements of Dickinson Wright LLP ("**DW**") from August 13, 2019 to June 24, 2020.

TERMS OF REFERENCE

19. In preparing this Ninth Report, the Receiver has reviewed unaudited financial information and other records related to the Property provided by its property manager, CLV Group Inc., (“CLV”), information provided by third-party sources, and has held discussions with individuals involved in administering the Property (collectively, the “**Information**”). Except as described in this report:
 - (a) the Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
 - (b) the Receiver has prepared this Ninth Report in its capacity as a Court-appointed officer to support the Court’s approval of the Receiver’s activities to date, its course of action with respect to a sale of the Property, the Yield Maintenance Issue and the other relief being sought. Parties using this report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes.
20. Unless otherwise stated, all dollar amounts contained in this Ninth Report are expressed in Canadian dollars.
21. Unless otherwise provided, all other capitalized terms not otherwise defined in this Ninth Report are as defined in the Terms and Conditions of Sale, the APS, the Appointment Order, the Expanded Powers Order or the Interim Distribution Order (collectively, the “**Orders**”).
22. The Receiver has sought the advice of Blaneys, counsel to the Applicant, for general legal matters that have arisen in respect of these proceedings. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of DW.

BACKGROUND

23. The Property is comprised of 2 adjoining six-story multi-unit apartment buildings that consist of 110 units in total. Eighty of these units are located in 345 Barber, and the remaining 30 units are located in 347 Barber. The buildings operate as one complex as they are connected on every floor except the basement, and share common areas and facilities. Of the 110 units, 30 units are to be used for affordable housing purposes pursuant to agreements with the City and the Ministry.

RECEIVER'S ACTIVITIES SINCE THE SEVENTH REPORT

24. Since the date of the Seventh Report, the Receiver has undertaken the following activities in accordance with the terms of the Orders:
- (a) prepared the Eighth Report in connection with the Receiver's Urgent Motion to dispose of the Notice of Appeal;
 - (b) reviewed and revised various statements of adjustments in connection with the closing of the Transaction;
 - (c) held various discussions and prepared various correspondence with the Purchaser regarding the statement of adjustments and other closing and transition matters;
 - (d) received and temporarily invested the proceeds from the Transaction;
 - (e) reviewed and negotiated post-closing adjustments with the Purchaser;
 - (f) responded to information requests from FN and Liahona and their legal counsel concerning the interim distribution of the sale proceeds and completed the interim distribution;
 - (g) reviewed and provided comments on correspondence concerning the case management of the Yield Maintenance Issue;
 - (h) attended a case management conference call convened by Justice Hackland;

- (i) prepared the Receiver's Interim Statement of Receipts and Disbursements;
- (j) prepared various analyses of drawdowns of funds held back; and
- (k) responded to various creditor inquiries.

CLOSING OF THE TRANSACTION

25. As discussed above, the Transaction closed on November 7, 2020. The Purchase Price under the APS was \$13,000,000.00. At closing, after taking into account adjustments for the Deposits previously paid to the Receiver (First Deposit of \$125,000.00 and Second Deposit \$525,000.00), realty taxes, pre-paid tenancy rent and current month's tenancy rent, and other miscellaneous customary adjustments, the Purchaser wired to DW funds amounting to \$12,255,979.90. From those proceeds, \$183,625.00 were wired to CBRE Group Inc. in payment of its commission and \$50,241.23 was paid to the City of Ottawa in respect of realty tax arrears, leaving \$12,022,113.67 of proceeds that were wired by DW to the Receiver.
26. By early December 2020, the Receiver was in a position to settle post-closing adjustments with the Purchaser, which were in the nature of tenancy rent received by the Vendor post-closing, the November 2020 affordability payment received by the Vendor, the Telus rental payment for December 2020 received by Vendor and November 2020 tenancy rental payments for 5 units that were received by the Purchaser. The total amount of adjustments were in favour of the Purchaser in the amount of \$8,535.19.
27. The Receiver also settled all post-closing obligations with the Property, including utilities, property management fees, and any repair and maintenance costs. The property bank accounts were closed on or about January 13, 2020 and all surplus funds were transferred to the Receiver's trust account.

INTERIM DISTRIBUTION AND RESERVES

28. Prior to the parties agreeing to the terms of the Interim Distribution Order, the Receiver prepared an analysis of the funds available for distribution. The analysis showed the

Receiver's proposed reserve for current unpaid and future fees and disbursements for itself and its legal counsel, the funds ordered held back by Justice Hackland in respect of the Yield Maintenance Issue (including an amount equivalent to one year's interest thereon) (collectively, the "**Reserve**"), and the proposed funds to be distributed on an interim basis. A copy of the analysis is attached hereto as **Appendix "I"** and is summarized as follows:

	Total	345 Barber	347 Barber
Proceeds from sale of the Property			
Gross Purchaser Price	\$ 13,000,000.00	\$ 9,490,000.00	\$ 3,510,000.00
Less: net deductions re: statement of adjustments	(327,886.33)	(211,089.14)	(116,797.19)
Net proceeds received by Receiver	\$ 12,672,113.67	\$ 9,278,910.86	\$ 3,393,202.81
Add: total excess cash from operations available for distribution	(81,743.60)	(59,672.83)	(22,070.77)
Total Funds Available for Interim Distribution before Reserve	\$ 12,590,370.07	\$ 9,219,238.03	\$ 3,371,132.04
Less: total Reserve	(800,000.00)	(539,235.49)	(260,764.51)
Gross funds available for Interim Distribution	11,790,370.07	8,680,002.55	3,110,367.52
Less: Holdback for Yield Maintenance Issue	(1,550,258.56)	(999,504.81)	(550,753.75)
Net funds available for Interim Distribution	10,240,111.51	7,680,497.73	2,559,613.78
Interim Distributions as of November 26, 2019:			
First National	\$ 8,551,802.03	\$ 5,996,477.07	\$ 2,555,324.96
Liahona	1,684,020.66	1,684,020.66	
Undistributed	4,288.82		4,288.82
	\$ 10,240,111.51	\$ 7,680,497.73	\$ 2,559,613.78

29. The Receiver's analysis was generally based on an allocation of proceeds and costs of 73% to 345 Barber and 27% to 347 Barber (the "**73/27 Allocation**"). The Receiver was of the view that the 73/27 Allocation was the most appropriate in the circumstances because:

- it was the identical basis upon which the purchase price was allocated when the Debtors purchased the Property in May 2016;
- it substantially reflected the percentage split of the units between the properties, namely 80 units in 345 Barber (72.7%) and 30 units in 347 Barber (27.3%);

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- it substantially reflected the percentage split of revenue from the Property that the Receiver had collected during the course of these proceedings, namely 73.7% for 345 Barber and 26.3% for 347 Barber;
 - it was not materially dissimilar from the average of the market value appraisals of the Properties which were prepared in February 2019, which indicated an allocation of 78.6% to 345 Barber and 21.4% to 347 Barber; and
 - it was not materially dissimilar to from the City of Ottawa's allocation of realty tax between the two addresses, that being 74.5% to 345 Barber and 25.5% to 347 Barber;
30. There were instances where the Receiver determined that another method of allocation was more appropriate. In particular:
- when certain revenue or expenses were directly attributable to either 345 Barber or 347 Barber, such as the payment of tax arrears for 347 Barber; and
 - where the apportionment of the Yield Maintenance between the properties was based on the calculations referable to specific mortgages;
 - with respect to Receiver's Borrowings, where a substantial portion of the funds was used to pay for repairs to 345 Barber (81.4%).
31. Pursuant to paragraph 7(f) of the Interim Distribution Order, the Receiver set aside the Reserve for:
- i) the outstanding and future fees and disbursements of the Receiver and its counsel in administering the receivership, including the trial of the Yield Maintenance Issue and ancillary issues (the "**Trial of Issues**");
 - ii) the prepayment amounts claimed by FN arising from the early payment of its charges against the Property (the "**Yield Maintenance Penalties**");

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- iii) an amount equivalent to one (1) year of interest at 1.6% per annum on the Yield Maintenance Penalties, commencing from the date the Transaction is completed; and
 - iv) the future legal fees and disbursements of FN in connection with the receivership, including the Trial of Issues.
32. As a result, the Receiver determined the appropriate quantum amount of the Reserve to be as follows:

<u>Components of Reserve</u>	<u>Total</u>	<u>345 Barber</u>	<u>347 Barber</u>
7(i) - Outstanding and future fees and disbursements of the Receiver and DW	\$ 525,000.00	\$ 359,801.93	\$ 165,198.07
7(ii) - Yield Maintenance Penalty	1,525,845.04	983,764.58	542,080.46
7(iii) - One year of interest at 1.6% per annum on the Yield Maintenance Penalty	24,413.52	15,740.23	8,673.29
7(iv) - Outstanding and future fees and disbursements of FN	275,000.00	179,433.57	95,566.43
	<u>\$ 2,350,258.56</u>	<u>\$ 1,538,740.31</u>	<u>\$ 811,518.25</u>

As set out in the notes in Appendix “I”, the Receiver allocated the outstanding and unpaid fees and disbursements of the Receiver, DW and FN between 345 Barber and 347 Barber based on the 73/27 Allocation, whereas the holdback for future fees and disbursements was allocated based on the relative proportion of the Yield Maintenance Penalties between the properties, that being 64.5% to 345 Barber and 35.6% to 347 Barber (the “**Yield Maintenance Allocation**”), since the purpose of that portion of the Reserve was intended to fund professional fees to adjudicate the Yield Maintenance Issue.

33. The estimated fees in the Reserve reflect estimates provided by the Receiver, DW and Blaneys. With respect to the Yield Maintenance Penalties, the Receiver notes that while the October 23 Endorsement directed the Receiver to hold back \$1.7 million from the sale proceeds in respect of the Yield Maintenance Issue, that amount was based on FN payout statements prepared as of August 16, 2019. At the date of closing of the Transaction, FN’s calculation of the Yield Maintenance Penalties was lower due to the passage of approximately 3 months and an increase in Government of Canada Bond Yields, on which the yield maintenance is based, from 1.18% to 1.49%. As a result, FN advised the Receiver that it was satisfied with a reserve for the Yield Maintenance Penalties that reflected the lower amount.

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34. On November 26, 2019, the Receiver made the interim distributions to FN and Liahona as noted in paragraph 28 above.
35. With respect to 347 Barber, there were sufficient funds available to fully payout the two FN mortgages (except for the Yield Maintenance portion which is subject to the Reserve), resulting in \$4,288.82 of undistributed funds relating to 347 Barber (the “**347 Barber Surplus Amount**”). The 347 Barber Surplus Amount may increase if a portion of the Reserve allocated to 347 Barber is no longer required and may be adjusted if the allocation percentages between 345 Barber and 347 Barber are otherwise amended. At this juncture, the Receiver has not conducted any analysis or process to determine which parties may have claims to these funds. It will endeavor to do so once the quantum of the 347 Barber Surplus Amount becomes more clear.
36. As provided for in paragraph 8 of the Interim Distribution Order, interested stakeholders are at liberty to dispute the reasonableness of any component of the Reserve, including any amount(s) claimed in connection therewith.

CURRENT STATUS OF THE RESERVE

37. Since the Interim Distribution was completed, the Receiver has made certain payments of outstanding professional fees to the Receiver and DW. The balance of the Reserve as of June 25, 2020 is as follows:

	Interim Distribution Order Reserve				
	7(i)	7(ii)	7(iii)	7(iv)	Total
Original Reserve balance	\$ 525,000.00	\$ 1,525,845.04	\$ 24,413.52	\$ 275,000.00	\$ 2,350,258.56
Less: Reserve draw downs					
DW Invoice #1436120	(217,172.20)				(217,172.20)
DW Invoice #1487978	(43,097.51)				(43,097.51)
Receiver Invoice #8000947566	(18,297.53)				(18,297.53)
Receiver Invoice #8001245537	(28,287.86)				(28,287.86)
Current Reserve balance	\$ 218,144.90	\$ 1,525,845.04	\$ 24,413.52	\$ 275,000.00	\$ 2,043,403.46

38. As discussed above, the payment of professional fees and disbursements outstanding as at the date of the Interim Distribution Order have been allocated on the 73/27 Allocation,

whereas the professional fees and disbursements incurred since then have been allocated based on the Yield Maintenance Allocation. The following is the current allocation of the components of the Reserve:

<u>Components of Reserve</u>	<u>Total</u>	<u>345 Barber</u>	<u>347 Barber</u>
7(i) - Outstanding and future fees and disbursements of the Receiver and DW	218,144.90	141,884.43	76,260.47
7(ii) - Yield Maintenance Penalty	1,525,845.04	983,764.58	542,080.46
7(iii) - One year of interest at 1.6% per annum on the Yield Maintenance Penalty	24,413.52	15,740.23	8,673.29
7(iv) - Outstanding and future fees and disbursements of FN	275,000.00	179,433.57	95,566.43
	\$ 2,043,403.46	\$ 1,320,822.82	\$ 722,580.64

STATEMENT OF RECEIPTS AND DISBURSEMENTS

39. Attached hereto as **Appendix “J”** is the Interim Statement of Receipts and Disbursements for the receivership for the period September 22, 2017 to May 31, 2020 (the “**R&D**”). The R&D includes the rental receipts received into the property management account and the disbursements made by the Receiver from its trust account. The R&D separates out the receipts and disbursements between September 22, 2017 and August 31, 2019, which receipts and disbursements were accepted and approved in the previous orders, and the receipts and disbursements between September 1, 2019 and May 31, 2020, which reflect the Receiver’s receipt and disbursement activity since the Seventh Report.
40. The R&D indicates that the Receiver is holding \$2,176,406 in its trust account, an amount which exceeds the current balance of the Reserve by \$133.003. The excess balance is attributed to cash being held in a deposit account by CLV that was not reported to the Receiver when it was calculating the amount funds available for distribution on an interim basis. The Receiver will continue to hold these funds until final disposition of the Yield Maintenance Issue at which point it will seek the Court’s direction for the distribution of those funds.

PROFESSIONAL FEES

41. The Receiver and its legal counsel have maintained detailed records of their professional time and costs since the issuance of the Appointment Order. Pursuant to paragraph 17 of the

Appointment Order, the Receiver and its legal counsel were directed to pass their accounts from time to time before a judge of the Court.

42. The total fees of the Receiver during the period from September 1, 2019 to June 19, 2020, amount to \$104,262.00 together with disbursements of \$nil plus HST of \$13,554.07, totaling \$117,816.07 (the “**Receiver Fees**”). The time spent by the Receiver is more particularly described in the Affidavit of Hartley Bricks, a Senior Vice-President of Deloitte, sworn via zoom on June 25, 2020 in support hereof and attached hereto as **Appendix “K”**.
43. The total legal fees and disbursements of DW, in its capacity as counsel to the Receiver from August 15, 2019 to June 24, 2020, amount to \$43,077.17, inclusive of HST (the “**DW Fees**”). The Time spent by DW is more particularly described in the Affidavit of David Preger, a partner of DW, sworn June 24, 2020 in support hereof and attached hereto as **Appendix “L”**.
44. The Receiver has reviewed the DW Fees as set out in Appendix “L” and finds the work performed and charges to be appropriate and reasonable in the circumstances.

RECEIVER REQUESTS

45. For the reasons set out above, the Receiver requests that the Court make an Order:
 - (a) approving the activities of the Receiver as described in the Eighth Report and this Ninth Report;
 - (b) approving the R&D;
 - (c) approving the professional fees and disbursements of the Receiver and DW, as set out in the fee affidavits, and authorizing the Receiver to pay the professional fees from available funds; and
 - (d) such further and other relief as counsel may advise and this Honourable Court may permit.

All of which is respectfully submitted at Toronto, Ontario this 29th day of June, 2020.

DELOITTE RESTRUCTURING INC.,
solely in its capacity as the Court-
appointed Receiver and Manager of
certain real property of Golden Dragon Ho
10 Inc. and Golden Dragon Ho 11 Inc., and
without personal or corporate liability

Deloitte Restructuring Inc.

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

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

Appendix “A”

Appointment Order of Justice Hackland dated September 22, 2017

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE) FRIDAY, THE 22nd
JUSTICE C.T. Hackland) DAY OF SEPTEMBER, 2017
BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

APPLICATION UNDER Section 47 of the
Bankruptcy and Insolvency Act R.S.C. 1985, C. B-3, as amended

**APPOINTMENT ORDER
(Interim Receiver)**

THIS APPLICATION made by First National Financial GP Corporation (the “**Applicant**”) for an Order pursuant to section 47 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as interim receiver (in such capacity, the “**Receiver**”) of certain property of Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc. (the “**Respondents**”) identified on the attached Schedule “A” (collectively, the “**Property**”), and sealing Confidential Exhibit “42”, being an Appraisal Report of Juteau Johnson Comba Inc. dated August 15, 2017, including Schedule “A” thereto, and Confidential

Exhibit "45", being the Agreement of Purchase and Sale dated August 31, 2017 (collectively, the "Confidential Exhibits") of the Affidavit of Christopher Sebben sworn September 19, 2017 (the "Sebben Affidavit") from the public record until further Order of the Court, was heard this day at 161 Elgin Street, Ottawa, Ontario.

ON READING the Sebben Affidavit and the Exhibits thereto, including the Confidential Exhibits, and on reading the Consent of Deloitte to act as the Receiver, *and on hearing submissions of applicants counsel, no one else appearing at.*
SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 47 of the *BIA*, Deloitte is hereby appointed interim receiver of the Property.

RECEIVER'S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, 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 engage to engage contractors, tradespersons, quantity surveyors, consultants, appraisers, agents, experts, auditors, accountants, managers, including a property manager, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (d) to undertake any renovations and make any repairs to the Property necessary to ensure the Property is well maintained and rentable and is in compliance with the applicable laws and building codes;
- (e) to market available rental units, enter into new rental agreements or renew expiring rental agreements where applicable;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Respondents in respect of the Property and to exercise all remedies of the Respondents in collecting such monies, including, without limitation, to enforce any security held by the Respondents in respect of the Property;
- (g) 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 Respondents, for any purpose pursuant to this Order;

- (h) 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 Property and to settle or compromise any such proceedings, and 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;
- (i) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (j) to register a copy of this Order against title to the Property;
- (k) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority in respect of the Property and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Respondents;
- (l) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Respondents, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Respondents, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, 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 the existence of any aspect(s) or portion(s) of the 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.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Respondents in respect of the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE RESPONDENTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Respondents, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Respondents to carry on any business which the Respondents are not lawfully entitled to carry on, (ii) exempt the Receiver or the Respondents from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Respondents in respect of the Property, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Respondents 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 Respondents in respect of the Property are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Respondents' current telephone numbers, facsimile numbers, internet addresses and domain names in respect of the Property, 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 Respondents or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Respondents shall remain the employees of the Respondents until such time as the Receiver, on the Respondents' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in, section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

LIMITATION ON ENVIRONMENTAL LIABILITIES

14. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the Canadian *Environmental Protection Act*, the Ontario *Environmental Protection Act*, the Ontario *Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of

any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

16. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

17. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice.

18. **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 standard 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

19. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. **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.

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

22. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a pari passu basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

23. **THIS COURT ORDERS** that the service of documents shall be made by way of an HTML link to the documents as posted by the serving party on either the Case Website (set out below) or if time does not permit, on the serving party's own website, or as a PDF attachment where the party serving the documents is unable to create an HTML link, with HTML Links to the website for cross-referenced documents already posted there (the "**Protocol**"), and such service shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<www.insolvencies.deloitte.ca/en-ca/GoldenDragonHo10-11>'.

24. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by

forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Respondents' creditors or other interested parties at their respective addresses as last shown on the records of the Respondents and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

25. **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.

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

27. **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.

28. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within

proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

29. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Respondents' estate, with such priority and at such time as this Court may determine.

30. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

31. **THIS COURT ORDERS** that notwithstanding the commencement of the within Application and the appointment of the Receiver, the Applicant shall be deemed to be protecting its security, shall not be deemed to have resorted to realizing upon its security over the Property, and the equitable right of redemption in respect of the Applicant's mortgages over the real property of the Respondents identified on the attached Schedule "A" shall not be triggered.

32. **THIS COURT ORDERS** that the Confidential Exhibits shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

33. **THIS COURT ORDERS** that the Confidential Exhibits shall remain under seal until further Order of the Court.

Hackel J.

ENTERED AT OTTAWA INSCRIT A OTTAWA	
ON/LE	SEP 22 2017
DOCUMENT #	0411
IN BOOK NO. 73-13	
AU REGISTRE NO. 73-13	

SCHEDULE "A"**THE PROPERTY**

Golden Dragon Ho 10 Inc.

PIN 04213-0302 LT in LRO #4

Description: PART OF LOT 18 PLAN 43586 N/S CLARENCE STREET BEING PART 1 ON 4R21669; OTTAWA. T/W RIGHT-OF-WAY AND EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PT 3 PLAN 4R21669 AS IN OC699531. T/W EASEMENT OVER PART LOTS 16,17 & 18 PLAN 43586 PART 4 ON 4R21669 AS IN OC699531. T/W RIGHT-OF-WAY OVER PART LOTS 16, 17 & 18 PLAN 43586 PART 2 ON 4R21669 AS IN OC699531. S/T RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAVOUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2,3 & 4 ON 4R21669 AS IN OC699531.

Golden Dragon Ho 11 Inc.

PIN 04213-0303 LT in LRO #4

Description: PART LOTS 16,17 & 18 PLAN 43586 N/S CLARENCE STREET BEING PARTS 2,3 & 4 ON 4R21669; OTTAWA S/T RIGHT-OF-WAY AND EASEMENT OVER PART 3 ON 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R21669 AS IN OC699531. S/T EASEMENT OVER PART 4 ON 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R21669 AS IN OC699531. S/T RIGHT-OF-WAY OVER PART 2 PLAN 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R21669 AS IN OC699531. T/W RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAVOUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2,3 & 4 ON 4R21669 AS IN OC699531.

SCHEDULE "B"**RECEIVER CERTIFICATE**

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the interim receiver (the "**Receiver**") of the real property of Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc. identified on Schedule "A" to the Appointment Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 22nd day of September, 2017 (the "**Order**") made in an action having Court file number _____, 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 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, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the 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 authorized by the Order and as authorized by any further or other order of the Court.

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

DATED the ____ day of _____, 20__.

DELOITTE RESTRUCTURING INC., solely in
its capacity as Receiver of the Property, and not
in its personal or corporate capacity

Per: _____

Name:

Title:

Per: _____

Name:

Title:

FIRST NATIONAL FINANCIAL GP CORPORATION

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding Commenced at OTTAWA

APPOINTMENT ORDER
(Interim Receiver)

BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto ON M5C 3G5

Eric Golden (LSUC #38239M)
(416) 593-3927 (Tel)
(416) 596-2049 (Fax)
Email: egolden@blaney.com

Chad Kopach (LSUC #48084G)
(416) 593-2985 (Tel)
(416) 594-0957 (Fax)
Email: ckopach@blaney.com

Lawyers for the Applicant

Appendix “B”

Expanded Powers Order of Justice Hackland dated May 21, 2019

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE)	TUESDAY, THE 21 st
)	
JUSTICE HACKLAND)	DAY OF MAY, 2019

B E T W E E N:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
R.S.C. 1985, C. B-3, as amended

EXPANDED POWERS ORDER

THESE MOTIONS by: (a) Liahona Mortgage Investment Corp. “**Liahona**”); and (b) Deloitte Restructuring Inc., in its capacity as interim receiver of certain real property of the Respondent Golden Dragon Ho 10 Inc., municipally known as 347 Barber Street, Ottawa, Ontario, and of certain real property of the Respondent Golden Dragon Ho 11 Inc., municipally known as 345 Barber Street, Ottawa, Ontario, were heard this day at 161 Elgin Street, in Ottawa, Ontario.

ON READING Liahona’s Motion Record and the Affidavit of Aaron Rumley sworn May 13, 2019 and the Motion Record and Sixth Report of Deloitte Restructuring Inc. dated May 6, 2019 (the “**Sixth Report**”), and upon hearing the submissions of counsel for Liahona, counsel for

Deloitte Restructuring Inc., counsel for First National Financial GP Corporation (“FN”) and counsel for the Respondents, no one else appearing, although served as set out in the affidavit of service of Sharron Eaton sworn May 14, 2019, filed, and the affidavit of service of Laura Micoli sworn May 10, 2019, filed,

SERVICE

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

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record of Deloitte Restructuring Inc. is hereby abridged and validated so that the motion of Deloitte Restructuring Inc. is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

3. **THIS COURT ORDERS** that the status and mandate of Deloitte Restructuring Inc. as interim receiver pursuant to the Appointment Order dated September 22, 2017 (the “**Appointment Order**”), as extended by the Order dated October 20, 2017, is hereby varied and amended as hereinafter set out.

4. **THIS COURT ORDERS** that pursuant to section 101 of the *Court of Justice Act*, Deloitte Restructuring Inc. is hereby appointed as receiver and manager (in such capacities, the “**Receiver**”), without security, of the lands and premises legally described in Schedule “A” of the Appointment Order, the business operated thereon (the “**Business**”), and all proceeds thereof

(collectively, the “**Property**”). For greater certainty, all references to the “Receiver” in the Appointment Order shall be deemed to refer to the “Receiver” as defined herein and all references to “Property” in the Appointment Order shall be deemed to refer to “Property” as defined herein.

SIXTH REPORT

5. **THIS COURT ORDERS** that the marketing and sale process in respect of the Property described in the Sixth Report, including the engagement of CBRE Limited as listing broker, is hereby approved.

6. **THIS COURT ORDERS** that the activities and proposed activities of the Receiver described in the Sixth Report are hereby approved.

7. **THIS COURT ORDERS** that Receiver’s interim statement of receipts and disbursements for the period September 22, 2017 to March 31, 2019 contained in the Sixth Report is hereby approved.

8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver as set out in the Affidavit of Hartley Bricks, sworn May 1, 2019 contained in the Sixth Report and the fees and disbursements of Blaney McMurty LLP as set out in the Affidavit of Chad Kopach sworn May 6, 2019 contained in the Sixth Report are hereby approved.

RECEIVER’S POWERS

9. **THIS COURT ORDERS** that in addition to the powers set out in paragraph 3 of the Appointment Order, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to manage, operate, and carry on the Business, 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 Respondents in relation to the Property;
- (b) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the Business or any part or parts thereof;
- (c) to settle, extend or compromise any indebtedness owing to the Respondents in relation to the Property;
- (d) subject to paragraphs 5 and 6 hereof, to market any or all of the Property, 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;
- (e) 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 \$25,000.00, provided that the aggregate consideration for all such transactions does not exceed \$100,000.00; 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;

- (f) 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;

- (g) to enter into agreements with any trustee in bankruptcy appointed in respect of the Respondents in relation to the Property, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Respondents in relation to the Property;
- (h) to exercise any shareholder, partnership, joint venture or other rights which the Respondents may have in relation to the Property; and
- (i) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of any other Person or Persons (as those terms are defined in the Appointment Order), including the Respondents, and without interference from any other Person.

PIPEDA

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

identical to the prior use of such information by the Respondents, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

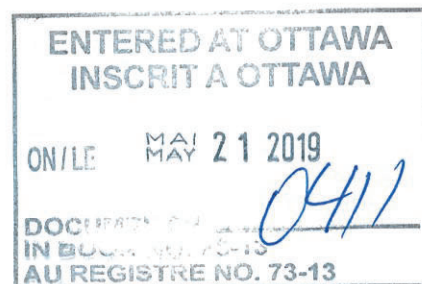
CONTINUING EFFECT OF APPOINTMENT ORDER

11. **THIS COURT ORDERS** that except as otherwise varied and amended by this Order, all other terms of the Appointment Order shall remain in full force and effect.

12. **THIS COURT ORDERS** that notwithstanding (i) the variation and amendment of the status and mandate of the interim receiver Deloitte Restructuring Inc. as provided for in this Order, (ii) any other term(s) of this Order, and (iii) FN not opposing this Order, FN shall still be deemed to be protecting its security over the Property, shall not be deemed to have resorted to realizing upon its security over the Property, and the equitable right of redemption in respect of FN's mortgages over the lands and premises legally described in Schedule "A" to the Appointment Order shall not be triggered.

Hackland J.

TORONTO 58347-2 1605135v10



FIRST NATIONAL FINANCIAL GP CORPORATION
Applicant

-and- **GOLDEN DRAGON HO 10 INC. et al.**
Respondents

Court File No. 17-73967

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
OTTAWA

EXPANDED POWERS ORDER

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TORONTO 58347-2 1601560v8

Appendix “C”

Seventh Report of the Receiver dated September 27, 2019 along with the Supplemental Report to the Seventh Report dated October 2, 2019 and the Second Supplemental Report to the Seventh Report dated October 8, 2019

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

SEVENTH REPORT OF THE RECEIVER & MANAGER

DATED SEPTEMBER 27, 2019

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Appendix “C”	Sixth Report of the Interim Receiver dated May 6, 2019
Appendix “D”	Expanded Powers Order of Justice Hackland dated May 21, 2019
Appendix “E”	Redacted version of the Offer to Purchase from Royal United Investments Limited dated August 27, 2019
Appendix “F”	Opinion on the validity and enforceability of First National Financial GP Corporation’s security prepared by Dickinson Wright LLP, dated October 17, 2017

Appendix “G”	Opinion on the validity and enforceability of Liahona Mortgage Investment Corp.’s security prepared by Dickinson Wright LLP, dated September 12, 2019
Appendix “H”	Opinion on the validity and enforceability of the City of Ottawa and the Ministry of Municipal Affairs and Housing security prepared by Dickinson Wright LLP, dated September 12, 2019
Appendix “I”	First National Financial GP Corporation Mortgage Payout Statements as of August 16, 2019
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Appendix “N”	Fee Affidavit of David Preger of Dickinson Wright LLP sworn September 9, 2019
Appendix “O”	Fee Affidavit of Chad Kopach of Blaney McMurtry LLP sworn September 26, 2019

CONFIDENTIAL APPENDICES

Confidential Appendix “A”	Receiver’s comparison of initial offers
Confidential Appendix “B”	Receiver’s comparison of resubmitted offers
Confidential Appendix “C”	Unredacted version of the Offer to Purchase from Royal United Investments Limited dated August 27, 2019
Confidential Appendix “D”	Updated Appraisal Report of 345 & 347 Barber St., Ottawa prepared by Juteau Johnson Comba Inc. dated February 6, 2019
Confidential Appendix “E”	Appraisal Report of 345 & 347 Barber St., Ottawa prepared by Veritas Valuation Inc. dated January 31, 2019

Confidential Appendix “F”	Receiver’s analysis of the purchase price in the Offer to Purchase from Royal United Investments Limited in the context of the Property Appraisals
Confidential Appendix “G”	Estimated Allocation of the Sale Proceeds to the Secured Creditors

INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (the “**Court**”) dated September 22, 2017 (the “**Appointment Order**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed as the interim receiver (the “**Receiver**”) of certain real property of Golden Dragon Ho 10 Inc. (“**GDH 10**”) municipally known as 347 Barber Street, Ottawa, Ontario (formerly known as 347 Clarence Street, Ottawa) (“**347 Barber**”) and of certain real property of Golden Dragon Ho 11 Inc. (“**GDH 11**”, and combined with GDH 10, the “**Debtors**”) municipally known as 345 Barber Street, Ottawa, Ontario (formerly known as 345 Clarence Street, Ottawa) (“**345 Barber**”) (collectively, with 347 Barber, referred to herein as the “**Property**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
2. The Appointment Order authorized the Receiver to, among other things:
 - (a) take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) undertake any renovations and make any repairs to the Property necessary to ensure that the Property is well maintained and rentable and is in compliance with the applicable laws and building codes; and
 - (c) market available rental units, enter into new rental agreements or renew expiring rental agreements where applicable.
3. On October 20, 2017, the Applicant, First National Financial GP Corporation (“**FN**”), brought a motion to, among other things, extend the appointment of the Receiver as permitted under section 47(1)(c) of the *Bankruptcy and Insolvency Act*. In support of that motion, the Receiver filed with the Court its First Report of the Interim Receiver dated October 17, 2017 (the “**First Report**”). Based on the First Report and submissions made to the Court by counsel for FN and the Receiver on October 20, 2017, the Court granted an Order approving the Receiver’s actions as described in the First Report, approving the Receiver’s Interim

Statement of Receipts and Disbursements for the period from September 22 to October 13, 2017, and extending the appointment of the Receiver until further Order of this Court.

4. On December 20, 2017, FN and the Receiver brought a motion to, among other things, approve the Receiver's activities, including the Receiver's course of action with respect to the repairs to the Property and the strategy for leasing vacant units, to approve the Receiver's Interim Statement of Receipts and Disbursements for the period from September 22, 2017 to November 30, 2017, and to approve the fees and disbursements of the Receiver and its legal counsel Blaney McMurtry LLP ("**Blaneys**") from July 4, 2017 to November 30, 2017, and Dickinson Wright LLP ("**DW**") from September 20, 2017 to October 17, 2017. In support of that motion, the Receiver filed with the Court its Second Report of the Interim Receiver dated December 13, 2017 (the "**Second Report**"). Based on the Second Report and submissions made to the Court by counsel for FN and the Receiver on December 20, 2017, the Court granted an order approving the relief sought.
5. On June 11, 2018, FN and the Receiver brought a motion to, among other things, approve the Receiver's activities, authorize the Receiver to retain a contractor to undertake repairs to 17 units which were not then in a rentable condition (the "**17 Unit Repairs**"), seek an order discharging and deleting from title to 345 Barber a third mortgage registered as Instrument Number OC1933770 (the "**Third Mortgage**"), approve the Receiver's Interim Statement of Receipts and Disbursements for the period from September 22, 2017 to April 30, 2018, and to approve the fees and disbursements of the Receiver and its legal counsel Blaneys from December 2, 2017 to April 6, 2018, and December 1, 2017 to April 30, 2018, respectively. In support of that motion, the Receiver filed with the Court its Third Report of the Interim Receiver dated May 29, 2018 (the "**Third Report**"). Based on the Third Report and submissions made to the Court by counsel for FN and the Receiver on June 11, 2018, the Court granted an order approving the relief sought, subject to the proviso that the Receiver was not to engage its contractor to carry out the 17 Unit Repairs until June 30, 2018, in order to permit the principal of the Debtors to move before the Court with an alternative proposal for the remediation work prior to that date.

6. On June 29, 2018, the Debtors filed a Notice of Motion seeking, among other things, an Order allowing them to carry out the 17 Unit Repairs instead of the Receiver, and pay the arrears under the FN Mortgage over 345 Barber by September 1, 2018 (the “**Debtors’ Motion**”).
7. In support of the Debtors’ Motion, Chi Van Ho (“**Ho**”) swore an Affidavit dated June 29, 2018 (the “**Ho Affidavit**”) wherein he swore that evidence of ability to fund would be provided in a further affidavit. However, no further affidavit evidencing that funding was in place to undertake the 17 Unit Repairs was subsequently delivered.
8. On July 9, 2018, the Receiver brought a motion for, among other things, advice and directions regarding the Debtors’ Motion and an order declaring that the Receiver could retain the contractor recommended in its Third Report to undertake the repairs to the 17 Unit Repairs (the “**July 9, 2018 Motion**”). In support of the July 9, 2018 Motion, the Receiver filed with the Court its Supplemental Report to the Third Report dated July 3, 2018 (the “**Supplemental Third Report**”).
9. Based on the Third Report and the Supplemental Third Report, and submissions made to the Court by counsel for the Receiver on July 9, 2018, the Court made an endorsement authorizing the Receiver to proceed with retaining the contractor it recommended in the Third Report.
10. In its Fourth Report of the Interim Receiver dated October 15, 2018, the Receiver provided the Court with an update on the status of the Property and its activities, and sought approval for those activities as well as the fees and disbursements of the Receiver from April 7 to September 30, 2018, and the fees and disbursements of Blaneys from May 1 to September 27, 2018. On October 25, 2018, the Court granted an Order (the “**October 25, 2018 Order**”) approving the relief sought.
11. On December 21, 2018, the Applicant and the Receiver brought a motion for, among other things, advice and direction regarding the extent to which the Receiver and Canada Revenue Agency (“**CRA**”) could engage in communications concerning certain tax evasion charges

brought against Ho insofar as they relate to, or potentially relate to, the Property. In support of that motion, the Receiver filed the Fifth Report of the Interim Receiver dated December 17, 2018 which outlined the purported charges against Ho as reported in the media. By way of endorsement (the “**December 21, 2018 Endorsement**”), the Court adjourned the matter *sine die* and urged the parties to agree on the wording of correspondence to CRA, failing which they could return to Court for direction. A copy of the December 21, 2018 Endorsement is attached hereto as **Appendix “B”**.

12. Due to the motion by Liahona Mortgage Investment Corp. (“**Liahona**”), the second mortgagee of 345 Barber, to expand the Receiver’s powers to those of a ‘full blown’ receiver and manager and approve a marketing and sale process for the Property, the need to communicate with CRA regarding the charges brought against Ho became moot.
13. On May 21, 2019, Liahona and the Receiver each brought motions, for among other things, advice and direction with respect to expanding the Receiver’s mandate to that of a receiver and manager, authorizing the Receiver to conduct a marketing and sale process to realize on the Property, approving the Receiver’s proposed marketing and sale process, and authorizing the Receiver to enter into a listing agreement with CBRE Group Inc. (“**CBRE**”). In support of that motion, the Receiver filed with the Court the Sixth Report of the Interim Receiver dated May 6, 2019 (the “**Sixth Report**”), a copy of which is attached (without appendices) hereto as **Appendix “C”**.
14. Based on the Sixth Report and the submissions made by Liahona, on May 26, 2019 the Court granted an order (the “**Expanded Powers Order**”) approving the relief sought. A copy of the Expanded Powers Order is attached hereto as **Appendix “D”**.
15. The above noted Court Orders, Endorsements, the Receiver’s previous Reports, the Receiver’s Seventh Report to the Court (the “**Seventh Report**”), and other key documents have been posted on the Receiver’s website at www.insolvencies.deloitte.ca/en-ca/GoldenDragonHo10-11.

PURPOSE OF REPORT

16. The purpose of this Seventh Report is to:

- (a) seek the Court's approval of the activities of the Receiver as described in the Seventh Report including, without limitation, the steps taken by the Receiver to market and sell the Property;
- (b) seek a Court order (the "**Approval and Vesting Order**") approving the transaction (the "**Transaction**") contemplated in the Offer to Purchase dated August 27, 2019 made by Royal United Investments Limited ("**Royal United**" or the "**Purchaser**") and accepted by the Receiver (the "**APS**"), together with any further amendments thereto deemed necessary by the Receiver in its sole opinion, for the sale of the Property and vesting the Debtors' right, title and interest in the Property in and to the Purchaser's designees, 347 Barber Street Ltd. and 345 Barber Street Ltd. (collectively, the "**Purchaser's Designees**"), upon the closing of the Transaction;
- (c) seek the Court's approval, after the completion of the Transaction, to:
 - i) pay to CBRE its commission of 1.25% of the purchase price under the APS (plus HST);
 - ii) allocate the sale proceeds from the Transaction on the basis agreed to by FN and Liahona, that being 73% to 345 Barber and 27% to 347 Barber;
 - iii) make a distribution to FN to fully satisfy the amounts owing under its mortgages on the Property;
 - iv) make a distribution to Liahona to partially satisfy the amount owing under its mortgage over 345 Barber;
 - v) make a distribution to the City of Ottawa (the "**City**") and the Ministry of Municipal Affairs and Housing (the "**Ministry**") to partially satisfy the amount owing under their mortgage over 347 Barber;

- (d) seek the Court's approval of the Receiver's Interim Statement of Receipts and Disbursements for the period from September 22, 2017 to August 31, 2019;
- (e) seek the Court's approval of the fees and disbursements of the Receiver from April 1, 2018 to July 31, 2019, DW from April 9, 2019 to August 12, 2019, and Blaneys from May 1, 2018 to August 30, 2019;
- (f) seek the Court's authorization and direction, *nunc pro tunc*, to redact from the Seventh Report served on the parties named in the service list, (i) the Receiver's comparison of Offers (as defined herein), attached hereto as **Confidential Appendix "A"**; (ii) the Receiver's comparison of resubmitted Offers, attached hereto as **Confidential Appendix "B"**; (iii) the unredacted version of the APS, attached hereto as **Confidential Appendix "C"**; (iv) the Updated Appraisal Report of the Property prepared by Juteau Johnson Comba Inc. dated February 6, 2019 (the "**Juteau Appraisal**"), attached hereto as **Confidential Appendix "D"**; (v) the Appraisal Report of the Property prepared by Veritas Valuation Inc. dated January 31, 2019 (the "**Veritas Appraisal**", and combined with the Juteau Appraisal, the "**Property Appraisals**") attached hereto as **Confidential Appendix "E"**; (vi) the Receiver's analysis of the purchase price in the APS in the context of the Property Appraisals, attached hereto as **Confidential Appendix "F"**; and (vii) the analysis of the estimated allocation of the sale proceeds amongst the secured creditors, attached hereto as **Confidential Appendix "G"**; and
- (g) seek a Court order sealing the unredacted version of the Seventh Report, including the Confidential Appendices "A" through "G" filed with this Court from the public record, until the closing of the Transaction or further order of this Court.

TERMS OF REFERENCE

17. In preparing this Seventh Report, the Receiver has reviewed unaudited financial information and other records related to the Property provided by its property manager, CLV Group Inc., ("CLV"), information provided by CBRE and other third-party sources, and has held

discussions with individuals involved in administering the Property (collectively, the “**Information**”). Except as described in this report:

- (a) the Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information;
 - (b) some of the information referred to in this Seventh Report consists of forecasts and projections which were prepared based on estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence no assurance can be provided regarding the forecasted or projected results. Accordingly, the reader is cautioned that the actual results will likely vary from the forecasts or projections, even if the assumptions materialize, and the variations could be significant; and
 - (c) the Receiver has prepared this Seventh Report in its capacity as a Court-appointed officer to support the Court’s approval of the Receiver’s activities to date, its course of action with respect to a sale of the Property, and the other relief being sought. Parties using this report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes.
18. Unless otherwise stated, all dollar amounts contained in this Seventh Report are expressed in Canadian dollars.
19. Unless otherwise provided, all other capitalized terms not otherwise defined in this Seventh Report are as defined in the Terms and Conditions of Sale, the APS, the Appointment Order or the Expanded Powers Order.

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

BACKGROUND

21. The Property is comprised of 2 adjoining six-story multi-unit apartment buildings that consist of 110 units in total. Eighty of these units are located in 345 Barber, and the remaining 30 units are located in 347 Barber. The buildings operate as one complex as they are connected on every floor except the basement, and share common areas and facilities. Of the 110 units, 30 units are to be used for affordable housing purposes pursuant to agreements with the City and the Ministry. These 30 below market rent (“**BMR**”) units are hereinafter referred as the “**BMR Units**”.
22. Upon the appointment of the Receiver, the Property was approximately 60% occupied. The low occupancy was due primarily to the Debtors’ plan (without FN’s knowledge or consent) to convert 345 Barber to student housing by increasing the number of bedrooms in certain units and by making certain modifications to the lobby and the basement. In order to carry out this plan, the Debtors arranged for certain market rate tenants to move from 345 Barber to 347 Barber in order to free up units so that renovations could be undertaken. In addition, alterations to the building had been started in the lobby, the basement, and certain units on the upper floors of 345 Barber. Much of this work remained substantially unfinished as of the date of the Appointment Order.
23. The Receiver set out to stabilize the Property, undertake certain repairs to the roof, the lobby and other common areas and certain renovations to bring units back into rentable condition with the goal of increasing occupancy. Those efforts resulted in an increase in occupancy to over 100 units by February 2019 which, subject to typical occupancy fluctuations, has since been maintained.

RECEIVER'S ACTIVITIES SINCE THE SIXTH REPORT

24. Since the date of the Sixth Report, the Receiver has undertaken the following activities in accordance with the terms of the Appointment Order and the Expanded Powers Order:
- (a) Followed up with CLV to rent the vacant units in 345 Barber to the general public, and rent the vacant units in 347 Barber to BMR tenants identified through various City programs;
 - (b) Approved and directed CLV to complete certain necessary repairs to fire safety systems;
 - (c) Reviewed the monthly Property accounting prepared by CLV, and prepared the Receiver's Interim Statement of Receipts and Disbursements;
 - (d) Executed the Exclusive Authority to Sell Agreement with CBRE;
 - (e) Finalized the Terms and Conditions of Sale for the proposed sale of the Property and worked with DW to prepare a form of Offer to Purchase;
 - (f) Managed the accumulation and preparation of financial and building information that was uploaded to CBRE's online data room;
 - (g) Reviewed CBRE's marketing documents, including the Introductory Information Brochure (the "**Brochure**") and the Confidential Information Memorandum (the "**CIM**");
 - (h) Maintained frequent communication with CBRE throughout the marketing process;
 - (i) Provided updates to FN and Liahona concerning the progress of the marketing process;
 - (j) Provided updates to the City and the Ministry on the status of the Property and the BMR Units and the status of the sale and marketing process;
 - (k) Reviewed the Offers to Purchase (the "**Offers**") received by the bid deadline and held discussions with CBRE concerning responding to the Offers received;

- (l) Responded to information requests from FN and Liahona and their legal counsel concerning the potential proceeds from sale based on the Offers received;
- (m) Negotiated and executed the APS; and
- (n) Responded to various creditor inquiries.

THE MARKETING AND SALE PROCESS

- 25. The marketing process commenced on June 27, 2019, with CBRE distributing the Brochure to its database of over 3,500 prospective purchasers which is comprised of a mix of pension funds, fund advisors, REITs and private investors. CBRE distributed the Brochure a second time on July 9, 2019.
- 26. CBRE also commenced a calling campaign to communicate the opportunity directly to their prioritized targeted list of buyers.
- 27. Prior to the offer deadline date of July 30, 2019 (the “**Initial Offer Deadline**”), CBRE received 20 executed confidentiality agreements from interested parties who were then provided access to the online data room, which contained the CIM as well as other pertinent information for them to conduct due diligence on the Property. Of those 20 parties, eight completed site tours, which CBRE considered to represent average interest for an opportunity of this profile, size and location.
- 28. By the Initial Offer Deadline, the Receiver received 4 Offers for the Property. A summary of the Offers is set out in the attached **Confidential Appendix “A”**.
- 29. After a review of the Offers and discussions with CBRE, pursuant to the Terms and Conditions of Sale, the Receiver identified 3 offerors as Qualified Offerors. On August 1, 2019, CBRE advised the Qualified Offerors that they had been designated as such, and requested that they: i) resubmit their offer in order to remove or improve certain terms and conditions, ii) should they wish to do so, resubmit their offer with an improved purchase price, and iii) where applicable, provide further details concerning their ability to complete

a transaction. The Receiver set August 7, 2019 as the deadline for resubmission of offers (the “**Resubmission Deadline**”).

30. By the Resubmission Deadline, the Receiver received revised offers from all of the Qualified Offerors. A summary of the resubmitted offers is set out in the attached **Confidential Appendix “B”**.
31. The Receiver identified the offer from Royal United as the best offer in terms of price and conditions as they required the least amount of further due diligence (discussed further in the next section) suggesting little risk of purchase price grind compared to the other offers. A copy of the unredacted version of the APS is attached hereto as **Confidential Appendix “C”**. In assessing the sufficiency of the price in the Royal United offer, the Receiver consulted the Property Appraisals that were commissioned by FN in early 2019, copies of which are in the attached **Confidential Appendices “D” and “E”**. Attached as **Confidential Appendix “F”** is the Receiver’s analysis of the purchase price in the offer from Royal United in the context of the Property Appraisals. Based on that analysis, the Receiver is of the view that the purchase price in the APS represents fair market value.
32. On August 11, 2019, the Receiver advised FN and Liahona of its intention to proceed with the offer from Royal United, subject to certain minor amendments to the offer. Both lenders advised the Receiver that they agreed with the Receiver’s course of action. CBRE then advised the other Qualified Offerors that the Receiver had selected another offer. On August 27, 2019, with the parties having agreed to the minor amendments, the Receiver and Royal United executed the APS.

THE OFFER TO PURCHASE FROM ROYAL UNITED INVESTMENTS LIMITED

33. The APS provides that the Property is being purchased on an “as is, where is” and “without recourse” basis. A redacted copy of the APS is attached hereto as **Appendix “E”**.
34. The sole condition in favour of the Purchaser under the APS was the receipt by the Purchaser of a Phase I Environmental Site Assessment (“**ESA**”) which disclosed no new environmental

risk or contaminants beyond any potential issues mentioned in an ESA report prepared in 2017, which also concluded that no Phase II ESA is warranted (the “**Purchaser’s Condition**”). On September 26, 2019, the Purchaser advised the Receiver that it obtained the ESA to its satisfaction and waived the Purchaser’s Condition.

35. On September 26, 2019, the Purchaser also delivered a written direction to the Receiver directing title to the Property to be placed in the Purchaser’s Designees upon closing.
36. The APS is subject to the Court issuing an Approval and Vesting Order that approves the APS and vests title to the Property in the Purchaser. The APS requires that the Approval and Vesting Order be granted within 21 days of the Purchaser’s waiver of the Purchaser’s Condition. The Closing of the Transaction is to occur within 10 days following the approval of the APS by the Court and the issuance of the Approval and Vesting Order. For Closing to occur, the Receiver is to deliver a Receiver’s Certificate (in the form attached to the form of Approval and Vesting Order included in the Motion Record accompanying this Seventh Report) to the Purchaser which will certify that all of the conditions of the APS have been satisfied or waived or are to be fulfilled on a post-closing basis and the balance of the purchase price, including applicable taxes, has been paid in full by the Purchaser.
37. The Purchaser has informed the Receiver that it does not wish to assume the affordable housing agreements with the City and the Province (which the Debtors assumed when they purchased the Property). As a result, the APS provides that registrations relating to those agreements are to be removed from title.
38. The Receiver is of the view that the APS with Royal United represents the best transaction in the circumstances. Both FN and Liahona approve of the Transaction. As such, the Receiver is seeking the Approval and Vesting Order.

PROPOSED DISTRIBUTION OF SALE PROCEEDS

39. The Affidavit of Christopher Sebben of FN, sworn September 19, 2017 in support of the original application for the appointment of the Receiver, sets out the various mortgages and charges on the property in favour of FN, Liahona, and the City and the Ministry.
40. The Receiver has obtained independent, written legal opinions from DW with respect to the validity and enforceability on the security held by each of FN, Liahona, and the City and the Ministry (collectively, the “**Security Opinions**”). According to the Security Opinions, it is DW’s view that, subject to the customary qualifications and limitations contained therein, the security held by each of FN, Liahona, and the City and the Ministry is valid and enforceable against the Property of the Debtors as more particularly described in such security. Copies of the Security Opinions are attached hereto as **Appendices “F”, “G” and “H”**.
41. FN has provided the Receiver with Mortgage Discharge Statements for its first ranking mortgages on the Property as of August 16, 2019 (the “**FN Payout Statements**”). Copies of the FN Payout Statements are attached hereto as **Appendix “I”**. The FN Payout Statements indicate that as of August 16, 2019, FN was owed \$10,062,430.30. FN will provide the Receiver with final payout statements once the Transaction has closed and the Receiver is in a position to make distributions. The Receiver notes that the FN Payout Statements include FN’s expenses relating to its mortgages, which include appraisal fees of \$22,280.90, building condition report fees of \$3,672.50, property management fees of \$10,735.00 for the period prior to the Appointment Order, legal fees of \$254,218.30 and funding of \$484,753.36 provided to the Receiver by way of Receiver’s Certificates. Those expenses have been allocated by FN between 345 Barber and 347 Barber on a 50/50 basis, as has the commission payable to CBRE on the completion of the Transaction. FN advises that these 50/50 allocations are the basis on which FN consented to the Transaction, and which Liahona then also consented. The Receiver notes, however, that Liahona’s consent to the Transaction is irrevocable notwithstanding any changes to the allocations set out above which the Court may make to the detriment of Liahona.

42. Liahona has provided the Receiver with a Mortgage Statement for Discharge Purposes dated September 10, 2019 for its second ranking mortgage over 345 Barber St. (the “**Liahona Payout Statement**”). A copy of the Liahona Payout Statement is attached hereto as **Appendix “K”**. The Liahona Payout Statement indicates that as of September 30, 2019 Liahona is owed \$3,859,453.38, and its mortgage continues to accumulate per diem interest of \$794.52.
43. The City and the Ministry jointly hold a second mortgage in the amount of \$1,805,004 which is secured over 347 Barber St. (the “**Affordable Housing Mortgage**”). According to the Municipal Housing Project Facilities Agreement dated March 3, 2006 between the City of Ottawa and GDH 10 (assumed from Quex Property Corporation on or about May 24, 2016), the Affordable Housing Mortgage was provided to partially fund the construction and operation of 347 Barber as affordable housing and for as long as 347 Barber continues to provide affordable housing for a period 40 years from the date of occupancy (which occurred at some point in 2008), no payments are owing on the Affordable Housing Mortgage and the principal amount would be forgiven. Given that the APS provides that the Affordable Housing Mortgage is to be vested off title, the Affordable Housing Mortgage will become payable on Closing. The City and the Ministry have not yet provided the Receiver with a payout statement for the Affordable Housing Mortgage.
44. Based on the Security Opinions and the various payout statements, a summary of the mortgages against the Property and their relative priority is set out below:

Lender	Property	Priority	Amount Owning on Mortgage
First National Financial Corporation	345 Barber	First Charge	\$6,724,279.86
First National Financial Corporation	347 Barber	First Charge	\$2,542,220.17
First National Financial Corporation	347 Barber	Second Charge	\$795,930.25
Liahona Mortgage Investment Corp.	345 Barber	Second Charge	\$3,859,453.38
City of Ottawa & Ministry of Municipal Affairs & Housing	347 Barber	Third Charge	\$1,805,004.00

45. FN and Liahona have both advised the Receiver that they have agreed that the proceeds from the sale of the Property and any surplus funds in the Receiver's possession after satisfaction of all receivership costs are to be allocated 73% to 345 Barber and 27% to 347 Barber. The Receiver notes that this allocation is consistent with the number of units in each building at the Property (80 of 110 units or 72.7% for 345 Barber, and 30 of 110 units or 27.3% for 347 Barber) and with the allocation of the purchase price between the buildings when the Debtors purchased the Property from Quex Property Corporation in May 2016 (72.74% to 345 Barber and 27.26% to 347 Barber). An estimated allocation of proceeds from the sale reflecting the allocation of 73% to 345 Barber and 27% to 347 Barber based on a September 30, 2019, closing date is included in **Confidential Appendix "G"**. The ultimate amount of the distributions to the secured creditors will be dependent on: i) the extent of any closing adjustments in the Transaction; ii) the amounts owing on the various mortgages on closing; and iii) the amount of surplus cash on hand in the Receiver's trust account from operations after satisfying all of the receivership costs including professional fees.
46. The Receiver is seeking the Court's approval, subject to the closing of the Transaction and a reasonable reserve to satisfy payment of the Receiver's fees and disbursements, including legal fees, required to complete the Transaction and complete the administration of the receivership:
- i) to allocate the sale proceeds, and any excess funds in the Receiver's possession, on the basis of 73% to 345 Barber and 27% to 347 Barber;
 - ii) to make a distribution to FN in full satisfaction of the amount owing under its three first ranking charges over the Property as at the date of the distribution;
 - iii) to make a distribution to Liahona in partial satisfaction of its second ranking claim on 345 Barber St.; and
 - iv) to make a distribution to the City and the Ministry in partial satisfaction of the amount of their Affordable Housing Mortgage charge over 347 Barber.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

47. Attached hereto as **Appendix “L”** is the Interim Statement of Receipts and Disbursements for the receivership for the period September 22, 2017 to August 31, 2019 (the “**R&D**”). The R&D includes the rental receipts received into the property management account and the disbursements made by the Receiver from its trust account. The R&D separates out the receipts and disbursements between September 22, 2017 and March 31, 2019, which receipts and disbursements were accepted and approved in the December 20 Order, the June 11 Order, the October 25 Order, and the Expanded Powers Order, and the receipts and disbursements between April 1, 2019 and August 31, 2019, which reflect the Receiver’s receipt and disbursement activity since the Sixth Report.
48. Total cash receipts reported in the R&D from tenants rent, roof top cellular equipment, MOH funding, Receiver’s certificates, laundry and miscellaneous revenue are \$2,422,758. Total disbursements are \$2,178,202, which include, but are not limited to, repairs and maintenance, insurance, property management fees, consultant fees, utilities, legal fees and Receiver Fees. Net cash on hand as of August 31, 2019 is \$244,555.
49. The Receiver, after satisfying all of its costs and expenses relating to the receivership and the operation of the Property, including professional fees, intends to disburse any remaining funds in its accounts on the same basis as the allocation of proceeds from the Property, that being 73% to 345 Barber and 27% to 347 Barber.

PROFESSIONAL FEES

50. The Receiver and its legal counsel have maintained detailed records of their professional time and costs since the issuance of the Appointment Order. Pursuant to paragraph 17 of the Appointment Order, the Receiver and its legal counsel were directed to pass their accounts from time to time before a judge of the Court.
51. The total fees of the Receiver during the period from April 1, 2019 to August 31, 2019, amount to \$84,734.50 together with disbursements of \$nil plus HST of \$11,015.50, totaling

\$95,750.00 (the “**Receiver Fees**”). The time spent by the Receiver is more particularly described in the Affidavit of Hartley Bricks, a Senior Vice-President of Deloitte, sworn September 26, 2019 in support hereof and attached hereto as **Appendix “M”**.

52. The total legal fees and disbursements of Blaneys, in its capacity as counsel to FN and the Receiver from May 1, 2019 to August 31, 2019, amount to \$55,051.00 together with disbursements of \$483.83 plus HST of \$7,219.54, totalling \$62,754.37 (the “**Blaney Fees**”). The time spent by Blaneys is more particularly described in the Affidavit of Chad Kopach, a partner of Blaneys, sworn September 26, 2019 in support hereof and attached hereto as **Appendix “N”**.
53. The total legal fees and disbursements of DW, in its capacity as counsel to the Receiver from April 9, 2019 to August 12, 2019, amount to \$42,864.57, inclusive of HST (the “**DW Fees**”). The Time spent by DW is more particularly described in the Affidavit of David Preger, a partner of DW, sworn September 9, 2019 in support hereof and attached hereto as **Appendix “O”**.
54. The Receiver has reviewed the Blaneys Fees and the DW Fees as set out in Appendices “N” and “O” and finds the work performed and charges to be appropriate and reasonable in the circumstances.

RECEIVER REQUESTS

55. For the reasons set out above, the Receiver requests that the Court make an Order:
 - (a) approving the activities of the Receiver as described in this Seventh Report;
 - (b) approving the Transaction contemplated in the APS between the Receiver and Royal United, together with any further amendments thereto deemed necessary by the Receiver in its sole opinion, for the sale of the Property listed in Schedule “A” to the APS and vesting the Debtors’ right, title and interest, if any, in the Property in and to the Purchaser’s Designees upon the closing of the Transaction;
 - (c) authorizing the Receiver, after the completion of the Transaction, to:

- i) pay to CBRE its commission;
 - ii) allocate the sale proceeds from the Transaction and any surplus funds in the Receiver's accounts after satisfying all of its costs on the basis of 73% to 345 Barber and 27% to 347 Barber;
 - iii) make a distribution to FN in full satisfaction of the amount owing under its first ranking mortgages on the Property;
 - iv) make a distribution to Liahona in partial satisfaction of the amount owing under its second ranked mortgage over 345 Barber;
 - v) make a distribution to the City and the Ministry in partial satisfaction of the amount owing under their second ranked mortgage over 347 Barber;
- (d) approving the R&D;
- (e) approving the professional fees and disbursements of the Receiver, DW and Blaneys, as set out in the fee affidavits, and authorizing the Receiver to pay the professional fees from available funds;
- (f) authorizing and directing the Receiver, *nunc pro tunc*, to redact from the version of the Seventh Report served on any other party other than this Court, (i) the Receiver's comparison of Offers; (ii) the unredacted version of the APS; (iii) the Property Appraisals; (v) the Receiver's analysis of the purchase price in the APS in the context of the Property Appraisals, and (vi) the estimated allocation of sale proceeds to the secured creditors;
- (g) sealing the unredacted version of the Seventh Report, including the Confidential Appendices "A" through "G" filed with this Court from the public record until the closing of the Transaction or further order of this Court; and
- (h) such further and other relief as counsel may advise and this Honourable Court may permit.

All of which is respectfully submitted at Ottawa, Ontario this 27th day of September, 2019.

DELOITTE RESTRUCTURING INC.,
solely in its capacity as the Court-
appointed Receiver and Manager of
certain real property of Golden Dragon Ho
10 Inc. and Golden Dragon Ho 11 Inc., and
without personal or corporate liability

Deloitte Restructuring Inc.

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

John Saunders, CPA, CA, CIRP, LIT
Senior Vice-President

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

**SUPPLEMENTAL REPORT TO SEVENTH REPORT
OF THE RECEIVER & MANAGER**

DATED OCTOBER 2, 2019

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APPENDICES

Appendix “A”	Motion Confirmation Form dated October 2, 2019
Appendix “B”	Email from Martin Diegel to David Preger dated September 19, 2019 and Agreement of Purchase and Sale dated September 17, 2019
Appendix “C”	Email from David Preger to Martin Diegel dated September 19, 2019
Appendix “D”	Email from Hartley Bricks to Martin Diegel dated September 20, 2019
Appendix “E”	Corporation Information form pertaining to 3947283 Canada Inc.
Appendix “F”	Order of Justice Hackland dated June 11, 2018
Appendix “G”	Email thread of October 2, 2019 and Purchaser’s counsel’s markup of Approval and Vesting Order
Appendix “H”	Amendment to Agreement of Purchase and Sale

PURPOSE OF SUPPLEMENTAL REPORT

1. This supplemental report to the Receiver's Seventh Report dated September 27, 2019 is being filed to:
 - (a) respond to an adjournment request received from counsel for the Debtors at 1:57 pm on October 2, 2019, in relation to the Receiver's motion returnable on October 3, 2019;
 - (b) report that an agreement was reached between the Purchaser, the City and the Ministry for the continuation of the affordable housing program at 347 Barber St., notice of which the Receiver was given at 4:11 pm on October 2, 2019. In connection therewith, the Receiver seeks authorization and approval to execute an amendment to the APS, which will result in the Affordable Housing Mortgage security remaining on title to 347 Barber St.
2. Capitalized terms used herein have the meanings ascribed to them in the Seventh Report.

LATE OFFER

3. At 1:57 pm on October 2, 2019, DW received a motion confirmation form by email from Martin Diegel, counsel for the Debtors, a copy of which is attached hereto as **Appendix "A"**. The form states, among other things, that "Counsel for the Debtor requires additional time to properly assess the material, especially in light of a \$16,000,000 Offer that was received recently and forwarded to counsel for the Receiver."
4. The offer referred to by Mr. Diegel (the "**Late Offer**") was delivered to DW on September 19, 2019. Copies of the Late Offer and the covering email received together therewith are attached hereto as **Appendix "B"**.
5. Shortly after receiving the Late Offer, DW advised Mr. Diegel that the Receiver was not in a position to deal with an offer from another buyer. Additionally, because the Late Offer appeared to have been accepted by Chi Ho, notwithstanding that paragraph 9 of the Expanded

Powers Order cloaks the Receiver with exclusive power to deal with the Property, DW requested that Mr. Diegel tell Mr. Ho to refrain from purporting to bind the Debtors. A copy of DW's email to Mr. Diegel is attached hereto as **Appendix "C"**.

6. On the subject of Mr. Ho purporting to deal with the Property notwithstanding that he has no right to do so, the Receiver notes that on September 20, 2019, it wrote to Mr. Diegel to advise that certain short term rental advertisements were posted on Kijiji.ca for 345 Barber St. and the call back number for the advertisements was listed as belonging to Chi Suites. A copy of the Receiver's email to Mr. Diegel is attached hereto as **Appendix "D"**. In the email, the Receiver requested that Mr. Ho remove the advertisements and refrain from any further postings.
7. DW's advice to Mr. Diegel that the Receiver was not in a position to deal with another buyer was premised upon the Court's approval, in the Expanded Powers Order, of the marketing process described in the Receiver's Sixth Report.¹ In connection with the marketing process, the Initial Offer Deadline was July 30, 2019 and the Resubmission Deadline was August 7, 2019. The APS itself was settled on August 27, 2019 following the Receiver's consultations with FN and Liahona.
8. Quite apart from the Late Offer being delivered to the Receiver after the expiry of the Initial Offer Deadline Offer, the Resubmission Deadline and the Receiver's acceptance of the APS, section 7 of the APS imposes a contractual obligation on the Receiver to forthwith, after waiver of the Purchaser's Condition, move and "diligently pursue" Court approval of the APS. As such, the Receiver was (and remains) contractually precluded from dealing with the Late Offer.
9. The Receiver also did not consider the Late Offer to be credible. The purchaser named under the Late Offer was Abad Hamam in trust for a company to be incorporated, without personal liability. The Receiver has previously dealt with Mr. Hamam in this matter. He is a director of 3947283 Canada Inc., the company that registered a collateral third mortgage over 345

¹ The Receiver notes that Mr. Diegel was present and made submissions on the motion in which the Expanded Powers Order was granted on May 21, 2019.

Barber St. on September 27, 2017, five days after the Appointment Order was made, and which on June 11, 2018, the Court ordered be discharged and deleted. A copy of the corporation information form pertaining to 3947283 Canada Inc. is attached hereto as **Appendix “E”**. A copy of the June 11, 2018 Order is attached hereto as **Appendix “F”**.

10. The terms of the Late Offer were also not credible. The deposit payable under the Late Offer was only \$50,000. It was conditional upon the purchaser obtaining mortgage financing. The closing date was not until December 2, 2019 and it required the vendor to deliver estoppel certificates signed by all tenants. None of those terms are consistent with a serious, creditworthy buyer of a large, multi-unit apartment complex such as the Property.

AGREEMENT BETWEEN PURCHASER, CITY AND MINISTRY

11. Notwithstanding that the APS provides for the Affordable Housing Mortgage to be vested off title on Closing, the Receiver was notified at 4:11 pm on October 2, 2019, that an agreement was reached between the Purchaser, the City and the Ministry for the continuation of the affordable housing program at 347 Barber St. Copies of an email thread between the City, DW and the Purchaser’s counsel and the Purchaser’s counsel’s markup of the Approval and Vesting Order are attached hereto as **Appendix “G”**.
12. A copy of an Amendment to Agreement of Purchase and Sale signed by the Purchaser which DW received at 7:19 pm on October 2, 2019 is attached hereto as **Appendix “H”**. The Receiver proposes to sign the Amendment, subject to the Court’s authorization.
13. As the Affordable Housing Mortgage will remain on title to the Property, it will not become payable upon Closing and therefore the distribution to the City and the Ministry contemplated in Confidential Appendix “G” to the Seventh Report will not be necessary. The Receiver will seek directions with respect to the sale proceeds that were earmarked for payment to the City and the Ministry at a later date.

All of which is respectfully submitted at Ottawa, Ontario this 2nd day of October, 2019.

DELOITTE RESTRUCTURING INC.,
solely in its capacity as the Court-
appointed Receiver and Manager of
certain real property of Golden Dragon Ho
10 Inc. and Golden Dragon Ho 11 Inc., and
without personal or corporate liability

A handwritten signature in blue ink, appearing to read "P. Casey".

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

A handwritten signature in blue ink, appearing to read "J. Saunders".

John Saunders, CPA, CA, CIRP, LIT
Senior Vice-President

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

**SECOND SUPPLEMENTAL REPORT TO
SEVENTH REPORT OF THE RECEIVER & MANAGER**

DATED OCTOBER 8, 2019

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PURPOSE OF SECOND SUPPLEMENTAL REPORT

1. This second supplemental report to the Receiver's Seventh Report dated September 27, 2019 is being filed to:
 - (a) address the immediate financial implications to the Debtors' estates if the Receiver's sale approval motion presently returnable on Friday, October 11, 2019 is adjourned or dismissed;
 - (b) address the purported concern raised in the Affidavit of Chi Van Ho, sworn October 3, 2019, that Property was not listed for sale by the Receiver on the MLS service; and
 - (c) report to the Court regarding a revised Late Offer which DW received from Mr. Diegel at 7:01 pm on Friday, October 4, 2019.
2. Capitalized terms used herein have the meanings ascribed to them in the Seventh Report.

INCREASED INSURANCE PREMIUMS

3. The policy of insurance which the Receiver arranged originally for the Property expired on September 22, 2019. Prior to the expiry of the policy, the insurer, Burns & Wilcox, advised that it would not be renewing the policy, notwithstanding that no claim was made by the Receiver in the 2 years Burns & Wilcox provided coverage. The Receiver advised Burns & Wilcox of the pending sale of the Property and requested a 1 month extension. The request was declined. Rhodes & Williams, the broker who had arranged coverage with Burns & Wilcox, was unable to obtain alternate coverage. The Receiver then contacted Firstbrooke, Cassie & Anderson, who manage Deloitte Restructuring Inc.'s insolvency insurance program, to obtain quotes from other insurers. The best that Firstbrooke, Cassie & Anderson could do was to arrange coverage with Chubb Insurance for \$22,101 per month, a fourfold increase over what the Receiver was paying Burns & Wilcox. The Receiver was left with no option but to proceed with Chubb Insurance. The first month of coverage with Chubb

expires on October 22, 2019 at which point a second payment of \$22,101 will be due to cover a second month of coverage if the Transaction is not completed.

MLS LISTING

4. The marketing process described in the Sixth Report, which was approved in the Expanded Powers Order, did not contemplate that the Property would be listed on the MLS service. The Receiver notes that Mr. Diegel was present in Court on behalf of the Debtors when the Expanded Powers Order was granted and did not suggest that the proposed marketing process should include listing the Property on MLS. At no point thereafter was any such suggestion made by Mr. Diegel or Mr. Ho until Mr. Ho's Affidavit of October 3, 2019 was delivered.
5. After reviewing Mr. Ho's Affidavit of October 3, 2019, the Receiver considered the issue with CBRE. CBRE confirmed that when the marketing process was being developed, it did not recommend marketing the Property through MLS because MLS is not a suitable means to attract buyers of multi-residential apartment buildings of a size such as the Property, as qualified buyers for properties over \$10 million do not source deals on MLS.
6. CBRE further confirmed to the Receiver that it has previously marketed a property on Blake Street, in Ottawa, and another property on Cobourg Street, in Ottawa, on behalf of Mr. Ho and neither of those properties were listed for sale on MLS.

REVISED LATE OFFER

7. At 7:01 pm on Friday, October 4, 2019, DW received a revised offer to purchase the Property from Mr. Diegel (the "**Revised Late Offer**"). The Revised Late Offer is substantially in the same form of the Late Offer. The buyer named under the Late Offer is Abad Hamam in trust for a company to be incorporated, without personal liability. The commercial terms are, however, different. The purchase price offered is \$15,000,000, as compared to \$16,500,000 under the Late Offer. The deposit is \$100,000, as compared to \$50,000 under the Late Offer. The closing date is November 15, 2019, as compared to December 2, 2019 under the Late Offer.

8. The Revised Late Offer is conditional upon the buyer obtaining approval from FN and Liahona to their existing mortgages over the Property being assumed. At 5:06 pm on Tuesday, October 8, 2019, the Receiver was informed by FN's counsel that FN was not prepared to consider an application from the buyer to assume FN's mortgages over the Property.

All of which is respectfully submitted at Ottawa, Ontario this 9th day of October, 2019.

DELOITTE RESTRUCTURING INC.,
solely in its capacity as the Court-
appointed Receiver and Manager of
certain real property of Golden Dragon Ho
10 Inc. and Golden Dragon Ho 11 Inc., and
without personal or corporate liability

Deloitte Restructuring Inc.

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

John Saunders, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “D”

Amended and Restated Approval and Vesting Order of Justice Hackland dated October 11, 2019

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE)	FRIDAY, THE 11TH
)	
JUSTICE HACKLAND)	DAY OF OCTOBER, 2019

B E T W E E N:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver and manager (the “**Receiver**”) of the lands and premises owned by Golden Dragon Ho 10 Inc. (the “**GDH 10 Debtor**”) legally described in Schedule “B1” hereto and the lands and premises owned by Golden Dragon Ho 11 Inc. (the “**GDH 11 Debtor**”) legally described in Schedule “B2” hereto, for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale between the Receiver and Royal United Investments Limited (“**RUIL**”) dated August 27, 2019 (the “**APS**”) and appended to the Seventh Report of the Receiver dated September 27, 2019 (the “**Seventh Report**”), as amended by an Amendment to Agreement of Purchase and Sale dated October 2, 2019 to be executed by the Receiver (the “**Amendment**” and, together with the APS, the “**Sale Agreement**”) and appended to the Receiver’s Supplemental Report to the Seventh Report dated

October 2, 2019 (the “**Supplemental Report**”) and vesting in 347 Barber Street Ltd. the GDH 10 Debtor’s right, title and interest in and to the assets of the GDH 10 Debtor described in the Sale Agreement (the “**GDH 10 Assets**”) and vesting in 345 Barber Street Ltd. the GDH 11 Debtor’s right, title and interest in and to the assets of GDH 11 described in the Sale Agreement (the “**GDH 11 Assets**”), was heard this day at 161 Elgin Street, in Ottawa, Ontario.

ON READING the Seventh Report, the Supplemental Report, the Receiver’s Second Supplemental Report to the Seventh Report dated October 9, 2019 (the “**Second Supplemental Report**”), the Affidavit of Chad Kopach sworn October 3, 2019, the Affidavit of Eric Golden sworn October 7, 2019, the Affidavit of Christopher Sebben sworn October 7, 2019, the Affidavit of Chi Van Ho sworn October 3, 2019, the Affidavit of Aaron Rumley sworn October 4, 2019, the Affidavit of Aaron Rumley sworn October 9, 2019 and the Affidavit of Stephanie Baldwin sworn October 9, 2019 and on hearing the submissions of counsel for the Receiver, counsel for First National Financial GP Corporation, counsel for Liahona Mortgage Investment Corp., counsel for the City of Ottawa, counsel for Quex Property Corporation, counsel for the GDH 10 Debtor and the GDH Debtor and counsel for RUIL, 347 Barber Street Ltd. and 345 Barber Street Ltd., no one appearing for anyone else on the service list, although properly served, as appears from the affidavit of Jennifer Samuels sworn September 27, 2019, filed:

1. THIS COURT ORDERS AND DECLARES that the time for service of the Receiver’s Notice of Motion and Motion Record, including the Seventh Report, the Supplemental Report and the Second Supplemental Report is hereby abridged and validated so that the motion is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the GDH 10 Assets to 347 Barber Street Ltd. and for the conveyance of the GDH 11 Assets to 345 Barber Street Ltd.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to 347 Barber Street Ltd. and 345 Barber Street Ltd. substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"):

- (a) all of the GDH 10 Debtor's right, title and interest in and to the GDH 10 Assets described in the Sale Agreement, including the lands and premises listed on Schedule "B1" hereto, shall vest absolutely in 347 Barber Street Ltd., 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 Hackland dated September 22, 2017; (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 "C1" hereto (all of which are collectively referred to as the "**GDH 10 Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule "D1" hereto and, for greater certainty, this Court orders that all of the GDH 10 Encumbrances affecting or relating to the GDH 10 Assets are hereby expunged and discharged as against the GDH 10 Assets; and
- (b) all of the GDH 11 Debtor's right, title and interest in and to the GDH 11 Assets described in the Sale Agreement, including the lands and premises listed on Schedule "B2" hereto, shall vest absolutely in 347 Barber Street Ltd., free and clear of and from any and all Claims, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Hackland dated September 22, 2017; (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 "C2" hereto (all of which are collectively referred

to as the “**GDH 11 Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule “D2” hereto and, for greater certainty, this Court orders that all of the GDH 11 Encumbrances affecting or relating to the GDH 11 Assets are hereby expunged and discharged as against the GDH 11 Assets.

4. THIS COURT ORDERS that upon the registration in the Land Registry Office of Ottawa-Carleton of an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario), the Land Registrar is hereby directed to enter:

- (a) 347 Barber Street Ltd. as the owner of the subject real property identified in Schedule “B1” hereto (the “**GDH 10 Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the GDH 10 Real Property all of the Claims listed in Schedule “C1” hereto.
- (b) 345 Barber Street Ltd. as the owner of the subject real property identified in Schedule “B2” hereto (the “**GDH 11 Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the GDH 11 Real Property all of the Claims listed in Schedule “C2” hereto.

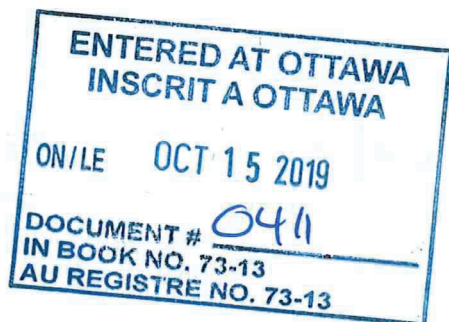
5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver’s Certificate, forthwith after delivery thereof.

6. 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 GDH 10 Debtor or the GDH 11 Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the GDH 10 Debtor or the GDH 11 Debtor;

the vesting of the GDH 10 Assets in 347 Barber Street Ltd. and the vesting of the GDH 11 Assets in 345 Barber Street Ltd. pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the GDH 10 Debtor or the GDH 11 Debtor and shall not be void or voidable by creditors of the GDH 10 Debtor or the GDH 11 Debtor, nor shall they constitute nor be deemed to be fraudulent preferences, assignments, fraudulent conveyances, transfers at undervalue, or other reviewable transactions under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. 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.



Handled

Schedule “A” – Form of Receiver’s Certificate

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Expanded Powers Order of the Honourable Justice Hackland of the Ontario Superior Court of Justice (the “**Court**”) dated May 21, 2019, Deloitte Restructuring Inc. was appointed as the receiver and manager (the “**Receiver**”) of lands and premises owned by Golden Dragon Ho 10 Inc. (the “**GDH 10 Debtor**”) and lands and premises owned by Golden Dragon Ho 11 Inc. (the “**GDH 11 Debtor**”).

B. Pursuant to an Approval and Vesting Order of the Court dated October 11, 2019 (the “**Approval and Vesting Order**”), the Court approved the agreement of purchase and sale made as of August 27, 2019 and an Amendment to Agreement of Purchase and Sale dated October 2, 2019 (collectively, the “**Sale Agreement**”) between the Receiver and Royal United Investments Limited (the “**Purchaser**”) and provided for the vesting in 347 Barber Street Ltd. of the GDH 10

Debtor's right, title and interest in and to the GDH 10 Assets and the vesting in 345 Barber Street Ltd. of the GDH 11 Debtor's right, title and interest in and to the GDH 11 Assets, which vesting is to be effective with respect to the GDH 10 Assets and the GDH 11 Assets upon the delivery by the Receiver to 347 Barber Street Ltd. and 345 Barber Street Ltd. of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the GDH 10 Assets and the GDH 11 Assets; (ii) that the conditions to Closing in 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 and the Approval and Vesting Order.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the GDH 10 Assets and the GDH 11 Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

Deloitte Restructuring Inc., in its capacity as Receiver of certain lands and premises of Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc., and not in its personal capacity

Per: _____

Name:

Title:

Schedule "B1" – The GDH 10 Real Property**PIN 04213-0302 (LT)**

PART OF LOT 18 PLAN 43586 N/S CLARENCE STREET BEING PART 1 ON 4R21669; OTTAWA. T/W RIGHT-OF-WAY AND EASEMENT OVER PART LOTS 16, 17 & 18 PLAN 43586 PT 3 PLAN 4R21669 AS IN OC699531. T/W EASEMENT OVER PART LOTS 16, 17 & 18 PLAN 43586 PART 4 ON 4R21669 AS IN OC699531. T/W RIGHT-OF-WAY OVER PART LOTS 16, 17 & 18 PLAN 43586 PART 2 ON 4R21669 AS IN OC699531. S/T RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAV OUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2, 3 & 4 ON 4R21669 AS IN OC699531.

Schedule “B2” – The GDH 11 Real Property**PIN 04213-0303 (LT)**

PART LOTS 16,17 & 18 PLAN 43586 N/S CLARENCE STREET BEING PARTS 2,3 & 4 ON 4R21669; OTTAWA S/T RIGHT-OF-WAY AND EASEMENT OVER PART 3 ON 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R21669 AS IN OC699531. S/T EASEMENT OVER PART 4 ON 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R21669 AS IN OC699531. S/T RIGHT-OF-WAY OVER PART 2 PLAN 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R216 69 AS IN OC699531. T/W RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAVOUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2,3 & 4 ON 4R21669 AS IN OC699531.

**Schedule "C1" – Claims to be deleted and expunged from title to the GDH 10 Real
Property (PIN 04213 – 0302 (LT))**

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO
LT1219325	1999/08/11	NOTICE		QUEX PROPERTY CORPORATION	THE CONSUMER'S GAS COMPANY LTD.
OC839857	2008/04/09	CHARGE	\$1,584,000	QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL GP CORPORATION
OC839858	2008/04/09	NOTICE		QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL GP CORPORATION
OC839868	2008/04/09	NOTICE	\$2	FIRST NATIONAL FINANCIAL GP CORPORATION	
OC839869	2008/04/09	CHARGE	\$1,080,000	QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL GP CORPORATION
OC839870	2008/04/09	NOTICE		QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL GP CORPORATION
OC839879	2008/04/09	NOTICE	\$2	FIRST NATIONAL FINANCIAL GP CORPORATION	
OC1474005	2013/05/03	POSTPONEMENT		CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING	FIRST NATIONAL FINANCIAL GP CORPORATION
OC1474006	2013/05/03	POSTPONEMENT		CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF	FIRST NATIONAL FINANCIAL GP CORPORATION

				MUNICIPAL AFFAIRS AND HOUSING	
OC1474007	2013/05/03	POSTPONEMENT		CITY OF OTTAWA	FIRST NATIONAL FINANCIAL GP CORPORATION
OC1474008	2013/05/03	POSTPONEMENT		CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING	FIRST NATIONAL FINANCIAL GP CORPORATION
OC1474009	2013/05/03	POSTPONEMENT		CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING	FIRST NATIONAL FINANCIAL GP CORPORATION
OC1474010	2013/05/03	POSTPONEMENT		CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING	FIRST NATIONAL FINANCIAL GP CORPORATION

**Schedule "C2" – Claims to be deleted and expunged from title to the GDH 11 Real
Property (PIN 04213-0303 (LT))**

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO
LT1219325	1999/08/11	NOTICE		QUEX PROPERTY CORPORATION	THE CONSUMER'S GAS COMPANY LTD.
OC702787	2007/04/02	CHARGE	\$4,882,240	QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL GP CORPORATION
OC702788	2007/04/02	NOTICE		QUEX PROPERTY CORPORATION	FIRST NATIONAL FINANCIAL GP CORPORATION
OC702792	2007/04/02	NOTICE	\$2	FIRST NATIONAL FINANCIAL GP CORPORATION	
OC1818749	2016/08/19	CHARGE	\$2,900,000	GOLDEN DRAGON HO 11 INC.	LIAHONA MORTGAGE INVESTMENT CORP.
OC1818750	2016/08/19	NOTICE		GOLDEN DRAGON HO 11 INC.	LIAHONA MORTGAGE INVESTMENT CORP.

**Schedule "D1" – Permitted Encumbrances, Easements and Restrictive Covenants
related to the GDH 10 Real Property (PIN 04213 – 0302 (LT))**

(unaffected by the Vesting Order)

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO
OC578037	2006/04/03	NOTICE		CITY OF OTTAWA	QUEX PROPERTY CORPORATION
OC654524	2006/10/27	CHARGE	\$1,805,004	QUEX PROPERTY CORPORATION	CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING
OC654525	2006/10/27	NOTICE		QUEX PROPERTY CORPORATION	CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING
OC654527	2006/10/27	NOTICE	\$1	CITY OF OTTAWA HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF MUNICIPAL AFFAIRS AND HOUSING	
4R21669	2007/01/02	PLAN REFERENCE			
OC697767	2007/03/19	NOTICE	\$1	CITY OF OTTAWA	QUEX PROPERTY CORPORATION
OC699554	2007/03/22	NOTICE		QUEX PROPERTY CORPORATION	
OC708277	2007/04/18	NOTICE	\$1	CITY OF OTTAWA	QUEX PROPERTY CORPORATION
OC709181	2007/04/20	NOTICE	\$14	CITY OF OTTAWA	QUEX PROPERTY CORPORATION

OC830819	2008/03/07	NOTICE	\$2	QUEX PROPERTY CORPORATION	
OC1453861	2013/02/15	NOTICE	\$1	QUEX PROPERTY CORPORATION	QUEX BEAUSOLEIL LTD.
OC1512213	2013/08/27	NOTICE		QUEX PROPERTY CORPORATION	TM MOBILE INC.
OC1789072	2016/05/24	TRANSFER	\$2,911,072	QUEX PROPERTY CORPORATION	GOLDEN DRAGON 10 INC.
OC1939617	2017/10/13	APPLICATION COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	FIRST NATIONAL FINANCIAL GP CORPORATION

**Schedule "D2" – Permitted Encumbrances, Easements and Restrictive Covenants
related to the GDH 11 Real Property (PIN 04213-0303 (LT))**

(unaffected by the Vesting Order)

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO
OC578037	2006/04/03	NOTICE		CITY OF OTTAWA	QUEX PROPERTY CORPORATION
OC697767	2007/03/19	NOTICE	\$1	CITY OF OTTAWA	QUEX PROPERTY CORPORATION
4R21669	2007/01/02	PLAN REFERENCE			
OC697767	2007/03/19	NOTICE	\$1	CITY OF OTTAWA	QUEX PROPERTY CORPORATION
OC699554	2007/03/22	NOTICE		QUEX PROPERTY CORPORATION	
OC708277	2007/04/18	NOTICE	\$1	CITY OF OTTAWA	QUEX PROPERTY CORPORATION
OC709181	2007/04/20	NOTICE	\$14	CITY OF OTTAWA	QUEX PROPERTY CORPORATION
OC1453861	2013/02/15	NOTICE	\$1	QUEX PROPERTY CORPORATION	QUEX BEAUSOLEIL LTD.
OC1512213	2013/08/27	NOTICE		QUEX PROPERTY CORPORATION	TM MOBILE INC.
OC1789073	2016/05/24	TRANSFER	\$7,763,928	QUEX PROPERTY CORPORATION	GOLDEN DRAGON 11 INC.
OC1939617	2017/10/13	APPLICATION COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	FIRST NATIONAL FINANCIAL GP CORPORATION

FIRST NATIONAL FINANCIAL GP COPORATION
Applicant

- and -

GOLDEN DRAGON HO INC. et al.
Respondents

Court File No.: 17-73967

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding Commenced at OTTAWA

APPROVAL AND VESTING ORDER

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Lawyers for the Receiver, Deloitte Restructuring Inc.

Appendix “E”

Endorsement of Justice Hackland dated October 23, 2019

CITATION:, 2019 ONSC 6127
 First National Financial GP Corporation and
 Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc.
COURT FILE NO.: 17-73967
DATE: 20191023

SUPERIOR COURT OF JUSTICE - ONTARIO

RE: First National Financial GP Corporation, Applicant

AND

Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc., Respondent

BEFORE: The Honourable Justice C. T. Hackland

COUNSEL: S. Dewart, for First National Financial GP Corporation

D. Preger, for Deloitte Restructuring Inc. Court Appointed Receiver

M. Deigel, for the Respondents

T. Conway and K. Caron for Liahona Mortgage Investment Corp.

K. Perron for Royal United Investments Limited

R. Garrett for Quex Property Corporation

Genevieve Langlais for City of Ottawa Affordable Housing

HEARD: October 11, 2019

ENDORSEMENT

[1] At the conclusion of argument on this motion on October 11, 2019, I granted approval to the court appointed receiver, Deloitte Restructuring Inc. to proceed to close an Agreement of Purchase and Sale (“APS”) by which the purchaser Royal United Investments Limited (“Royal United”), is to acquire two properties, 345 and 347 Barber Street, (referred to as “345” or “347”), Ottawa, which are subject to the receivership. I further ordered the receiver or its counsel to hold

in trust out of the net proceeds of sale, the sum of \$1.7 million pending the court's further ruling on a disputed prepayment penalty claimed by First National GP Corporation ("F.N.") which holds a first mortgage on both properties,

[2] For reasons outlined below, I have concluded that there must be a trial of an issue with respect to F.N.'s entitlement to payment of this penalty from the proceeds of sale, which I will refer to as "the yield maintenance penalty".

[3] The court appointed receiver recommended that the court approve the APS. I granted approval on the receiver's recommendation and on the basis of my finding that a fair process had been followed, in strict accordance with the court's previous directions and sound business practices, and upon being satisfied by the evidence filed in the Receiver's Seventh Report to the court, that fair market value had been achieved in this sale.

[4] Two parties opposed the sale. F.N.'s opposition had nothing to do with the fairness of the process, nor the sale price, both matters about which they were completely satisfied. Rather, F.N.'s position was that its agreement to have the receiver sell the properties upon motion by Liahona Mortgage Investment Corporation ("Liahona"), which holds a second mortgage on 345, was premised on F.N. receiving payment from the sale proceeds of its yield maintenance penalty. F.N. submits that if it is precluded from receiving the yield maintenance penalty, (about \$1.7 million), it wishes in that event, to maintain the mortgage in place until the end of its term (approximately another 8 years) or until such time as the properties are sold by the mortgagors. F.N. points out that the rental income from these two properties is now sufficient to pay the current arrears on the F.N. mortgages and receiver's costs and other charges,, and to return the mortgages to good standing. The proceeds of sale in the proposed transaction are sufficient to pay out the principal

and interest on F.N.'s mortgages and receivership costs, including the yield maintenance penalty. Clearly, the approval of the sale will preclude F.N. from maintaining the mortgage in place, but as noted, the proceeds of sale are sufficient to cover any claim for F.N.'s yield maintenance penalty.

[5] The other objector to the approval of the APS is the mortgagor Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc., both controlled by Mr. Chi Van Ho. The mortgagor did not file any materials challenging the process or the purchase price. Mr. Ho did file an affidavit making reference to a late offer from a third party that has since been revoked. He also offered the opinion that the properties should have been marketed on the MLS service and further, in his opinion, the per unit (i.e. rental unit) value on this proposed sale is lower than in the sales referenced in the appraisals relied on by CBRE. and the receiver. I do not accept Mr. Ho's opinion that the per unit price achieved is determinative of the adequacy of the sale price in this transaction.

[6] The receiver filed a "Supplemental Report to the Seventh Report of the Receiver" as well as a "Second Supplemental Report", both of which adequately respond to Mr. Ho's concerns. The receiver noted that its agent conducting the marketing and sale of the properties CBRE, "confirmed that when the marketing process was being developed, it did not recommend marketing the Property through MLS because MLS is not a suitable means to attract buyers of multi-residential apartment buildings of a size such as the Property, as qualified buyers for properties over \$10 million do not source deals on MLS."

[7] As to the revised late offer referred to by Mr. Ho, among other problematic aspects, it was conditional on the buyer obtaining approval from F.N. and Liahona to their existing mortgages on the property being assumed whereas F.N.'s counsel advised the receiver that F.N. would not consider an application from this purchaser to assume the F.N. mortgage.

[8] In oral submissions Mr. Ho's counsel reiterated his client's concern that the sale price was too low when calculated on a per unit basis, notwithstanding that the overall price for the properties was supported by the appraisals commissioned by the mortgagees.

[9] The receiver advised the court (via its Seventh Report of the Receiver dated September 27, 2019). that the expected allocation of sale proceeds, net of sales commission to CBRE, (the commercial real estate firm retained to handle the marketing and sale of the properties) was approximately \$12.8 million of which \$10.1 million would be distributed to F.N. This would be sufficient to pay out F.N.'s mortgages, all arrears and receiver's charges as well as the yield maintenance penalty. On this scenario, a further \$2.6 million would then be paid out to Liahona, leaving a shortfall on Liahona's second mortgage of approximately \$1.2 million. I would observe that F.N.'s distribution would be reduced by approximately \$1.7 million in the event the yield maintenance penalty is found to not be payable, in which event this sum would flow to Liahona and the debtors.

[10] In summary, the receiver's recommendation to the court to approve the APS with Royal United is fully justified on the evidence before the court, both in terms of the fairness of the sale process carried out by CBRE under the receiver's direction as well as the sale price and terms achieved. There was no credible evidence to the contrary.

[11] The Court of Appeal in *Royal Bank v Soundair Corp.* 1991 Carswell Ont 205 held that when a receiver has followed a court mandated process to liquidate a security and agreed to a reasonable market price, the efficacy of the court receivership process mandates the transaction being approved. Galligan J.A. stated at para 42 and 43:

42. While it is accepted that the primary concern of a receiver is the protecting of the interests of the creditors, there is a secondary but very important consideration, and that is the integrity of the process by which the sale is effected.

43. The importance of a court protecting the integrity of the process has been stated in a number of cases. First, I refer to *Re Selkirk*, supra, where Saunders J. said at p. 246 [C.B.R.]:

In dealing with the request for approval, the court has to be concerned primarily with protecting the interest of the creditors of the former bankrupt. A secondary but important consideration is that the process under which the sale agreement is arrived at should be consistent with commercial efficacy and integrity.

In that connection I adopt the principles stated by Macdonald J.A. of the Nova Scotia Supreme Court (Appeal Division) in *Cameron v. Bank of N.S.* (1981), 38 C.B.R. (N.S.), where he said at p. 11:

In my opinion if the decision of the receiver to enter into an Agreement of sale, subject to court approval, with respect to certain assets is reasonable and sound under the circumstances at the time existing it should not be set aside simply because a later and higher bid is made. To do so would literally create chaos in the commercial world and receivers and purchasers would never be sure they had a binding agreement. On the contrary, they would know that other bids could be received and considered up until the application for court approval is heard – this would be an intolerable situation.

[12] Counsel for the proposed purchaser Royal United pointed out that her client had expended considerable amounts in the pursuit of this transaction and had successfully negotiated an arrangement with the City of Ottawa and the Government of Ontario to deal with the affordable housing security registered on title, as a grant had originally been received to support the construction of affordable housing units in the building. This security will remain in place and be assumed by Royal United in this transaction. This is to the advantage of all parties. As stated by Galligan J.A. in *Soundair*, "...where a purchaser has bargained at some length and doubtless at considerable expense with the receiver, the interests of the purchaser ought to be taken into

account. ... I think (case references omitted) clearly imply that the interests of a person who has negotiated an agreement with a court-appointed receiver are very important.”

[13] As noted, I acknowledge that approval of the APS will foreclose F.N.’s option to maintain its mortgages after terminating the receivership. I have given this factor due consideration, but I find off-setting factors carry more weight in the present circumstances, i.e.:

- The sale process, although initiated by Liahona, was agreed to and encouraged by F.N.
- F.N. further supported the sale process by consenting to have the receiver include the 347 property in the sale to maximize the recovery (Liahona has no security on 347).
- F.N., on the evidence, was reluctant to re-establish a relationship with the debtor with whom there had been a litany of disputes and where a clear lack of trust existed. F.N.’s counsel put this reason forward during negotiations between the mortgagees to explain F.N.’s support for selling the properties.
- With or without a sale of the properties, F.N.’s full legal entitlement will be paid out. The issue of the payment of the yield maintenance penalty primarily impacts Liahona’s recovery as second mortgagee and the recovery of the debtor.

[14] For all these reasons the APS was approved. I will also approve a distribution order subject to the proviso, noted previously, that the amount of the yield maintenance penalty claimed by F.N. be withheld in trust by the receiver or its counsel from the net proceeds of sale, pending a determination by the court as to whether this penalty or some other compensatory amount is payable to F.N. on this sale.

[15] I will now outline the basis of the dispute which has arisen concerning the yield maintenance penalty. I do so only briefly because I have determined that the trial of an issue is required to properly determine this issue. The questions to be tried can be stated as follows, although counsel may agree to revise my suggested wording:

1. Is the yield maintenance penalty (approximately \$1.7) due to F.N. on the closing of the court-appointed receiver's sale of the properties herein?
2. Was there an agreement between F.N. and Liahona that the yield maintenance penalty be payable and if so, should the agreement be enforced by the court and does such agreement bind subsequent creditors or the debtor?
3. If the yield maintenance penalty is not payable, is F.N. entitled to compensation resulting from the court-appointed receiver's sale of the properties, and if so, on what basis and in what amount?

[16] With respect to the yield maintenance agreement, F.N. contends that the sale herein by the court appointed receiver terminates this closed mortgage which had a remaining term of approximately 8 years. F.N. submits it is entitled to compensation for the lost interest which would have been earned over the balance of the term. This is payable pursuant to the yield maintenance agreement which is part of the mortgage contractual documentation and is also due at common law. F.N. points out that it made its claim for the yield maintenance penalty explicitly clear to Liahona from the commencement of discussions leading to the Expanded Powers Order in May 2019, which authorized the receiver to proceed to market and sell the properties. This order provided that F.N. is deemed not to be realizing on its security by participating in the sale. F.N. then carefully refrained from taking steps itself to realize on its security, so as not to trigger an equity of redemption, reiterated this claim to the yield maintenance penalty before agreeing with Liahona to instruct the receiver to accept the APS with Royal United and then specifically agreed

with Liahona on the distribution of the proceeds of this sale, which included the payment of the yield maintenance penalty.

[17] Liahona's basic position is that there is no contractual or other legal basis to support F.N.'s claim for the yield maintenance penalty. Further Liahona submits the termination of F.N.'s mortgages will not create a loss to F.N. so far as the evidence on this motion demonstrates because upon payment to F.N. of the full principal and interest due under its mortgages it can mitigate and avoid any loss from the early termination of its mortgage, by lending out its money at current interest rates. Liahona further claims that on a close view of the course of negotiations and communications between Liahona and F.N., Liahona did not specifically address the issue of F.N.'s entitlement to the yield maintenance penalty nor explicitly agree to the inclusion of the penalty in the distribution of the proceeds of sale.

[18] The debtor's counsel maintained in his oral submissions that in substance F.N. must be said to have realized on their security in all the circumstances leading to this sale so that an equity of redemption arises by operation of law and no penalty is payable. Counsel submits that his clients, the debtors, are not bound by any agreements made between the mortgagees without the debtor's explicit concurrence.

[19] The parties have raised serious questions, as set out previously, which require evidence not presently before the court and also raise certain credibility issues.

[20] I request counsel to arrange a case conference before me to agree on a timetable for a trial of the above noted questions pertaining to the claimed yield maintenance penalty and to resolve any ancillary issues.



Justice Charles T. Hackland

Date: October 23, 2019.

CITATION:, 2019 ONSC 6127
First National Financial GP Corporation and
Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc.
COURT FILE NO.: 17-73967
DATE: 20191023

SUPERIOR COURT OF JUSTICE - ONTARIO

RE: First National Financial GP Corporation, Applicant

AND

Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc., Respondent

BEFORE: The Honourable Justice C. T. Hackland

COUNSEL: S. Dewart, for First National Financial GP Corporation

D. Preger, for Deloitte Restructuring Inc. Court Appointed Receiver

M. Deigel for the Respondents

T. Conway and K. Caron for Liahona Mortgage Investment Corp.

K. Perron for Royal United Investments Limited

R. Garrett for Quex Property Corporation

Genevieve Langlais for City of Ottawa Affordable Housing

ENDORSEMENT

Justice C.T. Hackland

Released: October 23, 2019.

Appendix “F”

Eighth Report of the Receiver & Manager dated October 30, 2019

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

EIGHTH REPORT OF THE RECEIVER & MANAGER

DATED OCTOBER 30, 2019

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APPENDICES

Appendix “A”	Appointment Order of Justice Hackland dated September 22, 2017
Appendix “B”	Expanded Powers Order of Justice Hackland dated May 21, 2019
Appendix “C”	Amended and Restated Approval and Vesting Order of Justice Hackland dated October 11, 2019
Appendix “D”	Endorsement of Justice Hackland dated October 23, 2019
Appendix “E”	Debtors’ Notice of Appeal

PURPOSE OF THIS REPORT

1. This Eighth Report of Deloitte Restructuring Inc. (“**Deloitte**”), the Court-appointed receiver and manager in this proceeding (the “**Receiver**”), is being filed in connection with an urgent motion regarding an appeal of a Court-approved sale of an apartment complex in Ottawa, which is scheduled to be completed on November 5, 2019.
2. Specifically, the Receiver moves for: (i) a declaration that the appeal of the Amended and Restated Approval and Vesting Order of the Honourable Mr. Justice Hackland dated October 11, 2019 (the “**Approval and Vesting Order**”) is governed by the federal regime under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) rather than the provincial regime under the *Court of Justice Act*, R.S.O. 1990, Chap. C.43 (the “**CJA**”); (ii) a declaration that there is no automatic right of appeal with respect to the Approval and Vesting Order under subsection 193(a) through (d) of the *BIA*; (iii) a declaration that the Approval and Vesting Order is not automatically stayed pursuant to section 195 of the *BIA*, or pursuant to the *CJA* (if applicable) by the filing of the Notice of Appeal; and (iv) alternatively, if the Approval and Vesting Order is stayed, an Order cancelling the stay so as to enable the Transaction (hereafter defined) to be completed on November 5, 2019.

TERMS OF REFERENCE

3. In preparing this Eighth Report, the Receiver has reviewed unaudited financial information and other records related to the Property provided by its property manager, information provided by its listing agent CBRE Group Inc. (“**CBRE**”) and other third-party sources, and has held discussions with individuals involved in administering the Property (hereafter defined). The foregoing information is hereafter referred to, collectively, as the “**Information**”. Except as described in this report:
 - (a) the Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a

manner that would wholly or partially comply with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information;

- (b) some of the information referred to in this Eighth Report consists of forecasts and projections which were prepared based on estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence no assurance can be provided regarding the forecasted or projected results. Accordingly, the reader is cautioned that the actual results will likely vary from the forecasts or projections, even if the assumptions materialize, and the variations could be significant; and
 - (c) the Receiver has prepared this Eighth Report in its capacity as a Court-appointed officer in connection with the declarations it seeks from this Honourable Court. Parties using this report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes.
4. Unless otherwise stated, all dollar amounts contained in this Eighth Report are expressed in Canadian dollars.

APPOINTMENT OF INTERIM RECEIVER

5. By Order of Justice Hackland dated September 22, 2017 (the “**Appointment Order**”), Deloitte was appointed as the interim receiver, pursuant to section 47 of the *BIA*, of certain real property of Golden Dragon Ho 10 Inc. (“**GDH 10**”) municipally known as 347 Barber Street, Ottawa, Ontario (“**347 Barber**”) and of certain real property of Golden Dragon Ho 11 Inc. (“**GDH 11**”, and combined with GDH 10, the “**Debtors**”) municipally known as 345 Barber Street, Ottawa, Ontario (“**345 Barber**” and, collectively, with 347 Barber, the “**Property**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
6. The Appointment Order authorized the Receiver to, among other things:

- (a) take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) undertake any renovations and make any repairs to the Property necessary to ensure that the Property is well maintained and rentable and is in compliance with the applicable laws and building codes; and
- (c) market available rental units, enter into new rental agreements or renew expiring rental agreements where applicable.

THE PROPERTY

7. The Property is comprised of two adjoining six-storey multi-unit apartment buildings that consist of 110 units in total. Eighty of the units are located in 345 Barber, and the remaining 30 units are located in 347 Barber. The buildings operate as one complex as they are connected on every floor except the basement, and share common areas and facilities. Of the 110 units, 30 units are to be used for affordable housing purposes pursuant to agreements with the City of Ottawa (the “City”) and the Ontario Ministry of Housing (the “Ministry”).
8. The Property is subject to the following mortgages in the following order of priority:

Lender	Property	Priority	Amount Owning on Mortgage
First National Financial GP Corporation	345 Barber	First Charge	\$6,724,279.86
First National Financial GP Corporation	347 Barber	First Charge	\$2,542,220.17
First National Financial GP Corporation	347 Barber	Second Charge	\$795,930.25
Liahona Mortgage Investment Corp.	345 Barber	Second Charge	\$3,859,453.38
City of Ottawa & Ministry of Municipal Affairs & Housing	347 Barber	Third Charge	\$1,805,004.00

9. At the time of the Receiver’s appointment, the Property was approximately 60% occupied. The low occupancy was due primarily to the Debtors’ plan (without the knowledge or consent of First National Financial GP Corporation (“FN”), the first-ranking secured creditor against the Property) to convert 345 Barber to student housing by increasing the number of

bedrooms in certain units and by making certain modifications to the lobby and the basement. In order to carry out this plan, the Debtors arranged for certain market rate tenants to move from 345 Barber to 347 Barber in order to free up units so that renovations could be undertaken. In addition, alterations to the building had been started in the lobby, the basement, and certain units on the upper floors of 345 Barber. Much of this work remained substantially unfinished as of the date of the Appointment Order.

RECEIVER'S STABILIZATION ACTIVITIES

10. Pursuant to a series of Orders made by Justice Hackland in 2017 and 2018, the Receiver stabilized the Property, undertook repairs to the roof, the lobby and other common areas and renovations to bring units back into rentable condition with the goal of increasing occupancy. Those efforts resulted in an increase in occupancy to over 100 units by February 2019 which, subject to typical occupancy fluctuations, has since been maintained.

RECEIVER'S POWERS EXPANDED TO MARKET AND SELL

11. On May 26, 2019, on motions by Liahona Mortgage Investment Corp. ("**Liahona**"), the second mortgagee of 345 Barber, and the Receiver, Justice Hackland expanded the Receiver's powers pursuant to s. 101 of the *CJA*, to those of a 'full blown' receiver and manager, approved a marketing and sale process for the Property (the "**Marketing and Sale Process**"), and authorized the Receiver to enter into a listing agreement with CBRE (the "**Expanded Powers Order**"). A copy of the Expanded Powers Order is attached hereto as **Appendix "B"**.

MARKETING AND SALE PROCESS IMPLEMENTED

12. The Marketing and Sale Process commenced on June 27, 2019, with CBRE distributing a brochure to its database of over 3,500 prospective purchasers which is comprised of a mix of pension funds, fund advisors, REITs and private investors. CBRE distributed the brochure a second time on July 9, 2019. CBRE also undertook a calling campaign to communicate the opportunity directly to their prioritized targeted list of buyers.

13. Prior to the offer deadline date of July 30, 2019 (the “**Initial Offer Deadline**”), CBRE received 20 executed confidentiality agreements from interested parties who were then provided access to the online data room, which contained a confidential information memorandum as well as other due diligence information. Of those 20 parties, eight completed site tours, which CBRE considered to represent average interest for an opportunity of this profile, size and location.
14. By the Initial Offer Deadline, the Receiver received four offers for the Property. A summary and comparison of those offers was attached as Confidential Appendix “A” to the Seventh Report of the Receiver dated September 27, 2019 (the “**Seventh Report**”).
15. The Receiver identified 3 offerors as “**Qualified Offerors**”. On August 1, 2019, Qualified Offerors were asked to: i) resubmit their offers with improved terms, an improved purchase price, and to provide further details concerning their ability to complete a transaction. The Receiver set August 7, 2019 as the deadline for resubmission of offers (the “**Resubmission Deadline**”).
16. By the Resubmission Deadline, the Receiver received revised offers from all of the Qualified Offerors. A summary and comparison of the revised offers was attached as Confidential Appendix “B” to the Seventh Report.
17. The Receiver identified the offer from Royal United Investments Limited (the “**Purchaser**”) as the best offer in terms of price and conditions as it involved the least amount of further due diligence, thereby suggesting little risk of purchase price grind as compared to the other offers.

AGREEMENT OF PURCHASE AND SALE

18. On August 11, 2019, the Receiver advised FN and Liahona of its intention to proceed with the Purchaser’s offer, subject to certain minor amendments. Both lenders agreed. CBRE then advised the other Qualified Offerors that the Receiver had selected another offer. On August 27, 2019, with the parties having agreed to minor amendments, the Receiver and the Purchaser entered into an agreement of purchase and sale (the “**APS**”), an unredacted copy

of which was attached as Confidential Appendix “C” of the Seventh Report. The APS provides that the Property is being purchased on an “as is, where is” and “without recourse” basis.

19. In assessing the sufficiency of the price in the Purchaser’s offer, the Receiver consulted two appraisals that were commissioned by FN in early 2019 (the “**Appraisals**”), copies of which were attached as Confidential Appendices “D” and “E” to the Seventh Report. The Receiver analyzed the price in the Purchaser’s offer in the context of the Appraisals. Based on that analysis, which was attached as Confidential Appendix “F” to the Seventh Report, the Receiver was of the view that the price in the APS represented fair market value.
20. The sole condition in favour of the Purchaser under the APS was the receipt by the Purchaser of a Phase I Environmental Site Assessment (“**ESA**”) which disclosed no new environmental risk or contaminants beyond what was identified in an ESA prepared in 2017 (the “**Purchaser’s Condition**”). On September 26, 2019, the Purchaser waived the Purchaser’s Condition.
21. On September 26, 2019, the Purchaser also delivered a written direction to the Receiver directing title to the Property to be placed in the Purchaser’s designees, 347 Barber Street Ltd. and 345 Barber Street Ltd., upon closing.
22. The APS is subject to the Court issuing an Approval and Vesting Order, approving the APS and vesting title to the Property in the Purchaser free and clear of certain encumbrances. The APS requires that the Approval and Vesting Order be granted within 21 days of the Purchaser’s waiver of the Purchaser’s Condition. The closing of the Transaction is to occur 10 days following the issuance of the Approval and Vesting Order. The Receiver may, however, postpone the closing date from time to time but in no event shall the closing date be more than 60 days after the original closing date.
23. In its Seventh Report, the Receiver expressed the view that the APS represented the best transaction in the circumstances.

24. Although initially the Purchaser advised the Receiver that it did not wish to assume the affordable housing agreements with the City and the Ministry, after the Receiver served its motion record to approve the sale, an agreement was reached between the Purchaser, the City and the Ministry for the continuation of the affordable housing program at 347 Barber.

DEBTORS' OBJECTIONS

25. The Receiver's motion to approve the Transaction was originally returnable before Justice Hackland on October 3, 2019. On October 2, 2019, the Receiver was notified that the Debtors would be seeking an adjournment and opposing the Transaction on the basis that the Debtors' principal, Chi Van Ho, had obtained a higher offer, for \$16.5 million, from Abad Hamam, which had been delivered to the Receiver on September 19, 2019 (the "**Late Offer**").
26. To deal with the Debtors' adjournment request, the Receiver filed a Supplemental Report to the Seventh Report dated October 2, 2019 (the "**First Supplemental Report**"). A copy of the Late Offer was attached as Appendix "B" to the First Supplemental Report.
27. In the First Supplemental Report, the Receiver confirmed that after receiving the Late Offer, it advised the Debtors that it was not in a position to deal with an offer from another buyer, by virtue of the Court's approval, in the Expanded Powers Order, of the Marketing and Sale Process. In connection with the Marketing and Sale Process, the Initial Offer Deadline was July 30, 2019 and the Resubmission Deadline was August 7, 2019.
28. Quite apart from the Late Offer being delivered to the Receiver after the expiry of the Initial Offer Deadline Offer, the Resubmission Deadline and the Receiver's acceptance of the APS, the APS imposes a contractual obligation on the Receiver to forthwith, after waiver of the Purchaser's Condition, move and "diligently pursue" Court approval of the APS. As such, the Receiver was contractually precluded from dealing with the Late Offer.
29. The Receiver also did not consider the Late Offer to be credible. The buyer under the Late Offer is a director of a company that registered a collateral third mortgage over 345 Barber five days after the Appointment Order was made, and which on June 11, 2018, Justice

Hackland ordered be discharged and deleted. The terms of the Late Offer were also not credible. The deposit was only \$50,000. It was conditional upon the buyer obtaining mortgage financing. The closing date was not until December 2, 2019 and it required the vendor to deliver estoppel certificates signed by all tenants. The Receiver did not consider those terms to be consistent with a serious, creditworthy buyer of a large, multi-unit apartment complex such as the Property.

30. In support of the Debtors' adjournment request, Mr. Ho swore an Affidavit dated October 3, 2019 in which he complained that the Property had not been listed for sale on MLS. In its Second Supplemental Report to the Seventh Report dated October 8, 2019 (the "**Second Supplemental Report**"), the Receiver explained that the Marketing and Sale Process, which was approved in the Expanded Powers Order, did not contemplate that the Property would be listed on the MLS. When the Marketing and Sale Process was developed, CBRE did not recommend marketing the Property through MLS, as qualified buyers of multi-residential apartment properties over \$10 million do not source deals on MLS. CBRE also confirmed to the Receiver that it had previously marketed a property on Blake Street, in Ottawa, and another property on Cobourg Street, in Ottawa, on behalf of Mr. Ho and neither of those properties were listed for sale on MLS.
31. In its Second Supplemental Report, the Receiver further reported that on October 4, 2019, it received a revised offer to purchase the Property (the "**Revised Late Offer**") from Mr. Hamam. Although the Revised Late Offer was substantially in the same form of the Late Offer, the price offered was \$15 million, as compared to \$16.5 million under the Late Offer; the deposit was \$100,000, as compared to \$50,000 under the Late Offer; and the closing date was November 15, 2019, as compared to December 2, 2019 under the Late Offer. The Revised Late Offer was also conditional upon the buyer obtaining approval from FN and Liahona to their existing mortgages over the Property being assumed. On October 8, 2019, the Receiver was informed that FN was not prepared to consider an application from the buyer to assume FN's mortgages over the Property.

32. In his Affidavit, Mr. Ho also asserted that per unit value that would be achieved under the Transaction was lower than the comparable sales referred to in the Appraisals.
33. On the original return date of October 4, 2019, Justice Hackland adjourned the Receiver's motion to approve the Transaction and vest title in the Property in the Purchaser's designees to October 11, 2019, for a full day. Prior thereto, all of the parties received the confidential appendices to the Seventh Report in unredacted form upon undertaking, though their lawyers, to hold them in confidence. The adjournment was granted to permit Justice Hackland to hear fulsome arguments on two primary issues, namely, whether the Transaction should be approved and whether FN should receive a yield maintenance penalty from the sale proceeds, as a result of its mortgages being paid out prior to maturity.

DECISION OF JUSTICE HACKLAND

34. The Receiver's motion proceeded on October 11, 2019. Justice Hackland heard submissions from lawyers for seven parties, including the Receiver, FN, Liahona, the Debtors, the Purchaser and the City. At the conclusion of the hearing, Justice Hackland ruled from the bench and approved the Transaction, with reasons to follow. A copy of the Approval and Vesting Order is attached hereto as **Appendix "C"**.¹
35. Justice Hackland's Endorsement, a copy of which is attached hereto as **Appendix "D"**, was released on October 23, 2019.
36. Although Justice Hackland decided that the issue of FN's yield maintenance claim should be determined by a trial of the issue, in approving the Transaction he found that a fair process had been followed by the Receiver in marketing and selling the Property, in strict accordance with the Court's previous directions and sound business practices, and he was satisfied by the evidence filed in the Seventh Report that fair market value had been achieved in the sale. He rejected the Debtors' argument that the Property should have been marketed on MLS and

¹ The Order was amended and restated due to a typographical error in the original Approval and Vesting Order that was signed and entered.

accepted the Receiver's evidence that MLS was not a suitable means to attract buyers of multi-residential apartment buildings of a size such as the Property, as qualified buyers for properties over \$10 million do not source deals on MLS. He did not consider the per unit price achieved on the Transaction to be determinative of the adequacy of the sale price and noted that the overall price achieved for the Property was supported by the Appraisals. He further noted that the Revised Late Offer was problematic because it was conditional on the buyer assuming FN's mortgages, which FN was not prepared to agree to. Lastly, His Honour considered the considerable effort expended by the Purchaser in pursuing the Transaction and successfully negotiating an arrangement with the City and the Ministry with respect to the affordable housing agreements.

CLOSING SCHEDULED

37. On October 17, 2019 at 6:26 pm, counsel for the Receiver wrote to the parties on the service list. The parties were advised that the outside closing date for the Transaction was October 21, 2019, which was a Jewish holiday. The Purchaser asked to extend the closing in order to observe the holiday. The Receiver declined because it did not wish to incur the cost of a further month of property insurance. The Purchaser and the Receiver, therefore, agreed to complete the transaction on October 18, 2019. The parties were so notified because the Receiver did not wish to be seen to be racing to closing in order to subvert any stakeholders' rights to seek leave to appeal.

NOTICE OF APPEAL IS SERVED

38. Later that evening at 9:28 pm, the Debtors served their Notice of Appeal, a copy of which is attached hereto as **Appendix "E"**.²

² As of this date, it does not appear that the Notice of Appeal has been filed with the Court of Appeal. The Debtors' counsel has not notified the Receiver of the Court of Appeal File No. notwithstanding repeated enquiries from the Receiver's counsel.

CLOSING EXTENDED TO NOVEMBER 5, 2019

39. The closing date was subsequently extended to November 5, 2019 to enable the Receiver to move for directions before a single Judge of the Court of Appeal,

PREJUDICE ASSOCIATED WITH A STAY OF APPROVAL AND VESTING ORDER

40. The prejudice associated with a stay of the Approval and Vesting Order would include:
- *Accruing interest.* According to the most recent payout statements provided by FN and Liahona *per diem* interest of \$1,171.06 is accruing under FN's mortgages and *per diem* interest of is \$794.52 is accruing under Liahona's mortgage. Collectively, that is approximately \$60,000 a month.
 - *Significantly higher insurance costs.* The policy of insurance which the Receiver originally arranged for the Property expired on September 22, 2019 and the previous insurer refused to renew coverage. The Receiver was able to obtain replacement coverage with Chubb Insurance through Firstbrooke, Cassie & Anderson, who manages Deloitte Restructuring Inc.'s insolvency insurance program, but only on a month-to-month, fully earned premium basis of \$22,101 per month, a fourfold increase over what the Receiver was paying for previous coverage. The first month of coverage with Chubb expired on October 21, 2019 at which point a second payment of \$22,101 was paid. If the Transaction is not completed before November 21, 2019 a further monthly premium will be payable.
 - *Increased operating costs.* Utility costs will increase significantly as winter approaches.
 - *Increased professional costs and property management costs.*
 - *The risk of unforeseeable costs.* For example, in the past three weeks there have been two acts of theft and vandalism to the coin operated washers and dryers at the

Property. The machines are currently inoperable and the Receiver is attempting to determine the costs of repair.

- The loss of the Transaction if the APS is not completed within 60 days of October 21, 2019.
- The risk that a second Court-supervised marketing and sale process is likely to have a serious chilling on the market for the Property, if the Transaction is lost.
- The risk that another buyer for the Property may not be prepared to assume the affordable housing agreements.

All of which is respectfully submitted at Toronto, Ontario this 30th day of October, 2019.

DELOITTE RESTRUCTURING INC.,
solely in its capacity as the Court-
appointed Receiver and Manager of
certain real property of Golden Dragon Ho
10 Inc. and Golden Dragon Ho 11 Inc., and
without personal or corporate liability

Deloitte Restructuring Inc.

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

John Saunders, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “G”

Reasons of Decision of Justice Fairburn release November 5, 2019

COURT OF APPEAL FOR ONTARIO

CITATION: First National Financial GP Corporation v. Golden Dragon HO 10
Inc., 2019 ONCA 873

DATE: 20191105

DOCKET: M50969 (C67612)

Fairburn J.A. (Motion Judge)

BETWEEN

First National Financial GP Corporation

Applicant (Respondent)

and

Golden Dragon HO 10 Inc. and Golden Dragon HO 11 Inc.

Respondents (Appellants/Responding Parties)

David Preger and David Seifer, for the moving party, the receiver Deloitte
Restructuring

Ian Matthews, for the Ministry of Municipal Affairs & Housing

Chad Kopach, for First National Financial GP Corporation

Karen Perron, for Royal United Investments

Martin Diegel, for the responding parties

Heard: November 4, 2019

REASONS FOR DECISION

A. OVERVIEW

[1] This motion for declaratory relief was heard yesterday. I granted that relief with written reasons to follow. These are my reasons.

[2] On September 22, 2017, Deloitte Restructuring Inc. was appointed as an interim receiver under s. 47 of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3. The order related to a two-building apartment complex at 345 and 347 Barber Street, Ottawa. Of the 110 units in the buildings, 30 units are used for affordable housing pursuant to agreements with the City of Ottawa and the Ontario Ministry of Municipal Affairs and Housing.

[3] Those properties are the subject of five mortgages extended by three mortgagees: (1) First National Financial GP Corporation (three mortgages); (2) Liahona Mortgage Investment Corp; and (3) the City of Ottawa and Ministry of Municipal Affairs and Housing. The total value of the mortgages exceeds \$15,000,000.

[4] The receiver's powers were expanded on May 21, 2019. At that time, the motion judge issued a receiver and manager order which included an approved marketing and sale process for the properties. The receiver was authorized pursuant to that order to enter into a listing agreement for the properties. That process was followed and, ultimately, an agreement of purchase and sale ("APS") was entered into on August 27, 2019. The purchase was conditional on only one matter. That condition was waived on September 26, 2019.

[5] The APS requires that an approval and vesting order be granted within 21 days of the purchaser's waiver and that the transaction close within 10 days

following the issuance of that order. It further provides that the receiver may postpone the closing date for up to 60 days after the original closing date.

[6] The appellants, who are the debtors in this case, opposed the issuance of the approval and vesting order on the basis that the purchase price under the APS does not represent fair market value. In support of that claim, the debtors pointed to another “higher” offer. However, they admit that the “higher” offer was late, having been delivered to the receiver on September 19, 2019. Indeed, the “late offer” was provided after:

- (i) the call for offers had closed on July 30, 2019,
- (ii) the qualified offers had been identified and the offerors had been invited to resubmit their offers with improved terms by August 7, 2019,
- (iii) the qualified offerors had complied with the August 7, 2019 deadline,
- (iv) the best offer had been identified, and
- (v) the APS had been signed by the purchaser and receiver on August 27, 2019.

[7] After the purchaser waived the sole condition upon which the APS rested and delivered written directions to the receiver, directing that title to the properties be placed in the names of certain designees upon closing, the late offer was replaced by an “amended late offer”. The amended late offer was delivered to the

receiver on October 4, 2019, which was the day after the original return date for the receiver's motion for the approval and vesting order.

[8] The receiver did not consider either of the late offers to be credible ones. I will later explain why I agree with that position.

[9] The motion judge granted the approval and vesting order on the same day that the motion was heard, October 11, 2019, with written reasons following just over a week later.

[10] The debtors have filed a notice of appeal seeking to set aside the approval and vesting order. They signaled their intention to do so on October 17, 2019, right after the receiver informed them that the closing date was being moved to October 18, 2019. The closing date was moved to accommodate a religious holiday that conflicted with the original closing date.

[11] A new closing date was then chosen to accommodate having this motion heard. I was informed during oral submissions that the new closing date is November 6, 2019. Accordingly, there is urgency around deciding this matter.

[12] The receiver seeks directions to ensure that the closing proceeds on schedule. The receiver seeks the following relief:

- (i) a declaration that the appeal from the approval and vesting order dated October 11, 2019 is governed by the *BIA*;

- (ii) a declaration that the appellants do not have an automatic right of appeal under ss. 193(a) to (d) of the *BIA* (meaning that they must seek leave to appeal pursuant to s. 193(e) of the *BIA*); and
- (iii) a declaration that the approval and vesting order is not automatically stayed pursuant to s. 195 of the *BIA* and, if it is stayed pursuant to that provision, an order cancelling the stay.

B. ANALYSIS

(1) Is the appeal governed by the *BIA*?

[13] The appellants agree that the appeal is governed by the *BIA*. In light of that concession, there is no need to address this issue.

(2) Do the appellants have a right to appeal under ss. 193(a) to (d) of the *BIA* or must they seek leave to appeal under s. 193(e) of the *BIA*?

[14] The appellants contend that their right to appeal lies under s. 193(c) of the *BIA*. Accordingly, I will only address the arguments advanced in respect of that provision. Section 193(c) reads:

193 Unless otherwise expressly provided, an appeal lies to the Court of Appeal from any order or decision of a judge of the court in the following cases:

...

(c) if the property involved in the appeal exceeds in value ten thousand dollars.

[15] In the event of an appeal as of right under s. 193(c) of the *BIA*, a stay of the order appealed from is automatically triggered by virtue of s. 195 of the *BIA*. Therefore, in light of the “broad nature of the stay imposed by s. 195 of the *BIA*”,

the right to appeal under s. 193(c) (as opposed to seeking leave to appeal under s. 193(e)) has been narrowly construed: *Enroute Imports Inc., Re.*, 2016 ONCA 247, 35 C.B.R. (6th) 1, at para. 5. Accordingly, s. 193(c) has been granted a restrictive interpretation, one that accords with the “needs of modern, ‘real-time’ insolvency litigation”: *2403177 Ontario Inc. v. Bending Lake Iron Group Limited*, 2016 ONCA 225, 347 O.A.C. 226, at para. 53.

[16] In keeping with that narrow interpretation, the total value of the property that forms the subject of the impugned order does not inform whether “the property involved in the appeal exceeds in value ten thousand dollars.” As Blair J.A. held in *Business Development Bank of Canada v. Pine Tree Resorts, Inc., et al.*, 2013 ONCA 282, 115 O.R. (3d) 617, at para. 17, to allow an appeal as of right under s. 193(c) of the *BIA* every time property value exceeds \$10,000 would be to permit an appeal as of right in almost every case.

[17] To bring some meaningful limit to the parameters of s. 193(c), the court must instead focus upon the value of the “loss” that results from the impugned order: *Bending Lake*, at para. 64. The evidentiary record must be considered to determine the question of “loss”. As Brown J.A. held in *Bending Lake*, at para. 69:

Taken together, those facts do not disclose any basis in the evidentiary record for the Debtor's assertion that the sale would result in a loss of rights greater than \$10,000 because the Receiver could have obtained a higher price for the Debtor's property. Accordingly, I am not persuaded that there is any evidentiary basis to the

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Debtor's bald assertion in its notice of appeal that the Approval and Vesting Order sanctioned an improvident sales transaction which resulted in a loss to the Debtor within the meaning of s. 193(c).

[18] When determining the amount of loss in a situation like this case, the court looks beyond the simple question of whether a higher price for the subject property could be obtained. In *Downing Street Financial Inc. v. Harmony Village-Sheppard Inc.*, 2017 ONCA 611, 49 C.B.R. (6th) 173, a case that is very similar to this one, Tulloch J.A. emphasized the fact-specific nature of the inquiry into potential loss and the need to determine loss by way of a “substantive assessment of competing offers” and not a “mere comparison of formal prices”: *Downing Street*, at para. 28.

[19] The appellants argue that there is a clear loss in excess of \$10,000 arising from the approval and vesting order in this case. The appellants say that the purchase price under the APS is \$3.5 million below the late offer and \$2 million below the amended late offer. They say that this proves that the purchase price, as encapsulated under the APS, and as approved by the impugned order, does not reflect fair market value.

[20] They go on to disavow any suggestion that they are simply comparing prices. Instead, they claim that the differential between the current purchase amount and the late offers should give the court pause about the actual value of the subject properties. The appellants argue that the late and amended late offers should be considered against the backdrop of the vacancy rate for the building,

which lies at about 8 to 10 percent and which they argue is well above market average. They also submit that the value of the buildings should be considered in relation to the value of the units on a per unit basis. That comparison is said to yield a fair market value well exceeding the current purchase price. The appellants also claim that there was insufficient marketing done on the property and that it was not properly exposed to the market, including the failure to list it on MLS.

[21] In all of these circumstances, the appellants say that the court should be satisfied that the loss exceeds \$10,000 and that they come within s. 193(c) of the *BIA*.

[22] I disagree.

[23] I start with the late and amended late offers. I agree with the receiver that neither of those offers were credible and cannot be used to set the benchmark for the fair market value of the subject properties. I say this for a number of reasons:

- (i) I note that the purchaser under the late offer is the director of a company that registered a collateral third mortgage over one of the properties five days after the original appointment order was made. That collateral third mortgage was later discharged and deleted by the court.
- (ii) The terms of the late offer are not credible, including that:
 - (a) The deposit of \$50,000 was entirely out of proportion to the purchase price offered;
 - (b) the offer was conditional on the purchaser obtaining a mortgage to finance the purchase;

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- (c) the closing date was into December; and
- (d) the purchaser wanted the vendor to obtain estoppel certificates from all tenants within the complex.

[24] Both the proposed purchaser and the terms of the late offer render it highly suspicious, full of risk, uncertain, and difficult for the vendor to comply with (particularly the insistence upon estoppel certificates). The offer was entirely dependent on financing and there is no evidence that the financing was even realistic. This is to be contrasted with the solid APS as approved by the court, one that rested on a single condition that was waived early in the process. I agree with the receiver that, unlike the actual APS, the late offer was not a serious or credible offer.

[25] In my view, the revised late offer was no better. The purchase price went down by \$1.5 million, and the deposit rose by \$50,000 to \$100,000 in total. That deposit was still out of proportion to the actual purchase price being offered. The closing date was moved up by a couple of weeks, but the offer had become entirely conditional upon the purchaser convincing First National to allow the purchaser to assume the First National mortgages over the property. First National is not prepared to entertain that request. Accordingly, and importantly, even if the late amended offer had been a *bona fide* offer (which I do not accept), it would not have survived the test of time.

[26] In my view, the late offers were not credible and should not be used as a benchmark for “loss” under s. 193(c).

[27] Moreover, I do not agree with the appellants’ suggestion that the motion judge erred by failing to take into account the “per unit” price to calculate the value of the property and determine whether fair market value had been achieved. The motion judge specifically rejected the appellants’ evidence on that point. He was entitled to do so and his conclusion attracts deference by this court.

[28] Nor did the motion judge accept the appellants’ criticism of the receiver’s failure to have the property marketed on MLS. Indeed, there was evidence before the motion judge, which he accepted, that marketing a property of that value through MLS is not a suitable means to attract buyers. In fact, the appellants are known to have marketed similar large-scale properties in the past and foregone any use of MLS as a marketing tool. Again, deference applies to the motion judge’s factual determination on this point.

[29] As for the vacancy rate, I do not accept the appellants’ submission that it impacts the amount of loss. The appellants say that the motion judge erred by not considering the vacancy rate, for which they say the receiver is responsible, in determining the fair market value. The appellants argue that, had the vacancy rate been at the market standard, the building would have attracted a higher purchase price.

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[30] I do not accept this submission. Although a higher occupancy rate may have attracted a higher price, the fact is that the occupancy rate for the buildings was vastly improved under the receivership, going from about 60% occupancy when the receiver originally took over, to about 90% or more. Even if that occupancy rate was still below the average occupancy rate for that area in Ottawa, the receiver had made great strides in achieving an increase in the occupancy rate which no doubt assisted in increasing the market value for the buildings. There is no evidence to support the suggestion that the receiver could have achieved an even higher occupancy rate.

[31] The fact is that the properties were appraised. While the purchase price as reflected in the APS is below the appraised value, this court has been provided with information explaining the gap. That information was filed in this court on the consent of the parties. Included in that information is reference to the purchaser's estimated capital expenditure upon closure, which will well exceed the differential between the purchase price and the average appraised value of the properties. In these circumstances, it is unsurprising that the motion judge granted the approval and vesting order.

[32] While the appellants also maintain that the real estate market was gaining in strength after the appraisals were done, and they do not, therefore, reflect the true market value of the buildings, I see nothing in the record to support that submission.

[33] In my view, the granting of the approval and vesting order did not result in a loss of more than \$10,000 because there is no credible evidence to support the position that the receiver could have obtained a higher sales price for the debtors' property. Nor is there credible evidence that, when looked at on a more substantive and general level, the receiver could have obtained a better offer.

[34] Accordingly, the appeal is not governed by s. 193(c) of the *BIA* and the appellants must seek leave to appeal under s. 193(e) of the *BIA*.

[35] Although the appellants ask that leave to appeal be granted as a form of relief in their factum in response to this motion, they have not sought leave to appeal to this court under s. 193(e). No such application has been filed and no material in support of that application has been given. There is simply a notice of appeal.

[36] In light of the absence of a leave to appeal application, I am not inclined to determine the issue of leave.

[37] For the reasons that follow, though, even if the appellants had a right to appeal or were granted leave to appeal, triggering a s. 195 *BIA* stay of the approval and vesting order, I would cancel that stay. Accordingly, and in the alternative, I will address the issue of a stay.

(3) Does section 195 of the *B/A* apply and, if so, should the stay be cancelled?

[38] Among other things, s. 195 of the *B/A* allows for an automatic stay where there is an appeal from an approval and vesting order unless the stay is cancelled for a reason deemed proper. Section 195 of the *B/A* reads:

Except to the extent that an order or judgment appealed from is subject to provisional execution notwithstanding any appeal therefrom, all proceedings under an order or judgment appealed from shall be stayed until the appeal is disposed of, but the Court of Appeal or a judge thereof may vary or cancel the stay or the order for provisional execution if it appears that the appeal is not being prosecuted diligently, or for such other reason as the Court of Appeal or a judge thereof may deem proper. [Emphasis added.]

[39] Even if there was a properly constituted appeal before this court, I would cancel the stay so that the transaction can be completed by tomorrow.

[40] In doing so, I emphasize two points: (a) the appeal is lacking in merit; and (b) the relative prejudice to the parties arising from a stay of the approval and vesting order.

[41] In my view, the grounds do not raise a serious issue to be appealed. The notice of appeal refers to only very general grounds, which are largely complaints about findings of fact and appear to be based upon a desire to factually relitigate the matter that was already determined by the motion judge. Accordingly, even if the appeal was properly constituted, I am not satisfied that there is any substance to the appeal.

[42] The fact that the appeal is lacking in merit combines with the prejudice that would arise and costs that would be accumulated if a stay under s. 195 (assuming s. 195 is invoked) were allowed to continue. The appellants (debtors) have no money. They are broke. Importantly, therefore, any costs arising from the continued operation of the buildings, and any risk associated with those buildings, comes out of the pockets of the creditors. The monthly costs are exorbitant. For example:

- (i) \$60,000 monthly interest is accruing under the mortgages registered on title;
- (ii) \$22,000 per month insurance costs are accruing;
- (iii) utility costs are rising with the winter coming; and
- (iv) the receiver's costs continue to accumulate.

[43] Moreover, I agree with the receiver that if this transaction is lost, there will be "a serious chilling effect on the market" and a "risk that another buyer would not assume the affordable housing agreement with the City of Ottawa and the Province. That agreement is critical to many people residing in that affordable housing.

[44] In my view, the integrity of the sale process, combined with the costs currently being incurred, and the risks associated with this transaction not being completed, pitted against what I determine to be a very weak appeal, all favour the lifting of any stay that may be operative under s. 195 of the *BIA*.

C. CONCLUSION

[45] I conclude that this appeal is not brought under s. 193(c) of the *B/A* and, therefore, leave to appeal must be sought. Leave to appeal has not been properly sought. Even if the appeal is properly constituted under s. 193(c) or leave should be granted under s. 193(e), pursuant to the powers under s. 195 of the *B/A*, I would cancel any stay of the approval and vesting order.

Appendix “H”

Interim Administration and Distribution Order dated October 23, 2019

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE)	WEDNESDAY, THE 23 RD
)	
JUSTICE HACKLAND)	DAY OF OCTOBER, 2019

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

INTERIM ADMINISTRATION AND DISTRIBUTION ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver and manager (the “**Receiver**”) of certain real property of Golden Dragon Ho 10 Inc. (the “**GDH 10 Debtor**”), municipally known as 347 Barber Street, Ottawa, Ontario (formerly known as 347 Clarence Street, Ottawa) (“**347 Barber**”), and of certain real property of Golden Dragon Ho 11 Inc. (the “**GDH 11 Debtor**”), municipally known as 345 Barber Street, Ottawa, Ontario (formerly known as 345 Clarence Street, Ottawa) (“**345 Barber**” and together with 347 Barber, the “**Property**”), was heard on October 11, 2019 at 161 Elgin Street, in Ottawa, Ontario.

- 2 -

ON READING the Seventh Report of the Receiver dated September 27, 2019 (the “**Seventh Report**”), the Receiver’s Supplemental Report to the Seventh Report dated October 2, 2019 (the “**Supplemental Report**”), the Receiver’s Second Supplemental Report to the Seventh Report dated October 9, 2019 (the “**Second Supplemental Report**”), the Affidavit of Chad Kopach sworn October 3, 2019, the Affidavit of Eric Golden sworn October 7, 2019, the Affidavit of Christopher Sebben sworn October 7, 2019, the Affidavit of Chi Van Ho sworn October 3, 2019, the Affidavit of Aaron Rumley sworn October 4, 2019, the Affidavit of Aaron Rumley sworn October 9, 2019 and the Affidavit of Stephanie Baldwin sworn October 9, 2019, on hearing the submissions of counsel for the Receiver, counsel for First National Financial GP Corporation (“**FN**”), counsel for Liahona Mortgage Investment Corp. (“**Liahona**”), counsel for the City of Ottawa, counsel for Quex Property Corporation and counsel for the GDH 10 Debtor and the GDH 11 Debtor, and counsel for Royal United Investments Limited, 347 Barber Street Ltd. and 345 Barber Street Ltd., no one appearing for anyone else on the service list, although properly served, as appears from the Affidavit of Jennifer Samuels sworn September 27, 2019, filed, and for reasons issued October 23, 2019:

SERVICE

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Receiver’s Notice of Motion and Motion Record, including the Seventh Report, the Supplemental Report and the Second Supplemental Report is hereby abridged and validated so that the motion is properly returnable today and hereby dispenses with further service thereof.

RECEIVER’S ACTIVITIES

2. **THIS COURT ORDERS AND DECLARES** that the activities and proposed activities of the Receiver described in the Seventh Report, the Supplemental Report and the Second Supplemental Report are hereby approved.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

3. **THIS COURT ORDERS AND DECLARES** that Receiver’s Interim Statement of Receipts and Disbursements for the period September 22, 2017 to August 31, 2019 contained in the Seventh Report is hereby approved.

PROFESSIONAL FEES

4. **THIS COURT ORDERS AND DECLARES** that the fees and disbursements of the Receiver as set out in the Fee Affidavit of Hartley Bricks, sworn September 26, 2019 contained in the Seventh Report, the fees and disbursements of Dickinson Wright LLP as set out the Fee Affidavit of David Preger, sworn September 9, 2019 contained in the Seventh Report, and the fees and disbursements of Blaney McMurty LLP as set out in the Fee Affidavit of Chad Kopach sworn September 26, 2019 contained in the Seventh Report, are hereby approved.

SEALING

5. **THIS COURT ORDERS AND DECLARES** that the Receiver is authorized and directed, *nunc pro tunc*, to redact from the Seventh Report served on the parties named in the service list Confidential Appendices "A", "B", "C", "D", "E", "F" and "G".

6. **THIS COURT ORDERS AND DECLARES** that the unredacted version of the Seventh Report, including the Confidential Appendices "A" through "G" shall be sealed, kept confidential, and shall not form part of the public record, but shall rather be placed separate and apart from all other contents of the Court File in a separately sealed envelope on which is affixed a notice setting out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be unsealed after the Transaction (as defined in the Amended and Restated Approval and Vesting Order dated October 11, 2019 (the "AVO")) is completed, or further Order of this Court

DISTRIBUTION

7. **THIS COURT ORDERS**, on consent, that upon the completion of the Transaction:

- (a) the Receiver shall pay to CBRE Group Inc., its commission of 1.25% (plus HST) of the purchase price payable under the APS (as defined in the AVO) (the "Commission");
- (b) on an interim basis, the Commission shall be allocated on the basis of 73% to 345 Barber and 27% to 347 Barber;

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- (c) on an interim basis, FN's expenses with respect to its charges over the Property shall be allocated on the basis of 73% to 345 Barber and 27% to 347 Barber;
- (d) the Receiver shall repay the amount outstanding under the Receiver's Borrowing Charge (as defined in the Appointment Order (Interim Receiver) dated September 22, 2017) (the "**Receiver's Borrowings**");
- (e) on an interim basis, the Receiver's Borrowings shall be allocated on the basis of 81.43% to 345 Barber and 18.57% to 347 Barber;
- (f) on an interim basis, the Receiver shall set aside a reserve (hereinafter the "**Reserve**") for:
 - (i) the outstanding and future fees and disbursements of the Receiver and its counsel in administering the receivership, including the Trial of Issues (hereinafter defined);
 - (ii) the prepayment amounts claimed by FN arising from the early payment of its charges against the Property (individually, a "**Yield Maintenance Penalty**" and, collectively the "**Yield Maintenance Penalties**");
 - (iii) an amount equivalent to one (1) year of interest at 1.6% *per annum* on the Yield Maintenance Penalties, commencing from the date the Transaction is completed; and
 - (iv) the future legal fees and disbursements of FN in connection with the receivership, including the Trial of Issues.

8. **THIS COURT ORDERS**, on consent, that subparagraph 7(f) of this Order with respect to the Reserve is made without prejudice to the right of any interested stakeholder to dispute the reasonableness of any component of the Reserve, including any amount(s) claimed in connection therewith.

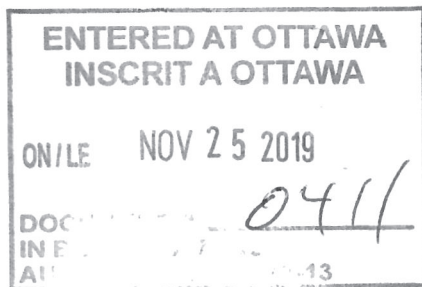
9. **THIS COURT ORDERS**, on consent, that subject to paying and allocating the amounts referred to in paragraph 7 and retaining the Reserve, the net sale proceeds and any excess funds

in the Receiver's hands shall be allocated on the basis of 73% to 345 Barber and 27% to 347 Barber and distributed as follows:

- (a) with respect to 345 Barber:
 - (i) to fully satisfy FN's first ranking charge over 345 Barber, save and except for the Yield Maintenance Penalty related thereto; and
 - (ii) the balance to Liahona in partial satisfaction of its second charge over 345 Barber;
- (b) with respect to 347 Barber:
 - (i) to fully satisfy FN's first ranking charge over 347 Barber and FN's second ranking charge over 347 Barber, save and except for the Yield Maintenance Penalties related thereto; and
 - (ii) the balance remaining in the Receiver's hands attributable to 347 Barber shall be retained by the Receiver until further Order of this Court.

TRIAL OF ISSUES

10. **THIS COURT ORDERS** that counsel shall arrange a case conference to agree on a timetable for a trial of the Yield Maintenance Penalties and any ancillary issues (the "Trial of Issues").



Mackenzie J.

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
OTTAWA

ADMINISTRATION AND DISTRIBUTION ORDER

DICKINSON WRIGHT LLP
Barristers & Solicitors
199 Bay Street
Suite 2200, P.O. Box 447
Commerce Court Postal Station
Toronto, Ontario, M5L 1G4
Fax: (844) 670-6009

DAVID P. PREGGER (36870L)
Email: dpreger@dickinsonwright.com
Tel: (416) 646-4606

Lawyers for the Court-appointed Receiver,
Deloitte Restructuring Inc.

Appendix “I”

Schedule of Funds Available for Interim Distribution dated November 26, 2019

Receivership of Certain Properties of Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc. Funds Available for Interim Distribution

Distribution Date: November 26, 2019

	Notes	Total	345 Barber	347 Barber
Proceeds from Sale of the Properties				
Gross Proceeds From Sale (including Deposits)	(1)	\$ 13,000,000.00	\$ 9,490,000.00	\$ 3,510,000.00
Add: Realty Taxes from SOA re 345 Barber credited to Vendor (from SOA)	(2)	20,501.31	20,501.31	
Add: Realty Taxes from SOA re 347 Barber credited to Vendor (from SOA)	(3)	7,005.29		7,005.29
Deduct: November rent credited to purchaser (from SOA)	(4)	(63,513.59)	(48,435.20)	(15,078.39)
Deduct: LMR credited to Purchaser (from SOA)	(4)	(52,163.99)	(44,839.14)	(7,324.85)
Deduct: Parking revenue credited to Purchaser (from SOA)	(1)	(545.71)	(398.37)	(147.34)
Deduct: Telus revenue credited to Purchaser (from SOA)	(1)	(1,303.41)	(951.49)	(351.92)
Deduct: Laundry machine costs credited to Purchaser (from SOA)	(1)	(4,000.00)	(2,920.00)	(1,080.00)
Deduct: Payment of tax arrears on 347 Barber	(3)	(50,241.23)		(50,241.23)
Less: CBRE Commission (@1.25%)	(1)	(183,625.00)	(134,046.25)	(49,578.75)
Net Proceeds Received by Receiver		\$ 12,672,113.67	\$ 9,278,910.86	\$ 3,393,202.81
Cash from operations				
Cash in Receiver and Property Management Accounts		\$ 114,505.91		
Less: Outstanding property-related obligations (from CLV)	(5)	(19,536.84)		
Less: Post-closing adjustments	(6)	(8,754.36)		
Deduct: Redirect Monthly Affordability Payments being held for FN	(7)	(167,958.31)		
Total Cash available for distribution		(81,743.60)	(59,672.83)	(22,070.77)
Total Funds Available for Interim Distribution before Holdback		\$ 12,590,370.07	\$ 9,219,238.03	\$ 3,371,132.04
Determination of Holdback				
Accrual for Blaney Fees unpaid to date	(1)	(25,000.00)	(18,250.00)	(6,750.00)
Holdback for Blaney Fees to completion of receivership including costs re Trial of Issues	(8)	(250,000.00)	(161,183.57)	(88,816.43)
Accrual for Dickinson Wright unpaid fees to date	(1)	(250,000.00)	(182,500.00)	(67,500.00)
Holdback for Dickinson Wright fees to complete receivership administration including costs re Trial of Issues	(8)	(175,000.00)	(112,828.50)	(62,171.50)
Holdback for Receiver fees and disb. to completion of receivership	(8)	(100,000.00)	(64,473.43)	(35,526.57)
Total Funds to be Held Back		(800,000.00)	(539,235.49)	(260,764.51)
Gross funds available for Interim Distribution		11,790,370.07	8,680,002.55	3,110,367.52
Holdback for Prepayment Penalties	(9)	(1,550,258.56)	(999,504.81)	(550,753.75)
Net Funds Available For Interim Distribution		10,240,111.51	7,680,497.73	2,559,613.78
Interim Distributions as of November 26, 2019:				
First National	(10)	\$ 8,551,802.03	\$ 5,996,477.07	\$ 2,555,324.96
Liahona		1,684,020.66	1,684,020.66	
Undistributed		4,288.82		4,288.82
		\$ 10,240,111.51	\$ 7,680,497.73	\$ 2,559,613.78

Notes:

1. Allocated based on 73%/27% basis.
2. Allocated to 345 Barber as it directly relates to that property.
3. Allocated to 347 Barber as it directly relates to that property.
4. Allocated based on the units impacted as set out in the Statement of Adjustments.
5. An estimated of the remaining property related obligations as provided by the property manager.
6. Represents currently identified post-closing adjustments to be paid to the Purchaser re November affordability payment and rent received post closing.
7. Represents affordability payments received from the Ministry of Housing that are to be redirected to FN to be applied against their mortgage #509352.
8. Allocate based on 64.4%/35.6% which reflects the relative proportion of Prepayment Penalties between the properties.
9. As per FN payout statements dated November 22, 2019. Includes interest at 1.6% for one year.
10. Based on FN payout statements dated November 22, 2019, excluding Prepayment Penalty amounts but including per diem interest to November 26, 2019. FN expenses are allocated on a 73%/27% basis except for the Receiver's borrowings, which are allocated 81.43% to 345 Barber and 18.57% to 347 Barber. The payout schedule for mortgage #509352 (the Affordability Mortgage) reflects the notional receipt of interest and principal. However, those amounts were not remitted by the Receiver but are reflected above in Note 7.

Appendix “J”

Interim Statement of Receipts and Disbursements for the Receivership for the period from
September 22, 2017 to June 25, 2020

**In the Matter of the Receivership
of certain real property of
Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc.
Interim Receiver's Statement of Receipts and Disbursements (consolidated)
For the period September 22, 2017 to June 25, 2020**

	Cumulative to Aug 31, 2019	Sept 1, 2019 to June 25, 2020	Cumulative to June 25, 2020
Receipts			
Proceeds from sale of property	\$ -	\$ 13,000,000	\$ 13,000,000
Tenant rental receipts	1,731,438	114,306	1,845,744
Provincial Affordability Payments	139,340	23,215	162,555
Telus (rooftop cellular equipment)	34,939	3,584	38,523
Coin laundry receipts	19,953	597	20,549
Interest	119	9,832	9,951
Miscellaneous receipts	12,216	(1,763)	10,453
Receiver's Certificate	484,753	-	484,753
Total Receipts	\$ 2,422,758	\$ 13,149,772	\$ 15,572,529
Disbursements			
Filing fees paid to Official Receiver	70	-	70
Receiver's fees	390,760	131,978	522,738
Legal fees	161,253	267,006	428,260
Commissions	-	162,500	162,500
Consultants fees	2,900	-	2,900
GST/HST paid	233,482	85,221	318,703
PST paid	9,674	3,274	12,949
Bank charges	839	406	1,244
Operating expenses:		-	-
Postage	21	-	21
Signage	95	-	95
Enterphones	1,030	107	1,137
Insurance	120,931	40,928	161,859
Property Manager fees	147,900	31,240	179,140
Repairs & maintenance	796,197	24,125	820,322
Janitorial	60,166	10,211	70,378
Prepaid deposits - utilities	3,226	(124)	3,102
Gas & heating	64,599	4,901	69,500
Electricity	43,638	4,966	48,604
Water and sewage	70,618	17,823	88,441
Computer	831	133	964
Equipment	32,727	1,680	34,407
Rental agent fees	14,059	673	14,732
General expense	3,711	575	4,286
Realty taxes (net)	-	22,735	22,735
Other	19,475	3,782	23,257
Redirection of Monthly Affordability Payments to FN	-	167,958	167,958
Distributions to secured creditors	-	10,235,823	10,235,823
Total Disbursements	\$ 2,178,202	\$ 11,217,921	\$ 13,396,124
Excess of Receipts and Disbursements	\$ 244,555	\$ 1,931,851	\$ 2,176,406

Appendix “K”

Fee Affidavit of Hartley Bricks of Deloitte Restructuring Inc. sworn June 25, 2020

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

**AFFIDAVIT OF HARTLEY M. BRICKS
(Sworn June 25, 2020)**

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

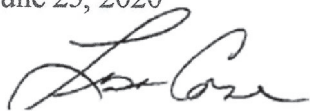
1. I am a Senior Vice-President of Deloitte Restructuring Inc., the court appointed interim receiver (the “**Receiver**”) of certain real property of Golden Dragon Ho 10 Inc. municipally known as 347 Barber Street, Ottawa, Ontario (formerly known as 347 Clarence Street, Ottawa) (“**347 Barber**”) and of certain real property of Golden Dragon Ho 11 Inc. municipally known as 345 Barber St. Ottawa, Ontario (formerly known as 345 Clarence Street, Ottawa) (“**345 Barber**”) (collectively, with 347 Barber, referred to herein as the “**Property**”). 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 services rendered during the period September 1, 2019 to June 19, 2020 (the “**Period**”). The total fees incurred during the Period were \$104,262.00 plus disbursements of nil and HST of \$13,554.07 for total fees of \$117,816.07.

- 2 -

3. Attached hereto as **Exhibit "B"** are true copies of the accounts of the Receiver with respect to the Property for the Period, including a detailed description of the activities, number of hours worked, applicable hourly rates, and totals. The Receiver's average hourly rate charged over the Period is approximately \$496. I confirm that these accounts accurately reflect the services provided by the Receiver in this proceeding for the Period.
4. Based on my review of the accounts referred to herein and my personal knowledge of this matter, the accounts referred to herein represent a fair and accurate description of the services provided and the amounts charged by the Receiver.
5. I swear this affidavit in support of the Receiver's Motion for, among other things, approval of its fees and disbursements and for no other or improper purpose.

SWORN before me
Via Zoom at the City of Toronto,
in the Province of Ontario,
on June 25, 2020



A commissioner for taking oaths, etc.

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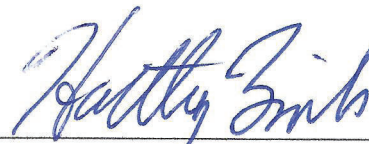

HARTLEY M. BRICKS

EXHIBIT "A"

REFERRED TO IN THE AFFIDAVIT OF HARTLEY BRICKS
(Sworn June 25, 2020)

A handwritten signature in black ink, appearing to read "L. C.", is positioned above a horizontal line.

Commissioner for Taking Affidavits (or as may be)

- 1 -

Exhibit "A"

**Summary of Invoices Issued by the Receiver of certain real property of
Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc.**

<u>Invoice Date</u>	<u>Invoice Period</u>	<u>Fees</u>	<u>Disbursements</u>	<u>HST</u>	<u>Total</u>
12-Nov-19	01-Sep-19 to 08-Nov-19	\$ 63,036.00	-	\$ 8,194.68	\$ 71,230.68
07-Jan-20	12-Nov-19 to 31-Dec-19	16,192.50	-	2,105.03	18,297.53
23-Jun-20	01-Jan-19 to 19-Jun-20	25,033.50	-	3,254.36	28,287.86
		<u>\$ 104,262.00</u>	<u>-</u>	<u>\$ 13,554.07</u>	<u>\$ 117,816.07</u>

EXHIBIT "B"

REFERRED TO IN THE AFFIDAVIT OF HARTLEY BRICKS
(Sworn June 25, 2020)

A handwritten signature in black ink, appearing to read "L. C. C.", is written above a horizontal line.

Commissioner for Taking Affidavits (or as may be)


Invoice 8000864198
Deloitte LLP

Bay Adelaide Centre
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

ATTN: Golden Dragon Ho 10 Inc. & Golden Dragon Ho 11 Inc.
c/o Deloitte Restructuring Inc., Interim Receiver
8 Adelaide St. West, Suite 200
Toronto ON M5H 0A9
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Date: November 12, 2019
Client No.: 1148618
WBS#: FIRC0013
Engagement Partner: Paul Casey
HST Registration: 133245290RT0001

For professional services rendered
Fees

By Deloitte Restructuring Inc. in its capacity as Court-appointed receiver and manager of certain of the real property of Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc. for the period of September 1, 2019 to November 8, 2019.

Please see the attached appendices for details.

HST applicable 63,036.00

Sales Tax

HST at 13.00% 8,194.68

Total Amount Due (CAD) 71,230.68



Appendix #1
Summary of Fees

Name	Level	Hours	Rate	Amount
Casey, Paul	Partner	4.8	\$ 630.00	\$ 3,024.00
Bricks, Hartley	Senior Vice President	89.6	\$ 525.00	\$ 47,040.00
Saunders, John	Senior Vice President	23.3	\$ 525.00	\$ 12,232.50
Koo, Ada	Analyst	0.5	\$ 240.00	\$ 120.00
Keene, Ashley	Trust Administrator	0.3	\$ 105.00	\$ 31.50
Brown, Rose	Trust Administrator	5.6	\$ 105.00	\$ 588.00
Total Professional Hours and Fees		124.1		\$ 63,036.00

Appendix #2

Work performed from September 1, 2019 to November 8, 2019.

Date	Name	Narrative	Hours
9/3/2019	Bricks, Hartley	Disc. with D. Preger re status; respond to various corresp. from the Purchaser re access; draft report to court.	3.5
9/3/2019	Saunders, John	Review and approve cheques processed by CLV; Discuss, with H. Bricks the purchaser's request to inspect the property with prospective property managers.	0.4
9/4/2019	Bricks, Hartley	Draft report to court; disc. with N. Zentil of CBRE re status of purchaser due diligence and timelines for agreement.	3.2
9/4/2019	Brown, Rose	Trust Banking Administration - Set up new Investment and have signed request and input in to Ascend.	0.4
9/4/2019	Saunders, John	Review rent roll - follow up on vacancy with CLV; Update call with CLV to discuss maintenance issues and sale timing, rent roll, and other matters	0.6
9/5/2019	Bricks, Hartley	Draft report to court for approval of the APS; corresp. with P. Muchnick re terms of the APS.	4.5
9/5/2019	Brown, Rose	Trust Banking - Disbursement cheques.	0.2
9/6/2019	Bricks, Hartley	Preparation of report to court for approval of the APS.	2.5
9/6/2019	Koo, Ada	Prepare July bank reconciliation.	0.1
9/9/2019	Saunders, John	Call from CLV to discuss Superintendent issue - advise H. Bricks; Review CLV's results for August; Email to H. Bricks proving further details on Super.	0.9
9/10/2019	Brown, Rose	Trust Banking Administration - Confirm GL balances and scan copies of statement to H. Bricks. Update Ascend with GL's number per Property Mgmt company reports.	0.5
9/10/2019	Bricks, Hartley	Prepare R&D for court report, revise report, prepare schedule of priority charges; review and respond to corresp. from counsel to Purchaser re extension of Condition Date and advise lenders and counsel of same.	5.8
9/10/2019	Saunders, John	Review and approve cheques processed by CLV - follow up with CLV for explanations of unsupported amounts; Emails with H. Bricks and CLV re termination of superintendent.	1.1
9/11/2019	Brown, Rose	Trust Banking Administration - Prepare disbursement cheque and prepare deposit and take to the bank.	0.6
9/11/2019	Bricks, Hartley	Draft court report and forward to J. Saunders for comments; Disc. with L. Corne re security opinions; disc. with J. Saunders re Telus issues.	2.2
9/11/2019	Saunders, John	Email from Telus with revised drawings for cell equipment - follow up with Deloitte engineer and H. Bricks; Review draft 7th report in detail - check info to various docs - provide comments and suggested edits.	1.9
9/12/2019	Bricks, Hartley	Finalize draft report and forward to Dickinson Wright for comments; corresp. with S. Rubner re status of ESA report and other matters; disc. with J. Saunders re cost allocations.	2.4
9/12/2019	Saunders, John	Review emails re possible change of court date; Discuss allocation of costs between 345 and 347 Barber with H. Bricks.	0.3

Date	Name	Narrative	Hours
9/16/2019	Saunders, John	Review emails on City and Ministry positions on BMR units, and status of Court date.	0.2
9/16/2019	Bricks, Hartley	Review corresp. from City of Ottawa, draft response to same and forward to counsel.	1.2
9/17/2019	Bricks, Hartley	Various corresp. concerning insurance coverage with E. Murphy; prepare insurance questionnaire for Firstbrooke; corresp. concerning revised court date; finalize and send corresp. to City of Ottawa responding to their email from Sept 13.	2.2
9/17/2019	Brown, Rose	Trust Banking Administration - Stop payment.	0.3
9/17/2019	Saunders, John	Email to Telus explaining deferral of response to engineering issues related to equipment installation.	0.3
9/18/2019	Bricks, Hartley	Disc. with D. Preger re status of various issues; Disc. with E. Golden re insurance coverage, timing for court date; various corresp. with S. Rubner re court date and transaction matters.	1.8
9/19/2019	Bricks, Hartley	Review and respond to corresp. from E. Murphy re decline to continue insurance coverage; disc. and corresp. with A. Colucci of FCA regarding obtaining replacement coverage; various disc. with S. Rubner re insurance matters; corresp. with D. Hayward re online advertisements.	2.5
9/19/2019	Saunders, John	Review emails re other offer from contact of Chi Ho; Review legal opinions of security of Liahona and City.	0.3
9/20/2019	Bricks, Hartley	Review of Loss Report from E. Murphy and forward same to A. Colucci; prepare corresp. to M. Diegel re unauthorized rental ads; corresp. with A. Colucci regarding quote; prepare corresp. to FN concerning the status of insurance coverage.	1.4
9/20/2019	Saunders, John	Update CLV on Court timing; Follow up with CLV on status of superintendent's duties.	0.2
9/23/2019	Bricks, Hartley	Review of insurance policy, disc. with E. Golden re same re coverage and closing date; write to purchaser re timing for closing.	1.0
9/23/2019	Saunders, John	Review and sign cheques from CLV - follow up on annual fee for fire monitoring; Provide approval to CLV to provide access to purchaser's property manager; Discuss D. Hayward's questions on inquiry from purchaser re BMR units.	0.8
9/23/2019	Brown, Rose	Trust Banking Adm - disbursement cheque.	0.2
9/24/2019	Bricks, Hartley	Disc. with J. Saunders re court report and timing to complete; email to D. Preger re status of review of court report.	0.3
9/24/2019	Saunders, John	Discuss proposed distributions, status of report, and other issues with H. Bricks.	0.3
9/25/2019	Bricks, Hartley	Review of D. Preger comments on court report; disc. with D. Preger and E. Golden re report and timing; revise court report and provide comments to Dickinson Wright on APS.	4.0
9/26/2019	Casey, Paul	Review Seventh Report to Court; comments to H. Bricks.	2.0
9/26/2019	Bricks, Hartley	Various disc. with D. Preger concerning the transaction; revis report and forward to P. Casey for comments; disc. with E. Golden and D. Preger re report matters.	3.3

Date	Name	Narrative	Hours
9/26/2019	Brown, Rose	Trust Banking Administration - Deposit and scan and send a copy to Property Mgmt Company.	0.3
9/26/2019	Koo, Ada	Prepare August bank reconciliation.	0.2
9/27/2019	Casey, Paul	Review comments and responses from H. Bricks on report.	0.5
9/27/2019	Saunders, John	Review emails re sale closing; Discuss issues with H. Bricks; Review Property Mgmt Agreement - analyze and provide findings to team; Review final changes to Receiver's report - discuss with H. Bricks; Follow up on requested reduction to fire monitoring fe	1.4
9/27/2019	Brown, Rose	Trust Banking Administration - Deposit.	0.3
9/27/2019	Bricks, Hartley	Review of P. Casey comments on report, respond to same, and revise report; disc. with J. Saunders re property manager; disc. with D. Preger re status; revise and finalize report and forward to D. Preger.	2.5
9/30/2019	Saunders, John	Provide instructions on releasing docs to City and Ministry.	0.1
10/1/2019	Saunders, John	Review motion record; Provide rent roll to D. Preger.	0.3
10/2/2019	Saunders, John	Review emails and docs related to court hearing; Review and approve Receiver's supplementary report - discuss with D. Preger.	0.4
10/2/2019	Brown, Rose	Trust Banking Administration - Pull Online banking report for Sep/19 and send to Property Management company.	0.1
10/3/2019	Brown, Rose	Update Receiver's website for various documents.	0.6
10/3/2019	Saunders, John	Review emails and docs related to court hearing.	0.3
10/3/2019	Casey, Paul	Review supplementary report and distribute to counsel; review motion materials and emails counsel; web administration; emails CBRE etc.	1.5
10/4/2019	Saunders, John	Review emails, draft affidavit and respond to FN and D. Preger's inquiries.	0.5
10/4/2019	Casey, Paul	Review reports form counsel and emails H. Bricks.	0.3
10/7/2019	Saunders, John	Review emails and E.Golden affidavit;	0.6
10/8/2019	Saunders, John	Respond to inquiry from Telus; Follow-up on break-in to laundry machines; Review 2nd supplemental report.	0.5
10/9/2019	Bricks, Hartley	Review of motion materials; review and respond to corresp. from D. Preger; review supplemental report and provide comments to D. Preger.	2.5
10/9/2019	Saunders, John	Discuss laundry room options with CLV - provide instructions; Review additional affidavit of A. Rumley of Liahona; Review motion record from Blaney, and Receiver's revised 2nd supplemental report - provide comments.	1.0
10/10/2019	Casey, Paul	Supplemental report & emails H. Bricks.	0.5
10/10/2019	Saunders, John	Call from K Perron of BLG, now acting for purchaser - provided background on receivership and referred her to D. Preger; Reviewed Liahona's motion record.	0.6
10/11/2019	Brown, Rose	Trust Banking Administration - Scan and save receipts and disbursement on Q Drive for Feb to Sept/19.	0.6

Date	Name	Narrative	Hours
10/15/2019	Saunders, John	Review emails re approved sale; Update discussion with H. Bricks; Respond to Telus request for info on sale of property and purchaser contact.	0.5
10/15/2019	Bricks, Hartley	Various corresp. with P. Muchnick re closing matters, review of files and provide docs.	3.1
10/16/2019	Saunders, John	Respond to purchaser's inquiry re Telus engineering issues - review previous emails on engineering issues.	0.3
10/16/2019	Bricks, Hartley	Review Statement of Adjustments and provide comments to P. Muchnick; corresp. with purchaser re closing date; corresp. with insurer re timing of coverage; review of closing docs.	3.5
10/17/2019	Bricks, Hartley	Review of revised closing documents; attend at DW to sign closing docs in escrow; prepare estimate of distribution of proceeds; draft letter to P. Crichton re disbursement of funds; corresp. with D. Preger re notice of appeal.	5.5
10/17/2019	Brown, Rose	Banking Adm-Disbursement cheque.	0.2
10/18/2019	Bricks, Hartley	Various correspondence re notice of appeal; corresp. to CLV to walk back closing work; email to broker re continuation of coverage; disc with D. Preger re go forward plan; draft supplemental report.	4.4
10/18/2019	Brown, Rose	Update Website page. Inquiring with RBC regarding investment rates.	0.3
10/18/2019	Saunders, John	Review emails; Respond to CBRE's inquires; Review 3rd supplemental report and provide comments; Instruct CLV to proceed with boiler maintenance	0.6
10/21/2019	Bricks, Hartley	Review comments from J. Saunders and D. Preger and revised third supplemental report.	1.5
10/21/2019	Brown, Rose	Website update - Delete one document and add two documents.	0.2
10/21/2019	Saunders, John	Call with CLV to provide update on court appeal, and to receive update on maintenance issues and BMR vacancies; Review repair quote for intercom and update H. Bricks; Respond to CBRA inquiry; Review emails on appeal issues	0.7
10/21/2019	Koo, Ada	Prepare Sept. bank reconciliation.	0.1
10/22/2019	Saunders, John	Review and follow up on cheques from CLV.	0.2
10/23/2019	Bricks, Hartley	Review of Endorsement and arrange for posting on website, review and respond to corresp. from C. Sebben re status of appeal and closing of transaction; corresp with D. Preger re go-forward timing.	0.7
10/23/2019	Saunders, John	Review Hackland endorsement and emails.	0.2
10/23/2019	Keene, Ashley	Website update.	0.1
10/24/2019	Bricks, Hartley	Review and respond to email from purchaser re rent roll and laundry machines; Disc. with J. Saunders re laundry machines; Disc. with D. Preger re status and go-forward timing for appeal and closing; revise supplemental report and forward to D. Preger.	2.0
10/24/2019	Saunders, John	Email from purchaser; Discuss laundry machines, insurance and Court appeal with H. Bricks; Respond to purchaser; Respond to queries on cheques from B. Beggs; Follow up on invoice for cancelled elevator service call.	0.8

Date	Name	Narrative	Hours
10/25/2019	Saunders, John	Corresp. with CBRE re last minute offer and Notice of Appeal.	0.2
10/25/2019	Bricks, Hartley	Corresp. with P. Muchnick and CLV regarding rent roll and last month deposits; forward insurance premium invoice to CLV for payment.	0.7
10/28/2019	Bricks, Hartley	Disc. with D. Preger re status of report and hearing; respond to questions from E. Golden.	0.4
10/29/2019	Bricks, Hartley	Review and revise Eighth Report to Court and forward to D. Preger.	2.2
10/30/2019	Bricks, Hartley	Disc. with D. Preger re comments on Eighth Report; Review J. Saunders QA comments on report; review and revise draft, sign report and forward to D. Preger; respond to D. Sider of City of Ottawa re rent roll.	2.1
10/30/2019	Saunders, John	Review Receiver's 8th report and provide comments - compare narrative to purchase offers; Follow up on status of laundry machines with CLV - discuss with J. Tweedie; Review Coin O Matic contract; Draft email to H. Bricks and lawyers providing update.	1.7
10/30/2019	Brown, Rose	Update website page.	0.1
10/31/2019	Bricks, Hartley	Disc. with J. Saunders re laundry machines and email to DW re same; review of factum; review and respond to corresp. from purchaser.	1.3
10/31/2019	Saunders, John	Discuss status of laundry machines and possible options with H. Bricks; Review cheques and follow up on unusual invoice with CLV; Follow up on FMV of used machines and possible replacement cost for new machines - update team. Advise CLV of new closing date.	1.2
10/31/2019	Brown, Rose	Website update.	0.2
11/4/2019	Brown, Rose	Pull online banking report and send to property management company.	0.1
11/4/2019	Bricks, Hartley	Review of Reasons for Decision from Court of Appeal; prepare corresp. to CLV and purchaser re closing date.	0.5
11/5/2019	Saunders, John	Review CBRE invoice - forward to lawyer; Discuss Court decision, maintenance, and closing issues with CLV; Discuss laundry machine issues with H. Bricks - follow up on possible options with CLV; Review Court of Appeal decision; Review emails re sale close	1.7
11/5/2019	Keene, Ashley	Website updates.	0.2
11/5/2019	Bricks, Hartley	Review of rent roll and determine BMR adjustment; various corresp. re BMR adjustment; disc. with CLV re closing adjustments; disc. with J. Saunders re laundry issue and disc. with Purchaser re same	2.5
11/5/2019	Brown, Rose	Check online to confirm Ministry funds for H. Bricks.	0.1
11/6/2019	Koo, Ada	Prepare October bank reconciliation.	0.1
11/6/2019	Bricks, Hartley	Various corresp. with Purchaser and counsel regarding laundry machine issue; review of statement of adjustments and disc. with P. Muchnick re same; corresp. with CLV re SOA and closing matters;	4.1

Date	Name	Narrative	Hours
11/6/2019	Saunders, John	Email from CLV re costs to repair & replace certain laundry machines - discuss details with D. Hayward and update H. Bricks; Obtain contact info for repairman; Provide comments on proposal to Purchaser re laundry machines, & response to vacancy concerns	1.0
11/7/2019	Bricks, Hartley	Various corresp. re closing matters; review of updated FN payout statements and update distribution allocation schedule; various disc. with D. Preger and E. Golden re distribution schedule and order.	4.5
11/7/2019	Saunders, John	Update from CLV on laundry repairs - advise team of purchaser's instructions to repairman; Follow up on status of laundry settlement with purchaser; Emails with team, CLV and CBRE re sale closing issues.	0.9
11/8/2019	Bricks, Hartley	Review of draft Administration and Distribution Order, and various discussions with D. Preger and E. Golden regarding same; revise anticipated distribution schedule; review of direction of funds for disbursement detail; revise and execute Notice of Direction re tenants of property.	3.8
11/8/2019	Saunders, John	Follow up with CLV to confirm that keys, etc. were turned over to purchaser with no issue; Update team; Review emails re proposed distribution of funds.	0.3
11/8/2019	Brown, Rose	Trust Banking Adm - Prepare wire instruction sheet and confirm wire received.	0.3
Total			124.1


Invoice 8000947566
Deloitte Restructuring Inc.

Bay Adelaide Centre
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

ATTN: Golden Dragon Ho 10 Inc. & Golden Dragon Ho 11 Inc.
c/o Deloitte Restructuring Inc., Interim Receiver
8 Adelaide St. West, Suite 200
Toronto ON M5H 0A9
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Date: January 07, 2020
Client No.: 1148618
WBS#: FIRC0013
Engagement Partner: Paul Casey
HST Registration: 122893605RT0001

For professional services rendered
Fees

By Deloitte Restructuring Inc. in its capacity as Court-appointed receiver and manager of certain of the real property of Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc. for the period of November 12, 2019 to December 31, 2019.

Please see the attached appendices for details.

HST applicable	16,192.50
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Sales Tax

HST at 13.00%	2,105.03
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Total Amount Due (CAD)	18,297.53
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Appendix #1
Summary of Fees

Name	Level	Hours	Rate	Amount
Casey, Paul	Partner	0.2	\$ 630.00	\$ 126.00
Bricks, Hartley	Senior Vice President	26.4	\$ 525.00	\$ 13,860.00
Saunders, John	Senior Vice President	2.7	\$ 525.00	\$ 1,417.50
Koo, Ada	Analyst	0.3	\$ 250.00	\$ 75.00
Keene, Ashley	Trust Administrator	0.2	\$ 105.00	\$ 21.00
Brown, Rose	Trust Administrator	6.6	\$ 105.00	\$ 693.00
Total Professional Hours and Fees		36.4		\$ 16,192.50
Out-of-pocket Expenses				\$ -
Total Fees and Expenses				\$ 16,192.50

Appendix #2
Work performed from November 12, 2019 to December 31, 2019.

Date	Name	Narrative	Hours
11/12/2019	Saunders, John	Review correspondence re dispute over distributions.	0.2
11/12/2019	Bricks, Hartley	Review of corresp. from counsel to Liahona, review of files, and provide comments to D. Preger; review of D. Preger response and further response from T. Conway; analysis of Conway distribution document and respond to D. Preger	2.3
11/13/2019	Saunders, John	Review cheques from CLV for approval; Confirm amount of termination payment to terms of contract.	0.2
11/13/2019	Bricks, Hartley	Disc. with E. Golden re FN payout statements; review and revise distribution schedules; disc. with CLV re post-closing obligations; review various corresp. re distribution issue.	1.6
11/13/2019	Brown, Rose	Trust Banking Administration - Disbursement cheques. Input incoming wire - review coding with HB.	0.5
11/14/2019	Saunders, John	Inquiry from CLV; Emails re proposed distributions	0.2
11/14/2019	Bricks, Hartley	Corresp. with CLV re post-closing obligations and surplus cash; review and revise allocation of proceeds analysis; review corresp. from T. Conway; disc. with D. Preger re distribution issue.	3.5
11/14/2019	Brown, Rose	Investment purchase, prepare documents and input into Ascend.	0.8
11/15/2019	Bricks, Hartley	Prepare revised proposed distribution schedule and discuss same with D. Preger; prepare notes to schedule and forward to D. Preger and further discussions regarding same; corresp. with N. Hermaj re payout statements.	4.2
11/15/2019	Brown, Rose	Renewal of investment	0.1
11/18/2019	Saunders, John	Review and approve cheques from CLV; Follow up on invoice for laundry equipment repairs with CLV to confirm that this is an expense of Receiver and not purchaser	0.6
11/18/2019	Bricks, Hartley	Review of various corresp. Regarding comments on draft order and prepare corresp to D. Preger re same.	0.7
11/18/2019	Brown, Rose	Renewal of investment.	0.1
11/19/2019	Brown, Rose	Renewal of investment. Check bank account to confirm cheques not cashed and prepare stop payment on 5 cheques and send to TD Bank.	0.8
11/19/2019	Bricks, Hartley	Review of revisions to draft interim distribution order and corresp. with D. Preger re same; review and respond to a request for a status update from N. Hermaj.	1.0
11/20/2019	Bricks, Hartley	Corresp. with N. Hermaj re affordability payments; corresp. with D. Preger re status of court order.	0.7
11/21/2019	Brown, Rose	Renew investment	0.1
11/21/2019	Bricks, Hartley	Corresp. with D. Preger re court order; corresp. with N. Hermaj re timing for updated payout statements; disc. with E. Golden re timing for distribution; review of corresp. from M. Diegel re allocations and respond to D. Preger re same.	1.3

Date	Name	Narrative	Hours
11/25/2019	Bricks, Hartley	Review of updated payout statements received from FN, cash on hand, and supporting docs and revise interim distribution schedule and prepare disbursement vouchers for same	5.5
11/25/2019	Brown, Rose	Trust Banking Administration - Prepare wires and review with HB. Confirm wire was maturity into account and request investment for 1 day with RBC and prepare investment sheets for inputting into Ascend. Pull online banking report for H. Bricks.	0.9
11/25/2019	Koo, Ada	Prepare October bank reconciliation for review.	0.1
11/26/2019	Casey, Paul	Disc. with H. Bricks re distribution amounts.	0.2
11/26/2019	Bricks, Hartley	Disc. with P. Casey re distribution calculations; corresp. re wire transfers.	0.7
11/26/2019	Saunders, John	Review and approve cheques from CLV; Follow up on cheque and supporting invoices for painting - CLV will investigate.	0.4
11/26/2019	Brown, Rose	Trust Banking Administration - Prepare an additional wire and have all 5 wire signed and send RBC for processing, Review bank account on line for maturity of investment and input maturity into Ascend and obtain wire confirmation from RBC and send to HB.	1.5
11/26/2019	Keene, Ashley	Website updates.	0.2
11/27/2019	Brown, Rose	Administration of wire transfers.	0.2
11/28/2019	Saunders, John	Search for contact info for Telus; Respond to H. Bricks' inquiry; Follow up with CLV for Telus contact.	0.5
11/28/2019	Bricks, Hartley	Review and respond to corresp. from N. Hermaj re allocation of proceeds and holdback; confirm receipt of wire transfer with Liahona; corresp. with J. Saunders re Telus payment for December	0.9
11/28/2019	Brown, Rose	Administration of wire transfers.	0.5
11/29/2019	Brown, Rose	Investment Purchase.	0.3
12/2/2019	Saunders, John	Review and approve cheques from CLV; Follow up on painting and washer repair invoices	0.4
12/2/2019	Bricks, Hartley	Prepare corresp. to Purchaser re post closing adjustments.	0.5
12/2/2019	Brown, Rose	Investment set up with RBC. Prepare investment sheet.	0.3
12/3/2019	Bricks, Hartley	Corresp. with P. Muchnick re post closing adjustment and to S. Rubner re same.	0.5
12/4/2019	Bricks, Hartley	Prepare final post-closing statement of adjustments and forward to purchaser and various corresp. regarding same	1.2
12/5/2019	Bricks, Hartley	Prepare corresp. and disbursement info for post closing adjustments.	0.7
12/6/2019	Bricks, Hartley	Review of corresp concerning proposed handling of Trial of the Issues and disc. with E. Golden re same.	0.3
12/9/2019	Bricks, Hartley	Provide details on legal fees to N. Hermaj.	0.3
12/9/2019	Brown, Rose	Trust Banking Administration - Pull online banking report and send to Property Management company. Scan copy of deposit made on Thursday.	0.2

Date	Name	Narrative	Hours
12/10/2019	Koo, Ada	Prepare Nov. bank reconciliation	0.2
12/12/2019	Saunders, John	Respond to inquiry from CBRE	0.2
12/19/2019	Bricks, Hartley	Review of Dickinson Wright legal fees and prepare disbursement voucher	0.2
12/20/2019	Brown, Rose	Trust Banking Administration - Wire prepare and send to RBC.	0.3
12/23/2019	Bricks, Hartley	Review of corresp. concerning Trial of the Issues.	0.3
Total			36.4


Invoice 8001245537
Deloitte Restructuring Inc.

Bay Adelaide Centre
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

ATTN: Golden Dragon Ho 10 Inc. & Golden Dragon Ho 11 Inc.
c/o Deloitte Restructuring Inc., Interim Receiver
8 Adelaide St. West, Suite 200
Toronto ON M5H 0A9
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Date: June 23, 2020
Client No.: 1148618
WBS#: FIRC0013
Engagement Partner: Paul Casey
HST Registration : 122893605RT0001

For professional services rendered
Fees

By Deloitte Restructuring Inc. in its capacity as Court-appointed receiver and manager of certain of the real property of Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc. for the period of January 1, 2020 to June 19, 2020.

Please see the attached appendices for details.

Sales Tax

HST applicable 25,033.50

HST at 13.00% 3,254.36

Total Amount Due (CAD) 28,287.86



Appendix #1
Summary of Fees

Name	Level	Hours	Rate	Amount
Saunders, John	Senior Vice President	0.5	525.00	262.50
Bricks, Hartley	Senior Vice President	46.6	525.00	24,465.00
Koo, Ada	Analyst	0.3	250.00	75.00
Brown, Rose	Trust Administrator	2.2	105.00	231.00
Total Professional Hours and Fees		49.6		25,033.50
Out-of-pocket Expenses				-
Total Fees and Expenses (CAD)				25,033.50



Appendix #2

Work performed from January 1, 2020 to June 19, 2020

Date	Name	Narrative	Hours
1/2/2020	Brown, Rose	Trust Banking Administration - sent Property Mgmt copy the online banking report for Dec/19. Received and input Nov/19 bank GL entries into Ascend. Update GL with various entries for Dec/19	0.6
1/8/2020	Bricks, Hartley	Disc. with N. Hermaj re funds held back for the Prepayment Penalty and the Trial of the Issue	0.2
1/9/2020	Brown, Rose	Trust Banking Administration - Disbursement cheque	0.1
1/14/2020	Bricks, Hartley	Review of corresp from D. Preger re corresp to court regarding requesting dates from court for case conference	0.1
1/17/2020	Bricks, Hartley	Disc. with E. Golden and update current holdback amounts	1.5
1/21/2020	Bricks, Hartley	Review and respond to corresp. from N. Hermaj re future receiver and legal fees	0.2
2/4/2020	Koo, Ada	Prepare Dec. bank reconciliation (2 accounts)	0.2
2/13/2020	Saunders, John	Review email and old unpaid invoice provided by CLV - follow up with CLV and H. Bricks	0.2
2/26/2020	Brown, Rose	Trust Banking Administration - Disbursement cheque	0.2
2/28/2020	Bricks, Hartley	Respond to corresp. from N. Hermaj re update on holdback amounts	0.5
3/2/2020	Bricks, Hartley	Review and respond to corresp. from S. Rubner	0.1
3/3/2020	Brown, Rose	Trust Banking Administration - Disbursement cheque	0.2
3/9/2020	Bricks, Hartley	Update Schedule of funds on hand and forward to E. Golden	0.6
3/10/2020	Koo, Ada	January bank reconciliation	0.1
3/10/2020	Bricks, Hartley	Corresp. with S. Rubner re purchaser re leases; review of corresp. from CLV re water bill	0.2
3/13/2020	Brown, Rose	Trust Banking Administration - Deposit. Email TD To remove account from online banking.	0.4
3/17/2020	Bricks, Hartley	Review and respond to lawyer re Statement of Claim	0.2
3/20/2020	Bricks, Hartley	Review of corresp. re trial of issues	0.2
3/27/2020	Saunders, John	Review emails and legal docs re FN yield maintenance dispute	0.3
4/15/2020	Bricks, Hartley	Review of case conference agenda and submissions from the parties in preparation for case conference	2.3
4/16/2020	Bricks, Hartley	Attend Case Management conference call re Trial of the Issues	2.5

Date	Name	Narrative	Hours
4/28/2020	Brown, Rose	Prepare transfer between accounts and sent to RBC and input into Ascend	0.1
5/4/2020	Bricks, Hartley	Review of various corresp. concerning case conference scheduling and next steps	0.5
5/7/2020	Bricks, Hartley	Review of corresp. concering the case conference and trial and disc. with D. Preger re same	1.2
5/8/2020	Bricks, Hartley	Review of further corresp. re case management; preparation of court report update	1.2
5/14/2020	Bricks, Hartley	Review of corresp from D. Preger regarding case conference matters	0.2
5/15/2020	Bricks, Hartley	Review of various corresp concerning case conference	0.2
5/20/2020	Bricks, Hartley	Prepare materials for court report; review of corresp. re case conference	2.2
5/25/2020	Bricks, Hartley	Prepare ninth report to court	5.0
5/26/2020	Bricks, Hartley	Prepare ninth report to court	4.8
5/27/2020	Bricks, Hartley	Prepare ninth report to court	5.5
5/28/2020	Bricks, Hartley	Prepare ninth report to court	4.0
6/3/2020	Bricks, Hartley	Draft report to court	2.5
6/5/2020	Bricks, Hartley	Prepare statement of receipts and disbursements; review of City of Ottawa water invoice and forward to R. Brown for payment.	6.0
6/5/2020	Brown, Rose	Review payment and confirm City of Ottawa payment.	0.2
6/8/2020	Brown, Rose	Trust Banking Adm. - Print cheque disbursement requests.	0.1
6/9/2020	Brown, Rose	Trust Banking Administration - Disbursement cheque - prepare, print, have signed, scan and sent out.	0.3
6/15/2020	Bricks, Hartley	Disc. with E. Golden re prior cash flow forecast	0.5
6/17/2020	Bricks, Hartley	Review of various corresp. re upcoming hearing	0.2
6/19/2020	Bricks, Hartley	Update report to court and forward to D. Preger for comments	4.0
Total			49.6

Appendix “L”

Fee Affidavit of David Preger of Dickinson Wright LLP sworn June 24, 2020

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

FEE AFFIDAVIT OF DAVID PREGER

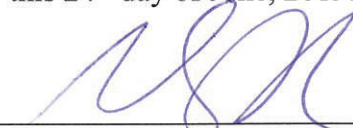
(Sworn June 24, 2020)

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

1. I am a partner with the law firm of Dickinson Wright LLP (“DW”). I have personal knowledge of the matters to which I hereinafter depose unless such knowledge is stated to be on information received from other sources, in which case, I believe such information to be true.
2. DW has acted as independent counsel to Deloitte Restructuring Inc. (the “**Receiver**”), in its capacity as Court-appointed receiver of the assets, undertaking and property of Golden Dragon Ho Inc. and Golden Dragon Ho 11 Inc.

3. DW's fees and disbursements in connection with this matter for the period from August 15, 2019 to June 24, 2020 total \$260,269.71 including HST. Attached hereto and marked as **Exhibit "A"** are true copies of DW's accounts for the period indicated.
4. Attached as **Exhibit "B"** is a chart which summarizes the expertise and area of practice of the lawyers involved in rendering services to the Receiver, their hourly rates charged to the Receiver, as well as the average hourly rate charged. The hourly rates charged to the Receiver by DW are DW's normal hourly rates.

SWORN BEFORE ME at the City
of Toronto, in the Province of Ontario
this 24th day of June, 2019.



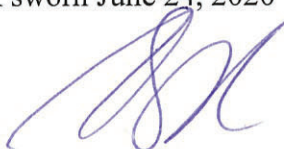
Commissioner for Taking Affidavits
(or as may be)

MARA REDINGER



DAVID PREGER

This is Exhibit "A" referred to in the Affidavit of DAVID
PREGER sworn June 24, 2020



MARK REDFUGE

Commissioner for Taking Affidavits (or as may be)

INVOICE DATE: DECEMBER 19, 2019
 INVOICE NO.: 1436120

 DELOITTE RESTRUCTURING INC.
 22 ADELAIDE STREET WEST
 SUITE 2000
 TORONTO, ONTARIO M5H 0A9
 TORONTO ON

CLIENT/MATTER NO.: 058347-00002

RE: RECEIVERSHIP OF GOLDEN DRAGON HO 10 INC. ET AL.

PRIVILEGED AND CONFIDENTIAL

FOR PROFESSIONAL SERVICES THROUGH DECEMBER 19, 2019

CAD

TOTAL FEES CURRENT INVOICE	\$	189,018.50
TOTAL DISBURSEMENTS CURRENT INVOICE	\$	3,206.10
HST - ONTARIO	\$	24,947.60
TOTAL CURRENT INVOICE	\$	<u>217,172.20</u>

This statement may reflect time and professional services rendered by attorneys or other legal personnel associated with the Firm's international or other affiliate(s). Such attorneys, who are licensed in other jurisdictions, are consulted and serve as legal advisors to the Firm based on their licensed status in such jurisdictions and expertise in particular legal specialties.

CAD Remittance Instructions		
Terms: Due and Payable Upon Receipt		
Mail To:	Electronic Direct Deposits (EFT non-wire payments): (Domestic Only - Canada):	Wire Instructions:
Dickinson Wright LLP 199 Bay Street Suite 2200 Commerce Court West Toronto, ON, M5L 1G4	Royal Bank of Canada 200 Bay Street Toronto, ON Canada M5J 2J5 Bank Number: 003 Branch Number: 00002 Account#: 1056399 (Please Reference Invoice Numbers)	Royal Bank of Canada 200 Bay Street Toronto, ON Canada M5J 2J5 Bank Number: 003 Branch Number: 00002 Account#: 1056399 SWIFT CODE: ROYCCAT2 Sort Code://CC000300002 (Sort Code used only for Non-US Foreign Wires) (Please Reference Invoice Numbers)

RECEIVERSHIP OF GOLDEN DRAGON HO 10 INC. ET AL.
CLIENT/MATTER NO.:058347-00002

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CURRENT INVOICE DETAIL

<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
08/15/19	DPP	Emails to and from Hartley Bricks	0.1	65.00
08/21/19	DPP	Receive and review email from Eric Golden regarding conditions upon which First National and Liahona have agreed to consent to offer by Royal United Investments, receive and review email confirmation from Aaron Rumley, receive and review email from Hartley Bricks to Aaron Rumley, receive and review further email from Eric Golden regarding dates for hearing and notice to be given to City and Ministry of Housing, receive and review email from Eric Golden, email to Hartley Bricks, telephone conference with Hartley Bricks	2.4	1,560.00
08/22/19	PAM	To receipt and review correspondence from Hartley Bricks; to review APS with Royal; to correspondence to Hartley Bricks;	0.5	375.00
08/22/19	DPP	Receive and review emails from Eric Golden and Hartley Bricks, email to Hartley Bricks, receive and review emails from Tina Johanson and Eric Golden regarding dates for sale approval motion in Ottawa, review offer from Royal United, emails to and from Eric Golden regarding outside date for waiver of conditions and closing, telephone conference with Eric Golden, receive and review emails from Hartley Bricks, telephone conference with Hartley Bricks	2.2	1,430.00
08/23/19	DPP	Receive and review emails between Hartley Bricks and Nico Zentil and David Montessor regarding Royal United concerns with security over chattels, emails from and to Hartley, telephone conference with Hartley Bricks, receive and review email from Hartley Bricks to Esther Berglas	1.1	715.00
08/26/19	DPP	Emails from and to Hartley Bricks, receive and review email from Eric Golden, receive and review email between David Montessor and Hartley Bricks, emails to and from Paul Muchnik regarding instruments to deleted from title, receive and review emails from Esther Berglas, telephone conference with Esther Berglas regarding title issues, email to Esther Berglas, receive and review amended offer to purchase from Royal United and email from Hartley Bricks, telephone conference with Hartley Bricks	2.5	1,625.00
08/26/19	PAM	To receipt and review correspondence from Hartley Bricks; to review and revise APS; to correspondence to Hartley Bricks; to receipt and review correspondence from Esther Berglas; to correspondence to Esther Berglas;	1.5	1,125.00
08/26/19	PAM	To corespondence with David Preger in respect to permitted encumbrances to be deleted;	0.5	375.00

RECEIVERSHIP OF GOLDEN DRAGON HO 10 INC. ET AL.
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INVOICE DATE: DECEMBER 19, 2019
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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
08/27/19	DPP	Receive and review emails between Hartley Bricks and Nico Zenil, telephone conference with Hartley Bricks, receive and review executed agreement of purchase and sale from Hartley Bricks, receive and review email from Hartley Bricks to Chris Sebben and Aaron Rumley summarizing timeliness under the agreement of purchase and sale, receive and review emails from Eric Golden to Tina Johanson confirming that sale approval motion will proceed on September 23, 2019 at 4:15 pm	1.3	845.00
08/28/19	DPP	Receive and review email from Brent Whitty of Ministry of Municipal Affairs and Housing to Shua Rubner, emails from and to Hartley Bricks regarding how to deal with assignment of affordable housing agreements, telephone conference with Hartley Bricks, receive and review email from Hartley Bricks to service list summarizing deadlines under the agreement of purchase and sale	1.6	1,040.00
08/29/19	DPP	Receive and review email from Hartley Bricks to Shua Rubner and Esther Berglas	0.2	130.00
08/30/19	DPP	Receive and review emails between Eric Golden and Martin Diegel	0.2	130.00
09/03/19	DPP	Receive and review emails between Shua Rubner and Hartley Bricks	0.1	65.00
09/03/19	PAM	To receipt and review correspondence from Esther Berglas; to correspondence to and from Hartley Bricks; to correspondence to Esther Berglas;	1.0	750.00
09/05/19	DPP	Receive and review email from Hartley Bricks regarding chattels	0.1	65.00
09/06/19	PAM	To confer and correspond with David Preger regarding chattels;	0.3	225.00
09/06/19	MBT	Reviewing offer and email to P. Muchnik re same	0.3	105.00
09/06/19	DPP	Confer with Paul Muchnik, receive and review email from Paul Muchnik regarding chattels	0.3	195.00
09/08/19	DPP	Receive and review email from Hartley Bricks requesting opinions regarding Liahona's security and security held by City and Ministry, email to Hartley Bricks	0.3	195.00
09/09/19	DPP	Receive and review email from Hartley Bricks, telephone conference with Hartley Bricks	0.2	130.00
09/09/19	PAM	To review correspondence from David Preger regarding division of net sale proceeds;	0.4	300.00
09/09/19	DPP	Review December 22, 2017 Order of Hackland J. regarding approval of fees, email to Hartley Bricks, email to Lisa Corne and Paul Muchnik regarding terms upon which First National and Liahona have agreed to split sale proceeds, receive and review email from Eric Golden	1.4	910.00

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INVOICE DATE: DECEMBER 19, 2019

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
09/09/19	LSC	Review email from D.Preger regarding security opinion on Liahona security and discuss same with P. Muchnick	0.4	260.00
09/09/19	PAM	To receipt and review correspondence from Hartley Bricks; to review parcel abstracts; to review security of Liahona Mortgage Investment Corporation;	1.0	750.00
09/10/19	DPP	Receive and review from Esther Berglas Royal United's extension of condition date from September 11, 2019 to September 26, 2019, review agreement of purchase and sale, telephone conference with Hartley Bricks, receive and review email from Hartley Bricks to Esther Berglas, receive and review email from Eric Golden	0.7	455.00
09/10/19	LSC	Confer with H. Bricks and P. Muchnk regarding security opinions in respect of Liahona and City of Ottawa and firther documents required, and review same ,	0.5	325.00
09/10/19	GSC	Obtain PPSA and corporate profile report for Golden Dragon Ho 11 Inc.;	0.2	48.00
09/10/19	PAM	To receipt and review correspondence from Esther Berglas; to correwspondence to and from Hartley Bricks; to correspondence to Esther Berglas; to continue review of Liahona security; to prepare draft opinion letter on validity of Liahona security;	2.7	2,025.00
09/11/19	DPP	Receive and review emails from Hartley Bricks and Paul Muchnik	0.2	130.00
09/11/19	LSC	Review draft security opinion regarding Liahona and revise same	1.0	650.00
09/11/19	PAM	To receipt and review correspondence from Hartley Bricks; to discussions with Lisa Come; to review City of Ottawa security; to prepare opinion letter on City of Ottawa security;	1.0	750.00
09/11/19	GSC	Obtain PPSA and corporate profile for Golden Dragon Ho 10 Inc.;	0.2	48.00
09/12/19	DPP	Receive and review draft Seventh Report from Hartley Bricks	0.8	520.00
09/12/19	DPP	Receive and review emails between Shua Rubner and Hartley Bricks, telephone conference with Hartley Bricks	0.3	195.00
09/12/19	LSC	Meet with A. Skinner and review memo regarding draft security opinion and revise same ; review and revise draft receiver's seventh report	1.2	780.00
09/12/19	PAM	To review and revise opinion letters for Liahona and City of Ottawa; to discussions with opinions committee; to correspondence to Hartley Bricks;	1.0	750.00
09/12/19	AJS	Further office conference P. Muchnik re "assumption agreement" issue; advise re inclusion of amount secured; office conference L. Come;	0.2	131.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
09/12/19	AJS	Reviewing comments with L. Corne;	0.3	196.50
09/12/19	SJW	Review opinion and provide comments	0.2	144.00
09/12/19	GSC	Obtain corporate profile Quex Property Corporation;	0.2	48.00
09/12/19	AJS	REview draft opinions re Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc.; brief office conference S. Wallace; telephone L. Corne re general comments; prepare detailed memo of comments to P. Muchnik;	1.3	851.50
09/13/19	DPP	Receive and review emails from Lisa Corne and Hartley Bricks	0.2	130.00
09/13/19	PAM	To receipt and review correspondence from hartley bricks; to correspondence to and from Esther berglas; to telephone conversation with esther berglas; to correspondence to Hartley Bricks;	1.0	750.00
09/13/19	AJS	Review issues re possible suing on covenant in context of assumed mortgage (and original mortgage); office conference L. Corne;	0.3	196.50
09/13/19	LSC	Meeting with A. Skinner and Confer with P. Muchnik regarding revisions to security opinions	1.0	650.00
09/16/19	DPP	Receive and review emails from Eric Golden and Hartley Bricks regarding new dates for sale approval motion	0.2	130.00
09/16/19	DPP	Receive and review correspondence from City of Ottawa, telephone conference with Hartley Bricks	0.3	195.00
09/16/19	LSC	Meeting with A.. skinner to review security opinions and revise and finalize same	0.5	325.00
09/16/19	AJS	Review revised draft opinion for Opinion Committee; transmit e-mail to L. Corne with final requested changes;	0.4	262.00
09/16/19	LSC	Meeting with A. Skinner and reviewing comments on draft opinion prepared by P. Muchnik; revising opinions accordingly, confer with P.Muchnik re same ; email with H. bricks regarding timing and adjournment of motion date	1.5	975.00
09/17/19	DPP	Receive and review email between Shua Rubner and Hartley Bricks, receive and review email from paul Muchnik, telephone conference with Hartley Bricks, emails from and to Hartley Bricks regarding alleged non-compliance with affordable housing agreements, emails from and to Eric Golden confirming October 3 is available for sale approval motion, receive and review email from Paul Muchnik	1.4	910.00
09/17/19	LSC	Further discussions with A. Skinner and P.Muchnik , and review and revise security opinions accordingly	1.0	650.00
09/17/19	AJS	Revie second draft opinion, not confirming comments; telephone L. Corne;	0.3	196.50

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
09/17/19	PAM	To receipt and review correspondence from hartley bricks; to review file; to correspondence to hartley Bricks; to review joint use agreement and amendment to agreement;	0.5	375.00
09/18/19	DPP	Receive and review email from Shua Rubner to Hartley Bricks requesting extension of closing date due to Jewish holidays, telephone conference with Hartley Bricks, receive and review emails from Hartley Bricks and Paul Muchnik regarding closing date	0.6	390.00
09/18/19	PAM	To receipt and review correspondence from hartley Bricks; to receipt and review correspondence from Esther Berglas; to finalize opinion letters for Liahona and City of Ottawa security; to correspondence to hartley Bricks; to correspondence to Esther Berglas;	1.0	750.00
09/18/19	AJS	Meeting with L. Corne to finalize opinions; memo to file;	0.4	262.00
09/19/19	DPP	Receive and review email from Esther Berglas regarding companies in which Royal United wishes to take title, receive and review email from Martin Diegel and offer to purchase for \$16.5 million, email to Hartley Bricks, emails from and to Eric Golden and Hartley Bricks, telephone conference with Hartley Bricks, telephone conference with Eric Golden, email to Martin Diegel	2.4	1,560.00
09/19/19	DPP	Receive and review email from Hartley Bricks regarding unauthorized short term rental ads, telephone conference with Hartley Bricks regarding insurance, receive and review email from Hartley bricks to Erin Murphy regarding insurance	0.5	325.00
09/20/19	DPP	Receive and review email from Hartley Bricks regarding unauthorized short term rental ads, telephone conference with Hartley Bricks	0.2	130.00
09/20/19	DPP	Receive and review motion record and June 11, 2018 Order of Hackland J. expunging third mortgage	0.7	455.00
09/23/19	DPP	Receive and review email from Hartley Bricks to Shua Rubner, receive and review email from, Esther Berglas regarding closing on October 11, telephone conference with Hartley Bricks	0.4	260.00
09/24/19	DPP	Emails from and to Hartley Bricks, review and revise Seventh Report	1.1	715.00
09/25/19	DPP	Emails from and to Eric Golden and Hartley, emails from and to Hartley Bricks, review and revise Seventh Report, email to Hartley Bricks and John Saunders, telephone conference with Hartley Bricks, emails from and to Eric Golden, emails from and to Hartley Bricks, conference call with Eric Golden and Hartley Bricks	5.9	3,835.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
09/26/19	DPP	Emails to and from Eric Golden, telephone conference with Hartley Bricks, review and revise Seventh Report, telephone conference with Esther Berglas, email to Hartley Bricks, receive and review emails from Nico Zentil and Hartley Bricks, emails from and to Eric Golden, telephone conference with Hartley Bricks, receive and review email from Esther Berglas requesting conference call to discuss extension of closing date, receive and review emails from Hartley Bricks and Esther Berglas, telephone conference with Hartley Bricks, receive and review email from Esther Berglas, email to Esther Berglas to inquire if purchasers will be assuming housing agreement, receive and review response from Esther Berglas, telephone conference with Hartley Bricks, emails to and from Esther Berglas, receive and review waiver of due diligence conditions from Esther Berglas, telephone conference with Hartley Bricks emails from and to Hartley Bricks and Esther Berglas regarding Direction re: Title, emails to and from Esther Berglas, receive and review emails from Paul Muchnik and Esther Berglas, emails from and to Hartley Bricks	7.6	4,940.00
09/26/19	PAM	To receipt and review correspondence from Hartley Bricks; to discussions with David Preger; to telephone conversations with Esther Berglas; to correspondence to and from Esther Berglas; to prepare amendment to APS;	1.5	1,125.00
09/27/19	PAM	To confer with David Preger;	0.5	375.00
09/27/19	PAM	To correspondence from and to Esther Berglas; to telephone conversation with Esther Berglas; to receipt and review correspondence from Norm Winter; to review parcel abstracts; to telephone conversations with Norm Winter; to revise amendment to APS; to correspondence to Norm Winter; to review and revise vesting order;	2.5	1,875.00
09/27/19	JXC	Drafting Schedule to vesting order; discussion with D. Preger and P. Muchnik re same	1.2	270.00
09/27/19	DPP	Receive and review amended Seventh Report from Hartley Bricks, telephone conference with Hartley Bricks, review and revise Seventh Report, email to Hartley Bricks for signature, receive and review email from Paul Muchnik, email to Hartley Bricks, telephone conference with Hartley Bricks, confer with Paul Muchnik, email to Esther Berglas, prepare Approval and Vesting Order, email to Esther Berglas to review and approve, prepare Notice of Motion	8.4	5,460.00
09/27/19	DPP	Receive and review emails from John Saunders and Hartley Bricks regarding termination of property management agreement	0.2	130.00
09/30/19	DPP	Receive and review email from Geneviève Langlais	0.2	130.00
09/30/19	PAM	To confer with David Preger regarding Telus lease;	0.2	150.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
09/30/19	DPP	Receive and review email from Kevin Hickman of Telus, confer with Paul Muchnik, email to Kevin Hickman, receive and review email from Geneviève Langlais, email to John Saunders, emails from and to Martin Diegel, receive and review email from John Saunders regarding release of confidential appendices, email to John Saunders	1.1	715.00
10/01/19	DPP	Emails from and Martin Diegel regarding request to review confidential appendices to Seventh Report, emails from and to Hartley Bricks regarding production of confidential appendices to Martin Diegel, emails from and to Hartley Bricks regarding latest rent roll, telephone conference with John Saunders, receive and review undertaking from Martin Diegel to hold confidential appendices in confidence, email confidential appendices to Martin Diegel, receive and review emails from Geneviève Langlais	1.4	910.00
10/01/19	PAM	To receipt and review correspondence from Kevin Hickman; to review schedules to APS; to correspondence to Kevin Hickman;	0.5	375.00
10/02/19	DPP	Emails from and to John Saunders, emails from and to Geneviève Langlais regarding possibility of continuation of affordable housing program, telephone conference with Geneviève Langlais, emails to and from Tina Johanson, receive and review adjournment request from Martin Diegel with respect to sale approval motion returnable on October 3, emails from and to Geneviève Langlais regarding agreement reached with respect continuation of affordable housing program and amendments to approval and vesting order with respect to encumbrances to remain on title, emails from and to Hartley Bricks regarding impact on distribution of sale proceeds, confer with Paul Muchnik, telephone conference with Eric Golden, receive and review emails between Martin Diegel and Eric Golden regarding allocation of prepayment penalties and regarding concerns expressed by Tom Conway to Eric Golden, receive and review correspondence from Tom Conway, emails to and from Tom Conway, receive undertaking from Tom Conway to hold confidential appendices in confidence, email confidential appendices to Tom Conway, receive and review email from Hartley Bricks, telephone conference with Tom Conway, receive and review motion confirmation form from Martin Diegel seeking adjournment, emails from and to Eric Golden, , receive and review email from Paul Muchnik, email to Esther Berglas, prepare Supplemental Report to Seventh Report, email draft Supplemental Report to service list, receive and review revised amendment to agreement of purchase and sale from Esther Berglas, receive and review signed amendment from Shua Rubner, email to Norman Winter and Esther Berglas to request that draft Approval and Vesting Order meets with their approval	9.7	6,305.00
10/02/19	PAM	To confer with David Preger;	0.4	300.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
10/02/19	JXC	Editing and reviewing supplemental report to the seventh receiver with D. Preger	1.2	270.00
10/02/19	PAM	To receipt and review requisition letter of esther berglas; to review file and APS; to prepare response to requisition letter; to prepare draft closing documents; to correspondence to Esther berglas; to telephone conversations with esther Berglas; to correspondence to and from Genevieve Langlais; to review and revise revised vesting order;	2.0	1,500.00
10/03/19	DPP	Email motion record to Paul Casey, emails from and to Tom Conway, receive and review Affidavit of Chi Ho, emails to and from John Saunders, emails from and to Nico Zentil, email executed Supplemental Report to service list, emails to and from Tina Johanson, receive and review Affidavit of Chi Ho from Martin Diegel, emails to and from Hartley Bricks and John Saunders, emails from and to Esther Berglas, receive and review email from receive and review email from Geneviève Langlais, telephone conference with John Saunders travel to Ottawa and prepare for sale approval motion, Court appearance before Hackland J., email to service list to advise that motion has been adjourned to October 10 at 10:00 am and request that all further material be served and filed according to timetable discussed in Court, receive and review email from receive and review email from Geneviève Langlais, return to Toronto	12.2	7,930.00
10/03/19	PAM	To correspondence from and to Esther Berglas; to correspondence to and from John Saunders; to telephone conversations with Esther berglas;	1.0	750.00
10/04/19	DPP	Emails from and to Hartley Bricks regarding court appearance on October 3, receive and review email from Geneviève Langlais requesting estimate of anticipated allocation to City and Ministry if First National is determined to not be entitled to prepayment fees, telephone conference with Geneviève Langlais, telephone conference with John Saunders, receive and review calculation from Hartley Bricks, receive and review unsworn affidavit of Aaron Rumley, emails from and to Eric Golden, telephone conference with Eric Golden, receive and review revised offer from Abad Hamam, email to Hartley Bricks and John Saunders, emails from and to John Saunders, receive and review undertaking from Ryan Garrett, email confidential appendices to Ryan Garrett, email confidential appendices to Geneviève Langlais , telephone conference with Esther Berglas	5.7	3,705.00
10/05/19	DPP	Receive and review emails from Eric Golden and Hartley Bricks, review chain of communication with Liahona	1.5	975.00

IN ACCOUNT WITH



199 BAY STREET, SUITE 2200
P.O. BOX 447, COMMERCE COURT POSTAL STATION
TORONTO, ON CANADA M5L 1G4
TELEPHONE: (416) 777-0101
<http://www.dickinsonwright.com>
GST/HST NUMBER: 831204003 RT0001

RECEIVERSHIP OF GOLDEN DRAGON HO 10 INC. ET AL.
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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
10/06/19	DPP	Emails to and from Eric Golden regarding potential cross-examination and timetable, emails from and to Sean Dewart	0.5	325.00
10/07/19	DPP	Telephone conference with Tina Johanson, emails to and from Tina Johanson, email to service list to advise that Hackland J. is available at 10 am on Friday, October 11 to hear Receiver's sale approval motion, receive and review emails from Geneviève Langlais, Tom Conway, emails to and from Ryan Garrett, telephone conference with Martin Diegel, mail to service list to advise that Receiver's sale approval motion will proceed before Hackland J. at 10 am on Friday, October 11, receive and review Affidavit of Chard Kopach from Eric Golden, emails from and to Tom Conway regarding cross-examinations, receive and review email from Hartley Bricks, telephone conference with Eric Golden, receive and review emails from Sean Dewart, receive and review from Geneviève Langlais confirming that purchaser will be assuming affordable housing agreements and City and Ministry will forgo their allocation of funds, email to Hartley bricks and John Saunders, receive and review email from receive and review email from Geneviève Langlais	4.4	2,860.00
10/08/19	DPP	Receive and review emails from Sean Dewart and Tom Conway, email to all counsel regarding materials and cross-examinations, draft Second Supplemental Report, email to John Saunders	3.1	2,015.00
10/09/19	DPP	Receive and review email with amendments to Second Supplemental Report from Hartley Bricks, revise Second Supplemental Report, email to John Saunders for signature, further review and revise Second Supplemental Report, emails to and from Jacky Cheung regarding Second Supplemental Report, receive and review email from Sean Dewart	4.8	3,120.00
10/09/19	DPP	Receive and review factum of book of authorities from Sean Dewart	1.2	780.00
10/09/19	JXC	Circulating and revising second supplemental report of the receiver	0.4	90.00
10/10/19	DPP	Revise Second Supplemental Report, emails to and from Hartley Bricks, emails from and to Norman Winter, receive and review email from John Saunders, telephone conference with Karen Perron, emails to and from Karen Perron, receive and review email from Geneviève Langlais and assignment and assumption agreements with City and Ministry, emails from and to Tina Johanson, confer with Paul Muchnik and amend assignment and assumption agreements, emails from and to Esther berglas, travel to Ottawa, meet with Sean Dewart and Eric Golden to prepare for motion	11.8	7,670.00

IN ACCOUNT WITH



199 BAY STREET, SUITE 2200
P.O. Box 447, COMMERCE COURT POSTAL STATION
TORONTO, ON CANADA M5L 1G4
TELEPHONE: (416) 777-0101
<http://www.dickinsonwright.com>
GST/HST NUMBER: 831204003 RT0001

RECEIVERSHIP OF GOLDEN DRAGON HO 10 INC. ET AL.
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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
10/10/19	JXC	Circulating second supplemental report of the receiver	0.3	67.50
10/10/19	PAM	To receipt and review correspondence from Genevieve Langlais; to review and revise assignment and assumption of affordable housing agreements; to discussions with David Preger;	1.5	1,125.00
10/11/19	DPP	Review and revise Approval and Vesting Order, appear before Hackland J. on sale approval motion, emails to and from Hartley Bricks, return to Toronto	11.9	7,735.00
10/15/19	DPP	Receive and review emails from Paul Muchnik and Hartley Bricks regarding closing issues, receive and review emails from Hartley Bricks and Eric Golden, emails from and to Hartley Bricks regarding giving notice of closing date to service list, telephone conference with Hartley Bricks, telephone conference with Eric Golden, emails to and from Karen Perron	2.9	1,885.00
10/15/19	MBT	Reviewing rental rate increases 2019 and interest rates on rental deposits; interoffice meeting with P. Muchnik re same	0.4	140.00
10/15/19	PAM	To telephone conversations with Nerissa Shareer-Mohammed; to receipt and review correspondence from nerissa; to correspondence to and from Hartley bricks; to correspondence to Nerissa; to prepare draft closing documents;	2.0	1,500.00
10/16/19	DPP	Receive and review emails from Shua Rubner and Hartley Bricks regarding insurance, receive and review emails from Paul Muchnik and Hartley Bricks regarding closing issues, receive and review email from Geneviève Langlais, review motion materials, telephone conference with Hartley Bricks, confer with Paul Muchnik, receive and review emails from Norman Winter	2.3	1,495.00
10/16/19	PAM	To confer with David Preger;	0.4	300.00
10/16/19	PAM	To telephone conversations with Nerissa and Norm Winter; to prepare statement of adjustments; to correspondence to and from nerissa; to correspondence to and from Norm Winter; to correspondence to and from Hartley bricks; to prepare applications to register vesting order; to correspondence to and from Ross Ramgoolam; to telephone conversation with Ross Ramgoolam;	3.0	2,250.00

IN ACCOUNT WITH

DICKINSON WRIGHT LLP

199 BAY STREET, SUITE 2200
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TELEPHONE: (416) 777-0101
<http://www.dickinsonwright.com>
GST/HST NUMBER: 831204003 RT0001

RECEIVERSHIP OF GOLDEN DRAGON HO 10 INC. ET AL.
CLIENT/MATTER NO.:058347-00002

INVOICE DATE: DECEMBER 19, 2019
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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
10/17/19	DPP	Revise Approval and Vesting Order, telephone conference with Karen Perron, telephone conference with Tina Johanson, email to Tina Johanson to have Hackland J. sign Amended and Restated Approval and Vesting Order, emails from and to Tina Johanson email amendment to agreement of purchase and sale to Hartley Bricks for signature, receive and review signed amendment from Hartley Bricks, email to service list to advise that the Receiver intends to complete transaction on October 18, 2019, receive and review emails from Paul Muchnik and Hartley Bricks, confer with Paul Muchnik, receive and review signed Amended and Restated Approval and Vesting Order, email to service list, receive and review notice of appeal from Martin Diegel, receive and review emails from Hartley Bricks and Eric Golden, telephone conference with Eric Golden, review appeal regime under BIA, emails to and from Hartley Bricks, email to Eric Golden, receive and review emails from Norman Winter and Paul Muchnik	6.9	4,485.00
10/17/19	MBT	Meeting with H. Bricks to execute closing documents; reviewing and revising SOA	1.5	525.00
10/17/19	PAM	To correspondence from and to Norm Winter; to revise statement of adjustments; to correspondence to and from Nerissa; to correspondence to and from Hartley Bricks; to receipt and review revised affordable housing assumption agreements; to correspondence to Genevieve Langlais; to telephone conversations with Norm Winter and Nerissa; to review correspondence from property managers; to further revise statement of adjustments; to finalize closing documents;	3.0	2,250.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
10/18/19	DPP	Emails from and to Eric Golden, receive and review email from Hartley Bricks, receive and review emails from Norman Winter and Paul Muchnik, telephone conference with Hartley Bricks, email to Norman Winter and Esther Berglas to advise that Receiver will be extending closing date in view of receipt of notice of appeal, telephone conference with Eric Golden, email to Martin Diegel to request Court File number for appeal and to advise that Receiver will be moving before a single judge of the Court of Appeal for directions on the issue of whether leave to appeal is required pursuant to s. 193 of the BIA and/or whether the Amended and Restated Approval and Vesting Order is or should be stayed, receive and review draft report from Hartley Bricks on motion for directions with respect to the appeal, confer with Paul Muchnik, receive and review email from Paul Muchnik confirming extension of closing date to October 30, email to Tina Johanson to advise that reasons will be required from Hackland J. for purposes of motion in the Court of Appeal and to request reasons as soon as possible, receive and review email from Norman Winter, email from and to Tina Johanson, emails from and to Geneviève Langlais	5.1	3,315.00
10/18/19	PAM	To correspondence from and to Hartley Bricks; to discussions with David Preger; to correspondence to and from Norm Winter; to correspondence to and from Nerissa; to telephone conversations with Norm Winter and Nerissa;	1.5	1,125.00
10/21/19	DPP	Receive and review revised draft report from Hartley Bricks, telephone conference with Hartley Bricks regarding carrying costs associated with delaying closing, receive and review further revised draft report from Hartley Bricks, receive and review certificate respecting evidence from Martin Diegel, emails from and to Hartley Bricks	1.1	715.00
10/22/19	DPP	Email to Tina Johanson to request status update regarding Hackland J.'s reasons	0.2	130.00
10/23/19	DPP	Receive and review email from Tina Johanson, receive and review endorsement of Hackland J., emails to and from Hartley Bricks, telephone conference with Hartley Bricks	0.8	520.00
10/23/19	PAM	To telephone conversations with Norm Winter; to correspondence from and to Norm Winter;	0.5	375.00
10/24/19	DPP	Email to Martin Diegel to request Court of Appeal file number, emails from and to Martin Diegel regarding possible dates for motion before single judge of the Court of Appeal, receive and review email from Hartley Bricks, receive and review further revised draft report from Hartley Bricks, review Third Eye Capital decision of Court of Appeal for Ontario, emails to and from Hartley Bricks	2.9	1,885.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
10/25/19	DPP	Confer with Lisa Come regarding legal issues on motion for directions to a single Judge of the Court of Appeal, instruct David Seifer to obtain caselaw, telephone conference with Martin Diegel, email to Martin Diegel, emails from and to Norman Winter regarding scheduling of motion before a single judge of the Court of Appeal on November 4, 2019 and to advise that closing date will be extended to November 5	2.7	1,755.00
10/25/19	LSC	Conference with D. Preger and consider issues raised by appeal, review relevant court orders and law regarding jurisdiction and appeal of approval and vesting orders in receivership, meet with D. Seifert to. Review and comment on draft factum, revising same,	4.0	2,600.00
10/25/19	DZS	Research law re jurisdictional authority to grant approval of sale and vesting order under Courts of Justice Act vs. Bankruptcy and Insolvency Act; draft law portion of factum for directions at court of appeal re notice of appeal;	5.3	1,510.50
10/25/19	DZS	Review endorsement of Justice Hackland dated October 23, 2019; instructions from D. Preger to retrieve caselaw re requirement for leave to appeal; retrieve cases; instructions from L. Come to draft law portion of factum;	1.5	427.50
10/28/19	DPP	Receive and review email from Hartley Bricks, telephone conference with Hartley Bricks, review and revise Eighth Report	4.6	2,990.00
10/28/19	DZS	Review and revise Factum re motion for directions re jurisdiction of appellate court;	0.6	171.00
10/28/19	LSC	Reviewing law regarding appeal from sale approval and vesting order and specific orders in the cae under section 47 and developing argument in support of receiver's motion for directions regarding same; confer with D. Preger and D. Seifer re same	3.5	2,275.00
10/28/19	DZS	Review and revise factum of receiver re motion for directions;	3.8	1,083.00
10/29/19	DPP	Review and revise Eighth Report, email to Hartley Bricks, telephone conference with Hartley Bricks, emails and from Hartley Bricks, confer with Lisa Come, review and revise factum, emails from and to Geneviève Langlais	9.1	5,915.00
10/29/19	DZS	Draft Notice of Motion re motion for directions re applicable appeal route;	1.4	399.00
10/29/19	DZS	Conduct research re motion to stay order pending appeal under rule 63.02 of Rules of Civil Procedure; review and revise factum of Receiver re motion for directions; review eight report of Receiver;	6.8	1,938.00
10/29/19	DZS	Conduct revisions to factum re comments to Eighth Receiver's Report;	0.6	171.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
10/29/19	DZS	Review and revise Notice of Motion and Factum re motion for directions;	1.2	342.00
10/29/19	DZS	Draft Overview and Fact Section of Factum re motion for directions; complete citations re same;	1.9	541.50
10/29/19	LSC	Continued review of recent case law regarding appeal from approval and vesting order and factum for receiver's motion and confer with D. Preger regarding analysis and application in this case, review and comment on draft report and draft factum	3.5	2,275.00
10/30/19	DPP	Receive and review revisions to Eighth Report from Hartley Bricks, emails to and from Hartley Bricks, finalize Eighth Report, email to Hartley Bricks for signature, receive signed report from Hartley Bricks, receive and review emails from Shua Rubner and Hartley Bricks, emails from and to Hartley Brooks regarding security for costs of appeal, review and revise Notice of Motion, confer with David Seifer, review and revise Factum, emails from and to Karen Perron, telephone conference with Karen Perron	5.6	3,640.00
10/30/19	PAM	To correspondence from and to Hartley Bricks; to correspondence from and to Norm Winter; to discussions with Melissa Tayar;	0.5	375.00
10/30/19	DZS	Review, revise and finalize Factum re motion returnable Monday November 4, 2019 at Court of Appeal; meet with D. Preger re same; prepare Book of Authorities re same; review, revise and finalize notice of motion;	7.9	2,251.50
10/30/19	DZS	Review and revise factum and notice of motion re motion for directions; conduct edits re same;	1.7	484.50
10/31/19	DPP	Receive and review emails from Shua Rubner, Hartley Bricks and Paul Muchnik regarding laundry machines, email to Hartley Bricks, email telephone conference with Hartley Bricks, email Court of Appeal File number to service list, receive and review email from Karen Perron	0.8	520.00
10/31/19	PAM	To receipt and review correspondence from Hartley Bricks. To review APS; to correspondence to Hartley Bricks; to correspondence from and to Norm Winter.	0.5	375.00
10/31/19	DZS	Prepare and bind motion materials; travel to and from Court of Appeal for Ontario to file materials;	1.3	370.50
11/01/19	DPP	Receive and review emails from Hartley Bricks and Shua Rubner, emails to and from Tom Conway, receive and review factum from Martin Diegel, emails to and from Eric Golden, emails to and from Hartley Bricks, receive and review email from Geneviève Langlais	0.8	520.00
11/03/19	DPP	Emails from and to Hartley Bricks, emails from and to Karen Perron, review materials, prepare for motion	5.1	3,315.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
11/04/19	DPP	Continued preparation for motion, emails from and to Hartley Bricks, court appearance before Fairburn J.A., receive and review endorsement of Fairburn J.A., emails to and from Hartley Bricks,	4.3	2,795.00
11/04/19	DZS	Attend motion for directions at Court of Appeal for Toronto;	2.2	627.00
11/05/19	DPP	Receive and review estimated allocation of sale proceeds from Hartley Bricks, receive and review emails from Melissa Tayar and Hartley Bricks, emails from and to Karen Perron	0.6	390.00
11/05/19	PAM	To receipt and review correspondence from Hartley Bricks; to correspondence to norm Winter; to review rent roll; to revise statement of adjustments; to correspondence from and to John Saunders;	1.0	750.00
11/05/19	MBT	Email correspondence with H. Bricks re rent adjustments	0.7	245.00
11/06/19	DPP	Receive and review emails from Hartley Bricks regarding First National expenses, laundry machines, emails from and to Hartley Bricks regarding holdback for laundry machines, receive and review email from Eric Golden, receive and review letter from Court of Appeal, prepare letter to Court of Appeal regarding timing of posting of reasons	1.0	650.00
11/06/19	PAM	To receipt and review correspondence from Hartley Bricks; to review updated rent rolls; to revise statement of adjustments; to correspondence to and from Esther berglas; to correspondence to Hartley Bricks; to correspondence from and to Nerissa; to telephone conversations with Esther Berglas;	2.0	1,500.00
11/07/19	PAM	To confer with David preger;	0.3	225.00
11/07/19	DPP	Receive and review First National payout statements from Eric Golden, Administration and Distribution Order, receive and review updated the distribution schedule from Hartley Bricks, emails from and to Hartley Bricks and Eric Golden, confer with Paul Muchnik, revise Administration and Distribution Order, email to Hartley Bricks to review	3.8	2,470.00
11/07/19	PAM	To correspondence from and to John Saunders; to correspondence to and from Hartley bricks; to correspondence to and from Esther berglas; to review upodated rent roll and revenue statement; to revise statement of adjustments; to telephone conversations with Esther berglas; to correspondence from and to Nerissa; to telephone conversation with Nerissa; to attend to all matters on closing;	2.5	1,875.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
11/08/19	DPP	Receive and review Eric Golden's proposed revisions to Administration and Distribution Order, conference call with Hartley Bricks and Eric Golden regarding interim distributions, review and revise Administration and Distribution Order, email to Hartley Bricks and Eric Golden to review approve, telephone conference with Hartley Bricks, revise Administration and Distribution Order, email service list to advise transaction was completed on October 8 and attaching Administration and Distribution Order for review and approval, emails from and to Martin Diegel, receive and review email from Martin Diegel requesting hard numbers, email to Hartley Bricks, receive and review calculation from Hartley Bricks, receive and review emails from Eric Golden, emails from and to Hartley Bricks, email to service list to respond to Martin Diegel's query, receive and review email from Geneviève Langlais	6.1	3,965.00
11/08/19	PAM	To receipt and review correspondence from Esther Berglas; to correspondence to and from Hartley Bricks; to correspondence to City of Ottawa tax department; to correspondence to and from John Saunders; to telephone conversations with Esther Berglas; to attend to all post closing matters;	1.5	1,125.00
11/10/19	DPP	Emails from and to Tom Conway, emails from and to Eric Golden	0.4	260.00
11/11/19	DPP	Receive and review email from Tom Conway, receive and review email from Hartley Bricks, telephone conference with Hartley Bricks, receive and review emails from Eric Golden, emails from and to Hartley Bricks, email to Tom Conway regarding proposed reserves	1.9	1,235.00
11/12/19	DPP	Receive and review email from Tom Conway regarding concerns with Administration Order, proposed allocations, reserves and amounts to be paid, receive and review emails from Esther Berglas, Paul Muchnik and Hartley Bricks, telephone conference with Heartedly Bricks, telephone conference with Eric Golden, email to Tom Conway to respond to concerns, receive and review further email from Tom Conway, review First National payout calculations, emails to and from Hartley Bricks, telephone conference with Hartley Bricks, telephone conference with Eric Golden, email First National payout calculations to Tom Conway, emails to and from Hartley Bricks, receive and review emails between Hartley Bricks and Eric Golden	5.5	3,575.00
11/12/19	PAM	To receipt and review correspondence from Esther Berglas regarding post closing adjustments; to review statement of adjustments; to correspondence to and from Hartley bricks; to correspondence to Esther berglas; to telephone conversation with Esther Berglas;	1.0	750.00

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11/13/19	DPP	Emails from and to Hartley Bricks, telephone conference with Hartley Bricks, emails to and from Tom Conway, receive and review Liahona's spreadsheet calculation, email to Hartley Bricks	1.3	845.00
11/14/19	PAM	To receipt and review correspondence from Esther Berglas; to correspondence to and from Hartley Bricks; to correspondence to Esther Berglas; to telephone conversation with Esther Berglas;	0.5	375.00
11/15/19	DPP	Receive and review revised calculation from Hartley Bricks, receive and review emails from Eric Golden and Hartley Bricks, emails from and to Hartley Bricks, telephone conference with Hartley Bricks, receive and revised revised calculations from Hartley bricks with notes, receive and review emails from Eric Golden and Hartley Bricks, telephone conference with Hartley Bricks, email updated distribution schedule to Tom Conway	3.1	2,015.00
11/17/19	DPP	Emails from and to Tom Conway	0.2	130.00
11/18/19	DPP	Revise Administration and Distribution Order, emails to and from Tom Conway	0.4	260.00
11/19/19	DPP	Receive and review email from Hartley Bricks, emails to and from Eric Golden, revise Administration and Distribution based on Tom Conway's requests, email to Hartley Bricks and Tom Conway to review and approve, receive and review emails from Eric Golden and Hartley Bricks allocation of reserves, emails to and from Eric Golden, receive and review email from Hartley Bricks, emails from and to Hartley Bricks regarding affordable housing payments, telephone conference with Hartley Bricks, emails from and to Tom Conway confirming approval of Administration and Distribution Order, email Administration and Distribution Order to Tina Johnason for signature by Hackland J.	2.9	1,885.00
11/20/19	DPP	Receive and review emails from Tina Johanson and Hackland J., emails to and from Hartley Bricks, receive and review email from Eric Golden	0.4	260.00
11/21/19	DPP	Receive and review email from Hackland J., emails to and from Hartley Bricks, receive and review email from Martin Diegel with proposed revisions to distribution schedule, emails to and from Hartley Bricks, receive and review emails from Eric Golden and Hartley Bricks, receive and review emails from Hackland J. and Tom Law	0.8	520.00
11/22/19	DPP	Receive and review email from Tom Conway	0.1	65.00
11/25/19	DPP	Receive and review emails from Tina Johanson, Tom Conway and Hartley Bricks, emails to and from Tom Conway, receive and review emails from Hartley Bricks	0.6	390.00
11/28/19	DPP	Receive and review email from Hartley Bricks	0.1	65.00

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12/02/19	PAM	To receipt and review correspondence from Hartley Bricks; to review APS; to correspondence to Hartley Bricks; to correspondence from and to Esther Bergles;	0.5	375.00
12/03/19	PAM	To receipt and review correspondence from hartley Bricks; to correspondence to and from esther bergles; to correspondence to Hartley Bricks;	0.5	375.00
12/19/19	DPP	Email to Martin Diegel	0.1	65.00
TOTAL FEES			308.8	\$ 189,018.50

<u>DATE</u>	<u>DISBURSEMENTS</u>	<u>VALUE</u>
09/10/19	Dickinson Wright LLP - TERAVIEW DAAP ACTIVITY	32.15
09/13/19	Dickinson Wright LLP - TERAVIEW DAAP ACTIVITY	37.25
09/16/19	Oncorp Direct Inc - BILLABLE COURT AND RELATED - VENDOR: ONCORP DIRECT, INC. - QUEX PROPERTY CORPORATION - CORPORATION PROFILE REPORT INV# 2537252 DATE: 09/16/2019	21.51
09/16/19	Oncorp Direct Inc - BILLABLE COURT AND RELATED - VENDOR: ONCORP DIRECT, INC. - GOLDEN DRAGON HO 10 INC. EDD ON PPR SEARCH - ELECTRONIC INV# 2537254 DATE: 09/16/2019	24.20
09/16/19	Oncorp Direct Inc - BILLABLE COURT AND RELATED - VENDOR: ONCORP DIRECT, INC. - GOLDEN DRAGON HO 10 INC. EDD ON CORPORATION PROFILE INV# 2537254 DATE: 09/16/2019	21.51
09/16/19	Oncorp Direct Inc - BILLABLE COURT AND RELATED - VENDOR: ONCORP DIRECT, INC. - GOLDEN DRAGON HO 11 INC. EDD ON PPR SEARCH - ELECTRONIC INV# 2537254 DATE: 09/16/2019	24.20
09/16/19	Oncorp Direct Inc - BILLABLE COURT AND RELATED - VENDOR: ONCORP DIRECT, INC. - GOLDEN DRAGON HO 11 INC. EDD ON CORPORATION PROFILE INV# 2537254 DATE: 09/16/2019	21.51
09/17/19	Dickinson Wright LLP - TERAVIEW DAAP ACTIVITY	6.00
09/27/19	Minister Of Finance - BILLABLE COURT AND RELATED - VENDOR: MINISTER OF FINANCE - COURT FILING FEE RE MOTION RECORD RETURNABLE OCT 3/19 INV# 09272019DP DATE: 09/27/2019	320.00
10/03/19	Dickinson Wright LLP - TERAVIEW DAAP ACTIVITY	3.00
10/24/19	David Preger - LUNCH - DAVID PREGER	23.15
10/24/19	David Preger - AIRFARE - DAVID PREGER	1,000.33
10/24/19	David Preger - TAXI/CAR SERVICE - DAVID PREGER	71.49
10/31/19	Royal Bank Of Canada-Janice Feheley(DW) - BILLABLE OTHER - VENDOR: ROYAL BANK OF CANADA - UBER CHARGES - OCTOBER 2019 INV# 6332A4 DATE: 10/31/2019	7.03
10/31/19	Royal Bank Of Canada-Janice Feheley(DW) - BILLABLE OTHER - VENDOR: ROYAL BANK OF CANADA - UBER CHARGES - OCTOBER 2019 INV# 6332A4 DATE: 10/31/2019	7.69
11/07/19	Dickinson Wright LLP - TERAVIEW DAAP ACTIVITY	3.00
11/08/19	David Seifer - FILING FEES - DAVID SEIFER	320.00

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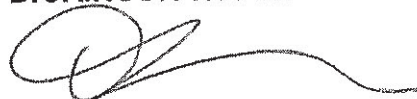
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<u>DATE</u>	<u>DISBURSEMENTS</u>	<u>VALUE</u>
11/19/19	KAP Litigation Services - BILLABLE SERVICES OF OTHERS - VENDOR: KAP LITIGATION SERVICES - ISSUANCE OF CERTIFICATE AT OTTAWA COURT INV# 540095 DATE: 11/19/2019	122.16
	Document and CD Duplication	26.10
	Computerized LGL Research	43.50
	Reproduction - Inside Firm	980.96
	Delivery Expense	89.36
TOTAL DISBURSEMENTS		\$ 3,206.10
HST - ONTARIO		\$ 24,947.60
TOTAL CURRENT INVOICE		\$ 217,172.20

TIMEKEEPER SUMMARY				
<u>TIMEKEEPER</u>	<u>TITLE</u>	<u>RATE</u>	<u>HOURS</u>	<u>VALUE</u>
PAUL A. MUCHNIK	PARTNER	750.00	42.50	31,875.00
STEWART J. WALLACE	PARTNER	720.00	0.20	144.00
ANDREW J. SKINNER	PARTNER	655.00	3.20	2,096.00
LISA S. CORNE	PARTNER	650.00	18.10	11,765.00
DAVID P. PREGER	PARTNER	650.00	190.70	123,955.00
MELISSA B. TAYAR	ASSOCIATE	350.00	2.90	1,015.00
DAVID Z. SEIFER	ASSOCIATE	285.00	36.20	10,317.00
JACKY CHEUNG	STUDENT LAW	225.00	3.10	697.50
GLORIA S. CHIU	LEGAL CLERK	240.00	0.60	144.00
TOTAL FEES CURRENT INVOICE			308.80	\$ 189,018.50

PLEASE NOTE THAT THIS ACCOUNT IS DUE UPON RECEIPT

DICKINSON WRIGHT LLP



DAVID P. PREGER

In accordance with the Solicitors Act interest at 1.3% will be charged on all accounts outstanding over 30 days. E.&O.E.

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GST/HST NUMBER: 831204003 RT0001

211

INVOICE DATE: JUNE 24, 2020
INVOICE NO.: 1487978

DELOITTE RESTRUCTURING INC.
22 ADELAIDE STREET WEST
SUITE 2000
TORONTO, ONTARIO M5H 0A9
TORONTO ON

CLIENT/MATTER NO.: 058347-00002

RE: RECEIVERSHIP OF GOLDEN DRAGON HO 10 INC. ET AL.

PRIVILEGED AND CONFIDENTIAL

FOR PROFESSIONAL SERVICES THROUGH JUNE 24, 2020

CAD

TOTAL FEES CURRENT INVOICE	\$	36,987.00
TOTAL DISBURSEMENTS CURRENT INVOICE	\$	1,152.39
HST - ONTARIO	\$	4,958.12
TOTAL CURRENT INVOICE	\$	<u>43,097.51</u>

This statement may reflect time and professional services rendered by attorneys or other legal personnel associated with the Firm's international or other affiliate(s). Such attorneys, who are licensed in other jurisdictions, are consulted and serve as legal advisors to the Firm based on their licensed status in such jurisdictions and expertise in particular legal specialties.

CAD Remittance Instructions		
Terms: Due and Payable Upon Receipt		
Mail To:	Electronic Direct Deposits (EFT non-wire payments): (Domestic Only - Canada):	Wire Instructions:
Dickinson Wright LLP 199 Bay Street Suite 2200 Commerce Court West Toronto, ON, M5L 1G4	Royal Bank of Canada 200 Bay Street Toronto, ON Canada M5J 2J5 Bank Number: 003 Branch Number: 00002 Account#: 1056399 (Please Reference Invoice Numbers)	Royal Bank of Canada 200 Bay Street Toronto, ON Canada M5J 2J5 Bank Number: 003 Branch Number: 00002 Account#: 1056399 SWIFT CODE: ROYCCAT2 Sort Code://CC000300002 (Sort Code used only for Non-US Foreign Wires) (Please Reference Invoice Numbers)

RECEIVERSHIP OF GOLDEN DRAGON HO 10 INC. ET AL.
CLIENT/MATTER NO.:058347-00002

INVOICE DATE: JUNE 24, 2020
INVOICE NO.: 1487978
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CURRENT INVOICE DETAIL

<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
12/06/19	DPP	Receive and review proposal from Eric Golden to Tom Conway	0.4	278.00
01/08/20	DPP	Receive and review email from Ryan Garrett	0.2	139.00
01/14/20	DPP	Review email from Eric Golden attaching email thread with Tom Conway and Eric Golden's letter of December 23, 2019 to Tom Conway, consider issues, email to Tina Johanson to request case conference in person before Hackland J., email to Hartley Bricks	1.5	1,042.50
01/15/20	DPP	Receive and review email from Tina Johanson regarding dates available in February for 3 hour hearing	0.1	69.50
01/16/20	DPP	Email to Tina Johanson, email to all counsel regarding dates available in February for personal attendance before Justice Hackland, emails from and to Karen Perron, emails from and to Ryan Garrett, receive and review email from Eric Golden, emails from and to Martin Diegel, email to Tom Conway, emails from and to Doreen Navarro, receive and review email from Tom Conway, receive and review email from Eric Golden, email to Tom Conway, email to Tina Johanson to secure February 21 for attendance before Justice Hackland, receive and review emails from Karen Perron, Ryan Garrett and Tina Johanson	1.4	973.00
01/20/20	DPP	Receive and review email from Geneviève Langlais	0.1	69.50
01/23/20	DPP	Receive voicemail message from Justice Hackland	0.1	69.50
01/24/20	DPP	Emails to and from Tina Johanson regarding matters to be dealt with at hearing, emails from and to Eric Golden	0.6	417.00
01/28/20	DPP	Receive and review settlement response from Eric Golden to Tom Conway	0.2	139.00
02/19/20	LSC	Review relevant documents and meet with DAVID Preger regarding issues to be raised at case conference	1.0	695.00
02/19/20	DPP	Email to all counsel regarding attendance before Justice Hackland on February 21, confer with Lisa Corne	0.9	625.50
02/20/20	DPP	Prepare agenda for case conference before Justice Hackland, email to Tina Johanson, receive and review emails from Tina Johanson, receive and review email and case conference brief from Eric Golden, receive and review email from Ryan Garrett, confer with Lisa Corne	2.6	1,807.00
02/20/20	LSC	Review orders and receiver's reports and meet with D Preger to be briefed on file history, review case conference briefs, and agenda	2.0	1,390.00
02/21/20	LSC	Travel to and from court in Ottawa and attend case conference before Justice Hackland	7.0	4,865.00
03/09/20	DPP	Emails from and to Eric Golden	0.4	278.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
03/11/20	LSC	Review correspondence from Eric Golden and telephone call regarding endorsement and issues raised following Feb 21 case conference before Justice Hackland, prepare draft statement of issues for circulation to counsel	1.5	1,042.50
03/11/20	RJS	Review and re-draft of Agenda re: FN.	0.3	82.50
03/11/20	DPP	Receive and review email from Eric Golden	0.2	139.00
03/12/20	LSC	Reviewing issues raised at case conference and preparing formulation of issues and procedure for trial, letter to counsel for FN and Liahona and other parties	2.5	1,737.50
03/12/20	DPP	Receive and review draft formulation of issues from Lisa Corne	0.4	278.00
03/13/20	DPP	Receive and review email from Eric Golden	0.1	69.50
03/15/20	DPP	Receive and review emails from Tom Conway, Eric Golden and Martin Diegel	0.2	139.00
03/20/20	DPP	Receive and review correspondence from Tom Conway regarding formulation of issues for trial	0.4	278.00
03/27/20	DPP	Receive and review email from Eric Golden to Tom Conway with attachments	0.5	347.50
03/27/20	LSC	Review response from Tom Conway regarding issues for trial and telephone call with Eric Golden	1.0	695.00
04/03/20	DPP	Receive and review correspondence from Tom Conway, receive and review email from Martin Diegel	0.4	278.00
04/07/20	DPP	Receive and review emails from Eric Golden and Lisa Corne	0.1	69.50
04/07/20	LSC	Emails from and to Eric Golden	0.3	208.50
04/08/20	DPP	Receive and review email from Tina Johanson	0.1	69.50
04/09/20	DPP	Receive and review emails from Eric Golden, Ryan Garrett, Martin Diegel, Tom Conway and Tina Johanson regarding telephone conference with Justice Hackland on April 16	0.3	208.50
04/15/20	LSC	Review email from Eric Golden and consider revised statement of issues	0.4	278.00
04/15/20	LSC	Review supplementary case conference brief served by Eric Golden in respect of directions for trial	0.5	347.50
04/15/20	LSC	Review letter from Thomas Conway to Justice Hackland and prepare letter to Justice Hackland in response regarding directions at case conference	1.0	695.00
04/15/20	DPP	Receive and review correspondence from Tom Conway to Justice Hackland regarding formulation of issues, telephone conference with Hartley Bricks, telephone conference with Eric Golden	0.6	417.00

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
04/16/20	DPP	Receive and review email from Eric Golden, telephone conference with Hartley Bricks, telephone case conference with Justice Hackland regarding formulation of issues for trial	2.5	1,737.50
04/16/20	LSC	Participate in conference call with Justice Hackland, and other counsel regarding identification of issues for trial raised in relation to prepayment penalties claimed and allocation of expenses	2.2	1,529.00
04/17/20	LSC	Draft revised endorsement to include further directions provided by Justice Hackland at telephone case conference of April 16 and circulate to counsel for review and comment	1.0	695.00
04/26/20	DPP	Receive and review email from Eric Golden	0.2	139.00
05/04/20	DPP	Receive and review emails from Eric Golden and Tom Conway, receive and review amendments to formulation of issues from Tom Conway, receive and review emails from Eric Golden, Tom Conway and Martin Diegel	0.6	417.00
05/06/20	DPP	Receive and review emails from Eric Golden, Martin Diegel and Tom Conway	0.1	69.50
05/07/20	DPP	Emails from and to Hartley Bricks, telephone conference with Hartley Bricks, receive and review email from Martin Diegel and markup of formulation of issues	0.7	486.50
05/08/20	DPP	Receive and review email from Tom Conway regarding formulation of issues	0.2	139.00
05/12/20	LSC	Confer with David Preger regarding procedure for trial	0.4	278.00
05/12/20	DPP	Review emails from Tom Conway and Martin Diegel regarding trial procedure, confer with Lisa Corne, emails to Eric Golden, telephone conference with Eric Golden	1.0	695.00
05/13/20	DPP	Emails from and to Eric Golden, email to Eric Golden, Tom Conway and Martin Diegel	0.5	347.50
05/15/20	DPP	Receive and review emails from Tom Conway and Eric Golden, emails to and from Hartley Bricks, telephone conference with Hartley Bricks, email to Tom Conway and Martin Diegel	1.0	695.00
05/19/20	DPP	Receive and review email from Martin Diegel	0.1	69.50
05/20/20	DPP	Receive and review notice of motion from Martin Diegel, emails from and to Eric Golden	0.3	208.50
05/22/20	DPP	Email to Tina Johanson to schedule trial of issues	0.2	139.00
05/25/20	DPP	Receive and review email from Tina Johanson regarding available dates, email to all counsel	0.4	278.00
05/26/20	DPP	Receive and review emails from Martin Diegel, Eric Golden, emails from and to Hartley Bricks, receive and email from Martin Diegel	0.4	278.00
05/27/20	DPP	Emails from and to Doreen Navarro	0.1	69.50

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<u>DATE</u>	<u>INITIALS</u>	<u>SERVICES</u>	<u>HOURS</u>	<u>VALUE</u>
06/05/20	DPP	Email to Tina Johanson	0.2	139.00
06/10/20	DPP	Receive and review email from Tina Johanson	0.2	139.00
06/10/20	DPP	Receive and review email from Tina Johanson	0.1	69.50
06/15/20	DPP	Receive and review emails from Tina Johanson, email to all counsel to request complete list of intended participants at trial	0.2	139.00
06/16/20	DPP	Receive and review email from Eric Golden	0.2	139.00
06/17/20	DPP	Receive and review email from Martin Diegel	0.1	69.50
06/20/20	DPP	Email to Hartley Bricks	0.1	69.50
06/23/20	DPP	Review file material, revise and revise Ninth report, email to Hartley Bricks	6.7	4,656.50
06/24/20	DPP	Telephone conference with Eric Golden to finalize formulation of issues, amend formulation of issues, email to Hartley Bricks for review and comment, prepare notice of motion, email to Hartley Bricks for review and approval, prepare fee Affidavit, email to Hartley Bricks	4.1	2,849.50
TOTAL FEES			53.4	\$ 36,987.00

<u>DATE</u>	<u>DISBURSEMENTS</u>	<u>VALUE</u>
03/05/20	American Express - AIRFARE - LISA CORNE	1,020.50
	Reproduction - Inside Firm	131.89
TOTAL DISBURSEMENTS		\$ 1,152.39
HST - ONTARIO		\$ 4,958.12
TOTAL CURRENT INVOICE		\$ 43,097.51

TIMEKEEPER SUMMARY				
<u>TIMEKEEPER</u>	<u>TITLE</u>	<u>RATE</u>	<u>HOURS</u>	<u>VALUE</u>
LISA S. CORNE	Partner	695.00	20.80	14,456.00
DAVID P. PREGER	Partner	695.00	32.00	22,240.00
RICHARD J. SCHUETT	Student at Law	275.00	0.30	82.50
TOTAL FEES CURRENT INVOICE			53.40	\$ 36,987.00

IN ACCOUNT WITH

DICKINSON WRIGHT LLP

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199 BAY STREET, SUITE 2200
P.O. BOX 447, COMMERCE COURT POSTAL STATION
TORONTO, ON CANADA M5L 1G4
TELEPHONE: (416) 777-0101
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GST/HST NUMBER: 831204003 RT0001

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PLEASE NOTE THAT THIS ACCOUNT IS DUE UPON RECEIPT


DICKINSON WRIGHT LLP



DAVID P. PREGER

In accordance with the Solicitors Act interest at 1.3% will be charged on all accounts outstanding over 30 days. E.&O.E.

This is Exhibit "B" referred to in the Affidavit of DAVID
PREGER sworn June 24, 2020

 MARK REANGER

Commissioner for Taking Affidavits (or as may be)

Billing Rates of Dickinson Wright LLP

For the period August 16, 2019 to June 24, 2020

	Rate	Hours	Year of Call	Area of Practice
Paul Muchnik	750.00	42.50	1987	Real Estate
Stewart Wallace	720.00	0.20	1976	Real Estate
David Preger	650.00 (2019) 695.00 (2020)	190.70 32.30	1995	Bankruptcy and Insolvency
Andrew Skinner	655.00	3.20	1979	Real Estate
Lisa Corne	650.00 (2019) 695.00 (2020)	18.10 20.80	1988	Bankruptcy and Insolvency
Melissa Tayar	350.00	2.90	2017	Real Estate
David Seifer	285.00	36.20	2018	Bankruptcy and Insolvency
Jacky Cheung	225.00	3.10		Student Law
Richard Schuett	275.00	0.30		Student Law
Gloria S. Chiu	240.00	0.06		Legal Clerk
Average Rate	515.83	29.19		

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

FEE AFFIDAVIT OF DAVID PREGER

DICKINSON WRIGHT LLP
Barristers & Solicitors
Commerce Court West
199 Bay Street, Suite 2200
Toronto, ON M5L 1G4

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Fax: (844) 670-6009

Lawyers for Deloitte Restructuring Inc., Court-appointed
Receiver of Golden Dragon Ho 10 Inc. and Golden Dragon Ho
11 Inc.