

COURT FILE NUMBER Q.B. 1195 of 2020

COURT COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

APPLICANTS BTA REAL ESTATE GROUP INC.

RESPONDENTS FAMILY FITNESS INC.

AND IN THE MATTER OF THE RECEIVERSHIP OF FAMILY
FITNESS INC.

DOCUMENT **FIRST REPORT OF THE RECEIVER**

NOVEMBER 16, 2020

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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INTRODUCTION

1. Effective October 13, 2020 (the “**Receivership Date**”), pursuant to a consent order granted by the Court of Queen’s Bench For Saskatchewan (the “**Court**”) granted in Action No. Q.B. 1195 of 2020 (the “**Consent Receivership Order**”), Alvarez & Marsal Canada Inc. was appointed the receiver and manager (the “**Receiver**”), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, including but not limited to trust property and wherever situated including all proceeds thereof (collectively, the “**Property**”) of Family Fitness Inc. (“**Family Fitness**” or the “**Company**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) and sections 13(2) of the *Judicature Act*, RSA 2000, c J-2, 99(a) of the *Business Corporations Act*, RSA 2000, c B-9 and 65(7) of the *Personal Property Security Act*, RSA 2000, c P-7 in the within action (the “**Receivership Proceedings**”).
2. The Consent Receivership Order empowers and authorizes, but does not obligate, the Receiver to, among other things, manage, operate and carry on the business of the Company and to take possession and control of its Property and of any and all proceeds, receipts and disbursements arising out of or from the Property, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business subject to Court approval as necessary. The Property includes any property relating to the operations of the Company and the business name “Evolution Fitness Gym” at certain specific locations.
3. On November 11, 2020, an amendment to the Consent Receivership Order (“**ACRO**”), clarified that the “operational locations” only include the following gyms:
 - a) 2101 E Quance St. (the “**East Gym**”);
 - b) 358 McCarthy Blvd. (the “**North Gym**”); and
 - c) 3615 Pasqua St. (the “**South Gym**”).

4. The purpose of this first report of the Receiver (the “**First Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
 - a) an overview and background of the Company;
 - b) the initial activities of the Receiver since the Receivership Date;
 - c) an operational update of the Company since the Receivership Date;
 - d) the security review conducted by the Receiver’s independent counsel, Torys LLP (“**Torlys**”), with respect to the security granted by the secured lender, BTA Real Estate Group Inc. (“**BTA**”) (who initiated the Receivership Proceedings);
 - e) the actual cash flow results for the period from October 13, 2020 to November 6, 2020;
 - f) the Receiver’s application for approval of the Receiver and Torys’ fees and expenditures in the Receivership Proceedings; and
 - g) the Receiver’s conclusions and recommendations.
5. Unless otherwise set forth herein, capitalized words or terms not defined or ascribed a meaning in the First Report are as defined or ascribed a meaning in the Consent Receivership Order.
6. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this First Report, the Receiver has relied primarily upon information obtained through the representations of certain shareholders, management and employees of Family Fitness. In addition, where applicable, the Receiver has relied on the Company’s books and records, which were produced and maintained

principally by the Company's external accountant, Senger Kaufmann CPA Professional Corp. (the "**Accountant**").

8. While the Receiver has reviewed certain financial information in respect of the Company for reasonableness, the Receiver has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Company's financial information that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of financial information.

BACKGROUND AND OVERVIEW

9. Family Fitness is an operator of physical fitness studios carrying on business under the name of 'Evolution Fitness'. Family Fitness is 100% owned by Said Kaiss ("**Mr. Kaiss**") who is the sole director and officer of the Company.
10. The Company's head office is in Regina, Saskatchewan. There are three (3) gyms owned by Family Fitness that operate under the 'Evolution Fitness' banner in Regina, which include the East Gym, the North Gym and the South Gym (collectively, the "**FFI Gyms**"). The 'Evolution Fitness' gym located on 1846 Scarth Street, in Regina, Saskatchewan, is owned by a related party of Family Fitness and this location is not included in the Receivership Proceedings.
11. All locations provide a range of fitness activities including weight training, individual personal training sessions, group exercise classes, and kids club through a variety of memberships and daily drop in options. Family Fitness has active membership contracts totalling approximately 7,500. Family Fitness earns a portion of revenue at the time a member signs up and subsequently as the member makes monthly or bi-weekly payments, as applicable.
12. Based on the Receiver's review of the Company's books and records, Family Fitness owes BTA approximately \$1,032,000 for lease arrears as at the Receivership Date. Mr. Kaiss has personally guaranteed the BTA indebtedness of

Family Fitness. BTA is Family Fitness' primary secured creditor and the landlord of the East Gym.

13. Further background information regarding the Company and its financial circumstances is contained in the materials filed in support of and relating to the Consent Receivership Order. These documents and other relevant information have been posted by the Receiver on its website, including the ACRO and various application materials at: www.alvarezandmarsal.com/familyfitness (the "Receiver's Website").

INITIAL ACTIVITIES OF THE RECEIVER

14. Since the Receivership Date, the Receiver's activities with respect to the Company have included, but are not limited to, the following:
 - a) attending the FFI Gyms and taking possession and control of the Property, which included, among other things, obtaining the keys to the premises, restricting computer access and codes as appropriate, and generally securing and safeguarding the Property;
 - b) confirming all known Company corporate bank accounts and providing the respective bank representatives with notices to freeze all accounts (for deposit only) for an interim period and then arranged to change all signing authority on the bank accounts under the control of the Receiver;
 - c) arranging the continued use of the existing preauthorized payment platform to ensure continuity of the approximate 7,000 preauthorized membership payments to be deposited into the Company's accounts on a monthly basis;
 - d) notifying the Knight Archer Insurance Brokers ("Knight Archer") of the Consent Receivership Order and confirming arrangements for

continuation of the insurance coverage and adding the Receiver as an additional insured, beneficiary and loss-payee to the various policies;

- e) arranging and attending initial meetings with employees, various key suppliers and the Accountant to explain the powers and duties of the Receiver, its role as an officer of the Court, to discuss proposed terms of retention to assist the Receiver during the Receivership Proceedings and the Receiver's possible further course of action;
- f) attending numerous conference calls with the secured creditor and its legal counsel concerning operational and providing various financial and other updates of the Company and other matters in the Receivership Proceedings;
- g) attending weekly at the FFI Gyms to supervise operations, management and staff and addressing various matters that arose as a result of the Receivership Proceedings;
- h) discussing with certain parties regarding their interest in acquiring all or a portion of the Property of Family Fitness;
- i) retaining and providing instructions to the Receiver's independent legal counsel, Torys, in respect of the Receivership Proceedings;
- j) confirming the ownership of the Downtown Gym and determining if it was incorrectly included as part of the Receivership Proceedings, which was later corrected in the ACRO;
- k) multiple discussions with the "Stalking Horse Bidder" with respect to its bid for the Company's assets as part of the proposed SISP being sought by the Receiver, subject to Court approval;
- l) various calls with CRA respecting governmental programs, including the Canada Emergency Wage Subsidy ("CEWS");

- m) undertaking day to day management of operations of the Company, including employee and contractor supervision and monitoring cash flow to ensure timely payment of trade creditors for services rendered and approved by the Receiver; and
- n) attending numerous and on-going meetings and discussions with various creditors (or their representatives), legal counsel to the Receiver, interested parties and other stakeholders regarding the Receivership Proceedings.

Statutory Mailing by Receiver

15. The Receiver mailed the notices required by sections 245 and 246 of the BIA to the Family Fitness creditors and the Office of the Superintendent of Bankruptcy on October 23, 2020 (the “**Receiver’s Notice**”). A copy of the Receiver’s Notice can be found on the Receiver’s Website.

Canada Revenue Agency (Potential Priority Claims)

16. The Receiver understands that as at October 13, 2020, there were no “pre-receivership” GST returns outstanding with the Canada Revenue Agency (“**CRA**”). The Receiver, with the assistance of the Accountant, filed the September 2020 GST return and submitted payment in October 2020, and believes there are no outstanding amounts owing for GST. The Receiver understands there are no amounts owing with respect to source deductions per its communication with the CRA. The Receiver will be requesting that the CRA conduct an audit on the Company’s source deduction and GST accounts.

OPERATIONAL UPDATE

Overview

17. Since the Receivership Date, the Receiver has worked with the Company’s management and staff to ensure that the FF Gym’s remain operating “business as usual”, working under the guidelines and provincial and local rules established for

fitness facilities in Regina (i.e. social distancing and facial masks were required), Saskatchewan with respect to COVID-19. Members have been able to utilize the facilities in “normal course”, without any limitation.

Employees

18. As at the Receivership Date, Family Fitness had a total of 129 staff and management, including 59 employees and 70 contractors. All of the employees and contractors’ salaries were paid up to date and all employees and contractors were retained by the Receiver to assist with the operational, personal training, gym maintenance and certain other duties required of the Receiver in the overall Receivership Proceedings. There are 18 employees at the East gym, 14 employees at the North gym, 18 employees at the South Gym and 9 employees that are considered to be Head Office. The remaining 70 staff are contractors, including the personal trainers who work at the different FFI gyms.

Leases

Facility Leases and Landlords

19. Family Fitness has three separate facility leases for the FFI Gyms. The Receiver has not assumed any of these leases but is currently paying occupancy rent to their landlords. The following is a summary of these facility leases:
- a) The North Gym is leased from Harvard Property Management Inc. (“**Harvard**”) at \$34,640 per month (excluding GST) and the lease expires in March 2031. The Receiver understands that the rental arrears owing to Harvard (pre-Receivership) are approximately \$16,290.
 - b) The East Gym is leased from BTA at \$81,202 per month (excluding GST) and the lease expires in September 2035. As sworn to in the Affidavit of Fazal Anwar on October 8, 2020, the rental arrears owing to BTA (pre-receivership) are approximately \$1,032,000.

- c) The South Gym is leased from ICR Commercial Real Estate Regina (“**ICR Regina**”) at \$55,013 per month (excluding GST) and the lease expires in November 2028. The Receiver understands that the rental arrears owing to ICR Regina (pre-Receivership) are approximately \$456,000.

Equipment Leases

20. As at the Receivership Date, Family Fitness had two (2) equipment leases for weight training equipment, fitness and cardio machines and other equipment at the East gym and South gym. The Receiver understands that the equipment leases are current and there are no arrears outstanding.
21. The East gym leases equipment from De Lage Landen Financial Services Canada (“**DLL Lease**”) at \$19,318 per month and the Receiver understands there are 15 payments remaining on the DLL lease, which the last payment is due January 2022.
22. The South gym leases equipment from ULI Canada Inc. (“**ULI Lease**”) at \$13,070 (\$USD) per month and the Receiver understands there are 5 payments remaining on the ULI lease, which the last payment is due February 2021.

Books and Records

23. As at the Receivership Date, the Receiver is advised that the Company’s books and records were up to date and that the Company utilizes an external bookkeeper and accountant to maintain the accounting records.
24. Summarized in the table below is the estimated net book value from the Company’s balance sheet as at October 13, 2020. The asset values listed in the below chart are recorded on a “net book value” basis and have not been audited or have not otherwise been verified as to its accuracy. The net book values for each of the listed assets may not approximate their market and/or realizable value and these values may differ significantly.

25. The figures listed in the below chart are updated figures from what was initially provided to the Receiver and as recorded in the Receiver's Notice. As discussed, these figures may be subject to further updates and/or changes.

Family Fitness Inc. - In Receivership as at October 13, 2020	
	Family Fitness Est. Book Value
<u>Assets</u>	
Cash	347,444
Accounts Receivable	34,032
Inventory	2,939
Prepaid Deposits	23,996
Property, Plant & Equipment	748,416
Total Assets	1,156,826
<u>Liabilities</u>	
BTA rental arrears	1,032,067
GST payable	1,999
PST payable	488
Accounts payable and accrued liabilities	514,142
Shareholder loans	774,500
Total Liabilities	2,323,197

26. Highlights to the above balance sheet include:
- a) Accounts Receivables - the Receiver is currently evaluating the collectability of these amounts from customers/members;
 - b) Prepaid Deposits – amounts in prepaid deposits include prepaid insurance, prepaid advertising and miscellaneous goods and supplies.
 - c) BTA Rental arrears represent a secured creditor claim outstanding as a result of rent arrears over the years of the lease and equating to approximately ~21 months of rent;
 - d) Accounts Payable/Accrued Liabilities – the amounts outstanding to unsecured creditors and are largely listed in the Receiver's Notice as listed on the Receiver's Website. The majority of this outstanding

balance is owing to ICR Regina for rent arrears of approximately \$456,000 at the South Gym; and

- e) Shareholder loans relate to outstanding purported balances to Wassim & Majida Kaiss and Talal Kays in the amount of \$401,664 and \$372,836, respectively. The Receiver understands that these loans are unsecured obligations and were due and payable the year ended 2015; however, the Receiver understands that payments were not regularly made under the terms of the financing agreement.

Corporate Insurance

- 27. Family Fitness has a comprehensive corporate insurance policy (“**Corporate Insurance Policy**”) in place with Knight Archer that expires on July 1, 2021, which consists of blanket property coverage, commercial general liability and business interruption insurance. The total annual premium is \$6,350 and was paid in full prior to the Receivership Date.
- 28. The Receiver has requested to be the beneficiary and the loss-payee of the Corporate Insurance Policy. There was no directors and officers insurance in place prior to the Receivership Date.

SECURITY REVIEW

BTA Security Review

- 29. The Receiver’s independent counsel, Torys, performed a review of the BTA security and related security and loan documentation and has determined that, subject to the comments and qualifications set forth in the subject security review memorandum, each loan document constitutes a legal, and binding obligation of Family Fitness enforceable against Family Fitness in accordance with its terms, in favour of BTA and that the security documents create a valid security interest in favour of BTA in the personal property described therein and are sufficient to create a valid security interest in favour of BTA in any such personal property. Subject to

the comments in the following paragraphs, the Receiver is not aware of any other claimant that may have priority over BTA's security, other than potential "super priority" claims with respect to CRA and the Receiver's Charge as set out in the Consent Receivership Order.

CIBC

30. On March 3, 2009, Canadian Imperial Bank of Commerce ("CIBC") registered against Family Fitness a general security interest over all present and after-acquired personal property of Family Fitness (which was registered prior to BTA's security interest); however, pursuant to correspondence between the Receiver and representatives of CIBC, CIBC has advised that it has been repaid its indebtedness and such registrations should be discharged. While the Receiver had its counsel conduct a new Saskatchewan Personal Property Registry search against Family Fitness, CIBC's interest continues to appear on the Saskatchewan Personal Property Registry. The Receiver contacted representatives of CIBC, and the Receiver was advised that the registration should be discharged in short order; however, it may take some time for the registration to be discharged. The Receiver will conduct a new Saskatchewan Personal Property Registry search against Family Fitness over the next few weeks to ensure CIBC's registration has been discharged.

Purchase Money Security Interests ("PMSI's")

31. The Receiver's counsel also identified three (3) purchase money security interest in all memberships and customer contracts as well as all membership dues, revenues or any other amounts whatsoever received by Family Fitness or to be paid to Family Fitness at any time arising from the memberships and the customer contracts acquired by Family Fitness from Clubfit Fitness Inc., Shapelys Toning and Diet Centre Ltd., and KTB Lifestyles Ltd., together with all proceeds of whatever kind realized therefrom, registered in the Saskatchewan Personal Property Registry. The Receiver contacted Mr. Kaiss for agreements related to the noted three (3) parties and a status update regarding such agreements; however, on November 11, 2020, Mr. Kaiss advised that "Family Fitness no longer owes any of

these three entities any money”. The Receiver has followed up with (a) Mr. Kaiss requesting for documentation substantiating same; and (b) the three PMSI parties for confirmation regarding same and for their registrations to be discharged if they no longer have an interest in Family Fitness’ personal property. As of the date of this Report, no documents have been received from Mr. Kaiss or the three PMSI parties.

SALE AND INVESTMENT SOLICITATION PROCESS

32. The Receiver anticipates filing a supplemental report to the First Report with this Honourable Court seeking approval of a “Stalking Horse Bid” and a sale and investment solicitation process order.

RECEIPTS AND DISBURSEMENTS

33. The following is a statement of the Receiver’s receipts and disbursements of the Company from the Receiver’s operating trust account:

Family Fitness Inc. Statement of Receipts and Disbursements For The Period from October 13 to November 6, 2020	
Receipts	Total
Receiver's Borrowings	200,000
Member Receipts	256,140
Sub-Tenant Rent Received	6,277
Other Receipts	14,002
Government Subsidies	101,149
Total Receipts	577,569
Disbursements	
Salaries and Benefits	187,493
Lease for Facilities	170,855
Lease for Equipment	17,404
Utilities and Services	8,837
Operating Supplies	16,874
Head Office G&A	12,223
Net GST and PST Paid	29,604
Professional Fees and Costs	125,336
Total Disbursements	\$ 568,626
Net Cash Flow	\$ 8,943
Cash Position	
Opening Cash Position	347,444
Change in cash flow	8,943
Closing Cash Position	\$ 356,387

34. Approximately \$578,000 has been received to date, which is comprised of the following:

- a) \$276,000 from the operations of the Company's business as follows:
 - i. \$256,000 from membership payments;
 - ii. \$14,000 from other sources (including the purchase of drop in passes and kids club memberships); and
 - iii. \$6,000 received from subtenants occupying the South and East gyms;
- b) \$200,000 borrowed from BTA through the first Receiver's Certificate; and
- c) \$101,000 from the CEWS program.

35. Approximately \$569,000 has been disbursed to date as follows:

- a) \$443,000 to operate the Company's business. Of this, approximately:
 - i. \$187,000 to employee salaries and benefits paid to front office staff, sales staff, management, and contractors;
 - ii. \$171,000 for lease payments for facilities;
 - iii. \$30,000 of net GST and PST paid;
 - iv. \$17,000 for lease payments for gym equipment;
 - v. \$17,000 for operating supplies (including linen services, gym supplies, and janitorial supplies); and
 - vi. \$12,000 for general and administrative expenses (including marketing and advertising, computer services, accounting services, bank fees and stationary costs); and

- b) professional fees and disbursements of approximately of \$125,000 paid to the Receiver and its counsel for services rendered from October 7 to October 24, 2020.
- 36. The Receiver initially froze Family Fitness' operating bank accounts on the Receivership Date with approximately \$347,000. The Receiver is authorized to borrow \$500,000 pursuant to the Consent Receivership Order and borrowed \$200,000 to date.
- 37. Total available cash on hand with by the Receiver as at November 6, 2020 was approximately \$356,000.

RECEIVER'S BORROWING

- 38. Pursuant to paragraph 20 of the Consent Receivership Order, the Receiver has been empowered to borrow up to \$500,000 (or such greater amount as the Court may further order).
- 39. On October 13, 2020, the Receiver issued Receiver's Certificate No. 1 in the amount of \$200,000 to BTA and received and utilized these funds in the Receivership Proceedings. Receiver's Certificate No. 1 is attached as Appendix "A" to this Report.
- 40. The terms of Receiver's Certificate No. 1 included interest calculated and compounded monthly not in advance on the last day of each month at a notional rate of 12.55% above the prime commercial lending rate of BTA of 15% per annum from time to time, which, in the Receiver's view, is commercially reasonable in the circumstances.
- 41. Pursuant to paragraph 22 of the Consent Receivership Order, Receiver's Certificate No. 1 has a charge over the Property of the Debtor by way of a fixed and specific charge as security for the payment of the monies borrowed, together with interest and charges, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, but subordinate in priority to the Receiver's

Borrowings Charge (as defined in the Consent Receivership Order) and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

APPROVAL OF THE RECEIVER'S AND ITS COUNSEL'S FEES AND COSTS

42. The Receiver seeks approval from this Honourable Court of its fees and disbursements from October 7, 2020 to November 15, 2020 and those of its legal counsel's fees and disbursements from the October 7, 2020 to November 6, 2020 (the "**Interim Taxation Period**"), pursuant to paragraph 18 of the Consent Receivership Order.
43. The total fees and disbursements of A&M, in its capacity as the court-appointed receiver and manager of the Family Fitness, during the Interim Taxation Period aggregate \$209,948 (excluding GST). The total fees and disbursements of Torys, the Receiver's independent legal counsel during the Interim Taxation Period aggregate \$46,973 (excluding GST). A summary of the Receiver's and Torys fees and disbursements are attached as Appendix "**B**" to this Report.
44. The Receiver's and Torys' fee accounts outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the invoices will be brought to the Receiver's application before this Honourable Court set for November 23, 2020 and made available to the Court at its direction, if necessary.
45. The Receiver is respectfully of the view that its and its counsel's fees and costs are fair and reasonable under the circumstances and respectfully requests that this Honourable Court approve the accounts of the Receiver's and its counsel's during the Interim Taxation Period

RECEIVER'S RECOMMENDATIONS

46. The Receiver respectfully requests this Honourable Court:
 - a) approve the actions, activities and conduct of the Receiver as reported in this Report; and

- b) approve Receiver's and Torsys' professional fees and costs with respect to the Interim Taxation Period;

All of which is respectfully submitted this 16th day of November, 2020

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Court-appointed Receiver and Manager
of Family Fitness Inc. and not in its personal or
corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX A

Receiver's Certificate No. 1

[See attached]

RECEIVER'S CERTIFICATE

CERTIFICATE NO. 1

AMOUNT \$ 200,000.00

1. THIS IS TO CERTIFY that Alvarez & Marsal Canada Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of FAMILY FITNESS INC. (the "**Debtor**") acquired for, or used in relation to the Debtor's business, including all proceeds thereof (the "**Property**") appointed by Order of the Court of Queen's Bench For Saskatchewan (the "**Court**") issued the 13th day of October, 2020 (the "**Order**") made in action Q.B. No. 1195 of 2020, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ 200,000.00, being part of the total principal sum of \$500,000.00 which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1st day of each month after the date hereof at a notional rate per annum equal to the rate of 12.55% per cent above the prime commercial lending rate of Bank of Canada 2.45% 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 in the *Bankruptcy and Insolvency Act* (Canada) and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at c/o W Law LLP, #300 - 110 21st E, Saskatoon, SK S7K 0B6.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the 13th day of October, 2020.

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



Per: _____
Name: Orest Konowalchuk
Title: Senior Vice President

APPENDIX B

Summary of Professional Fees

[See attached]

Family Fitness Inc. - In Receivership

APPENDIX B

Summary of Receiver's Fees and Disbursements

October 7, 2020 to November 15, 2020

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
1	October 7 to October 24, 2020	97,305.00	1,636.67	98,941.67	4,947.08	103,888.75
2	October 25 to November 15, 2020	105,294.00	5,712.14	111,006.14	5,550.31	116,556.45
TOTAL		\$ 202,599.00	\$ 7,348.81	\$ 209,947.81	\$ 10,497.39	\$ 220,445.20

Summary of the Receiver's counsel (Torys LLP) Fees and Disbursements

October 13, 2020 to November 6, 2020

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
1518161	October 13 to October 24, 2020	25,651.00	752.24	26,403.24	1,310.59	27,713.83
1519913	October 24 to November 6, 2020	20,569.50	0.00	20,569.50	1,028.48	21,597.98
TOTAL		\$ 46,220.50	\$ 752.24	\$ 46,972.74	\$ 2,339.07	\$ 49,311.81