

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

B E T W E E N:

BUDUCHNIST CREDIT UNION LIMITED

Applicant

- and -

**DUNDAS RETIREMENT PLACE INC., MAPLE RETIREMENT HOMES INC. and
1059244 ONTARIO INC.**

Respondents

**APPLICATION UNDER SUBSECTION 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**

**SUPPLEMENT TO THE SECOND REPORT OF MNP LTD., AS COURT-APPOINTED
RECEIVER OF
DUNDAS RETIREMENT PLACE INC., MAPLE RETIREMENT HOMES INC., AND
1059244 ONTARIO INC.**

DATED APRIL 29, 2021

INTRODUCTION AND BACKGROUND

1. On December 23, 2020 (“**Date of Appointment**”), upon the application (the “**Application**”) of Buduchnist Credit Union Limited (“**BCU**”), MNP Ltd. (“**MNP**”) was appointed Receiver (the “**Receiver**”) of all of the assets, properties and undertakings (the “**Property**”) of Dundas Retirement Place Inc. (“**Dundas**”), Maple Retirement Homes Inc. (“**Maple**”) and 1059244 Ontario Inc. (“**Northview**” and collectively with Dundas and Maple, referred to as the “**Companies**” or the “**Retirement Homes**”) by Order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (the “**Court**”). The Appointment Order is attached at Appendix A to the Second Report (as defined below).
2. This supplemental report (the “**Supplemental Report**”) is to be read in conjunction with the Second Report of the Receiver, dated April 23, 2021 and the Confidential Supplemental Report of the Receiver dated April 28, 2021 (the “**Confidential Supplement**”).
3. Capitalized terms not defined in this report are as defined in the Second Report and the Appointment Order.

PURPOSE OF THIS REPORT

4. The purpose of the Supplemental Report is to, *inter alia*,
 - i) update the Court on the status of the Alternate Transaction, including the status of the Subordinate Lender Condition that was to be waived by April 27, 2021 at 5 PM (Toronto time); and

- ii) update the Court on the repairs to the elevator at Dundas.

Repairs and Maintenance

5. As noted in the Second Report, on April 22, 2021, the Receiver contracted Brock to complete the repair to the elevator. Brock is now ordering materials related to the repairs and advises the lead time can run three (3) to four (4) weeks.
6. Notwithstanding the foregoing and after the date of the Second Report, the City's licensing compliance officer attended to Dundas together with a representative of the City's Public Health Services Division ("**Public Health**"). On April 26, 2021, the City issued an order pursuant to s.15.2(2) of the Ontario *Building Code Act*, 1992 requiring the repair or replacement of the inoperable elevator.
7. Public Health also issued a report noting several recommendations arising from the inspection, a portion of which relate to the elevator outage. The Receiver and the Vice President of Operations, Yvonne Dobronyi, intend to consider and integrate, as appropriate, the recommendations from Public Health with the view of improving the living conditions for the residents at Dundas during the period of the elevator outage.
8. In the Second Report, the Receiver noted it is working with the contractor to commence work on replacing certain flooring at Northview. The contractor has since provided a revised quote that significantly increases the cost of the replacement. This increased quote is based on the contractor's experiences and cost overruns at Maple. As a result, the Receiver intends on seeking competitive quotes for this work.

THE TRANSACTION

9. As noted in the Second Report, the Transaction is conditional on the Purchaser agreeing with the Gill Group and Life Care, on such terms as are satisfactory to the Purchaser in its sole discretion, that the mortgage security of the Subordinate Lenders (as defined below) shall be assumed by the Purchaser on closing and constitute permitted encumbrances which shall not be vested off title but remain on title after closing (the “**Subordinate Lender Condition**”). The Purchaser and these parties were working on an agreement that would allow the Purchaser to grant substitute security after closing. The Subordinate Lender Condition was initially to be waived by April 27, 2021 at 5 PM (Toronto time).
10. The Receiver and its counsel have been engaged in ongoing dialogue with the Purchaser. As a result of these discussions, the Subordinate Lender Condition was first extended to April 28, 2021 at 5 PM (Toronto time) and then further extended to April 29, 2021 at 11AM (Toronto time).
11. The Receiver understands that there is an agreement among the Purchaser, the Gill Group and Life Care. Moreover, the Purchaser received all necessary executed documents from the Gill Group and Life Care by the morning of April 29, 2021. However, certain of the documents from Gill Group had deficiencies (inadequate witness signatures). As well, some of documents were required to be delivered in original so as to satisfy title registration requirement. They were not delivered in original. The Receiver’s counsel was provided with copies of the documents. Purchaser’s counsel advised that although the Purchaser was not prepared to waive the condition, the Purchaser was prepared to proceed with Court approval of the Transaction and immediately commence its licensing

application to RHRA (including committing an considerable application fee), provided the Subordinate Lender Condition be extended for two weeks to allow the Purchaser to secure all necessary documents.

12. In view of the above, the Purchaser's commitment and the support of the affected economic stakeholders, and for the reasons set out in the Receiver's other reports to Court, the Receiver recommends proceeding with the extension on the above condition, which is contemplated in the new agreement of purchase and sale revised below.

CLARIFICATION RE: REPORTING ON PURCHASER

13. As a point of clarification, the Motion Record referred to the Purchaser being an affiliate of an existing RHRA-licensed operator. Upon being served with the Motion Record, RHRA advised the Receiver's counsel that the Purchaser is an affiliate of a party under consideration for a license.

NEW, REVISED AGREEMENT

14. In order to address the extension of the Subordinate Lender Condition, and the further issue discussed below, the Purchaser executed a new, amended agreement of purchase and sale dated April 29, 2021 (the "**New APS**"). A full unredacted version of the New APS is to be filed confidentially with the Court as **Confidential Appendix "A"** to this Supplemental Report, to be sealed together with the documents and in connection with the sealing order already being sought in the Second Report and the Confidential Supplement. The only substantive changes reflect in the New APS are reproduced below.

Amendment re: Subordinate Lender Condition

15. As concerns the Subordinate Lender Condition, the only change in the New APS is that the such condition is extended to May 14, 2021. The amended Section 6.01A reads as follows:

This Agreement is conditional on the Purchaser agreeing with the Gill Group and Life Care (collectively, the "Subordinate Lenders"), on such terms as are satisfactory to the Purchaser in its sole discretion, that the mortgage security of the Subordinate Lenders shall be assumed by the Purchaser on Closing and constitute permitted encumbrances which shall not be vested off title to the Purchased Property and Lands pursuant to the Approval and Vesting Order but remain on title after Closing. The Purchaser shall have until 1:00pm (Toronto time) on May 14, 2021 to waive this condition by delivering notice of such waiver by email to the Vendor (at sheldon.title@mnp.ca), failing which this Agreement shall be null and void and the Deposit shall be reimbursed to the Purchaser as soon as practicable.

16. For the reasons discussed above, the Receiver supports the extension of the Subordinate Lender Condition in the New APS.

Amendment re: Land Title Conversion

17. On April 28, 2021, the Receiver was advised by the Purchaser that there was a need to convert the Dundas real property from the "Land Registry" system to the "Land Titles" system maintained pursuant to the *Land Titles Act* (Ontario). This issue was not anticipated. The Purchaser advised that this would need to be a condition to the Transaction.

18. In order to complete the conversion, the Receiver shall be required to, *inter alia*, review a multiple decade title registry record, obtain a new land survey, and also serve notices on abutting landowners and interested parties. If necessary, a motion will need to be made to resolve title disputes or adverse claims in advance of closing. That being said, the issued land titles parcel register then shows the Dundas Retirement Home Inc. is that title holder and discloses no obvious issues. It would appear that this is more of a matter of process, than an actual concern regarding title. This fact notwithstanding, the Purchaser has advised it requires the same be addressed.
19. Once this issue was identified, the purchase agreement was further amended to add to the New APS at new Section 6.02B (the “**Land Conversion Condition**”), which reads as follows:

This Agreement is conditional on the conversion, by or before Closing, of that Purchased Property comprising PIN 17479-0003(R) from the “Land Registry” system to the “Land Titles” system maintained pursuant to the Land Titles Act (Ontario), on such terms as are satisfactory to the Purchaser, acting reasonably. The Vendor agrees to take such steps as are commercially reasonable to complete such conversion. In the event this condition is not satisfied, the only recourse that the Purchaser shall have shall be the return of its Deposit in accordance with the terms hereof; and, the Purchaser shall be entitled to no other claim or remedy.

20. The Receiver supports the inclusion of the Land Conversion Condition in the New APS based on the likelihood that any purchaser of Dundas will require the conversion as a condition to purchasing the real property. While it may take some time to satisfy the Land Conversion Condition, the conversion application will proceed concurrently with the Purchaser's application for RHRA Approval and the satisfaction of the RHRA Condition under the APS.

CONCLUSION AND RECOMMENDATION

21. In view of the foregoing, as well as the information in the Receiver's Second Report and the Confidential Supplement to the Second Report, the Receiver recommends approval of the New APS, as now amended, and the granting of an approval and vesting order in connection therewith.
22. Notwithstanding the foregoing, the Receiver also recommends and requests an endorsement that in the event the New APS is approved and the Subordinate Lender Condition is not waived by the appointed deadline, and the New APS is null and void, that upon the Receiver's request at an 9:30 Chambers Motion, on notice only to the Retirement Home Regulatory Authority, the Court shall issue an order approving the sales process set out in the First Report of the Receiver dated March 14, 2021, on such revised timelines as the Receiver shall advise the Court in advance of such Chambers Motion.

All of which is respectfully submitted on this 29th day of April, 2021.

MNP LTD.

in its capacity as Court Appointed Receiver of
Dundas Retirement Place Inc., Maple Retirement
Homes Inc., and 1059244 Ontario Inc.

Per:

A handwritten signature in black ink, appearing to read 'Sheldon Title', written over a horizontal line.

Sheldon Title, CPA, CA, CIRP, LIT
Senior Vice President

BUDUCHNIST CREDIT UNION LIMITED

-and-

DUNDAS RETIREMENT PLACE INC., et al.

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Commercial List File No.: CV-21-00661132-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at HAMILTON

**SUPPLEMENT TO THE SECOND REPORT OF
MNP LTD.**

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