

B E T W E E N:

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

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED; AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS
AMENDED**

**MOTION RECORD
(Returnable November 27, 2020)**

November 20, 2020

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B E T W E E N:

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

ALTERNA SAVINGS AND CREDIT UNION LIMITED

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1140402 ONTARIO INC. O/A EMERALD LODGE

Respondent

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TAB 1

B E T W E E N:

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

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

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**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED; AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS
AMENDED**

**NOTICE OF MOTION
(Returnable November 27, 2020)**

Grant Thornton Limited, in its capacity as court-appointed receiver (in such capacity, the "**Receiver**") of 1140402 Ontario Inc o/a Emerald Lodge ("**Emerald Lodge**" or the "**Debtor**") will make a motion before the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on Friday, November 27, 2020, at 12:00 p.m. or as soon after that time as the motion can be heard. Please refer to the videoconference details attached at Schedule "A" hereto in order to attend the motion and advise if you intend to join the motion by emailing Jesse Mighton at mightonj@bennettjones.com.

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

THE MOTION IS FOR:

1. An order (the "**Order**") substantially in the form of the draft order attached at Tab 3 of the Receiver's Motion Record, which, among other things:

- (a) Approving the Sale Process, and authorizing the Receiver to retain one of the Potential Brokers (without obligation) to conduct the Sales Process (as defined in the Receiver's First Report);
- (b) Authorizing and directing the Receiver to conduct the Sales Process free and clear of the ROFR Rights and any prior agreements to Purchase the Property, if any;
- (c) Declaring that the ROFR Rights held by Riverview Pharmacy Ltd. are nullified and of no further force and effect, and directing the registrar of the Land Titles Office to expunge Instrument Nos. WE1081631, WE1387288, WE1416699, and WE1430135 from title to the Property (as such terms are defined in the Receiver's First Report);
- (d) Approving the actions of the Receiver are set out in the Receiver's First Report; and
- (e) Approving the fees and disbursements of the Receiver and its legal counsel.

DOCUMENTARY EVIDENCE:

2. The following documentary evidence will be used at the hearing of the motion:

- (a) the First Report of the Receiver dated November 20, 2020, and the appendices thereto;
- (b) such further and other evidence as counsel may advise and the Court may permit.

November 20, 2020

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Lawyers for the Receiver

SCHEDULE “A”

Join Zoom Meeting

<https://zoom.us/j/93570293316?pwd=L1FJZ3pDczArMWEveHZxbjErT1FFQT09>

Meeting ID: 935 7029 3316

Passcode: 384370

Dial by your location

+1 204 272 7920 Canada

+1 438 809 7799 Canada

+1 587 328 1099 Canada

+1 647 374 4685 Canada

+1 647 558 0588 Canada

+1 778 907 2071 Canada

Meeting ID: 935 7029 3316

Passcode: 384370 Meeting ID: 935 7029 3316

Find your local number: <https://zoom.us/u/acOesaI7GM>

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED
ALTERNA SAVINGS AND CREDIT UNION LIMITED - and - 1140402 ONTARIO INC. O/A EMERALD LODGE**

Court File No.: CV-20-00648456-00CL

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

Proceedings commenced in Toronto

**NOTICE OF MOTION
(Returnable November 27, 2020)**

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Counsel to Grant Thornton Limited., the Court-appointed Receiver of the assets, undertakings and properties of 1140402 Ontario Inc. o/a Emerald Lodge.

B E T W E E N:

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

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

Respondent

**FIRST REPORT OF THE RECEIVER
DATED NOVEMBER 20, 2020**

TAB 2

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

B E T W E E N:

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

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**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF
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AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O.
1990, c. C.43, AS AMENDED**

**FIRST REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

NOVEMBER 20, 2020

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4

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- Appendix 9 - Fee Affidavit of Raj Sahni

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**FIRST REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

NOVEMBER 20, 2020

INTRODUCTION & PURPOSE

1. On September 25, 2020, on application by Alterna Savings and Credit Union Limited ("**Alterna**") to the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), an Order was issued (the "**Appointment Order**") appointing Grant Thornton Limited ("**GTL**") as receiver (in such capacity, the "**Receiver**"), without security, of all the assets, undertakings and properties of 11404402 Ontario Inc. operating as Emerald Lodge ("**Emerald Lodge**" or the "**Company**"). The said receivership proceeding shall be referred to herein as the "**Receivership Proceedings**". A copy of the Appointment Order is attached hereto as **Appendix "1"** to this First Report of the Receiver (the "**First Report**").

2. The purpose of this First Report is to inform the Court of the Receiver's activities since the date of the Appointment Order, and to support the Receiver's request for an Order, among other things:
 - a) authorizing the Receiver to undertake the Sales Process (as defined and described later in this First Report);
 - b) declaring that the Receiver may sell the Property free and clear of any interest claimed under the Land ROFR and Services ROFR (all capitalized terms in this paragraph are defined later in this First Report), and free any clear of any prior purchase agreements, if any;
 - c) approving the actions of the Receiver as described in this First Report; and
 - d) approving the fees and disbursements of the Receiver and its counsel.

DISCLAIMER

3. In preparing this First Report, the Receiver has relied upon the Company's books and records, unaudited financial information, various operational information provided by the Company, Stefanie Martino (defined later in this First Report), and other employees or consultants of the Company (collectively, the "**Information**"). Except as described in this First Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
4. This First Report has been prepared for the use of this Court to provide general information and an update relating to these Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This First Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this First Report for any other purpose.
5. All references to dollars are in Canadian currency unless otherwise noted.
6. Copies of materials filed in these Receivership Proceedings are available on the

Receiver's case website at: <http://www.grantthornton.ca/emeraldldodge>.

BACKGROUND

7. Emerald Lodge is the registered owner of certain real property located at 83-85 Emerald Street South, Hamilton, Ontario (the "**Property**"). The Company operated a residential care facility which offered personal care and assisted living for adults, people with disabilities and those with limited incomes (the "**Home**"). The majority of the revenue for Emerald Lodge was generated pursuant to a subsidy agreement (the "**Subsidy Agreement**") with the City of Hamilton (the "**City**").
8. Stefanie Laura Martino ("**Stefanie Martino**") is the President and sole Officer and Director of Emerald Lodge. Stefanie Martino was also responsible for the day to day operations of the Home. At the time of the Receiver's appointment, Emerald Lodge had nine employees.
9. The Company's first mortgagee is Alterna. According to the application record Alterna filed in support of the Receivership Proceedings, the Company was indebted to Alterna in the amount of \$2,296,460.39 inclusive of interest but excluding fees to November 14, 2020 pursuant to a mortgage with Alterna (the "**Alterna Mortgage**").
10. It is the Receiver's understanding that on or around June 15, 2020, Emerald Lodge defaulted on certain of its financial covenants and margin requirements pursuant to its lending arrangement with Alterna. Background information pertaining to Emerald Lodge, including the circumstances leading to the appointment of the Receiver, are contained in the affidavit of Umair Saleem, sworn September 22, 2020 (the "**Saleem Affidavit**"). A copy of the Saleem Affidavit, without exhibits, is attached hereto as **Appendix "2"**.
11. KLN Holdings Inc. ("**KLN**") is the second mortgagee (the "**KLN Mortgage**"). KLN advised the Receiver that as at October 9, 2020 it is owed \$468,602.74 (comprised of \$450,000 of principal plus interest and costs).

ACTIVITIES OF THE RECEIVER

12. In the days following the issuance of the Appointment Order, representatives of the Receiver attended the Home to assess the state of affairs.

13. The Receiver understands that many of the former residents suffer from severe forms of mental illness and require a high level of care, including, in many cases, assistance with taking their prescription medication. Following its appointment, the Receiver asked Stefanie Martino to continue day to day operational control of the Home, and an independent contractor agreement was provided. The agreement was never signed, though Stefanie Martino continued to function as the operator of the Home on a day-to-day basis. She provided directions to staff and was paid by the Receiver.
14. In addition to asking Stefanie Martino to serve as operator of the Home, immediately after its appointment, the Receiver:
 - a) met with Stefanie Martino and the employees and provided employee retention agreements to each of the nine employees;
 - b) discussed with Stefanie Martino her responsibilities and expectations of the Receiver in the engagement of same, to which she agreed;
 - c) discussed with Stefanie Martino the need for her to coordinate urgent capital repairs which she had brought to the attention of the Receiver, including replacing 18 broken windows and ordering a new commercial washing machine (collectively, the "**Urgent Capital Repairs**");
 - d) liaised with the City in order to understand the status of any outstanding inspections and payments to Emerald Lodge pursuant to the Subsidy Agreement;
 - e) liaised with the insurance broker to continue liability and property insurance coverage;
 - f) engaged the independent contractor accountant used by Emerald Lodge to process payroll, receive funds from the City, and pay vendors; and,
 - g) issued the required receivership notices pursuant to Section 245(1) and Section 246(1) of the *Bankruptcy and Insolvency Act*.
15. During the week of October 12, 2020, the Receiver became aware of the following:
 - a) following an inspection of the premises, on October 11, 2020, the City issued an order addressed to Stefanie Martino indicating inadequate COVID-19 screening

and other protocols at the Home (the “**COVID Order**”);

- b) on October 11, 2020, the City issued a pest control order addressed to Stefanie Martino after finding evidence of cockroaches in a food storage area (the “**Pest Control Order**”);
 - c) an Order issued by the City on October 7, 2020 and received by Stefanie Martino was brought to the Receiver's attention on or about October 14, 2020. Pursuant to this order, the City mandated certain repairs relating to a clogged bath tub and broken door hinges (the “**Repair Order**”, and collectively with the COVID Order and the Pest-Control Order, the “**City Orders**”); and,
 - d) no progress had been made by Stefanie Martino in respect of the Urgent Capital Repairs.
16. On October 13, 2020, the Receiver corresponded with Stefanie Martino about the need to make immediate operational changes to ensure compliance with the COVID Order, the Pest Control Order, the Repair Order, and to ensure a safe environment for residents. Stefanie Martino advised the Receiver that she would tend to the foregoing.
17. However, following this correspondence, the Receiver was unable to reach Stefanie Martino by phone for a period of 8 days starting on the afternoon of October 13, 2020. Certain employees advised that she did attend the Property three times during the week of October 12, 2020, but these visits were brief, and the matters referenced in the City Orders were not addressed by Stefanie Martino, nor were the Urgent Capital Repairs.
18. As a result of Stefanie Martino's inability or refusal to take immediate action to address the City Orders, the Receiver reached out to more than 10 experienced operators and asked the City for assistance in order to find a replacement operator for the Home on an expedited basis. The Receiver also attended to several urgent matters regarding the Property including, among other things, contracting with a pest control company and ordering replacement windows. Although the Receiver increased the frequency of its visits to the Property, it did not and could not take over responsibility for patient care as it does not possess the requisite expertise.
19. On October 19, 2020, the Receiver met at the Property with representatives from Good Shepherd Non-Profit Homes Inc. (“**Good Shepherd**”) about potentially acting as

replacement operator. The following was discovered at that visit:

- a) additional staff had left without notice and there were now only 6 staff remaining to provide care 7 days a week and 24 hours a day for the 34 residents – there were not enough staff to be able to provide an adequate level of care on a long-term basis;
- b) the remaining overburdened staff were unable to implement all of the required COVID safety protocols contemplated by the COVID Order, including screening visitors before they are allowed to enter the Property;
- c) fire escapes had been padlocked to prevent access in response to safety concerns of staff that people who were not residents and who were violent were gaining unauthorized access to the building – this meant that residents and staff would be unable to use these escapes in event of a fire; and,
- d) there were other safety concerns relating to specific residents.

20. Throughout the week of October 19, 2020, the Receiver continued discussions with Good Shepherd about assuming operational control of Emerald Lodge. Good Shepherd and the City conducted further inspections of the Home during this time. The following additional health and safety issues were identified during those inspections:

- a) smoke detectors and carbon monoxide detectors were not working;
- b) someone (presumably a resident) had intentionally plugged toilets and showers resulting in only one working toilet and one working shower to service all residents until a plumber was called to resolve the issues;
- c) there were not enough beds in the Home to provide a bed for each resident;
- d) an inspection by the City found rodent feces in several places in the kitchen and a bed bug infestation in several rooms of the Home;
- e) many residents were taking several types of prescribed medications – Good Shepherd later advised the Receiver that the number of medications prescribed to each person was much higher than what they would have expected, in their experience;

- f) the room where medication was kept had been broken into and resident medications, which included narcotics, had been removed; and,
 - g) in the opinion of Good Shepherd, more than 15 of the residents had high psychiatric care needs which exceeded the level of care which Emerald Lodge was able to provide and needed to be removed immediately from Emerald Lodge to a facility more suited to their healthcare needs.
- 21. A series of discussions amongst the Receiver, Good Shepherd and the City took place during the week of October 19, 2020. Ultimately, Good Shepherd reached the conclusion that while they wanted to assist, they were not able to guarantee safe working conditions for their staff or the minimum level of care needed for the residents. As a result, Good Shepherd advised the Receiver on October 23, 2020 that it would be unable to act as replacement operator. None of the other potential operators contacted by the Receiver were willing or able to manage the Home, due in large part to the numerous health and safety issues with the Home.
- 22. Due to the Receiver's lack of confidence in Stefanie Martino as a result of her absence and lack of diligence, the Receiver formally terminated her effective as of October 23, 2020.
- 23. On the evening of October 23, 2020, the City, with agreement from the Receiver, evacuated all residents of Emerald Lodge to a facility nearby in hope of reducing the disruption to the residents, but ensuring that residents would be provided better care and attention to their specific needs. The Home has remained closed since this time.
- 24. Immediately after the evacuation, the Receiver:
 - a) notified all employees of the closure of the Home;
 - b) with the assistance of the Company's accountant:
 - i. ensured final pay and record of employment forms were provided to all employees;
 - ii. received residents' personal needs money and forwarded such funds collected to the residents; and

- iii. administered the Wage Earner Protection Program for unpaid termination pay;
- c) met with residents to allow them to remove any personal belongings which they were not able to remove during the evacuation;
- d) collected all keys from staff and engaged a locksmith to change the locks and secure all doors and windows of the building; and
- e) notified the Company's insurance broker of the evacuation and change in insurance risk in light of the premises being vacated.

SALES PROCESS

- 25. The Receiver is of the view that it is now an appropriate time to commence a broad public marketing of the Property for sale, with a view to consummating a value maximizing transaction in respect of the Property (the "**Sale Process**").
- 26. Starting the week of October 5, 2020, the Receiver reached out to three commercial real estate brokers – Colliers International ("**Colliers**"), Cushman & Wakefield ("**Cushman**") and CBRE Limited ("**CBRE**") regarding potentially listing the Home. Proposals were received by Cushman and CBRE (collectively, the "**Potential Brokers**"), with Colliers declining to provide a proposal.
- 27. In addition, the Receiver is in contact with potential interested parties who have expressed a preliminary interest in the Property and is assessing whether any potential market-value transactions might be possible. In the event that no meaningful opportunity arises from these discussions, it is the Receiver's intention to retain a Potential Broker to list the Property for sale.
- 28. The Receiver is requesting authorization from the Court to retain one of the Potential Brokers (without the obligation to do so) to act as listing agent and broker in respect of the Property, and to assist the Receiver with the Sale Process.
- 29. Given that various potential end uses of the Property are conceivable which may attract a variety of proposal structures, the Receiver, in consultation with the Potential Brokers, is of the view that it should be afforded broad discretion to determine the particular

procedures to be followed in the Sale Process once the Property has been publicly listed for sale and initial expressions of interest are received.

30. If a Potential Broker is retained, and subject to such retained Potential Broker's recommendation, it is expected that the Property would be listed on the multiple listing service. It is also expected that the retained Potential Broker will also approach potential bidders with information regarding the Property and Sale Process. The Receiver and the retained Potential Broker will consult to determine the appropriate next steps for the Sale Process based on the level of interest in a transaction in respect of the Property, among other factors. The Receiver and retained Potential Broker will keep Sale Process participants apprised of material developments to the Sale Process, including with respect to any bid deadlines and procedures, if any, that may be recommended by the retained Potential Broker, as agreed by the Receiver.
31. In tandem with discussions with the Potential Brokers and other strategic interested parties, the Receiver also responded to and engaged in discussions with five parties who had expressed an unsolicited interest in acquiring the Home each with the intention of continuing operations as a care facility (collectively, the "**Interested Operators**"), conditional upon finalizing a subsidy agreement with the City. Interested Operators were asked to submit a letter of intent ("**LOI**") by 5:00 PM EST on October 16, 2020. Two Interested Operators submitted LOI's on that date. A third LOI was received during the week of October 19, 2020. All three LOI's were rescinded by the respective Interested Operator following the evacuation of Emerald Lodge on October 23, 2020. The Receiver is also aware that Emerald Lodge had been engaged with interested parties prior to the Receiver's appointment and understands that no definitive or binding purchase agreements were completed during the pre-appointment period. One of the pre-appointment interested parties is an Interested Operator who also submitted an LOI, described above.
32. Even had Emerald Lodge continued to operate, it may not have been possible for any of the Interested Operators to have finalized a satisfactory subsidy agreement with the City, which was a precondition to closing for each of the LOIs received; the City had previously indicated to the Receiver that the 40 subsidized beds in the Home had been "grandfathered", that a new buyer would likely not receive funding for as many subsidized tenants, and that generally no more than 24 subsidized beds are available at

any one location.

33. During the weekend of November 14th and 15th of 2020, the Receiver received an unsolicited LOI and an offer to purchase (the “**Recent Offers**”), however, the Receiver is of the view that the broad and flexible marketing strategy for the Property contemplated by the Sale Process is in the best interests of all stakeholders. Alterna is supportive of the Sale Process and neither of the Recent Offers would offer sufficient proceeds to result in any recovery in respect of the KLN Mortgage.
34. Accordingly, subject to obtaining Court approval, the Receiver intends to undertake the Sale Process as outlined herein. Given that Emerald Lodge is no longer operating, it is possible that the successful purchaser may not want to operate a similar care facility and would instead want to repurpose the Property for another purpose. It is anticipated that a broad canvassing of the market will attract the greatest number of prospective purchasers and provide the best opportunity to consummate a value maximizing transaction.

RIVERVIEW PHARMACY

35. One of the parties who expressed an interest in the Property and provided one of the Recent Offers is Rafik Lotfi. Mr. Lotfi has advised the Receiver that he is the sole owner of Riverview Pharmacy Ltd. (“**Riverview**”), the pharmacy which provided a daily supply of medication for the residents at Emerald Lodge.
36. During the operations of the Home, Riverview leased space from the Company and provided pharmacy services from such lease premises for the Home and its residents. Since the evacuation of the Home, Riverview no longer occupies the leased space or provides any pharmaceutical services.
37. Riverview, the Company, and Stefanie Martino entered into a Residential Care Facility Pharmaceutical Service Agreement on November 19, 2015 (as amended and extended by written agreements dated April 12, 2016 and December 18, 2018, the “**Pharmaceutical Services Agreement**”). Copies of the Pharmaceutical Services Agreement including the amendments thereto are attached to this Report as **Appendix “3”**.
38. Riverview was also party to a License Agreement dated April 12, 2016 with North

American Living Centres Limited ("**NALC**") and several numbered entities and other holding companies, including the predecessor entity to the Debtor (the "**License Agreement**"). The License Agreement was renewed by written agreement dated December 18, 2018, and copies of the License Agreement and amendment are attached to this Report as **Appendix "4"**.

39. It is the Receiver's understanding that, pursuant to the License Agreement, Riverview paid an annual fee of \$2,125 for the exclusive right to provide pharmaceutical services to the Home and several other similar facilities. Amounts payable under the License Agreement were paid to NALC, and the Debtor did not receive any monetary benefit from the License Agreement.
40. Furthermore, it is the Receiver's understanding that the aforementioned annual license fee paid to NALC was inclusive of any rent payable in respect of Riverview's lease of space within the Home. In other words, the Debtor did not receive any direct monetary benefit from either the lease arrangement or the license arrangement.
41. Under the terms of the Pharmaceutical Services Agreement, Riverside was granted (i) a right of first refusal in respect of bona fide offers to purchase the operating business of the Home or the Lands (the "**Land ROFR**"), and (ii) certain rights to contract with any prospective purchase of the Property to provide pharmaceutical services to any successor owner/operator of the Home (the "**Services ROFR**", and collectively with the Land ROFR, the "**ROFR Rights**"). The ROFR Rights have been registered on title to the Property, as Instrument Nos. WE1081631 and WE1430135, and copies thereof are attached to this Report as **Appendix "5"**.
42. The Receiver is requesting that the Court provide declaratory relief, confirming the nullification the ROFR Rights and expunging them from title to the Property at the outset of the sale process. The reasons for this request are as follows:
 - a) The Receiver is of the view that the business terms set out in the Pharmaceutical Services Agreement do not reflect a commercially reasonable or rational business arrangement. The Company received no financial consideration in exchange for the ROFR Rights.
 - b) Riverview has postponed its interest in the ROFR Rights to Alterna and KLN, and

these postponements have been registered on title to the Property as Instrument Nos. WE1387288 and WE1416699, respectively (together, the "Postponements"). Copies of the Postponements are attached hereto as **Appendix "6"**. The registration of the Postponements on title to the Property indicates that neither Riverview nor the Company, or indeed neither Alterna nor KLN, intended that the ROFR Rights should prejudice the mortgage interests of Alterna or KLN.

c) The Receiver is of the view that the continued registration of the Pharmaceutical Services Agreement on title to the Property represents a serious impediment to selling the Property. Simply put, it will be extremely challenging to attract even a market value of the Property, let alone a value maximizing transaction, with this title registration in place as interested parties are unlikely to incur significant due diligence costs if they believe that the Land ROFR or Services ROFR may be exercised. The existence of these title registrations will likely frustrate the efforts of the priority-ranking secured creditors to realize on their collateral.

d) Counsel to Riverview has been served with seven days' notice of the within motion.

43. The Receiver is of the view that the declaratory relief requested herein will promote the success of the Sale Process. It is in the best interests of the Company's secured creditors for the Property to be sold through a value maximizing transaction.

SECURITY REVIEW

44. On October 22, 2020, the Receiver received a legal opinion from its independent counsel, Bennett Jones LLP ("**Bennett Jones**") that, subject to the usual assumptions and qualifications:

- a) the Mortgages constitute valid and binding obligations of the Company, enforceable against the Debtor in accordance with the terms thereof;
- b) the Alterna Mortgage creates a fixed and specific mortgage and charge on the Property and, as of the date hereof, the Alterna Mortgage was registered on title to the Property; and,

- c) the KLN Mortgage creates a fixed and specific mortgage and charge on the Property and, as of the date hereof, the KLN Mortgage was registered on title to the Property.

- 45. The security opinion delivered by Bennett Jones confirms that, subject to the usual assumptions and qualifications, Alterna has a first ranking charge on the Property based on the order of registrations on title.

GOVERNMENT PRIORITY CLAIMS

- 46. The Receiver understands that source deductions totaling \$91,279.10 (as of the date of the Appointment Order) relating to the period from February 2020 to September 2020 are owing to the Canada Revenue Agency (“CRA”) (see **Appendix “7”** for supporting detail).
- 47. CRA source deductions relate to amounts deducted but not remitted for the period from March 15 – October 15, 2020. Alterna and KLN mortgages were registered prior to this period.
- 48. The CRA has been served with notice of the present motion and the Receiver intends to engage with the CRA to verify the quantum of the source deductions, including assisting with any audit, if requested.
- 49. The Receiver is advised by its legal counsel that the CRA's source deduction claims are subordinated to the secured mortgage claims of Alterna and KLN by operation of section 227.4 of the Income Tax Act and Regulation 2201 promulgated thereunder. No relief is sought in this regard in the present motion.

RECEIVER'S FEES AND DISBURSEMENTS

- 50. Pursuant to paragraph 18 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 19 of the Appointment Order, the Receiver and its counsel shall pass their accounts.
- 51. The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Receiver and its counsel have maintained detailed

records of their professional time and costs.

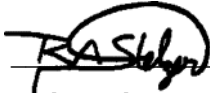
52. The total fees for the Receiver for the period of September 4, 2020 (in preparation for the Receivership) until October 31, 2020 were \$107,653.35, plus disbursements of \$70, plus HST of \$14,004.04, for a total of \$121,727.39. The time spent by the Receiver is more particularly described in the Affidavit of Rob Stelzer sworn November 20, 2020 (the “**Stelzer Affidavit**”), which is attached hereto as **Appendix “8”** and contains a copy of the invoice that sets out the services provided during this time period.
53. The total fees of Bennett Jones, as counsel to the Receiver, for the period of September 22, 2020 to October 31, 2020, were \$33,953.50, plus disbursements of \$1,437.80, plus HST of \$4,600.81, for a total of \$39,992.11. The time spent by Bennett Jones is more particularly described in the Affidavit of Raj Sahni sworn November 20, 2020, a copy of which is attached hereto as **Appendix “9”** and contains, among other things, a copy of the invoice that sets out the services provided during this period of time.
54. It is the Receiver's opinion that the fees and disbursements of the Receiver and Bennett Jones accurately reflect the work done by the Receiver and on behalf of the Receiver by Bennett Jones in connection with the receivership. It is the Receiver's opinion that the fees and disbursements of Bennett Jones are fair and reasonable and justified in the circumstances. The Receiver recommends approval of these accounts by this Honourable Court.

CONCLUSION

55. For the reasons set out herein, the Receiver respectfully requests the relief and approval as set out in the introduction section of this First Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of November, 2020.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER
OF 1140402 ONTARIO INC. O/A EMERALD LODGE
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**

A handwritten signature in black ink, appearing to read "R. Stelzer", is written over a horizontal line.

**Rob Stelzer, CPA, CA, CIRP, LIT
Vice-President**

TAB A

APPENDIX "1"
APPOINTMENT ORDER
(see next page)

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

THE HONOURABLE

MR. JUSTICE HAINEY

)
)
)

FRIDAY THE 25th

DAY OF SEPTEMBER, 2020

BETWEEN:



ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED; AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**ORDER
(Appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Grant Thornton Limited as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of 1140402 Ontario Inc. o/a Emerald Lodge (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day by way of video-conference due to the COVID-19 crisis.

ON READING the affidavit of Umair Saleem sworn September 22, 2020 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, counsel for the proposed Receiver, no one appearing, although duly served as appears from the affidavit of

service of Mariela Adriana Gasparini sworn September 23, 2020 and on reading the consent of Grant Thornton Limited to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Grant Thornton Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable, provided however that nothing in this Order shall result in or be deemed to result in the Receiver taking possession or control of any Property of which the Receiver does not wish to take actual possession or control:

- (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 relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate and including, without limiting the foregoing, listing the property located at 83-85 Emerald Street South, Hamilton, Ontario with any listing agent which the Receiver may deem appropriate;
- (k) 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, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required;
- (l) 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;
- (m) 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;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or

affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court

upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. 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 DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, 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 Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court. Without limiting the generality of the foregoing, no insurer providing insurance to the Debtor or its directors or officers shall terminate or fail to renew such insurance on the existing terms thereof provided that such insurer is paid any premiums, as would be paid in the normal course, in connection with the continuation or renewal of such insurance at current prices, subject to reasonable annual increases in the ordinary course with respect to such premiums.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. 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*.

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. 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

17. 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

18. 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.

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

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the 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

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$400,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

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

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

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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 and paragraph 21 of the Protocol, 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.grantthornton.ca/emeraldlodge

26. 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 Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor 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.

LIFTING THE STAY OF PROCEEDINGS

27. THIS COURT ORDERS that the stay of proceedings provided for under section 69(1) of the BIA in respect of a Notice of Intention to Make a Proposal filed by the Debtor on August 28, 2020, bearing Estate No. 32-2668241 be and is hereby lifted pursuant to section 69.4 of the BIA, so that the Applicant may bring the within receivership Application.

GENERAL

28. 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.

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

30. 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.

31. 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.

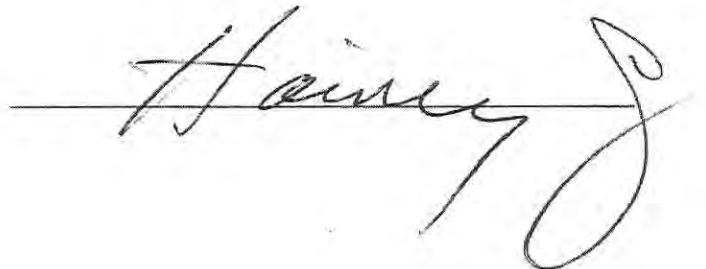
32. THIS COURT ORDERS that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver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

33. 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.

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

SEP 29 2020

PER / PAR:



SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Grant Thornton Limited, the receiver (the "Receiver") of the assets, undertakings and properties of 1140402 Ontario Inc. o/a Emerald Lodge (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number ____-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of _____ 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 _____, 2020.

GRANT THORNTON LIMITED, solely in its
capacity as Receiver of the Property, and not in
its personal capacity

Per: _____

Name:

Title:

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

ALTERNA SAVINGS AND CREDIT UNION LIMITED - and - 1140402 ONTARIO INC. O/A EMERALD LODGE

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

ORDER
(Appointing Receiver)

BORDEN LADNER GERVAIS LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON M5H 4E3

ROGER JAIPARGAS
Tel: (416) 367-6266
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Lawyers for the Applicant

TAB B

APPENDIX "2"
AFFIDAVIT OF UMAIR SALEEM SWORN SEPTEMBER 22, 2020
(see next page)

Court File No.:

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

BETWEEN:

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED; AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**AFFIDAVIT OF UMAIR SALEEM
(Sworn September 22, 2020)**

**I, UMAIR SALEEM, of the City of Burlington, in the Province of Ontario, MAKE OATH
AND SAY as follows:**

1. I am a Senior Commercial Account Manager with the Applicant, Alterna Savings and Credit Union Limited ("**Alterna**") and as such have knowledge of the matters hereinafter deposed to, or where I do not possess such personal knowledge, I have stated the source of my information and in all such cases do verily believe it to be true.
2. This Affidavit is sworn in support of an Application by Alterna to appoint Grant Thornton Ltd. ("**GTL**") as receiver (in such capacity, the "**Receiver**"), without security, over the assets, properties and undertaking (the "**Property**") of 1140402 Ontario Inc. o/a Emerald Lodge ("**Emerald Lodge**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and section 101 of the *Courts of Justice Act* (Ontario).

A. BACKGROUND

3. Emerald Lodge is incorporated pursuant to the laws of the Province of Ontario. Emerald Lodge owns and operates a residential home/facility that offers personal care and assisted living for adults, people with disabilities and those with limited incomes (the **"Home"**).
4. Emerald Lodge is the registered owner of certain real property located at 83-85 Emerald Street South, Hamilton, Ontario (the **"Property"**), on which the Home is situate. A true copy of the Parcel Register dated September 10, 2020 from ServiceOntario is attached hereto as Exhibit **"A"**.
5. The President of Emerald Lodge is Stefanie Laura Martino (**"Martino"**). Martino is also the sole Director and Officer of Emerald Lodge. Attached hereto and marked as Exhibit **"B"** is a Corporation Profile Report (the **"Corporate Search"**) for Emerald Lodge obtained from the Ontario Ministry of Government Services on July 16, 2020.
6. According to the Corporate Search for Emerald Lodge, the registered office is located at 307 King Street East, Suite B, Hamilton, Ontario.
7. Emerauld Holdings Inc. (**"Emerauld Holdings"**) is incorporated pursuant to the laws of the Province of Ontario. Attached hereto and marked as Exhibit **"C"** is a Corporation Profile Report (the **"Emerauld Holdings Corporate Search"**) for Emerauld Holdings obtained from the Ontario Ministry of Government Services on September 9, 2020.
8. According to the Emerauld Holdings Corporate Search, the registered office for Emerauld Holdings is 307 King Street East, Suite B, Hamilton, Ontario. The sole Director and Officer of Emerauld Holdings is Stefanie Martino.
9. Martino is the controlling mind of Emerald Lodge and Emerauld Holdings.

B. LOAN AND SECURITY DOCUMENTS

10. By way of a commitment letter dated September 10, 2019 and accepted by Emerald Lodge on September 13, 2019 (the **"Commitment Letter"**), and a Term Note dated October 15, 2019 (the **"Note"** and together with the Commitment Letter, the **"Loan**

Documents”), Alterna provided a mortgage loan to Emerald Lodge in the amount of \$2,190,000. A true copy of the Commitment Letter is attached hereto and marked as Exhibit “**D**”. A true copy of the Note is attached hereto and marked as Exhibit “**E**”.

11. As security for the repayment of all amounts owing by Emerald Lodge to Alterna, Emerald Lodge provided a Charge/Mortgage dated October 15, 2019 (the “**Mortgage**”) in favour of Alterna on the Property, which was registered on title to the Property as Instrument Number WE1387262. Attached hereto and marked as Exhibit “**F**” is a true copy of the Mortgage. Attached hereto and marked as Exhibit “**G**” is a true copy of a Postponement of Interest from Riverview Pharmacy Inc., which is registered as Instrument Number WE1387288.
12. Emerald Lodge also granted to Alterna a General Security Agreement dated September 26, 2019, pursuant to which Emerald Lodge pledged to Alterna a security interest in all of the present and after-acquired assets, property and undertaking of Emerald Lodge (the “**GSA**”). A true copy of the GSA is attached hereto and marked as Exhibit “**H**”.
13. Emerald Lodge also granted to Alterna a General Assignment of Rents dated September 26, 2019, pursuant to which Emerald Lodge pledged to Alterna a security interest in all rents and other monies due or payable in respect of the Home and in connection with the Home (the “**GAR**”). A true copy of the GAR is attached hereto and marked as Exhibit “**I**”. Attached hereto and marked as Exhibit “**J**” is a copy of the Authorization and Direction dated September 26, 2019, executed by Emerald Lodge in respect of the registration of the Mortgage and GAR by Alterna against the Property. Attached hereto and marked as Exhibit “**K**” is a copy of the Standard Charge Terms dated September 26, 2019.
14. By way of a Guarantee and Postponement of Claim dated September 26, 2019 (the “**Guarantee**”), Emerald Holdings and Martino (the “**Guarantors**”) jointly and severally guaranteed to Alterna the repayment of all amounts owing by Emerald Lodge to Alterna. Attached hereto and marked as Exhibit “**L**” is a copy of the Guarantee.

15. As further security for the obligations of Emerald Lodge to Alterna, Alterna obtained, *inter alia*, the following:

- (a) Assignment of Leases dated September 26, 2019, a true copy of which is attached hereto and marked as Exhibit "M";
- (b) Assignment of Insurance dated September 26, 2019, a true copy of which is attached hereto and marked as Exhibit "N";
- (c) An Environmental Indemnity dated September 26, 2019, a true copy of which is attached hereto and marked as Exhibit "O";
- (d) A Direction re Subsidies dated September 26, 2019, a true copy of which is attached hereto and marked as Exhibit "P";
- (e) A Direction to transfer licences dated September 26, 2019, a true copy of which is attached hereto and marked as Exhibit "Q";
- (f) A Statutory Declaration, Undertaking and Indemnity from all directors of Emerald Lodge with respect to potential prior claims dated September 26, 2019, a true copy of which is attached hereto and marked as Exhibit "R"; and
- (g) An Indemnity Agreement re Government Remittances dated September 26, 2019, a true copy of which is attached hereto and marked as Exhibit "S".

16. As of August 14, 2020, Emerald Lodge was indebted to Alterna in the amount of \$2,167,967.77, inclusive of interest to August 14, 2020, but excluding any costs and expenses incurred as at such date and after such date, as well as further interest after August 14, 2020 (the "**Indebtedness**").

C. DEFAULT UNDER THE LOAN DOCUMENTS AND DEMAND FOR PAYMENT

17. The Loan Documents require Emerald Lodge to pay monthly payments to Alterna in the amount of \$14,952.01 (the "**Monthly Payments**"), reflecting blended principal and interest, payable on the 15th day of each and every month, commencing on the 15th day of November 2019.

18. The Note provided that in the event of default in the payment of any amount of principal or interest under the Note, the entire remaining balance, and all interest accrued thereon, would become immediately due and payable without notice or demand.

19. Emerald Lodge failed to make the Monthly Payment due to Alterna on June 15, 2020 and thereby committed an event of default under the Loan Documents. Alterna advised Emerald Lodge of this by way of a letter dated June 18, 2020 (the "**Alterna Default Letter**") and further advised that Alterna would take no action in respect of the default, so long as it was remedied on or before June 24, 2020. This payment default was not remedied by Emerald Lodge. A true copy of the Alterna Default Letter is attached hereto and marked as Exhibit "**T**".
20. While Alterna did receive the Monthly Payment for July, 2020, it did not receive same on July 15, 2020, as required under the Loan Documents. There were insufficient funds on July 15, 2020 in the Emerald Lodge account to make the Monthly Payment for July, 2020, pursuant to the pre-authorized debit ("**PAD**"). However, the PAD is set up such that if Alterna's attempt to take the Monthly Payment on the 15th day of each month is unsuccessful, the system attempts to take the payment again 5 days later. When an attempt was made to obtain the July, 2020 Monthly Payment on July 20, 2020, it was successful (the "**July Monthly Payment**").
21. However, Emerald Lodge has since defaulted on the August and September Monthly Payments.
22. In addition to the above noted payment defaults, which have occurred and are continuing, there are additional defaults that have occurred, which are detailed in the balance of this Affidavit.
23. The Commitment Letter provides at paragraph 31 that Emerald Lodge was not to further encumber the Property, or its personal property subject to the GSA, with additional debt, without first obtaining Alterna's consent in writing.
24. However, on or about June 12, 2020, Alterna discovered that Emerald Lodge had, without notice to Alterna, further encumbered the Property and had granted a Charge in the amount of \$450,000 (the "**Second Charge**") to KLN Holdings Inc. ("**KLN**"), which Charge had been registered on title to the Property as Instrument Number WE1416590. A true copy of Instrument Number WE1416590 is attached hereto as Exhibit "**U**".

25. As security for the Second Charge, Emerald Lodge pledged personal guarantees by the Guarantors and a second General Assignment of Rents in favour of KLN Holdings Inc.
26. Emerald Lodge did not seek the consent of Alterna to grant the Second Charge. As such, the granting of the Second Charge constitutes a further default under the Loan Documents.
27. Emerald Lodge has also failed to remit payment of their property taxes to the City of Hamilton. Attached hereto and marked as Exhibit "**V**" is a copy of the Certificate of Outstanding Realty Taxes (the "**Property Tax Certificate**"), certified by the City of Hamilton as at July 31, 2020. The Property Tax Certificate discloses that as of July 31, 2020, Emerald Lodge had overdue property taxes owing to the City of Hamilton in the amount of \$17,324.16.
28. Emerald Lodge has also failed to remit the deductions at source that are owing to the Canada Revenue Agency ("**CRA**"). On June 26, 2020, I received an email from Chris Mazur, a Partner at BDO Canada Limited ("**BDO**"), attaching certain information, including a spreadsheet detailing that as at June 15, 2020, Emerald Lodge had not remitted source deductions to CRA in the amount of approximately \$32,730.11. The concerns that Alterna has about the status of source deductions is further exacerbated by the fact that Emerald Lodge does not use a payroll provider.
29. Given the foregoing concerns, Alterna instructed its counsel, Borden Ladner Gervais, LLP ("**BLG**"), to issue a formal demand for payment dated August 18, 2020 and a Notice of Intention to Enforce Security ("**NITES**"), pursuant to the BIA, to Emerald Lodge. Attached hereto and marked as Exhibit "**W**" is a true copy of the demand letter and the NITES, which was delivered to Emerald Lodge.
30. Further, on August 18, 2020, demands for payment were also issued to each of the Guarantors, copies of which are attached hereto as Exhibit "**X**".
31. To date, Alterna has not received payment of the amounts owing.

32. Alterna registered its security interest in respect of all of Emerald Lodge's property under the Ontario *Personal Property Security Acts* (the "PPSA"). Attached hereto and marked as Exhibit "Y" is a true copy of the Enquiry Response Certificate for Emerald Lodge, with a file currency of July 27, 2020.

D. FURTHER LOSS OF CONFIDENCE IN EMERALD LODGE MANAGEMENT

33. On or about June 10, 2020, Alterna was advised by representatives of Emerald Lodge that it and a group of other companies, that I understand are related by way of common ownership, had retained BDO as their financial advisor.
34. Alterna understands that the group of companies include the following companies: Rosslyn Retirement Inc. ("Rosslyn"), Dundas Retirement Place Inc., 2428577 Ontario Inc., 1059244 Ontario Inc., Maple Retirement Homes Inc., 1583187 Ontario Inc., 1140402 Ontario Inc., 1612711 Ontario Inc., 1612712 Ontario Inc., 1612714 Ontario Inc. and 1242318 Ontario Inc. (collectively, the "Companies").
35. Recently, Alterna was advised by BDO that the Companies operate under the management of North American Living Centres Limited ("NALC"). Alterna was not made aware of the involvement, or for that matter the existence of NALC, at the time that the Loan Documents were executed. Attached hereto and marked as Exhibit "Z" is a Corporation Profile Report for NALC obtained from the Ontario Ministry of Government Services on September 9, 2020.
36. It is my understanding that NALC is not the parent company of Emerald Lodge or Emerauld Holdings. In fact, at the time that the Loan Documents were executed, Alterna obtained a Confirmation of Ownership Structure/Organizational Chart (the "Org Chart") dated September 26, 2019, that does not disclose the involvement of NALC with either Emerald Lodge or Emerauld Holdings. Attached hereto and marked as Exhibit "AA" is a true copy of the Org Chart.
37. BLG has made enquiries with BDO as to whether NALC has a management services agreement with Emerald Lodge and it is my understanding that no such agreement exists.

38. In mid-July, 2020, Alterna was advised that NALC had signed a Letter of Intent ("**LOI**") with a third party in respect of a proposed transaction for the purchase of all of the assets of the Companies. On July 20, 2020, Emerald Lodge, through its advisors, BDO and McMillan LLP ("**McMillan**"), restructuring counsel for Emerald Lodge, provided Alterna and BLG with a copy of the LOI, subject to certain terms.
39. On August 13, 2020, Chris Mazur, a Partner with BDO, sent an email to myself and BLG advising that he had an update for Alterna and enquired as to whether Alterna and BLG were available for a call at 4:00PM on August 13, 2020. Attached hereto and marked as Exhibit "**BB**" is a true copy of the email from Mr. Mazur of August 13, 2020.
40. I attended the requested call on August 13, 2020 at 4:00PM with Roger Jaipargas, a Partner at BLG, which included Mr. Mazur and Jeffrey Levine, a Partner at McMillan. During the call, Mr. Mazur advised that the transaction contemplated by the LOI was no longer an option.
41. By way of an email dated August 18, 2020, BDO advised Alterna that in light of fact that the proposed transaction contemplated by the LOI was at an end, NALC was considering two options on a go forward basis. The first option would be to voluntarily list for sale by a realtor, with BDO oversight, the various properties, or NALC would consider having Emerald Lodge and the Companies seek protection pursuant to a filing under the *Companies' Creditors Arrangement Act* ("**CCAA**"). Attached hereto and marked as Exhibit "**CC**" is a true copy of the email from BDO dated August 18, 2020.
42. By email dated August 26, 2020, BLG advised BDO that Alterna did not support a CCAA filing and that Alterna would oppose same. Attached hereto and marked as Exhibit "**DD**" is a true copy of the email from BLG dated August 26, 2020.
43. On the afternoon of August 28, 2020, BLG received an email from Mr. Levine, attaching a Notice of Intention to Make a Proposal ("**NOI**") that was filed by Emerald Lodge on August 28, 2020, naming BDO as the proposal trustee therein. Attached hereto and marked as Exhibit "**EE**" is a true copy of the email from McMillan dated August 28,

2020, attaching a copy of the NOI. The NOI was filed on the tenth day following the delivery by BLG of the August 18, 2020 demand letter and NITES.

44. On the evening of August 28, 2020, BLG sent an email to McMillan requesting a copy of the cash flow statements (the "**Cash Flows**") within the 10 day period, as prescribed by sections 50.4(2) and section 50.4(3) of the BIA. Attached hereto and marked as Exhibit "**FF**" is a true copy of the BLG email dated August 28, 2020.
45. By email dated September 4, 2020, Mr. Levine sent to BLG the Cash Flows filed by Emerald Lodge with the Official Receiver. The Cash Flows provide at Note 4 that it is contemplated that property taxes and mortgage payments will not be paid in the 13 weeks following the filing of the NOI. Attached hereto and marked as Exhibit "**GG**" is a true copy of the email dated September 4, 2020 from Mr. Levine, attaching the Cash Flows.
46. Upon receiving instructions from Alterna, BLG proceeded to deliver an email dated September 1, 2020, (the "**BLG September 1st Email**") to BDO and McMillan, in response to the BDO email of August 18, 2020, advising that Alterna did not support either a voluntary listing of the Emerald Lodge Property, or a CCAA filing. Further, the BLG September 1st Email advised that Alterna would oppose the seeking of any Court-ordered charges that rank in priority to the Alterna security. Finally, the BLG September 1st Email advised BDO and McMillan that BLG had received instructions to : 1) bring an application for the appointment of GTL as receiver over the Emerald Lodge Property; and 2) bring a motion pursuant to section 50.4(11) of the BIA to terminate the time to file a proposal under the BIA. Attached hereto and marked as Exhibit "**HH**" is a true copy of the BLG September 1st Email.
47. Earlier in this Affidavit, I advised of the circumstances surrounding the July Monthly Payment that was received by Alterna. Shortly after Alterna received the July Monthly Payment, Mike Springstead of NALC wrote to me on July 21, 2020, advising that as a result of Alterna receiving the July Monthly Payment (which Alterna was entitled to), that, as Mr. Springstead stated : "As a result, it has left the account short of the required funds to cover employee pay cheques. Could you please arrange for the immediate return of the funds, in order that I can cover payroll."

48. I am advised by Mr. Jaipargas and do verily believe that on July 21, 2020, he had a discussion with Mr. Mazur, whereby Mr. Mazur advised him of this request from Emerald Lodge and forwarded to Mr. Jaipargas the email from Mr. Springstead to me dated July 21, 2020. Attached hereto and marked as Exhibit "II" is a true copy of the email of July 21, 2020 from Mr. Springstead, as forwarded by BDO to BLG on July 21, 2020.
49. On July 22, 2020, a conference call was convened with representatives from each of McMillan, BDO, Alterna and BLG. It was during this call that Mr. Springstead noted that payroll on July 20, 2020 was in fact met, through the transfer of funds from one of the other Companies to Emerald Lodge. This was a new development, as just the day before, Mr. Springstead was requesting the return of the funds in respect of the July Monthly Payment so that "I can cover payroll." Needless to say, Alterna did not return the funds that it received for the July Monthly Payment.
50. There is a further concern that Alterna has with respect to the current situation. Alterna, through GTL as its financial advisor, has made certain requests to BDO for information on the business and operations of Emerald Lodge. An email was sent by BLG on July 29, 2020 to McMillan and BDO requesting various information (the "**Informational Request**") from Emerald Lodge. In response to the Informational Request, only certain information was received by GTL on August 12, 2020. For instance, GTL requested that BDO provide a copy of the current subsidy agreement with the City of Hamilton, but same was not provided to GTL and Alterna.
51. In addition, Emerald Lodge has also failed to provide certain other information to Alterna, such as the financial statements, as required by paragraph 34 of the Commitment Letter.
52. Based upon certain information that Alterna has received from BDO, I am concerned about the transfer of funds involving Emerald Lodge. This is something that requires further investigation, which I understand that GTL as proposed receiver can undertake.

53. As Emerald Lodge was advised in the BLG September 1st Email, Alterna has lost confidence in management. The reasons for this are detailed in this Affidavit.

REQUEST FOR THE APPOINTMENT OF GRANT THORNTON LIMITED AS THE RECEIVER

54. Emerald Lodge is in default of its obligations to Alterna and is unable to repay the secured Indebtedness owing to Alterna.
55. Given these circumstances, Alterna seeks to appoint GTL as the Receiver, so that the Receiver can review all options on a go-forward basis and return to Court to seek the appropriate direction under the circumstances, with a view to maximizing the realizations for the benefit of all stakeholders involved.
56. The GSA granted by Emerald Lodge to Alterna provides Alterna with the right to appoint a receiver pursuant to Section 6.2(a) thereof.
57. If the relief sought is not granted, Alterna is of the view that significant value may irrevocably be destroyed. I am very concerned that assets of Emerald Lodge, as well as the security held by Alterna is at risk, unless a receiver is appointed by the Court.
58. The defaults of Emerald Lodge are continuing and have caused Alterna significant concerns, which support the appointment of a receiver.
59. As previously stated, Alterna has lost all confidence in management of Emerald Lodge and Alterna would like to be repaid all of the secured obligations that are outstanding. Alterna is not supportive of a debtor in possession process, whether that is the NOI proceedings or a CCAA proceeding.
60. Some of the other Companies have experienced certain challenges, such as Rosslyn, which has had a number of cases of COVID-19 with its residents and its licence has been revoked by the Retirement Homes Regulatory Authority.

61. Emerald Lodge is a separate company with its own Home. It should not be tied to the troubles occasioned by Rosslyn and perhaps the other Companies, as such a result would be detrimental to the stakeholders of Emerald Lodge.
62. GTL is a licensed trustee in bankruptcy.
63. GLT has consented to act as Receiver. Attached hereto and marked as Exhibit "JJ" is a copy of the consent of GTL to act as Receiver.
64. This Affidavit is sworn in support of an Order for the appointment of GTL as Receiver over the Property of Emerald Lodge and for no other or improper purpose.

SWORN BEFORE ME over video)
teleconference this 22nd of September, 2020, in)
accordance with Ontario Regulation 431/20.)
The affiant was located in Burlington, Ontario,)
while the commissioner, Mariela Adriana)
Gasparini was located in Toronto, Ontario.)



A Commissioner for taking affidavits

P14458



UMAIR SALEEM

TAB C

APPENDIX "3"
PHARMACEUTICAL SERVICES AGREEMENTS
(see next page)

RESIDENTIAL CARE FACILITY
PHARMACEUTICAL SERVICE AGREEMENT

This Agreement made the 19 day of November, 2015.

B E T W E E N:

1140402 ONTARIO INC.
o/a EMERALD LODGE
(the "Residential Care Facility")

- and -

RIVERVIEW PHARMACY INC.
(the "Dispensing Pharmacy")

- and -

EMERAULD HOLDINGS INC.
(the "Hold Co.")

- and -

STEFANIE MARTINO
(the "Principal")

- (A) By a lease (the "Original Lease") made the 18th day of May, 2004, 124311 Ontario Inc. did demise and lease unto Kingswood Pharmacy Inc. for an initial term commencing June 1, 2004 and ending May 1, 2014, the lands and building known as 303 King Street East, Hamilton (as more precisely defined in the Original Lease);
- (B) By way of a Assignment of Lease (the "First Lease Amending Agreement") executed July 2, 2008 and July 7, 2008, and made between the Kingswood Pharmacy Inc., as assignor, and St. Nofre & Mary Drugs Ltd., as assignee, the Original Lease was assigned to St. Nofre & Mary Drugs Ltd.;
- (C) 124311 Ontario Inc. did assign its interest in the Lease to the 1694560 Ontario Inc. (the "Second Lease Amending Agreement").
- (D) By way of an Assignment of Tenant's Interest in Lease (the "Third Lease Amending Agreement") dated November 17th, 2008, and made between St. Nofre & Mary Drugs Ltd., as assignor, and the Dispensing Pharmacy, as assignee, the Original Lease was assigned to the Lessee;
- (E) By way of a Lease Renewal and Amending Agreement (the "Fourth Lease Amending Agreement") dated December 14, 2012, and made between 1694560 Ontario Inc. as lessor,

and the Dispensing Pharmacy, as Lessee, the term of the lease was extended to December 31, 2022 with two (2) further options to renew for five (5) years each.

- (F) The Original Lease, First Lease Amending Agreement, Second Lease Amending Agreement, Third Lease Amending Agreement, and Fourth Lease Amending Agreement are hereinafter collectively referred to as the "Lease".
- (G) The Residential Care Facility carries on the business of a residential care facility located at 83 Emerald Street South, Hamilton, Ontario L8N 2V4 (the "Lands");
- (H) 1694560 Ontario Inc. transferred its interest in the Lands and assigned its interest in the Lease to 2400805 Ontario Inc. pursuant to an Assignment and Assumption of Leases Agreement dated January 10, 2014;
- (I) 2400805 Ontario Inc. is a predecessor by amalgamation to the Dispensing Pharmacy.
- (J) The Residential Care Facility wishes to confirm the continuing grant to the Dispensing Pharmacy of a first right of service for its residents, and a first right of refusal.

In consideration of One Dollar now paid by the Dispensing Pharmacy to the Residential Care Facility, the mutual covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties of Principal - The Principal, Hold Co. and Residential Care Facility jointly and severally represent and warrant to the Dispensing Pharmacy as set out in the following paragraph and acknowledge that the Dispensing Pharmacy is relying upon such representation and warranty. Hold Co. is the sole registered and beneficial owner of all the issued and outstanding shares of the Residential Care Facility. The Principal is the sole registered and beneficial owner of all the issued and outstanding shares of Hold Co.
2. Right of First Refusal
 - a. The Principal and Residential Care Facility (the "Offeree") hereby agrees that if at any time during the term of the Lease, as it may be extended or renewed, it receives from a third party (the "Third Party") a bona fide offer to purchase all or substantially all of the shares, assets, business of the Residential Care Facility, or the Lands (the "Business") which the Offeree is prepared to accept (the "Offer"), the Offeree shall notify the Dispensing Pharmacy in writing of the Offer by providing the Dispensing Pharmacy with a copy of the Offer.
 - b. The Dispensing Pharmacy may elect to accept the Offer from the Offeree on the terms and conditions contained in the Offer by delivering to the Offeree:
 - i. written notice (the "Notice") to the Offeree of its election to purchase the Business; and

- ii. all deposits required by the terms of the Offer (the "Deposits"), within 15 days following the Dispensing Pharmacy's receipt of the said copy of the Offer from the Offeree (the "Time Period").
- c. If the Dispensing Pharmacy provides the Notice and the Deposits to the Offeree within the Time Period, a binding agreement of purchase and sale between the Offeree and the Dispensing Pharmacy for the Business upon the terms set out in the Offer shall be deemed to have come into force and effect.
- d. If the Dispensing Pharmacy:
 - i. advises the Offeree that it does not wish to purchase the Business; or
 - ii. fails to deliver the Notice and the Deposits to the Offeree within the Time Period (in which case the Dispensing Pharmacy shall be deemed to have advised the Offeree that it does not wish to purchase the Business),then:
 - iii. provided that the Third Party executes an agreement directly with the Dispensing Pharmacy, and in a form acceptable to the Dispensing Pharmacy, agreeing to be bound by Section 3 below, the Offeree shall be entitled to sell the Business to the Third Party in accordance with the terms of the Offer; and
 - iv. the Dispensing Pharmacy shall continue to have the right of first refusal in respect of any further Offer(s) which the Offeree may receive.

3. First Right of Service

- a. The Residential Care Facility and Principal (the "Covenantors") hereby covenant during the term of the Lease, as it may be extended or renewed, to give the Dispensing Pharmacy the first right to service (the "First Right of Service") the residents of the Residential Care Facility recognizing at all times that the ultimate choice of a pharmacy is always in the discretion of the resident.
- b. The Covenantors hereby covenant that:
 - i. no transfer or issue by sale, assignment, subscription, transmission on death, mortgage, charge, security interest, operation of law or otherwise, of any shares, voting rights or interest which would result in any change in the effective control of the Residential Care Facility; and
 - ii. no sale of any assets of the Residential Care Facility other than in the ordinary course of business.

shall be effected during the term of the Lease, as it may be extended or renewed, to

any party unless such party executes an agreement directly with the Dispensing Pharmacy, and in a form acceptable to the Dispensing Pharmacy, agreeing to be bound by this Section 3

4. Registration - The Residential Care Facility and the Dispensing Pharmacy acknowledge and agree that notice of this Agreement may be registered on title to the Lands by the Dispensing Pharmacy at its expense.
5. Waiver of First Right of Refusal - The Dispensing Pharmacy acknowledges and confirms its consent to the transfer of the Residential Care Facility to Hold Co. and confirms its waiver of the First Right of Refusal contained in the Original Lease and associated documentation set out in the recitals above in respect of this transaction.
6. This agreement shall enure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first above written.

1140402 ONTARIO INC.
o/a EMERALD LODGE

Per: 

Name: Stefanie Martino

Title: President

I have authority to bind the corporation.

EMERALD HOLDINGS INC.

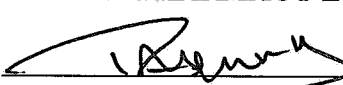
Per: 

Name: Stefanie Martino

Title: President

I have authority to bind the corporation.

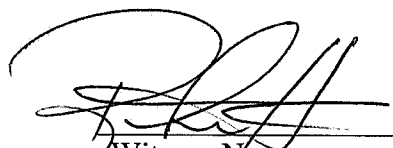
RIVERVIEW PHARMACY INC.

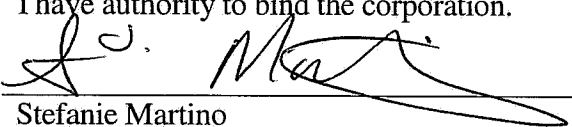
Per: 

Name: Rafik Lotfi

Title: President

I have authority to bind the corporation.


Witness Name:


Stefanie Martino

SCHEDULE "A"

Emerald Lodge – 83 Emerald Street South, Hamilton, Ontario

CONFIRMATION OF SERVICES AGREEMENTS EXTENSION

RE: Residential Care Facility Pharmaceutical Services Agreement made December 14, 2012;
Residential Care Facility Pharmaceutical Services Agreement made November 19, 2015; and
Residential Care Facility Pharmaceutical Services Agreement made April 12, 2016 (collectively the
"Services Agreements")

WHEREAS the undersigned are parties to one or more of the Services Agreements which grant to Riverview Pharmacy Inc. (formerly 2157720 Ontario Inc.) (the "Dispensary Pharmacy") a Right of First Refusal and a First Right of Services as described in the respective Services Agreements;

AND WHEREAS the Services Agreements are effective throughout and during the term of the Lease as defined in the Services Agreements;

AND WHEREAS the Lease has now been extended for a further period to end December 31, 2028 and the parties wish to confirm their agreement that the Services Agreements remain in effect with respect to the extended term of the Lease;

THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the undersigned agrees as follows:

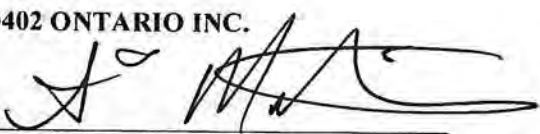
1. The Lease defined in the Services Agreements has been extended for a further term expiring December 31, 2028.
2. The Services Agreements shall continue in full force and effect with respect to the term of the Lease as so extended.
3. Without limiting any of the foregoing, the Rights of First Refusal and the First Right of Services contained in Section 2 and 3 of the Services Agreements shall continue in full force and effect throughout the extended term of the Lease.
4. Each of the undersigned hereby confirms the confirmation reflected on the attached Schedule "A" is correct as it relates to it/him/her.
5. All other terms of the Services Agreements shall continue in full force and effect.

Dated December 18, 2018.

NORTH AMERICAN LIVING CENTRES LIMITED

Per: 
Name: Rose Hrnacie
Title: President

1140402 ONTARIO INC.

Per: 
Name: Stefanie Martino
Title: President

1242318 ONTARIO INC.

Per: 
Name: Anthony Martino
Title: President

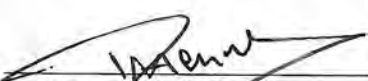
1612711 ONTARIO INC.

Per: 
Name: Rose Hrnacie
Title: President

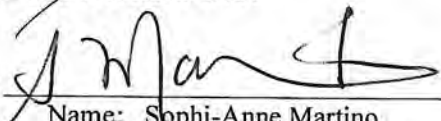
1612714 ONTARIO INC.

Per: 
Name: Rose Hrnacie
Title: President

RIVERVIEW PHARMACY INC.

Per: 
Name: Rafik Lotfi
Title: President

1059244 ONTARIO INC.

Per: 
Name: Sophi-Anne Martino
Title: President

1583187 ONTARIO INC.

Per: 
Name: Anthony Martino
Title: President

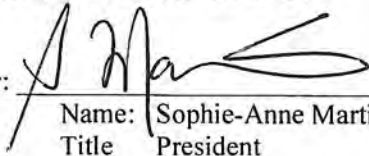
1612712 ONTARIO INC.

Per: 
Name: Rose Hrnacie
Title: President

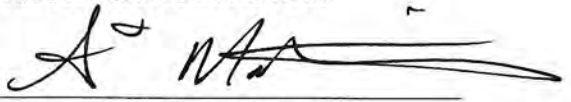
1639133 ONTARIO INC.

Per: 
Name: Stefanie Martino
Title: President

AIKMAN HOLDINGS INC.

Per: 
Name: Sophie-Anne Martino
Title: President

EMERAULD HOLDINGS INC.

Per: 
Name: Stefanie Martino
Title: President

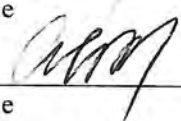
SHERIDAN RETIREMENT HOLDINGS INC.

Per: 
Name: Anthony Martino
Title: President

Witness Name 

Witness Name 

Witness Name 

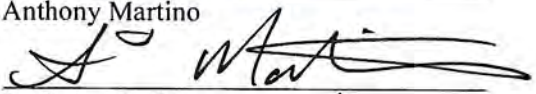
Witness Name 

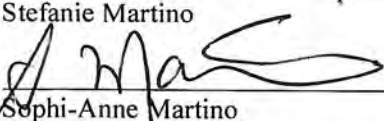
EDGEMONT HOLDINGS INC.

Per: 
Name: Anthony Martino
Title: President


Rose Hrcie


Anthony Martino


Stefanie Martino


Sophi-Anne Martino

SCHEDULE "A"

Name of the Residential Care Facility	Owner of Residential Care Facility	Registered and beneficial owner of all shares of Residential Care Facility	Principal	Address of the Residential Care Facility
Northview Seniors Residence	1059244 ONTARIO INC. o/a NORTHVIEW SENIORS RESIDENCE	AIKMAN HOLDINGS INC.	Sophie-Anne Martino	19 Aikman Ave, Hamilton, Ontario, L8M 1P6
Emerald Lodge	1140402 ONTARIO INC. o/a EMERALD LODGE	EMERAULD HOLDINGS INC.	Stefanie Martino	83 Emerald St. S, Hamilton, Ontario, L8N 2V4
Edgemount Manor Retirement Home	1242318 ONTARIO INC. o/a EDGEMOUNT MANOR RETIREMENT HOME	EDGEMONT HOLDINGS INC.	Anthony Martino	483 Concession St., Hamilton, Ontario, L9A 1C1
Sheridan Lodge Retirement Home	1583187 ONTARIO INC. o/a SHERIDAN LODGE RETIREMENT HOME	SHERIDAN RETIREMENT HOLDINGS INC.	Anthony Martino	6 Sheridan St., Brantford, Ontario, N3T 2P6
Victoria Manor I	1612711 ONTARIO INC. o/a VICTORIA MANOR I	NORTH AMERICAN LIVING CENTRES LIMITED	Rose Hrncie	121 Victoria Avenue S, Hamilton, L8M 1C9
Victoria Manor II	1612712 ONTARIO INC. o/a VICTORIA MANOR II	NORTH AMERICAN LIVING CENTRES LIMITED	Rose Hrncie	115 Victoria Avenue S, Hamilton, L8M 1C9
Cathmar Manor	1612714 ONTARIO INC. o/a CATHMAR MANOR	NORTH AMERICAN LIVING CENTRES LIMITED	Rose Hrncie	236 Catharine St. N, Hamilton, Ontario, L8L 4S6
Dundas Retirement Residence	1639133 ONTARIO INC. o/a DUNDAS RETIREMENT RESIDENCE		Stefanie Martino	33 Main Street, Dundas, Ontario, L9H 2P7
Name of the Dispensing Pharmacy	Owner of the Dispensing Pharmacy		Principal	Address of the Dispensing Pharmacy
Riverview Pharmacy	Riverview Pharmacy Inc. (formerly 2157720 Ontario Inc.)		Rafik Lotfi	2105 Blackforest Cres., Oakville, Ontario, L6M 4T5
Name of the Management company	Owner of the Management company		Principal	Address of the Management Company
North American	NORTH AMERICAN LIVING CENTRES LIMITED (NALC)		Rose Hrncie	307 King Street E, 2nd floor, Hamilton, Ontario, L8N 1C1

TAB D

APPENDIX "4"
LICENSE AGREEMENTS
(see next page)

RESIDENTIAL CARE FACILITIES LICENSE

April 12, 2016

Riverview Pharmacy Inc.
307 King Street East, Suite A
Hamilton, Ontario
L8N 1C1

Dear Sirs:

RE: Residential Care Facilities - License Agreement

Whereas you have entered into Residential Care Facility Pharmaceutical Service Agreements with us and each of the facilities set out in Schedule 'A' of this Letter of Agreement (the "Facilities"), which grant to you a right of first service (as more clearly set out in the Residential Care Facility Pharmaceutical Service Agreements) at each Facility. In order to facilitate such rights of first service, this will confirm our agreement that you shall be permitted to utilize by way of this license agreement, certain space in the Facilities upon the terms hereinafter set out.

SCHEDULE A FACILITIES

In consideration of One Dollar now paid by each party to each other party, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged the undersigning parties hereby agree as follows:

You shall be granted at least 200 square feet of space at each of the Facilities (such space restricted to that which is currently being provided) for the purpose of supplying pharmaceutical products to said Facilities. The license fee shall be \$1,500.00 per month inclusive of HST for a term commencing the 10th day of January, 2014 to the 31st day of December, 2023.

During the term of this License, NALC and the Facilities shall not allow pharmaceuticals from any pharmacy other than Riverview Pharmacy Inc. to be brought into any of the Facilities (client choice remains a determining factor. NALC will endeavor to maximize client utilization of Riverview Pharmacy Inc.'s services).

This License Agreement shall terminate earlier than the end of the term at the election of NALC in the event that you shall be in material breach of this License Agreement including without limitation the failure to pay the License Fee as provided herein and at your election in the event that NALC shall fail to provide the License space in the Schedule A Facilities.

Please confirm your agreement to the above by executing this Letter of Agreement as set out below.

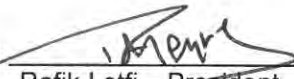
**NORTH AMERICAN LIVING CENTRES
LIMITED**

Per: 

Rose Hrcie, President
I have authority to bind the Corporation

Each of the parties below hereby confirms the terms of its agreement as set out above and agrees to be bound by the terms hereof.

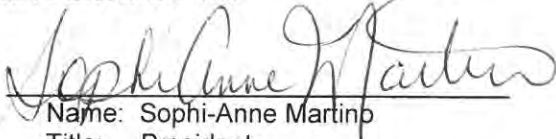
RIVERVIEW PHARMACY INC.

Per: 
Name: Rafik Lotfi - President
Title: President
I have authority to bind the Corporation

1140402 ONTARIO INC.

Per: 
Name: Stefanie Martino
Title: President

1059244 ONTARIO INC.

Per: 
Name: Sophi-Anne Martino
Title: President

1242318 ONTARIO INC.

Per: 
Name: Anthony Martino
Title: President

1583187 ONTARIO INC.

Per: 
Name: Anthony Martino
Title: President

1612711 ONTARIO INC.

Per: 
Name: Rose Hrnacie
Title: President

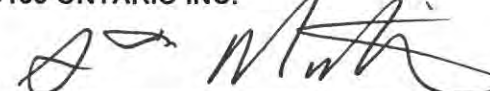
1612712 ONTARIO INC.

Per: 
Name: Rose Hrnacie
Title: President

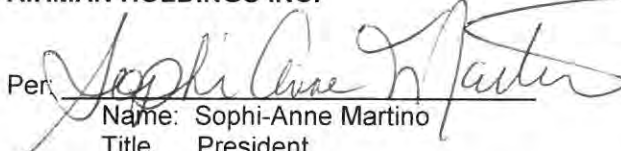
1612714 ONTARIO INC.

Per: 
Name: Rose Hrnacie
Title: President

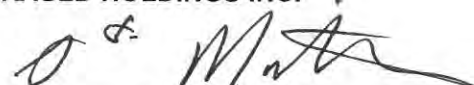
1639133 ONTARIO INC.

Per: 
Name: Stefanie Martino
Title: President

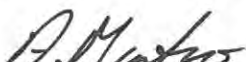
AIKMAN HOLDINGS INC.

Per: 
Name: Sophi-Anne Martino
Title: President

EMERALD HOLDINGS INC.

Per: 
Name: Stefanie Martino
Title: President

SHERIDAN RETIREMENT HOLDINGS INC.

Per: 
Name: Anthony Martino
Title: President

EDGEMONT HOLDINGS INC.

Per: 
Name: Anthony Martino
Title: President

SCHEDULE "A"

Name of Residential Care Facility	Owner of Residential Care Facility	Address of Residential Care Facility
Northview Seniors Residence	1059244 Ontario Inc.	19 Aikman Avenue, Hamilton, ON L8M 1P6
Emerald Lodge	1140402 Ontario Inc.	83 Emerald St. S., Hamilton, ON L8N 2V4
Edgemount Manor Retirement Home	1242318 Ontario Inc.	483 Concession St., Hamilton, ON L9A 1C1
Sheridan Lodge Retirement Home	1583187 Ontario Inc.	6 Sheridan St., Brantford, ON N3T 2P6
Victoria Manor 1	1612711 Ontario Inc.	121 Victoria Avenue S, Hamilton ON L8N 2S9
Victoria Manor 2	1612712 Ontario Inc.	115 Victoria Avenue S, Hamilton, ON L8N 2S9
Cathmar Manor	1612714 Ontario Inc.	236 Catharine St N, Hamilton, ON L8L 4S6
Dundas Retirement Residence	1639133 Ontario Inc.	33 Main Street, Dundas, ON L9H 2P7

LICENSE AGREEMENT RENEWAL

RE: North American Living Centres Limited ("NALC") License Agreement dated April 12, 2016 between Riverview Pharmacy Inc. (formerly 2157720 Ontario Inc.) and North American Living Centres Limited ("License Agreement")

FOR VALUABLE CONSIDERATION, each of the undersigned agrees as follows:

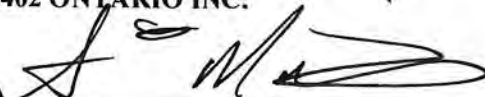
1. The undersigned are parties to and/or have confirmed the terms of the License Agreement.
2. The undersigned agree to extend the terms of the License Agreement to end on the 31st day of December, 2028 on the same terms except only that the license fee shall be increased to \$2,125.00 inclusive of HST during the extended period commencing January 1, 2019.
3. Each of the undersigned hereby confirms the confirmation reflected on the attached Schedule "A" is correct as it relates to it/him/her.
4. All other terms of the License Agreement are confirmed and in full force and effect.

Dated effective December 18, 2018.

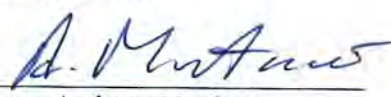
NORTH AMERICAN LIVING CENTRES LIMITED

Per: 
Name: Rose Hrnacie
Title: President

1140402 ONTARIO INC.

Per: 
Name: Stefanie Martino
Title: President

1242318 ONTARIO INC.

Per: 
Name: Anthony Martino
Title: President

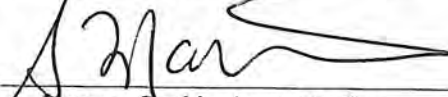
1612711 ONTARIO INC.

Per: 
Name: Rose Hrnacie
Title: President

1612714 ONTARIO INC.

Per: 
Name: Rose Hrnacie
Title: President

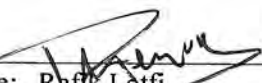
AIKMAN HOLDINGS INC.

Per: 
Name: Sophie-Anne Martino
Title: President

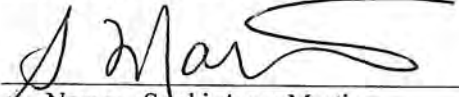
SHERIDAN RETIREMENT HOLDINGS INC.

Per: 
Name: Anthony Martino
Title: President

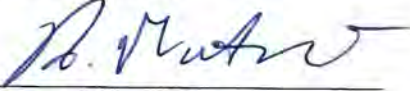
RIVERVIEW PHARMACY INC.

Per: 
Name: Rafik Lotfi
Title: President

1059244 ONTARIO INC.

Per: 
Name: Sophie-Anne Martino
Title: President

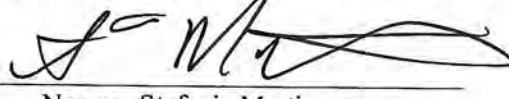
1583187 ONTARIO INC.

Per: 
Name: Anthony Martino
Title: President

1612712 ONTARIO INC.

Per: 
Name: Rose Hrnacie
Title: President

1639133 ONTARIO INC.

Per: 
Name: Stefanie Martino
Title: President

EMERAULD HOLDINGS INC.

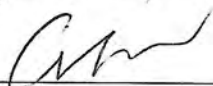
Per: 
Name: Stefanie Martino
Title: President

EDGEMONT HOLDINGS INC.

Per: 
Name: Anthony Martino
Title: President



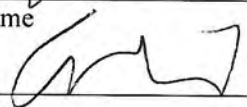
Witness Name



Witness Name



Witness Name



Witness Name



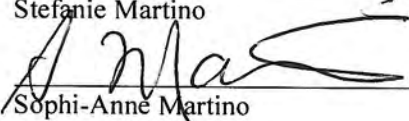
Rose Hrcie



Anthony Martino



Stefanie Martino



Sophi-Anne Martino

SCHEDULE "A"

Name of the Residential Care Facility	Owner of Residential Care Facility	Registered and beneficial owner of all shares of Residential Care Facility	Principal	Address of the Residential Care Facility
Northview Seniors Residence	1059244 ONTARIO INC. o/a NORTHVIEW SENIORS RESIDENCE	AIKMAN HOLDINGS INC.	Sophie-Anne Martino	19 Aikman Ave, Hamilton, Ontario, L8M 1P6
Emerald Lodge	1140402 ONTARIO INC. o/a EMERALD LODGE	EMERAULD HOLDINGS INC.	Stefanie Martino	83 Emerald St. S, Hamilton, Ontario, L8N 2V4
Edgemount Manor Retirement Home	1242318 ONTARIO INC. o/a EDGEMOUNT MANOR RETIREMENT HOME	EDGEMONT HOLDINGS INC.	Anthony Martino	483 Concession St., Hamilton, Ontario, L9A 1C1
Sheridan Lodge Retirement Home	1583187 ONTARIO INC. o/a SHERIDAN LODGE RETIREMENT HOME	SHERIDAN RETIREMENT HOLDINGS INC.	Anthony Martino	6 Sheridan St., Brantford, Ontario, N3T 2P6
Victoria Manor I	1612711 ONTARIO INC. o/a VICTORIA MANOR I	NORTH AMERICAN LIVING CENTRES LIMITED	Rose Hrncie	121 Victoria Avenue S, Hamilton, L8M 1C9
Victoria Manor II	1612712 ONTARIO INC. o/a VICTORIA MANOR II	NORTH AMERICAN LIVING CENTRES LIMITED	Rose Hrncie	115 Victoria Avenue S, Hamilton, L8M 1C9
Cathmar Manor	1612714 ONTARIO INC. o/a CATHMAR MANOR	NORTH AMERICAN LIVING CENTRES LIMITED	Rose Hrncie	236 Catharine St. N, Hamilton, Ontario, L8L 4S6
Dundas Retirement Residence	1639133 ONTARIO INC. o/a DUNDAS RETIREMENT RESIDENCE		Stefanie Martino	33 Main Street, Dundas, Ontario, L9H 2P7
Name of the Dispensing Pharmacy	Owner of the Dispensing Pharmacy		Principal	Address of the Dispensing Pharmacy
Riverview Pharmacy	Riverview Pharmacy Inc. (formerly 2157720 Ontario Inc.)		Rafik Lotfi	2105 Blackforest Cres., Oakville, Ontario, L6M 4T5
Name of the Management company	Owner of the Management company		Principal	Address of the Management Company
North American	NORTH AMERICAN LIVING CENTRES LIMITED (NALC)		Rose Hrncie	307 King Street E, 2nd floor, Hamilton, Ontario, L8N 1C1

TABLE

APPENDIX "5"
ROFR RIGHTS TITLE REGISTRATIONS
(see next page)

Properties

PIN17176 – 0014 LT

DescriptionLTS 9, 10, 11 & 12, REGISTRAR'S COMPILED PLAN 1360 ; HAMILTON

Address85 EMERALD ST S
HAMILTON

Consideration

Consideration\$0.00

Applicant(s)

The notice is based on or affects a valid and existing estate, right, interest or equity in land

NameRIVERVIEW PHARMACY INC.

Address for Service303 KING STREET EAST
HAMILTON, ONTARIO
L8N 1C1

I, RAFIK LOTFI, A.S.O., have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Statements

This notice is pursuant to Section 71 of the Land Titles Act.

The land registrar is authorized to delete the notice on the consent of the following party(ies) RIVERVIEW PHARMACY INC.

Schedule: By an agreement between 1140402 Ontario Inc., the registered owner, and the Applicant, the Applicant was granted right of first refusal in the subject property. This agreement is dated 2015/11/19 and the right of first refusal expires 2022/12/31. Provision for renewal or extension, two (2) further options to renew for five (5) years each. The applicant is prepared to produce the document for inspection within fourteen (14) days of the request and the applicant consents to the cancellation of the document on presentation of proof satisfactory to the Land Registrar that the document was not produced upon request.

Signed By

Owen James Duguid

700 Kerr St.
Oakville
L6K 3W5

acting for
Applicant(s)

First
Signed

2015 11 19

Tel905-842-8030

Fax905-842-2460

Owen James Duguid

700 Kerr St.
Oakville
L6K 3W5

acting for
Applicant(s)

Last
Signed

2015 12 09

Tel905-842-8030

Fax905-842-2460

I have the authority to sign and register the document on behalf of the Applicant(s).

Submitted By

O'CONNOR MACLEOD HANNA LLP

700 Kerr St.
Oakville
L6K 3W5

2015 12 09

Tel905-842-8030

Fax905-842-2460

Fees/Taxes/Payment

Statutory Registration Fee\$62.85

Provincial Land Transfer Tax\$0.00

Total Paid\$62.85

File Number

Applicant Client File Number :

97319

LAND TRANSFER TAX STATEMENTS

In the matter of the conveyance of: 17176 – 0014 LTS 9, 10, 11 & 12, REGISTRAR'S COMPILED PLAN 1360 ; HAMILTON

BY: RIVERVIEW PHARMACY INC.

TO: RIVERVIEW PHARMACY INC.

1. RAFIK LOTFI

I am

- ☐ (a) A person in trust for whom the land conveyed in the above-described conveyance is being conveyed;
- ☐ (b) A trustee named in the above-described conveyance to whom the land is being conveyed;
- ☐ (c) A transferee named in the above-described conveyance;
- ☐ (d) The authorized agent or solicitor acting in this transaction for _____ described in paragraph(s) () above.
- ☒ (e) The President, Vice-President, Manager, Secretary, Director, or Treasurer authorized to act for RIVERVIEW PHARMACY INC. described in paragraph(s) (C) above.
- ☐ (f) A transferee described in paragraph() and am making these statements on my own behalf and on behalf of _____ who is my spouse described in paragraph() and as such, I have personal knowledge of the facts herein deposited to.

3. The total consideration for this transaction is allocated as follows:

(a) Monies paid or to be paid in cash	1.00
(b) Mortgages (i) assumed (show principal and interest to be credited against purchase price)	0.00
(ii) Given Back to Vendor	0.00
(c) Property transferred in exchange (detail below)	0.00
(d) Fair market value of the land(s)	0.00
(e) Liens, legacies, annuities and maintenance charges to which transfer is subject	0.00
(f) Other valuable consideration subject to land transfer tax (detail below)	0.00
(g) Value of land, building, fixtures and goodwill subject to land transfer tax (total of (a) to (f))	1.00
(h) VALUE OF ALL CHATTELS –items of tangible personal property	0.00
(i) Other considerations for transaction not included in (g) or (h) above	0.00
(j) Total consideration	1.00

4.

Explanation for nominal considerations:
s) other: No consideration was paid at the time the right of first refusal was granted to the applicant.

5. The land is subject to encumbrance

PROPERTY Information Record

A. Nature of Instrument:	Notice
	LRO 62 Registration No. WE1081631 Date: 2015/11/19
B. Property(s):	PIN 17176 – 0014 Address 85 EMERALD ST S Assessment 2518030 – 20401810 HAMILTON Roll No
D. (i) Last Conveyance(s):	PIN 17176 – 0014 Registration No.
	(ii) Legal Description for Property Conveyed: Same as in last conveyance? Yes ☒ No ☐ Not known ☐
E. Tax Statements Prepared By:	Owen James Duguid 700 Kerr St. Oakville L6K 3W5

Properties

PIN17176 - 0014 LT

DescriptionLTS 9, 10, 11 & 12, REGISTRAR'S COMPILED PLAN 1360 ; HAMILTON

Address85 EMERALD ST S
HAMILTON

Consideration

Consideration\$0.00

Applicant(s)

The notice is based on or affects a valid and existing estate, right, interest or equity in land

NameRIVERVIEW PHARMACY INC.

Address for Service303 King Street East,
Hamilton, Ontario
L8N 1C1

I, Rafik Lotfi, President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Statements

This notice is pursuant to Section 71 of the Land Titles Act.

This notice may be deleted by the Land Registrar when the registered instrument, WE1081631 registered on 2015/11/19 to which this notice relates is deleted

Schedule: The right of first refusal contained in Instrument No. WE1081631 registered on 2015/11/19 against the subject property, being a Notice of Right of First Refusal, has been extended by the parties therein such that the right of first refusal now expires 2028/12/31.

This document relates to registration number(s)WE1081631, WE1387288, WE1416699

Signed By

Owen James Duguid700 Kerr St.
Oakville
L6K 3W5acting for
Applicant(s)Signed2020 05 11

Tel905-842-8030

Fax905-842-4180

I have the authority to sign and register the document on behalf of the Applicant(s).

Submitted By

O'CONNOR MACLEOD HANNA LLP700 Kerr St.
Oakville
L6K 3W52020 05 11

Tel905-842-8030

Fax905-842-4180

Fees/Taxes/Payment

Statutory Registration Fee\$65.05

Total Paid\$65.05

File Number

Applicant Client File Number :97319

TAB F

APPENDIX "6"
POSTPONEMENT TITLE REGISTRATIONS
(see next page)

Properties

PIN17176 - 0014 LT

DescriptionLTS 9, 10, 11 & 12, REGISTRAR'S COMPILED PLAN 1360 ; HAMILTON

Address85 EMERALD ST S
HAMILTON

Source Instruments

Registration No.	Date	Type of Instrument
WE1081631	2015 11 19	Notice

Party From(s)

NameRIVERVIEW PHARMACY INC.

Address for Service303 King Street East
Hamilton, ON
L8N 1C1

I, Rafik Lotfi, A.S.O., have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)	Capacity	Share
-------------	----------	-------

NameKLN HOLDINGS INC.

Address for Service2554 Maid Marian Place
Mississauga, Ontario
L5K 2L9

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number WE1416590 registered on 2020/02/27

This document relates to registration number(s)WE1416590, WE1416593

Signed By

Robert Scott Brown	730-120 King Street West Hamilton L8P 4V2	acting for Party From(s)	Signed	2020 02 27
--------------------	---	-----------------------------	--------	------------

Tel905-528-3003

Fax289-389-9899

I have the authority to sign and register the document on behalf of the Party From(s).

Submitted By

ROBERT S. BROWN PROFESSIONAL CORPORATION	730-120 King Street West Hamilton L8P 4V2	2020 02 27
--	---	------------

Tel905-528-3003

Fax289-389-9899

Fees/Taxes/Payment

Statutory Registration Fee	\$65.05
Total Paid	\$65.05

File Number

Party To Client File Number :

20-C571

Properties

PIN17176 - 0014 LT

DescriptionLTS 9, 10, 11 & 12, REGISTRAR'S COMPILED PLAN 1360 ; HAMILTON

Address85 EMERALD ST S
HAMILTON

Source Instruments

Registration No.	Date	Type of Instrument
WE1081631	2015 11 19	Notice

Party From(s)

NameRIVERVIEW PHARMACY INC.

Address for Service303 King Street East
Hamilton, Ontario
L8N 1C1

I, Rafik Lotfi, A.S.O., have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)	Capacity	Share
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Name	ALTERNA SAVINGS AND CREDIT UNION LIMITED
Address for Service	319 McRae Avenue Ottawa, Ontario K1Z 0B9

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number WE1387262 registered on 2019/10/15

Schedule: The applicant postpones the rights under the selected instrument to the rights under an Instrument registered as Number WE1387263.

This document relates to registration number(s)WE1387262, WE1387263

Signed By

Robert Scott Brown	730-120 King Street West Hamilton L8P 4V2	acting for Party From(s)	Signed	2019 10 15
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Tel905-528-3003

Fax289-389-9899

I have the authority to sign and register the document on behalf of the Party From(s).

Submitted By

ROBERT S. BROWN PROFESSIONAL CORPORATION	730-120 King Street West Hamilton L8P 4V2	2019 10 15
--	---	------------

Tel905-528-3003

Fax289-389-9899

Fees/Taxes/Payment

Statutory Registration Fee	\$64.40
Total Paid	\$64.40

File Number

Party From Client File Number :19-C517

Party To Client File Number :137914-242

TAB G

APPENDIX "7"
SUMMARY OF SOURCE DEDUCTIONS

Source deductions

Emerald

Receiver General mar 15	10,251.13
Reeeiver General Apr 15	10,413.28
Reeeiver General May 15	10,005.61
Reeeiver General June 15	10,936.79
Receiver General July 15	11,825.94
Receiver General Aug 15	11,971.55
Receiver General Sep 15	11,492.82
Receiver General Oct 15	23,258.68
Receiver General 10% reducton	<u>(8,876.70)</u>
Total oustanding	<u>91,279.10</u>

Oct 15 payment is for September payroll
which includes retroactive pandemic pay

TAB H

APPENDIX "8"
FEE AFFIDAVIT OF ROB STELZER
(see next page)

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

Respondent

AFFIDAVIT OF ROBERT A. STELZER

I, ROBERT A. STELZER, of the City of Toronto, MAKE OATH AND SAY:

1. I am a Vice President of Grant Thornton Limited ("GTL"), Court-appointed Receiver of 1140402 Ontario Inc. O/A Emerald Lodge. (the "**Company**") and as such, have knowledge of the matters hereinafter deposed except where stated to be upon information in which case I do verily believe such information to be true. This affidavit is made in support of the Receiver's motion, among other things, to approve its accounts.
2. Attached and marked as **Exhibit "A"** to this my affidavit is true copies of the detailed billings setting out the fees and disbursements of GTL incurred in its role as Receiver of the

Company from September 4, 2020 to October 31, 2020, in the total amount of \$107,723.35, plus HST.

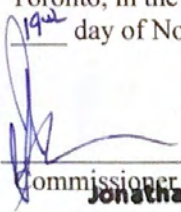
3. In the course of performing its duties, the Receiver's staff expended a total of 296.30 hours, the average hourly rate of all personnel of the Receiver during the period September 4, 2020 to October 31, 2020 is \$363.33.

4. Given the complexity of this insolvency matter, I believe the hourly rates and the total amount of fees are reasonable and comparable for insolvency services of this nature rendered by other firms in the City of Toronto.

5. The hours spent on this matter and disbursements incurred by GTL are outlined in detail in **Exhibit "A"** and I believe were reasonable and appropriate in the circumstances.

6. This affidavit is sworn in connection with the approval of the fees and disbursements of GTL and for no improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario, this
19th day of November 2020.



Jonathan David Krieger,
a Commissioner, etc., Province of Ontario,
for Grant Thornton Limited.
Expires February 11, 2023



ROBERT A. STELZER

Exhibit "A" to the Affidavit of Robert A. Stelzer,
sworn before me this 19 day of November 2020.



Jonathan David Krieger,
Commissioner for Taking Affidavits, etc.
a Commissioner, etc., Province of Ontario,
for Grant Thornton Limited.
Expires February 11, 2023

Court File No. CV-20-00648456-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

-and-

1140402 ONTARIO INC. O/A EMERALD LODGE

Respondents

BILL OF COSTS

BN 12738 4717 RT0001
Client #293584
Invoice #LSON-6841

To professional services rendered as Receiver and Manager for the period from September 4, 2020 to October 31, 2020.

Date	Full Name	Hours	Detail
September 4, 2020	Bruce Bando	0.20	Review draft Receivership Order.
September 7, 2020	Bruce Bando	0.40	Various correspondence with counsel and Alterna, review documents and execute Consent.
September 10, 2020	Bruce Bando	0.20	Discussion with counsel on status.
September 14, 2020	Rania Erian	0.60	Administration matters.
September 22, 2020	Bruce Bando	0.40	Various correspondence with Alterna; Various correspondence with counsel; Internal discussion.
September 22, 2020	Rob Stelzer	0.30	Call with B Bando.
September 23, 2020	Bruce Bando	1.80	Various correspondence with counsel to the Bank and counsel to the Receiver; Discussion with counsel to the Receiver; Review and amend draft Receivership Order; Various correspondence re: planning; Correspondence with BDO; Prepare for and attend conference call with Alterna and counsels.
September 23, 2020	Jonathan Krieger	1.20	Correspondence with team re: execution of mandate; Calls with counsel and bank; Correspondence with independent counsel; Correspondence with team re: considerations on

Date	Full Name	Hours	Detail
			language for order, first day considerations.
September 23, 2020	Rob Stelzer	0.70	Call with B. Bando; Call with B. Dillane to discuss possible manager appointment; E-mail.
September 24, 2020	Bruce Bando	1.70	Various correspondence with counsel to Alterna; Various correspondence and discussion with counsel; Various internal discussions and correspondence re: planning.
September 24, 2020	Jonathan Krieger	1.00	Calls with counsel; Call with Bank; Review of revised wording for order; Correspondence re: first day considerations; Planning call with team.
September 24, 2020	Paul Kouadio	0.60	Attend to internal calls re: receivership.
September 24, 2020	Rob Stelzer	4.60	Call with B Bando; Call with B Bando and J Krieger; Review of draft order; Put together workplan for first day; E-mail; Call with appraiser to discuss the facility; Call with B Dillane and B Moss to discuss possible management contract; Review of draft freeze letter to RBC; E-mail to C Mazur; E-mail with Firstbrook related to alternative insurance; Call with M Springstead at North American; Call with S Martino to discuss meeting tomorrow.
September 25, 2020	Bruce Bando	2.00	Attend Court; Various correspondence and discussions with the team; Review and amend update to Alterna.
September 25, 2020	Jonathan Krieger	0.50	Discussions with team; Attendance at Court hearing.
September 25, 2020	Paul Kouadio	7.50	Attend to facility and taking possession; Attend to accountant office; Prepare cash flow and forecast; Internal calls on receivership matters.
September 25, 2020	Rob Stelzer	4.80	Calls with J Krieger; Calls with S Martino and M Springstead related to the site and books and records; Calls with P Kouadio; Review of documents from M Springstead; E-mail to BDO; Website update; Review of finalized service list and order; Draft first day update for Alterna; Call with S Martino.
September 28, 2020	Bruce Bando	0.80	Discussion on outstanding matters; Provide precedents; Consider real estate agents.
September 28, 2020	Paul Kouadio	5.60	Attend to receivership matters: Review receivership order; Internal calls and emails re: to dos; Calls and emails with accountant re: cash flow items and outstanding items.

Date	Full Name	Hours	Detail
September 28, 2020	Rob Stelzer	3.40	Call with B Bando; Planning; Review of bank statements over the past 3 months and send transactions to review to team; Call with P Kouadio; Call with M Springstead; Call with S Martino.
September 29, 2020	Bruce Bando	1.70	Various correspondence with counsel, review and execute retainer; Case website matters; File management; Review of cash flow; Various discussions with the Hamilton Spectator; Internal correspondence and discussion on status and next steps.
September 29, 2020	Jonathan Krieger	0.30	Correspondence from counsel; Correspondence and discussions with team re: administration;
September 29, 2020	Paul Kouadio	4.80	Prepare cash flow projections; Internal discussion re: same; Review and update of same; Prepare section 245/246 notice.
September 29, 2020	Rania Erian	0.60	Create account; Create webpage and upload documents; Request for shorter URL.
September 29, 2020	Rob Stelzer	3.60	Draft contractor agreement for M Springstead and related calls and E-mail with Bennett Jones; Calls with S Martino on laundry issue; Update team to do list and call with B Bando; E-mail regarding new CRA account; Call with P Kouadio; Review of cash flow and provide comments and call with B Bando.
September 29, 2020	Rosa Wilford	0.80	Review internal instructions from team re Banking; Prepare bank letter; Review HST/Payroll request; Respond to emails; General banking administration.
September 30, 2020	Bruce Bando	0.40	CRA inquiry; Correspondence from the press; Internal discussion on the sales process.
September 30, 2020	Jonathan Krieger	0.50	Call with counsel, Bank re: matters related to Emerald; Correspondence with team re: guidance on sales process.
September 30, 2020	Paul Kouadio	2.80	Attend to receivership matters including review of inspection and requirements for licensing by City of Hamilton; Discuss tax situation with CRA and emails on same. Internal calls on same.
September 30, 2020	Rob Stelzer	3.60	Edits to employee and contractor contracts and related discussion with Bennett Jones; Call with M Springstead related to licensing; Call City of Hamilton to notify of receivership; E-mail regarding Canada Revenue agency;

Date	Full Name	Hours	Detail
			Coordinate staff meeting with S Martino.
October 1, 2020	Bruce Bando	1.30	Internal discussions on status and outstanding matters; Various correspondence and discussion with counsel to Alterna; Hamilton Spectator matters; Review and discussion re: contractor and employee letters.
October 1, 2020	Jonathan Krieger	0.50	Call with team re; guidance on sales process, considerations thereto.
October 1, 2020	Paul Kouadio	2.90	Update section 245/246; Finalize inspection and requirements for licensing by City of Hamilton Review affidavits and motion record; Attend to calls with B Bando and R Stelzer re: tasks and to dos.
October 1, 2020	Rob Stelzer	3.00	Review of records provided by company; Update team to do list and related call; Call with J Krieger; E-mail with Alterna; Finalize Martino letter and E-mail to Martino; Finalize Springstead letter and send.
October 2, 2020	Bruce Bando	0.80	Discussion on 245/246 report; Review and amend update to Alterna; Various correspondence thereof.
October 2, 2020	Paul Kouadio	3.80	Finalize section 245/246; Discuss same with R Stelzer and R Erian; Emails with B Bando and law firm re: update of application record; Attend to emails and calls with M Springstead at North American Living Centres re: bank account and daily reports; Review financial statements; Update addresses of creditors and claim amounts; Review emails on first week update.
October 2, 2020	Rob Stelzer	3.50	Calls with Levante Living, Carter Manor, VBI and other interested parties regarding the opportunity to buy Emerald; Review and revisions to 245 report; Update to the lender; Call with S Martino; Follow up call to City of Hamilton; Call with R Sahni on CRA issue; Review of revised certificate of insurance.
October 5, 2020	Jonathan Krieger	0.80	Correspondence with counsel; Call with Bank counsel; Discussions with team re: matters related to KERP discussion.
October 5, 2020	Paul Kouadio	2.20	Various emails with R Stelzer, secured creditor and counsel re: update from first week; Prepare next day site visit, incl. engagement letters for staff members.
October 5, 2020	Rania Erian	2.00	File Notice of the Receiver with the OSB; Complete the mailing to all

Date	Full Name	Hours	Detail
			creditors; Prepare Affidavit of Mailing; Upload legal documents to the case website.
October 5, 2020	Rob Stelzer	2.80	Call with M Springstead regarding contract; Review of rent roll; Approved payroll; E-mail to Alterna on request of S Martino; Call to S Martino; Call with B Bando; E-mail with counsel on prescribed security interest; Call from counsel to Riverview Pharmacy.
October 6, 2020	Bruce Bando	0.50	Various correspondence and discussion re: employees and contractors; Review and amend correspondence to a potential purchaser; NDA matters.
October 6, 2020	Paul Kouadio	4.50	Attend to site visit with R Stelzer; Meeting with staff members; Discuss contracts with staff members.
October 6, 2020	Rob Stelzer	5.10	Call with S Martino; Call with Alterna; Travel to Emerald; Meeting with staff and provided employment contracts; Review of the site; Call to A Miller of Colliers; E-mail related to NDA and draft E-mail to interested parties; call with prospective purchaser Ajey; E-mail with Alterna.
October 7, 2020	Paul Kouadio	3.70	Set up and prepare data room for sale process; Review documents incl. financial and operational information, compliance information, government information, photographs; Discuss same with R Stelzer; Various communication re: sale process.
October 7, 2020	Rob Stelzer	4.30	E-mail and calls with S Martino on contractor agreement; Draft of non-disclosure agreement and send to all interested parties; Calls related to request of resident P Crabtree on removal of funds; Discussion with A Miller on sales process; E-mail to Alterna; Review of pharmacy agreement and then E-mail to O Duguid and related discussion with R Sahni on impact on the sales process; E-mail with buyer GHM.
October 8, 2020	Bruce Bando	0.50	Various discussions on status and next steps; Sale matters.
October 8, 2020	Paul Kouadio	2.70	Attend to internal call with B Bando and R Stelzer re: status update; next site visit; Prepare and review cash flow and discuss same with R Stelzer; Various communications with accountant re: bank reports and operations.

Date	Full Name	Hours	Detail
October 8, 2020	Rob Stelzer	3.80	Calls from Alterna; Review of subsidy agreement; Calls and E-mail with S Martino; E-mail to S Webb at City of Hamilton; Call with O Duguid regarding pharmacy agreement; Call with R Jaipargas and R Sahni; Team call to review to do list; Call with J Felice at Cushman; Review of bank statements provided by management.
October 9, 2020	Bruce Bando	0.20	Discussion on status.
October 9, 2020	Paul Kouadio	6.10	Attend to site visit; Discuss health and safety inspection with public health inspector from City of Hamilton; Discuss outstanding tasks with S Martino incl. inspection requirements for licensing such as windows replacement, laundry machines; Attend to accountant's office and discuss reports, finances.
October 9, 2020	Rob Stelzer	3.40	Revise offer to S Martino and send; Call with S Martino; E-mail to Cushman; E-mail to CBRE; Call to Carter Manor; Review of updated cash flow; E-mail to O Duguid; Call with Rob at City of Hamilton; Review of NDA from Riverview and T Ho; Call from B Bando; Send update to Alterna on week two.
October 11, 2020	Rob Stelzer	0.40	E-mail over the weekend; Review of data room and approval of the documents for posting to prospective purchasers.
October 12, 2020	Bruce Bando	0.20	Review draft opinion on security; Internal correspondence thereof.
October 12, 2020	Joy Shuchat	1.00	Call with R Stelzer and provide contacts for potential replacement operators for Emerald Lodge; reach out to contacts to make introductions for R Stelzer.
October 13, 2020	Bruce Bando	2.00	Discussion with counsel to Alterna; Various correspondence with Alterna; Various correspondence and discussion regarding manager, potential replacements and next steps with the City of Hamilton; Review of correspondence from the City of Hamilton thereof.
October 13, 2020	Jonathan Krieger	1.00	Review of materials re; City of Toronto; Correspondence and call with team; Correspondence with counsel; Comments on draft letter; Further correspondence with team and counsel.
October 13, 2020	Paul Kouadio	6.20	Attend to sale process and internal discussions on same; Research on s. 227 from ITA re: unremitted source deductions; Emails and calls to accountant M Springstead re: daily bank

Date	Full Name	Hours	Detail
			reports and transactions; Emails to S Martino re: priorities to be done to comply with orders from City of Hamilton.
October 13, 2020	Rob Stelzer	7.30	Review of orders from City of Hamilton and call with inspector; Review of and edits to cash flow statement; E-mail with Alterna; Review of mortgage opinion and call with Bennett Jones; Reach out to J Shuchat and others regarding interim managers; Call with M Lawson at public health; Review of Subsidy Agreement; Call with J Krieger and R Jaipargas.
October 14, 2020	Bruce Bando	0.70	Dataroom review and correspondence thereof; Review and provide comments on the cash flow; Review and amend update to Alterna; Licensing matter.
October 14, 2020	Jonathan Krieger	0.50	Call with Bank; Correspondence with team re: communications and go forward plan.
October 14, 2020	Paul Kouadio	4.10	Discuss receivership status with R Stelzer; Prepare, review and finalize cash flow with bank reports; Discuss same with accountant M Springstead and R Stelzer.
October 14, 2020	Rob Stelzer	5.10	Follow up with GHM, Carter Manor, S Martino regarding bid deadline; Discussion with O Duguid representing Riverview regarding their LOI and review of their revised LOI; E-mail to Public Health department; Discussions with potential replacement operators including Wesley Urban Ministries, Indwell, B Moss, GT audit contacts, and Victoria Park Homes; E-mail City of Hamilton regarding missing subsidy payment; Call and E-mail with Licensing department regarding license renewal; Follow up with Cushman; Call with M Springstead; Updates to data room; Update to cash flow and send to Alterna.
October 15, 2020	Bruce Bando	0.80	Various correspondence and discussion on status and next steps.
October 15, 2020	Paul Kouadio	4.40	Attend to site visit; Discuss with staff re: orders from City of Hamilton, safety of residents; Internal discussions re: sale process and replacement of general manager at the premises; Prepare tasks to be done at premises to comply with work order from City of Hamilton; Various communications with accountant M Springstead re: income

Date	Full Name	Hours	Detail
			statement and financials.
October 15, 2020	Rob Stelzer	7.10	Call with O Duguid and later R Lotfi regarding managing home; Calls with J Kitson, C Cain, R Mastroianni, R MacPhee, R Wetselaar and Niagara Peninsula Homes about managing Emerald; Call with Cushman to discuss listing proposal and highest and best use of site; Call from L Nandu regarding S Martino whereabouts; Call with GHM regarding possible LOI from them; Call with R Sahni regarding receiver liability and S Martino issue; E-mail to CBRE; Review of August 2020 income statement and call with P Kouadio.
October 16, 2020	Bruce Bando	0.20	Various correspondence on status.
October 16, 2020	Jonathan Krieger	0.50	Discussion with team re: proposed letter; Correspondence re: considerations for property.
October 16, 2020	Paul Kouadio	7.20	Attend to site visit re: receivership incl. organize pest control company to deal with the infestations; Obtain quotes for replacing the windows and bathtub drain; Order new laundry machines; Calls to suppliers re: repairs and issues at facility; Internal communication re: same.
October 16, 2020	Rob Stelzer	4.00	Discussions with R Macphee and management team of Good Sheppard and R Wetselaar and the board of St. Matthew's house regarding replacement operator; Discussion with P Kouadio on various operational concerns; E-mail with Bennett Jones related to S Martino; E-mail with GHM regarding their LOI; E-mail with Alterna on mortgage payments; E-mail with City of Hamilton on outstanding orders.
October 17, 2020	Rob Stelzer	0.20	Call with R Wetselaar of St. Matthew's House.
October 18, 2020	Bruce Bando	0.40	Review various updates to the Bank; Various correspondence re: operational matters.
October 18, 2020	Rob Stelzer	2.10	E-mail to Good Shepherd and St. Matthew's House regarding manager role; E-mail to S Martino and with team; E-mail to Alterna with update; Review of purchases suggested by P Kouadio; Review of LOI's received.
October 19, 2020	Bruce Bando	0.90	Various correspondence and discussion re: status of today's meeting and next steps.

Date	Full Name	Hours	Detail
October 19, 2020	Jonathan Krieger	0.50	Call with team and counsel.
October 19, 2020	Paul Kouadio	8.70	Attend to call with secured lender re: receivership matters; Attend to site visit with R Stelzer and meeting with the Covid response team for the City of Hamilton; Supervise pest control company in dealing with infestation; Meet with windows company for assessment and quote re: windows replacement; Finalize order of laundry machines; Meet with City of Hamilton licensing officer C Constant re: deficiencies to resolve license renewal and orders; Various internal emails and calls re: issues to be dealt with at the facility; Attend to meeting with CBRE and Cushman & Wakefield re: proposal for sale process; Various calls and emails with Hamilton fire department re: safety issues at the premises.
October 19, 2020	Rob Stelzer	6.80	Preparation for call; Call with Alterna and counsel to discuss the LOI received, cash flow and other matters; E-mail with L Nandu of City of Hamilton; E-mail with R Wetselaar; Call with J Kitson of Wesley Urban Ministries; E-mail to counsel to Riverview on credentials; Review of and respond to City of Hamilton order; Travel to Hamilton; Meet with L Nandu of City of Hamilton, Good Shepherd Homes operator and CBRE realtors and Emerald staff; E-mail related to payroll at Emerald; Call with P Kouadio to discuss fire inspection; Call with Good Shepherd to discuss operational concerns.
October 20, 2020	Bruce Bando	1.30	Various correspondence on issues and conference call thereof; Review and amend various correspondence.
October 20, 2020	Jonathan Krieger	0.60	Calls and correspondence with team re: matters related to property monetization; Review of correspondence; Correspond with counsel.
October 20, 2020	Paul Kouadio	8.10	Attend to site visit; Meeting with the City of Hamilton fire department re: safety issues at the premises; Coordinate resolution of smoke alarm and fire hazard issues detected by the fire department; Review order re: Covid protocols and health protection from the City of Hamilton; Emails with second mortgagee, KLN Holdings re: receivership; Attend to other receivership matters.

Date	Full Name	Hours	Detail
October 20, 2020	Rob Stelzer	7.10	Call and then E-mail with R Mastroianni in Hamilton subsidy department; Call with C Cain to find replacement operator; Call with Good Shepherd; Call with M Springstead and approval of various payments; Calls throughout the day with P Kouadio to discuss fire department orders, security guards, building inspection findings and staffing concerns; E-mail with S Martino; Call from B Brown regarding potential LOI from McCowan and S Martino issues; Respond to questions of CBRE; Call with Nikos of Alterna; Call with J Krieger and E-mails with B Bando on various operational issues; E-mail to Alterna in preparation for call tomorrow.
October 20, 2020	Rosa Wilford	0.20	Review estate: Notify team for direction on filing fee due; Email; General banking administration.
October 21, 2020	Paul Kouadio	6.60	Attend to call with secured lender re: receivership matters; Site visit; Meet with City of Hamilton licensing officer, C Constant and discuss refusal of license renewal; Meet with accountant M Springstead and discuss among others payroll, license renewal documents; Meet with City of Hamilton fire department; Meet with second windows company for assessment and quote re: windows replacement; Review cash flow and bank reports; Attend to other receivership matters.
October 21, 2020	Rob Stelzer	6.10	Preparation for call; Call with S Martino and her lawyer; E-mail related to license renewal; E-mail J Lee of Good Shepherd; Preparation for call and then call with Alterna and others; Call with R Mastroianni; Call with Good Shepherd; Calls throughout the day with P Kouadio; Call from N Patiniotis; E-mail to GHM; Follow up with CBRE and Cushman; Send update to Alterna; E-mail with O Duguid.
October 21, 2020	Rosa Wilford	1.00	Review internal instructions; Draft letter and prepare Bank form for new account. Correspondences with Bank; Setup account estate. Provide wire instructions to team; Fax; Emails; Prepare advance request re Filing Fee; Letter; General banking administration.

Date	Full Name	Hours	Detail
October 22, 2020	Paul Kouadio	5.30	Attend to site visit with Good Shepherd to coordinate potential interim management and operations; Coordinate emergency plumber to attend urgent request from City of Hamilton re: bathrooms and toilets issues; Attend to calls and emails from M Ciriello from the City of Hamilton Licensing Division re: same; Meet with third windows company for assessment and quote re: windows replacement.
October 22, 2020	Rob Stelzer	5.90	Call with R Lotfi and further E-mails regarding LOI submitted; Urgent plumbing issue and correspondence with City; E-mail with M Springstead on license; Calls with Good Shepherd regarding operations; Call regarding license renewal; Draft termination letter to S Martino; Calls throughout day with P Kouadio; Review of City of Hamilton operating agreement and respond to City regarding concerns.
October 23, 2020	Bruce Bando	0.20	Various correspondence and discussion.
October 23, 2020	Jonathan Krieger	0.50	Calls with team re: risk management considerations.
October 23, 2020	Paul Kouadio	8.40	Attend to call with secured lender re: receivership matters; Attend to site visit; Emails and calls with S Martino re: payroll and security; Various calls to locksmiths and attend to safeguard and secure facility; Various calls and emails with R Mastroianni from the City of Hamilton Housing Services Division re: evacuating and safeguarding the facility, relocating residents, dealing with residents issues; Review bank statement and bank reports; Attend to other receivership matters.
October 23, 2020	Rob Stelzer	8.00	Review of financial projections for Emerald regarding going concern viability and CAPEX needed to keep operating; Call with City to discuss need for funding or controlled shut down; Call with Alterna to discuss controlled shut down; Call with City to discuss Good Shepherd concerns regarding safety; Agreement with City regarding emergency evacuation; Dismissal of S Martino; Calls with locksmiths regarding immediate securing of premises; Arrangements with City regarding security; E-mail to C Cain; E-mail to M Springstead; E-mails with J Krieger; Calls with P Kouadio on securing premises; E-mail to Alterna.

Date	Full Name	Hours	Detail
October 24, 2020	Paul Kouadio	3.80	Attend to site visit re: securing facility; Prepare door notice and post on premises; Several communications with R Stelzer and R Mastroianni from the City of Hamilton Housing Services Division re: safeguarding the facility, boarding of windows, security, dealing with resident issues; Cancel order of laundry machines.
October 24, 2020	Rob Stelzer	3.30	Call with M Springstead and discuss employee final payroll, WEPPA and other matters; E-mail with R Tuzzi on securing premises; Update to Alterna; Call with employees E Cassels and S Degouthe; Update team to do list; Call with Riverview pharmacy and introduction to City regarding medication; Arrangements to board up the premises and post door notices.
October 25, 2020	Paul Kouadio	2.00	Attend to premises to grant residents access to building to collect their belongings.
October 25, 2020	Rob Stelzer	2.50	E-mail to Alterna with update and subsidy agreement and McCowan LOI; E-mail to licensing department; E-mail with subsidy group of City regarding security; Calls to remaining employees; Calls with P Kouadio regarding boarding up site and safety concern of security.
October 26, 2020	Jonathan Krieger	0.50	Discussion with team re: media matters.
October 26, 2020	Paul Kouadio	4.20	Attend to premises to facilitate boarding up of doors and windows; Internal email re: communication to reporter and press; Review staff time sheets for October; Emails and calls to accountant re: payroll for staff; Various emails with S Martino re: same.
October 26, 2020	Rob Stelzer	1.40	Call with R Lotfi regarding LOI; E-mail regarding questions from Hamilton Spectator; E-mail with City of Hamilton on cheques for resident personal needs; Call with P Kouadio; Other E-mail; Respond to McCowan LOI; E-mail to R Sahni.
October 27, 2020	Paul Kouadio	4.50	Attend to receivership matters including emails and call with R Mastroianni from City of Hamilton re: resident access to funds and personal needs allowance; Internal communication re: various receivership matters; Organize and grant residents access to building to collect their belongings; Review cash position and bank reports; Review and approve staff payroll and discuss with

Date	Full Name	Hours	Detail
			accountant.
October 27, 2020	Rob Stelzer	3.30	Arrangements related to employee payroll; Calls with P Kouadio on various matters including securing the facility and security guards; Call with J Lee to discuss concerns related to evacuation; E-mail with Alterna; Call with counsel to discuss sales process and other matters; Call with KLN to discuss security position and operations; Call with counsel to McCowan to discuss LOI and recent operational matters.
October 28, 2020	Paul Kouadio	4.30	Organize security at premises and site visit re: same; Call with R Stelzer and R Mastroianni from City of Hamilton re: residents personal needs allowance and allocation of funds from public guardian; Organize collection of supplies, produce and food from facility.
October 28, 2020	Rob Stelzer	2.60	Call with insurance broker; Call with GHM regarding LOI; E-mail and calls with P Kouadio regarding boarding of facility; Call with M Springstead and related E-mails with City and call with ODSP on allowance cheques for residents; Call from J Lee of Good Shepherd; Call from resident P Crabtree.
October 29, 2020	Bruce Bando	0.30	Internal discussion re: brokers and review of submissions.
October 29, 2020	Paul Kouadio	3.70	Attend to receivership matters including but not limited to review of cash flow and available funds for servicing of invoices; Organizing security check with security contractor; Coordinate collection of personal needs allowance with City of Hamilton; Sale process and review files needed re: same.
October 29, 2020	Rob Stelzer	2.80	Arrangements related to resident PIN money with North American, Good Shepherd and the City of Hamilton; Arrangements related to premises visits; Review of listing proposals and call with B Bando; Calls with P Kouadio regarding visits of residents to pick up belongings; Review of insurance termination letter and respond.
October 30, 2020	Jonathan Krieger	1.00	Call with Bank and counsel re: action items and discussion of go forward plan; Review of terms of submissions re: sale process.
October 30, 2020	Paul Kouadio	3.80	Attend to receivership matters including but not limited to visit of promises to grant residents access to building to

Date	Full Name	Hours	Detail
			collect their belongings; Finalize and supervise collection of personal needs allowance of residents and various communication with accountant, Good Shepherd, City of Hamilton and residents; Various communication with staff re: payroll and ROE's; Calls and emails to potential purchasers and discuss sale process.
October 30, 2020	Rob Stelzer	4.90	E-mail and call with insurance broker; E-mail to S Martino; Call with Cushman to discuss proposal; Preparation and then call with Alterna and counsel; Call with CBRE to discuss proposal; Discussions with P Kouadio on employee payroll and other matters; Call from R Lotfi.
		296.30	

Time Charges and Expenses:

J. Shuchat, Partner	1.00	hours @	\$ 620.00	per hour	\$ 620.00
J. Krieger, Sr. Vice President	9.90	hours @	\$ 595.00	per hour	\$ 5,890.50
B. Bando, Vice- President	19.90	hours @	\$ 525.00	per hour	\$ 10,447.50
R. Stelzer, Vice President	127.80	hours @	\$ 475.00	per hour	\$ 60,705.00
R. Wilford, Manager	2.00	hours @	\$ 275.00	per hour	\$ 550.00
P. Kouadio, Sr. Associate	132.50	hours @	\$ 180.00	per hour	\$ 23,850.00
R. Erian, Analyst	3.20	hours @	\$ 145.00	per hour	\$ 464.00
	<u>296.30</u>				\$ 102,527.00
5% Technology and Administration					\$ 5,126.35
					<u>\$ 107,653.35</u>

Disbursements

Receiver General of Canada - Filing Fee	<u>\$ 70.00</u>
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Subtotal time and disbursements \$ 107,723.35

HST \$ 14,004.04

Total Invoice Due \$ 121,727.39

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

AFFIDAVIT OF ROBERT A. STELZER

Bennett Jones LLP
Suite 3400
1 First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Raj Sahani
Tel: (416) 777-4804
sahani@bennettjones.com

*Lawyers for Grant Thornton Limited in its capacity as Receiver of the
Respondent*

TAB I

APPENDIX "9"
FEE AFFIDAVIT OF RAJ SHANI
(see next page)

B E T W E E N:

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

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED; AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS
AMENDED**

**AFFIDAVIT OF RAJ SAHNI
(sworn November 20, 2020)**

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

1. I am a lawyer qualified to practice law in the Province of Ontario and am a partner of Bennett Jones LLP ("**Bennett Jones**"), counsel for Grant Thornton Ltd., in its capacity as Court-appointed Receiver (in such capacity, the "**Receiver**") in these proceedings and as such have knowledge of the matters hereinafter deposed. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. I make this affidavit in support of a motion by the Receiver for, among other things, approval of the fees and disbursements of the Receiver and its counsel.

3. Attached hereto as Exhibit "A" are true copies of the accounts rendered by Bennett Jones counsel to the Receiver for the period between September 22, 2020 and October 31, 2020. I confirm that these accounts accurately reflect the services provided by Bennett Jones in this matter for this period and the fees and disbursements claimed by it for the period.

4. Attached hereto as Exhibit "B" is a schedule summarizing the accounts of Bennett Jones rendered to the Receiver for the fees and disbursements incurred by Bennett Jones in connection with these proceedings for the period between September 22, 2020 and October 31, 2020.

5. Attached hereto as Exhibit "C" is a schedule summarizing the respective years of call and billing rates of each of the professionals at Bennett Jones that rendered services to the Monitor, the hours worked by each such individual and the blended hourly rate for the file.

6. To the best of my knowledge, the rates charged by Bennett Jones throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services. I believe that the total hours, fees and disbursements incurred to date by Bennett Jones on this matter are reasonable and appropriate in the circumstances.

SWORN before me over videoconference)
on this 20th day of November 2020. The affiant)
was located in the City of Toronto, in the)
Province of Ontario. This Affidavit was)
Commissioned remotely as a result of)
COVID-19 and was commissioned in)
Accordance with Ontario Regulation 431/20)



RAJ SAHNI



Commissioner for Taking Oaths

**THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF RAJ SAHNI**

SWORN

THE 20th DAY OF NOVEMBER 2020

A handwritten signature in black ink, consisting of a stylized 'R' followed by a horizontal line and a small flourish.

A Commissioner for taking affidavits, etc.



Bennett Jones

Bennett Jones LLP
Suite 3400
1 First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Grant Thornton LLP
200 King Street West, 11th Floor
Toronto, ON M5H 3T4

Re: 1140402 Ontario Inc. O/A Emerald Lodge
Our File Number: 090735.00001

Date: October 7, 2020
Invoice: 1357300

PROFESSIONAL SERVICES RENDERED in conjunction with the above noted matter:

Professional Services	\$	16,301.00
Disbursements	\$	75.90
Total Due before GST/HST	\$	16,376.90
GST/HST	\$	2,129.00
Total Due in CAD	\$	18,505.90

Due upon receipt. Bennett Jones reserves the right to charge interest at a rate not greater than 12% per annum on outstanding invoices over 30 days. We collect, use and disclose information pursuant to our Privacy Policies. For further information visit our website at www.bennettjones.com. GST/HST number: 119346757



October 7, 2020
Page 2

Client:
Invoice No.:

090735.00001
1357300

Date	Name	Description	Hours
22/09/20	Raj Sahni	Call with R. Jaipargas; review background materials regarding receivership application; review and comment on draft receivership order; preliminary review of loan and security documents and follow-up call with R. Jaipargas regarding same	2.60
23/09/20	Raj Sahni	Call with B. Bando; drafting further revision to draft receivership order; emails with R. Jaipargas; conference call with R. Jaipargas and Grant Thornton regarding insurance issues; further call with R. Jaipargas regarding same	1.80
24/09/20	Aiden Nelms	Reading and responding to file related emails; Reviewing Receivership Application materials; Preparing for and participating in conference call with R. Sahni and J. van Gent regarding file generally	1.30
24/09/20	John van Gent	Reviewing motion application; Conference call with R. Sahni and A. Nelms to discuss background to transaction and next steps; Emails to and from N. Akbari providing instructions concerning preparation of an application to register court order; Numerous emails to and from entire working group concerning execution and delivery of same	0.60
24/09/20	Nasim Akbari	Receiving and reviewing instructions and documents from J. van Gent; Preparing acknowledgment and direction and e-reg application to register court order and providing same to A. Nelms	0.90
24/09/20	Raj Sahni	Calls and emails with R. Jaipargas regarding receivership application, insurance and related matters; call with Grant Thornton team regarding additional revisions to receivership order; further calls with R. Jaipargas and Grant Thornton regarding matters relating to receivership and arrangement relating to Emerald Lodge property; discussions with J. van Gent and A. Nelms regarding proposed receivership and next steps	2.10
24/09/20	Nasim Akbari	Inserting name of signing authority in e-reg application to register court order	0.10
25/09/20	John van Gent	Numerous emails to and from R. Sahni, A. Nelms and N. Akbari concerning issuance of court order; Attending to registration of application for same against title; Numerous emails to and from N.	0.30



October 7, 2020
Page 3

Client:
Invoice No.:

090735.00001
1357300

Date	Name	Description	Hours
		Akbari to facilitate same	
25/09/20	Nasim Akbari	Attending to registration of court order and conducting sub-search	0.30
25/09/20	Raj Sahni	Attendance at hearing (by Zoom) of receivership application; emails with real estate clerk re: registration of order; emails with Grant Thornton; emails with J. van Gent and N. Akbari regarding registration of court order on title	0.80
28/09/20	Raj Sahni	Emails and call with R. Stelzer regarding retention of personnel to operate Emerald Lodge property; emails with C. Cunningham (Bennett Jones employment law partner)	0.60
29/09/20	John van Gent	Email from R. Sahni forwarding court stamped order; Email to L. Stacey and N. Akbari concerning ability to replace schedule to registered application to reflect court stamped copy of order	0.10
29/09/20	Carl Cunningham	Analysis of form of offer to temporary employees; Review letter; Call with T. Bregman (2x)	1.00
29/09/20	Talia Bregman	Analyzing nature of employment agreement with R. Sahni and C. Cunningham; Reviewing court order; Reviewing prior case law research on scope of successor employer liability of receivers; Corresponding with R. Stelzer re independent contractor agreement and employment agreement; Revising independent contractor agreement for consultant; Drafting form of employment agreement for employees	4.60
29/09/20	Raj Sahni	Call with T. Bergman (Bennett Jones employment lawyer) regarding matters relating to retention of personnel; conference call and emails with R. Stelzer and T. Bergman; emails with J. van Gent regarding Court order and registration	0.80
30/09/20	John van Gent	Detailed email from L. Stacey concerning updating application to register court order to include court stamped copy of order; Email to R. Sahni with recommendation to do nothing further and rely on current application attaching the issued but unstamped order	0.20
30/09/20	Carl Cunningham	Call with T. Bregman on structuring contractor agreement and offer letters	0.30
30/09/20	Leslie Stacey	Review email from J. van Gent, unstamped court	0.50



October 7, 2020
Page 4

Client: 090735.00001
Invoice No.: 1357300

Date	Name	Description	Hours
		order and receipted application; Discussion with M. Taylor and N. Akbari; Email to J. van Gent regarding registration of unstamped court order	
30/09/20	Talia Bregman	Analyzing how to best minimize liability of receiver with C. Cunningham; Corresponding with R. Stelzer re forms of agreements; Finalizing independent contractor agreement and template letter to employees; Revising same in light of comments from R. Stelzer	2.50
30/09/20	Raj Sahni	Call with R. Jaipargas regarding status of receivership proceeding and proposed next steps; emails with J. van Gent	0.40

Total Hours	21.80
Total Professional Services	\$ 16,301.00

Name	Title	Hours	Rate	Amount Billed
Raj Sahni	Partner	9.10	\$ 925.00	\$ 8,417.50
Carl Cunningham	Partner	1.30	\$ 865.00	\$ 1,124.50
John van Gent	Partner	1.20	\$ 835.00	\$ 1,002.00
Talia Bregman	Associate	7.10	\$ 640.00	\$ 4,544.00
Aiden Nelms	Associate	1.30	\$ 465.00	\$ 604.50
Leslie Stacey	Paralegal	0.50	\$ 450.00	\$ 225.00
Nasim Akbari	Paralegal	1.30	\$ 295.00	\$ 383.50

Disbursements	Amount
Teraview Filing	\$ 75.90
Total Disbursements	\$ 75.90
GST/HST	\$ 2,129.00
TOTAL DUE	\$ 18,505.90



Bennett Jones

Grant Thornton LLP
200 King Street West, 11th Floor
Toronto, ON M5H 3T4

Re: 1140402 Ontario Inc. O/A Emerald Lodge
Our File Number: 090735.00001

Date: October 7, 2020
Invoice: 1357300

Remittance Statement

Professional Services	\$	16,301.00
Disbursements	\$	75.90
Total Due before GST/HST	\$	16,376.90
GST/HST	\$	2,129.00
Total Due in CAD	\$	18,505.90

Remit by Wire Transfer

Beneficiary Name: Bennett Jones LLP
Beneficiary Address: 4500, 855 - 2nd Street SW Calgary, AB T2P 4K7 Canada
Beneficiary Bank: Royal Bank of Canada
Bank Address: 339 - 8th Avenue SW Calgary, AB T2P 1C4 Canada
Account Details: Bank Code: 003, Branch/Transit 00009,
CAD Acct 000091725811 [5 digit transit no + 7 digit account no]
USD Acct 000094005534 [5 digit transit no + 7 digit account no]
SWIFT Code: ROYCCAT2

When wiring funds from the USA

Intermediary Bank	JP Morgan Chase Bank New York
Intermediary Swift Code	CHASUS33
Intermediary ABA Routing Code	021000021

Wire notifications can be emailed to: bennettjonesft@bennettjones.com
For ease of processing, please include the invoice(s) number in the Details section

Remit By Interac e-Transfer

Email: bennettjonesft@bennettjones.com
For ease of processing, please include the invoice(s) number in the Message Field
Note: e-transfers are CAD only and are subject to daily limits set by the sender's bank

Remit By Visa/Mastercard

Contact the Accounts Receivable Department by email at AR@bennettjones.com



Bennett Jones

Bennett Jones LLP
Suite 3400
1 First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Grant Thornton LLP
200 King Street West, 11th Floor
Toronto, ON M5H 3T4

Re: 1140402 Ontario Inc. O/A Emerald Lodge
Our File Number: 090735.00001

Date: November 18, 2020
Invoice: 1364071

PROFESSIONAL SERVICES RENDERED in conjunction with the above noted matter:

Professional Services	\$	17,652.50
Disbursements	\$	226.40
Other Charges	\$	1,135.50
Total Due before GST/HST	\$	19,014.40
GST/HST	\$	2,471.87
Total Due in CAD	\$	21,486.27

Due upon receipt. Bennett Jones reserves the right to charge interest at a rate not greater than 12% per annum on outstanding invoices over 30 days. We collect, use and disclose information pursuant to our Privacy Policies. For further information visit our website at www.bennettjones.com. GST/HST number: 119346757



Date	Name	Description	Hours
02/10/20	Thomas Gray	Research for A. Nelms	0.60
02/10/20	Aiden Nelms	Reading and responding to file related emails with R. Sahni	0.20
03/10/20	Thomas Gray	Conducting research for A. Nelms regarding deemed trusts for Canada Revenue Agency	3.80
04/10/20	Thomas Gray	Completing research and sending note to A. Nelms	0.50
04/10/20	Aiden Nelms	Reading and responding to file related emails with T. Gray	0.20
05/10/20	Aiden Nelms	Reading and responding to file related emails with R. Sahni and T. Gray; Reviewing and considering research on section 227 of the ITA and priority of deemed trust; Drafting memo to R. Sahni regarding same; Reviewing Application Record and Parcel Register with respect to Alterna's mortgage	2.80
05/10/20	Leslie Stacey	Review subsearch request regarding Emerald Lodge Property; Obtain aerial photo and legal description; Obtain and review parcel register; email aerial photo and parcel register to A. Nelms	0.30
05/10/20	Raj Sahni	Discussion with A. Nelms regarding deemed trust issues and reviewing preliminary research	0.40
07/10/20	John van Gent	Detailed email to N. Akbari with additional instructions for preparation of security opinion	0.30
07/10/20	Nasim Akbari	Receiving instructions from J. van Gent regarding security opinion; Preparing draft security opinion	1.20
07/10/20	Raj Sahni	Review Riverview Pharmacy agreements and call with R. Stelzer regarding same; considering issues regarding treatment of potential RoFR	0.80
08/10/20	John van Gent	Reviewing draft security opinion; Email to R. Sahni forwarding same for review and comment; Email to N. Akbari requesting copies of registered mortgages and general assignments of rents; Reviewing registered security	0.50
08/10/20	Raj Sahni	Discussion and emails with J. van Gent regarding security opinion on Alterna security	0.20
09/10/20	John van Gent	Emails to and from R. Sahni and A. Nelms concerning comments on draft security opinion; Revising same; Email to R. Sahni forwarding revised security opinion	0.20



November 18, 2020
Page 3

Client:
Invoice No.:

090735.00001
1364071

Date	Name	Description	Hours
09/10/20	Aiden Nelms	Reading and responding to file related emails with R. Sahni and J. van Gent; Reviewing and revising security opinion	0.60
13/10/20	John van Gent	Email from R. Stelzer with questions concerning draft security opinion; Emails to and from R. Sahni concerning same	0.20
13/10/20	Aiden Nelms	Reading and responding to file related emails with R. Sahni; Call with R. Sahni and Receiver	0.60
13/10/20	Raj Sahni	Call with R. Jaipargas; emails and call with R. Stelzer regarding offer from Riverview	0.70
15/10/20	Aiden Nelms	Reading and responding to file related emails with R. Sahni and reviewing updated security opinion	0.40
16/10/20	Carl Cunningham	Discussion with T. Bregman regarding rescission of independent contractor agreement	0.20
16/10/20	Talia Bregman	Reviewing and editing note regarding rescission of independent contractor agreement	0.30
18/10/20	Raj Sahni	Review materials and update from R. Stelzer in preparation for group call	0.50
19/10/20	Raj Sahni	Group conference call with the Receiver and Alterna and its counsel regarding status of receivership matters and issues faced by the Receiver at Emerald Lodge property; working on issues regarding proposed sale process and issues at the Property	1.30
21/10/20	Raj Sahni	Follow-up conference call with the Receiver and Alterna and its counsel; further follow-up call with the Receiver regarding issues at the Emerald Lodge property and potential court order for directions; review emails from the Receiver regarding update on issues	1.00
22/10/20	John van Gent	Emails to and from R. Sahni with instructions to finalize security opinion; Emails to and from N. Akbari with instructions concerning same; Reviewing and executing security opinion; Email to R. Sahni forwarding executed security opinion and updated searches referred to therein	0.30
22/10/20	Nasim Akbari	Updating searches and opinion to reflect same and providing to J. van Gent	0.50



November 18, 2020
Page 4

Client:
Invoice No.:

090735.00001
1364071

Date	Name	Description	Hours
22/10/20	Carl Cunningham	Call T. Bregman regarding rescission of consulting agreement	0.20
22/10/20	Talia Bregman	Reviewing email correspondence from R. Stelzer re manager at Emerald Lodge; Participating in call with R. Stelzer to discuss letter to manager re contract services; Editing letter to manager	1.50
23/10/20	Raj Sahni	Review preliminary "term sheet" from city of Hamilton; emails from R. Stelzer regarding emergency evacuation of Emerald Lodge facility; discussion with R. Stelzer regarding same; considering next steps for Receiver and potential court order	0.80
27/10/20	Jesse Mighton	Phone conference with R. Sahni and R. Stelzer re sale process	0.80
27/10/20	Raj Sahni	Call with R. Stelzer and J. Mighton; working on issues and next steps for Receiver in connection with sale process and potential interested parties; call with R. Jaipargas to discuss same	1.20
29/10/20	Aiden Nelms	Reading and responding to file related emails with R. Sahni and T. Gray; Reviewing and considering Residential Care Facility Pharmaceutical Service Agreement and related documents; Drafting email memo to R. Sahni regarding same	1.00
29/10/20	Thomas Gray	Research for A. Nelms regarding issues relating to Pharmaceutical Service Agreement	3.10
30/10/20	Thomas Gray	Continuing to conduct research and preparing research note for A. Nelms	2.70
30/10/20	Aiden Nelms	Reading and responding to file related emails R. Sahni and T. Gray; Reviewing and considering research from T. Gray; Drafting and revising email memo to R. Sahni regarding same	0.80
30/10/20	Raj Sahni	Prepare for and attend call with the Receiver and Alterna and its counsel; call with A. Nelms regarding research issues and reviewing memo regarding same	1.00
31/10/20	Thomas Gray	Researching contract related issue regarding Emerald Lodge for A. Nelms	1.60
Total Hours			33.30
Total Professional Services			\$ 17,652.50



November 18, 2020
Page 5

Client: 090735.00001
Invoice No.: 1364071

Name	Title	Hours		Rate	Amount Billed
Raj Sahni	Partner	7.90	\$	925.00	\$ 7,307.50
Carl Cunningham	Partner	0.40	\$	865.00	\$ 346.00
John van Gent	Partner	1.50	\$	835.00	\$ 1,252.50
Talia Bregman	Associate	1.80	\$	640.00	\$ 1,152.00
Aiden Nelms	Associate	6.60	\$	465.00	\$ 3,069.00
Jesse Mighton	Associate	0.80	\$	710.00	\$ 568.00
Thomas Gray	Student	12.30	\$	270.00	\$ 3,321.00
Leslie Stacey	Paralegal	0.30	\$	450.00	\$ 135.00
Nasim Akbari	Paralegal	1.70	\$	295.00	\$ 501.50

Disbursements	Amount
Land Title - Search	\$ 175.40
Online Government Service	\$ 51.00
Total Disbursements	\$ 226.40

Other Charges	Amount
Library Computer Search - WestlawNext Canada	\$ 1,135.50
Total Other Charges	\$ 1,135.50
GST/HST	\$ 2,471.87
TOTAL DUE	\$ 21,486.27



Bennett Jones

Grant Thornton LLP
200 King Street West, 11th Floor
Toronto, ON M5H 3T4

Re: 1140402 Ontario Inc. O/A Emerald Lodge
Our File Number: 090735.00001

Date: November 18, 2020
Invoice: 1364071

Remittance Statement

Professional Services	\$	17,652.50
Disbursements	\$	226.40
Other Charges	\$	1,135.50
Total Due before GST/HST	\$	19,014.40
GST/HST	\$	2,471.87
Total Due in CAD	\$	21,486.27

Remit by Wire Transfer

Beneficiary Name: Bennett Jones LLP
Beneficiary Address: 4500, 855 - 2nd Street SW Calgary, AB T2P 4K7 Canada
Beneficiary Bank: Royal Bank of Canada
Bank Address: 339 - 8th Avenue SW Calgary, AB T2P 1C4 Canada
Account Details: Bank Code: 003, Branch/Transit 00009,
CAD Acct 000091725811 [5 digit transit no + 7 digit account no]
USD Acct 000094005534 [5 digit transit no + 7 digit account no]
SWIFT Code: ROYCCAT2

When wiring funds from the USA

Intermediary Bank	JP Morgan Chase Bank New York
Intermediary Swift Code	CHASUS33
Intermediary ABA Routing Code	021000021

Wire notifications can be emailed to: bennettjonesoft@bennettjones.com
For ease of processing, please include the invoice(s) number in the Details section

Remit By Interac e-Transfer

Email: bennettjonesoft@bennettjones.com
For ease of processing, please include the invoice(s) number in the Message Field
Note: e-transfers are CAD only and are subject to daily limits set by the sender's bank

Remit By Visa/Mastercard or General Inquiries

Contact the Accounts Receivable Department by email at AR@bennettjones.com

**THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF RAJ SAHNI
SWORN
THE 20th DAY OF NOVEMBER 2020**

A handwritten signature in black ink, consisting of a stylized 'R' followed by a horizontal line and a small flourish.

A Commissioner for taking affidavits, etc.

Exhibit "B"

Invoice #	Period Ending	Date of Account	Fees	Expenses/Disbursements	GST/HST	Total
1357300	30-Sep-20	7-Oct-20	\$16,301.00	\$75.90	\$2,129.00	\$18,505.90
1364071	31-Oct-20	18-Nov-20	\$17,652.50	\$1,361.90	\$2,471.81	\$21,486.21
TOTAL			\$33,953.50	\$1,437.80	\$4,600.81	\$39,992.11

THIS IS EXHIBIT "C" REFERRED TO IN THE

AFFIDAVIT OF RAJ SAHNI

SWORN

THE 20th DAY OF NOVEMBER 2020

A handwritten signature in black ink, consisting of a stylized 'R' followed by a horizontal line and a small flourish.

A Commissioner for taking affidavits, etc.

Exhibit "C"

Timekeeper	Year of Call (if applicable)	Hourly Rate	Total Time	Fees
Raj Sahni	2000	\$925.00	17	\$15,725.00
Carl Cunningham	2001	\$865.00	1.7	\$1,470.50
John van Gent	2002	\$835.00	2.7	\$2,254.50
Jesse Mighton	2012	\$710.00	0.8	\$568.00
Talia Bregman	2013	\$640.00	8.9	\$5,696.00
Aiden Nelms	2018	\$465.00	7.9	\$3,673.50
Leslie Stacey	n/a	\$450.00	0.8	\$360.00
Nasim Akbari	n/a	\$295.00	3	\$885.00
Thomas Grey	n/a	\$270.00	12.3	\$3,321.00
TOTALS			55.1	\$33,953.50

Blended Rate (excluding expenses and HST) \$33,953.50 ÷ 55.1 hours =	\$616.22
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IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

ALTERNA SAVINGS AND CREDIT UNION LIMITED - and - 1140402 ONTARIO INC. O/A EMERALD LODGE

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

Proceeding commenced at Toronto

FEE AFFIDAVIT

BENNETT JONES LLP
3400 First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Raj Sahni (LSO #42942U)
Tel: (416) 777-4804
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Jesse Mighton (LSO#62291J)
Tel:(416) 777-6255
Email: mightonj@bennettjones.com

Counsel to Grant Thornton Ltd. in its
capacity as the Receiver of the Applicant

APPLICATION PURSUANT TO SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED; AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. 43, AS AMENDED

ALTERNA SAVINGS AND CREDIT UNION LIMITED
Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE
Respondent

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

**FIRST REPORT OF GRANT THORNTON LIMITED,
THE RECEIVER**

BENNETT JONES LLP
3400 First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Raj Sahni (LSO #42942U)
Tel. (416) 777-4804
Email: SahniR@bennettjones.com

Jesse Mighton (LSO #62291J)
Tel. (416) 777-6255
Email: MightonJ@bennettjones.com

Counsel to Grant Thornton Limited., the Court-appointed Receiver of the assets, undertakings and properties of 1140402 Ontario Inc. o/a Emerald Lodge.

TAB 3

B E T W E E N:

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

THE HONOURABLE) FRIDAY, THE 27TH DAY
)
JUSTICE HAINEY) OF NOVEMBER, 2020

ALTERNA SAVINGS AND CREDIT UNION LIMITED

Applicant

- and -

1140402 ONTARIO INC. O/A EMERALD LODGE

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED; AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS
AMENDED**

**ORDER
(Sale Process and Related Relief)**

THIS MOTION, made by Grant Thornton Ltd., in its capacity as receiver (in such capacity, the "**Receiver**") of 1140402 Ontario Inc. o/a Emerald Lodge (the "**Debtor**") for an order, among other things, approving the Sale Process (as defined in the First Report of the Receiver dated November 20, 2020, (the "**First Report**")) proceeded and was heard on this day by way of video-conference due to the COVID-19 crisis.

ON READING the Notice of Motion of the Receiver, the First Report and the fees affidavits of Rob Stelzer and Raj Sahni appended thereto (together, the "**Fees Affidavits**") and on hearing submissions of counsel to the Receiver, counsel for the Applicant, no one else appearing

although duly served as appears from the affidavit of service of Jesse Mighton sworn ●, 2020, filed:

SERVICE

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

APPROVAL OF SALE PROCESS AND RELATED RELIEF

2. **THIS COURT ORDERS THAT** the Sale Process, as described in paragraphs 25-34 of the First Report, be and is hereby approved and the Receiver is hereby authorized, without obligation, to retain a licensed broker for the purpose of listing the Property for sale, and each of the Receiver and such licensed broker, if applicable, are authorized to take such further steps as may be considered necessary or desirable in carrying out the Sale Process.

3. **THIS COURT ORDERS AND DECLARES** that the Receiver is authorized and directed to conduct the Sales Process free and clear of the ROFR Rights (as defined in the First Report) held by Riverside Pharmacy Ltd., and such ROFR Rights are hereby nullified and of no further force and effect.

4. **THIS COURT ORDERS AND DECLARES** that the Receiver is authorized and directed to conduct the Sales Process free and clear of any prior agreements, if any, to purchase the Property (as defined in the First Report), and any such prior agreements are hereby nullified and of no further force and effect.

5. **THIS COURT ORDERS** that upon registration at the Land Registry Office #62 of a certified copy of this Order, the Registrar of the aforementioned Land Registry Office is hereby directed to delete Instrument Nos. WE1081631, WE1387288, WE1416699, and WE1430135 from title to the real property municipally known as 83-85 Emerald Street South, Hamilton, Ontario.

6. **THIS COURT ORDER** that the Receiver, any licensed broker retained by the Receiver in respect of the Sales Process, the Applicant, and their respective assistance, partners, employees, advisors, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages, liabilities of any nature or kind to any person in connection with or as a result of performing their duties under the Sale Process, except to the extent of such losses, claims, damages or liabilities

arising or resulting from the gross negligence or willful misconduct of the Receiver, the licensed broker retained by the Receiver in respect of the Sale Process, or the Applicant, as applicable, as determined by this Court.

APPROVAL OF THE FIRST REPORT

7. **THIS COURT ORDERS** that the activities of the Receiver, as set out in the First Report, are hereby approved; provided, however that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

APPROVAL OF FEES AND DISBURSEMENTS

8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its legal counsel, as set out in the Fees Affidavits, are hereby approved.

GENERAL

9. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under this Order or under the Sale Process.

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside Canada 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, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that this Order and all of its provisions are effective from the date that it is made without any need for entry and filing.

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED
ALTERNA SAVINGS AND CREDIT UNION LIMITED - and - 1140402 ONTARIO INC. O/A EMERALD LODGE**

Court File No.: CV-20-00648456-00CL

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

Proceedings commenced in Toronto

**ORDER
(Sale Process and Related Relief)**

BENNETT JONES LLP
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Lawyers for the Receiver

ALTERNA SAVINGS AND CREDIT UNION LIMITED

-and-

1140402 ONTARIO INC. O/A EMERALD LODGE

Applicant

Respondent

Court File No.: CV-20-00648456-00CL

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

Proceedings commenced in Toronto

**MOTION RECORD
(Returnable November 27, 2020)**

BENNETT JONES LLP
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Toronto, Ontario M5X 1A4

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Lawyers for the Receiver