

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

1397225 ONTARIO LIMITED

PETITIONER

AND:

682202 B.C. LTD., KINGSWAY ARMS MANAGEMENT SERVICES INC.,
KINGSWAY ARMS HOLDINGS INC., KINGSWAY ARMS HOLDINGS
B.C. LTD., PATRICK BYRNE also known as PATRICK CHARLES
BYRNE, GRAHAM PARKER also known as GRAHAM M. PARKER also
known as GRAHAM MELTON PARKER, CHAPLIN VENTURES LTD.,
MICHAEL CHAPLIN also known as MICHAEL R. CHAPLIN, COLTER
INVESTMENTS (GP) LTD., COLTER INVESTMENTS LP also known as
COLTER INVESTMENTS LIMITED PARTNERSHIP, 0780293 B.C. LTD.
and HER MAJESTY THE QUEEN IN RIGHT OF CANADA

RESPONDENTS

**THIRD REPORT OF ALVAREZ & MARSAL CANADA INC.
IN ITS CAPACITY AS THE RECEIVER AND MANAGER
OF 682202 B.C. LTD.**

September 27, 2013

**THIRD REPORT OF ALVAREZ & MARSAL CANADA INC.
IN ITS CAPACITY AS THE RECEIVER AND MANAGER
OF 682202 B.C. LTD.**

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Appendix F – Copy of Purchaser’s Note of Confirmation dated September 26, 2013

1.0 INTRODUCTION

- 1.1 Effective March 9, 2011, pursuant to the order of the Honourable Mr. Justice Sigurdson (the “**Receivership Order**”), Alvarez & Marsal Canada Inc. was appointed Receiver and Manager (the “**Receiver**” or “**A&M**”) without security, of all the assets, undertakings and properties (the “**Property**”) of 682202 B.C. Ltd. (“**682202**” or the “**Company**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended and Rules 10-2 and 13-2(5) of the *Supreme Court Civil Rules* in the within action (the “**Receivership Proceeding**”). A copy of the Receivership Order is attached hereto as Appendix “A”.
- 1.2 The petitioning creditor in the Receivership Proceedings, 1397225 Ontario Limited, filed a notice of application on February 8, 2011 for the Receivership Order and subsequently assigned its debt and security over the Property of the Company to 2242229 Ontario Inc. (the “**Secured Lender**”). The amount due and owing to the Secured Lender as at the date of this report is in excess of \$36 million.
- 1.3 The Company’s Property which is subject to the security interests of the Secured Lender consists primarily of a 138 unit independent living seniors’ residence located at 32331 7th Avenue, Mission, B.C. known as “Cedarbrooke”. As at the current date, there were approximately 119 full time residents of Cedarbrooke. The Receiver has been managing the Cedarbrooke seniors’ residence since the date of the Receivership Order. There are approximately 36 employees assisting with the operations of Cedarbrooke.
- 1.4 On April 24, 2013 the Honourable Mr. Justice Cole made an order authorizing the Receiver to engage in a sales process for the sale of the Property (the “**Sales Process Order**”). A copy of the Sales Process Order is attached hereto as Appendix “B”.
- 1.5 The Receiver has filed a notice of application dated September 27, 2013 (the “**Notice of Application**”) to be heard at a time to be determined on or before October 12, 2013 seeking an order:
- a) approving the sale of the assets of 682202 B.C. Ltd. (the “**Assets**”) to Chartwell Master Care LP or nominee (“**Chartwell**” or the “**Purchaser**”) pursuant to an Agreement of Purchase and Sale dated September 6, 2013 (the “**APS**”);
 - b) authorizing the Receiver to execute the APS;

- c) vesting in Chartwell by way of Court order (the “**Approval and Vesting Order**”) the Assets as defined in the APS; and
- d) authorizing the Receiver to pay the net sale proceeds arising from the sale of the Assets to the Secured Lender subject to the Receiver retaining such part of the sale proceeds as it deems prudent pending the passing of the Receiver’s accounts and obtaining its discharge.

A copy of the APS is attached hereto as Appendix “C”.

- 1.6 The Receivership Order, with the Notice of Application and select motion material and other documents filed in the Receivership Proceedings, are posted on the Receiver’s website at www.amcanadadocs.com/cedarbrooke.

2.0 **PURPOSE OF REPORT**

- 2.1 This is the Receiver’s third report (the “**Third Report**”) and it has been prepared as a special purpose report to advise this Honourable Court with the Receiver’s comments with respect to the following:

- a) the Sales Process;
- b) the commercial terms of the APS; and
- c) the Receiver’s conclusions and recommendation to this Honourable Court.

- 2.2 Capitalized words or terms not defined or otherwise ascribed a meaning in this Third Report, are defined or ascribed a meaning in the Receiver’s two previous reports and/or the Receivership Order.

- 2.3 All references to dollars are in Canadian currency unless otherwise noted.

3.0 **THE SALES PROCESS**

Receiver’s Powers and Basis for Selected Sales Process

- 3.1 Pursuant to section 2 of the Receivership Order, the Receiver is empowered to among other things:

- “2 . . . (l) *market any or all 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;*
- (m) *sell, convey, transfer, lease, assign or otherwise dispose of 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 \$200,000.00, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000.00; and*
- (ii) *with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amounts set out in the preceding clause,*
- and in each such case notice under Section 59(10) of the Personal Property Security Act, R.S.B.C. 1996, c. 359 shall not be required;*
- (n) *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; “*

In addition to the powers provided for in the Receivership Order, the Receiver sought a further order of the Court, the Sales Process Order, which provides further guidance and details of the Sales Process to be undertaken by the Receiver.

Summary of the Sales Process

3.2 The particulars of the Sales Process Order (as per paragraph 13 of the Affidavit of Pam K. Boparai #1, sworn April 2, 2013 in the Receivership Proceedings) are summarized below:

- a) the Receiver will dispatch a “teaser” letter to known and potential purchasers, including operators of similar independent seniors’ living facilities;
- b) an advertisement will be placed in the Globe and Mail newspaper and relevant trade publications soliciting offers to purchase Cedarbrooke;
- c) interested parties will be required to sign a non-disclosure, confidentiality and bidding agreement (“NDA”) and provide the Receiver with satisfactory evidence that the interested party has the financial wherewithal to complete a purchase of Cedarbrooke and is likely to make a viable offer;
- d) parties who sign a NDA will be provided access to due diligence materials assembled and compiled by the Receiver;
- e) the Receiver will establish a deadline for receipt of letters of intent in which bidders will be required to give an indication of the proposed bid price and provide a \$250,000 cash deposit. The proposed deadline will be May 31, 2013 or such other date as the Receiver may determine;

- f) the Receiver will establish a deadline for receipt of bids. The proposed deadline will be June 28, 2013 or such other date as the Receiver may determine;
- g) the Receiver will provide a standard form of asset purchase agreement and all bidders will be requested to make bids in that form. All bids are to be on an “as is-where is” basis, unconditional, not subject to financing nor any further due diligence conditions or requirements. All bids must be accompanied by a cash deposit of 10% of the purchase price;
- h) the Receiver will not be obligated to accept the highest or any bid and any accepted bid will be subject to Court approval;
- i) the Receiver will not accept any bid that does not pay the secured Lender in full, unless the Secured Lender consents to the Receiver accepting such a bid;
- j) copies of all bids and letters of intent will be provided to the Secured Lender; and
- k) the Secured Lender may submit a credit bid and will not be required to submit a letter of intent or provide a deposit.

3.3 In accordance with the Sales Process Order, A&M launched the Sales Process on April 26, 2013 with the dispatch of a teaser document or “Business Opportunity Overview” to approximately 77 separate parties including potential strategic and financial purchasers and real estate brokers in Canada and the U.S. The list of parties that were initially sent the Business Opportunity Overview was comprised as follows:

682202 B.C. Ltd. D.B.A. Cedarbrooke Chateau	
Potential Purchasers Receiving a Business Opportunity Overview	
	Number
Public REITs	9
Private REITs	2
Financial buyers	19
Other strategic buyers	40
Real estate brokers	7
	<u>77</u>

A copy of the Business Opportunity Overview is attached hereto as Appendix “D”.

3.4 In addition to the direct solicitation of parties indicated above, the Receiver advertised the Cedarbrooke business assets in the May 2, 2013 National edition of the Globe & Mail newspaper and in ‘The SeniorCare Investor’ newsletter, a leading publication in the senior living industry, during the second week of May 2013. A copy of the advertisements placed in the May 2, 2013

edition of the Globe & Mail and The SeniorCare Investor newsletter are attached hereto as Appendix “E”.

Results of the Sales Process

- 3.5 A total of 14 parties executed NDA’s with the Receiver at which point they were forwarded a Confidential Information Memorandum and provided, if requested, access to an electronic data room that had been set up by the Receiver. Interested parties were also allowed to tour the Cedarbrooke property accompanied by a representative of the Receiver.
- 3.6 The initial deadline for submitting a non-binding expression of interest (“**LOI**”) was set at May 31, 2013 (the “**LOI Deadline**”) and was subsequently extended on notice to the participating interested parties to June 11, 2013 (the “**Initial LOI Deadline**”)
- 3.7 On or before the Initial LOI Deadline, the Receiver received 5 LOI’s all of which were accompanied by the requisite \$250,000 refundable deposit with varying terms with respect to purchase price, conditions and financing requirements.
- 3.8 On June 21, 2013 the Receiver entered into an exclusive LOI with one potential purchaser (who had presented the highest acceptable offer and was approved by the Secured Lender) while they conducted additional due diligence. The other bidders were advised that their LOI’s had not been accepted and the refundable deposits received from the other 4 bidders or interested parties were returned by the Receiver.
- 3.9 On July 8, 2013 the exclusive potential purchaser and the Receiver terminated the exclusivity arrangement as it appeared unlikely that the parties would agree to terms of a definitive agreement for the purchase of Cedarbrooke, at the price stipulated in the initial bid submitted by the potential purchaser or otherwise, and the Receiver promptly returned the potential purchaser’s deposit of \$250,000.
- 3.10 On July 12, 2013 the Receiver contacted the parties previously interested in the Cedarbrooke property and who had submitted a LOI, and informed them that the Sales Process was going to be reopened, that the final deadline for submission of an executed agreement for purchase and sale, as contemplated in the Sales Process was August 19, 2013 (the “**Final Bid Deadline**”) and that interested parties would be provided data room access upon posting their \$250,000 refundable deposit. Three interested parties subsequently posted the required deposits and continued their due diligence.

- 3.11 The Receiver confirmed with the 3 interested parties that the Secured Lender had informed the Receiver that they would not credit bid at a specified purchase price.
- 3.12 Upon receipt of the required refundable deposit of \$250,000, interested parties were permitted to visit the Cedarbrooke property, have access to the data room including detailed financial information and were permitted to hold meetings with select Cedarbrooke management, if requested.
- 3.13 On August 19, 2013, 3 interested parties submitted agreements for purchase and sale to the Receiver prior to the Final Bid Deadline. The bid submitted by Chartwell was the highest economic bid with minimal revisions to the form of model Agreement that had been prepared by the Receiver's legal counsel.
- 3.14 On September 6, 2013 the Receiver entered into the APS with Chartwell, subject to among other things, a 20 day confirmation period for the Purchaser to make arrangements to complete the transaction including, without limitation, obtaining approval for the transaction from its Investment Committee.

4.0 CHARTWELL AGREEMENT OF PURCHASE AND SALE

APS Subject to Court Approval

- 4.1 As indicated, as at August 19, 2013, the Receiver was presented with 3 competing offers to purchase Cedarbrooke. The Receiver has taken a decision to accept, subject to the Court's approval, the offer to purchase the Assets made by Chartwell and executed the APS effective September 6, 2013.

Summary of Select Commercial Terms of the APS

- 4.2 Select commercial terms of the APS are summarized below:
- a) the purchase price for the Assets is \$27,000,000;
 - b) a deposit of 10% of the purchase price (inclusive of an initial deposit of \$250,000) was required upon execution of the APS. One half of the total deposit of \$2.7 million is non-refundable and will be paid to the Receiver as liquidated damages in the event the Purchaser fails to complete the transaction after removing its subject conditions;
 - c) the Assets to be sold include the right, title and interest of the Receiver and/or the Company in and to accounts receivable, business books and records, buildings and fixtures, chattels, certain contracts, goodwill, any intellectual property, inventory, owned

real property, prepaid amounts and tenant leases but excludes all cash (except tenant deposits) held by the Receiver on account of the Company and all corporate and financial records held by the Company and/or the Receiver not pertaining to the business of operating the Cedarbrooke residence;

- d) the right, title and interest of the Company and/or the Receiver to certain contracts, licenses and permits and tenant (resident) leases will be assigned to Chartwell;
- e) the Receiver is selling the Assets to the Purchaser on an “as is where is” basis with no representations or warranties expressed or implied as to title to and condition of the Assets, fitness for purpose or any other such matters;
- f) the APS was subject to the Purchaser, no later than September 26, 2013 (the “**Confirmation Date**”), confirming that it has received approval to complete the transaction contemplated in the APS by Chartwell’s Investment Committee. The Receiver was provided confirmation of Chartwell’s Investment Committee approval of the subject transaction on September 26, 2013. A copy of the note from the Purchaser indicating satisfaction of the particular subject condition in the APS is attached hereto as Appendix “**F**”;
- g) the APS is subject to a mutual condition of the parties which requires the Receiver to obtain an Approval and Vesting Order from the Court on or before 15 days after the Confirmation Date. The “**Closing Date**” of the transaction is two days after the Approval and Vesting Order is granted, or such other date as agreed by the parties; and
- h) the Purchaser will make an offer of employment to all Staff Employees (as defined in the APS) upon the closing of the transaction and by no later than the Confirmation Date, the Purchaser will advise the Receiver which Management Employees (as defined in the APS) to whom Chartwell will make offers of employment. Staff Employees and Management Employees will be provided offers of employment by Chartwell conditional upon and effective the Closing Date.

Receiver’s Review of the APS and Considerations

4.3 The Receiver’s oversight and conduct of the Sales Process and its review of the APS involved consideration of the following issues:

- a) the extent to which the Assets were adequately exposed to the “market”;
- b) the extent to which the highest price was achieved from the Sales Process undertaken;

- c) the total purchase price consideration being offered and the net estimated proceeds realized for the benefit of the Secured Lender after consideration of any potential purchase price adjustments;
- d) the extent to which the purchase prices contained in the APS is consistent with independent real property assessments or appraisals and/or other indications of value;
- e) the manner in which Cedarbrooke's residents, employees, suppliers and other stakeholders would be dealt with subsequent to the Closing Date;
- f) the overall execution risk associated with closing a transaction with the Purchaser;
- g) the reputation and financial wherewithal of the Purchaser;
- h) the economic interests of the Secured Lender who have been provided information in respect of the Sales Process generally including all LOI's and the APS; and
- i) the timing, execution and fairness of the Sales Process and the degree to which the APS conformed to the provisions of the Sales Process Order and the extent to which Chartwell complied with the Sales Process generally.

5.0 **RECEIVER'S CONCLUSIONS AND RECOMMENDATION**

Conclusions

- 5.1 The Receiver is of the view that it has made commercially reasonable efforts to obtain the highest realizations for the Assets which have been the subject of the Sales Process. The Sales Process was undertaken in compliance with the Sales Process Order and the Receiver is satisfied that it has adequately canvassed the Canadian and U.S. markets and prospective purchasers for the sale of the Assets.
- 5.2 The purchase price achieved as a result of the Sales Process was the highest price offered by the 3 interested parties remaining in the Sales Process as at the Final Bid Deadline. The purchase price contained in the APS is substantially higher than the next closest bid received by the Receiver.
- 5.3 While an independent appraisal of the Cedarbrooke property has not been commissioned by the Receiver, the Receiver has reviewed an appraisal of the property dated December 31, 2012 prepared by Altus Group Limited that was commissioned by the Secured Lender which indicated that the value of Cedarbrooke is less than the purchase price reflected in the APS. The 2013 property tax assessment of the Cedarbrooke property by the B.C. Assessment Authority was \$19.65 million.

- 5.4 The other terms of the APS which have been accepted by the Receiver subject to Court approval, are in the opinion of the Receiver, fair and commercially reasonable in the circumstances.
- 5.5 The Receiver has considered the interests of the Secured Lender during the course of the Sales Process and the Receivership Proceedings generally. The Receiver has confirmed the approval and support of the Secured Lender to the terms of the APS despite the fact that the purchase price of \$27 million is less than the amount owed to the Secured Lender (in excess of \$36 million) as at the date of this Third Report.
- 5.6 The Receiver believes that completion of the sale of Assets to Chartwell is also in the interests of the other key stakeholders in the Receivership Proceedings namely, the residents, employees and suppliers of Cedarbrooke. Where practical, and subject to the specific terms of the APS, it is the Receiver's expectation that there will be continuity of the residents' leases, current employment arrangements and a number of existing supplier arrangements.
- 5.7 The Purchaser is a publicly listed real estate investment trust (TSX:CSH.UN) and is a well-known and reputable industry player with direct and indirect ownership of a portfolio of seniors' housing communities in Canada and the U.S. and appear to have the financial wherewithal to complete the transaction as contemplated in the APS. In accordance with the terms of the APS, the Purchaser has lodged with the Receiver's legal counsel the requisite cash deposit of \$2.7 million and has complied in all material respects with the Sales Process Order.
- 5.8 The Receiver is of the view that that Sales Process was efficient, effective and that the integrity of the Sales Process was maintained throughout.
- 5.9 The Receiver is satisfied that the Sales Process was inherently fair and has been conducted in a manner such that no parties to the Sales Process have experienced preferential or unfair treatment.

Recommendation

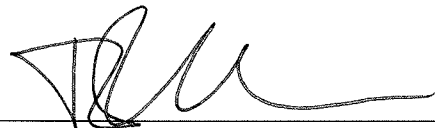
- 5.10 The Receiver respectfully recommends that this Honourable Court grant the Approval and Vesting Order sought by the Receiver as referenced in the Notice of Application.

All of which is respectfully submitted to this Honourable Court this 27th day of September, 2013.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Receiver and Manager of
682202 B.C. Ltd. and not in its personal capacity**



Per: Todd M. Martin
Senior Vice President



Per: Tom Powell
Director

APPENDIX A

MAR 9 2011

CW3997226.8

appearing for the Respondents, 682202 B.C. Ltd., Graham Parker, Chaplin Ventures Ltd., Colter Investments (GP) Ltd., Colter Investments LP, 0780293 B.C. Ltd. and Her Majesty the Queen in Right of Canada, although duly served, AND ON READING the consent of **ALVAREZ & MARSAL CANADA INC.** to act as the Receiver.

THIS COURT ORDERS that:

TIME FOR SERVICE

1. THIS COURT ORDERS that the time for service of the Petition, any Affidavits in support of the Petition and the Notice of Hearing for a Receiver and Manager in this proceeding be and is hereby abridged and directs that any further service of these documents be dispensed with.

APPOINTMENT

2. THIS COURT ORDERS that **ALVAREZ & MARSAL CANADA INC.** is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**"), including but not limited to the certain lands and premises with a civic address of 32331-7th Avenue, Mission, British Columbia and a legal description of:

P.I.D.: 017-490-146

Lot A Section 20 Township 17 New Westminster District Plan LMP1741

(the "**Lands and Premises**").

RECEIVER'S POWERS

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

- (a) take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, changing of locks and security codes, relocating of Property to safeguard it, engaging of independent security personnel, the taking of physical inventories and placement of such insurance coverage as may be necessary or desirable;
- (c) 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 other business, or cease to perform and terminate or repudiate any contracts of the Debtor;

- (d) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (e) purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part thereof;
- (f) 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) collect any and all rental income and profits from the Lands and Premises;
- (h) settle, pay, extend or compromise any indebtedness owing to or by or on behalf of the Debtor (including employee related obligations incurred or relating to the period prior to the date of this Order in respect of employees of the Debtor or Kingsway Arms Management (at Cedarbrooke Chateau) Inc. ("Kingsway")) as the Receiver deems necessary or desirable in the ordinary course of business or for carrying out the terms of this Order;
- (i) 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;
- (j) undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (k) 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, provided that nothing in this Order shall authorize the Receiver to defend or settle the action(s) in which this Order is made unless otherwise directed by this Court;
- (l) market any or all 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;
- (m) sell, convey, transfer, lease, assign or otherwise dispose of 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 \$200,000.00, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000.00; and

- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amounts set out in the preceding clause,

and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;

- (n) 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;
- (o) 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 this Order, and to share information with such Persons, including the terms of this Order, subject to such terms as to confidentiality as the Receiver deems advisable;
- (p) register a copy of this Order and any other Orders in respect of the Property against title to any of the Property, including but not limited to the Lands and Premises;
- (q) apply for any permits, licences, approvals or permissions and any renewals thereof as may be required by any governmental authority for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;
- (r) enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any Property owned or leased by the Debtor;
- (s) to assign the Debtor into bankruptcy;
- (t) exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (u) take any steps reasonably incidental to the exercise of these powers;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (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 the following person or persons (all of which, collectively, being "**Persons**" and each being a "**Person**"):

- (a) the Debtor;

- (b) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf;
- (c) Kingsway;
- (d) all of Kingsway's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; and
- (e) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order;

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 such Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request, including but not limited to all Records (as defined below) in the possession or control of Kingsway at any and all locations.

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 tapes, computer disks, or other data storage media containing any such information, but specifically excluding any proprietary accounting software (the foregoing, collectively, the "**Records**") in that Person's possession or control at any or all locations, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof, provided however that nothing in this paragraph 5 or in paragraphs 4 and 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 documents prepared in contemplation of litigation 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 an independent service provider or otherwise, all Persons in possession or control of such Records at any or all locations shall provide copies of such Records to the Receiver and shall not alter, erase or destroy any Records without the prior written consent of the Receiver.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. 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, provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph.

NO EXERCISE OF RIGHTS OF REMEDIES

9. THIS COURT ORDERS that all rights and remedies (including, without limitation, set-off rights) 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 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

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

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with or for the benefit of 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 of any kind 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 as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale or disposition 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 Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that, notwithstanding paragraph 11, Kingsway or the Receiver may terminate all employees or independent contractors of the Debtor or of Kingsway and the Receiver may (whether or not the employees have been terminated) seek to retain the services of some or all such employees or independent contractors, excluding the officers or directors of Kingsway. The Receiver shall not be liable for any employee-related liabilities of the Debtor or of Kingsway, including any successor employer liabilities as provided for in Section 14.06(1.2) of the BIA, other than such amounts the Receiver may specifically agree in writing to pay and amounts in respect of obligations imposed specifically on receivers by applicable legislation. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

14. THIS COURT ORDERS that pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may 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 or dispositions 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 the 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

15. THIS COURT ORDERS that nothing in this Order 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 relating to 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*, 1999, S.C. 1999, c. 33, the *Fisheries Act*, R.S.C. 1985,

c. F-14, the *Environmental Management Act*, R.S.B.C. 1996, c. 118 and the *Fish Protection Act*, S.B.C. 1997, c. 21 and regulations thereunder (collectively, "**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 construed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in Possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDER that the Receiver shall incur no personal liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. 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

17. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "**Receiver's Charge**").

18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their 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 Supreme Court of British Columbia and may be heard on a summary basis.

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

FUNDING OF THE RECEIVERSHIP

20. 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 of such borrowing does not exceed **\$250,000.00** (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver 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.

21. 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.

22. 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 Certificate**") for any amount borrowed by it pursuant to this Order.

23. 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.

ALLOCATION

24. THIS COURT ORDERS that any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

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

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


27. THIS COURT REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order.

28. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and all such courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

29. THIS COURT ORDERS that the Petitioner shall have its costs of this motion, up to and including entry and service of this Order as provided for by terms of the Petitioner's security or, if not so provided by the Petitioner'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.

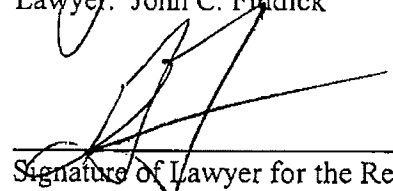
30. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than five (5) clear business days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

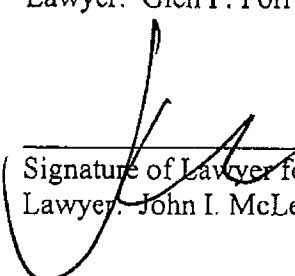


Signature of Lawyer for the Petitioner
Lawyer: John C. Fiddick

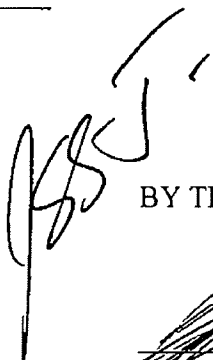





Signature of Lawyer for the Respondents,
Kingsway Arms Management Services Inc.,
Kingsway Arms Holdings Inc.,
Kingsway Arms Holdings B.C. Ltd. and Patrick Byrne
Lawyer: Glen P. Forrester



Signature of Lawyer for the Receiver
Lawyer: John I. McLean, Q.C.


BY THE COURT



District Registrar

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT _____

1. THIS IS TO CERTIFY that **ALVAREZ & MARSAL CANADA INC.**, the Receiver and Manager (the "**Receiver**") of all of the assets, undertakings and properties of **682202 B.C. LTD.** appointed by Order of the Supreme Court of British Columbia (the "**Court**") dated the _____ day of _____, 20____ (the "**Order**") made in SCBC Action No. _____ has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the _____ day of each month after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of the 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 _____, British Columbia.
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 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 under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the day of , 20 .

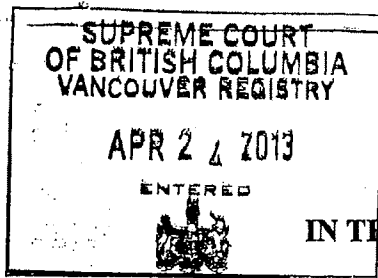
ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Receiver of the
Property (as defined in the Order), and not in
its personal capacity

Per:

Name:

Title:

APPENDIX B



No. H110166
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

1397225 ONTARIO LIMITED

PETITIONER

AND:

682202 B.C. LTD., KINGSWAY ARMS MANAGEMENT SERVICES INC., KINGSWAY ARMS HOLDINGS INC., KINGSWAY ARMS HOLDINGS B.C. LTD., PATRICK BYRNE also known as PATRICK CHARLES BYRNE, GRAHAM PARKER also known as GRAHAM M. PARKER also known as GRAHAM MELTON PARKER, CHAPLIN VENTURES LTD., MICHAEL CHAPLIN also known as MICHAEL R. CHAPLIN, COLTER INVESTMENTS (GP) LTD., COLTER INVESTMENTS LP also known as COLTER INVESTMENTS LIMITED PARTNERSHIP, 0780293 B.C. LTD. and HER MAJESTY THE QUEEN IN RIGHT OF CANADA

RESPONDENTS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE

MR JUSTICE COLT

WEDNESDAY, THE 24TH DAY
OF APRIL, 2013

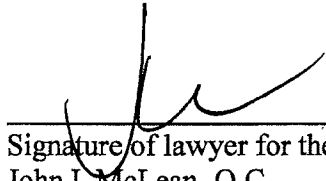
ON THE APPLICATION of Alvarez & Marsal Canada Inc., Court-appointed Receiver and Manager of 682202 B.C. Ltd. (the "Receiver"), coming on for hearing before me this day at 800 Smith Street, Vancouver, BC; AND ON HEARING John I. McLean, Q.C., counsel for the Receiver, and those counsel listed on Schedule "A" hereto; AND ON READING the material filed herein;

THIS COURT ORDERS, DIRECTS AND AUTHORIZES:

1. the Receiver to market the assets of 682202 B.C. Ltd. for sale in accordance with the Sales Process set out in paragraph 13 of the Affidavit of Pam K. Boparai #1, sworn April 2, 2013 provided that any sale is subject to further approval of the Court;
2. the Receiver's activities for the period ending December 31, 2012 as set out in the Receiver's First and Second Reports filed herein are hereby approved;
3. the Receiver's Statement of Receipts and Disbursements for the period ending February 28, 2013, and Fees and Expenses for the period ending December 31, 2012 as set out in the Receiver's First and Second Reports filed herein are hereby approved;
4. the Receiver is authorized to pay such funds held by the Receiver that the Receiver considers to be surplus to its needs to 2242229 Ontario Inc. to a maximum of \$5,000,000 or such further amount as may be approved by subsequent Court Order; and
5. approval as to the form of the Order herein by counsel appearing, other than counsel for the Receiver, be and is hereby dispensed with.

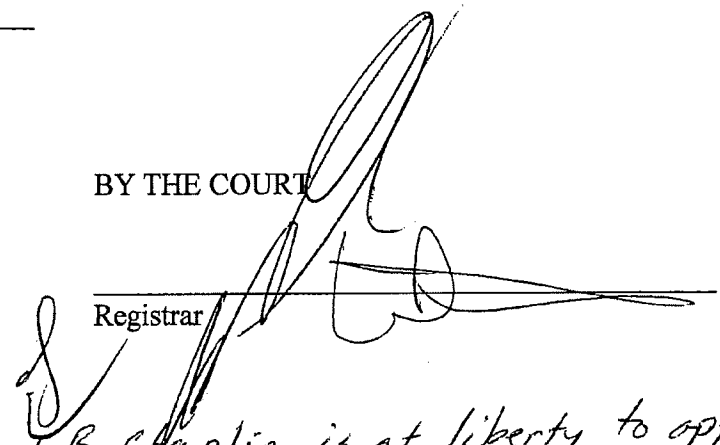
6. *See below.*

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS NOTED ABOVE:



Signature of lawyer for the Receiver
John I. McLean, Q.C.
Gowling Lafleur Henderson LLP

BY THE COURT



Registrar

6. *The Respondent Michael R. Chaplin is at liberty to apply on or before May 14, 2013 to vary this order in respect of the sale process or in respect of any issues related to the filing of a strata plan.*

SCHEDULE "A"

LIST OF COUNSEL

COUNSEL	ACT FOR:
J McLENN	PETITIONER
A JELTZKY	MICHAEL CHARLIN

No. H110166
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

1397225 ONTARIO LIMITED

PETITIONER

AND:

682202 B.C. LTD., KINGSWAY ARMS
MANAGEMENT SERVICES INC., KINGSWAY ARMS
HOLDINGS INC., KINGSWAY ARMS HOLDINGS B.C.
LTD., PATRICK BYRNE also known as PATRICK
CHARLES BYRNE, GRAHAM PARKER also known as
GRAHAM M. PARKER also known as GRAHAM
MELTON PARKER, CHAPLIN VENTURES LTD.,
MICHAEL CHAPLIN also known as MICHAEL R.
CHAPLIN, COLTER INVESTMENTS (GP) LTD.,
COLTER INVESTMENTS LP also known as COLTER
INVESTMENTS LIMITED PARTNERSHIP, 0780293
B.C. LTD. and HER MAJESTY THE QUEEN IN RIGHT
OF CANADA

RESPONDENTS

ORDER
(sales process)

GOWLING LAFLEUR HENDERSON LLP
Barristers & Solicitors
2300 - 550 Burrard Street
Vancouver, BC V6C 2B5

Tel. No. 604-683-6498
Fax No. 604-683-3558

File No. V37590

JIM/msh

APPENDIX C

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is dated for reference the 6th day of September, 2013,

BETWEEN:

ALVAREZ & MARSAL CANADA INC., solely in its capacity as
the court-appointed Receiver and Manager of 682202 B.C. LTD. (the
"Debtor") and not in its personal capacity

(the "Seller")

- and -

CHARTWELL MASTER CARE LP, a limited partnership existing
under the laws of Manitoba

(the "Buyer")

- A. The Debtor is in the course of receivership proceedings in the Supreme Court of British Columbia (the "Court") Vancouver Registry Action No. H110166 (the "Proceedings").
- B. Pursuant to an order of the Court (the "Appointment Order") made in the Proceedings on March 9, 2011, the Seller was appointed Receiver and Manager (the "Receiver") of all the assets, undertakings and properties of the Debtor.
- C. The Seller wishes to sell and the Buyer wishes to purchase the Assets (herein defined) upon and subject to the terms and conditions of this Agreement.

THEREFORE, in consideration of \$1.00 now paid by the Buyer to the Seller, the Parties agree as follows:

ARTICLE 1 SUMMARY OF BASIC TERMS

1.1 Purchase Price

- 1.1.1 Subject to the adjustments provided for in Section 3.6, the Purchase Price for the Assets is \$27,000,000.00 (Twenty-Seven Million Dollars).
- 1.1.2 Details of the Buyer's source of funds or financing for the Purchase Price are set out in Schedule 5 hereto, and if the source of funds is financing, the Buyer hereby represents and warrants that such financing is available to the Buyer free of conditions, and the Buyer further covenants and agrees to provide such additional details and information with respect to its ability to pay the Purchase Price as the Seller may reasonably request.

1.2 Deposit

- 1.2.1 The Seller acknowledges receipt from the Buyer of a first deposit in the amount of \$250,000 (the “**First Deposit**”), which is being held by the Seller, in trust.
- 1.2.2 An amount of which, when added to the First Deposit, equals 10% of the Purchase Price (the “**Second Deposit**”) will be paid by the Buyer to the Seller’s Lawyers upon the Buyer’s execution and delivery to the Seller of this Agreement (the First Deposit and the Second Deposit are together, the “**Deposit**”).

ARTICLE 2 INTERPRETATION

2.1 Definitions

In this Agreement, the following terms have the following meanings:

- 2.1.1 “**Accounts Receivable**” means all accounts receivable and other amounts due, owing or accruing due to the Seller in connection with the Business, other than the Excluded Assets.
- 2.1.2 “**Adjusted Purchase Price**” has the meaning set out in Section 3.4.2.
- 2.1.3 “**Affiliate**” has the same meaning as defined in the *Business Corporations Act* of British Columbia.
- 2.1.4 “**Agreement**” means this agreement, including all Schedules and Exhibits, as it may be supplemented, amended, restated or replaced from time to time by written agreement between the Parties.
- 2.1.5 “**Applicable Law**” means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations, guidelines, order and policies of any Governmental Authority having authority over that Person, property, transaction or event.
- 2.1.6 “**Appointment Order**” means the order of the Court appointing the Seller as Receiver of the Debtor as described in Recital B hereof.
- 2.1.7 “**Approval and Vesting Order**” has the meaning set out in Section 7.3.1.
- 2.1.8 “**Assets**” means the right, title and interest of the Debtor in and to the Accounts Receivable, Books and Records, Buildings and Fixtures, Chattels, Contracts, Goodwill, Intellectual Property, Inventory, Owned Real Property, Prepaid Amounts and Tenant Leases, but excluding any property and assets that are Excluded Assets.
- 2.1.9 “**Assumed Employees**” has the meaning set out in Section 5.1.1 and Assumed Employee means any one such Employee.

- 2.1.10 **"Assumed Obligations"** means all obligations and liabilities of the Debtor:
- 2.1.10.1 under the Contracts that the Buyer has agreed to assume as of the Closing Date, the Licences and Permits, the Tenant Leases (including assumption of the Tenant Deposits held pursuant to the Tenant Leases) and the Employment Obligations in respect of the Assumed Employees that the Buyer has agreed to assume as of the Closing Date;
 - 2.1.10.2 in respect of the Permitted Encumbrances as of the Closing Date; and
 - 2.1.10.3 relating to ownership of the Assets and the operation of the Business as of the Closing Date.
- 2.1.11 **"Books and Records"** means the books and files pertaining to the financial operations of the Business, client lists and client reservation lists maintained with respect to the Business, the Assets and the Employees, but excludes the books, files, reports, correspondence and other data with respect to the Business, the Assets and the Employees maintained by the Receiver as part of its administration of the assets and undertaking of the Debtor pursuant to the Appointment Order and as required by the *Bankruptcy Insolvency Act* and other laws.
- 2.1.12 **"Buildings and Fixtures"** means all plant, buildings, structures, erections, improvements, appurtenances and fixtures situate on the Owned Real Property on the Closing Date.
- 2.1.13 **"Business"** means the business of the Cedarbrooke Chateau Independent Retirement Home in Mission, British Columbia.
- 2.1.14 **"Business Day"** means any day excluding a Saturday, Sunday or statutory holiday in the Province of British Columbia.
-
- 2.1.15 **"Buyer"** means the party named as the Buyer on Page 1 of this Agreement.
- 2.1.16 **"Buyer's Lawyers"** means the law firm appointed by the Buyer.
- 2.1.17 **"Chattels"** means all Equipment, furniture, Inventory (subject to depletion in the ordinary course of business), appliances, chattels and personal property located at the Owned Real Property and owned by the Debtor as of the Execution Date, including without limitation the assets in Schedule 6 attached hereto.
- 2.1.18 **"Claim"** means any claim, demand, action, cause of action, suit, arbitration, investigation, proceeding, complaint, grievance, charge, prosecution, assessment or reassessment, including any appeal or application for review.
- 2.1.19 **"Closing"** means the successful completion of the Transaction.
- 2.1.20 **"Closing Date"** means the 2nd Business Day following the date on which the Approval and Vesting Order is granted, or such later date as may be agreed to in writing by the Parties.

- 2.1.21 “**Communication**” means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party.
- 2.1.22 “**Confirmation Date**” has the meaning set out in Section 7.1.2.
- 2.1.23 “**Consents**” means all necessary third party notices, consents and approvals to the assignment of the Licences and Permits and the Contracts to the Buyer and all other necessary consents, authorizations, registrations and approvals required by any third party or Governmental Authority relating to the transactions contemplated by this Agreement.
- 2.1.24 “**Contaminants**” means any explosives, radioactive materials, asbestos materials, urea formaldehyde, hydrocarbon contaminants, pollutants, contaminants, hazardous, corrosive or toxic substances, special waste or waste of any kind or any other substance the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release into the environment of which is now or hereafter prohibited, controlled or regulated under any Environmental Laws.
- 2.1.25 “**Contracts**” means the agreements, including the Equipment Leases, listed in Schedule 1, which for greater certainty will exclude the existing management contract for the Business.
- 2.1.26 “**Court**” has the meaning set out in Recital A.
- 2.1.27 “**Debtor**” means the party named as the Debtor on page 1 of this Agreement.
- 2.1.28 “**Deposit**” has the meaning set out in Section 1.2.2.
- 2.1.29 “**Employees**” means the employees of the Business as of the Execution Date.
- 2.1.30 “**Employment Obligations**” means all obligations and liabilities for wages, salaries, commissions, bonuses, overtime pay, banked overtime, sick pay, accumulated time off, pensions, vacations, vacation pay and holiday pay, severance and termination entitlements, perquisites, damages, losses, expenses or other compensation, payments or benefits in respect of accrued pay and salaries, commissions, worker’s compensation assessments, withholding deductions for federal and provincial income taxes, other payroll deductions, including Canada Pension Plan deductions and payments and payments in respect of benefit plans.
- 2.1.31 “**Environmental Laws**” means any laws, regulations, bylaws or other lawful requirements with respect to the environment, health or occupational health and safety of any governmental authority having jurisdiction over the Owned Real Property.
- 2.1.32 “**Environmental Liabilities**” means any and all liability, claim, demand, obligation, cause of action, remediation, cost recovery action, investigation, proceeding, Order, violation, damage, Loss, cost, expense, judgment, penalty, or fine asserted by any third

party (including, without limitation, any private party or Government Authority), arising out of, or relating to the environment or Environmental Laws.

- 2.1.33 **"Equipment"** means all machinery, fixtures, tools, furniture, furnishings, office supplies, typewriters, computers, photocopiers, office equipment, implements, spare parts and other fixed assets and tangible personal property used in connection with the Assets or Tenants, as more particularly set out in Schedule 6 of this Agreement.
- 2.1.34 **"Equipment Leases"** means any leases and conditional sale agreements in respect of any of the Equipment which are leased by or subject to conditional sale agreements in favour of the Debtor.
- 2.1.35 **"Excluded Assets"** means the following property and assets of the Debtor pertaining to the Business and all documents, books, accounts, records and other information relating to that property and those assets:
- 2.1.35.1 all cash (other than the Tenant Deposits), bank balances, money in possession of banks and other depositories, term or time deposits and similar cash or cash equivalents of, owned or held by or for the account of the Debtor; and
- 2.1.35.2 all the corporate, financial and other records of the Debtor or the Seller not pertaining primarily to the Business.
- 2.1.36 **"Excluded Employees"** has the meaning set out in Section 5.1.2.
- 2.1.37 **"Excluded Liabilities"** means:
- 2.1.37.1 any liability of the Debtor or the Seller to any bank or other financial institution by way of loan or other credit facility; and
- 2.1.37.2 any liability of the Seller for any Claims arising by reason of the occurrence ~~on or before the Closing Date of any injury, accident or other alleged~~ damage-causing event with respect to the operations of the Business on or before the Closing Date or relating to services performed by the Seller on or before the Closing Date.
- 2.1.38 **"Execution Date"** means the date this Agreement is executed by and delivered to the Parties.
- 2.1.39 **"First Deposit"** has the meaning set out in Section 1.2.1.
- 2.1.40 **"Goodwill"** means the goodwill of the Business, including all right, title and interest of the Seller in, to and in respect of all elements which contribute to the goodwill of the Business, including the goodwill represented by advertising, marketing and promotional materials, customer and supplier lists and the logo of the Business and associated telephone and facsimile number.

- 2.1.41 **"Governmental Authority"** means:
- 2.1.41.1 any federal, provincial, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of the foregoing exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature; or
 - 2.1.41.2 any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.
- 2.1.42 **"Intellectual Property"** means the interest of the Seller, if any, in the trade names, including without limitation the name "Cedarbrooke Chateau Independent Retirement Home", certification marks, patents and patent applications, copyrights, domain names, industrial designs, trade secrets, know-how, formulae, processes, inventions, technical expertise, research data and other similar property, all associated registrations and applications for registration, and all associated rights, including moral rights, each owned by the Debtor, if any, in connection with the Business.
- 2.1.43 **"Inventory"** means all inventories of supplies, food, beverages and other consumables used in connection with the Business, that are in the reasonable opinion of the Seller and the Buyer are still consumable and merchantable.
- 2.1.44 **"Licences and Permits"** means the licences and permits issued in respect of the Business, if any.
- 2.1.45 **"Loss"** means any and all loss, liability, damage, cost or expense actually suffered or incurred by a Party (including, without limitation, the costs and expenses of all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, assessments, judgments, Orders, rulings, dues, penalties, fines, amounts paid in settlement or compromise, including court costs and reasonable legal fees and expenses).
- 2.1.46 **"LTO"** means the New Westminster Land Title Office.
- 2.1.47 **"Management Employees"** means the following five Employees: The Executive Director (currently on leave), the Marketing Director, the Office Manager, the Executive Chef, and the Activities Director.
- 2.1.48 **"Material Adverse Change"** means any one or more changes, effects, events or occurrences that, individually or in the aggregate: (a) is, or would reasonably be expected to result in losses to the Business or the Assets, individually or in the aggregate, of \$500,000; or (b) prevents or materially delays or would reasonably be expected to prevent or materially delay the Seller from consummating the Transaction, other than, in the case of (a) or (b), any change, effect, event or occurrence (i) in or

relating to the Proceedings, or (ii) in or relating to general political, economic or financial conditions.

- 2.1.49 **"Mortgage"** has the meaning set out in Section 8.7.1.
- 2.1.50 **"Mortgagee's Lawyers"** has the meaning set out in Section 8.7.1.
- 2.1.51 **"Non-Refundable Sum"** has the meaning set out in Section 7.1.2.
- 2.1.52 **"Offered Employees"** has the meaning set out in Section 5.1.1 and Offered Employee means any one such Employee.
- 2.1.53 **"Order"** means any order, decision, determination, judgment, injunction, decree, award or writ of any court, arbitrator or Governmental Authority, or other Person who has jurisdiction over the subject matter of the order, decision, determination, judgment, injunction, decree, award or writ and is authorized to make legally binding determinations.
- 2.1.54 **"Owned Real Property"** means the lands and premises more particularly described in Schedule 2.
- 2.1.55 **"Parties"** means the Seller and the Buyer, and **"Party"** means either one of them.
- 2.1.56 **"Permitted Encumbrances"** means:
- 2.1.56.1 unregistered liens for realty taxes, assessments or similar charges incurred by the Debtor or the Seller in the ordinary course of its Business that are not yet due and payable or, if due and payable, are to be adjusted between the Seller and the Buyer on Closing;
 - 2.1.56.2 any right of expropriation conferred upon, reserved to or vested in Her Majesty-The-Queen-in-Right-of-Canada, Her Majesty-The-Queen-in-Right-of the Province of British Columbia, or by any Governmental Authority under any Applicable Law;
 - 2.1.56.3 zoning restrictions or other similar encumbrances in respect of the Owned Real Property;
 - 2.1.56.4 any encumbrance which the Buyer has expressly agreed to assume or accept pursuant to this Agreement;
 - 2.1.56.5 the reservations, limitations, provisos, conditions, restrictions and exceptions in the grant from the Crown and statutory exceptions to title; and
 - 2.1.56.6 those instruments registered on title to the Owned Real Property and described in Schedule 4.
- 2.1.57 **"Person"** means an individual, body corporate, sole proprietorship, partnership or trust or unincorporated association, unincorporated syndicate, unincorporated organization, or

another entity, and a natural person, acting in his or her individual capacity or in his or her capacity as executor, trustee, administrator or legal representative, and any Governmental Authority.

- 2.1.58 **"Prepaid Amounts"** means all prepaid expenses, other current assets of ongoing benefit to the Buyer, and deposits relating to the Business, including all prepaid rents under the Tenant Leases and prepaid property taxes (including local improvement charges and utilities), subject to the adjustments to be made pursuant to Section 3.6 and excepting prepaid expenses and deposits which relate to Excluded Assets.
- 2.1.59 **"Purchase Price"** has the meaning set out in Section 1.1.
- 2.1.60 **"Receiver"** has the meaning set out in Recital B.
- 2.1.61 **"Releasees"** has the meaning set out in Section 4.3.2.
- 2.1.62 **"Second Deposit"** has the meaning set out in Section 1.2.2.
- 2.1.63 **"Seller"** means the party named as the Seller on page 1 of this Agreement.
- 2.1.64 **"Seller's Lawyers"** means Gowling Lafleur Henderson LLP.
- 2.1.65 **"Staff Employees"** means all Employees who are not Management Employees.
- 2.1.66 **"Tenant Deposits"** means the deposits received by or on behalf of the Debtor or the Seller from the Tenants and/or prospective tenants on account of security deposits (and accrued interest thereon, if any), sundry expenditures or otherwise, including fees paid by such tenants or occupants and remaining unearned on the Closing Date.
- 2.1.67 **"Tenant Leases"** means the leases of premises situate on the Owned Real Property made between the Debtor or the Seller as landlord and the Tenants of premises situate on the Owned Real Property, as more particularly described in Schedule 3.
- 2.1.68 **"Tenants"** means collectively the tenants or occupants under the Tenant Leases, and **"Tenant"** means any one of them.
- 2.1.69 **"Transaction"** means the transaction of purchase and sale contemplated by this Agreement.

2.2 Entire Agreement

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement.

2.3 Time of Day

Unless otherwise specified, references to time of day or date mean the local time or date in the City of Vancouver, Province of British Columbia.

2.4 Business Day

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the payment is to be made or action taken on the next Business Day following.

2.5 INTENTIONALLY DELETED

2.6 Certain Rules of Interpretation

- 2.6.1 In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the word "including" in this Agreement is to be construed as meaning "including, without limitation".
- 2.6.2 The division of this Agreement into Articles and Sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- 2.6.3 References in this Agreement to an Article, Section or Schedule are to be construed as references to an Article, Section or Schedule of or to this Agreement unless the Context requires otherwise.
- 2.6.4 Unless otherwise specified in this Agreement, time periods within which or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.
- 2.6.5 Unless otherwise specified, any reference in this Agreement to any statute includes all regulations made under or in connection with that statute, and is to be construed as a reference to that statute as amended, supplemented or replaced.

2.7 Schedules

The following is a list of Schedules:

Schedule	Subject Matter	Section Reference
Schedule 1	Contracts and Equipment Leases	2.1.25
Schedule 2	Owned Real Property	2.1.54
Schedule 3	Tenant Leases	2.1.67
Schedule 4	Permitted Encumbrances	2.1.56

Schedule	Subject Matter	Section Reference
Schedule 5	Buyer's Source of Funds	1.1.2
Schedule 6	Fixed Asset Listing and Inventory	2.1.17

ARTICLE 3

SALE AND PURCHASE AND ASSIGNMENT

3.1 Sale and Purchase of Assets

Subject to the terms and conditions of this Agreement, the Seller will sell to the Buyer and the Buyer will purchase from the Seller the Assets on the Closing Date. The Buyer acknowledges that it is not purchasing any other property or assets of the Debtor other than the Assets.

3.2 Assignment and Assumption of Contracts, Licenses and Permits and Tenant Leases

Subject to the conditions and terms of this Agreement, the Seller will assign to the Buyer all of the Debtor's right, benefit and interest in and to the Contracts, Licences and Permits and the Tenant Leases (including the Tenant Deposits) and the Buyer will assume the obligations thereunder as part of the Assumed Obligations. This Agreement and any document delivered under this Agreement will not constitute an assignment or an attempted assignment of any Contract or Licence and Permit contemplated to be assigned to the Buyer under this Agreement which is not assignable without the consent of a third party if that consent has not been obtained and that assignment or attempted assignment would constitute a breach of such Contract or Licence and Permit or, in the alternative, if an order of the Court authorizing and approving the assignment of the Contracts and Licences and Permits to the Buyer has not been obtained. At the option of the Seller, any such assignment may be made in the name of and on behalf of the Debtor.

3.3 Assumed Obligations

In connection with its acquisition of the Assets, the Buyer will assume the Assumed Obligations on Closing. On Closing, to the extent necessary, the Buyer will enter into the assignment agreements set out in Sections 8.3.1, 8.3.2, 8.3.3 and 8.3.7 in form and substance satisfactory to the Seller. The Buyer acknowledges that, except to the extent covered by the adjustment provisions herein, the Seller will have no responsibility whatsoever for curing any defaults, paying any arrears, or performing any obligations under or with respect to any of the Assumed Obligations.

3.4 Payment of the Purchase Price

On or prior to the Closing Date, the Buyer will pay the Purchase Price to the Seller without deduction or set-off as follows:

- 3.4.1 by way of the application of the Deposit as a credit to the Purchase Price; and
- 3.4.2 the balance of the Purchase Price, subject to the adjustments provided for in Section 3.6, will be paid upon Closing (the "**Adjusted Purchase Price**") as provided herein.

3.5 Deposit

The First Deposit shall be initially held by the Seller and thereafter transferred by the Seller to the Seller's Lawyers forthwith following the execution and delivery of this Agreement. The Seller's lawyer will hold the Deposit, in trust, as a stakeholder in accordance with the *Real Estate Services Act* (British Columbia), and the Seller's Lawyers are hereby authorized and directed by the Parties to deposit the same in an interest bearing account, interest bearing investment certificate or similar investment vehicle with any Schedule I Canadian chartered bank. Interest earned on the Deposit shall be for the credit of the Seller, unless otherwise stated herein. The Deposit and any interest accrued thereon shall be dealt with as follows:

- 3.5.1 if the conditions in Sections 7.1.1, 7.1.2, 7.2.1.2 and 7.3 are not satisfied or waived in the manner and within the time provided in this Agreement, or if any of the events described in Section 7.2.2 occur, then the Deposit together with accrued interest thereon shall forthwith be returned to the Buyer; or
- 3.5.2 on completion of the Transaction on the Closing Date, the Deposit shall be credited on account of the Purchase Price and the accrued interest shall be paid by the Seller's Lawyers directly to the Buyer on the Closing Date, or as soon thereafter as is feasible; or
- 3.5.3 if the Buyer fails to complete the purchase of the Assets in accordance with this Agreement after all conditions to the Buyer's obligation to complete have been satisfied or waived, other than by reason of the Seller's default, or if the Buyer repudiates this Agreement, then one-half of the Deposit together with interest accrued on the entire Deposit shall be forfeited to the Seller as liquidated damages and not as a penalty, the Parties agreeing that the same constitutes a genuine pre-estimate of the damages the Seller will suffer in full and final satisfaction of the Seller's recourse against the Buyer, and the remaining one-half of the Deposit will be returned to the Buyer; or
- 3.5.4 if the Buyer is not in default of any of its obligations under this Agreement and the Seller fails to complete the sale of the Assets in accordance with this Agreement after all conditions to the Seller's obligation to complete have been satisfied or waived or if the Seller repudiates this Agreement, then the Deposit together with interest accrued thereon shall be returned to the Buyer, without prejudice to the rights and remedies of the Buyer at law or in equity as a result of such default.

3.6 Adjustments

All adjustments relating to the Assets and the Business, both incoming and outgoing, including without limitation, property taxes (including any refunds of property taxes as a result of property assessment appeals), local improvement charges, utilities, rents under the Tenant Leases, the unapplied Tenant Deposits and interest thereon, if any, tenant recoveries, prepaid rents under the Tenant Leases and all other matters customarily the subject of adjustment on the sale of a similar commercial undertaking, shall be adjusted and, except for the Tenant Deposits, pro-rated between the Seller and the Buyer as at the Closing Date so that the Seller shall pay all expenses and receive all income related to the Assets which are in respect of any time prior to the Closing Date and the Buyer shall pay all expenses and receive all income related to the Assets which are in respect of any

time from and including the Closing Date. Rent shall be adjusted on the basis that it has been paid in full for the month in which the Closing Date occurs.

3.7 Arrears

Any arrears of rent or other sums owing to the Seller under the Tenant Leases shall not be adjusted on the Closing Date but shall remain the property of the Seller. Any such arrears of rent and other sums owing to the Seller (whether for the current month or past months) under the Tenant Leases shall, if and when collected by the Buyer, be forthwith remitted to the Seller.

3.8 Allocation of Purchase Price

3.8.1 The Seller and the Buyer will agree on a reasonable allocation of the Purchase Price among the Assets (including an allocation between the residential and commercial portions of the Owned Real Property), such allocation to be agreed upon prior to the date of the Approval and Vesting Order and to be stated in a side letter to this Agreement signed by both Parties. Such agreement on allocation is not a condition precedent to the completion of the Transaction.

3.8.2 The Seller and the Buyer agree to cooperate in the preparation and filing within the prescribed periods of such elections under the *Income Tax Act* (Canada) and other taxation statutes as may be necessary or desirable to give effect to such allocation for tax purposes.

3.9 Taxes

3.9.1 The Buyer will be liable for and will pay upon Closing, in addition to the Purchase Price, all applicable federal and provincial taxes exigible in connection with the purchase and sale of the Assets, including all land transfer taxes and retail sales and commodity taxes.

3.9.2 The Buyer agrees to indemnify and save the Seller harmless from and against all claims and demands for payment of all applicable taxes in connection with the purchase and sale of the Assets, including penalties and interest and any liability or costs incurred as a result of any failure to pay those taxes when due.

3.9.3 If applicable, the Buyer and the Seller will jointly elect under Section 167(1) of the *Excise Tax Act* (Canada) to permit the purchase and sale of the Assets under this Agreement without incurring goods and services tax and harmonized sales tax. The Parties will complete and sign before the Closing Date and thereafter file an election pursuant to Section 167(1) of the *Excise Tax Act* (Canada) prepared by the Buyer and made jointly by the Buyer and the Seller, in compliance with the requirements of the *Excise Tax Act*. If Section 167(1) does not apply to the Transaction, and if the sale of the Assets constitutes an exempt supply, then the Parties shall execute and deliver upon Closing such additional documentation to satisfy the requirements of the *Excise Tax Act* (Canada) to minimize any obligation to pay federal goods and services tax thereunder in respect of the Transaction.

ARTICLE 4 BUYER'S ACKNOWLEDGEMENTS

4.1 "As is, Where is"

The Buyer acknowledges that the Seller is selling the Assets on an "as is, where is" basis as they exist as of the date of this Agreement, and that once the Assets are in the possession of the Buyer, the Seller will have no further liability to the Buyer. The Buyer further acknowledges that it has entered into this Agreement on the basis that the Seller does not guarantee title to the Assets, and that the Buyer has conducted any inspections of the condition of and title to the Assets that it deemed appropriate, and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, environmental condition, quantity or quality, assignability or in respect of any other matter or thing concerning the Assets or the right of the Seller to sell them, save as expressly represented or warranted in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (British Columbia) or similar legislation do not apply to this transaction of purchase and sale and have been waived by the Buyer. The description of the Assets contained in the Schedules to this Agreement is for purposes of identification only. No representation, warranty or condition has or will be given by the Seller concerning the completeness or accuracy of those descriptions. Without limitation the Seller makes no representation or warranties with respect to the accuracy or completeness of any information with respect to the Debtor provided to the Buyer in connection with the Buyer's due diligence or otherwise. Without limitation to the foregoing or any other terms of this Agreement, the Buyer waives all requirements for the Seller to provide any Site Profile (as that term is defined in the *Environmental Management Act* (British Columbia) for the Owned Real Property.

The Buyer acknowledges that the Seller has not engaged an appraiser nor commissioned an appraisal of the Assets and as such no appraisals of the Assets will be made available to the Buyer as part of the deliveries made by the Seller to the Buyer.

4.2 Owned Real Property

Without limitation to the generality of Section 4.1 or any other terms of this Agreement, the Buyer acknowledges that it has at its own expense examined title to, and satisfied itself as to the state of the Owned Real Property, including as to:

- 4.2.1 outstanding work orders affecting the Owned Real Property, if any; and
- 4.2.2 the use of the Owned Real Property being in accordance with applicable zoning requirements and satisfied itself that the Buildings and Fixtures may be insured to the satisfaction of the Buyer.

The Buyer further acknowledges that the Buyer will accept the title to the Owned Real Property subject to the Permitted Encumbrances.

4.3 Acknowledgement and Release Regarding Environmental Condition of Assets.

Without limitation to the generality of Section 4.1 or any other terms of this Agreement, the Buyer:

- 4.3.1 agrees that it is purchasing the Owned Real Property pursuant to this Agreement on an "as is where is" basis without any representations, warranties or responsibility from or on behalf of the Seller as to any matter concerning the state of the Owned Real Property, including any environmental condition of or with respect to the Owned Real Property or as to any effect or impact that the Owned Real Property or any Contaminants associated with the Owned Real Property may have on neighbouring lands or areas; and
- 4.3.2 hereby remises, releases, forever discharges and saves harmless the Seller and its affiliates and their respective, directors, officers, shareholders, agents, employees, legal representatives, successors and assigns (collectively called the "Releasees") of and from any and all liability, claim, demand, obligation, cause of action, remediation, cost recovery action, investigation, proceeding, order, violation, damage, loss, cost, expense, judgment, penalty, or fine asserted by any party (including, without limitation, any private party or Governmental Authority) arising out of or relating to Environmental Laws or Environmental Liabilities, including without limitation, any cost of managing, removing, remediating or disposing of any Contaminants, as well as any liability, cost or expense whatsoever relating to any enforcement actions, orders, cost recovery actions or remedial actions related to any Environmental Liabilities or Contaminants, howsoever caused and whether arising out of the negligence, gross negligence or misconduct of any of the Releasees, and the Buyer hereby waives any and all such rights that the Buyer now has or will have as against the Releasees or any of them.

4.4 Tenant Leases, Contracts, Licences and Permits and Employees

Without limitation to the generality of Section 4.1 or any other terms of this Agreement, the Buyer acknowledges that it has at its own expense examined:

- 4.4.1 the Tenant Leases and satisfied itself as to the state of the Tenant Leases and the rents thereunder without any obligation on the part of the Seller to obtain from the Tenants an estoppel certificate or other like form of status certificate;
- 4.4.2 the Contracts and Licences and Permits and satisfied itself as to the state of the Contracts and Licences and Permits; and
- 4.4.3 the terms of the Employment Obligations of the Employees and satisfied itself as to the same.

4.5 Further Acknowledgements of Buyer

Without limiting the generality of the foregoing or anything else in this Agreement, it is acknowledged and agreed by the Buyer that:

- 4.5.1 the Seller is acting solely in its capacity as the court-appointed Receiver and Manager of the Debtor and not in its personal capacity;

- 4.5.2 the Seller makes no representation whatsoever with respect to any employment issues or any other issues or matters which would be the subject of any of the provisions of the *Labour Relations Code* (British Columbia) or the *Employment Standards Act* (British Columbia) or of any comparable legislation or law;
- 4.5.3 the Seller makes no representation whatsoever with respect to any rights of any Employees at any time employed by the Debtor, or at any time employed by the Seller;
- 4.5.4 to the extent that any goods or assets which are situate at or about the Owned Real Property after Closing are not part of the Assets, the Seller has no obligation to remove or in any way take any steps with respect to such goods or assets;
- 4.5.5 to the extent that any information which the Seller has provided or may provide to the Buyer is based on any of the records of the Debtor, the Seller makes no representation whatsoever with respect to the accuracy of any such information; and
- 4.5.6 the Information Package, including any additional materials supplied by way of access to a data room or otherwise, prepared by the Seller concerning the Assets (collectively, the "**Information Package**") and Schedules 1 and 3, thereof are for information purposes only, and have been prepared based on the information from the records of the Debtor which the Seller has in its possession or from agreements previously entered into by the Debtor with third parties. The Seller has not had the opportunity to review all the records it has in its possession and provides no assurance that the available records are accurate or complete and the Seller has not verified any of the information and provides no assurance that any information related to the Debtor or any of its assets, including the Assets, or liabilities and obligations is correct, accurate or complete. The information is provided on such basis and there is no representation by the Seller as to the status or existence of any of the matters described in those Schedules or the Information Package or as to the correctness, accuracy or completeness of such matters. The Buyer must not rely on those schedules or the Information Package for any decision making and must satisfy itself independently with respect to any matter related to the Debtor or the Assets or any obligations to which it may become subject. Without limitation to the foregoing, there is no representation from the Seller that:
- 4.5.6.1 the Assumed Obligations are the only obligations to which the Buyer may become subject as a result of purchasing the Assets;
- 4.5.6.2 any of the Contracts and Tenant Leases referenced in Schedules 1 and 3 respectively, are in good standing or in effect; or
- 4.5.6.3 any of the Intellectual Property is in good standing or in effect.

Without limitation to any other provision of this Agreement, the provisions of Sections 4.1 to 4.5 shall not merge on, but shall survive, the Closing.

ARTICLE 5 EMPLOYEES

5.1 Employees

- 5.1.1 The Seller covenants to promptly advise the Buyer of any change in the status of the Employees after the Execution Date. The Buyer shall make offers to all Staff Employees and by no later than the Confirmation Date the Buyer will advise the Seller in writing of the names of the Management Employees to whom the Buyer will make offers of employment (collectively, including the Staff Employees, the “Offered Employees”). For greater certainty, the Buyer is under no obligation to make offers to any particular employees or on any particular terms that are more favourable than as they exist as of the time of Closing and the Buyer shall not recognize service of any Offered Employees who accept the Buyer’s offer of employment (the “Assumed Employees”) for any purpose other than as strictly required by the *Employment Standards Act* (British Columbia). The Buyer will offer employment to the Assumed Employees conditional upon and effective on the Closing Date and from and after the Closing Date assume the Employment Obligations in respect of the Assumed Employees.
- 5.1.2 The Seller will: (i) terminate the employment of all the Employees who are not Assumed Employees effective at the Closing Date (the “Excluded Employees”), (ii) pay to the Excluded Employees all accrued or earned and outstanding Employment Obligations owing to the Excluded Employees, and (iii) provide to the Buyer evidence, satisfactory to the Buyer, acting reasonably, at the Closing, that the Excluded Employees’ employment has been terminated and that they have been paid as aforesaid. If any Excluded Employee is hired by the Buyer within 60 days of the Closing Date the Buyer will repay to the Seller any amount paid by the Seller to that Excluded Employee pursuant to this section.
- 5.1.3 The Buyer acknowledges and agrees that:
- 5.1.3.1 the Seller makes no representation or warranty that any Assumed Employee will accept employment with the Buyer; and
- 5.1.3.2 the acceptance by Assumed Employees of offers of employment with the Buyer will not constitute a condition to the Buyer’s obligation to complete the Transaction.
- 5.1.4 The Buyer agrees that it will be responsible for, and will indemnify and save the Seller harmless from and against, all liability, howsoever arising, in respect of or in any way related to the Employment Obligations in respect of the Assumed Employees arising from and after the Closing Date. The Buyer will be responsible for and will indemnify and save the Seller harmless from and against any severance or length of service claim or liability in respect of any Assumed Employee arising before or after the Closing Date.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Buyer's Representations

The Buyer represents and warrants to the Seller that:

- 6.1.1 the Buyer is a limited partnership duly formed, organized and subsisting under the laws of the Province of Manitoba;
 - 6.1.2 the Buyer has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the Transaction has been duly authorized by all necessary corporate action on the part of the Buyer;
 - 6.1.3 no action or proceedings will be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement;
 - 6.1.4 the Buyer is not a Party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained in this Agreement;
 - 6.1.5 this Agreement and each of the other documents contemplated under this Agreement to which the Buyer is or will be a Party have been or will be, as at the Closing Date, duly and validly executed and delivered by the Buyer and constitutes or will, as at the Closing Date, constitute legal, valid and binding obligations of the Buyer, as the case may be, enforceable in accordance with its terms;
 - 6.1.6 the Buyer is not a non-Canadian person as defined in the *Investment Canada Act* (Canada); and
-
- 6.1.7 the Buyer is or will be registered under Part IX of the *Excise Tax Act* (Canada) on or before the Closing Date.

6.2 Seller's Representations

The Seller represents and warrants to the Buyer that:

- 6.2.1 the Seller has all necessary corporate power, authority and capacity, as the Receiver, to enter into this Agreement, subject to the granting of the Approval and Vesting Order and obtaining of the Consents, as applicable, to execute and deliver, all other agreements, documents and instruments to be delivered by it hereunder, and to sell, assign and transfer the Assets to the Buyer as set forth in this Agreement and to perform the transactions contemplated by this Agreement; and
- 6.2.2 neither the Seller nor the Debtor is not a non-resident of Canada within the meaning of that term as used in the *Income Tax Act* (Canada).

**ARTICLE 7
CONDITIONS**

7.1 Conditions of the Buyer

7.1.1 The obligation of the Buyer to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Closing:

- 7.1.1.1 all representations and warranties of the Seller contained in this Agreement will be true as of the Closing Date with the same effect as though made on and as of that date;
- 7.1.1.2 no action or proceedings or appeals will be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement;
- 7.1.1.3 the Seller will have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- 7.1.1.4 no Material Adverse Change to the Assets will have occurred on or before the Closing Date.

The foregoing conditions are for the exclusive benefit of the Buyer. Any condition may be waived by the Buyer in whole or in part. Any such waiver will be binding on the Buyer only if made in writing.

7.1.2 The obligation of the Buyer to complete the Transaction is subject to the Buyer, no later than September 26, 2013 (the "**Confirmation Date**"), confirming in writing to the Seller that the Buyer has made all necessary arrangements for it to complete the Transaction including, without limitation, the Buyer obtaining the approval for the Transaction from the Buyer's Investment Committee. The condition in this Section 7.1.2 is for the exclusive benefit of the Buyer and may be waived by the Buyer in whole or in part. Any such waiver will be binding on the Buyer only if made in writing. If the Buyer has not provided written notice on or before the Confirmation Date that its condition in this Section 7.1.2 has been waived or satisfied by the Buyer, then this Agreement will terminate at 4:00 pm (Vancouver time) on such date and all obligations of the Parties hereunder will terminate (except for those obligations which are expressly stated herein to survive termination of this Agreement). The Seller acknowledges and agrees that a portion of the Deposit in the amount of \$10.00 (the "**Non-Refundable Sum**") represents non-refundable moneys paid by the Buyer in consideration of the Seller allowing the Buyer the benefit of the condition in this Section 7.1.2 and agreeing that the Seller's execution of this Agreement is irrevocable. Notwithstanding anything contained herein to the contrary, the Non-Refundable Sum shall be withheld and released to the Seller if the Deposit is returned to the Buyer pursuant to this Agreement for any reason whatsoever. The Non-Refundable Sum shall however be applied to the Purchase Price upon Closing.

7.1.3 The Seller and Buyer acknowledge and agree that although the Buyer's obligation to complete the sale and purchase contemplated by this Agreement is subject to the satisfaction or waiver of the conditions precedent set forth in this Section 7.1:

7.1.3.1 those conditions precedent are not conditions to there being a binding Agreement of purchase and sale between the Seller and Buyer with respect to the Assets; and

7.1.3.2 this Agreement is not void, voidable, revocable or, except for default, otherwise capable of being terminated by any of the parties until the time limited for the satisfaction or waiver of such conditions precedent has expired.

7.2 Conditions of the Seller

7.2.1 The obligation of the Seller to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Closing:

7.2.1.1 all representations and warranties of the Buyer contained in this Agreement will be true as of the Closing Date with the same effect as though made on and as of that date;

7.2.1.2 no action or proceedings or appeals will be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and

7.2.1.3 the Buyer will have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date.

7.2.2 In the event that:

7.2.2.1 ~~any person shall become entitled to pay, redeem or refinance the debt owing to the mortgagee(s) which are the subject of the Proceedings, and does so prior to the completion of the purchase and sale contemplated by this Agreement;~~

7.2.2.2 the Seller is unable for any reason to complete the sale pursuant to the Approval and Vesting Order,

then, the Seller shall have the right to terminate this Agreement and upon the Seller giving written notice to the Buyer that it is so doing, this Agreement shall be cancelled, and the Deposit will then be returned to the Buyer, together with all interest accrued thereon.

7.2.3 The Seller and Buyer acknowledge and agree that although the Seller's obligation to complete the sale and purchase contemplated by this Agreement is subject to the satisfaction or waiver of the conditions precedent set forth in this Section 7.1.2 of this Agreement:

- 7.2.3.1 those conditions precedent are not conditions to there being a binding Agreement of purchase and sale between the Seller and Buyer with respect to the Assets; and
- 7.2.3.2 this Agreement is not void, voidable, revocable or, except for default, otherwise capable of being terminated by any of the parties until the time limited for the satisfaction or waiver of such conditions precedent has expired.
- 7.2.4 The Seller and Buyer acknowledge and agree that:
 - 7.2.4.1 the Seller may accept multiple offers to purchase the Assets;
 - 7.2.4.2 the Seller is subject to the jurisdiction and discretion of the Court to entertain other offers and to any further Orders the court may make regarding the Assets;
 - 7.2.4.3 given the Seller's position as Receiver and the Seller's relationship to other parties in the Proceedings, the Seller may be compelled to advocate that the Court consider other offers in order to obtain the highest price for the Assets. The Seller gives no undertaking to advocate the acceptance of this Agreement and the Buyer must make its own arrangements to support this Agreement in Court;
 - 7.2.4.4 any offer accepted by the Seller for the sale of the Assets is subject to the approval of the Court; and
 - 7.2.4.5 nothing in this Agreement or any confidentiality agreement executed by the Buyer and the Seller will restrict the Seller from disclosing to any other Person the terms of the Buyer's offer made hereunder.
- 7.2.5 If the Court vacates, sets aside or varies an Order approving this Agreement for any reason whatsoever (except any wilful misconduct of the Seller), then the Seller shall not be liable to the Buyer or any other person in any way whatsoever, in connection therewith.

The foregoing conditions are for the exclusive benefit of the Seller. Any condition may be waived by the Seller in whole or in part. Any such waiver will be binding on the Seller only if made in writing.

7.3 Mutual Conditions—Approval and Vesting Order

The obligations of the Seller and Buyer to complete the Transaction are subject to the following mutual conditions being fulfilled or performed at or prior to the Closing Date:

- 7.3.1 an order will have been made by the Court on or before the 15th day after the Confirmation Date, such date to be determined by the Receiver, or such other date agreed to by the Parties, approving this Agreement and the Transaction and vesting in

the Buyer all the right, title and interest of the Debtor in the Assets free and clear of all liens, security interests and other encumbrances except for the Permitted Encumbrances, such order to be in a form agreed to by the Seller and the Buyer acting reasonably (the **"Approval and Vesting Order"**) approving the sale by the Seller to the Buyer of the Assets on terms and conditions contained in this Agreement. The Seller will diligently pursue that application and will promptly notify the Buyer of its disposition. The Buyer, at its own expense, will promptly provide to the Seller all information and assistance within the Buyer's power as the Seller may reasonably require to obtain the Approval and Vesting Order;

- 7.3.2 the Approval and Vesting Order will not have been stayed, varied or vacated and no order will have been issued and no action or proceeding or appeal will be pending to restrain or prohibit the completion of the Transaction; and
- 7.3.3 no order shall have been issued by a Governmental Authority which restricts or prohibits the completion of the Transaction.

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Seller and the Buyer and may not be unilaterally waived and must be satisfied by the date provided for in Section 7.3.1.

7.4 Non-Satisfaction of Conditions

If any condition set out in Sections 7.1 or 7.1.2 is not satisfied or performed prior to the time specified therefor, a Party for whose benefit the condition is inserted may in writing:

- 7.4.1 waive compliance with the condition in whole or in part in its sole discretion by written notice to the other Party given before such time specified and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- 7.4.2 elect on written notice to the other Party given before such time specified to terminate this Agreement before Closing.

ARTICLE 8 CLOSING

8.1 Closing

The completion of the Transaction will take place on the Closing Date at the offices of the Buyer's Lawyers or as otherwise determined by mutual agreement of the Parties in writing.

8.2 Seller's Deliveries on Closing

At or before the Closing Date, the Seller will execute (if applicable) and cause the Seller's Lawyers to deliver to the Buyer's Lawyers the following items, each of which will be in form and substance satisfactory to the Buyer, acting reasonably and the Buyer will cause the Buyer's Lawyers to deal with such items pursuant to Section 8.7:

- 8.2.1 a Court certified copy of the Approval and Vesting Order;
- 8.2.2 originals of the Books and Records, to the extent that they are in the possession of the Seller;
- 8.2.3 the Seller's statement of adjustments;
- 8.2.4 an assignment to the Buyer of all Contracts, to the extent that such Contracts can be assigned, which shall include covenants by the Buyer to assume all obligations of the Debtor under the Contracts from and including the Closing Date and to indemnify the Seller in respect thereof (the "**Assignment of Contracts**");
- 8.2.5 an assignment to the Buyer of the Debtor's interest in the Tenant Leases, which shall include covenants by the Buyer to assume all obligations of the Debtor under the Tenant Leases from and including the Closing Date and to indemnify the Seller in respect thereof (the "**Assignment of Tenant Leases**");
- 8.2.6 an assignment to the Buyer of all Licences and Permits as may be necessary to operate and occupy the Owned Real Property to the extent that such Licences and Permits can be assigned (the "**Assignment of Licences and Permits**");
- 8.2.7 such notices of assignment as the Buyer and the Buyer's Lawyers shall reasonably require to the other parties under the Tenant Leases, Licences and Permits and the Contracts;
- 8.2.8 a certificate dated the Closing Date confirming that all of the representations and warranties of the Seller contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- 8.2.9 a certificate dated the Closing Date confirming that each of the conditions precedent in Section 7.1.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- 8.2.10 any other documentation as is referred in this Agreement or as the Buyer may reasonably require to give effect to this Agreement.

8.3 Buyer's Deliveries on Closing

At or before the Closing Date, the Buyer will execute and deliver to the Seller the following, each of which will be in form and substance satisfactory to the Seller, acting reasonably:

- 8.3.1 the Assignment of the Contracts;
- 8.3.2 the Assignment of the Tenant Leases;
- 8.3.3 the Assignment of Licences and Permits;

- 8.3.4 a certificate dated the Closing Date, confirming that all of the representations and warranties of the Buyer contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- 8.3.5 a certificate dated the Closing Date, confirming that each of the conditions precedent in Section 7.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- 8.3.6 payment or evidence of payment of the taxes payable under Section 3.9.1, or alternatively, applicable election certificates, including as provided for in Section 3.9.3; and
- 8.3.7 any other documentation as is referred in this Agreement or as the Seller may reasonably require to give effect to this Agreement.

8.4 Closing Documents

- 8.4.1 The following closing documents, as applicable, will be prepared by the Buyer's Lawyers and delivered to the Seller's Lawyer at least 2 days prior to Closing Date, namely the documents referred to in Sections 8.2.3, 8.2.4, 8.2.5, 8.2.6, 8.2.7, 8.2.8, 8.2.9 and 8.2.10 and the Section 167 Election Form under Section 3.9.3.

8.5 Payment in Trust

- 8.5.1 On or before the Closing Date, the Buyer will pay to the Buyer's Lawyers, in trust, the Adjusted Purchase Price, less the amount to be advanced to the Buyer under the Mortgage, as applicable.

8.6 Delivery of Closing Documents

- 8.6.1 The Buyer shall cause the Buyer's Lawyers to hold the closing documentation in trust and not to release them, save and except for such of the documents that are required to be filed and registered in the LTO. The Parties shall authorize the Buyer's Lawyers to release from escrow such documents for the purpose of registration, as aforesaid.

8.7 Registration

- 8.7.1 Following the payment in Section 8.5 and after receipt by the Buyer's Lawyers of the documents and items referred to in Sections 8.2 and 8.3, the Buyer will cause the Buyer's Lawyers to file the Approval and Vesting Order in the LTO concurrently with any mortgage(s) and collateral security documents (collectively, the "Mortgage") applicable to any mortgage financing arranged by the Buyer in connection with the purchase of the Assets. If there is such mortgage financing, the Buyer's Lawyers shall not deposit the Approval and Vesting Order for registration in the LTO until the Buyer's Lawyers have received written confirmation from the lawyers for the Buyer's mortgagee (the "Mortgagee's Lawyers") that all conditions for funding have been met except for lodging the Mortgage for registration and verification that the Mortgage will constitute a charge or charges on the Owned Real Property in the ordinary course of completion of

that registration (subject only to the Permitted Encumbrances, any charges or encumbrances created by the Buyer and any charges or encumbrances to be discharged pursuant to the Approval and Vesting Order) and that the Mortgagee's Lawyers will apply to withdraw their application(s) to register the Mortgage if so requested. The Buyer's Lawyers shall undertake to the Seller's Lawyers that if the Purchase Price is not paid by the Buyer to the Seller on the Closing Date, the Buyer's Lawyers will, upon the written request of the Seller or the Seller's Lawyers, forthwith:

- 8.7.1.1 return the Approval and Vesting Order unregistered or, if the Approval and Vesting Order has been submitted to the LTO for registration, make application to the Registrar of the LTO to withdraw the Approval and Vesting Order from the LTO;
- 8.7.1.2 upon receipt of the withdrawn Approval and Vesting Order, forward the same to the Seller's Lawyers; and
- 8.7.1.3 take steps to enforce the undertakings given by the Mortgagee's Lawyers to the Buyer's Lawyers to do the same with respect to the Mortgage and any other filings made by the Mortgagee's Lawyers with respect to the Assets.

8.8 Closing Procedure

- 8.8.1 Forthwith following the filing referred to in Section 8.7 and upon the Buyer's Lawyers conducting a post-filing title search of the Owned Real Property disclosing only the following:

- 8.8.1.1 the existing title number to the Owned Real Property;
- 8.8.1.2 the Permitted Encumbrances;
- 8.8.1.3 the pending number assigned to the Approval and Vesting Order and any other documents submitted to the LTO on the Buyer's behalf; and
- 8.8.1.4 pending numbers assigned to any security documents applicable to the Mortgage; and
- 8.8.1.5 any other charges granted by the Buyer,

the Buyer will cause the Buyer's Lawyers, forthwith upon receipt by them of the proceeds of the Mortgage, to deliver to the Seller's Lawyers a solicitor's trust cheque or bank draft for an amount equal to the sum of the Adjusted Purchase Price evidenced by the Seller's statement of adjustments, and any interest earned on the Deposit will be released to the Seller.

- 8.8.2 It is a condition of this Agreement that all requirements of this Article 8 are deemed to be concurrent requirements and it is specifically agreed that nothing will be completed on the Closing Date until everything required to be paid, executed and delivered on the

Closing Date has been so paid, executed and delivered and until the Buyer's Lawyers are satisfied as to the title of the Owned Real Property pursuant to Section 8.8.1.

- 8.8.3 Notwithstanding any provision of this Agreement, as between the Seller and the Buyer it remains the Buyer's obligation to pay the Purchase Price to the Seller on the Closing Date regardless of whether the Buyer's Lawyers receive all or any proceeds of any financing, and the failure of the Buyer to pay the Purchase Price on the Closing Date shall constitute a default by the Buyer under this Agreement.

8.9 Buyer's Acknowledgement

The Buyer acknowledges that the Seller is selling the right, title and interest of the Debtor in and to the Assets pursuant to the Seller's powers as authorized by the Appointment Order and the Approval and Vesting Order. The Buyer agrees to purchase and accept the right, title and interest of the Debtor in and to the Assets pursuant to and in accordance with the terms of this Agreement.

8.10 Possession of Assets

The Seller will remain in possession of the Assets until the Closing Date. On Closing, the Buyer will take possession of the Assets where situate on the Closing Date. The Buyer acknowledges that the Seller has no obligation to deliver physical possession of the Assets to the Buyer. In no event will the Assets be sold, assigned, transferred or set over to the Buyer until the Buyer has satisfied all delivery requirements outlined in Sections 8.3 and 8.8.

8.11 Buyer's Covenants

The Buyer shall forthwith return to the Seller all documentation obtained by the Buyer from the Seller with respect to the Assets and all copies thereof together with copies of all surveys, studies and reports and the results of all inspections and tests made by or on behalf of the Buyer with respect to the Owned Real Property if this Agreement is terminated or the sale of the Assets by the Seller to the Buyer pursuant to this Agreement is not completed. The Buyer shall indemnify and hold the Seller harmless from any and all liabilities, actions, costs, damages and liens (including builders' liens) arising from physical damage arising from the entry of the Buyer and its representatives, consultants and agents on the Owned Real Property prior to the Closing Date. The Buyer shall repair any damage to the Owned Real Property arising from such entry. The Buyer shall not conduct any drilling, excavation or other physical disturbance of the Owned Real Property without the prior written consent of the Seller and then only on such conditions as the Seller may reasonably require. It will not be unreasonable for the Seller to withhold its consent if it deems the conduct of the Buyer or its contractors and/or employees to be intrusive or until such time as the Seller reviews the details of the nature and extent of any work to be conducted by the Buyer and/or its contractors and employees. The Buyer shall not disturb or interfere with the business or operations of the Seller or any of the Tenants and will abide the terms of the respective Tenant Leases. The Buyer will cause its directors, officers, consultants and agents to keep in strict confidence all information with respect to the Assets and the documentation obtained by the Buyer with respect to the Owned Real Property until the sale of the Assets by the Seller to the Buyer is completed. Notwithstanding the foregoing, the Buyer may disclose any information obtained with respect to the Assets (i) to its directors, officers, employees, shareholders, prospective investors, prospective partners, and legal and financial advisors, prospective lenders and consultants provided

such Persons agree to maintain such information in confidence and only to the extent necessary to effect the transactions contemplated hereby; (ii) to the extent such information is in the public domain or is obtained from Persons other than the Seller and its consultants; or (iii) if required by law. The obligations of the Buyer set out in this Section 8.11 shall survive the termination of this Agreement

8.12 Risk

The Seller will continue to operate, manage and maintain the Assets until the Closing Date in the ordinary course as a prudent owner. The Assets shall be at the risk of the Seller until completion and thereafter at the risk of the Buyer. If before such time the Assets are damaged but the extent of such damage is such that the Assets does not constitute a Material Adverse Change, then the Buyer and the Seller shall continue to be obligated to complete the purchase and sale of the Assets on the Closing Date, the representations and warranties herein contained shall be deemed to be limited to exclude the effect of such damage and the benefit of any existing insurance policies and all payments made pursuant thereto as they relate to the Assets shall be assigned to the Buyer and shall be payable to the Buyer.

8.13 Damage or Expropriation Before Closing

If after the Execution Date and before the completion of the Closing, the Assets are damaged or a notice of expropriation of the Owned Real Property or a material part thereof is issued by the lawful Governmental Authority, the Seller shall obtain a certificate from an independent architect or appraiser which shall contain an estimate of the repairs or the value of the Assets being expropriated, as the case may be, and, within 2 Business Days of receipt of such certificate, deliver the certificate to the Buyer. The Buyer may, within 5 Business Days after having received the architect's or appraiser's certificate, elect in writing:

- 8.13.1 not to complete the purchase contemplated herein if a Material Adverse Change is the result of such damage or expropriation in which case the Deposit and all accrued interest thereon shall be returned to the Buyer, this Agreement shall be null and void and each of the parties hereto shall have no further obligations to, nor rights against, the other in respect of this Agreement, except for any obligations of the Buyer under Section 8.11; or
- 8.13.2 to complete the purchase contemplated herein in which case completion shall be on the following terms and conditions insofar as they are applicable:
 - 8.13.2.1 in the case of expropriation, all expropriation proceeds or compensation shall be assigned and shall be payable to the Buyer and that part of the Assets not so expropriated shall be sold to the Buyer and shall be the subject of the representations and warranties herein contemplated; or
 - 8.13.2.2 in the case of a Material Adverse Change, the representations and warranties herein contained shall be limited to exclude the effect of such damage and the benefit of any existing insurance policies and all payments made pursuant thereto shall be assigned by the Seller and shall be payable to the Buyer.

The Buyer shall have 5 Business Days after having received notice that the Assets or a material part thereof is to be expropriated or that a Material Adverse Change to the Assets has occurred, to make the foregoing election even if the event occurs within 5 Business Days of the Closing Date, and if the Buyer elects to complete the purchase as permitted herein, the Closing Date shall thereafter be the Closing Date as otherwise provided in this Agreement or the Business Day next following the day which is 15 Business Days after such election, whichever is the later.

8.14 Termination

If either the Seller or the Buyer validly terminates this Agreement under the provisions of Sections 7.4 or 8.12:

- 8.14.1 all the obligations of both the Seller and Buyer under this Agreement will be at an end other than any obligation of the Seller to return to the Buyer the Deposit, or portion thereof paid by the Buyer to the Seller's Lawyers, together with interest thereon pursuant to the terms of this Agreement and except for any obligations of the Parties which are expressly stated herein to survive termination; and
- 8.14.2 neither Party will have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

ARTICLE 9 COSTS

9.1 Registration Fees

The fees for the registration of the Court certified Approval and Vesting Order in the LTO and any property transfer tax in respect of the Transaction contemplated by this Agreement shall be paid by the Buyer.

9.2 Cost to Clear Title

The cost of obtaining and registering any documents required to clear title to the Owned Real Property of any charges, liens, claims or encumbrances not constituting Permitted Encumbrances shall be borne by the Seller. The Seller shall bear all of the Seller's costs in connection with obtaining and certifying the Approval and Vesting Order.

ARTICLE 10 GENERAL

10.1 Release

Without limitation to the generality of Section 4.1 or any other terms of this Agreement, the Buyer and its heirs, executors, administrators, legal representatives, successors and assigns, as the case may be, remises, releases and forever discharges and saves harmless the Releasees of and from any and all liability, claim, demand, obligation, cause of action, remediation, cost recovery action, investigation, proceeding, order, violation, damage, loss, cost, expense, judgment, penalty or fine asserted by the Buyer or any party (including, without limitation, any private party or Governmental

Authority) by reason of any cause, whether known or unknown, including, without limitation, those arising out of or relating to: (i) the completeness of any information with respect to the Assets contained in this Agreement; (ii) the Assets; (iii) the completeness of any information with respect to the Debtor provided to the Buyer in connection with the Buyer's due diligence or otherwise; (iv) the Proceedings and the matters contemplated therein, including, without limitation, with respect to the Debtor; and (v) the bidding procedures that preceded this Agreement, howsoever caused and whether arising out of the negligence, gross negligence or misconduct of any of the Releasees, and the Buyer hereby waives any and all such rights that the Buyer now has or will have as against the Releasees or any of them.

10.2 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered by the Seller in connection with this Transaction or this Agreement, the provisions of this Agreement will prevail to the extent of that conflict or inconsistency.

10.3 Commission

The Buyer acknowledges that there are no agent or broker fees or other commissions payable by the Seller on the Purchase Price or otherwise in connection with the Transaction, and the Buyer agrees to indemnify the Seller against any claim for compensation or commission by any third Party or agent retained by the Buyer in connection with, or in contemplation of, the Transaction.

10.4 Tender

Any tender of documents or money may be made by the party being tendered or upon its solicitors, and money may be tendered by certified solicitor's trust cheque, bank draft or wire transfer and, in each case, issued by a Schedule I Canadian chartered bank.

10.5 Costs and Expenses

Except as otherwise specified in this Agreement, all costs and expenses (including the fees and disbursements of accountants, legal counsel and other professional advisers) incurred in connection with this Agreement and the completion of the Transaction are to be paid by the Party incurring those costs and expenses. If this Agreement is terminated, the obligation of each Party to pay its own costs and expenses is subject to each Party's respective rights arising from a breach or termination.

10.6 Time of Essence

Time is of the essence in all respects of this Agreement.

10.7 Notices

Any Communication must be in writing and either:

10.7.1 personally delivered;

- 10.7.2 sent by prepaid registered mail; or
- 10.7.3 sent by facsimile, email or functionally equivalent electronic means of communication, charges (if any) prepaid confirmed by prepaid registered mail.

Any Communication must be sent to the intended recipient at its address as follows:

to the Seller at:

Alvarez & Marsal Canada Inc.
400 Burrard Street
Suite 1680, Commerce Place
Vancouver, British Columbia
V6C 3A6

Attention: Todd Martin
Facsimile No.: (604) 638-7441
Email: tmartin@alvarezandmarsal.com

with a copy to:

Gowling Lafleur Henderson LLP
Suite 2300, 550 Burrard Street
Vancouver, British Columbia
V6C 2B5

Attention: John McLean
Facsimile: (604) 683-3558
Email: john.mclean@gowlings.com

to the Buyer at:

Chartwell Retirement Residences
100 Milverton Drive, Suite 700
Mississauga, Ontario, L5R 4H1

Attention: Jonathan Boulakia, Senior Vice President and General Counsel
Facsimile No.: (905) 501-9107

or at any other address that any Party may from time to time advise the other by Communication given in accordance with this Section 10.7. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given and received on the day it is delivered at that Party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given and received on the next Business Day. Any Communication transmitted by facsimile or other form of electronic communication will be deemed to have been given and received on the day on which it was transmitted (but if the Communication is transmitted on a day which is not a Business Day or after 3:00 p.m. (local time of the recipient), the Communication will be deemed to have been received on the next Business Day). Any

Communication given by registered mail will be deemed to have been received on the 5th Business Day after which it is so mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be effected by personal delivery or by facsimile transmission.

10.8 Further Assurances

Each Party will, at the requesting Party's cost, execute and deliver all further agreements and documents and provide all further assurances as may be reasonably required by the other Party to give effect to this Agreement and, without limiting the generality of the foregoing, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide all assurances, undertakings and information as may be required from time to time by all regulatory or governmental bodies or stock exchanges having jurisdiction over the affairs of a Party or as may be required from time to time under applicable securities legislation.

10.9 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does such waiver constitute a continuing waiver unless otherwise expressly provided.

10.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. Each of the Parties irrevocably and unconditionally submits and attorns to the exclusive jurisdiction of the courts of the Province of British Columbia to determine all issues, whether at law or in equity arising from this Agreement. To the extent permitted by applicable law, each of the Parties:

- 10.10.1 irrevocably waives any objection, including any Claim of inconvenient forum, that it may now or in the future have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that Province, or that the subject matter of this Agreement may not be enforced in those courts;
- 10.10.2 irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to in this Section 10.10, of the substantive merits of any suit, action or proceeding; and
- 10.10.3 to the extent a Party has or may acquire any immunity from the jurisdiction of any court or from any legal process, whether through service or notice, attachment before judgment, attachment in aid of execution, execution or otherwise, with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under this Agreement.

10.11 Assignment and Enurement

The Buyer may not assign its right, title and interest in this Agreement without first obtaining the prior written consent of the Seller, which consent may be arbitrarily withheld. No permitted assignment shall operate to release the Buyer from its obligations under this Agreement, including, without limitation, the obligation to execute and deliver all documents required hereunder and to pay the Purchase Price. An approved assignee shall covenant and agree in writing with the Seller to assume all obligations and covenants of the Buyer under this Agreement. This Agreement shall enure to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

10.12 Severability

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction by a court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

10.12.1 the legality, validity or enforceability of the remaining provisions of this Agreement; or

10.12.2 the legality, validity or enforceability of that provision in any other jurisdiction.

10.13 Counterparts

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which when so executed and delivered will be an original and such counterparts will together constitute one and the same instrument.

10.14 Facsimile Signatures

Delivery of this Agreement by facsimile transmission constitutes valid and effective delivery.

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

**ALVAREZ & MARSAL CANADA
INC.**, solely in its capacity as the court-
appointed Receiver and Manager of
682202 B.C. LTD. and not in its personal
capacity

Per: _____

Name:

Title:


TODD M. MARTIN

SENIOR VICE PRESIDENT

**CHARTWELL MASTER CARE
CORPORATION**, in its capacity as the
sole trustee of **GP M TRUST**, in its
capacity as the sole general partner of
CHARTWELL MASTER CARE LP

Per: _____

Name:

Title:


BRENT BINIONS
ASO

Per: _____

Name:

Title:

SCHEDULE 1

CONTRACTS AND EQUIPMENT LEASES SECTION 2.1.25

1. Richmond Elevator Maintenance Ltd. elevator service agreement dated November 10, 2009
2. Diversey Standard Washing Machine Agreement dated November 8, 2012
3. The Grounds Guys property maintenance contract dated November 22, 2012

Specifically excluding the existing management contract for the Business.

SCHEDULE 2

OWNED REAL PROPERTY SECTION 2.1.54

Civic Address: 32331 7th Ave Mission, British Columbia

Legal Description: Parcel Identifier: 017-490-146
Lot A Section 20 Township 17 New Westminster District Plan LMP1741

SCHEDULE 3

TENANT LEASES 2.1.67

The tenant leases listed on the Tenant List dated August 1, 2013.

Cedarbrooke Chateau Tenant Leases August 1, 2013			
	Apt. #	Resident	Additional Resident
1	103	[REDACTED]	N/A
2	104	[REDACTED]	[REDACTED]
3	106	[REDACTED]	[REDACTED]
4	107	[REDACTED]	N/A
5	108	[REDACTED]	N/A
6	109	[REDACTED]	N/A
7	111	[REDACTED]	N/A
8	112	[REDACTED]	N/A
9	113	[REDACTED]	N/A
10	114	[REDACTED]	N/A
11	115	[REDACTED]	N/A
12	116	[REDACTED]	N/A
13	117	[REDACTED]	N/A
14	120	[REDACTED]	[REDACTED]
15	122	[REDACTED]	N/A
16	124	[REDACTED]	N/A
17	125	[REDACTED]	N/A
18	127	[REDACTED]	N/A
19	128	[REDACTED]	[REDACTED]
20	130	[REDACTED]	N/A
21	131	[REDACTED]	N/A
22	133	[REDACTED]	N/A
23	134	[REDACTED]	[REDACTED]
24	135	[REDACTED]	N/A
25	136	[REDACTED]	N/A
26	137	[REDACTED]	N/A
27	202	[REDACTED]	N/A
28	205	[REDACTED]	N/A
29	206	[REDACTED]	N/A
30	208	[REDACTED]	N/A
31	210	[REDACTED]	N/A
32	211	[REDACTED]	N/A

33	212	[REDACTED]	[REDACTED]
34	213	[REDACTED]	N/A
35	214	[REDACTED]	N/A
36	215	[REDACTED]	N/A
37	219	[REDACTED]	N/A
38	220	[REDACTED]	[REDACTED]
39	221	[REDACTED]	[REDACTED]
40	222	[REDACTED]	N/A
41	224	[REDACTED]	N/A
42	225	[REDACTED]	N/A
43	226	[REDACTED]	N/A
44	227	[REDACTED]	N/A
45	229	[REDACTED]	N/A
46	230	[REDACTED]	N/A
47	231	[REDACTED]	N/A
48	233	[REDACTED]	N/A
49	235	[REDACTED]	N/A
50	236	[REDACTED]	N/A
51	238	[REDACTED]	N/A
52	239	[REDACTED]	N/A
53	301	[REDACTED]	N/A
54	302	[REDACTED]	[REDACTED]
55	303	[REDACTED]	N/A
56	306	[REDACTED]	N/A
57	308	[REDACTED]	N/A
58	310	[REDACTED]	[REDACTED]
59	311	[REDACTED]	N/A
60	312	[REDACTED]	[REDACTED]
61	313	[REDACTED]	N/A
62	314	[REDACTED]	N/A
63	315	[REDACTED]	N/A
64	316	[REDACTED]	[REDACTED]
65	318	[REDACTED]	N/A
66	319	[REDACTED]	N/A
67	320	[REDACTED]	[REDACTED]
68	321	[REDACTED]	N/A
69	322	[REDACTED]	[REDACTED]
70	324	[REDACTED]	N/A
71	325	[REDACTED]	[REDACTED]
72	326	[REDACTED]	N/A
73	327	[REDACTED]	N/A
74	328	[REDACTED]	[REDACTED]
75	329	[REDACTED]	N/A
76	330	[REDACTED]	N/A
77	331	[REDACTED]	N/A
78	332	[REDACTED]	N/A
79	401	[REDACTED]	[REDACTED]

80	402	[REDACTED]	N/A
81	405	[REDACTED]	N/A
82	408	[REDACTED]	N/A
83	410	[REDACTED]	N/A
84	411	[REDACTED]	N/A
85	412	[REDACTED]	[REDACTED]
86	414	[REDACTED]	N/A
87	415	[REDACTED]	N/A
88	417	[REDACTED]	N/A
89	419	[REDACTED]	N/A
90	422	[REDACTED]	N/A
91	423	[REDACTED]	N/A
92	424	[REDACTED]	[REDACTED]
93	425	[REDACTED]	[REDACTED]
94	426	[REDACTED]	[REDACTED]
95	427	[REDACTED]	N/A
96	428	[REDACTED]	N/A
97	429	[REDACTED]	[REDACTED]
98	430	[REDACTED]	N/A
99	431	[REDACTED]	N/A

SCHEDULE 4

PERMITTED ENCUMBRANCES 2.1.56

LEGAL NOTATIONS:

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE LOCAL GOVERNMENT ACT, SEE BV66362 EXPIRES 2005/02/21

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE LOCAL GOVERNMENT ACT, SEE BX311528 EXPIRES 2007/02/17

HERETO IS ANNEXED EASEMENT BE285794 (SEE BE247061) OVER (PLAN LMP1762) LOT B PLAN LMP1741

CHARGES, LIENS AND INTERESTS:

STATUTORY RIGHT OF WAY

BE76277 1991-05-29 15:17

REGISTERED OWNER OF CHARGE:

DISTRICT OF MISSION

COVENANT

BE76280 1991-05-29 15:17

REGISTERED OWNER OF CHARGE:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA

BE76280

COVENANT

BE76282 1991-05-29 15:17

REGISTERED OWNER OF CHARGE:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA

BE76282

EASEMENT

BE247061 1991-09-26 14:56

REMARKS: PLAN LMP1762 APPURTENANT TO LOT B PLAN LMP1741

COVENANT

BN43344 1999-02-24 10:50

REGISTERED OWNER OF CHARGE:

DISTRICT OF MISSION

BN43344

EASEMENT

BR308003 2001-11-16 14:51

REMARKS: PLAN LMP51855

APPURTENANT TO THE COMMON PROPERTY OF STRATA PLAN LMS311 AND
STRATA LOTS 1 TO 68 STRATA PLAN LMS311

COVENANT

BA598187 2006-12-29 14:27

REGISTERED OWNER OF CHARGE:

HOMEOWNER PROTECTION OFFICE

BA598187

STATUTORY RIGHT OF WAY

BB849135 2008-04-10 13:55

REGISTERED OWNER OF CHARGE:

SHAW CABLESYSTEMS LIMITED

SCHEDULE 5

BUYER'S SOURCE OF FUNDS

1. Cash reserves or cash from a capital raise; and/or
2. Bank mortgage financing and/or line of credit funds.

SCHEDULE 6

FIXED ASSET LISTING AND INVENTORY

Quantity	Description	Model	Location
1	Trane HVAC Unit	RRU181C3NJAA	Roof top
1	Trane HVAC Unit	RRU181C3NJAA	Roof top
1	Trane HVAC Unit	RRU151C3NGAA	Roof top
1	Trane HVAC Unit	NT1-11-250	Kitchen
1	Quest Dish Washing Station which includes a Johnson Diversey Washer and L-Shape Rinse Station	CMA180-HTCB	Kitchen
1	Double Sink		Kitchen
23	Freezer Racks		Kitchen
5	Aluminum Food Prep Rolling Racks		Kitchen
1	Master-Built Walk in Freezer 8ft X 7ft	B38LFO82BE259911	Kitchen
1	Master-Built Walk in Cooler 8ft X 10ft	V39RCO82BE259912	Kitchen
1	Prep Table 102in X 29		Kitchen
1	Prep Table 108in X 29		Kitchen
1	Prep Table 42in X 29		Kitchen
2	Prep Table 72in X 29		Kitchen
1	2 Shelf Plate Storage Unit		Kitchen
1	Halton Range Hood 144in	KEF UUT	Kitchen
1	Halton Range Hood 144in	KVF UVT	Kitchen
1	Double Sink 72in X 29in		Kitchen
1	Small Single Sink		Kitchen
4	Shelves 144in X 12in		Kitchen
1	Robot Coupe Turbo Mixer	MP 35	Kitchen
1	Cleveland C Vap Steamer	SAF0P5GR	Kitchen
1	Sunfire Convection Oven		Kitchen
1	Kitchen Aid Mixer		Kitchen
1	Hobart Industrial Mixer	SP 30	Kitchen
1	Shop Vac Vacuum		Kitchen
1	96in Cook Top which includes a 4 Burner cook Top, Flat Top Griddle and Char Broiler		Kitchen
1	Quest Double Deep Fryer	MV40130	Kitchen
1	Beverage Air Freezer	EF241AS	Kitchen
1	Global Slicer	MG12	Kitchen

Quantity	Description	Model	Location
1	C Vap Steam Cooler	507GR	Kitchen
1	Russell 2 Door Cooler	RSS48GSREF	Kitchen
1	Steam Table / OH Shelf 72in X 30in		Kitchen
1	2 Door Beverage Air Cooler with		Kitchen
	Condiment Trays		Kitchen
1	Russell 24in 1 Door Cooler		Kitchen
1	Woods Chest Freezer		Kitchen
6	Chafing Dishes		Kitchen
6	Trolleys		Kitchen
160	6in Plates		Kitchen
191	Saucers		Kitchen
110	10in Plates		Kitchen
180	8in Plates		Kitchen
94	Pasta Bowls		Kitchen
70	Soup Bowls		Kitchen
160	Bread Plates		Kitchen
134	Glasses		Kitchen
90	Coffee Cups		Kitchen
80	Mugs		Kitchen
16	Wine Crafts		Kitchen
13	Water Jugs		Kitchen
35	Bud Vases		Kitchen
90	Sugar Bowls		Kitchen
101	Square Plates		Kitchen
85	Napple Bowles		Kitchen
16	Various Size Pots		Kitchen
30	Various Size Fry Pans		Kitchen
4	Frigidaire Washers	FWS1233FS2	Laundry room - floors 1-4
4	Frigidaire Dryers	PER641CFS0	Laundry room - floors 1-4
4	Chairs		Laundry room - floors 1-4
4	Folding Tables		Laundry room - floors 1-4
1	Nicolson Industrial Washer	300022U6J	Laundry room - main floor

Quantity	Description	Model	Location
1	Nicolson Industrial Dryer	20L615A	Laundry room - main floor
1	Ingles Washing Machine	1TW430XQ0	Laundry room - main floor
9	Shelf Units		Laundry room - main floor
4	Rubbermaid House Keeping Carts		Laundry room - main floor
3	Windsor Vacuums	XP 12	Laundry room - main floor
2	Windsor Vacuums	XP 15	Laundry room - main floor
1	Miele Flat Press	B990	Laundry room - main floor
2	Folding Tables		Laundry room - main floor
1	Storm Floor Polisher		Laundry room - main floor
	Clipper Carpet Shampooer		Laundry room - main floor
1	Samsung 51in Plasma TV / Stand	51D450A2D	Exercise room
1	Weight Set		Exercise room
1	Free sprit Stationary Bike		Exercise room
1	Focus Stride Machine		Exercise room
1	Proform Treadmill Mill		Exercise room
1	Schwinn Stationary Bike	226	Exercise room
1	Sprit Stride Machine	XE 300	Exercise room
1	Freemotion Stationary Bike		Exercise room
1	Incke Vibrating Machine		Exercise room
1	Examining Table		Medical office
1	Hutch		Medical office
1	Corner wall Unit		Medical office
2	Waiting Room Chairs		Medical office
1	Corner Table		Medical office
1	Coffee Table		Medical office
1	Small desk and Lamp		Medical office
1	Mirror		Medical office
1	Microwave	CBGM185KWB	Craft room
1	Frigidaire Stove	CFEB312GSB	Craft room
1	Frigidaire Refrigerator	FRT18G6JW2	Craft room
6	Shelf Units		Craft room
46	Shell Back Chairs		Theatre

Quantity	Description	Model	Location
1	Mozart Piano		Theatre
1	Club Bansen Organ		Theatre
1	Epson Home Cinema Projector	1080UB	Theatre
1	120in Screen		Theatre
1	Techniques Keyboard	SX KN5000	Theatre
1	Onkyo Blu-Ray Player	DV BD 606	Theatre
1	Onkyo Amp	TX SR 606	Theatre
1	Rolls Mixer / Amp	MA 2355	Theatre
7	Polk Audio Speakers		Theatre
5	Round Tables		Patio
20	Chairs		Patio
	Weber BBQ		Patio
1	Porter Cable Air Compressor		Tool room
1	6 HP Honda Pressure Washer		Tool room
5	Sections of Pallet Racking		Tool room
2	A Shape Ladders		Tool room
1	24ft Aluminum Extension Ladder		Tool room
1	Small Grinder		Tool room
	Rigid Shop Vacuum		Tool room
	Nail Gun		Tool room
	Misc Small Tools		Tool room
	15ft X 24ft Pool With :		Pool room
1	Jandy Boiler	Lite 2	Pool room
1	Pump		Pool room
1	Sand Filter		Pool room
6	Wooden Pool Side Chairs		Pool room
31	DR Tables		Lobby, dining & coffee room areas
136	DR Chairs		Lobby, dining & coffee room areas
6	CR Tables		Lobby, dining & coffee room areas
30	CR Chairs		Lobby, dining & coffee room areas
20	Arm Chairs		Lobby, dining & coffee room areas
1	Sofa		Lobby, dining & coffee room areas

Quantity	Description	Model	Location
1	Coffee Table		Lobby, dining & coffee room areas
1	Mini Grand Piano	CLP-465 Gp	Lobby, dining & coffee room areas
1	Danby Microwave		Lobby, dining & coffee room areas
1	Sanyo Creamer Fridge		Lobby, dining & coffee room areas
1	Legacy 4 X 8 Pool Table		Lobby, dining & coffee room areas
1	Sound System / Speakers		Lobby, dining & coffee room areas
1	Hp Desk Top CPU and Printer		Lobby, dining & coffee room areas
1	Mobile Bar / Hutch		Lobby, dining & coffee room areas
4	Laptop computers		Offices
3	Desk Top Computers		Offices
5	Desks		Offices
2	Credenzas		Offices
1	Games Table		Offices
1	Toshiba Copier / Printer	2080C	Offices
5	Executive Chairs		Offices
79	Small Microwaves		Retirement, hotel & display rooms
79	Small Refrigerators		Retirement, hotel & display rooms
59	Full Size Microwaves		Retirement, hotel & display rooms
59	Full Size Ovens		Retirement, hotel & display rooms
59	Full Size Dish Washers		Retirement, hotel & display rooms
59	Full Size Refrigerators		Retirement, hotel & display rooms
6	Sofas		Retirement, hotel & display rooms
8	Double Beds / Dressers		Retirement, hotel & display rooms
6	Coffee tables		Retirement, hotel & display rooms
6	Flat screen TV's		Retirement, hotel & display rooms
12	Upholstered Chairs		Retirement, hotel & display rooms
	Misc: Tables and Chairs		Retirement, hotel & display rooms
1	Hammond Power Solutions Inc. 25000 Volt Panel with: 500 Amp Main Breakers, 1600 Amp House Main Breaker, 600 Amp Back Transfer Switch		Electric, phone, sprinkler & boiler rooms
1	Generator By Pass 600 Amp Transfer Switch		Electric, phone, sprinkler & boiler rooms
1	Elevator Panel		Electric, phone, sprinkler & boiler rooms

Quantity	Description	Model	Location
1	Breaker Panel		Electric, phone, sprinkler & boiler rooms
	Meridian Phone System / Nurse Call System	BCM 50	Electric, phone, sprinkler & boiler rooms
2	Natural Gas Hot Water Boilers		Electric, phone, sprinkler & boiler rooms
4	Boiler Hotling Tanks		Electric, phone, sprinkler & boiler rooms
1	Viking Sprinkler System		Electric, phone, sprinkler & boiler rooms
1	Detroit Diesel Back-up Generator	180DSBJC	Generator
107	Stacking Chairs		Moving assets
18	Folding Tables		Moving assets
4	Card Tables		Moving assets
2	4 Wheel Dollies		Moving assets
1	2 Wheel Dolly		Moving assets
1	Large Hutch		Private dining room
1	Small Hutch		Private dining room

APPENDIX D



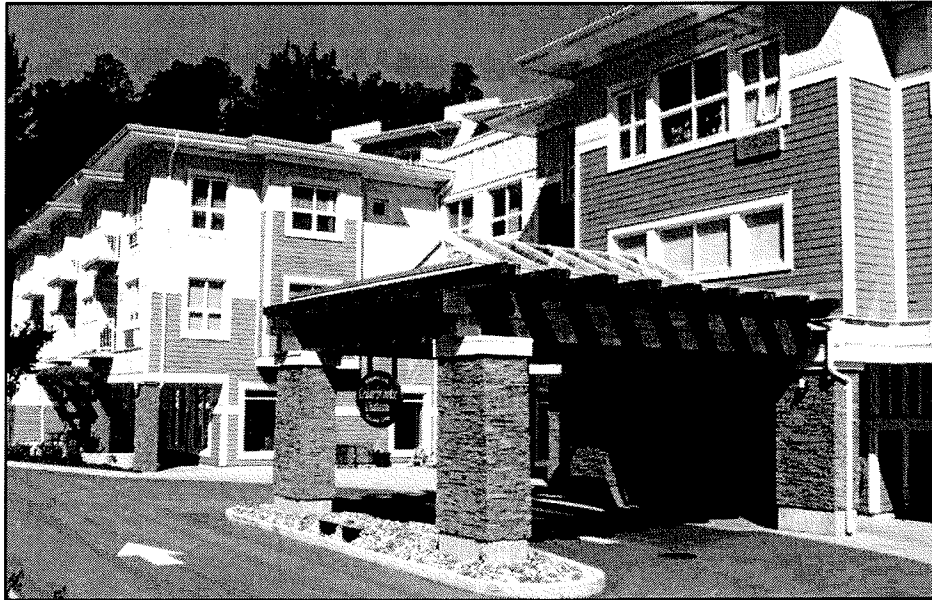
682202 B.C. LTD. (IN RECEIVERSHIP)

Sale of Assets

*Alvarez & Marsal Canada Inc. ("A&M") was appointed as Receiver and Manager (the "Receiver") of all the assets, undertakings and properties of 682202 B.C. Ltd. d.b.a. Cedarbrooke Chateau ("Cedarbrooke" or the "Company") and is seeking offers to purchase the Receiver's right, title and interest in and to the assets of Cedarbrooke. **Non-binding expressions of interest are to be received by 10am PST on May 31, 2013.***

CEDARBROOKE CHATEAU

138 SUITE INDEPENDENT LIVING COMPLEX IN MISSION, B.C.

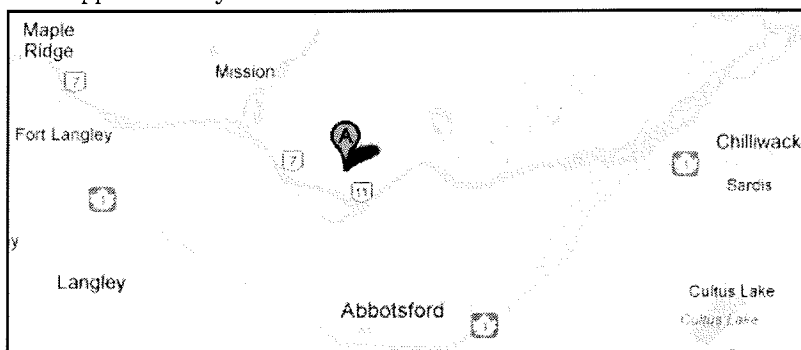


OVERVIEW

- * Cedarbrooke is a 4 storey, 180,000 sq. ft. independent living complex on 1.86 acres surrounded by beautiful mountains and adjacent to the Fraser River. The complex was built in 2009 and includes 138 residential suites, extensive common areas, a commercial kitchen, indoor heated pool, interior courtyard and numerous other structural amenities.

LOCATION

- * Cedarbrooke is located at 32331 7th Avenue, Mission, B.C., approximately 70km east of Vancouver in the Fraser Valley and targets the primary market areas of Mission, Abbotsford and Maple Ridge. Cedarbrooke is north of Lougheed Highway and has good public transportation and access to retail stores and the surrounding neighborhoods including several churches, parks and schools. The property is situated nearby a hospital that is within a short distance of approximately 2 km.



CEDARBROOKE CHATEAU (IN RECEIVERSHIP)

SUITE MIX

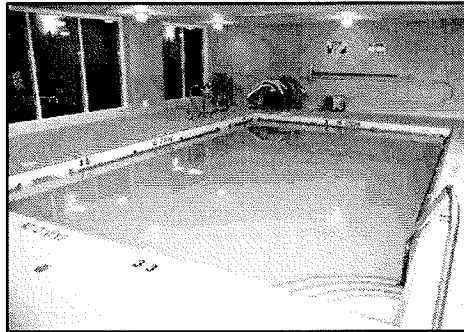
※ Cedarbrooke's suites range from 529 sq. ft. to 1054 sq. ft. and offer either full-sized kitchens or kitchenettes.

Suite Type	No. of Units	Size Range	Average Sq. Ft.
Studio	13	529-546	540
1 Bedroom	59	447-781	648
1 Bedroom + Den	30	700-826	779
Two Bedroom	36	819-1054	979

FACILITIES

※ Cedarbrooke's amenities include the following:

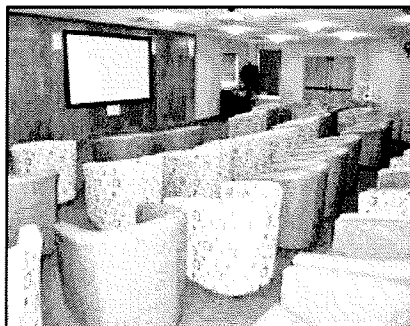
- ※ Commercial kitchen
- ※ Indoor heated pool
- ※ Interior courtyard
- ※ Restaurant-style dining room
- ※ Lounge area and bistro/cafe
- ※ Theatre room
- ※ Commerical laundry facilities
- ※ Billiards area
- ※ 99-stall underground parkade



OPERATIONS

※ In addition, Cedarbrooke also offers residents a variety of services including:

- ※ Restaurant-style dining
- ※ Room cleaning
- ※ Extensive activity and fitness programs
- ※ Social events
- ※ Emergency response systems
- ※ Spa and salon services



CEDARBROOKE CHATEAU (IN RECEIVERSHIP)

NEXT STEPS

If you are interested in a site visit, receiving additional materials, including a copy of the confidential information memorandum and access to due diligence materials concerning this opportunity, please execute the required Non-disclosure, Confidentiality and Bidding Agreement ("NDA") and return it via email or fax to Tom Powell (tpowell@alvarezandmarsal.com). A copy of the NDA is available on the Receiver's website <http://www.amcanadadocs.com/cedarbrooke>. Interested parties are required to submit a non-binding expression of interest by **10am Pacific Standard Time on May 31, 2013**.

Should you have any questions, please contact the Receiver at the address below.



Alvarez & Marsal Canada Inc.
Receiver and Manager of 682202 B.C.
Ltd. d.b.a. Cedarbrooke Chateau

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Disclaimer: This document has been prepared by the Receiver based on information supplied by the Company. The sole purpose of this document is to assist the recipient in deciding whether to proceed with further enquiry of this opportunity. While the information provided is believed to be appropriate for the purposes to which it is intended, the Receiver and Cedarbrooke and its employees and their affiliates and agents make no representations or warranties, express or implied, as to the accuracy or completeness of such information.



APPENDIX E

TICKER

ENERGY

Talisman earnings swing to loss

Talisman Energy Inc. reported losses of \$213-million (U.S.) or 21 cents per share in the first quarter, compared with a profit of \$291-million in the same period last year. Chief executive Hal Kvist, who took over Talisman in September and immediately started revamping the company, said Wednesday that cash flow, which totalled \$517-million, was about \$150-million less than expected, but about half of that is tied to the company selling part of its stake in the North Sea. The Calgary-based company said it is looking for a buyer for its 12.15-per-cent stake in the Oseña oil pipeline in Colombia. — *Carrie Tait*

PIPELINES

TransCanada seeks review of NEB ruling

TransCanada Corp. has filed an application for a review of the National Energy Board's decision earlier this year to freeze the toll rates the company can charge on its Mainline gas pipeline. In March, the regulator issued a decision to fix Mainline tolls to the end of 2017, and said TransCanada cannot continue to raise costs to producers and consumers on a critical piece of energy infrastructure. The Calgary-based company said Wednesday it wants a small increase in the tolls — to \$1.52 per gigajoule from the board's decision of \$1.42, for transport from Empress, Alta. to Dawn, Ont., and to have the board establish a surcharge methodology for recovery of future costs. — *Kelly Cryderman*

ECONOMY

Apprentice rules unhelpful: report

Overly restrictive and "antiquated" provincial regulations are contributing to a shortage of young apprentices and starving the economy of badly needed skilled workers, according to a C.D. Howe Institute study. Ottawa and the provinces offer a range of grants and tax incentives to encourage workers to become apprentice electricians, carpenters, welders and the like. But the study by Robbie Brydon of Engineers Without Borders and Benjamin Dachs of the C.D. Howe Institute found that "pernicious" provincial regulations are keeping too many young workers from becoming apprentices. — *Barrie McKenna*

CREDIT CARDS

Visa's profits beat estimates ...

Visa Inc., the world's biggest payments network, posted a fiscal second-quarter profit that beat analysts' estimates as spending on credit and debit cards climbed. Net income for the three months ended March 31 fell 1.7 per cent to \$1.3-billion (U.S.), or \$1.92 a share, from \$1.29-billion, or \$1.91, a year earlier, the Foster City, Calif.-based company said Wednesday. That beat the \$1.81 average estimate of 32 analysts surveyed by Bloomberg. Revenue rose nearly 15 per cent to \$2.96-billion from \$2.58-billion a year earlier. The company said combined credit and debit card transactions worldwide in the quarter grew 4.2 per cent to \$1.6-trillion. — *Bloomberg/AP*

... while MasterCard feels some pain

The sluggish global economy will continue to weigh on consumer spending in the coming months, MasterCard Inc. executives said Wednesday after the payments network posted revenue growth that was below Wall Street expectations for the first quarter. The company cited higher U.S. taxes, economic uncertainty in Europe and weak consumer sentiment for choppy performance in the most recent quarter. The Purchase, N.Y., company's profit increased 12.3 per cent to \$766-million (U.S.), or \$6.23 a share, from \$682-million, or \$5.36 a share, a year earlier. Revenue increased 8.4 per cent to \$1.9-billion. — *Dow Jones Newswires*

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Jack Burns
Chris Crooks
Joe Doyle
Matt Harvey
Mitch Jacoby
Brandon Leitner
Rick Lowe
Shawn McDonough
Tim Mylykangas
Dave Ross
Joe Scollia
Bob Shulman
Adam Subber
Dan Sullivan

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Donna Banks
Scott Crews
Damon Harmon
Gary Jones
David Miles
Damian Mills
Kendra Pinder

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Kevin Smith
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Bill Baldwin
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Philip Infelise
Chad Kollar
Lew Taylor

Detroit
Tom Chen
Ken Mason
Joe Siskirk
Paul Theriault
Paul Wills

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Rolie Andre
Barrett Gibson
Andre Granello
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Julie King
Sue Rogers

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Dan Gallup
Roy Longman
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Rick Pearson
Gerald Porter
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David Toomey
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Wayne Lamb
Sandy Kikerpill Leger
Jeff Manley
Rick Martin
Jeff Shepard
Ken Ward
Robin Wheritt
Shane Wilder

Philadelphia
Matthew Feeney

Phoenix
Jason Wery

Portland
Chris Elsenbach
Matt Newstrom

San Francisco/East Bay
Stephen Carlson
Tyler Kellogg
Janna Luce
Nevin Ramani
Scott Stone
Craig Zodikoff

San Jose/Palo Alto
Joe Brady
John Brady
Peter Hannan
Scott Kinder
Steve Lico
Mike Mordant
Mark Moser
Mark Pearson
David Tipton

South Florida
Charles Barton
Barbara Liberatore Black
Alexander Brown
Matthew Cheezem
Stephen Gauri
Matthew Goodman
Alan Kleber
John Marshall
David Preve

St. Louis
Rick Darnes
Steve Schmid

Washington
Thomas Birnbach
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michael.bellissimo@cbre.com
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Royal LePage Real Estate Realty
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LEGALS

BUSINESS ASSETS FOR SALE

Alvarez & Marsal Canada Inc., in its capacity as Court-appointed Receiver and Manager of 682202 B.C. Ltd. d.b.a. Cedarbrooke Chateau ("Cedarbrooke") is offering for sale its right, title and interest in the assets of Cedarbrooke.

Cedarbrooke is a 4 storey, 180,000 sq. ft. independent living complex on 1.86 acres, located in Mission, British Columbia, Canada. The complex was built in 2009 and includes 138 residential suites, extensive common areas, a commercial kitchen, indoor heated pool, interior courtyard and other amenities. The property is within 2 kms from a nearby hospital.

All non-binding expressions of interest are to be received by 10:00 am Pacific Standard Time, Friday, May 31, 2013.

An overview of business assets for sale, including any updates to the sales process as well as a non-disclosure, confidentiality and bidding agreement relating to the opportunity can be found at www.amcanadadocs.com/cedarbrooke or are available by contacting Marianna Lee (marianna.lee@alvarezandmarsal.com) by telephone on 1 604 639 0845 or by fax on 1 604 638 7441.

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MEETING NOTICES

SOFTCHOICE CORPORATION
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
to be held on Monday June 10, 2013 at 10:00 a.m. EST at the Westin Harbour Castle Hotel, Toronto. Shareholders as of record on May 9, 2013 are entitled to receive notice of and vote at the Meeting.

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nursing facilities owned by one provider in West Virginia, and with annual savings of \$433,000, while another group involved three nursing facilities owned by one operator in Utah with a total loan amount of \$12.15 million with annual savings of \$65,000. The last group was 11 nursing facilities in various states for \$75.2 million, but with one owner, with total annual debt service savings of \$1.27 million. All in a day's work.

Lancaster Pollard recently completed a HUD refinance for two skilled nursing facilities in Ohio for **Hennis Care Centre**. One facility has 99 skilled beds and the other has 137 beds plus 10 assisted living units. The total loan amount was \$11.4 million, or \$46,300 per bed, and resulted in "significant" debt service savings, and Kass Matt was the lead on the transaction. In a separate transaction, Lancaster refinanced the tax-exempt debt on a 345-unit/bed CCRC in Kansas. They found an investor for a new \$10 million tax-exempt bond with a 12-year maturity and a fixed interest rate below 3.5%. In addition to refinancing the existing debt, up to \$2 million will be used for general improvements and the existing debt service reserve fund was released. With just \$29,000 per unit of debt, there was no need for the reserve fund. Bill Wilson was the lead banker on the financing.

Red Mortgage Capital closed a few HUD loans last month. One was for a 67-bed skilled nursing facility in Nebraska for \$2.755 million, arranged by Jason Smeck. The other was a 40-bed assisted living community in Kentucky for \$2.5 million. Both loans resulted in debt service savings. Separately, Leonard Lucas of **Love Funding** closed on an \$8.7 million HUD loan for a 180-bed skilled nursing facility in Los Angeles, California. The 26-year loan for **Country Villa Health Services** will be used to refinance existing debt as well as to fund repairs and make other property improvements.

Richard Thomas and Tim Hudgins of **Grandbridge Seniors Housing** closed on a 10-year, fixed-rate **Fannie Mae** loan to refinance a 48-unit assisted living community in Yakima, Washington. The loan amount was \$5.3 million, or \$110,400 per unit, and it refinanced an existing Fannie Mae loan. This community has assisted living and memory care units, was built in 1997 and has had strong occupancy. The community was built by **Highgate Senior Living**, the borrower, which currently operates four communities in Washington, three in Montana and one each in Arizona and California.

Cambridge Realty Capital closed on a total of

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NOTICE

TO: **ALVAREZ & MARSAL CANADA INC.** (the "Seller")
400 Burrard Street
Suite 1680, Commerce Place
Vancouver, British Columbia, V6C 3A6
Attention: Todd Martin
Facsimile No.: (604) 638-7441
Email: tmartin@alvarezandmarsal.com

COPY TO: **Gowling Lafleur Henderson LLP**
Suite 2300, 550 Burrard Street
Vancouver, British Columbia, V6C 2B5
Attention: John McLean
Facsimile: (604) 683-3558
Email: john.mclean@gowlings.com

RE: Purchase Agreement (the "**Agreement**") dated for reference September 6, 2013, between the Seller and **CHARTWELL MASTER CARE LP** (the "**Buyer**") regarding the Assets (as defined in the Agreement) situate at 32331 – 7th Avenue, Mission, British Columbia and known as "Cedarbrooke Chateau"

We hereby confirm on behalf of the Buyer that the Buyer has satisfied the condition in its favour as set out in Section 7.1.2 of the Agreement.

Dated the 26th day of September, 2013.

BORDEN LADNER GERVAIS LLP

Per: 

Name: Mark V. Lewis
Title: Partner

The Seller hereby acknowledges receipt and acceptance of the foregoing Notice this 26th day of September, 2013.

ALVAREZ & MARSAL CANADA INC.

Per: 

Name: TODD M. MARTIN
Title: SENIOR VICE PRESIDENT