

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

B E T W E E N :

ECN FINANCIAL INC.

Applicant

- and -

2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518
ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC.
formerly known as M. BLACHER DRUGS LTD., 2501380
ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC.
and 2527475 ONTARIO INC.

Respondents

- AND -

Estate File No. 31-2702401

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)**

IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

**MOTION RECORD OF THE COURT-APPOINTED
RECEIVER AND PROPOSAL TRUSTEE, KSV RESTRUCTURING INC.**

returnable February 19, 2021

(Approval of Proposal, Reorganization and Miscellaneous Matters)

February 11, 2021

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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B E T W E E N :

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Applicant

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ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC.
2527475 ONTARIO INC. and GRACE DIENA

Respondents

- AND -

Estate File No. 31-2702401

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)**

IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

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TAB 1

Court File No. CV-19-632106-00CL

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

B E T W E E N :

ECN FINANCIAL INC.

Applicant

- and -

2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518
ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC.
formerly known as M. BLACHER DRUGS LTD., 2501380
ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC.
and 2527475 ONTARIO INC.

Respondents

- AND -

Estate File No. 31-2702401

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)**

IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

NOTICE OF MOTION

returnable February 19, 2021

(Approval of Proposal, Reorganization and Miscellaneous Matters)

KSV Restructuring Inc. ("**KSV**") in its capacities as:

- a) the Court-appointed receiver (in such capacity, the "**Receiver**") of the property, assets and undertaking of 2345760 Ontario Inc. ("**2345**"), Rando Drugs Ltd. ("**Rando**"), 2275518 Ontario Inc. ("**Abira**"), Family Health Pharmacy West Inc. formerly known as M. Blacher Drugs Ltd. ("**Blacher**"), 2501380 Ontario Inc. ("**2501**"), 2527218 Ontario Inc. ("**2527218**"), Dumopharm Inc. ("**Dumopharm**"), and 2527475 Ontario Inc. ("**2527475**") (collectively, the "**Company**") (the

“Receivership Proceedings”); and

- b) the proposal trustee (in such capacity, the **“Proposal Trustee”**) in connection with a proposal (the **“Proposal”**) filed by the Receiver, on behalf of Rando, with the Official Receiver on January 7, 2021 in accordance with Section 62(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the **“BIA”**) (the **“Proposal Proceedings”**),

will make a motion to Justice Haaney of the Commercial List of the Superior Court of Justice on **Friday, February 19, 2021 at 12:00 p.m.** or as soon thereafter as the motion can be heard.

THE PROPOSED METHOD OF HEARING: The motion is to be heard via zoom videoconference.

THE MOTION IS FOR:

1. An Order in the Proposal Proceedings:
 - a) Approving the Proposal filed by the Receiver, on behalf of Rando, with the Official Receiver on January 7, 2021; and
 - b) Authorizing the Proposal Trustee to take all actions and steps necessary or appropriate to implement the Proposal and the transactions contemplated thereby;
2. An Order in both the Proposal Proceedings and the Receivership Proceedings:
 - a) Declaring the reorganization of Rando (the **“Reorganization”**) as contemplated by the Proposal Sponsorship Agreement (**“Sponsorship Agreement”**) dated September 16, 2020, and approved by Order of this Court dated November 9,

2020, constitutes a reorganization within the meaning of Section 186(1) of the *Ontario Business Corporations Act*, R.S.O. 1990, c. B.16, as amended, (the “**OBCA**”);

- b) Approving the Reorganization and the implementation documents related thereto;
 - c) Approving the Articles of Reorganization (as defined below);
 - d) Approving the ECN Distribution Amount (as defined in the Sponsorship Agreement);
3. An Order in the Receivership Proceedings:
- a) Authorizing and directing the Receiver, on behalf of Abira, to make one or more distributions to certain entities in connection with proceeds realized in connection with Abira subject to certain conditions set out in the Fifth Report dated February 11, 2021 (the “**Fifth Report**”);
 - b) Approving the fees and disbursements of the Receiver and its counsel, Norton Rose Fulbright Canada LLP (“**NRFC**”), as set out in the Fee Affidavits (defined below), as well as an accrual of \$85,000 for fees incurred, or to be incurred by the Receiver and NRFC to the completion of these proceedings, inclusive of HST and disbursements (the “**Fee Accrual**”);
 - c) approving the Receiver’s activities as described in the Fifth Report;
 - d) Directing the release and distribution of the Pelham Funds (defined below); and
 - e) Discharging KSV as Receiver of the Property of i) Abira upon filing of a certificate with the Court confirming that final distributions have been made; ii) Rando and

2345 upon filing of a certificate of the Court confirming that the Proposal has been implemented; and iii) the other Respondents effective immediately; and

4. Such other relief as the Receiver or Proposal Trustee may request and this Court may grant.

THE GROUNDS FOR THE MOTION ARE:

Receivership Proceedings

1. Pursuant to an order (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on December 4, 2019, KSV was appointed as Receiver over the assets, property and undertaking of the Company.

2. Pursuant to a further order of the Honourable Justice Hainey made on February 26, 2020, the Receivership Order was expanded to appoint KSV as receiver, for limited purposes, of the assets of Grace Diena, the wife of Dani Diena, the principal of the Company (the “**Diena Receivership Order**”);

3. The principal purpose of the receivership proceeding was to i) allow the Company’s four pharmacies (which were believed to be owned by Rando) (the “**Pharmacies**”) to continue to operate while the Receiver conducted a process to realize upon Rando’s “Charter” and Pharmacies; and ii) consider realization options for a physiotherapy clinic which was operated by Abira;

Proposal Proceedings

4. The principal purpose of the proposal proceedings was to facilitate a reorganization of Rando’s share capital and subscription for new shares by 2775506 Ontario Inc. (the “**Sponsor**”) pursuant to the Sponsorship Agreement between the Receiver and the Sponsor;

5. As a result of a capital injection by the Sponsor (the “**Capitalization Amount**”) to be paid in connection with the Reorganization, Rando’s unsecured creditors will receive recoveries on their claims to be paid from the sponsorship funds;

Background

6. As of the date of the Receivership Order, 2345 was indebted to ECN Financial Inc. (“**ECN**”), the Company’s principal secured creditor, in the amount of approximately \$4.1 million (the “**ECN Facility**”), plus interest, fees and costs;

7. Each of Rando, 2275, Blacher, 2501, 2527218, Dumopharm and 2527475 are secured guarantors of 2345’s indebtedness under the ECN Facility;

8. Pursuant to an Order made by the Court on September 3, 2020, the Receiver has made distributions totalling \$1.45 million to ECN in respect of its secured claims against the Company and the current balance owing by the Company to ECN exceeds \$3 million, plus interest and costs, which continue to accrue;

9. During the receivership proceedings, the Receiver marketed and sold the business and assets of Rando, including the Pharmacies, for combined total sale proceeds of approximately \$2.2 million;

10. These transactions were approved by the Court pursuant to Orders dated February 26, 2020 and September 3, 2020;

11. Rando currently has no employees and is not carrying on business. The most significant remaining asset of Rando is its Charter;

12. As a company incorporated prior to or in 1954 that carried on the business of a pharmacy at that time, Rando falls within the exemption provided under Section 142(4) the

“Exemption”) of the *Drug and Pharmacies Regulation Act* (Ontario) which allows Rando to own and operate pharmacies without it being majority owned by pharmacists;

13. Companies with Exemptions are often referred to as having a “Charter” or being a “Charter Company”. There is no formal “charter document” and it is the corporate entity itself that is entitled to the Exemption;

14. Of the remaining borrowers and guarantors under the ECN Facility, the only other business was carried on by Abira, which suspended operations in March 2020 due to the COVID-19 pandemic;

The Proposal¹

15. The overall purpose of the Proposal is to:

- a) make a distribution to Ordinary Creditors, being holders of Claims other than Preferred Claims, Secured Claims and Unaffected Claims, from a pool of funds totalling \$125,000 (the **“Ordinary Creditors’ Pool”**); and
- b) obtain releases from creditors having Affected Claims;

16. Pursuant to the Proposal, the Capitalization Amount is to be distributed to ECN, net of the Ordinary Creditor’s Pool, after deducting the fees and disbursements of KSV as Receiver and Proposal Trustee, including the fees of its legal counsel;

17. Effective on the Proposal Implementation Date, all Claims of Affected Creditors shall be discharged, and Rando shall be released from all Claims of Affected Creditors, other than the obligation to make the payments set out in the Proposal;

¹ Unless otherwise defined, capitalized terms used in this section have the meanings provided to them in the Proposal.

18. The Proposal Trustee provided a Notice of Proposal to Creditors to the OSB and to every known creditor affected by the Proposal on January 15, 2021 and the Proposal was unanimously accepted by the creditors at the creditors' meeting held January 28, 2021;

19. The Proposal provides an opportunity for recoveries for Rando's creditors which would otherwise not be available, and in a bankruptcy of Rando, creditors would not have any recovery;

20. The Proposal is also a material condition of the Sponsorship Agreement;

Reorganization

21. The Sponsorship Agreement was approved by the Court pursuant to an Order made on November 9, 2020;

22. In connection with the Sponsorship Agreement, the Sponsor is to provide the Receiver with the Capitalization Amount as a subscription for New Common Shares, being 1,000,000 Common Shares to be issued from the capital of Rando;

23. The Capitalization Amount is to be used to fund the Ordinary Creditors' Pool and otherwise distributed to ECN (net of professional fees and disbursements);

24. As part of the Reorganization, Rando (by the Receiver) will file articles of reorganization which, among other things, will have the effect of:

- a) Changing the name of Rando to Phillios Drugs Limited;
- b) Consolidating all the issued and outstanding shares of Rando on a basis of 1,000:1, resulting in the pre-consolidation shares consolidated into .001 of a post-consolidated share; and

- c) Declaring that no fractional common shares will be issued and where consolidation results in a shareholder holding a fraction of a share, a downward adjustment will be made;

25. The obligation of the Sponsor to complete the Reorganization is conditional on, among other things, approval of the Reorganization by the Court;

Abira

26. Abira operated a physiotherapy clinic from leased premises located at 4256 Bathurst Street, Suite 200, Toronto, ON which is also the location of Rando's head office;

27. Abira's business was suspended in March 2020 due to the COVID-19 pandemic and due to the operating losses incurred by Abira and the lack of funding and safety concerns related to the treatment of patients, the clinic has not reopened;

28. Since its appointment, the Receiver has understood TD to be Abria's main operating lender;

29. Although the Receiver previously understood that TD had obtained contractual subordinations from all creditors with prior registered PPSA registrations, the Receiver has obtained new information that this may not be the case and that CFE Financial Inc. and RJE Investments Inc. ("**CFE**" and "**RJE**") may have prior ranking security. CFE and RJE have personal property registrations which pre-date that of TD;

30. Norton Rose has issued a security opinion in respect of TD's security and is currently reviewing the security held by CFE and RJE;

31. The Receiver's and TD's review of this issue is ongoing;

32. Given the amounts involved and taking into consideration the additional costs of a further Court appearance, the Receiver is seeking authorization, on behalf of Abira, to make one or more distributions to TD, CFE and/or RJE, subject to certain conditions, as set out in Section 5.1 of the Receiver's Report;

33. Should the issue not be resolved, the Receiver will return to Court for further directions;

Pelham Funds

34. The Receiver has become aware of a sale transaction that took place prior to KSV's involvement with the Company;

35. In July 2018, Rando along with Dedicated National Pharmacies ("**DNPI**") and 2224655 Ontario Inc. ("**2224**") and together with Rando and DNPI, the "**Pelham Vendors**") were vendors in a sale transaction for a Rando pharmacy known as "Family Health Pharmacy – Pelham" (the "**Pelham Assets**");

36. There remains approximately \$75,000 in escrow with Sullivan & Mahoney LLP ("**Sullivan**"), the law firm that acted for the buyer in this transaction, as a result of the failure of the Pelham Vendors to deliver certain "PPSA no interest" letters from the personal property registrants of the Pelham Vendors;

37. The following parties have personal property registrations against DNPI and 2224:

- a) DNPI: Kohl & Frisch Limited ("**K&F**") and the Ministry of Finance ("**MOF**"); and
- b) 2224: TD.

38. The Receiver has reviewed the underlying documents to the transaction, engaged in discussions with Mr. Diena and coordinated with Sullivan and the various creditors who may be entitled to the Pelham Funds;

39. The Receiver has proposed that each of the Pelham Vendors receive a third of the Pelham Funds, net of \$7,500 to be paid to the Receiver in light of the professional time that it has incurred on this issue;

40. If approved, the Receiver proposes the funds be paid to:

- a) K&F in respect of DNPI, who appears to have priority over the Ministry of Finance based on the timing of the registration;
- b) TD in respect of its interest against 2224; and
- c) ECN in respect of its interest against Rando;

41. Sullivan has indicated that it is not willing to release the Pelham Funds absent “no interest” letters or a Court Order;

42. The Receiver has now received a “no interest” letter from the MOF and TD and K&F consent to the proposed settlement;

Receiver's Fees and Activities

43. The current activities of the Receiver are set out in detail in the Fifth Report;

44. The fees of the Receiver as more particularly set out in the affidavit of Mitch Vininsky sworn February 11, 2021 (the “**Vininsky Affidavit**”) for the period August 1, 2020 to January 31, 2021 total \$164,279.00, excluding disbursements and HST;

45. The fees of NRFC as more particularly set out in the affidavit of Jennifer Stam sworn February 11, 2021 (the “**Stam Affidavit**” and together with the Vininsky Affidavit, the “**Fee Affidavits**”) for the period between August 12, 2021 and January 31, 2021 total \$105,034.50, excluding disbursement and HST;

46. The fees incurred by the Receiver and NRFC are reasonable and appropriate in the circumstances and the hourly rates of NRFC are consistent with the rates charged by other law firms practicing in the area of insolvency in the Toronto market;

47. The Fee Accrual is necessary to cover the fees of the Receiver and NRFC to the completion of these proceedings and without the Fee Accrual, there will be no assets from which to cover these fees and costs;

Receiver's Discharge

48. The principal purpose of the receivership proceedings was to realize upon Rando's assets, including its Pharmacies and its "Charter";

49. The Pharmacies have been sold and if this Court approves the Proposal and Reorganization, the "Charter" will be conveyed to the Sponsor in exchange for the Capitalization Amount and there will be no further purpose to Rando's receivership proceedings;

50. Aside from Rando, 2345 (the current shareholder of Rando) and Abira, the Receiver is not aware of any business or property of the other respondents named within the Receivership Order;

51. The Receiver will remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership of the Company and will continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of KSV in its capacity as the Receiver of the Company;

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- a) The Fifth Report of the Receiver;

- b) The Fee Affidavits; and
- c) Such further and other evidence as counsel may advise and this Honourable Court may permit.

February 11, 2021

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ECN FINANCIAL INC. and 2345760 ONTARIO INC., et al.
Applicant Respondents

Court File No.: CV-19-632106-00CL

IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Estate File No.: 31-2702401

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

NOTICE OF MOTION
returnable February 19, 2021
(Approval of Proposal, Reorganization and
Miscellaneous Matters)

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KSV Restructuring Inc.

TAB 2



**Fifth Report to Court of
KSV Restructuring Inc. as Receiver of the
assets, undertaking and property of
Rando Drugs Ltd.
and Related Companies**

February 11, 2021

**First Report to Court of
KSV Restructuring Inc. as Proposal
Trustee of Rando Drugs Ltd.**

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COURT FILE NO.: CV-19-00632106-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

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APPLICANT

- AND -

2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518 ONTARIO INC., FAMILY HEALTH
PHARMACY WEST INC. FORMERLY KNOWN AS M. BLACHER DRUGS LTD., 2501380
ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. AND, 2527475 ONTARIO INC.

RESPONDENTS

FIFTH REPORT OF KSV RESTRUCTURING INC.
AS RECEIVER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
RANDO DRUGS LTD. AND RELATED COMPANIES

ESTATE FILE NO.: 31-2702401

IN THE MATTER OF THE PROPOSAL OF
RANDO DRUGS LTD., OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO

FIRST REPORT TO COURT OF
KSV RESTRUCTURING INC. AS PROPOSAL TRUSTEE

FEBRUARY 11, 2021

1.0 Introduction

1. This report ("Report") is filed by KSV Restructuring Inc. ("KSV") in its capacities as:
 - a) receiver (the "Receiver"), appointed pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated December 4, 2019 (the "Receivership Order") of the property, assets and undertaking (the "Property") of 2345760 Ontario Inc. ("2345"), Rando Drugs Ltd. ("Rando"), 2275518 Ontario Inc. ("2275" or "Abira"), M. Blacher Drugs Ltd. ("Blacher"), 2501380 Ontario Inc. ("2501"), 2527218 Ontario Inc. ("2527218"), Dumopharm Inc. ("Dumopharm") and 2527475 Ontario Inc. ("2527475") (collectively, the "Company"). A copy of the Receivership Order is provided in Appendix "A"; and

- b) proposal trustee (the “Proposal Trustee”) in connection with a proposal (the “Proposal”) filed by the Receiver on behalf of Rando with the Official Receiver on January 7, 2021 in accordance with Section 62(1) of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3*, as amended (the “BIA”). The Certificate of Filing a Proposal (the “Certificate”) issued by the Office of the Superintendent of Bankruptcy (Canada) (“OSB”) on January 7, 2021 is provided in Appendix “B”, along with a copy of the Proposal.
2. The principal purpose of the receivership proceedings was to: i) allow the Company’s four pharmacies (which were believed to be owned by Rando) (the “Pharmacies”) to continue to operate while the Receiver conducted a process to realize upon Rando’s “Charter” and the Pharmacies; and ii) consider realization options for a physiotherapy clinic which was operated by Abira.
 3. The principal purpose of the proposal proceedings was to facilitate a reorganization of Rando’s share capital and a subscription for new shares by 2775506 Ontario Inc. (the “Sponsor”) pursuant to a sponsorship agreement dated as of September 16, 2020 (as amended, the “Sponsorship Agreement”) between the Receiver and the Sponsor. As a result of a \$1 million capital injection by the Sponsor (the “Capitalization Amount”) to be paid in connection with the reorganization, Rando’s unsecured creditors will receive recoveries on their claims to be paid from the sponsorship funds.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company and these proceedings;
 - b) update the Court regarding the status of the receivership, including Abira;
 - c) summarize an opinion from Norton Rose Fulbright Canada LLP (“Norton Rose”), the Receiver’s legal counsel, regarding the security granted by Abira in favour of The Toronto-Dominion Bank (“TD”), Abira’s operating secured creditor;
 - d) summarize the results of the meeting of creditors held on January 28, 2021 to consider and vote on the Proposal (the “Meeting”);
 - e) provide the statutory disclosure required in respect of the Proposal under Sections 58(d) and 59(1) of the BIA;
 - f) provide background regarding a transaction involving Family Health Pharmacy - Pelham (the “Pelham Transaction”), including certain funds (the “Pelham Funds”) which are being held in escrow by Sullivan & Mahoney LLP (“Sullivan”), the law firm that acted for the buyer in the Pelham Transaction;
 - g) summarize the fees and disbursements of the Receiver and Norton Rose; and

- h) recommend that the Court issue:
- i. the Proposal Approval Order (defined below) providing for, among other things, approval of the Proposal;
 - ii. the Reorganization Approval Order (defined below) providing for, among other things, the corporate reorganization of Rando (the “Reorganization”), as contemplated by the Sponsorship Agreement;
 - iii. an Order:
 - i. directing Sullivan to release, without liability, the Pelham Funds and approving the proposed distribution of the same;
 - ii. authorizing the Receiver to make distributions from Abira on the basis set out in Section 5.1 of this Report, net of an accrual of \$25,000 to pay the fees and costs of the Receiver and Norton Rose related to Abira, inclusive of HST and disbursements (the “Abira Accrual”);
 - iii. approving the fees and disbursements of the Receiver and Norton Rose, plus an accrual of \$60,000 for fees incurred or to be incurred by the Receiver and Norton Rose to the completion of these proceedings (other than Abira, which is addressed above), inclusive of HST and disbursements (the “Fee Accrual”, and together with the Abira Accrual, the “Accrual”);
 - iv. approving this Report and the activities of the Receiver described herein;
 - v. discharging KSV as Receiver of Abira effective upon filing a discharge certificate confirming that final distributions have been made; and
 - vi. discharging KSV as Receiver of the Property of Rando and 2345 upon filing a Certificate with the Court confirming that the Proposal has been implemented, as more fully set out in Section 9 below and discharging KSV as Receiver of the Property of the other respondents effective immediately.

1.2 Restrictions

1. In preparing this Report, KSV, in its capacities as Receiver and Proposal Trustee, has relied upon unaudited financial information prepared by the Company’s representatives, the books and records of the Company and discussions with the Company’s representatives, particularly Dani Diena, the President of the Company. KSV has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that complies with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook.

2. KSV expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by KSV in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own due diligence and any reliance placed by any party on the financial information presented herein shall not be considered sufficient for any purpose whatsoever. KSV accepts no responsibility for any reliance placed by any party based on the financial information in this Report.

2.0 Background

1. As of the date of the Receivership Order, 2345 was indebted to ECN Financial Inc. ("ECN"), the Company's principal secured creditor, in the amount of approximately \$4.1 million (the "ECN Facility"), plus interest, fees and costs.
2. Each of Rando, 2275, Blacher, 2501, 2527218, Dumopharm, and 2527475 are secured guarantors of 2345's indebtedness under the ECN Facility.
3. Pursuant to an Order made by the Court on September 3, 2020, the Receiver has made distributions totalling \$1.45 million to ECN in respect of its secured claims against the Company. As at the date of this Report, the balance owing by the Company to ECN exceeds \$3 million, plus interest and costs, which continue to accrue.
4. The Pharmacies operated under the PharmaChoice banner are located at the following addresses:
 - a) 6720 Hawthorne Drive, Windsor ("Pharmacy East");
 - b) 1604 Tecumseh Road West, Windsor ("Pharmacy West");
 - c) 785 Tecumseh Road, Unit #16, Walpole Island; and
 - d) 3A-1275 Walker Road, Windsor.
5. During the receivership proceedings, the Receiver marketed and sold the business and assets of Rando, including the Pharmacies, for combined total sale proceeds of approximately \$2.2 million. The transactions were approved by the Court pursuant to Orders dated February 26, 2020 and September 3, 2020.
6. Rando presently has no employees and is not carrying on any business. The most significant remaining asset of Rando is its Charter.
7. As a company incorporated prior to or in 1954 that carried on the business of a pharmacy at that time, Rando falls within the exemption provided under Section 142(4) (the "Exemption") of the *Drug and Pharmacies Regulation Act* (Ontario) which allows Rando to own and operate pharmacies without it being majority owned by pharmacists.

8. Companies with Exemptions are often referred to as having a “Charter” or being a “Charter Company”. There is no formal “charter” document. Rather, it is the corporate entity itself that is entitled to the Exemption.
9. Of the remaining borrowers and guarantors under the ECN Facility, the only other business is carried on by Abira. Abira’s business was suspended in March 2020 due to the Covid-19 pandemic.
10. Additional information related to the Company, its background and these proceedings is included in the reports to Court filed by KSV as Receiver which have been posted at <https://www.ksvadvisory.com/insolvency-cases/case/rando-drugs-ltd>.

3.0 The Proposal¹

3.1 Purpose and Effect

1. The overall purpose of the Proposal is to:
 - a) make a distribution to Ordinary Creditors, being holders of Claims other than Preferred Claims, Secured Claims and Unaffected Claims, from a pool of funds totalling \$125,000 (the “Ordinary Creditors’ Pool”); and
 - b) obtain releases from creditors having Affected Claims.
2. Further details concerning the Proposal are provided in the Proposal Trustee’s Report to Creditors dated January 15, 2021 (the “Report to Creditors”) and are not repeated herein. A copy of the Report to Creditors is provided in Appendix “C”, without appendices.
3. The Proposal was unanimously accepted by the creditors at the creditors’ meeting convened on January 28, 2021.
4. Pursuant to the Proposal, the Capitalization Amount is to be distributed to ECN, net of the Ordinary Creditors’ Pool, after deducting the fees and disbursements of KSV as Receiver and Proposal Trustee, including those of its legal counsel.
5. Effective on the Proposal Implementation Date, all Claims of Affected Creditors shall be discharged, and Rando shall be released from all Claims of Affected Creditors, other than the obligation to make the payments set out in the Proposal.
6. The release of Affected Claims and the implementation of the Proposal is a condition precedent to implementation of the reorganization contemplated by the Sponsorship Agreement.

¹ Unless otherwise defined, capitalized terms used in this section of the Report have the meanings provided to them in the Proposal.

3.2 Statutory Disclosure

1. On January 15, 2021, the Proposal Trustee provided a Notice of Proposal to Creditors (the “Notice”) by regular mail to the OSB and to every known creditor affected by the Proposal and by email to those creditors where email addresses were available to the Proposal Trustee. The Proposal Trustee also posted the Notice on its website.
2. In order to attend the Meeting and/or vote on the Proposal, creditors were required to submit a proof of claim to the Proposal Trustee.

3.3 The Meeting

1. The Meeting was convened virtually on January 28, 2021 and was chaired by the Proposal Trustee. The Proposal was unanimously accepted by Affected Creditors voting at the Meeting. A copy of the voting register is attached as Appendix “D”.
2. A copy of the minutes of the Meeting is attached as Appendix “E”.

3.4 Recommendation

1. The Proposal Trustee recommends that the Court issue an order approving the Proposal (the “Proposal Approval Order”) for the following reasons:
 - a) the Proposal was unanimously accepted by creditors at the Meeting;
 - b) acceptance and implementation of the Proposal provides an opportunity for recoveries for Rando’s creditors which would otherwise not be available. In a bankruptcy of Rando, creditors would not have any recovery; and
 - c) approval of the Proposal is a material condition of the Sponsorship Agreement.

4.0 Reorganization²

1. As set out above, the Sponsorship Agreement was approved by this Court pursuant to an Order made on November 9, 2020 (the “November 9th Order”). Pursuant to the November 9th Order, the Receiver was authorized to take all necessary steps to give effect to the transactions contemplated by the Sponsorship Agreement, including executing documents on behalf of Rando and its board of directors. A copy of the November 9th Order is attached as Appendix “F” hereto.
2. A detailed description of the Sponsorship Agreement and the Reorganization contemplated by the Sponsorship Agreement is provided in the Fourth Report of the Receiver dated September 23, 2020 (the “Fourth Report”) and therefore the description is not repeated herein. A copy of the Fourth Report and its two supplemental reports is provided in Appendix “G”, excluding all appendices.

² Defined terms in this section of the Report have the meanings provided to them in the Sponsorship Agreement.

3. Pursuant to the Sponsorship Agreement, the Sponsor is to provide the Receiver with the Capitalization Amount as a subscription for New Common Shares, being 1,000,000 Common Shares to be issued from the capital of Rando. As part of the Reorganization, Rando (by the Receiver) will file articles of reorganization (the "Articles of Reorganization") which, among other things, will have the effect of: (a) changing the name of Rando to Phillios Drugs Limited; (b) consolidating all of the issued and outstanding shares of Rando on a basis of 1,000:1, resulting in the pre-consolidation shares being consolidated into .001 of a post-consolidated share; and (c) declaring that no fractional common shares will be issued and where consolidation results in a shareholder holding a fraction of a share, a downward adjustment will be made. A copy of the Articles of Reorganization is attached as Appendix "H".
4. The Sponsor has paid a deposit of \$150,000 to the Receiver. The balance of the Capitalization Amount is to be paid two Business Days prior to the Reorganization Implementation Date. A copy of the Sponsorship Agreement (with amendments) is attached as Appendix "I".
5. The Capitalization Amount is to be used as follows:
 - a) the Proposal Amount (\$125,000), being the portion of the Capitalization Amount to be transferred by the Receiver to the Proposal Trustee, to fund distributions to ordinary creditors under the Proposal and other amounts, if any, payable under the Proposal; and
 - b) the balance to be distributed to ECN after deducting the fees and disbursements of KSV as Receiver and Proposal Trustee, including those of its legal counsel (the "ECN Distribution Amount").
6. The obligation of the Sponsor to complete the Reorganization contemplated by the Sponsorship Agreement is conditional on, among other things, acceptance of the Proposal by the statutory majority of creditors at the Meeting (this condition has been met), approval of the Proposal by the Court, a release by ECN and various corporate matters, each of which has been satisfied or will be satisfied upon Implementation.

4.1 Recommendation

1. KSV in its capacities as Proposal Trustee and Receiver seeks approval of an order (the "Reorganization Approval Order") which, among other things,
 - a) declares that the Reorganization is a reorganization within the meaning of Section 186 of the *Ontario Business Corporations Act*;
 - b) approves the Reorganization and the implementation documents related thereto;
 - c) approves the Articles of Reorganization; and
 - d) approves the ECN Distribution Amount.

2. The Proposal Trustee and Receiver recommend this Court grant the Reorganization Approval Order for the following reasons:
 - a) the Sponsorship Agreement has previously been approved by this Court;
 - b) approval of the Reorganization will facilitate the injection of an additional \$1 million for the benefit of Rando's creditors, including \$125,000 to be distributed to unsecured creditors pursuant to the Proposal;
 - c) approval of the Sponsorship Agreement is required for the Proposal to be implemented, without which unsecured creditors will have a nil recovery; and
 - d) ECN consents to the relief being sought.

5.0 Abira

1. Abira operated a physiotherapy clinic from leased premises located at 4256 Bathurst Street, Suite 200, Toronto. This is also the location of Rando's head office. The Receiver understands that the tenant in this location is another company owned directly or indirectly by Mr. Diena.
2. Abira's principal source of revenue is funding under an agreement (the "MOH Agreement") with the Minister of Health and Long-term Care ("MOH"). Pursuant to the MOH Agreement, Abira receives approximately \$12,000 per month.
3. Abira's business was suspended in March 2020 following guidance from the Ontario Physiotherapy Association related to the Covid-19 pandemic. Pursuant to the Receiver's Third Report to Court dated August 27, 2020 (the "Third Report"), the Receiver advised that due to the operating losses incurred by Abira, its lack of funding and safety concerns related to the treatment of patients, the clinic had not reopened nor had rent been paid since that time.
4. For the reasons set out in the Third Report, including Abira's continuing losses and its lack of funding, the Receiver recommended that:
 - a) the scope of its powers set out in paragraph 3 of the Receivership Order be limited to the preparation and filing of the tax return for the year ended December 31, 2019 and application for Scientific Research and Experimental Development ("SR&ED") tax credits; and
 - b) the Receiver be authorized and empowered but not obligated to file an assignment in bankruptcy on behalf of Abira.
5. On September 3, 2020, the Court made an Order (the "September 3rd Order") granting the relief recommended by the Receiver. A copy of the September 3rd Order is attached as Appendix "J".
6. The Receiver filed Abira's tax return for the year ended December 31, 2019 and applied for the SR&ED credits. On December 11, 2020, the Receiver received a SR&ED refund from Canada Revenue Agency ("CRA") in the amount of \$98,415.

7. The Receiver has continued to receive monthly payments from the MOH notwithstanding that Abira is not operating. Mr. Diena advised the Receiver that the MOH has continued to make payments to other physiotherapy clinics under agreements similar to the MOH Agreement during the Covid-19 pandemic. He also advised the Receiver that another business he operates from Abira's premises has been providing physiotherapy services to patients and recording their treatments utilizing Abira's electronic client code with the MOH. Mr. Diena advised that he has been funding all expenses associated with providing physiotherapy, as this allows Abira's business to be preserved pending completion of these proceedings.
8. The Receiver has not filed the assignment in bankruptcy for Abira and at this time, it does not intend to do so.

5.1 Proposed Distribution

1. Since its appointment, the Receiver has understood TD to be Abira's main operating lender. ECN's personal property registration against Abira pre-dates that of TD; however, pursuant to a priorities agreement dated March 4, 2016 between TD and ECN, TD's security interest appears to have priority over ECN's security interest. Additionally, CFE Financial Inc. and RJE Investments Inc. ("CFE" and "RJE") have personal property registrations which pre-date that of TD. The Receiver previously understood that CFE's and RJE's registrations had been contractually subordinated to TD; however, as discussed below, new information has recently been provided to the Receiver. The Receiver understands that CFE and RJE are each owed approximately \$325,000 plus accrued interest.
2. Abira's indebtedness to TD totalled approximately \$980,000 at the commencement of the receivership proceedings.
3. Norton Rose has provided the Receiver with an opinion on TD's security over Abira. Subject to the standard qualifications and assumptions contained therein, Norton Rose is of the opinion that TD's security constitutes a valid and enforceable charge against Abira's Property. A copy of the security opinion will be made available to the Court should it wish to review it.
4. As is customary, the Norton Rose opinion does not address the priority of TD's security interest. Although the Receiver previously understood that TD had received subordinations from CFE and RJE, based on recent discussions with TD's counsel, the Receiver now understands that this may not be the case. The Receiver understands that TD's review is ongoing.
5. The amounts attributable to Abira and available for distribution are not significant. A statement of receipts and disbursements from December 4, 2019 to February 9, 2021 ("Abira R&D") is provided in Appendix "K". The Abira R&D reflects that there is approximately \$180,000 in the Receiver's account, before accrued costs, all of which relate to these proceedings.

6. Given the amounts involved, and taking into consideration the additional cost if a further Court appearance is required, the Receiver recommends that the Court issue an order authorizing and directing the Receiver, on behalf of Abira, to make one or more distributions to TD or CFE and RJE up to the amount of Abira's indebtedness owing to them. The amount will be distributed to TD if: TD is able to produce validly executed contractual subordinations from CFE and RJE or CFE and RJE consent to the distributions being made to TD. Absent subordination documentation or the consent of CFE and RJE to distribute to TD, the amounts will be distributed to CFE and RJE, subject to receipt by the Receiver of a security opinion from Norton Rose. If this issue cannot be resolved, the Receiver may bring a motion for directions.
7. The Receiver understands that TD is continuing to look into this issue and in the event that further information is provided prior to the return of this motion, the Receiver will supplement this Report. The Receiver has also engaged with representatives of CFE and RJE.
8. Other than the Receiver's Charge, the Receiver understands that CRA has a claim against Abira in the amount of approximately \$18,600 for unpaid source deductions ("CRA Priority Amount"). CRA's claim is provided as Appendix "L". If the proposed order is made, the Receiver intends to pay the CRA Priority Amount before any distributions are made to TD.
9. CFE and RJE as well as the MOH will be provided with notice of this motion.

6.0 Pelham Funds

1. The Receiver has become aware of a sale transaction that took place prior to KSV's involvement with the Company. The Receiver understands that in July 2018, Rando, along with Dedicated National Pharmacies Inc. ("DNPI") and 2224655 Ontario Inc. ("2224" and together with Rando and DNPI, the "Pelham Vendors") were vendors in a sale transaction for a Rando pharmacy known as "Family Health Pharmacy - Pelham" (the "Pelham Assets"). The Receiver has further learned that approximately \$75,000 (the "Pelham Funds") remains in escrow with Sullivan as a result of the failure of the Pelham Vendors to deliver certain "PPSA no interest" letters from the personal property registrants of the Pelham Vendors.
2. Based on personal property searches conducted by the Receiver, the following parties have personal property registrations against DNPI and 2224:
 - a) DNPI: Kohl & Frisch Limited ("K&F") and the Ministry of Finance ("MOF"); and
 - b) 2224: TD.

3. The Receiver has spent considerable time reviewing the underlying documents to the transaction, discussing the matter with Mr. Diena and coordinating with Sullivan and the various creditors who may be entitled to the Pelham Funds. The Receiver engaged with the relevant creditors to determine whether a settlement could be reached. The Receiver has proposed that each of the Vendors receive a third of the Pelham Funds net of \$7,500 to be paid to the Receiver in light of the professional time that it has incurred on this issue. If approved, the funds would be paid to: (a) K&F in respect of DNPI, who appears to have priority over the MOF based on timing of its registration; (b) TD in respect of its interest against 2224; and (c) ECN in respect of its interest against Rando.
4. The Receiver recommends the Court grant the relief for the following reasons:
 - a) the granting of the Order will free up \$75,000 which is currently sitting with the buyer's lawyers (Sullivan) and will benefit the creditors of the Pelham Vendors;
 - b) Sullivan has indicated it is not willing to release the Pelham Funds absent "no interest" letters or a Court Order;
 - c) given the passage of time, it would be very difficult to propose any other method of division of proceeds;
 - d) the MOF has signed and delivered a "no interest" letter confirming it does not have any interest in the proceeds;
 - e) K&F and TD each consent to this settlement;
 - f) DNPI and 2224 consent to the release of funds to their creditors;
 - g) it will provide Sullivan with an avenue to resolve the issue of entitlement to the monies sitting in its trust account; and
 - h) each of K&F, MOF and TD will be provided with notice of this motion.

7.0 Receiver's Activities

1. In addition to the activities addressed in this Report, the Receiver's activities since the date of the Fourth Report have included:
 - corresponding regularly with the pharmacists regarding the operation of the Pharmacies;
 - dealing with operational issues at the Pharmacies, including employee matters, payroll matters, purchasing inventory and reviewing daily transaction reports;
 - dealing with an audit performed by the Ontario Drug Benefit program concerning Pharmacy East;
 - providing rolling weekly cash flow forecasts and reporting to ECN thereon;
 - corresponding with CRA regarding the Company's payroll and sales tax accounts;

- preparing information to file Rando's tax return for the fiscal year ended December 31, 2020;
- corresponding extensively with Lipton LLP regarding Rando's tax return for fiscal year ended December 31, 2020;
- coordinating with ADP Canada to prepare T4s for Rando's employees;
- corresponding with Sri Etikala and Jasmeet Chawla, in trust for a corporation to be incorporated (being 2769630 Ontario Limited and 2769637 Ontario Limited, as designated by Messrs. Etikala and Chawla (the "E/W Purchaser"), regarding the sale of Pharmacy East and Pharmacy West pursuant to an agreement of purchase and sale dated July 24, 2020 (the "E/W Transaction");
- corresponding with WIS International to coordinate inventory counts at Pharmacy West and Pharmacy East in connection with the E/W Transaction;
- preparing a post-closing statement of adjustments for the E/W Transaction and discussing the same with the E/W Purchaser and its counsel;
- corresponding with Norton Rose, Jerome H. Stanleigh, counsel to Mr. Diena, and Mr. Diena regarding Family Health Pharmacy - Pelham;
- corresponding with Mr. Diena regarding corporate records and other miscellaneous items of Rando and Abira held in a storage facility;
- corresponding with WeirFoulds LLP, counsel to the Sponsor, regarding Rando's "Charter" and the Sponsorship Agreement;
- corresponding with Bench & Donath LLP, Abira's accountants, regarding the preparation of Abira's tax return for the year ended December 31, 2019, including the SR&ED claim;
- preparing the Receiver's first supplement to the Fourth Report dated November 3, 2020;
- preparing the Receiver's second supplement to the Fourth Report dated November 5, 2020;
- preparing an Interim Report of the Receiver dated December 29, 2020 pursuant to Subsection 246(2) of the BIA in respect of Rando and Abira;
- providing updates to TD on, among other things, the status of the Abira receivership;
- providing updates to ECN on, among other things, the status of these proceedings; and
- preparing this Report.

8.0 Professional Fees

1. The fees of the Receiver for the period August 1, 2020 to January 31, 2021 total \$164,279, excluding disbursements and HST. The fees of Norton Rose for the period August 25, 2020 to January 31, 2021 total \$105,035, excluding disbursements and HST. Fee affidavits and accompanying invoices in respect of the fees and disbursements of the Receiver and Norton Rose for these periods are attached as Appendices “M” and “N”, respectively, to this Report.
2. The average hourly rate for the Receiver and Norton Rose for the referenced billing period was \$515 and \$465, respectively.
3. The Receiver believes that the Accrual is sufficient and necessary to cover its fees and the fees of Norton Rose to the completion of these proceedings. Without the fee accrual, there will be no assets from which to cover these fees and costs.
4. The Receiver is of the view that Norton Rose’s hourly rates are consistent with the rates charged by other law firms practicing in the area of insolvency in the Toronto market, and that its fees are reasonable and appropriate in the circumstances.

9.0 Receiver’s Discharge

1. As noted in Section 1 above, the principal purpose of the receivership proceedings was to realize upon Rando’s assets, including its Pharmacies and its “Charter”.
2. The Pharmacies have been sold and the only remaining asset of Rando is the “Charter”. If the Court approves the Proposal and the Reorganization, the “Charter” will be conveyed to the Sponsor in exchange for the Capitalization Amount. As a result, all of the Property will have been realized upon and there will be no further purpose to Rando’s receivership proceedings.
3. As a result of the September 3rd Order, the Receiver’s mandate in respect of Abira was narrowed to preparing and filing the tax return for the year ended December 31, 2019, including applying for the SR&ED tax credit. As noted in Section 5 above, these matters have now been completed and there is no further purpose for Abira to remain in receivership.
4. Apart from Rando, 2345 (the current shareholder of Rando) and Abira, the Receiver is not aware of any business or property of the other respondents named within the Receivership Order, being Blacher, 2501, 2527218, Dumopharm, and 2527475 (together, the “Remaining Respondents”).
5. The Receiver recommends that the Court issue an order:
 - a) discharging KSV as receiver of the Property of Rando and 2345, subject to the filing of a discharge certificate with the Court confirming the completion of the Proposal and Reorganization;

- b) discharging KSV as receiver of the Property of Abira, subject to the filing of a discharge certificate with the Court confirming that the final distributions have been made to either TD or CFE and RJE, as set out in Section 5.1 of this Report; and
 - c) discharging KSV as receiver of the Property of the Remaining Respondents.
6. The draft discharge orders in respect of the Company also contemplate that:
- a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership of the Company; and
 - b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of KSV in its capacity as the Receiver of the Company.

10.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee and the Receiver respectfully recommend that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(h) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITIES AS RECEIVER OF
THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
RANDO DRUGS LTD. AND RELATED COMPANIES
AND AS PROPOSAL TRUSTEE OF RANDO DRUGS LTD.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”



Court File No. CV-19-00632106

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.

)

WEDNESDAY, THE 4TH

JUSTICE HAINEY

)

DAY OF DECEMBER, 2019

)

BETWEEN

ECN FINANCIAL INC.

Applicant

- and -

2345760 ONTARIO INC., RANDO DRUGS LTD, 2275518 ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC. formerly known as M. BLACHER DRUGS LTD., 2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. and 2527475 ONTARIO INC.

Respondents

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing KSV Kofman Inc. ("KSV") as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of 2345760 Ontario Inc., ("234") Rando Drugs Ltd. ("Rando"), 2275518 Ontario Inc. ("227"), Family Health Pharmacy West Inc. Formerly known as M. Blacher Drugs Ltd. ("West Inc."), 2501380 Ontario Inc. ("250"), 2527218 Ontario Inc. ("25272"), Dumopharm Inc. ("Dumopharm") and 2527475 Ontario Inc. ("25274") (together, the

“Debtors”) acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Adam Flomen sworn December 3, 2019, the pre-filing report filed by KSV dated December 3, 2019 (the “Report”), and on hearing the submissions of counsel for the Applicant and the Respondent, and on reading the Consent executed by the Defendants to the appointment of a receiver, the Consent executed by KSV to act as the Receiver and the Affidavit of Service of Maureen McLaren sworn December 3, 2019,

SERVICE

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

APPOINTMENT

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

RECEIVER’S POWERS

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

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

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- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage pharmacists, consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors, and to deposit such monies in a separate bank account controlled by the Receiver and pay such disbursements that are necessary for the continued operation of the business of the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

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- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including pursuant to the Sale Process (defined below), 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;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$100,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to summarily dispose of Property that is perishable or likely to depreciate rapidly in value;

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- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the Receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any licensed insolvency trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (s) to inquire into and report to the Applicant and the Court on the financial condition of the Debtors and the Property and any material adverse developments relating to the financial condition of the Debtors and/or the Property; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;
- (u) 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including, but not limited to the Ontario College of Pharmacists, the Ministry of Health and Long-Term Care, the Ontario Drug Benefit Program and any insurance company (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

5A. THIS COURT ORDERS that, should the Receiver deem it necessary to seek from any insurance company or its pharmacy benefits manager personal information regarding persons covered pursuant to benefit plans which might have had claims under such plans relating to the Debtors, such information shall be sought pursuant to a

motion on notice to the insurance company and its pharmacy benefits manager. Such information shall only be released by the insurance company or its pharmacy benefits manager on the agreement of such insurance company or as provided in the Order so obtained.

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

6A. THIS COURT ORDERS that in respect to the Client Records, the Receiver shall: (i) take all steps reasonably necessary to maintain the integrity of the confidential aspect of the Client Records; (ii) if necessary, appoint a pharmacist licensed and qualified to practice in the Province of Ontario to act as custodian (the "Custodian") for the Client Records; (iii) not allow anyone other than the Receiver or the Custodian to have access to the Client Records; (iv) allow the Debtors supervised access to the Client Records for any purposes required pursuant to the *Regulated Health Professions Act, 1991*, the *Pharmacy Act, 1991* or any other governing Ontario or Canadian statute, that requires the Debtors, from time to time, to perform certain obligations.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased

premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors 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, claims processing services, payment processing services, payroll services, insurance, transportation services, utility or other services to the Debtors 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 Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post

Receivership Accounts”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

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

SALE PROCESS

14A. THIS COURT ORDERS that sale process as described in Section 5 of the Report (the “Sale Process”) be and is hereby approved provided that the approval of the Sale Process shall not preclude the Receiver from entering into one or more sale transactions without conducting the Sale Process.

14B. THIS COURT ORDERS that Confidential Appendix E to the Report be and is hereby sealed pending further Order of this Court.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “Sale”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such

information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

16. THIS COURT ORDERS that, pursuant to section 42 of the Ontario *Personal Health Information Protection Act* ("**PHIPA**"), the Receiver shall only disclose personal health information to prospective purchasers or bidders who are potential successor(s) to the pharmacy business of the Debtors (the "**Pharmacy**") as Health Information Custodian(s) (as defined in the PHIPA) for the purposes of allowing the potential successor to assess and evaluate the operations of the Pharmacy. Each potential successor to whom such personal health information is disclosed is required in advance of such disclosure to review and sign an acknowledgement of this Order indicating that it agrees to keep the information confidential and secure and not to retain any of the information longer than is necessary for the purposes of the assessment or evaluation, and if such potential successor does not complete a Sale, such potential successor shall return all such information to the Receiver, or in the alternative shall destroy all such information. Such acknowledgement shall be deemed to be an agreement between the Receiver and the potential successor for the purposes of section 42 of PHIPA.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other

contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**") provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

20. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its

legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

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

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

23. 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.

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

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

SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.ksvadvisory.com/insolvency-cases/rando/.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day

following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

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

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

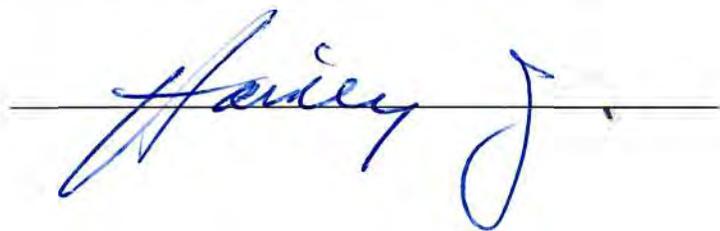
30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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

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

34. THIS COURT ORDERS that the Receiver, its counsel and counsel for the Applicant are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).



SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KSV Kofman Inc., the Receiver (the "**Receiver**") of the assets, undertakings and properties 2345760 Ontario Inc., Rando Drugs Ltd., 2275518 Ontario Inc., Family Health Pharmacy West Inc. Formerly known as M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc. and 2527475 Ontario Inc. (collectively the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 4th day of December, 2019 (the "**Order**") made in an action having Court file number CV-19-00632106, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

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

DATED the ____ day of _____, 2019.

KSV Kofman Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per
:

Name:

Title:

ECN FINANCIAL INC.
Applicant

and

2345760 ONTARIO INC., et al.
Respondents

Court File No: CV-19-00632106

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding commenced at Toronto

**ORDER
(APPOINTING RECEIVER)**

MILLER THOMSON LLP

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40 King Street West, Suite 5800
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Toronto, ON Canada M5H 3S1

Craig A. Mills LSUC#: 40947B

Tel: 416.595.8596
Email: cmills@millerthomson.com

Fax: 416.595.8695

Solicitors for the Applicant

Appendix “B”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2702401
Estate No. 31-2702401

In the Matter of the Proposal of:

Rando Drugs Ltd.
Debtor

KSV RESTRUCTURING INC.
Licensed Insolvency Trustee

Date of Proposal:	January 07, 2021	Security:	\$
Meeting of Creditors:	January 28, 2021, 10:00 Meeting to be held by teleconference https://zoom.us/j/93059351152 Password to be provided, Ontario Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

-- AMENDED --

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: January 11, 2021, 16:09

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

Court File No. / Estate File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

**IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

PROPOSAL

KSV Restructuring Inc. (formerly KSV Kofman Inc.), in its capacity as receiver (the “**Receiver**”) of the property, assets and undertaking of Rando Drugs Ltd. (the “**Company**”) hereby submits the following Proposal under Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Proposal, capitalized terms have the following meanings:

- (a) “**Administration Fees and Expenses**” means the fees and expenses, including legal fees and disbursements of the Court Officer;
- (b) “**Affected Claims**” means all Claims other than Unaffected Claims and Preferred Claims;
- (c) “**Affected Creditor**” means a Person holding one or more Affected Claims in respect of and to the extent of such Affected Claim;
- (d) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;
- (e) “**Authorization Order**” means the Order of this Court made on November 9, 2020, among other things, authorizing the Receiver to file this Proposal and appointing KSV as Proposal Trustee for the purposes of administering this Proposal and all required steps hereunder;
- (f) “**BIA**” means the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended;
- (g) “**Business Day**” means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;
- (h) “**Claim**” means any claim against the Company and includes any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of the Company to any person, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, by surety or otherwise and whether or not such right is executory in nature, including, without limitation, the right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the

future based in whole or in part on facts which existed prior to or at the Filing Date, including Director/Officer Indemnity Claims, but excluding Unaffected Claims;

- (i) “**Company**” has the meaning given to it in the preamble;
- (j) “**Court**” means the Ontario Superior Court of Justice (Commercial List);
- (k) “**Court Officer**” means KSV in its capacities as Receiver and Proposal Trustee;
- (l) “**Creditor**” means any Person who holds one or more Claims;
- (m) “**Crown**” means Her Majesty in Right of Canada or of any Province of Canada their agents;
- (n) “**Crown Claims**” means the Claims of the Crown set out in Section 60(1.1) of the BIA outstanding as at the Filing Date against the Company, if any, payment of which will be made in priority to the payment of the Preferred Claims and to distributions in respect of the Ordinary Claims, and specifically excludes any other claims of the Crown;
- (o) “**Director/Officer Indemnity Claims**” means any existing or future right of any Director or Officer against the Company that arose or arises as a result of any Person filing a proof of claim (as contemplated by the BIA) in respect of a Director Claim or Officer Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by the Company;
- (p) “**Director**” means the current director of the Company as at the Filing Date in such capacity;
- (q) “**Director Claim**” means a Claim against a Director that relates to the obligations of the Company where the Director is by law liable in his capacity as director for the payment of such obligations and, for greater certainty, excludes any claim against a Director for guarantees he made in respect of any obligations of the Company or any other Company owned directly or indirectly by him;
- (r) “**Equity Claim**” has the meaning given to it in Section 2 of the BIA;
- (s) “**Event of Default**” has the meaning given to it in Article 9 of this Proposal;
- (t) “**Filing Date**” means the date on which the Receiver filed this Proposal under the BIA;
- (u) “**Governmental Entity**” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
- (v) “**KSV**” means KSV Restructuring Inc. (formerly KSV Kofman Inc.);
- (w) “**Law**” means any law, statute, order, decree, consent decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law, whether in Canada or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity;
- (x) “**Meeting**” means a meeting of the Ordinary Creditors of the Company called for the purpose of considering and voting in respect of this Proposal;
- (y) “**Non-Released Persons**” means any individual who is or was an Officer of the Company including, for greater certainty, Dani Diena, Grace Diena or any relative (by blood or marriage) of Dani Diena or Grace Diena;

- (z) **“Officer”** means any past or present officer of the Company;
- (aa) **“Officer Claim”** means a Claim against an Officer that relates to the obligations of the Company where the Officer is by law liable in his capacity as an officer for the payment of such obligations and, for greater certainty, excludes any claim against the Officer for guarantees he made in respect of any obligations of the Company or any other Company owned directly or indirectly by him;
- (bb) **“Ordinary Claims”** means all Claims other than Preferred Claims, Secured Claims and Unaffected Claims;
- (cc) **“Ordinary Creditor”** means a Person holding one or more Ordinary Claims;
- (dd) **“Ordinary Creditors’ Pool”** means the pool of funds in the amount of \$125,000 to be transferred by the Receiver to the Proposal Trustee for the purposes of distribution to Ordinary Creditors holding Ordinary Claims;
- (ee) **“Person”** means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;
- (ff) **“Preferred Claims”** means the Claims set out in Subsection 136(1) of the BIA, outstanding as at the Filing Date against the Company, if any, the payment of which will be made in priority to distributions in respect of the Ordinary Claims;
- (gg) **“Proposal”** means this Proposal made pursuant to the BIA, as further amended or supplemented from time to time;
- (hh) **“Proposal Approval Motion”** has the meaning given to it in Section 10.01 hereof;
- (ii) **“Proposal Approval Order”** has the meaning given to it in Section 10.02;
- (jj) **“Proposal Implementation Date”** means the date on which this Proposal is implemented as evidenced by the service of the Proposal Trustee’s certificate as contemplated by Section 10.04;
- (kk) **“Proposal Implementation Time”** means 12:01am on the Implementation Date (or such other time as the Court Officer and the Sponsor may designate);
- (ll) **“Proposal Trustee”** means KSV in its capacity as proposal trustee as appointed pursuant to the Authorization Order;
- (mm) **“PSA”** means the Proposal Sponsorship Agreement dated as of September 16, 2020 between the Sponsor and the Receiver, as the same has been or may be further amended from time to time;
- (nn) **“Receiver”** has the meaning given to it in the preamble;
- (oo) **“Receivership”** means the receivership proceedings pursuant to the Receivership Order;
- (pp) **“Receivership Order”** means the Order of the Court appointing KSV as Receiver made on December 4, 2019;
- (qq) **“Released Parties”** has the meaning given to it in Section 7.01;
- (rr) **“Reorganization Approval Order”** means the Order of this Court in the Receivership and these proceedings approving the Reorganization as contemplated by the PSA on the terms and conditions set out therein;

- (ss) “**Required Majority**” means the required majority of Affected Creditors entitled to vote on the Proposal as contemplated by Section 54 of the BIA;
- (tt) “**Respondents**” has the meaning given to it in the title of proceedings in the Receivership;
- (uu) “**Sponsor**” means 2775506 Ontario Inc.;
- (vv) “**Trustee**” means KSV, in its capacity as proposal trustee in this Proposal;
- (ww) “**Unaffected Claims**” means any Claims of ECN Financial Inc. under its security including any borrowings by the Receiver pursuant to the Receivership Order, all Administration Fees and Expenses;
- (xx) “**Unaffected Creditor**” means a Person holding one or more Unaffected Claims in respect of and to the extent of such Unaffected Claim.

1.02 PSA Defined Terms

Capitalized terms used herein and not otherwise defined have the meaning given to them in the PSA.

1.03 Headings

The division of this Proposal, into parts, paragraphs and subparagraphs, and the insertion of headings, is for convenience only and is not to affect the construction or interpretation of this Proposal.

1.04 Business Days

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.05 Successors and Assigns

This Proposal will be binding upon and will enure to the benefit of all persons named or referred to herein including, without limitation, all Creditors and their heirs, estate administrators, personal representatives, successors and assigns as the case may be.

ARTICLE 2 - PURPOSE AND EFFECT OF THIS PROPOSAL

2.01 Purpose

The purpose of this Proposal is to effect a proposal for the distribution of funds from the Ordinary Creditors' Pool.

2.02 Persons Affected

At the Proposal Implementation Time, this Proposal will become effective on and, subject to the fulfillment by the Company of its obligations hereunder, shall be binding on the Company, the Directors and Officers, the Affected Creditors and the Existing Equity Holders.

2.03 Effect of Proposal Implementation

Effective on the Proposal Implementation Time, all Claims of Affected Creditors shall be discharged, and the Company shall thereupon be released from all Claims of Affected Creditors, other than the obligation to make payment in the manner and to the extent described in this Proposal or as otherwise described.

2.04 Unaffected Claims

Unaffected Claims will not be affected by this Proposal and are to continue in the ordinary course under their present arrangements unless otherwise agreed to by an Unaffected Creditor.

ARTICLE 3 – TREATMENT OF CLAIMS

3.01 Preferred Claims and Mandatory Payments

(a) Crown Claims

Within five Business Days of the Proposal Implementation Date, the Crown Claims, if any, will be paid by the Trustee, in full with related interest and penalties as prescribed by the applicable laws, regulations and decrees.

(b) Preferred Claims

Within five Business Days of the Proposal Implementation Date, the Preferred Claims, if any, will be paid in full by the Trustee.

(c) The Levy

The levy payable to the Superintendent of Bankruptcy under the BIA shall be paid in respect of the Preferred Claims and Ordinary Claims.

3.02 Ordinary Claims

(a) Subject to the amounts required to be paid in Section 3.01(c), the Proposal Trustee shall make one or more distributions to Ordinary Creditors of 100% of the funds from the Ordinary Creditors' Pool on a pro rata basis in accordance with the proofs of claims that are filed by Ordinary Creditors and the BIA.

(b) Ordinary Creditors will accept the payment provided for in this Section 3.02 in complete satisfaction of all their Claims and all liens, certificates of pending litigation, executions or any other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against the Company's property or the Company. Upon the making of the payments provided for in this section, any and all such claims and all such liens, certificates or pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without cost to the Company.

3.03 Equity Claims

All Equity Claims, and all Director/Officer Indemnity Claims that are based on or related to Equity Claims, shall and shall be deemed to be fully, finally and irrevocably and forever compromised, released, discharged, settled, extinguished, cancelled and barred on the Proposal Implementation Date. Holders of Equity Claims shall not receive any consideration or distributions under this Proposal and shall not be entitled to vote on this Proposal at the Meeting.

ARTICLE 4 - VOTING ON THE PROPOSAL

4.01 For the purpose of voting on the Proposal, there shall be one class of Ordinary Creditors.

4.02 In order to be eligible to vote at the meeting of Ordinary Creditors, each Ordinary Creditor shall file a proof of claim with the Trustee in accordance with the applicable provisions of the BIA and thereafter the Trustee shall determine the claims in accordance with the provisions of section 135 of the BIA.

4.03 In order to receive a distribution from the Proposal, an Ordinary Creditor must submit a proof of claim prior to the time the Trustee distributes funds in accordance with the Proposal.

4.04 For greater certainty, Unaffected Creditors and Existing Equity Holders shall not be entitled to vote on the Proposal.

ARTICLE 5 - CLAIMS AGAINST DIRECTORS

5.01 In accordance with Section 50(13) of the BIA, effective on receipt of the Proposal Approval Order, the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete compromise, release and discharge of all Affected Claims, of any nature or source whatsoever, of all Creditors and any other persons against the Director, which arose before the Filing Date and which relate to obligations of the Company where the Director is by law liable in his capacity as Director for payment of such obligations, provided however that nothing herein shall release or discharge or be deemed to have released or discharged any Affected Claims against the Director that cannot be released or discharged pursuant to Section 50(14) of the BIA and provided further nothing herein shall release any Affected Claim against the Non-Released Persons.

5.02 Nothing in the Proposal shall be deemed, in any manner whatsoever, to constitute any acknowledgement of any liability or obligations of the Director.

ARTICLE 6 - PREFERENCES, TRANSFERS AT UNDER VALUE, ETC.

6.01 In conformity with Section 101.1 of the BIA, Sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like shall not apply to this Proposal.

6.02 As a result of and in accordance with Section 6.01 hereof and all of the rights, remedies, recourses and Claims described therein:

- (a) all such rights, remedies and recourses and any Claims based thereon shall be completely unavailable to the Trustee or any Creditors against the Company, any of the Company's property, any other Creditor or any other person whatsoever; and
- (b) the Trustee and all of the Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Claims based thereon against the Company, the Company's property any other Creditor or any other persons.

ARTICLE 7- RELEASES

7.01 Release

At the Proposal Implementation Time, the Company, the Company's present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (collectively, the "**Released Parties**") shall be released and discharged from any and all rights and claims of any Person against a Released Party ("**Released Claims**"), including without limitation any Affected Claim, whether or not any such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, where such right or claim is based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place (x) on or prior to the Proposal Implementation Date, or (y) after the Proposal Implementation Date in furtherance of the Proposal and that is in any way relating to, arising out of, or in connection with: (i) Affected Claims; (ii) the PSA; (iii) this

Proposal; (iv) the Receivership; or (v) the Subscription Agreement; provided, however, that nothing in this Section 7.01 will release or discharge:

- (a) Any Affected Claim against any of the other Respondents or the Non-Released Persons;
- (b) Any Claim of ECN Financial Inc.;
- (c) The Company of, or from, its obligations under this Proposal, under any Order, or under any document delivered by the Company on the Proposal Implementation Date pursuant to this Proposal; or
- (d) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

7.02 Injunctions

All Persons (regardless of whether or not such Persons are Affected Creditors) are permanently and forever barred, estopped, stayed and enjoined, on and after the Proposal Implementation Time, with respect to any and all Released Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against the Released Parties, as applicable; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties; (iii) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (iv) taking any actions to interfere with the implementation or consummation of this Proposal; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Proposal.

7.03 Non-Released Parties

For greater certainty, the compromise and release of Affected Claims hereunder do not in any way affect, compromise, release or impair the Claims of any Creditor against any other Respondent, the Non-Released Persons or any other Person other than specifically set out herein.

7.04 Timing of Releases and Injunctions

All releases and injunctions set forth in this Article shall become effective on the Proposal Implementation Date at the time or times and in the manner set forth in Article 7 of the PSA.

7.05 Knowledge of Claims

Each Person to which Section 7.01 hereof applies shall be deemed to have granted the releases set forth in Section 7.01 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any Applicable Law which would limit the effect of such releases to those claims including Claims or causes of action known or suspected to exist at the time of the granting of the release.

ARTICLE 8 - EVENT OF DEFAULT

8.01 The non-payment of amounts under ARTICLE 3 within ten (10) Business Days of the date on which such payment is due will constitute an event of default for the purposes of Section 62.1 of the BIA and otherwise under this Proposal.

8.02 Any event of default under the PSA which is not remedied or waived within the time provided for in the PSA shall also constitute an event of default hereunder.

ARTICLE 9 – COURT OFFICER

9.01 KSV Restructuring Inc. is the Court Officer under this Proposal. The Court Officer is acting in its capacities as Trustee and Receiver under this Proposal, and not in its personal capacity, and shall not incur any personal liabilities or obligations in connection with this Proposal or in respect of the business, liabilities, obligations of the Company, whether existing as at the Filing Date or incurred subsequent thereto.

9.02 The Court Officer will continue to monitor the Company's cash receipts and disbursements and perform all other obligations until this Proposal is either accepted by the Creditors and implemented or rejected by the Creditors.

9.03 All notices sent by the Trustee or to be sent to the Trustee pursuant to the BIA may be sent by email or ordinary prepaid, first class mail.

ARTICLE 10 - COURT APPROVAL, CONDITIONS PRECEDENT AND IMPLEMENTATION

10.01 Application for Approval Order

Each of the Affected Creditors, Equity Holders and the Official Receiver (as defined in and appointed under the BIA) are hereby given notice that, after acceptance of this Proposal by the requisite majority of Ordinary Creditors in accordance with the relevant provisions of the BIA, the Trustee will present a motion (the “**Proposal Approval Motion**”) to the Court seeking the Proposal Approval Order before the court on February 19, 2021 at 12 o'clock p.m. or soon thereafter.

10.02 Proposal Approval Order

The order approving the Proposal (the “**Proposal Approval Order**”) shall, among other things:

- (a) declare that this Proposal is fair and reasonable;
- (b) declare that this Proposal has been approved pursuant to Section 60 of the BIA and will be binding and effective as herein set out on the Company, all Affected Creditors, all holders of Equity Claims (including Existing Equity Holders) and all other Persons as provided for in this Proposal or in the Proposal Approval Order;
- (c) grant to the Trustee in addition to its rights and obligations under the BIA and any other Court Order, the powers, duties and protections contemplated by and required under the Proposal;
- (d) order that the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery as described in Section 7.02 hereof shall be permanently enjoined;
- (e) compromise, discharge and release the Released Parties from any and all claims of any nature in accordance with the Proposal, and declare that the ability of any Person to proceed against the Released Parties in respect of or relating to any such claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such claims be permanently stayed.

10.03 Conditions to Implementation

The implementation of this Proposal shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by this Proposal) of the following conditions:

- (a) the Proposal shall have been approved by the Required Majority at the Meeting;
- (b) the Court shall have granted the Authorization Order, Proposal Approval Order and Reorganization Approval Order, the operation and effect of which shall not have been stayed, reversed or amended, or in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (c) the Capitalization Amount shall have been funded by the Sponsor;
- (d) all conditions precedent to the implementation of the Reorganization under the PSA shall have been satisfied or waived;
- (e) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this Proposal illegal or otherwise prohibited;
- (f) all documents necessary to give effect to all material provisions of this Proposal shall have been executed and/or delivered by all relevant Persons; and
- (g) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated.

10.04 Proposal Trustee's Certificate of Plan Implementation

Upon written notice from the Receiver and the Sponsor to the Trustee that the conditions to Implementation set out in Section 10.03 have been satisfied or waived, the Trustee shall, as soon as possible following receipt of such written notice, serve on the service list in the Receivership Proceedings, and file with the Court, a certificate which states that all conditions precedent set out in Section 10.03 have been satisfied or waived and that the Proposal Implementation Date has occurred or will occur on a future date specified in the certificate.

ARTICLE 11 - MISCELLANEOUS

11.01 On receipt of the Proposal Approval Order, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety, including, without limitation the terms of the Proposal Approval Order. For greater certainty, each such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditors and the Company that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

11.02 The payment, compromise or other satisfaction of any Claim under this Proposal will be binding on the Creditors and their respective heirs, executors, administrators, successors and assigns for all purposes.

11.03 The Proposal shall be governed by and construed in accordance with the Laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the

Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

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Dated at Toronto this 7th day of January, 2021.

**RANDO DRUGS LTD.,
by KSV RESTRUCTURING INC., receiver of
the property, assets and undertaking of the
Company**

Per:



We have the authority to bind the Company

Appendix “C”



**Report to Creditors of
Rando Drugs Ltd.
by KSV Restructuring Inc.
as Proposal Trustee**

January 15, 2021

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF
RANDO DRUGS LTD., OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

PROPOSAL TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

JANUARY 15, 2021

1.0 Introduction

1. This report ("Report") has been prepared by KSV Restructuring Inc.¹ ("KSV") in its capacity as proposal trustee ("Proposal Trustee") in connection with a proposal (the "Proposal") filed by Rando Drugs Ltd. ("Rando") with the Official Receiver on January 7, 2021 in accordance with Section 62(1) of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3*, as amended (the "BIA"). The Proposal was filed by KSV in its capacity as receiver (the "Receiver") of the assets, undertaking and property of Rando. A Certificate of Filing a Proposal ("Certificate") was issued on that date by the Office of the Superintendent of Bankruptcy (Canada) (the "OSB"). Copies of the Proposal and the Certificate are attached as Appendices "A" and "B", respectively.
2. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on December 4, 2019 (the "Receivership Order"), KSV was appointed Receiver of Rando, 2345760 Ontario Inc. ("2345"), 2275518 Ontario Inc. ("2275"), M. Blacher Drugs Ltd.² ("Blacher"), 2501380 Ontario Inc. ("2501"), 2527218 Ontario Inc. ("2527"), Dumopharm Inc. ("Dumopharm") and 2527475 Ontario Inc. ("2527") (collectively, the "Rando Companies"), and of Grace Diena³, the spouse of Dani Diena, the Rando Companies' principal. A copy of the Receivership Order is attached as Appendix "C".
3. The principal purpose of these proposal proceedings is to facilitate a reorganization of Rando's share capital and subscription for new shares by the Sponsor (defined below) pursuant to a sponsorship agreement dated as of September 16, 2020 (as amended, the "Sponsorship Agreement") between the Receiver and 2775506 Ontario Inc. (the "Sponsor"). As a result of the capital injection by the Sponsor, it is proposed that Rando's unsecured creditors will receive recoveries on their claims to be paid using a portion of the sponsorship funds.

¹ Effective August 31, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

² Now known as Family Health Pharmacy West Inc.

³ Ms. Diena was added to the Receivership Order pursuant to a Court order dated February 26, 2020.

4. The Sponsorship Agreement has been approved in the receivership proceedings and the Receiver has been authorized to proceed with the reorganization and the filing of the Proposal. On November 9, 2020, the Court made an Order (the “Sponsorship Agreement Authorization Order”) which, among other things:
 - a) approved the Sponsorship Agreement;
 - b) authorized the Receiver to enter into the Sponsorship Agreement and take all steps necessary to give effect to the transactions contemplated by it; and
 - c) authorized the Receiver to file a proposal on behalf of Rando and permit KSV to act as Proposal Trustee upon filing the Proposal.
5. Copies of the Sponsorship Agreement and the Sponsorship Agreement Authorization Order are attached as Appendices “D” and “E”, respectively.

1.1 Meeting to Consider the Proposal

1. The details of the creditors’ meeting to consider and vote on the Proposal to be held pursuant to Section 51(1) of the BIA (the “Meeting”) are as follows:

Date: January 28, 2021

Time: 10:00 am (EST)

Location: to be convened virtually via Zoom: at
<https://zoom.us/j/93059351152?pwd=M1FoR1V1R3h6QVpqOVBV RHBnM2NjQT09>

2. As described in greater detail below, to vote on the Proposal, Rando’s creditors must file a proof of claim with the Proposal Trustee prior to the Meeting. Creditors can vote at the Meeting by attending in person or by submitting voting letters to the Proposal Trustee prior to the Meeting. Creditors can also vote by way of proxy and can identify the Proposal Trustee as their proxy.
3. A proof of claim form, proxy, voting letter and instruction letter are provided in Appendix “F”. Creditors should read the instruction letter to understand the voting procedures, including the procedure to register claims with the Proposal Trustee.
4. The Proposal Trustee’s Notice of Proposal to Creditors, a summary of Rando’s Statement of Affairs and a list of creditors are attached as Appendices “G”, “H” and “I”, respectively.

1.2 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about Rando;
 - b) summarize the key terms of the Proposal;

- c) summarize the key terms of the Sponsorship Agreement;
- d) discuss the Receiver's ability to execute the terms of the Proposal;
- e) provide the Proposal Trustee's opinion as to the reasonableness of the provision in the Proposal that sections 95 to 101 of the BIA do not apply in respect of the Proposal, as required pursuant to Section 50 (10) (b) of the BIA;
- f) compare the result for creditors under the Proposal to the result if the Proposal is not accepted and Rando is deemed to have made an assignment in bankruptcy; and
- g) provide the Proposal Trustee's recommendation on the Proposal.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.4 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by Rando's representatives, Rando's books and records and discussions with Rando's representatives, particularly Mr. Diena, the President of the Rando Companies. The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*.
2. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party wishing to place reliance on Rando's financial information should perform its own due diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever. The Proposal Trustee accepts no responsibility for any reliance placed by any party based on the information in this Report.

2.0 Background

2.1 Overview

1. As of the date of the Receivership Order, 2345 was indebted to ECN Financial Inc. ("ECN"), the Rando Companies' principal secured creditor, in the amount of approximately \$4.1 million (the "ECN Facility"), plus interest, fees and costs which continue to accrue⁴.
2. Each of Rando, 2275, Blacher, 2501, 2527218, Dumopharm, 2527475 and Ms. Diena are secured guarantors of 2345's indebtedness under the ECN Facility.

⁴ As at the date of this Report, the Receiver has made distributions totalling \$1.45 million to ECN from the proceeds of the realization of the Rando Companies' assets.

3. As at the date of the Receivership Order, Rando owned and operated the following pharmacies (“Pharmacies”) in Southwestern Ontario under the PharmaChoice banner, each of which operated as a separate division of Rando:
 - a) 6720 Hawthorne Drive, Windsor (“Pharmacy East”);
 - b) 1604 Tecumseh Road West, Windsor (“Pharmacy West”);
 - c) 785 Tecumseh Road, Unit #16, Walpole Island (“Walpole”); and
 - d) 3A-1275 Walker Road, Windsor (“Novacare”).
4. During the receivership proceedings, the Receiver marketed and sold the business and assets of Rando, including the Pharmacies, for combined total sale proceeds of approximately \$2.2 million.
5. Following the sale of the Pharmacies, Rando has no employees and does not carry on any business.
6. Pursuant to an Order made by the Court on September 3, 2020, the Receiver has made two distributions in the aggregate amount of \$1.45 million to ECN in respect of its secured claims against the Rando Companies. As at the date of this Report, the balance owing by the Rando Companies to ECN exceeds \$3 million plus interest and costs which continue to accrue.

2.2 Rando Charter

1. As a company incorporated prior to or in 1954 that carried on the business of a pharmacy at that time, Rando falls within the exemption provided under Section 142(4) (the “Exemption”) of the *Drug and Pharmacies Regulations Act* (Ontario) (“Pharmacies Act”), which allows Rando to own and operate pharmacies without it being majority owned by pharmacists.
2. Companies with Exemptions are often referred to as having a “Charter” or being a “Charter Company”. There is no formal “charter” document. Rather, it is the corporate entity itself that is entitled to the Exemption.
3. Following the sale of the Pharmacies, the most significant remaining asset of Rando is the “Charter”.
4. As discussed further in section 4 below, if the Proposal is accepted by the creditors and approved by the Court, the Sponsor has agreed to purchase newly issued common shares of Rando following a reorganization, thereby acquiring the “Charter”.
5. Further information about the Rando Companies is provided in KSV’s reports to Court in its capacity as Receiver (the “Receiver’s Reports”). The Receiver’s Reports, as well as all Court materials filed in the receivership proceedings and the proposal proceedings are available on KSV’s website at <https://www.ksvadvisory.com/insolvency-cases/case/rando-drugs-ltd>.

3.0 The Proposal

1. This section provides an overview of the terms of the Proposal. Review of this section is not a substitute for reading the Proposal. Creditors are strongly encouraged to read the Proposal in its entirety prior to voting on the Proposal. Creditors are encouraged to discuss the terms of the Proposal with their legal counsel. A copy of the Proposal is provided in Appendix "A".
2. Capitalized terms used in this section and not otherwise defined in the Report have the meaning given to them in the Proposal.

3.1 Purpose and Effect

1. The overall purpose of the Proposal is to:
 - a) give effect to a distribution of funds from the Ordinary Creditors' Pool to the Affected Creditors; and
 - b) effect releases of any and all Affected Claims.
2. Effective on the Proposal Implementation Date, all Claims of Affected Creditors shall be discharged, and Rando shall be released from all Claims of Affected Creditors, other than the obligation to make payment to the extent described in the Proposal.
3. The release of Affected Claims and implementation of the Proposal is a condition to the implementation of the reorganization contemplated by the Sponsorship Agreement. As a result of the reorganization, the Sponsor will receive new shares of Rando and will become the sole shareholder of Rando pursuant to Articles of Reorganization.

3.2 Classes of Creditors

1. For the purpose of voting on the Proposal, there shall be one class of Ordinary Creditors.

3.3 Treatment of Claims

1. The Proposal is sponsored by 2775506 Ontario Inc., an arms' length party, and is being made to the holders of Affected Claims against Rando (the "Affected Creditors"). Unaffected Creditors include claims of:
 - a) ECN under its security, including borrowings by the Receiver pursuant to the Receivership Order; and
 - b) KSV, in its capacities as Receiver and Proposal Trustee, and its legal counsel.

2. Subject to the amounts required to be paid in Section 3.01 of the Proposal, being the statutory levy of 5% payable to the OSB under the BIA, the Proposal Trustee shall make one or more distributions to Ordinary Creditors of 100% of the funds from the Ordinary Creditors' Pool, representing \$125,000 to be transferred by the Receiver to the Proposal Trustee, on a pro rata basis in accordance with the proofs of claims that are filed by Ordinary Creditors and the BIA.
3. Ordinary Creditors will accept the payment from the Ordinary Creditors' Pool in complete satisfaction of all their Claims and all liens, certificates of pending litigation, executions or any other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against Rando.
4. Within five (5) Business Days of the Proposal Implementation Date, Crown Claims and Preferred Claims, if any, will be paid in full by the Proposal Trustee.
5. On the Proposal Implementation Date, all Equity Claims, and all Director/Officer Indemnity Claims that are based on or related to Equity Claims, shall and shall be deemed to be fully, finally and irrevocably and forever compromised, released, discharged, settled, extinguished, cancelled and holders of Equity Claims shall not receive any consideration or distributions under this Proposal and shall not be entitled to vote on this Proposal at the Meeting.

3.4 Voting on the Proposal

1. To vote at the Meeting, each Ordinary Creditor shall file a valid proof of claim with the Proposal Trustee and thereafter the Proposal Trustee shall determine the claims in accordance with the provisions of section 135 of the BIA. The proof of claim form is attached as Appendix "F".
2. In order to receive a distribution from the Proposal, an Ordinary Creditor must submit a valid proof of claim prior to the time the Trustee distributes the funds in accordance with the Proposal.
3. Holders of Unaffected Claims and Equity shall not be entitled to vote on the Proposal.

3.5 Dividend Amount

1. As at the date the Proposal was filed, Ordinary Creditors were owed approximately \$267,000. Based on the list of known creditors attached in Appendix "I", amounts payable to Ordinary Creditors under the Proposal may be up to 47¢ on the dollar; however, this amount may be reduced based on proofs of claim filed.
2. The creditors' listing reflects a balance owing to several creditors of \$1, which means that the balance is unknown.
3. As set out above, ECN is an Unaffected Creditor and is therefore not participating in the Ordinary Creditors' Pool.

4. Pursuant to a settlement among the Receiver, ECN and Ms. Diena dated November 4, 2020, Ms. Diena and all members of her family, the Grace Family Trust and any other company or entity which she may own, have a direct or indirect interest in, or of which she is an officer will not oppose, assert a claim against or in any other way participate in the Proposal.
5. Pursuant to Section 147 of the BIA, payments under the Proposal are subject to the statutory levy of 5% payable to the OSB.

3.6 Proposal Conditions

1. The implementation of the Proposal is conditional upon, among other things:
 - a) acceptance of the Proposal by the statutory majority of the Creditors as required under the BIA (described in Section 3.8 below);
 - b) the Court shall have granted: i) the Proposal Approval Order; ii) the Sponsorship Agreement Authorization Order⁵; and iii) the Reorganization Approval Order;
 - c) the Capitalization Amount (as defined below in Section 4) shall have been funded; and
 - d) all conditions precedent to the implementation of the Reorganization under the Sponsorship Agreement shall have been satisfied or waived.

3.7 Other Proposal Terms

1. At the Proposal Implementation Date, Rando, Rando's present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (collectively the "Released Parties") shall be released and discharged from any and all rights and claims of a Person against a Released Party.
2. The compromise and release of Affected Claims do not in any way affect, compromise, release or impair the Claims of any Creditor against any other Respondent, the Non-Released Persons or any other Person other than specifically set out in the Proposal. Additionally, the Proposal does not release or discharge any claim of ECN as against the other Rando Companies.
3. Upon written notice from the Receiver and the Sponsor to the Proposal Trustee that the conditions to Implementation set out in Section 10.03 of the Proposal have been satisfied or waived, the Proposal Trustee shall, as soon as possible following receipt of such written notice, serve on the service list in the Receivership Proceedings, and file with the Court, a certificate which states that all conditions precedent set out in Section 10.03 of the Proposal have been satisfied or waived and that the Proposal Implementation Date has occurred or will occur on a future date specified in the certificate.

⁵ The Sponsorship Agreement Authorization Order was granted on November 9, 2020.

4. Sections 95 to 101 of the BIA do not apply to the Proposal or the proceedings related to the Proposal and may not be invoked or relied upon by any Affected Creditor or the Proposal Trustee. Additional details regarding this provision are provided in Section 5 below.
5. Other than a default under the Sponsorship Agreement, the non-payment of amounts in respect of preferred and ordinary claims (as set out in Article 3 of the Proposal) will constitute an event of default for the purposes of Section 62.1 of the BIA and under the Proposal.

3.8 Acceptance and Approval of the Proposal

1. In order for the Proposal to be accepted, two-thirds in dollar value and over 50% in number of the Ordinary Creditors present and voting, in person or by proxy, must vote in favour of the Proposal.
2. Rejection of the Proposal by the creditors would result in Rando being deemed to have made an assignment in bankruptcy.
3. Upon being accepted by creditors, the Proposal must be approved by the Court. If the Court fails to approve the Proposal, Rando is deemed to have made an assignment in bankruptcy.

4.0 Sponsorship Agreement⁶

1. Pursuant to the Sponsorship Agreement, the Sponsor is to provide the Receiver with \$1 million (the "Capitalization Amount") as a subscription for New Common Shares, being 1,000,000 Common Shares to be issued from the capital of Rando. The Sponsor has paid a deposit of \$150,000 to the Receiver. The balance of the Capitalization Amount is to be paid two Business Days prior to the Reorganization Implementation Date.
2. The Capitalization Amount is to be used as follows:
 - a) \$125,000 (the "Proposal Amount"), being the portion of the Capitalization Amount to be transferred by the Receiver to the Proposal Trustee to fund distributions to ordinary creditors; and
 - b) the balance to be distributed to ECN after deducting the fees and disbursements of KSV as Receiver and Proposal Trustee, including those of its legal counsel, and other amounts payable under the Proposal as determined by the Proposal Trustee and approved by the Sponsor, subject to the consent of ECN.
3. The obligation of the Sponsor to complete the Reorganization contemplated by the Sponsorship Agreement is conditional on, among other things, acceptance of the Proposal by the statutory majority of creditors at the Meeting and approval of the Proposal by the Court.

⁶ Defined terms in this section of the Report have meanings provided to them in the Sponsorship Agreement.

4. A summary of the other key terms of the Sponsorship Agreement was provided in Section 4.1 of the Receiver's Fourth Report to Court dated September 23, 2020 (the "Fourth Report"). A copy of Section 4.1 of the Fourth Report is attached as Appendix "J".

5.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties under the BIA, the Proposal Trustee conducted a review of Rando's bank statements and cancelled cheques for the twelve-month period (the "Review Period") immediately preceding the commencement of the receivership proceedings to identify transactions that could be considered preferences or transfers at undervalue. The focus of the Review Period was transactions above \$10,000.
2. The Proposal Trustee's review identified one transaction in the amount of \$29,000 occurring on December 4, 2019 between Rando and Premium Canadian Pharmacy Ltd. ("Premium"), a company which the Proposal Trustee understands is owned or controlled by Mr. Diena, that could be considered a preference. The Proposal Trustee is of the view that the professional costs associated with pursuing this transaction outweigh the ultimate benefit to the creditors of Rando. The Proposal Trustee also notes that recoveries are uncertain as Mr. Diena funded certain expenses of Rando through Premium during the Review Period and an obligation to Premium may have existed on the date of the Receivership Order.
3. As described in Section 3.7 above, Article 6 of the Proposal provides that Sections 95 to 101 of the BIA, being the relevant sections under the BIA dealing with transactions that may be challenged by a Trustee, do not apply to the Proposal and may not be relied upon by the creditors or by the Proposal Trustee. Therefore, by voting in favour of the Proposal, creditors will be giving up their right to pursue any of the remedies under these sections of the BIA.
4. For the reasons referenced above, the Proposal Trustee is of the view that Article 6 of the Proposal is not unreasonable. .

6.0 Estimated Distribution in the Event of a Bankruptcy

1. As all of Rando's assets (other than the "Charter") were sold, no recoveries are expected for Rando's creditors if the Proposal is rejected and Rando is deemed to have made an assignment in bankruptcy.
2. **Absent the Sponsorship Agreement and implementation of the Proposal, there will be no recoveries for Affected Creditors.**

7.0 Conclusion and Recommendation

1. Affected Creditors will not have any opportunity for recovery should the Proposal not be accepted and approved by the Court. Payments under the Proposal could result in a recovery of up to approximately 47¢ on the dollar for the Affected Claims versus the alternative, which is a nil recovery if the Proposal is rejected and Rando becomes bankrupt. **Accordingly, the Proposal Trustee strongly recommends that Rando's creditors vote in favour of the Proposal.**
2. If the Proposal is accepted by the Affected Creditors at the Meeting, the Proposal Trustee will seek the Court's approval at a motion to be heard at 10 a.m. on February 19, 2021.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
RANDO DRUGS LTD.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “D”

District of Ontario
 Division No. 09 - Toronto
 Court No. 31-2702401
 Estate No. 31-2702401

Voting Summary

In the matter of the proposal of
 Rando Drugs Ltd.
 of the City of North York, in the Province of Ontario

Insolvency Date: 07-Jan-2021
 Estate Number: 31-2702401

Result of Voting

Class	Total #			Dollar Value of Claims		Percentage by Votes		Percentage by Value			Result	
	Votes	Yes	No	Yes	No	Yes	No	Yes	No	By Votes	By Value	
	2	2	0	357,920.74	0.00	100.00	0.00	100.00	0.00	App.	App.	

List of creditors

Class	Creditor Name	Type	Account #	\$ Admitted for Voting	Voted By	Vote
	CWB National Leasing Inc.	U		293,920.74	Letter	For
	Steven A. Strauss & Associates	U		64,000.00	Letter	For

Appendix “E”

Estate File No.: 31-2702401

**IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

MINUTES OF GENERAL MEETING OF CREDITORS

1. The following are the minutes of the General Meeting of Creditors in the Proposal proceedings of Rando Drugs Ltd. (the "Company") held via video conference on the 28th day of January 2021 at 10:00 a.m. (the "Meeting").
2. An attendance list of those present is attached as Appendix "A".
3. Mitch Vininsky of KSV Restructuring Inc. ("KSV"), the Proposal Trustee, called the Meeting to order at 10:00 a.m., announced the presence of a quorum and that the meeting was duly constituted.
4. Mr. Vininsky informed the Meeting that he would act as Chair pursuant to Section 51(3) of the *Bankruptcy and Insolvency Act* ("BIA") and Murtaza Tallat of KSV would act as the Recording Secretary. Mr. Vininsky introduced the other representatives of the Proposal Trustee and the Proposal Trustee's counsel.
5. The Chair advised that the Recording Secretary would make available the following documents should any creditors wish to review them:
 - Proposal (the "Proposal");
 - Notice of Meeting of Creditors;
 - Trustee's Report to Creditors ("Report");
 - Notice of Hearing of Application for Court Approval of Proposal;
 - Proofs of Claim, as filed; and
 - the Affidavit of Service relating to the Proposal.

Review of Report and Proposal

6. The Chair reviewed the Report, highlighting the Company's financial position and the causes of its financial difficulties.
7. The Chair provided background on the Proposal, noting that the purpose of the Proposal is to make distributions to creditors greater than they would receive in a bankruptcy and to facilitate a reorganization of the Company's share capital and subscription for new shares by 2775506 Ontario Inc. (the "Sponsor") pursuant to a sponsorship agreement dated as of September 16, 2020 (as amended, the "Sponsorship Agreement") between the Receiver and the Sponsor. As a result of the capital to be provided by the Sponsor (the "Sponsorship Amount"), the Proposal contemplates that the Company's unsecured creditors will receive their pro rata share of \$125,000, which is to be funded from the Sponsorship Amount.

8. ECN Financial Inc. has agreed not to file a claim for any deficiency it may incur as a secured creditor in respect of its advances to the Company.
9. The Chair noted that the Proposal Trustee provided its recommendation that creditors vote in favour of the Proposal in Section 7 of the Report. Specifically, the Proposal Trustee advised that Affected Creditors will not have any opportunity for recovery should the Proposal not be accepted and approved by the Court. Payments under the Proposal could result in a recovery of up to approximately 47¢ on the dollar for the Affected Claims versus the alternative, which is a nil recovery if the Proposal is rejected and Rando becomes bankrupt.
10. The Chair reported that it had received two voting letters representing claims of \$357,920.74. The Chair reported that the claim of one of the voting creditors, Steven A Strauss & Associates, is being allowed for voting purposes but is being reviewed for distribution purposes.
11. The Chair requested questions from the floor. No questions were asked.

Vote to Accept the Proposal

12. The Chair requested that a motion be tabled to accept the Proposal. David Downs of Garfin Zeidenberg LLP tabled a motion to accept the Proposal. The motion was unanimously carried.
13. The Chair announced the voting results. The Proposal was unanimously accepted by the creditors voting on the Proposal. Accordingly, the Chair declared that the vote on the Proposal had been carried.
14. The Chair advised that the motion for Court approval of the Amended Proposal is scheduled to be heard on the 19th day of February, 2021 at noon. The Chair also advised that implementation is likely to take place in March 2021 and that updates will be posted to the Proposal Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/rando-drugs-ltd>.
15. There being no further business, the meeting was terminated at 10:15 a.m.

Dated at Toronto, Ontario this 28th day of January, 2021.



Mitch Vininsky, Chair



Murtaza Talfat, Recording Secretary

Appendix “A”

**IN THE MATTER OF THE PROPOSAL OF
RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

FIRST MEETING OF CREDITORS

ATTENDANCE REGISTER

Date: January 28, 2021 at 10:00 am
Estate File No: 31-2702401

No.	Name (Print)	Representing	Amount of Claim	Remarks
1	Mitch Vininsky	KSV Restructuring Inc., Proposal Trustee	N/A	
2	Murtaza Tallat	KSV Restructuring Inc., Proposal Trustee	N/A	
3	Jennifer Stam	Norton Rose Fulbright Canada LLP, counsel to KSV Restructuring Inc., Proposal Trustee	N/A	
4	Fatima Anjum	Norton Rose Fulbright Canada LLP, counsel to KSV Restructuring Inc., Proposal Trustee	N/A	
5	David Downs	Garfin Zeidenberg LLP, counsel to CWB National Leasing Inc. Proxy for CWB National Leasing Inc.	\$293,920.74	

Appendix “F”

Court File No. CV-19-632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

MONDAY, THE 9th

JUSTICE HAINEY

DAY OF NOVEMBER, 2020

BETWEEN:

ECN FINANCIAL INC.

Applicant

- and -

2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518 ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC. formerly known as M. BLACHER DRUGS LTD., 2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC., 2527475 ONTARIO INC. and GRACE DIENA

Respondents

**ORDER
(Sponsorship Agreement Authorization Order)**

THIS MOTION, made by KSV Restructuring Inc. ("**KSV**") in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**") of the property, assets and undertaking of Rando Drugs Ltd. ("**Rando**"), 2345760 Ontario Inc. and the other Respondents listed above (collectively, the "**Debtors**") for orders, among other things:

- a) approving the sponsorship agreement dated September 16, 2020 (the "**Sponsorship Agreement**") between the Receiver and 2775506 Ontario Inc. (the "**Sponsor**");
- b) authorizing the Receiver to enter into the Sponsorship Agreement and take all steps necessary to give effect to the transactions contemplated by it, including executing any and all documents on behalf of Rando or its board of directors in furtherance of the Proposal;
- c) authorizing the Receiver to make and file a proposal (a "**Proposal**") pursuant to Sections 50 and 62 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3



(the “**BIA**”) on behalf of Rando and permitting KSV to act as proposal trustee (in such capacity, the “**Proposal Trustee**”) upon the filing of the Proposal;

- d) declaring that the Receiver’s Charge as defined in the order of the Ontario Superior Court of Justice (Commercial List) made on December 4, 2019 (the “**Receivership Order**”) applies to the fees and expenses of KSV in its capacity as Proposal Trustee, as well to the fees and expenses of the Proposal Trustee’s counsel; and
- e) sealing the confidential appendices to the Fourth Report pending further Order of the Court,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Receiver’s Motion Record, including the Notice of Motion, the Fourth Report of the Receiver dated September 23, 2020 (the “**Fourth Report**”), and on hearing the submissions of counsel for the Receiver and those other parties present, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Gianni Bianchi sworn and filed on September 24, 2020:

NOTICE AND SERVICE

1. **THIS COURT ORDERS** that the time for service of the Motion Record in respect of this motion and the Fourth Report is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.

SPONSORSHIP AGREEMENT

2. **THIS COURT ORDERS** that the Sponsorship Agreement between the Receiver and the Sponsor is hereby approved.
3. **THIS COURT ORDERS** that the Receiver is hereby authorized to enter into the Sponsorship Agreement and take all steps necessary to give effect to the transactions and reorganization contemplated by it.
4. **THIS COURT ORDERS** that in addition to the powers and authorities provided to the Receiver in the BIA and the Receivership Order, the Receiver be and is hereby authorized to

execute any and all documents on behalf of Rando or its board of directors in furtherance of the Sponsorship Agreement, the Proposal and the reorganization contemplated thereunder.

5. **THIS COURT ORDERS** that the Receiver is hereby authorized to file a Proposal on behalf of Rando.

6. **THIS COURT ORDERS** that KSV shall be permitted to act as Proposal Trustee pursuant to the Proposal.

7. **THIS COURT ORDERS AND DECLARES** that the Receiver's Charge as defined in the order of the Receivership Order be and hereby applies to the fees and expenses of KSV in its capacity as Proposal Trustee including the fees and expenses of the Proposal Trustee's counsel.

SEALING

8. **THIS COURT ORDERS** the confidential appendices to the Fourth Report be and are hereby sealed pending further Order of the Court.

MISCELLANEOUS

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.



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

NOV 09 2020

- 3 - PER / PAR: 

ECN FINANCIAL INC. and 2345760 ONTARIO INC., et al.
Applicant Respondents

Court File No.: CV-19-632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**ORDER
(Sponsorship Agreement Authorization Order)**

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, ON M5K 1E7

Jennifer Stam (LSO# 46735J)

Tel: 416-202-6707

Fax: 416-216-3930

Email: Jennifer.stam@nortonrosefulbright.com

Lawyers for the Receiver, KSV Restructuring Inc.

Appendix “G”



**Fourth Report of
KSV Restructuring Inc.
as Receiver of the
assets, undertakings and properties of
Rando Drugs Ltd.
and Related Companies**

September 23, 2020

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COURT FILE NO.: CV-19-00632106-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ECN FINANCIAL INC.

APPLICANT

- AND -

2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518 ONTARIO INC., FAMILY
HEALTH PHARMACY WEST INC. FORMERLY KNOWN AS M. BLACHER DRUGS LTD.,
2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC., 2527475 ONTARIO
INC. AND GRACE DIENA

RESPONDENTS

FOURTH REPORT OF KSV RESTRUCTURING INC.
AS RECEIVER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
RANDO DRUGS LTD. AND RELATED COMPANIES

SEPTEMBER 23, 2020

1.0 Introduction

1. This report (the "Report") is filed by KSV Restructuring Inc.¹ ("KSV") in its capacity as receiver (the "Receiver") of the assets, undertakings and properties (the "Property") of 2345760 Ontario Inc. ("2345"), Rando Drugs Ltd. ("Rando"), 2275518 Ontario Inc. ("2275"), M. Blacher Drugs Ltd.² ("Blacher"), 2501380 Ontario Inc. ("2501"), 2527218 Ontario Inc. ("2527218"), Dumopharm Inc. ("Dumopharm") and 2527475 Ontario Inc. ("2527475") (collectively, the "Company"), and of Grace Diena, the spouse of Dani Diena, the Company's principal³.
2. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on December 4, 2019 (the "Receivership Order"), KSV was appointed Receiver. A copy of the Receivership Order is attached as Appendix "A".

¹ Effective August 31, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

² Now known as Family Health Pharmacy West Inc. This should not be confused with Family Health Pharmacy West, which is an unincorporated division of Rando.

³ Ms. Diena was added to the Receivership Order pursuant to a Court order dated February 26, 2020.

3. The principal purpose of the receivership proceedings is to allow the Company's four pharmacies (the "Pharmacies") (which are believed to be owned by Rando) and its physiotherapy clinic (which is believed to be owned by 2275 and operates as "Abira") to continue to operate while the Receiver works to complete a sale of some or all of these businesses on a going-concern basis.
4. A further purpose of these proceedings is to realize on Rando's "charter", which is the principal focus of this Report.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information regarding the Company;
 - b) summarize the terms of a sponsorship agreement dated September 16, 2020 (the "Sponsorship Agreement") between the Receiver and 2775506 Ontario Inc. (the "Sponsor") pursuant to which the Receiver, on behalf of Rando, intends to file a Proposal with the Official Receiver under Section 62 of the *Bankruptcy and Insolvency Act* ("BIA") (the "Proposal");
 - c) summarize the Receiver's fees and disbursements and those of Goldman Sloan Nash & Haber LLP ("GSNH"), the Receiver's counsel⁴, from the commencement of these proceedings to July 31, 2020;
 - d) provide the Receiver's rationale for sealing certain confidential information, including the capitalization amount under the Sponsorship Agreement;
 - e) recommend that the Court issue orders:
 - i. approving the Sponsorship Agreement;
 - ii. authorizing the Receiver to enter into the Sponsorship Agreement and take all steps necessary to give effect to the transactions contemplated by it, including executing any and all documents on behalf of Rando or its board of directors in connection with the Sponsorship Agreement, the Proposal and the reorganization contemplated thereunder;
 - iii. authorizing the Receiver to make and file a Proposal on behalf of Rando and permitting KSV to act as Proposal Trustee upon the filing of the Proposal;
 - iv. declaring that the Receiver's Charge (as defined in the Receivership Order) applies to the fees and expenses of KSV in its capacity as Proposal Trustee, as well to the fees and expenses of the Proposal Trustee's counsel;

⁴ Jennifer Stam, the Receiver's lawyer at GSNH who has primary carriage of this mandate, recently moved to Norton Rose Fulbright Canada LLP and continues to represent the Receiver.

- v. sealing the confidential appendices to this Report on the terms set out below;
- vi. approving the fees and disbursements of the Receiver and GSNH as set out in Section 6; and
- vii. approving this Report and the Receiver's activities described herein.

1.2 Restrictions

1. In preparing this Report, the Receiver has relied upon unaudited financial information prepared by the Company's representatives, the books and records of the Company and discussions with the Company's representatives, particularly Mr. Diena, the President of the Company. The Receiver has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*.
2. The Receiver expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Receiver in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own due diligence and any reliance placed by any party on the information presented herein shall not be sufficient for any purpose whatsoever. The Receiver accepts no reliance to any party based on the information in this Report.

2.0 Background

1. As of the date of the Receivership Order, 2345 was indebted to ECN Financial Inc. ("ECN"), the Company's principal secured creditor, in the amount of approximately \$4.1 million (the "ECN Facility"), plus interest, fees and costs which continue to accrue. Each of Rando, 2275, Blacher, 2501, 2527218, Dumopharm, 2527475 and Ms. Diena are secured guarantors of 2345's indebtedness under the ECN Facility.
2. As at the date of the Receivership Order, the Company owned and operated the following pharmacies in Southwestern Ontario under the PharmaChoice banner:
 - a) 6720 Hawthorne Drive, Windsor ("Pharmacy East");
 - b) 1604 Tecumseh Road West, Windsor ("Pharmacy West");
 - c) 785 Tecumseh Road, Unit #16, Walpole Island ("Walpole"); and
 - d) 3A-1275 Walker Road, Windsor ("Novacare").
3. Each pharmacy operates as a separate division of Rando.
4. Mr. Diena is the President of Rando and every other Company subject to the Receivership Order. Mr. Diena has been an undischarged bankrupt since October 18, 2012. Mr. Diena's Licensed Insolvency Trustee, MSI Spergel Inc., has not taken any positions within these receivership proceedings.

5. Of the remaining borrowers and guarantors under the ECN Facility, the only other business is carried on by Abira. The Toronto-Dominion Bank (“TD”) and ECN are secured creditors of Abira. Pursuant to a priorities agreement dated March 4, 2016 between TD and ECN, TD’s security interest appears to have priority over ECN’s security interest. Abira’s indebtedness to TD totalled approximately \$980,000 at the commencement of the receivership proceedings.
6. Additional information about the Company is provided in KSV’s report to Court as proposed receiver dated December 3, 2019 (the “Pre-Filing Report”). A copy of the Pre-Filing Report is provided in Appendix “B”, without appendices.
7. The Court materials filed in these proceedings are available on the Receiver’s website at <https://www.ksvadvisory.com/insolvency-cases/case/rando-drugs-ltd>.

3.0 Sale Process

1. Prior to the commencement of the receivership, KSV was retained to, and had conducted, an extensive refinancing and sale process (“RSP”).
2. Information regarding the RSP was provided in Section 3 of the Receiver’s Second Report to Court dated February 19, 2020 (“Second Report”) and Third Report to Court dated August 27, 2020 (“Third Report”). Copies of the Second Report and Third Report are provided in Appendices “C” and “D”, respectively, without appendices.
3. Pursuant to Orders dated February 26, 2020 (the “Sale Approval Orders”), the Court approved an asset purchase agreement between the Receiver and 2258156 Ontario Inc. (“2258”) dated December 18, 2019 (the “Original APA”), as amended on January 31, 2020 and March 13, 2020 (the “Amendments” and together with the Original APA, the “2258 APA”). The 2258 APA contemplated a sale by the Receiver to 2258 of all four of the Pharmacies. The 2258 APA allocated a separate value to each of the Pharmacies, as well as to Rando’s charter⁵. Pursuant to the 2258 APA, 2258 was prepared to close on the different locations and the charter at different times and none of the transactions was contingent on the other.
4. The Sale Approval Orders approved the sale of the Novacare and Walpole locations to 2258. The transactions for those locations were completed on April 24 and 25, 2020, respectively, for combined proceeds of approximately \$1.8 million, including inventory.
5. For the reasons discussed in the Third Report, 2258 was unable to purchase Pharmacy East and Pharmacy West.

⁵ See Section 4 below for a description of the Charter.

6. As a result, on September 3, 2020, the Receiver sought approval for a sale of Pharmacy East and Pharmacy West pursuant to an agreement of purchase and sale between the Receiver and Sri Etikala and Jasmeet Chawla, in trust for a corporation to be incorporated (being 2769630 Ontario Limited and 2769637 Ontario Limited, as designated by Messrs. Etikala and Chawla, the “Purchasers”) dated July 24, 2020 (the “E/W Transaction”). This transaction is yet to close. Closing will be scheduled once the E/W Transaction is approved by the Ontario College of Pharmacists and the Purchasers arrange billing privileges with the Ontario Drug Benefit Plan.

4.0 Rando Charter⁶

1. As a company incorporated prior to or in 1954 that carried on the business of a pharmacy at that time, Rando falls within the exemption provided under Section 142(4) (the “Exemption”) of the *Drug and Pharmacies Regulations Act* (Ontario) (“Pharmacies Act”), which allows Rando to own and operate pharmacies without it being majority owned by pharmacists.
2. Companies with Exemptions are often referred to as having a “Charter” or being a “Charter Company”. There is no formal “charter” document. Rather, it is the corporate entity itself that is entitled to the Exemption.
3. Once the E/W Transaction is completed, the most significant remaining asset of the Company will be the Rando “Charter”.
4. At the request of Mr. Diena, as part of the RSP, KSV marketed another charter company, being Dedicated National Pharmacies Inc. (“DNPI”). According to Jerome Stanleigh, counsel to the Dianas, DNPI, which is also subject to the Exemption, is owned by the Grace Family Trust (the “Trust”). The Receiver has not yet satisfied itself as to the ownership of DNPI.
5. A schedule comparing the expressions of interest received by KSV for the DNPI charter is included in Confidential Appendix “1”. At the direction of Mr. Diena, the opportunity to acquire the Rando charter was not included in the RSP; however, the value of the Rando charter was established when KSV marketed the DNPI charter in the RSP.
6. As set out above, 2258 originally agreed to purchase the Charter as part of the 2258 APA. Negotiations had substantially advanced, but on the eve of signing, 2258 indicated it was not prepared to move forward. The Receiver was introduced to the Sponsor through a third party representing the Sponsor who contacted the Receiver around the time that 2258 advised it was not prepared to move forward. The discussions with the Sponsor resulted in the transaction contemplated by the Sponsorship Agreement.
7. Pursuant to the Sponsorship Agreement, the Sponsor has agreed to sponsor a Proposal which will see a pool of funds made available for distribution to Rando’s unsecured creditors with the balance payable to ECN (net of costs), a compromise of claims against Rando and a corporate reorganization of Rando.

⁶ Defined terms in this section have the meanings ascribed to them in the Sponsorship Agreement.

8. In summary, upon implementation:
 - a) all claims against Rando would be released, including the claims of ECN;
 - b) the Sponsor would receive newly issued shares (the “New Common Shares”) of Rando free and clear of all encumbrances;
 - c) the shares of Rando would be diluted such that the shares of Rando outstanding immediately prior to the issuance of the New Common Shares (the “Existing Common Shares”) will become a fraction of a share and thereafter eliminated by virtue of the articles of amendment; and
 - d) distributions would be made to Rando’s creditors.
9. A redacted copy of the Sponsorship Agreement is provided in Appendix “E” and an unredacted copy is provided in Confidential Appendix “2”. The terms of the Proposal will be the subject of a further report to the creditors of Rando and the Court.

4.1 Sponsorship Agreement⁷

1. Pursuant to the Sponsorship Agreement, the Sponsor is to provide the Receiver with capital (the “Capitalization Amount”) as a subscription for New Common Shares of Rando in accordance with the Subscription Agreement. The key terms of the Sponsorship Agreement are:
 - a) The Capitalization Amount. This is to be used as follows:
 - i. The Proposal Amount, being the portion of the Capitalization Amount to be transferred to the Proposal Trustee to fund distributions to ordinary creditors and other amounts payable under the Proposal as determined by the Proposal Trustee and approved by the Sponsor, subject to the consent of ECN; and
 - ii. The balance, to be distributed to ECN after deducting the fees and disbursements of KSV as Receiver and Proposal Trustee, including those of its legal counsel (the “ECN Distribution Amount”).
 - b) Deposit. The Sponsor paid a deposit to the Receiver. The amount of the deposit has been redacted but is included in Confidential Appendix “2”. The balance of the Capitalization Amount is to be paid two Business Days prior to the Reorganization Implementation Date.

⁷ Capitalized terms used in this section and not otherwise defined have the meaning given to them in the Sponsorship Agreement. The summary provided in this section is for information purposes only. Readers are encouraged to refer to the Sponsorship Agreement for complete terms and conditions.

- c) Reorganization. At the Reorganization Implementation Time, and as further set out in Article 7 of the Sponsorship Agreement:
- i. any Common Shares of Rando held in treasury by Rando and any Existing Share Options and any agreements relating thereto shall be cancelled and shall be deemed to be cancelled;
 - ii. any existing shareholder agreements shall and shall be deemed to be cancelled and terminated;
 - iii. all Affected Claims under the Proposal shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred with recourse solely limited as may be provided for in the Proposal;
 - iv. a filed copy of the Certificate and Articles of Amendment shall be issued by the Director (as defined in the OBCA) and any and all share certificates representing the Shares held by an Existing Equity Holder, including, without limitation, the Shareholder, shall be deemed to be cancelled without payment of any compensation or consideration of any nature or kind whatsoever therefor and shall be marked cancelled;
 - v. a Subscription Agreement shall be executed and delivered by the Receiver, on behalf of Rando, and the Sponsor, and the Capitalization Amount may be released and used in accordance with the Sponsorship Agreement and the Proposal as provided for in Article 3.02 of the Sponsorship Agreement;
 - vi. the Proposal Trustee shall give to the Sponsor the certificate in accordance with Section 65.3 of the BIA, and the releases and injunctions referred to in Article 7 of the Proposal shall become effective;
 - vii. a directors' resolution of Rando (by the Receiver) shall be executed and delivered ratifying and approving the Subscription Agreement, a specimen share certificate for the Common Shares and all required updates and filings to Rando's corporate records;
 - viii. a new share certificate representing the New Common Shares shall be executed and delivered by Rando to the Sponsor (or as it may direct in writing) as fully paid and non-assessable shares in the capital of Rando, free and clear of any and all Encumbrances of any nature or kind whatsoever; and
 - ix. the Receiver shall deliver to the Sponsor, all of the Books and Records to the extent in the possession or control of the Receiver, provided that the Receiver shall be permitted to make copies and to retain accounting records and books and records required by Applicable Law to be retained by the Receiver, provided that all original documents shall be retained by Rando and delivered to the Sponsor.

- d) Directors. The Sponsor is to nominate new member(s) to Rando's board of directors provided that such nominations shall comply with Section 142(1) of the Pharmacies Act. The name or names of the new nominee(s) shall be inserted in Rando's Articles of Amendment.
- e) Conditions. The obligation of the Sponsor to complete the Reorganization contemplated by the Sponsorship Agreement is subject to the following conditions:
- i. by no later than October 15, 2020, the Sponsor shall have satisfied itself that the Company has been since a date prior to 1954 a corporation permitted by the Ontario College of Pharmacists to operate pursuant to the exemption under Section 142(4) of the Pharmacies Act;
 - ii. the Sponsor is satisfied, acting reasonably, that the New Common Shares are free and clear of any and all Encumbrances other than any Encumbrances which may be permitted under the Proposal; and
 - iii. Rando continues to be on the Reorganization Implementation Date a corporation permitted by the Ontario College of Pharmacists to operate pursuant to the exemption under Section 142(4) of the Pharmacies Act.

Implementation of the Reorganization contemplated by the Sponsorship Agreement is conditional on, among other things, the following:

- i. the Court shall have granted an Order:
 - appointing KSV as the proposal trustee for the purposes of the Proposal;
 - confirmation that the Receiver's Charge (as defined in the Receivership Order) applies to the Administration Fees and Expenses;
 - approving the Sponsorship Agreement; and
 - authorizing the Receiver to enter into the Sponsorship Agreement and take all steps necessary to give effect to the transactions contemplated by the Sponsorship Agreement, including executing any and all documents necessary on behalf of Rando or its board of directors;
- ii. the Proposal shall have been approved by the Required Majority at the Meeting;
- iii. the Court shall have granted the Proposal Approval Order and the Reorganization Approval Order;

- iv. the Receiver shall have sold or otherwise disposed of all of Rando's remaining Property, if any, including, without limitation, all issued and outstanding shares and other securities of any subsidiary, or of any entity, owned by Rando⁸;
- v. Rando shall have no remaining employees;
- vi. ECN shall have agreed to release its claims against Rando upon receipt of the ECN Distribution Amount and shall have provided a release and discharge agreement effective upon receipt of the ECN Distribution Amount;
- vii. the Capitalization Amount shall have been received by the Receiver;
- viii. the members of the new board of directors shall have been selected in accordance with Section 4.03 of the Sponsorship Agreement; and
- ix. the Articles of Amendment shall have been deposited and filed in the record books in Rando's record office maintained pursuant to the *Business Corporations Act* (Ontario).

4.2 Proposal

1. The terms of the Proposal are still being finalized. Currently, it is contemplated that the key terms of the proposal will include the below. The final Proposal will be addressed in a subsequent report and subject to a further motion.
 - a) Class. For the purpose of voting on the Proposal, there is one class of Ordinary Creditors. Based on information provided by Rando to the Receiver, the claims are approximately \$300,000, excluding any litigation claims.
 - b) Crown and Preferred Claims. These claims, if any, will be paid in full by the Proposal Trustee within the time to be specified within the Proposal.
 - c) Preferences and Transfers at Undervalue. Sections 95 to 101 of the BIA and any provincial statute related to preferences, fraudulent conveyances, transfers at undervalue or the like do not apply to the Proposal. Accordingly, the Proposal Trustee intends to perform a review of bank statements and cancelled cheques in the year preceding the Proposal and report on the result to Rando's creditors.
 - d) Releases. The Proposal provides for broad releases against Rando, its employees, contractors and its Director (which is an individual not related to the Dianas) other than, among others:
 - i. Any Affected Claim against any of the other Respondents or the Non-Released Persons; and

⁸ There is a 2013 reference in Rando's minute book to a wholly-owned subsidiary of Rando Drugs, being 813866 Ontario Limited. Mr. Diena has advised the Receiver that Rando has no subsidiaries and he is reviewing records in storage to confirm the ownership of this entity.

- ii. Any Claim of ECN.
 - e) Events of Default. Other than a default under the Sponsorship Agreement, the non-payment of amounts in respect of preferred and ordinary claims (as set out in Article 3) within ten (10) Business Days of the date on which such payment is due will constitute an event of default for the purposes of Section 62.1 of the BIA and under the Proposal.
2. The Proposal would be filed after the E/W Transaction is completed. Court approval of the Proposal would be sought after the creditors' meeting is held.

4.3 Ownership of Rando

1. In connection with the Sponsorship Agreement and the Proposal, the Receiver and its counsel conducted diligence on the current ownership of the existing shares of Rando. Mr. Diena and his counsel have consistently alleged that substantially all (99%) of Rando's shares are owned by the Trust and have been since 2013. However, as set out in the balance of this Section, the evidence received by the Receiver strongly indicates that Rando is owned by 2345, one of the respondents in this proceeding and a secured guarantor of the ECN debt.
2. In coming to its conclusion, the Receiver has relied heavily on the documentary evidence provided by Mr. Diena and Mr. Stanleigh. In July 2019, Mr. Diena provided the Receiver with a copy of Rando's electronic minute book. The same minute book was also provided to the Receiver by Mr. Diena's counsel, Mr. Stanleigh, on April 21, 2020 in response to the Receiver's information requests related to Rando.
3. Mr. Stanleigh advised that this minute book was created in 2018, as the previous minute book had been lost; it identifies 2345 as the sole shareholder of Rando. Mr. Stanleigh's April 21, 2020 letter and the minute book are attached as Appendix "F".
4. The Receiver notes in particular:
 - the summary page, which references that the 100 common shares issued by Rando, being 100% of Rando's share capital, are held by 2345;
 - a shareholder registry, which lists 2345 as the sole shareholder;
 - a declaration by Mr. Diena dated January 26, 2018 wherein he states that "2345760 Ontario Inc. is currently the sole shareholder of the Corporation [Rando]";
 - an affidavit sworn on January 26, 2018 by Mr. Diena wherein he states that 2345 is the registered and beneficial owner of Rando;
 - joint resolutions of the sole director and sole shareholder of Rando signed by Ms. Diena on behalf of 2345 as the sole shareholder of Rando dated January 26, 2018; and
 - a special resolution signed by Ms. Diena on behalf of 2345 as the sole shareholder of Rando dated January 26, 2018.

5. The foregoing supports the fact that 2345, not the Trust, owns the Rando shares and is completely inconsistent with the suggestion that the transfer of shares took place in 2013.
6. In addition to the minute book evidence, the Receiver has considered the following:
 - a) Third party evidence also reflects Rando's ownership by 2345, including the cover pages of Rando's insurance policy. Copies of the cover pages are provided in Appendix "G";
 - b) In the context of a transaction completed in July 2018, which the Receiver is presently reviewing, Ms. Diena signed a resolution on behalf of 2345 as the sole shareholder of Rando dated July 20, 2018, a copy of which is provided in Appendix "H";
 - c) Neither Mr. Stanleigh nor Mr. Diena have provided any documentation reflecting a transfer of Rando's ownership from 2345 to the Trust, nor any documentation reflecting the consideration paid by the Trust to 2345; and
 - d) The Receiver has not identified any information in Rando's books and records reflecting a conveyance from 2345 to the Trust.
7. The Receiver has also requested diligence information with respect to the business and assets of the Trust. If the Trust does, in fact, own the shares of Rando, they would normally be listed as an asset of the Trust within its business records. In a letter dated March 23, 2020, Mr. Stanleigh advised that the Trust has "no minute book, share registry, and no resolutions". Mr. Stanleigh's letter also includes an email from Marciano Beckenstein LLP, also counsel to the Dienas, indicating that "if no activity in the trust for the entire year...then cra (administratively) does not require tax return or financial statements to be filed by the trust for that year". Accordingly, documentation and evidence regarding assets owned by the Trust, if any, appears to be limited, at best. A copy of Mr. Stanleigh's March 23, 2020 letter is attached as Appendix "I".
8. The only documentation made available to the Receiver identifying the Trust as the owner of Rando is Rando's tax return for the year ended December 31, 2018, which refers to the Trust as owning 99% of Rando's shares.
9. On May 21, 2020, GSNH advised Mr. Stanleigh that based on all of the records provided to the Receiver, it is the Receiver's view that Rando is owned by 2345 and not the Trust (the "May 21st Letter"). A copy of the May 21st Letter is provided in Appendix "J". Mr. Stanleigh has not responded to the May 21st Letter.

4.4 Recommendation

1. Notwithstanding the foregoing, in the Receiver's opinion, the rationale for the Sponsorship Agreement and related transactions is to provide benefit to the creditors of Rando given the value of the corporate entity itself, and not any specific value tied to the Existing Shares. The preponderance of the evidence indicates that the Existing Shares are, in fact, owned by 2345 but they themselves are not being conveyed as part of the reorganization. As such, ownership is only one aspect of the recommendation for approval.
2. The Receiver recommends that the Court make an Order granting the relief summarized above for the following reasons:
 - a) the transaction contemplated by the Sponsorship Agreement and the Proposal will facilitate a sale of the Rando charter for the benefit of Rando's creditors;
 - b) the Capitalization Amount is commercially reasonable and reflective of the value of the charter based on the marketing process conducted in the RSP for the DNPI charter and the offer contemplated in the 2258 APA;
 - c) ECN supports the transaction;
 - d) absent the Sponsorship Agreement and the Proposal, there would be no recoveries for unsecured creditors; and
 - e) the Receiver is of the view that a further marketing of the charter is unlikely to result in a superior transaction, particularly given the complexity, time, effort and costs incurred negotiating this transaction, first with 2258 and then with the Sponsor.
3. If the Sponsorship Agreement is approved, the next step will be for the Receiver to finalize and file the Proposal and hold the creditors' meeting. If the requisite number of Rando's creditors vote to accept the Proposal then KSV, as Proposal Trustee, will bring a motion for approval of the Proposal and the reorganization, including the proposed Articles of Amendment, the distribution to ECN and discharge of the Receiver as it relates to Rando.

4.5 Sealing

1. The Receiver recommends that expressions of interest received for the DNPI charter and the unredacted version of the Sponsorship Agreement be filed with the Court on a confidential basis and remain sealed pending a further Order of the Court. The redactions in the Sponsorship Agreement are limited to the capitalization amount and therefore no parties are prejudiced by the sealing request. A complete copy of the Sponsorship Agreement will be made available to Rando's creditors upon the filing of the Proposal.

5.0 Receiver's Activities

1. In addition to the activities summarized in this Report, the Receiver's activities since the date of the Third Report have included:
 - Corresponding regularly with the pharmacists regarding the operation of the Pharmacies;
 - Dealing with the Company's vendors to, among other things, purchase inventory for the Company's pharmacies;
 - Corresponding with Mr. Diena regarding the operations of the Pharmacies;
 - Reviewing daily transaction reports provided by the Pharmacies;
 - Dealing with the bi-weekly payroll and contractor payments related to the Pharmacies;
 - Providing rolling weekly financial and reporting to ECN thereon;
 - Corresponding with Canada Revenue Agency regarding the Company's payroll and sales tax accounts;
 - Preparing information to file Rando's tax return to the date of the Proposal;
 - Corresponding with the Purchasers regarding the E/W Transaction;
 - Providing updates to ECN on, among other things, the status of these proceedings; and
 - Preparing this Report.

6.0 Professional Fees

1. The fees of the Receiver for the period December 1, 2019 to July 31, 2020 total \$430,724, excluding disbursements and HST. The fees of GSNH for the period December 1, 2019 to August 24, 2020 total \$157,271, excluding disbursements and HST. Fee affidavits and accompanying invoices in respect of the fees and disbursements of the Receiver and GSNH for these periods are attached as Appendices "K" and "L", respectively, to this Report.

2. The fees incurred by the Receiver and GSNH are reflective of the complications associated with this receivership that were unforeseen prior to the commencement of these proceedings, including, among other things, those related to the misrepresentations by Mr. Diena concerning numerous aspects of Rando's business and operations, including the leases for Pharmacy East and Pharmacy West and the ownership of several entities. The fees also include oversight of the Pharmacies, the challenges closing the E/W Transaction and the complex process to monetize the Exemption. Oversight of the Pharmacies was extensive in light of the Covid-19, including addressing staffing, supply and PPE issues.
3. The Receiver has not charged a significant portion of its fees on this mandate. The Receiver reserves the right to seek approval of these fees at a later time if recoveries improve.
4. The average hourly rate for the Receiver and GSNH for the referenced billing period was \$451 and \$431, respectively.
5. The Receiver is of the view that GSNH's hourly rates are consistent with or lower than the rates charged by other law firms practicing in the area of insolvency in the Toronto market, and that its fees are reasonable and appropriate in the circumstances⁹.

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(e) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER OF
THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
RANDO DRUGS LTD. AND RELATED COMPANIES
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

⁹ Subsequent fee approval will include Norton Rose Fulbright Canada LLP, the firm which presently represents the Receiver.



**Supplement to Fourth Report of
KSV Restructuring Inc.
as Receiver of the
assets, undertakings and properties of
Rando Drugs Ltd.
and Related Companies**

November 3, 2020

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COURT FILE NO.: CV-19-00632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)****BETWEEN:****ECN FINANCIAL INC.****APPLICANT****- AND -****2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518 ONTARIO INC., FAMILY
HEALTH PHARMACY WEST INC. FORMERLY KNOWN AS M. BLACHER DRUGS LTD.,
2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC., 2527475 ONTARIO
INC. AND GRACE DIENA****RESPONDENTS****SUPPLEMENT TO FOURTH REPORT OF KSV RESTRUCTURING INC.
AS RECEIVER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
RANDO DRUGS LTD. AND RELATED COMPANIES****NOVEMBER 3, 2020****1.0 Introduction**

1. This report (the "Supplemental Report") supplements the Fourth Report to Court dated September 23, 2020 (the "Report").
2. This Supplemental Report is subject to the restrictions and qualifications set out in the Report.
3. Defined terms in the Supplemental Report have the meanings provided to them in the Report.

1.1 Purposes of this Report

1. The purposes of this Supplemental Report are to:
 - a) summarize an "Amendment to Sponsorship Agreement" dated October 15, 2020 (the "Amendment") between the Receiver and the Sponsor; and
 - b) comment on an affidavit of Mr. Diena affirmed October 16, 2020 concerning the ownership of Rando (the "Affidavit").

2.0 Amendment

1. Pursuant to the Amendment, the Receiver and the Sponsor agreed to extend:
 - a) from October 15, 2020 to November 16, 2020 the date for the Sponsor to satisfy itself, in its sole and unfettered discretion, that the Company has been since a date prior to 1954 a corporation permitted by the Ontario College of Pharmacists to operate pursuant to the exemption under Section 142(4) of the Pharmacies Act (the “Charter Condition”); and
 - b) from December 15, 2020 to February 1, 2021 the Outside Date for implementation of the Reorganization.
2. On November 2, 2020, the Sponsor advised the Receiver that the Charter Condition had been satisfied or waived.
3. A copy of the Amendment is provided in Appendix “A”.

3.0 Affidavit

1. In the Receiver’s view, the Affidavit provides no evidence to contradict the Receiver’s findings set out in Section 4.3 of the Report. The Receiver does not believe it is necessary to comment on all the evidence provided in the Affidavit; however, it notes the following:
 - a. the Affidavit attaches a share certificate for 2345 reflecting that it owns 100 common shares of Rando, which the Receiver understands is all of the issued and outstanding shares of Rando. The ownership of Rando by 2345 is consistent with the Receiver’s understanding;
 - b. the Affidavit states that Rando owes \$1.4 million to the Trust. The Receiver notes there is no obligation owing from Rando to the Trust reflected in Rando’s financial statements for its year ended December 31, 2018 (the “2018 Financial Statements”), a copy of which is provided as Appendix “B”. The 2018 Financial Statements are Rando’s most recently prepared statements which have been reviewed by an external accountant. In any event, the Receiver is of the view that the indebtedness of Rando to the Trust (if any) is not an issue relevant to the relief sought in this motion.

The Receiver also notes that the 2018 Financial Statements state that management is responsible for the preparation and fair presentation of the financial statements:

“Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.”

3.1 Share Pledge

1. Subsequent to its review of the Report and the Affidavit, counsel to ECN provided the Receiver with a Share Pledge Agreement made as of January 15, 2016 between ECN and 2345 (“Share Pledge”).
2. The first paragraph of the Share Pledge states that “100 issued and outstanding Class “A” common shares (the “Pledged Shares”) of Rando Drugs Ltd. (hereinafter referred to as the “Guarantor”) are owned by Pledgor¹, and the Pledged Shares represent one hundred percent (100%) of the issued and outstanding shares (the “Shares”) in the capital of the Guarantor”.
3. A copy of the Share Pledge is provided in Appendix “C”.

4.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver continues to recommend that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(e) of the Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER OF
THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
RANDO DRUGS LTD. AND RELATED COMPANIES
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

¹ Being 2345.



**Second Supplement to Fourth Report of
KSV Restructuring Inc.
as Receiver of the
assets, undertakings and properties of
Rando Drugs Ltd.
and Related Companies**

November 5, 2020

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COURT FILE NO.: CV-19-00632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)****BETWEEN:****ECN FINANCIAL INC.****APPLICANT****- AND -****2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518 ONTARIO INC., FAMILY
HEALTH PHARMACY WEST INC. FORMERLY KNOWN AS M. BLACHER DRUGS LTD.,
2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC., 2527475 ONTARIO
INC. AND GRACE DIENA****RESPONDENTS****SECOND SUPPLEMENT TO FOURTH REPORT OF KSV RESTRUCTURING INC.
AS RECEIVER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
RANDO DRUGS LTD. AND RELATED COMPANIES****NOVEMBER 5, 2020****1.0 Introduction**

1. This report (the "Second Supplemental Report") further supplements the Fourth Report to Court dated September 23, 2020 (the "Report") and the Supplement to the Fourth Report to Court dated November 3, 2020.
2. This Second Supplemental Report is subject to the restrictions and qualifications set out in the Report.
3. Defined terms in the Second Supplemental Report have the meanings provided to them in the Report.

1.1 Purposes of this Report

1. The purposes of this Second Supplemental Report are to:
 - a) summarize a settlement among the Receiver, ECN and Ms. Diena dated November 4, 2020 (the "Settlement"); and
 - b) recommend that the Court issue an Order approving the Settlement.

2.0 Settlement

1. As set out in the Report and the Supplemental Report, the Receiver and Mr. Diena have differing views as to the ownership of Rando. The Receiver has produced evidence that Rando is owned by 2345 and therefore its shares are subject to the Receivership Order.
2. In addition to Rando, the Receiver and ECN have reviewed evidence that certain other assets associated with Mr. Diena or Ms. Diena, a secured guarantor of the ECN Facility, are subject to the security interests of ECN. While the Dienas dispute ECN's interest in those assets, including DNPI and companies owned by the Trust, they have agreed to the terms of Settlement as summarized below:
 - a) Ms. Diena shall pay to the Receiver \$150,000 (the "Settlement Amount") immediately upon the execution of this Settlement.
 - b) Ms. Diena and all members of her family, the Trust and any other company or entity which she may own, have a direct or indirect interest in, or of which she is an officer (collectively the "Diena Parties" and each a "Diena Party") will not oppose, assert a claim against or in any other way participate in:
 - i. the proposed transaction contemplated by the Sponsorship Agreement;
 - ii. the Proposal;
 - iii. any motion for direction or distribution of the remaining sale proceeds (the "Pelham Proceeds") from the sale of a pharmacy completed in July 2018 associated with Rando; and
 - iv. any further motions or matters within the receivership;
 - c) To the extent possible, the Diena Parties will assist the Receiver to recover the Pelham Proceeds and shall execute (or request that another Diena Party execute) any documents (the "Pelham Support Documents") reasonably required by the Receiver in connection with the recovery of the Pelham Proceeds.
 - d) The Receiver and ECN agree that upon receipt of the Settlement Amount by the Receiver and the Pelham Support Documents, the Receiver and ECN shall not pursue any further claims against the Diena Parties, nor shall the Receiver or ECN pursue any claim against the Trust or DNPI in connection with the ECN Facility.
 - e) The Receiver shall bring a motion to approve the Settlement and discharge the receivership as against Ms. Diena, which motion shall not be opposed by ECN.
3. A copy of the Settlement is provided in Appendix "A".

2.1 Recommendation

1. The Receiver respectfully recommends that the Court issue an Order approving the Settlement for the following reasons:
 - a) It avoids litigation related to the ownership of Rando and the transaction contemplated by the Sponsorship Agreement;
 - b) It maximizes recoveries in the circumstances and will allow for the receivership, which commenced in December 2019, to be completed without further delays; and
 - c) It is supported by ECN, the Company's senior secured creditor and the party with the most significant economic interest in these proceedings.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER OF
THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
RANDO DRUGS LTD. AND RELATED COMPANIES
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

Appendix “H”

6. The terms and conditions to which the reorganization is made subject by the Order have been complied with.
Les conditions que l'ordonnance impose à la réorganisation ont été respectées.

These articles are submitted under section 186 of the *Business Corporations Act* and are signed in duplicate.
Les présents statuts sont déposés en vertu de l'article 186 de la Loi sur les sociétés par actions. Ils sont signés en double exemplaire.

Rando Drugs Ltd.

Name of Corporation / *Dénomination sociale de la société*

By/
Par :

Receiver of the Corporation and Shareholder

Signature / *Signature*

Description of Office / *Fonction*

Director of KSV Restructuring Inc.

Appendix “I”

SPONSORSHIP AGREEMENT

THIS PROPOSAL SPONSORSHIP AGREEMENT (“PSA”) is made as of the 16th day of September 2020 (the “**Effective Date**”).

B E T W E E N :

KSV RESTRUCTURING INC., solely in its capacity as receiver of the property, assets and undertaking of Rando Drugs Ltd., 2345760 Ontario Inc., and related companies and not in its personal capacity

(the “**Receiver**”)

- and -

2775506 ONTARIO INC., a corporation existing under the laws of Ontario

(the “**Sponsor**”)

RECITALS:

- A. On December 4, 2019, the Court granted an order (the “**Receivership Order**”) appointing KSV Kofman Inc. as the Receiver of the property, assets and undertaking (the “**Property**”) of, among others, Rando Drugs Ltd. (the “**Company**”) and various related entities including the Shareholder (as hereinafter defined).
- B. Pursuant to the Receivership Order, the Receiver was authorized to conduct a sale process for the Property.
- C. The Company is a company incorporated under the laws of the Province of Ontario pursuant to the OBCA (as hereinafter defined) on October 29, 1951 and entitled by the Ontario College of Pharmacists to continue to so operate from and after the Effective pursuant to the exemption under Section 142(4) of the *Drug and Pharmacies Regulation Act*, R.S.O. 1990, chapter H.4 (the right and entitlement of the Company to continue to so operate pursuant to this exemption is hereinafter referred to as the “**Charter**”).
- D. The Sponsor wishes to acquire the Company and Charter.
- E. The Sponsor has agreed to purchase newly issued Common Shares of the Company in accordance with and subject to the provisions of this PSA provided that such Common Shares are issued to the Sponsor free and clear of any and all Encumbrances (as hereinafter defined).

- F. Pursuant to Section 50(1) of the BIA, a receiver is entitled to file a proposal on behalf of the Company.
- G. The Receiver intends to file the Proposal to give effect to a distribution of certain funds to unsecured creditors of the Company and to effect a release of any and all Affected Claims including all Claims (as hereinafter defined) in respect of equity ownership in and to the Company;
- H. The Receiver, without investigation, is not aware of any Claims that may be asserted against the Company that are of the types enumerated under Section 178(1) of the BIA; and,
- I. The Receiver and the Sponsor have agreed to the terms of the Reorganization as set out herein.

THEREFORE, in consideration of the promises, mutual covenants and agreements contained in this PSA, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties (as defined below), the Parties hereby agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

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

- (a) “**Affected Claims**” means all Claims against the Company to be affected under the Proposal;
- (b) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;
- (c) “**Articles of Amendment**” means the articles of amendment of the Company to be filed in furtherance of the Reorganization on the Reorganization Implementation Date pursuant to, among other things, Section 186 of the OBCA in a form to be agreed to by the Sponsor and the Receiver acting reasonably, pursuant to which the name of the Company shall be amended to “Phillios Drugs Limited” or such other name as may be determined by the Sponsor, all issued and outstanding shares in the capital of the Company shall be consolidated such that each holder of Existing Shares shall receive 0.1 of a Common Share in the capital of the Company, and any fractional shares shall be cancelled without any repayment of capital thereof or compensation therefor;
- (d) “**Authorization Order**” has the meaning given to it in Section 6.033 hereof;
- (e) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

- (f) “**Books and Records**” means any and all books and records of, and relating to, the Company in the possession and control of the Company or the Receiver to the extent such books and records were not otherwise previously sold by the Receiver, and the Corporate Records, whether in written or electronic form;
- (g) “**Business Day**” means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;
- (h) “**Capitalization Amount**” has the meaning given to it in Section 3.01;
- (i) “**Certificate and Articles of Amendment**” means the Articles of Amendment filed with the Director appointed under the OBCA;
- (j) “**Charter**” has the meaning given to it in Recital C;
- (k) “**Claim**” or “**Claims**” means any claim against the Company and includes any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of the Company to any person, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, by surety or otherwise and whether or not such right is executory in nature, including, without limitation, the right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future;
- (l) “**Common Shares**” means the common shares of the Company;
- (m) “**Company**” has the meaning given to it in Recital A;
- (n) “**Communication**” means any notice, demand, request, consent, approval or other communication which is required or permitted by this PSA to be given or made by a Party.
- (o) “**Confidentiality Agreement**” means that certain confidentiality agreement entered between an affiliate of the Sponsor and the Receiver dated as of the 29th day of August, 2020.
- (p) “**Corporate Records**” means the corporate records of the Company, including (i) all articles and other constating documents and bylaws, (ii) all minutes of meetings and resolutions of shareholders and directors (and any committees), and (iii) the share certificate books, securities register, register of transfers and registers of directors and officers;
- (q) “**Court**” means the Ontario Superior Court of Justice (Commercial List);
- (r) “**Court Officer**” means KSV in its capacities as Receiver and Proposal Trustee;

- (s) **“Deposit”** means the deposit paid to the Receiver by the Sponsor as set out in Section 3.01(a);
- (t) **“ECN”** means ECN Financial Inc.;
- (u) **“ECN Distribution Amount”** has the meaning given to it in Section 3.02(b);
- (v) **“Effective Date”** means the effective date of this PSA being the date first set out above;
- (w) **“Encumbrance”** means any lien, mortgage, charge, hypothec, pledge, security interest, or other financial or monetary claim, assignment, option, warrant, lease, sublease, right to possession, trust or deemed trust (whether contractual, statutory or otherwise arising), adverse claim or joint ownership interest, grant of any exclusive licence, levy, execution, encumbrance, Claim, right or restriction which affect, by way of a conflicting ownership interest or otherwise, the right, title and/or interest in or to any particular property, or any rights and/or privileges capable of becoming any of the foregoing, whether or not same have attached, been perfected, registered or filed or secured, unsecured or otherwise;
- (x) **“Existing Common Shares”** means the 100 issued and outstanding Common Shares in the capital of the Company listed on the Company’s share register as being issued to the Shareholder;
- (y) **“Existing Equity Holders”** means any Person holding any Shares that are issued and outstanding immediately prior to the Reorganization Implementation Time, including any and all legal, registered and/or beneficial holders of such Shares;
- (z) **“Existing Share Options”** means any and all issued and outstanding options or other convertible securities of the Company entitling the holder thereof upon exercise or conversion to any Share or Shares existing immediately prior to the Reorganization Implementation Time whether known or unknown, listed on the registers of the Company, evidenced by certificates or agreements or otherwise;
- (aa) **“Existing Shares”** means any and all issued and outstanding Shares of the Company including Existing Common Shares, whether known or unknown, listed on the share register, evidenced by share certificates or otherwise;
- (bb) **“Governmental Entity”** means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
- (cc) **“KSV”** means KSV Restructuring Inc. (formerly KSV Kofman Inc.);
- (dd) **“Law”** means any law, statute, order, decree, consent decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law, whether in Canada or any

other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity;

- (ee) “**New Common Shares**” means the 1,000,000 Common Shares to be issued from the capital of the Company to the Sponsor pursuant to the Subscription Agreement;
- (ff) “**OBCA**” means the *Ontario Business Corporations Act*, R.S.O. 1990, c. B. 16;
- (gg) “**Outside Date**” means December 15, 2020, or such other date as the Receiver and Sponsor may mutually agree in writing;
- (hh) “**Parties**” means the Receiver and the Sponsor;
- (ii) “**Person**” means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;
- (jj) “**Property**” has the meaning given to it in Recital A;
- (kk) “**Proposal**” means a proposal to be filed pursuant to Section 50 of the BIA on such terms as the Court Officer and Sponsor may agree;
- (ll) “**Proposal Amount**” means the portion of the Capitalization Amount to be transferred to the Proposal Trustee for funding under the Proposal which amount shall be determined by the Proposal Trustee and approved by the Sponsor, acting reasonably and subject to the consent of ECN;
- (mm) “**Proposal Approval Order**” means the Order of the Court approving the Proposal on the terms and as provided for in the Proposal satisfactory to the Sponsor, acting reasonably;
- (nn) “**Proposal Trustee**” means KSV in its capacity as proposal trustee;
- (oo) “**PSA**” means this proposal sponsorship agreement, together with any schedules and exhibits attached hereto and all amendments made hereto and thereto by written agreement among the Parties hereto;
- (pp) “**Receiver**” has the meaning given to it in the introduction;
- (qq) “**Receivership Proceedings**” means the receivership proceedings pursuant to the Receivership Order;
- (rr) “**Receivership Order**” has the meaning given to it in Recital A;
- (ss) “**Reorganization**” has the meaning given to in Section 2.01;
- (tt) “**Reorganization Approval Order**” has the meaning given to it in Section 6.04 hereof;
- (uu) “**Reorganization Implementation Date**” means the date on which the Reorganization is implemented pursuant to Section 7.01 hereof;

- (vv) “**Reorganization Implementation Documents**” means the Articles of Amendment, Subscription Agreement and any other documents required to complete the Reorganization;
- (ww) “**Reorganization Implementation Time**” means 12:01 am on the Reorganization Implementation Date (or such other time as the Court Officer and the Sponsor may mutually designate);
- (xx) “**Shareholder**” means the current sole shareholder of the Company as at the Effective Date, being 2345760 Ontario Inc.;
- (yy) “**Shares**” means all of the issued and outstanding shares of the Company;
- (zz) “**Sponsor**” has the meaning given to it in the introduction;
- (aaa) “**Sponsor Default**” has the meaning given to it in Section 8.01;
- (bbb) “**Subscription Agreement**” means the agreement between the Company and the Sponsor whereby the Sponsor subscribes for the New Common Shares in a form agreed on by the Receiver and the Sponsor, acting reasonably.

1.02 Headings

The division of this PSA, into parts, paragraphs and subparagraphs, and the insertion of headings, is for convenience only and is not to affect the construction or interpretation of this PSA.

1.03 Business Days

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

ARTICLE 2– TRANSACTIONS

2.01 Reorganization

Subject to the terms and conditions set out herein, the Receiver and the Sponsor covenant and agree to undertake the following steps (the “**Reorganization**”):

- (a) Implement the terms of this PSA providing for the injection of Capitalization Amount by way of subscription by the Sponsor for New Common Shares of the Company to be used to compromise and repay certain debts of the Company in accordance with the terms of this PSA and the Proposal;
- (b) Seek approval of the Court of the Authorization Order;
- (c) Develop and seek creditor and Court approval of the Proposal;
- (d) Seek approval of the Court of the Reorganization Approval Order and the Proposal Approval Order; and

- (e) Implement the Reorganization Implementation Date transactions set out in Section 7.01 and the release of all Affected Claims and any Claims of ECN against the Company and New Common Shares.

ARTICLE 3– CAPITALIZATION AND USE OF FUNDS

3.01 Delivery of Capitalization Amount

The Sponsor agrees to pay to the Receiver \$1 million (the “**Capitalization Amount**”) in consideration and full satisfaction of a subscription for the New Common Shares of the Company in accordance with the provisions of the Subscription Agreement. The Capitalization Amount shall be paid to and held by the Receiver in trust in accordance with the provisions of this PSA, as follows:

- (a) Upon execution of this PSA, \$150,000 as an initial deposit (the “**Deposit**”) by electronic wire transfer, receipt of which is hereby acknowledged by the Receiver; and
- (b) balance to be paid by Sponsor by electronic wire transfer to Receiver in trust 2 Business Days prior to the Reorganization Implementation Date; and
- (c) the Capitalization Amount shall be held in trust by the Receiver until the Reorganization Implementation Time at which point it shall be released and used solely and strictly in accordance with the terms of this PSA and the Proposal.

3.02 Use of Funds

The Capitalization Amount shall be disbursed by the Receiver in accordance with provisions of ARTICLE 7 hereof and used solely and strictly as follows:

- (a) The Proposal Amount will be transferred to the Proposal Trustee to fund a pool for distribution to unsecured creditors of the Company under the Proposal and other amounts payable under the Proposal; and
- (b) The balance will be distributed to ECN after deduction of the Court Officer’s fees and disbursements (including those of its legal counsel) (the “**ECN Distribution Amount**”).

The time and method for transfer of the Capitalization Amount set out in Section 3.02(a) and (b) above shall be in accordance with ARTICLE 7 hereof.

ARTICLE 4- REORGANIZATION OF THE COMPANY

4.01 Reorganized Company

Effective as at the Reorganization Implementation Time, and at the time and method set out in ARTICLE 7 below:

- (a) The Company (by the Receiver) shall deliver a Certificate and Articles of Amendment issued by the Director (as defined in the OBCA) as of the time on the Reorganization Implementation Date specified in Section 7.01(a)(vi) below.
- (b) The Company (by the Receiver) shall deliver to the Sponsor a share certificate representing New Common Shares of the Company in accordance with the Subscription Agreement, free and clear of any and all Encumbrances.

4.02 Fractional Interests

In accordance with the Articles of Amendment, no fractional Shares shall be allocated or issued under this PSA, and any fractional share interests shall not entitle the owner thereof to vote, or to any rights of a shareholder of the Company, and shall be cancelled without consideration or compensation of any nature or kind whatsoever to the holder(s) thereof in accordance therewith effective as at the Reorganization Implementation Time.

4.03 New Board

The Sponsor shall nominate and elect new member(s) to the board of directors of the Company provided that such nominations shall be in compliance with Section 142(1) of the *Drug and Pharmacies Regulation Act*, R.S.O. 1990, chapter H.4. The name or names of the new nominee(s) shall be inserted in the Articles of Amendment of the Company.

ARTICLE 5- CORPORATE AUTHORIZATION

5.01 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this PSA involving corporate action of the Company will occur and be effective as of the Reorganization Implementation Date, and will be authorized and approved under this PSA and by the Court, where appropriate, as part of the Authorization Order, Proposal Approval Order and the Reorganization Approval Order (including, without limitation, authorizing the Receiver to take all steps in the Reorganization on behalf of the Company and the board of directors as necessary or appropriate), in all respects and for all purposes without any requirement of further action by any shareholders, directors or officers of the Company. All necessary approvals to take actions shall be deemed to have been obtained from the directors or the shareholders of the Company, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution and no shareholders' agreement or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by this PSA shall be deemed to be effective and no such agreement shall have any force or effect.

ARTICLE 6 – CONDITIONS PRECEDENT

6.01 Conditions to Reorganization

The implementation of the Reorganization contemplated by this PSA shall be conditional upon the fulfillment, satisfaction or waiver by both the Sponsor and the Receiver of the following conditions, which are for the mutual benefit of the Sponsor and the Receiver:

- (a) the Court shall have granted the Authorization Order, the operation and effect of which shall not have been stayed, reversed or amended, in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (b) the Proposal shall have been approved by the required majority at the meeting of creditors both as contemplated by the BIA and the Proposal;
- (c) the Court shall have granted the Proposal Approval Order and the Reorganization Approval Order, the operation and effect of which shall not have been stayed, reversed or amended, and the time to appeal or seek leave to appeal shall have expired, or in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (d) the Receiver shall have sold or otherwise disposed of all of the remaining Property of the Company, if any, including, without limitation, all issued and outstanding shares and other securities of any subsidiary, or of any entity, owned by the Company;
- (e) the Company shall have no remaining employees;
- (f) ECN shall have agreed to release its Claims against the Company and New Common Shares effective upon the release to it of the ECN Distribution Amount and shall have provided a full and final release and discharge agreement, satisfactory to the Sponsor acting reasonably, to become effective immediately upon release of the ECN Distribution Amount;
- (g) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this PSA or any provision of it illegal or otherwise prohibited in whole or part;
- (h) all necessary judicial consents and any other necessary or desirable third-party consents, if any, to deliver and implement all matters related to this PSA shall have been obtained;
- (i) all documents necessary to give effect to all material provisions of this PSA (including the Proposal Approval Order, the Articles of Amendment, the cancellation of the Existing Shares without payment of any compensation or consideration and the issuance of the New Common Shares to be issued under the Proposal to the Sponsor free and clear of any and all Encumbrances) shall have been executed and/or delivered by all relevant Persons;

- (j) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;
- (k) the Receiver shall deliver to the Sponsor a certificate of status with respect to the Company issued by the Director (as defined in the OBCA);
- (l) the Capitalization Amount shall have been received by the Receiver;
- (m) the members of the new board of directors of the Company shall have been selected in accordance with Section 4.03 of this PSA (and the existing board of directors and existing officers shall have resigned or deemed under the Reorganization Approval Order to have resigned or removed by Court order);
- (n) the Articles of Amendment shall have been issued by the Director (as that term is defined in the OBCA) and filed in the record books in the Company's record office maintained pursuant to the OBCA;
- (o) a share certificate representing the New Common Shares of the Company shall have been issued to the Sponsor (or as it may otherwise direct in writing) in accordance with the Subscription Agreement; and
- (p) the Reorganization Implementation Date occurs on or before the Outside Date.

6.02 Conditions in favour of the Sponsor

The obligation of the Sponsor to complete the Reorganization contemplated by this PSA shall be conditional upon the fulfillment, satisfaction or waiver by the Sponsor of the following conditions:

- (a) by no later than October 15, 2020, the Sponsor shall have satisfied itself, in its sole and unfettered discretion, that the Company has been since a date prior to 1954 a corporation permitted by the Ontario College of Pharmacists to operate pursuant to the exemption under Section 142(4) of the *Drug and Pharmacies Regulation Act*, R.S.O. 1990, chapter H.4;
- (b) the Sponsor is satisfied, acting reasonably, that the New Common Shares are free and clear of any and all Encumbrances; and,
- (c) the Company continues to be on the Reorganization Implementation Date a corporation permitted by the Ontario College of Pharmacists to operate pursuant to the exemption under Section 142(4) of the *Drug and Pharmacies Regulation Act*, R.S.O. 1990, chapter H.4.

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

6.03 Authorization Order

Subject to Court availability, within 10 Business Days of the execution of this PSA, the Receiver shall bring a motion within the Receivership Proceedings seeking an order (the “**Authorization Order**”) for, among other things:

- (a) Permitting KSV to act as the proposal trustee for the purposes of the Proposal;
- (b) Application of the Receiver’s Charge (as defined in the Receivership Order) to the Administration Fees and Expenses;
- (c) Approval of this PSA;
- (d) Authorization of the Receiver to enter into the PSA and take all steps necessary to give effect to the transactions contemplated by the PSA including executing any and all documents necessary on behalf of the Company or its board of directors.

6.04 Reorganization Approval Order

The Receiver shall bring a motion within the Receivership Proceedings and the Proposal Proceedings returnable on the same date as the Proposal Approval Motion seeking an order (the “**Reorganization Approval Order**”), in form and content agreeable to the Sponsor, for, among other things:

- (a) Declaring that the Reorganization constitutes a reorganization within the meaning of Section 186(1) of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended;
- (b) Approval of the Reorganization and all of the Reorganization Implementation Documents;
- (c) Approval of the Articles of Amendment including all changes to the name and share structure of the Company and removal (or resignation) of all existing officers and directors of the Company and appointment of new directors contemplated thereby in accordance with Section 59(4) of the BIA;
- (d) Approval of the ECN Distribution Amount;
- (e) Discharge of KSV as the Receiver of the Company and termination of the Receivership Proceedings as it relates to the Company to be effective upon Reorganization Implementation Date; and
- (f) Such other relief as may be necessary to complete the Reorganization and related transactions.

6.05 Waiver of Conditions

A Party for whose benefit a condition is inserted may (but shall not be obligated to) at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions set out herein, to the extent and on such terms as such Parties may agree to, provided however, that the conditions set out in Sections 6.01(b) and (c) cannot be waived.

6.06 Outside Date and Return of Deposit

In the event that the Reorganization and related transactions are not completed as a result of one or more of the conditions not being fulfilled, satisfied or waived (a) on or prior to October 15, 2020 with respect to the condition set out in Section 6.02(b); and (b) on or prior to the Outside Date with respect to all other conditions, then the Party for whose benefit a condition is inserted may, on written notice to the other Party, at any time after the applicable deadline, elect to terminate this PSA and the Deposit shall be returned to the Sponsor without interest or deduction, and all further obligations of the Parties hereunder shall terminate and this PSA shall become null and void and of no further force and effect. Notwithstanding the forgoing, the right to terminate this PSA under this Section 6.06 shall not be available to a Party whose default, breach or failure to fulfill any covenant or agreement under this PSA has been the cause of, or resulted in the failure of, the Reorganization and related transactions to be completed on or prior to the Outside Date.

ARTICLE 7 - IMPLEMENTATION

7.01 Implementation Date Transactions

Commencing at the Reorganization Implementation Time, on a date to be agreed upon by the Receiver, the Court Officer and the Sponsor, the following events or actions will occur, or be deemed to have occurred and be taken and effected, in the following order in five minute intervals and at the times set out in this Section 7.01 (or at such other times, intervals, or order as the Court Officer and the Sponsor may agree), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

- (a) The following shall occur concurrently:
 - (i) any Common Shares of the Company held in treasury by the Company shall be cancelled and shall be deemed to be cancelled without payment of any compensation or consideration of any nature or kind whatsoever therefor;
 - (ii) any Existing Share Options and any agreements relating thereto shall be deemed to be cancelled and terminated without any payment or compensation of any nature or kind whatsoever therefor and shall cease to be of any further force or effect;
 - (iii) any existing shareholder agreements shall and shall be deemed to be cancelled and terminated without any payment or compensation of any nature or kind whatsoever therefor and shall cease to be of any further force or effect;

- (iv) all Affected Claims under the Proposal shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred with recourse solely limited as may be provided for in the Proposal;
 - (v) Any Existing Shares other than the Existing Common Shares shall be deemed cancelled and terminated without any payment or compensation of any nature or kind whatsoever therefor; and
 - (vi) A filed copy of the Certificate and Articles of Amendment shall be issued by the Director (as defined in the OBCA) and any and all share certificates representing the Shares held by an Existing Equity Holder, including, without limitation, the Shareholder, shall be deemed to be cancelled without payment of any compensation or consideration of any nature or kind whatsoever therefor and shall be marked cancelled;
- (b) The Subscription Agreement shall be executed and delivered by the Company (by the Receiver) and the Sponsor, and the Capitalization Amount may be released and used in accordance with this PSA and the Proposal as provided for in Article 3.02;
 - (c) The Proposal Trustee shall give the certificate in accordance with Section 65.3 of the BIA to the Sponsor, and the releases and injunctions referred to in Article 7 of the Proposal shall become effective;
 - (d) A directors' resolution of the Company (by the Receiver) shall be executed and delivered ratifying and approving the Subscription Agreement, a specimen share certificate for the Common Shares and all required updates and filings to the Company's corporate records;
 - (e) A new share certificate representing the New Common Shares shall be executed and delivered by the Company to the Sponsor (or as it may direct in writing) as fully paid and non-assessable shares in the capital of the Company, free and clear of any and all Encumbrances of any nature or kind whatsoever; and,
 - (f) the Receiver shall deliver to the Sponsor, all of the Books and Records to the extent in the possession or control of the Receiver, provided that the Receiver shall be permitted to make copies and to retain accounting records and books and records required by Applicable Law to be retained by the Receiver, provided further that all original documents shall be retained by the Company and delivered to the Sponsor.

ARTICLE 8- SPONSOR EVENTS OF DEFAULT

8.01 Sponsor Defaults

The following shall constitute events of default of the Sponsor (each a “**Sponsor Default**”) under this PSA:

- (a) Failure of the Sponsor to execute and deliver to the Receiver any of the Reorganization Implementation Documents in form and content agreed to by the Sponsor under the provisions of this PSA that are required to be signed by the Sponsor or its nominees within the timeframes contemplated by this PSA ;
- (b) Failure of the Sponsor to pay the Capitalization Amount as set out herein unless such failure is remedied within two (2) Business Days of the Sponsor’s receipt of written notice of the default, or such other time as the Sponsor and Receiver may mutually agree in writing; and
- (c) Any breach by the Sponsor of any of the material terms of this PSA unless such breach is remedied by the Sponsor within ten (10) Business Days of the Sponsor’s receipt of written notice of such breach, or such other time as the Sponsor and Receiver may mutually agree in writing.

8.02 Remedies

In the event of a Sponsor Default which is not remedied within the time provided for in Section 8.01 above, the Receiver shall be entitled to terminate this PSA by written notice to the Sponsor and the Deposit will be forfeited to the Receiver on account of its liquidated damages in full and final satisfaction thereof, and all further obligations of the Sponsor hereunder shall terminate and this PSA shall become null and void and of no further force and effect. In all other circumstances, the provisions of Section 6.06 above shall apply.

ARTICLE 9- MISCELLANEOUS

9.01 Confidentiality

This PSA and all information exchanged between the Receiver and the Sponsor in connection with this PSA, the Reorganization and the Proposal will be considered Information pursuant to the Confidentiality Agreement and shall not be disclosed by either Party except as contemplated under the Confidentiality Agreement. Any publicity relating to this PSA and the Reorganization and the manner of releasing any information will be mutually agreed upon by the Receiver and the Sponsor, both Parties acting reasonably provided that the Receiver shall be entitled to disclose information, in its discretion, regarding the PSA and the Reorganization in connection with seeking the Authorization Order and the Reorganization Approval Order.

9.02 Costs and Expenses

Except as otherwise specified in this PSA, all costs and expenses (including the fees and disbursements of accountants, legal counsel and other professional advisers) incurred in connection with this PSA and the transactions contemplated herein are to be paid by the Party incurring those costs and expenses.

9.03 Time of Essence

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

9.04 Notices

Any Communication must be in writing and either:

- 1.1.1 personally delivered;
- 1.1.2 sent by prepaid registered mail; or
- 1.1.3 sent by email or functionally equivalent electronic means of communication, charges (if any) prepaid.

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

to the Receiver at:

KSV Restructuring Inc. in its capacity as receiver of
the property, assets and undertaking of
Rando Drugs Ltd., et. al.
150 King Street West
Suite 2308, Box 42
Toronto, Ontario, M5H 1J9

Attention: Bobby Kofman/Mitch Vininsky
Email: bkofman@ksvadvisory.com/ mvininsky@ksvadvisory.com

with a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000
Toronto, ON M5K 1E7

Attention: Jennifer Stam
Email: jennifer.stam@nortonrosefulbright.com

to the Sponsor at:

c/o WeirFoulds LLP
66 Wellington Street West, Suite 4100
P.O. Box 35, TD Bank Tower

Toronto, Ontario M5K 1B7

Attention: Steven Rukavina/Philip Cho
Email: rukavina@weirfoulds.com/pcho@weirfoulds.com

or at any other address that any Party may from time to time advise the other by Communication given in accordance with this Section 9.04. 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 PDF 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 in the City of Toronto, Province of Ontario), 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 fifth (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 PDF or other form of electronic communication.

9.05 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 PSA 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.

9.06 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this PSA 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 PSA constitutes a waiver of any other provision (whether or not similar) nor does such waiver constitute a continuing waiver unless otherwise expressly provided.

9.07 Submission to Jurisdiction

Without prejudice to the ability of any Party to enforce this PSA in any other proper jurisdiction, each of the Parties irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity arising from this PSA. To the extent permitted by applicable law, each of the Parties irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this PSA in the courts of that Province or that the subject matter of this PSA may not be enforced in the courts and 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 9.07, of the substantive merits of any such suit, action or proceeding. To the extent a Party has or hereafter may acquire any

immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to 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 PSA.

9.08 Capacity of Receiver

The Sponsor acknowledges and agrees that the Receiver is entering into this PSA solely in its capacity as court-appointed receiver pursuant to the Receivership Order and not in its personal capacity and in no circumstance shall have any personal liability hereunder.

9.09 Assignment and Enurement

Neither this PSA nor any right or obligation under this PSA may be assigned by either Party without the prior consent of the other Party, not to be unreasonably withheld or delayed, provided that the Sponsor shall be entitled to provide written direction that title to New Common Shares be issued to any other Person. This PSA enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

9.10 Severability

Each provision of this PSA is distinct and severable. If any provision of this PSA, 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: the legality, validity or enforceability of the remaining provisions of this PSA; or the legality, validity or enforceability of that provision in any other jurisdiction.

9.11 Counterparts

This PSA may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.

Dated effective as of the Effective Date.

**RANDO DRUGS LTD.,
by KSV RESTRUCTURING INC., receiver
of the property, assets and undertaking of
the Company and the Shareholder**



Per: _____

Name:

Title:

2775506 ONTARIO INC.

Per: _____

Name:

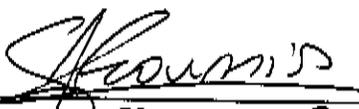
Title:

Dated effective as of the Effective Date.

RANDO DRUGS LTD.,
by **KSV RESTRUCTURING INC.**, receiver
of the property, assets and undertaking of
the Company and the Shareholder

Per: _____
Name:
Title:

2775506 ONTARIO INC.

Per: 
Name: SPURGEON GOUSSARD
Title: PRESIDENT

AMENDMENT TO SPONSORSHIP AGREEMENT

THIS AMENDMENT dated as of October 15, 2020 to the **SPONSORSHIP AGREEMENT** dated as of September 16, 2020 (the “**Sponsorship Agreement**”)

B E T W E E N :

KSV RESTRUCTURING INC., solely in its capacity as receiver of the property, assets and undertaking of Rando Drugs Ltd. (the “**Debtor**”), 2345760 Ontario Inc. and related companies, and not in its personal capacity

(the “**Receiver**”)

- and -

2775506 ONTARIO INC. a corporation existing under the laws of Ontario

(the “**Sponsor**”)

CONTEXT:

- A.** On December 4, 2019, the Ontario Superior Court of Justice (the “**Court**”) granted an order (the “**Appointment Order**”) appointing KSV Restructuring Inc. (formerly KSV Kofman Inc.) as the Receiver of the property, assets and undertaking of the Debtor and related companies.
- B.** The Receiver and the Sponsor entered into a Sponsorship Agreement dated as of September 16, 2020, whereby the parties have agreed to a reorganization of the Debtor, the issuance and acquisition by the Sponsor of certain common shares of the Debtor, and the making of a proposal by the Receiver to the Debtor’s creditors.
- C.** The parties wish to agree to certain amendments to the Sponsorship Agreement as set out below.
- D.** Capitalized terms used herein and not otherwise defined have the meaning given to them in the Sponsorship Agreement.

THEREFORE, in consideration of the promises, mutual covenants and agreements contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties (as defined below), the Parties agree as follows:

ARTICLE 1

1.1 Amendments to Sponsorship Agreement

The Sponsorship Agreement is hereby amended as follows:

- (a) Section 1.01(gg) – in the definition of “Outside Date”, reference to “December 15, 2020” is hereby replaced with “February 1, 2021”; and
- (b) Section 6.02(a) – reference to “October 15, 2020” is hereby replaced with “November 16, 2020”.

1.2 Remainder of Agreement

Other than as set out herein, all other terms and conditions of the Sponsorship Agreement shall remain unchanged and in full force and effect.

1.3 Counterparts

This Amendment may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

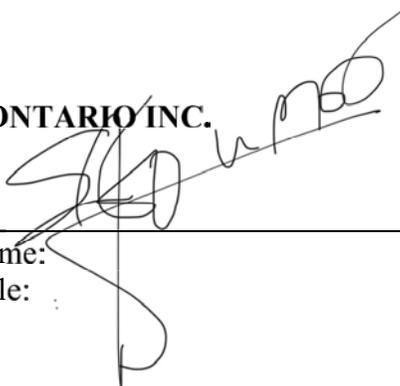
Each of the Parties has executed and delivered this Amendment, as of the date noted at the beginning of the Amendment.

KSV RESTRUCTURING INC., solely in its capacity as Receiver of the property, assets and undertaking of RANDO DRUGS LTD., 2345760 ONTARIO INC. and related companies and not in its personal capacity



Per _____
Name: Bobby Kofman
Title: President

2775506 ONTARIO INC.



Per _____
Name:
Title:

SECOND AMENDMENT TO SPONSORSHIP AGREEMENT

THIS SECOND AMENDMENT dated as of December 31, 2020 to that certain sponsorship agreement dated as of September 16, 2020 (the “**Original Sponsorship Agreement**”), as amended by the first amendment to the Original Sponsorship Agreement dated as of October 15, 2020 (the “**First Amendment**”)

B E T W E E N :

KSV RESTRUCTURING INC., solely in its capacity as receiver of the property, assets and undertaking of Rando Drugs Ltd., 2345760 Ontario Inc. and related companies and not in its personal capacity

(the “**Receiver**”)

- and -

2775506 ONTARIO INC., a corporation existing under the laws of Ontario

(the “**Sponsor**”)

CONTEXT:

- A.** On December 4, 2019, the Ontario Superior Court of Justice (the “**Court**”) granted an order (the “**Appointment Order**”) appointing KSV Restructuring Inc. (formerly KSV Kofman Inc.) as the Receiver of the property, assets and undertaking of the Debtor.
- B.** Pursuant to the Appointment Order, the Court approved a sale process to be conducted by the Receiver.
- C.** The Receiver and the Sponsor entered into the Original Sponsorship Agreement effective as of September 16, 2020.
- D.** Pursuant to the First Amendment effective as of October 15, 2020, the Parties agreed to certain amendments to the Original Sponsorship Agreement including amending the definition of Outside Date to be February 1, 2021.
- E.** The Original Sponsorship Agreement, as amended by the First Amendment, shall hereinafter be referred to as the “**Sponsorship Agreement**”.
- F.** The Receiver and Sponsor have agreed to certain additional amendments to the Sponsorship Agreement, all as more particularly set out below.

- G.** Unless otherwise defined herein, all capitalized terms used or referred to herein and defined in the Sponsorship Agreement shall have the same meanings herein as given to them in the Sponsorship Agreement.

THEREFORE, in consideration of the promises, mutual covenants and agreements contained in this Second Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties (as defined below), the Parties agree as follows:

ARTICLE 1

1.1 Amendments to Sponsorship Agreement

The Sponsorship Agreement is hereby amended as follows:

- (a) Section 1.01(ff) – the definition of “Outside Date” – the reference to “February 1, 2021” is hereby replaced with “March 5, 2021”;
- (b) All references therein to “Articles of Amendment” shall be replaced with “Articles of Reorganization”;
- (c) Section 7.01(c) – is hereby deleted in its entirety and replaced with the following:

“(c) The Proposal Trustee shall deliver a certificate to the Sponsor evidencing implementation of the Proposal, and the releases and injunctions referred to in Article 7 of the Proposal shall become effective.”; and
- (d) The following is hereby added as new Section 7.02 to the Sponsorship Agreement:

“7.02 Tax Matters

For the purposes of this Section 7.02, the following words have the following meanings, respectively:

“Indemnified Taxes” means any and all Taxes of the Company relating to or attributable to the Stub Period, including any and all Taxes due as reflected in the Tax Returns prepared by the Receiver for the Company for the Stub Period under subsection 7.02(a) and for any Taxes that may become due and payable by the Company after the Reorganization Implementation Date relating to the Stub Period, including in connection with any Tax audit, assessment, re-assessment or other proceeding relating to Taxes for the Stub Period, if not compromised pursuant to the Proposal;

“Stub Period” means the period of time commencing on January 1, 2021 and ending upon the later of: (i) the Reorganization Implementation Date; and (ii) the

deemed year-end of the Company for Tax purposes that will arise upon the consummation of the transactions contemplated by the Reorganization and the change of control of the Company resulting therefrom;

“**Tax**” and “**Taxes**” means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any governmental authority, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers’ compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any governmental authority on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other person or as a result of being a transferee or successor in interest to any party; and

“**Tax Returns**” means all reports, elections, notices, forms, designations, filings, returns and other documents filed or required to be filed in respect of Taxes;

- (a) The Receiver shall prepare or cause to be prepared, all Tax Returns of the Company for the Stub Period which are required to be filed by the Company after the Reorganization Implementation Date (however, for greater certainty, any such Tax Return of the Company relating to the Stub Period but filed after the Reorganization Implementation Date will be signed by a person authorized by the Sponsor to represent the Company with respect to Tax matters). Such returns shall be prepared and filed on a basis consistent with applicable laws. The Receiver will use its best efforts to cause drafts of such Tax Returns to be prepared within thirty (30) days of the Reorganization Implementation Date. Prior to the filing any of such Tax Returns, the Receiver shall provide the Sponsor and its representatives with drafts of the Tax Returns for the Sponsor’s review and approval. The Receiver shall incorporate into the relevant Tax Return any reasonable comments of the Sponsor or its representatives with respect to such items set forth in such Tax Return, provided, however, that the Receiver shall include all comments of the Sponsor or its representatives that are required by applicable law.

- (b) The Company shall be responsible for filing the Tax Returns and a duly authorized representative of the Company shall execute them. In the event that any of the said Tax Returns are not filed within the time prescribed by applicable law, as a result of the delay of the Receiver, and there is additional interest and penalties involved, such interest and penalties shall be paid by the Company and the Receiver shall be responsible to reimburse and indemnify the Company for same and the same shall be included in the definition of “Indemnified Taxes”. In the event that any interest or penalties accrue as a result of the Company’s failure to file the Tax Returns (and not as a result of the delay or inaction of the Receiver), any such liability shall be solely of the Company and shall not be included in “Indemnified Taxes”.
- (c) To the extent not compromised pursuant to the Proposal, the Receiver (and not the Company) shall be solely liable and responsible for and shall pay to the Company for timely remittance to the appropriate taxing authority all Taxes payable in accordance with the Tax Returns of the Company for the Stub Period, which Taxes shall be included in the definition of “Indemnified Taxes.” The Company shall remit all amounts on account of such Taxes received from the Receiver hereunder to the appropriate taxing authority as soon as reasonably possible after its receipt of same from the Receiver.
- (d) The Receiver, solely in its capacity as Receiver and not in its personal capacity, hereby agrees to indemnify and defend the Sponsor and the Company against and shall hold each of them harmless from, against and in respect of and shall pay and reimburse each of them for, any and all Indemnified Taxes incurred or sustained by, or imposed upon, or required to be paid by, directly or indirectly, any of them, and for this purpose, the Receiver shall hold back no less than \$20,000.00 of the Capitalization Amount, or such greater amount as may be mutually agreed to between the Receiver and the Sponsor (the “**Holdback Amount**”), each acting reasonably and having due regard to the Books and Records of the Company and for any circumstances or events that may give rise to any income being earned by the Company during the Stub Period, pending the earlier of (a) 60 days following the receipt by the Company of the assessment for the Stub Period issued by the applicable governmental authority; and (b) eighteen (18) months after the Reorganization Implementation Date. Recourse of the Sponsor and the Company on the indemnity provided for herein shall be limited to funds in the Receiver’s account (including the Holdback Amount) but nothing herein shall limit the Receiver’s ability to distribute receivership funds in accordance with the Order of the Court made on September 3, 2020, provided that no such distribution to ECN shall include any portion of the Proposal Amount (which shall be distributed in accordance with the Proposal) nor the Holdback Amount and understanding further that the ECN Distribution Amount shall be distributed as contemplated by the PSA.
- (e) For greater clarity and certainty, the Receiver shall not file or cause to be filed any Tax Return of the Company in respect of the Stub Period, or amend any Tax Return

previously filed on behalf of the Company or make any claim for any refund or rebate of Taxes with respect to or for or on behalf of the Company, except with the written consent of the Company, not to be unreasonably withheld.

- (f) In addition to and without derogation from the obligations of the Parties to provide the further assurances contemplated under section 9.05 hereof, each of the Receiver and the Sponsor shall cooperate with and provide to the other such information, as and to the extent reasonably requested by the other, in connection with the preparation and filing of Tax Returns for the Stub Period, determining liability for Taxes, and any audit or other legal proceeding with respect to Taxes of the Company for the Stub Period. Such cooperation shall include the provision of records and information reasonably relevant to any such Tax Returns, Tax liability, or audit or other legal proceeding. Each of the Receiver and the Sponsor shall make its appropriate personnel reasonably available on a mutually convenient basis to provide explanation of any documents or information so provided.
- (f) For greater certainty, the obligations of the Parties in this Section 7.02 shall survive, and shall not merge upon, the Reorganization Implementation Date.”

(e) The following is hereby added as new Section 7.03 to the Sponsorship Agreement:

The Sponsor and Company each acknowledge that to the extent that monies actually received by the Company on or prior to June 30, 2022 in respect of any receivables, refunds, rebates or other amounts owing to the Company that relate to and accrued during the period prior to the Reorganization Implementation Time, including any monies actually received by the Company during such period in respect of sales tax refunds and rebates from PharmaChoice, such monies so received by the Company net of any Taxes that the Company is liable for with respect to its receipt of any such monies (as determined by the Company, acting reasonably based on professional advice and not arbitrarily), are funds of the receivership and shall as soon as reasonably possible be paid over by the Company to the Receiver or as the Receiver may direct without set-off of any kind, save and except for any Indemnified Taxes due to the Company pursuant to Section 7.02 of this PSA that remains unpaid at such time. The obligations set out in this Section 7.03 shall survive, and shall not merge upon, the Reorganization Implementation Date for a period up to and including June 30, 2022, at which time all obligations under this Section 7.03 shall terminate and be of no further force or effect.

1.2 Remainder of Agreement

Other than as set out herein, all other terms and conditions of the Sponsorship Agreement shall remain unchanged and in full force and effect.

1.3 Counterparts

This Second Amendment may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Each of the Parties has duly executed and delivered this Second Amendment, effective as of the date noted at the beginning of this Second Amendment.

KSV RESTRUCTURING INC., solely in its capacity as Receiver of the property, assets and undertaking of RANDO DRUGS LTD., 2345760 ONTARIO INC. and related companies and not in its personal capacity



Per _____

Name: Mitch Vininsky

Title: Managing Director

2775506 ONTARIO INC.

Per _____

Name: Spiridon Goussios

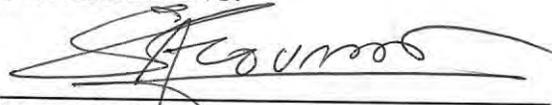
Title: President

Each of the Parties has duly executed and delivered this Second Amendment, effective as of the date noted at the beginning of this Second Amendment.

KSV RESTRUCTURING INC., solely in its capacity as Receiver of the property, assets and undertaking of RANDO DRUGS LTD., 2345760 ONTARIO INC. and related companies and not in its personal capacity

Per _____
Name: Mitch Vininsky
Title: Managing Director

2775506 ONTARIO INC.

Per  _____
Name: Spiridon Goussios
Title: President

Appendix “J”

Court File No. CV-19-632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)

THURSDAY, THE 3rd

JUSTICE HAINEY)

DAY OF SEPTEMBER, 2020)



BETWEEN:

ECN FINANCIAL INC.

Applicant

- and -

2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518 ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC. formerly known as M. BLACHER DRUGS LTD., 2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. and 2527475 ONTARIO INC. and GRACE DIENA

Respondents

**ORDER
(2275518 Ontario Inc.)**

THIS MOTION, made by KSV Kofman Inc. ("**KSV**") in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**") of the property, assets and undertaking of Rando Drugs Ltd. ("**Rando**"), 2275518 Ontario Inc. ("**2275**") and the other Respondents listed above (collectively, the "**Debtors**") for orders, among other things amending certain provisions of the Receivership Order (defined below) as it relates to 2275518 Ontario Inc.

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Receiver's Motion Record, including the Notice of Motion and the Third Report of the Receiver dated August 27, 2020 (the "**Third Report**"), and on hearing the submissions of counsel for the Receiver, Toronto-Dominion Bank ("**TD**") and those other parties

- 2 -

present no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Gianni Bianchi sworn and filed on September 1, 2020:

NOTICE AND SERVICE

1. **THIS COURT ORDERS** that the time for service of the Motion Record in respect of this motion and the Third Report is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.

AMENDMENT OF RECEIVERSHIP ORDER

2. **THIS COURT ORDERS** that the order of this Court made on December 4, 2019 (as amended, the "Receivership Order"), solely as it relates to 2275, be and is hereby amended such that the Receiver's powers set out in paragraph 3 of the Receivership Order shall be limited to (i) the preparation and filing of the 2019 tax return and application for Scientific Research and Experimental Development ("SR&ED") tax credits and (ii) the powers set out in paragraph 3 below. For greater certainty, the Receiver shall have no obligation to take possession or control of, dispense of or otherwise deal with any of 2275's patient records or any other books and records of Abira containing patient or personal data.

3. **THIS COURT ORDERS** that in addition to the powers set out in paragraph 2 above, the Receiver shall be and is hereby authorized and empowered but not obligated to file an assignment in bankruptcy on behalf of 2275.

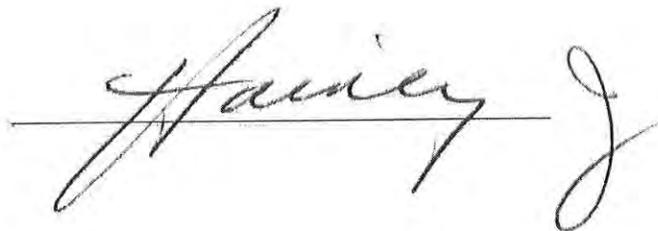
4. **THIS COURT ORDERS** that for greater certainty the Receiver shall continue to enjoy all of the protections afforded to it as set out in the Receivership Order and nothing shall impact or impair the application of the stay of proceedings as set out in the Receivership Order.

MISCELLANEOUS

5. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of

- 3 -

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.

A handwritten signature in black ink, appearing to read "J. Fainey", written over a horizontal line. The signature is cursive and extends to the right of the line.

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

SEP 08 2020

PER / PAR: *RW*

ECN FINANCIAL INC. and 2345760 ONTARIO INC., et al
Applicant Respondents

Court File No.: CV-19-632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO.

**ORDER
(2275518 Ontario Inc.)**

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, ON M5K 1E7

Jennifer Stam (LSO# 46735J)

Tel: 416-202-6707

Fax: 416-216-3930

Email: Jennifer.stam@nortonrosefulbright.com

Lawyers for the Receiver, KSV Kofman Inc.

Appendix “K”

2275518 Ontario Inc. o/a Abira Healthcare
Statement of Receipts and Disbursements
 From December 4, 2019 to February 9, 2021
 (\$; unaudited)

Receipts	<u>Note</u>	
Ministry of Health and Long-Term Care		171,444.00
Corporate tax refund		98,415.00
Funding from Premium Canada Pharmacy Ltd./Dani Diena	1	26,270.29
Other		997.00
Interest		<u>263.79</u>
		<u>297,390.08</u>
Disbursements		
Payroll		56,243.24
Accounting and tax		10,600.00
Receiver's fees		32,070.75
Rent		7,144.17
HST		7,028.35
Legal fees		2,637.50
Other		<u>1,933.06</u>
		<u>117,657.07</u>
Balance in Receiver's account		<u><u>179,733.01</u></u>

Note:

1. Funding was provided on an unsecured basis as agreed with Dani Diena.

Appendix “L”



Canada Revenue Agency
Agence du Revenu du Canada

Fax Cover Sheet/Feuille de transmission per fax

Date: February 7, 2020

To/À: KSV Kofman Inc.

Phone Number/No de téléphone: (416)932-6228

Fax Number/No de fax: (416)932-6266

DANIELA PESIKAN
Insolvency Collections
Toronto Centre Tax Services Office

Phone Number/No de telephone: **(416) 954-8243**

Fax Number/No de fax: **(416)-954-6411**

Number of pages transmitted including cover sheet/
Nombre de pages transmises y compris la page couverture (3)

Remarks/Remarques:

Canada Revenue
AgencyAgence du revenu
du Canada

159

Tax Centre
Toronto ON M5J 2X6

February 07, 2020

KSV KOFMAN INC.
150 KING ST W., SUITE 2308
TORONTO ON M5H 1J9

Dear Sir/Madam:

Yours truly,

Subject: 2275518 ONTARIO INC. sometime carrying on business as
ABIRA HEALTHCARE
Account number: 82439 7806 RP0001

We were told that you have been appointed as receiver for the above-named. There is a debt owed to the Canada Revenue Agency for source deductions amounting to \$27,573.58 for income tax and Canada Pension Plan (CPP) contributions, as well as employment insurance (EI) premiums.

Details of the debt are as follows:

Tax deductions:	\$18,008.11
CPP:	\$ 2,249.28
EI:	\$ 928.94
Penalties and interest:	\$ 6,387.25
Total:	\$27,573.58

Further to the Income Tax Act, the Canada Pension Plan, and the Employment Insurance Act, the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of 2275518 ONTARIO INC. sometime carrying on business as ABIRA HEALTHCARE in receivership.

Federal income tax:	\$13,020.60
Provincial income tax:	\$ 4,426.95
CPP employee part:	\$ 912.85
EI employee part:	\$ 296.44
Total:	\$18,656.84

Payment for the total amount of this trust, namely \$18,656.84,

.../2

CanadaNational Insolvency Office
1 Front Street West
2nd Floor Suite 100
Toronto ON M5J 2X6Local : 416 954-8243
Fax : 416-354-6411
Web site : canada.ca/taxes

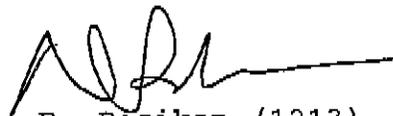
must be made to the Receiver General for Canada out of the realization of any property that is subject to these statutory trusts in priority to all other creditors.

Please let us know when payment of this trust amount and the remaining balance of \$8,916.74 will be made.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the Income Tax Act for periods before or after your appointment, you must withhold tax deductions and remit payments in accordance with that subsection and sections 101 and 108 of the Income Tax Regulations.

Also, see section 5 of the Employment Insurance Act and section 8 of the Canada Pension Plan Regulations.

For more information or clarification, please call me at (416)954-8243.



D. Pesikan (1213)
Collections Officer-Insolvency

Appendix “M”

COURT FILE NO.: CV-19-00632106-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ECN FINANCIAL INC.

APPLICANT

- AND -

2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518 ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC. FORMERLY KNOWN AS M. BLACHER DRUGS LTD., 2501380 ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC. AND 2527475 ONTARIO INC.

RESPONDENTS

AFFIDAVIT OF MITCH VININSKY
(Sworn February 11, 2021)

I, Mitch Vininsky, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Managing Director of KSV Restructuring Inc. ("KSV").
2. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) ("Court") made on December 4, 2019 ("Order"), KSV (formerly KSV Kofman Inc.) was appointed as receiver (the "Receiver") of the assets, undertakings and properties of 2345760 Ontario Inc., Rando Drugs Ltd., 2275518 Ontario Inc., M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc. and 2527475 Ontario Inc. (collectively, the "Company").
3. I have been involved in the management of this mandate since the proceedings commenced. As such, I have knowledge of the matters to which I hereinafter depose.
4. On February 11, 2021, the Receiver issued its Fifth Report to Court in which it outlined its activities with respect to the Company and provided information with respect to its fees.

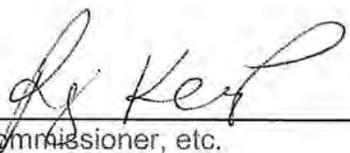
5. I hereby confirm that attached as Exhibit "A" hereto are true copies of the accounts of KSV for the periods indicated and confirm that these accounts accurately reflect the services provided by KSV in this matter and the fees and disbursements claimed by it.

6. Additionally, attached hereto as Exhibit "B" is a summary of additional information with respect to all members of KSV who have worked on this matter, including their roles, hours and rates, and I hereby confirm that the list represents an accurate account of such information.

7. I consider the accounts to be fair and reasonable considering the circumstances connected with this administration.

8. I also confirm that the Receiver has not received, nor expects to receive, nor has the Receiver been promised any remuneration or consideration other than the amount claimed in the accounts.

SWORN BEFORE ME at the City of
Toronto, on February 11, 2021.


A Commissioner, etc.


Mitch Vininsky

Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Restructuring Inc.
Expires January 27, 2024.

This is Exhibit "A" referred to in the
affidavit of Mitch Vininsky
sworn before me, this 11th
day of February 2021


A COMMISSIONER FOR TAKING AFFIDAVITS

Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Restructuring Inc.
Expires January 27, 2024.



ksv advisory inc.
150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9
T +1 416 932 6262
F +1 416 932 6266

ksvadvisory.com

INVOICE

Rando Drugs Ltd. et al
c/o KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

October 14, 2020

Invoice No: 1921
HST #: 818808768RT0001

Re: 2345760 Ontario Inc (“2345”), Rando Drugs Ltd. (“Rando”), 2275518 Ontario Inc., M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc., and 2527475 Ontario Inc. (collectively, the “Company”) and Grace Diena

For professional services rendered by KSV Restructuring Inc¹. in its capacity as Court-appointed receiver (“Receiver”) of the Company from August 1, 2020 to September 30, 2020, including:

Operations

- Corresponding on a weekly basis with Brian Herman, formerly Rando’s Controller, regarding the Company’s pharmacies (the “Pharmacies”) located at:
 - 1604 Tecumseh Road West, Windsor (“Family West”); and
 - 6720 Hawthorne Drive, Windsor (“Family East”);
- Corresponding with Mr. Herman regarding his services as an independent contractor (retained on a term and task basis by the Receiver) following the termination of his employment with Rando;
- Corresponding regularly with Rando’s employees and pharmacists of regarding operational matters;
- Reviewing invoices and paying expenses, including bi-weekly payroll and contractor payments;
- Reviewing the Pharmacies’ daily cash receipts;

¹ Effective August 31, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

- Preparing weekly reports to ECN Financial Inc. (“ECN”), the Company’s principal secured creditor, including rolling four-week cash flows and budget to actual variance reports;
- Preparing and filing the Company’s HST returns for July and August 2020;
- Corresponding with Canada Revenue Agency (“CRA”) regarding its audit of the Company’s HST accounts, including reviewing various Notices of Assessment in connection with same;
- Corresponding with CRA regarding its payroll trust exam, and providing various supporting documents in connection with same;
- Attending a call on August 28, 2020 with CRA regarding its holdback request;
- Corresponding extensively with McKesson Canada (“McKesson”) regarding the account of Humber Compounding Pharmacy Limited (“Humber”) located at 101 - 1017 Wilson Ave, North York;
- Coordinating with Marcel Cohen, principal of Humber, regarding Humber’s change of registered owner with the Ontario College of Pharmacists;
- Corresponding with Mr. Cohen regarding changes to Humber’s account with McKesson and release of the security by McKesson as against Rando related to Humber’s account;
- Corresponding with Norton Rose Fulbright Canada LLP (“Norton Rose”), counsel to the Receiver, regarding Humber;
- Corresponding with Lipton LLP (“Lipton”) to have it prepare Rando’s 2019 year-end and pro-forma 2020 tax returns;
- Responding to inquiries from Lipton regarding Rando’s financial statements;
- Preparing a letter to CRA dated September 21, 2020 to request that the filing of a Proposal by Rando under the *Bankruptcy and Insolvency Act* be treated as a deemed year end;
- Ordering personal protective equipment for pharmacy staff at Family West pursuant to a request by the pharmacists;
- Reviewing weekly adjudication reports from the Pharmacies to monitor their operating performance;

Sale Process

- Corresponding with Sri Etikala and Jasmeet Chawla (the “E/W Purchaser”) regarding an asset purchase agreement between the Receiver and the E/W Purchaser executed on July 24, 2020 regarding a transaction for Family East and Family West (“APA”);
- Corresponding extensively with Norton Rose regarding the APA and the transaction with the E/W Purchaser (the “E/W Transaction”);

- Reviewing correspondence between Norton Rose and Kirwin Partners LLP, counsel representing the E/W Purchaser, regarding the E/W Transaction;
- Attending calls on August 4, September 18 and 24, 2020 with the E/W Purchaser to discuss, among other things, the status of the E/W Purchaser's application for approval by the Ontario College of Pharmacists;
- Corresponding with ECN regarding the Receiver's discussions with the E/W Purchaser and the status of the E/W Transaction;
- Corresponding with Chopra, Joshi, Karnik & Lamont Medicine Professional Corporation, the landlord of Family East and Family West (the "E/W Landlord"), regarding a settlement agreement (the "E/W Settlement");
- Reviewing draft minutes of settlement prepared in connection with the E/W Settlement, and discussing same with Norton Rose;
- Corresponding with Hesham Abdel-Sayed, the principal of 2258156 Ontario Inc. ("2258"), Norton Rose and Saad Law P.C. ("Saad Law"), counsel to 2258, regarding a proposal and sponsorship agreement in respect of Rando that was to be sponsored by an entity related to Mr. Abdel-Sayed (the "2258 Transaction");
- Attending calls on August 10 and 24, 2020 with Mr. Abdel-Sayed;
- Corresponding with Mr. Abdel-Sayed, Saad Law, and Norton Rose regarding the deposit paid by an entity related to Mr. Abdel-Sayed in connection with the 2258 Transaction;
- Corresponding and attending calls with Bank of Montreal regarding a party interested in Rando's charter and the framework of a transaction;
- Corresponding with WeirFoulds LLP ("WeirFoulds"), counsel to 2775506 Ontario Inc., regarding Rando's charter and a proposal sponsorship agreement ("2775506 Transaction");
- Attending calls on August 31 and September 10, 2020 with WeirFoulds and Norton Rose;
- Reviewing and responding to diligence requests from WeirFoulds;
- Reviewing comments by WeirFoulds related to the 2775506 Transaction;
- Reviewing a letter dated September 1, 2020 from Jerome H. Stanleigh, counsel to Dani Dena, regarding the Receiver's motion for approval of the E/W Transaction;
- Reviewing the books and records of Dedicated National Pharmacy Inc. ("DNPI"), a company controlled by the Dianas, regarding its ownership;
- Reviewing a letter dated September 14, 2020 from Steinbergs LLP ("Steinbergs"), formerly counsel to Rando, regarding a transaction completed in July 2018 for a pharmacy located at 130 Highway #20 East, Fonthill ("Pelham Transaction");
- Reviewing correspondence between Norton Rose and Steinbergs regarding the Pelham Transaction;

- Reviewing the closing book in connection with the Pelham Transaction;
- Attending a meeting on September 29, 2020 with Mr. Stanleigh and Mr. Diena regarding, among other things, a potential settlement of outstanding matters;
- Attending a meeting on September 30, 2020 with ECN, Miller Thomson, counsel to ECN, and Norton Rose to discuss the status of the proceedings and the Pelham Transaction;

Court Matters

- Reviewing and commenting on all materials related to the Receiver’s motion for approval of the E/W Transaction and discussing same with ECN and Norton Rose;
- Preparing the Receiver’s Third Report to Court dated August 27, 2020, and discussing same with Norton Rose;
- Reviewing the materials filed by Mr. Stanleigh on September 3, 2020;
- Attending in Court, virtually, on September 3, 2020;
- Reviewing the Endorsement of Justice Hainey dated September 3, 2020;
- Reviewing and commenting on all materials related to the Receiver’s motion for approval of the 2775506 Transaction, and discussing same with ECN and Norton Rose;
- Preparing the Receiver’s Fourth Report to Court dated September 23, 2020, and discussing same with Norton Rose;

Other

- Updating ECN regularly regarding the status of the receivership proceedings and the Transaction;
- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Total fees and disbursements	\$ 53,380.87
HST	6,939.51
Total due	<u>\$ 60,320.38</u>

KSV Restructuring Inc.

Rando Drugs Ltd. et al

Time Summary

For the period August 1, 2020 to September 30, 2020

Personnel	Role	Rate (\$)	Hours	Amount (\$)
Bobby Kofman	Overall responsibility	725	11.40	8,265.00
Mitch Vininsky	All aspects of mandate	625	51.20	32,000.00
Murtaza Tallat	Mandate assistance	450	23.40	10,530.00
Other Staff and Administration				2,185.75
Subtotal - fees				52,980.75
Out-of-pocket disbursements				400.12
Total Fees and Disbursements				53,380.87



INVOICE

Rando Drugs Ltd. et al
c/o KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

November 10, 2020

Invoice No: 1964
HST #: 818808768RT0001

Re: 2345760 Ontario Inc (“2345”), Rando Drugs Ltd. (“Rando”), 2275518 Ontario Inc., M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc., and 2527475 Ontario Inc. (collectively, the “Company”) and Grace Diena

For professional services rendered by KSV Restructuring Inc. in its capacity as Court-appointed receiver and manager (“Receiver”) of the Company for October 2020, including:

Operations

- Corresponding on a weekly basis with Brian Herman, formerly Rando’s Controller, regarding operating issues at the Company’s pharmacies (the “Pharmacies”) located at:
 - 1604 Tecumseh Road West, Windsor (“Family West”); and
 - 6720 Hawthorne Drive, Windsor (“Family East”);
- Corresponding regularly with the employees and contractors (pharmacists) of Rando at the Pharmacies;
- Reviewing invoices and preparing weekly disbursements, including vendors and bi-weekly payroll, and contractor payments;
- Reviewing daily cash receipts from the Pharmacies;
- Preparing weekly reports to ECN Financial Inc. (“ECN”), the Company’s principal secured creditor, including rolling four-week cash flows and budget to actual variance reports;
- Preparing and filing Rando’s HST return for September 2020;
- Corresponding with Canada Revenue Agency (“CRA”) regarding its payroll trust exam for Rando, and providing various supporting documents in connection with same;

- Corresponding with CRA regarding its response to a letter dated September 21, 2020 to request that the filing date of a Proposal by Rando under the *Bankruptcy and Insolvency Act* be treated as a deemed year end;
- Corresponding with Lipton LLP (“Lipton”) to have it prepare Rando’s pro-forma 2020 tax returns;
- Responding to inquiries from Lipton regarding Rando’s financial statements;
- Preparing a letter to Rando’s continuing employees dated October 13, 2020 to provide a general update on these proceedings;
- Coordinating with Mr. Diena to move records of the Pharmacies from Toronto to a storage facility in Windsor;
- Creating and monitoring a job posting for a pharmacy technician at Family West;
- Reviewing weekly adjudication reports from the Pharmacies to monitor their operating performance;

Sale Process

- Corresponding with Sri Etikala and Jasmeet Chawla (the “E/W Purchaser”) regarding an asset purchase agreement between the Receiver and the E/W Purchaser executed on July 24, 2020 regarding a transaction for Family East and Family West;
- Corresponding with Norton Rose Fulbright Canada LLP (“Norton Rose”), the Receiver’s counsel, and Kirwin Partners LLP, counsel to the E/W Purchaser, regarding the transaction with the E/W Purchaser (the “E/W Transaction”);
- Attending calls on October 16 and 20, 2020 with the E/W Purchaser to discuss, among other things, the status of the E/W Purchaser’s application for approval by the Ontario College of Pharmacists (the “OCP”);
- Corresponding with the Director of Rando regarding the application for OCP approval;
- Corresponding with WIS International to coordinate inventory counts at Family West and Family East in connection with the E/W Transaction;
- Corresponding with ECN regarding the Receiver’s discussions with the E/W Purchaser and the status of the E/W Transaction;
- Reviewing and commenting on closing documents in connection with the E/W Transaction;
- Corresponding with Hesham Abdel-Sayed, the principal of 2258156 Ontario Inc. (“2258”), Norton Rose and Saad Law P.C. (“Saad Law”), counsel to 2258, regarding a proposal and sponsorship agreement in respect of Rando that was to be sponsored by an entity related to Mr. Abdel-Sayed (the “2258 Transaction”);
- Corresponding with Saad Law and Norton Rose regarding a settlement and release regarding the 2258 Transaction, including the treatment of a deposit paid by 2258 in connection with the 2258 Transaction;

- Reviewing and commenting on a Settlement and Release dated October 29, 2020 between the Receiver and 2258;
- Corresponding with WeirFoulds LLP, counsel to 2775506 Ontario Inc., regarding Rando’s charter and a proposal sponsorship agreement (the “2775506 Transaction”);
- Reviewing and commenting on an Amendment to Sponsorship Agreement dated October 15, 2020 related to the 2775506 Transaction;

Other

- Corresponding with Norton Rose, Jerome H. Stanleigh, counsel to Dani Diena, and Mr. Diena regarding a transaction completed in July 2018 for a pharmacy located at 130 Highway #20 East, Fonthill (“Pelham Transaction”);
- Reviewing Mr. Diena’s responding motion record dated October 16, 2020 regarding the Receiver’s motion for approval of the 2775506 Transaction;
- Preparing, in draft, a supplement to the Receiver’s Fourth Report to Court dated September 23, 2020;
- Corresponding extensively with Mr. Stanleigh, Mr. Diena, ECN and Norton Rose regarding a potential settlement among Ms. Diena, the Receiver and ECN;
- Reviewing and commenting on an email from Norton Rose to Mr. Stanleigh dated October 7, 2020 regarding proposed settlement terms;
- Reviewing a letter dated October 8, 2020 from Mr. Stanleigh in connection with settlement terms and corresponding with ECN regarding same;
- Reviewing and commenting on an email from Norton Rose to Mr. Stanleigh dated October 15, 2020 regarding proposed settlement terms;
- Reviewing a letter dated October 21, 2020 from Mr. Stanleigh regarding settlement terms;
- Corresponding with ECN and Miller Thomson LLP, ECN’s counsel, regarding settlement terms;
- Attending calls on October 28 and 30, 2020 with Mr. Diena to discuss settlement terms and corresponding with ECN regarding same;
- Updating ECN regularly regarding the status of the receivership proceedings and the Transaction;
- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Total fees and disbursements	\$	20,192.58
HST		2,625.04
Total due	\$	<u>22,817.62</u>

KSV Restructuring Inc.

Rando Drugs Ltd. et al

Time Summary

For the period October 1, 2020 to October 31, 2020

Personnel	Role	Rate (\$)	Hours	Amount (\$)
Bobby Kofman	Overall responsibility	725	2.75	1,993.75
Mitch Vininsky	All aspects of mandate	625	16.60	10,375.00
Murtaza Tallat	Mandate assistance	450	12.75	5,737.50
Other Staff and Administration				1,992.00
Subtotal - fees				20,098.25
Out-of-pocket disbursements				94.33
Total Fees and Disbursements				20,192.58



INVOICE

Rando Drugs Ltd. et al
c/o KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

December 11, 2020

Invoice No: 1997
HST #: 818808768RT0001

Re: 2345760 Ontario Inc (“2345”), Rando Drugs Ltd. (“Rando”), M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc., and 2527475 Ontario Inc. (collectively, the “Company”) and Grace Diena

For professional services rendered by KSV Restructuring Inc. in its capacity as Court-appointed receiver and manager (the “Receiver”) of the Company for November 2020, including:

Operations

- Corresponding with Brian Herman, formerly Rando’s Controller, regarding operating issues at the Company’s pharmacies (the “Pharmacies”) located at:
 - 1604 Tecumseh Road West, Windsor (“Family West”); and
 - 6720 Hawthorne Drive, Windsor (“Family East”);
- Dealing with the following issues prior to the sale of the Pharmacies on November 19, 2020:
 - Corresponding regularly with the employees and contractors (pharmacists) of Rando at the Pharmacies;
 - Reviewing invoices and preparing weekly disbursements, including vendor payments, contractor payments and bi-weekly payroll;
 - Reviewing daily cash receipts from the Pharmacies;
 - Preparing weekly reports to ECN Financial Inc. (“ECN”), the Company’s principal secured creditor, including rolling four-week cash flows and budget-to-actual variance reports; and
 - Reviewing weekly adjudication reports from the Pharmacies;

- Corresponding with Mr. Herman regarding the closing of vendor accounts and the settlement of final invoices for the Pharmacies;
- Corresponding with the Ministry of Health and Long-term Care regarding final payments from the Ontario Drug Benefit (“ODB”) program for the Pharmacies;
- Corresponding and speaking with Rando staff at Family East regarding the results of an audit performed by ODB (“Pharmaceutical Audit”);
- Reviewing the report from ODB in respect of the Pharmaceutical Audit;
- Corresponding with McKesson Canada (“McKesson”), Rando’s inventory supplier, regarding the final balances owing to McKesson and closing the Family East and Family West accounts with McKesson;
- Preparing and filing Rando’s HST return for October 2020;
- Reviewing Records of Employment prepared for Rando’s employees;
- Coordinating with ADP Canada to prepare T4s for Rando’s employees;
- Corresponding with Canada Revenue Agency (“CRA”) regarding a payroll trust exam for Rando;
- Corresponding with Lipton LLP (“Lipton”) to have it prepare Rando’s pro-forma 2020 tax return;

Sale Process

- Corresponding with Sri Etikala and Jasmeet Chawla (the “E/W Purchaser”) regarding an asset purchase agreement for Family East and Family West between the Receiver and the E/W Purchaser dated July 24, 2020;
- Corresponding with Norton Rose Fulbright Canada LLP (“Norton Rose”), the Receiver’s counsel, and Kirwin Partners LLP (“Kirwin Partners”), counsel to the E/W Purchaser, regarding the transaction with the E/W Purchaser (the “E/W Transaction”), including in respect of closing documents;
- Corresponding with WIS International (“WIS”) to coordinate inventory counts on November 19, 2020 at Family West and Family East;
- Preparing the statement of adjustments for the E/W Transaction and corresponding with the E/W Purchaser, Kirwin Partners and Norton Rose regarding same;
- Corresponding with the E/W Purchaser and the Pharmacies’ vendors regarding settlement of final invoices to close accounts, utility account transfers, post-close inventory deliveries from McKesson and other reconciliation issues;
- Arranging for the patient prescription records to be transferred from Rando to the E/W Purchaser;
- Reviewing the inventory reports prepared by WIS and corresponding with the E/W Purchaser regarding the final statement of adjustments issued on November 17, 2020;

- Corresponding with ECN regarding the closing of the E/W Transaction, including advising ECN of distributions made on November 25, 2020 following receipt of the proceeds from the E/W Transaction;
- Corresponding with WeirFoulds LLP (“WeirFoulds”), counsel to 2775506 Ontario Inc. (“2775”), the Proposal sponsor, regarding Rando’s charter and a sponsorship agreement between the Receiver and 2775 dated September 16, 2020 (the “2775506 Transaction”);
- Attending a call on November 13, 2020 with Norton Rose and WeirFoulds regarding outstanding matters to complete the 2775506 Transaction;
- Corresponding extensively with WeirFoulds and Norton Rose regarding the proposal (the “Proposal”) to be filed in connection with the 2775506 Transaction;
- Reviewing draft materials prepared in connection with the Proposal, and corresponding with Norton Rose regarding the same;

Other

- Corresponding with Norton Rose and Dani Diena regarding a transaction completed in July 2018 for a pharmacy located at 130 Highway #20 East, Fonthill;
- Corresponding extensively with Mr. Diena, Jerome H. Stanleigh, counsel to Mr. Diena, ECN and Norton Rose regarding a settlement among Ms. Diena, the Receiver and ECN (the “Settlement”);
- Corresponding with ECN and Miller Thomson LLP, ECN’s counsel, regarding the Settlement terms;
- Attending a call on November 3, 2020 with Mr. Diena to discuss the Settlement and corresponding with ECN and Norton Rose regarding same;
- Preparing the Second Supplement to the Receiver’s Fourth Report to Court dated November 5, 2020;
- Attending at Court, virtually, on November 9, 2020 regarding, among other things, approval of the Settlement and the 2775506 Transaction;
- Updating ECN regularly regarding the status of the receivership proceedings and the Transaction;
- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Total fees and disbursements	\$ 31,406.06
HST	4,082.79
Total due	<u>\$ 35,488.85</u>

KSV Restructuring Inc.

Rando Drugs Ltd. et al

Time Summary

For the period November 1, 2020 to November 30, 2020

Personnel	Role	Rate (\$)	Hours	Amount (\$)
Bobby Kofman	Overall responsibility	725	4.75	3,443.75
Mitch Vininsky	All aspects of mandate	625	21.00	13,125.00
Murtaza Tallat	Mandate assistance	450	29.05	13,072.50
Other Staff and Administration				1,652.00
Subtotal - fees				31,293.25
Out-of-pocket disbursements				112.81
Total Fees and Disbursements				31,406.06



INVOICE

Rando Drugs Ltd. et al
c/o KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

January 11, 2021

Invoice No: 2021
HST #: 818808768RT0001

Re: 2345760 Ontario Inc (“2345”), Rando Drugs Ltd. (“Rando”), M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc., and 2527475 Ontario Inc. (collectively, the “Company”)

For professional services rendered by KSV Restructuring Inc. in its capacity as Court-appointed receiver and manager (the “Receiver”) of the Company for December 2020, including:

Operations

- Corresponding with Brian Herman, formerly Rando’s Controller, regarding the Company’s pharmacies (the “Pharmacies”) sold on November 19, 2020 located at:
 - 1604 Tecumseh Road West, Windsor (“Family West”); and
 - 6720 Hawthorne Drive, Windsor (“Family East”);
- Corresponding with Mr. Herman regarding the closing of vendor accounts and the settlement of final invoices for the Pharmacies;
- Reviewing invoices and preparing vendor and contractor payments;
- Preparing and filing Rando’s HST return for November 2020;
- Corresponding with the Ministry of Health and Long-term Care regarding final payments from the Ontario Drug Benefit (“ODB”) program for the Pharmacies;
- Corresponding with McKesson Canada (“McKesson”), Rando’s inventory supplier, to finalize the balance owing to McKesson and closing the Family East and Family West accounts with McKesson;
- Corresponding with Canada Revenue Agency (“CRA”) regarding Rando’s HST refunds;

- Corresponding with Dani Diena, principal of the Company, regarding creditors with PPSA registrations, including;
 - Ford Credit Canada Limited;
 - CIT Financial Ltd.; and
 - Blue Chip Leasing Corporation;
- Corresponding with Mr. Diena regarding corporate records and other miscellaneous items of Rando held in a storage facility;
- Corresponding with PharmaChoice regarding the potential for early payment of receivables owing to Rando;
- Corresponding with Lipton LLP (“Lipton”) to have it prepare Rando’s fiscal 2020 tax return;
- Reviewing Rando’s draft 2020 pro-forma tax return prepared by Lipton;
- Corresponding with CRA regarding the fiscal 2020 tax return;
- Corresponding with ADP Canada regarding preparation of T4s for Rando’s former employees;

Sale Process

- Corresponding with Norton Rose Fulbright Canada LLP (“Norton Rose”), the Receiver’s counsel, Sri Etikala and Jasmeet Chawla (the “E/W Purchaser”) and Kirwin Partners LLP (“Kirwin Partners”), counsel to the E/W Purchaser, regarding the transaction with the E/W Purchaser (the “E/W Transaction”);
- Preparing a post-closing statement of adjustments dated December 1, 2020 for the E/W Transaction and corresponding with the E/W Purchaser, Kirwin Partners and Norton Rose regarding same;
- Corresponding with WeirFoulds LLP (“WeirFoulds”), counsel to 2775506 Ontario Inc. (“2775”), the Proposal sponsor, regarding Rando’s charter and a sponsorship agreement (the “Sponsorship Agreement”) between the Receiver and 2775 dated September 16, 2020, as amended (the “2775506 Transaction”);
- Corresponding extensively with WeirFoulds and Norton Rose regarding the proposal to be filed in connection with the 2775506 Transaction (the “Proposal”);
- Preparing an update to ECN on December 16, 2020 regarding the status of the 2775506 Transaction;
- Reviewing draft closing documents prepared in connection with the Proposal, and corresponding with Norton Rose and WeirFoulds regarding the same;
- Corresponding with WeirFoulds and Norton Rose regarding the assignment of accounts receivables to ECN that are expected to be collected after the closing of the 2775506 Transaction;

- Corresponding with WeirFoulds regarding the second amendment to the Sponsorship Agreement dated December 31, 2020;
- Preparing draft documents to be filed in connection with Proposal, including a creditors list, statement of affairs and report to creditors;

Other

- Corresponding with Norton Rose and Mr. Diena regarding a transaction completed in July 2018 for a pharmacy located at 130 Highway #20 East, Fonthill;
- Preparing an Interim Report of the Receiver dated December 29, 2020 pursuant to Subsection 246(2) of the BIA;
- Updating ECN regarding the status of the receivership proceedings;
- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Total fees and disbursements	\$ 28,704.45
HST	<u>3,731.58</u>
Total due	<u>\$ 32,436.03</u>

KSV Restructuring Inc.

Rando Drugs Ltd. et al

Time Summary

For the period December 1, 2020 to December 31, 2020

Personnel	Role	Rate (\$)	Hours	Amount (\$)
Bobby Kofman	Overall responsibility	725	2.20	1,595.00
Mitch Vininsky	All aspects of mandate	625	12.00	7,500.00
Murtaza Tallat	Mandate assistance	450	39.65	17,842.50
Other Staff and Administration				606.75
Subtotal - fees				27,544.25
Out-of-pocket disbursements				1,160.20
Total Fees and Disbursements				28,704.45



INVOICE

Rando Drugs Ltd. et al
c/o KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

February 8, 2021

Invoice No: 2061
HST #: 818808768RT0001

Re: 2345760 Ontario Inc (“2345”), Rando Drugs Ltd. (“Rando”), M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc., and 2527475 Ontario Inc. (collectively, the “Company”)

For professional services rendered by KSV Restructuring Inc. in its capacity as Court-appointed receiver and manager (the “Receiver”) of the Company for January 2021, including:

Operations

- Corresponding with Brian Herman, formerly Rando’s Controller, and ADP Canada, Rando’s payroll service provider, regarding the preparation and delivery of T4s for Rando’s former employees;
- Reviewing invoices and preparing payments to vendors for professional services provided to Rando in the period;
- Preparing and filing Rando’s HST return for December 2020;
- Corresponding with the following parties regarding their registrations against Rando under the *Personal Property Security Act (Canada)*:
 - McKesson Canada;
 - Blue Chip Leasing Corporation; and
 - Ford Credit Canada Company;
- Corresponding with Canada Revenue Agency (“CRA”) regarding Rando’s HST refunds;
- Corresponding with Dani Diena regarding corporate records and other miscellaneous items of Rando held in a storage facility;
- Corresponding with Tert & Ross Ltd. to organize and store Rando’s corporate records;

- Corresponding with PharmaChoice regarding the balance due to Rando and the timing of its payment;
- Corresponding with CRA regarding Rando's 2020 tax return;
- Corresponding with Scotiabank regarding 2345's bank account held at Scotiabank;

Sale Process

- Corresponding with Norton Rose Fulbright Canada LLP ("Norton Rose"), the Receiver's counsel and WeirFoulds LLP ("WeirFoulds"), counsel to 2775506 Ontario Inc. ("2775"), the Proposal sponsor, regarding Rando's charter and a sponsorship agreement (the "Sponsorship Agreement") between the Receiver and 2775 dated September 16, 2020, as amended (the "2775506 Transaction");
- Corresponding extensively with WeirFoulds and Norton Rose regarding the proposal to be filed in connection with the 2775506 Transaction;
- Preparing an update to ECN on January 18, 2021 regarding the status of the 2775506 Transaction;

Other

- Corresponding with Norton Rose and Mr. Dena regarding a transaction completed in July 2018 for a pharmacy located in Fonthill, Ontario;
- Updating ECN regarding the status of the receivership proceedings;
- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Total fees and disbursements	\$ 10,520.29
HST	1,367.64
Total due	<u>\$ 11,887.93</u>

KSV Restructuring Inc.

Rando Drugs Ltd. et al

Time Summary

For the period January 1, 2021 to January 31, 2021

Personnel	Role	Rate (\$)	Hours	Amount (\$)
Bobby Kofman	Overall responsibility	750	3.90	2,925.00
Mitch Vininsky	All aspects of mandate	650	7.90	5,135.00
Murtaza Tallat	Mandate assistance	475	3.45	1,638.75
Other Staff and Administration				758.75
Subtotal - fees				10,457.50
Out-of-pocket disbursements				62.79
Total Fees and Disbursements				10,520.29



INVOICE

2275518 Ontario Inc. o/a Abira Healthcare
c/o KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

January 11, 2021

Invoice No: 2016
HST #: 818808768RT0001

Re: 2275518 Ontario Inc. o/a Abira Healthcare (the "Company")

For professional services rendered by KSV Restructuring Inc. in its capacity as Court-appointed receiver ("Receiver") of the Company from August 1, 2020 to December 31, 2020, including:

- Corresponding with Toronto-Dominion Bank ("TD"), the Company's senior secured creditor, regarding the Company's receivership and its potential tax refunds;
- Corresponding with Dani Diena, the Company's president, regarding the Company's funding arrangement with the Minister of Health and Long-term Care ("Ministry");
- Corresponding with Mr. Diena regarding the Company's historical claims for Scientific Research and Experimental Development ("SRED") tax credits;
- Corresponding with Bench & Donath LLP ("Bench"), the Company's accountants, regarding the preparation of Company's tax return for the year ended December 31, 2019 ("Fiscal 2019"), including the SRED claim;
- Corresponding with Paul Joseph, the Company's bookkeeper, regarding the Company's internal financial statements for Fiscal 2019;
- Reviewing the Fiscal 2019 financial statements and SRED claim and discussing them with Mr. Joseph and Mr. Diena;
- Reviewing invoices from Mr. Joseph and arranging for payment;
- Attending calls with TD and with Aird & Berlis LLP ("A&B"), TD's counsel, to, among other things, discuss the status of the Company's operations and SRED claim, including on August 8, 2020, August 21, 2020 and August 24, 2020;

- Preparing the Receiver's Third Report to Court dated August 27, 2020 regarding, among other things, limiting the Receiver's powers set out in paragraph 3 of the Receivership Order to preparing and filing the tax return for Fiscal 2019 and applying for the SRED tax credits;
- Reviewing an engagement letter from Bench;
- Corresponding with Bench regarding the tax return for Fiscal 2019;
- Corresponding with Mr. Diena regarding the location of Abira's corporate books and records;
- Corresponding with TD and A&B regarding receipt of a SRED refund and a potential distribution to TD;
- Corresponding with Norton Rose Fulbright Canada LLP ("Norton Rose"), the Receiver's counsel, to prepare a security opinion in respect of Abira's credit facility with TD;
- Preparing an Interim Report of the Receiver dated December 29, 2020 pursuant to Subsection 246(2) of the BIA;
- Convening internal meetings; and
- Dealing with all other matters not otherwise referred to herein.

Total fees and disbursements	\$ 16,593.78
HST	<u>2,157.19</u>
Total due	<u><u>\$ 18,750.97</u></u>

KSV Restructuring Inc.
2275518 Ontario Inc. o/a Abira Healthcare

Time Summary

For the period August 1, 2020 to December 31, 2020

Personnel	Role	Rate (\$)	Hours	Amount (\$)
Bobby Kofman	Overall responsibility	725	6.00	4,350.00
Mitch Vininsky	All aspects of mandate	625	15.00	9,375.00
Murtaza Tallat	Mandate assistance	450	5.90	2,655.00
Other Staff and Administration				204.50
Subtotal - fees				16,584.50
Out-of-pocket disbursements				9.28
Total Fees and Disbursements				16,593.78



INVOICE

2275518 Ontario Inc. o/a Abira Healthcare
c/o KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

February 9, 2021

Invoice No: 2064
HST #: 818808768RT0001

Re: 2275518 Ontario Inc. o/a Abira Healthcare (the “Company”)

For professional services rendered by KSV Restructuring Inc. in its capacity as Court-appointed receiver (“Receiver”) of the Company for January 2021, including:

- Corresponding with Dani Diena, the Company’s president, regarding the Company’s funding arrangement with the Minister of Health and Long-term Care;
- Preparing and filing T4s for the Company’s former employees;
- Corresponding with Canada Revenue Agency regarding a payroll trust exam;
- Corresponding with Mr. Diena regarding the location of Abira’s corporate books and records;
- Corresponding with Mr. Diena regarding corporate records and other miscellaneous items of the Company held in a storage facility;
- Corresponding with Tert & Ross Ltd. to organize and store the Company’s corporate records;
- Reviewing and commenting on a draft Court Order regarding the Receiver’s discharge;
- Convening internal meetings; and

- Dealing with all other matters not otherwise referred to herein.

Total fees and disbursements	\$	5,366.88
HST		<u>697.69</u>
Total due	\$	<u>6,064.57</u>

KSV Restructuring Inc.
2275518 Ontario Inc. o/a Abira Healthcare

Time Summary

For January 2021

Personnel	Role	Rate (\$)	Hours	Amount (\$)
Bobby Kofman	Overall responsibility	750	1.00	750.00
Mitch Vininsky	All aspects of mandate	650	3.80	2,470.00
Murtaza Tallat	Mandate assistance	475	2.50	1,187.50
Other Staff and Administration				912.50
Subtotal - fees				5,320.00
Out-of-pocket disbursements				46.88
Total Fees and Disbursements				5,366.88

This is Exhibit "B" referred to in the
affidavit of Mital Vininsky
sworn before me, this 11th
day of February 2021.


A COMMISSIONER FOR TAKING AFFIDAVITS

Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Restructuring Inc
Expires January 27, 2024.

2345760 Ontario Inc., Rando Drugs Ltd., 2275518 Ontario Inc., M. Blacher Drugs Ltd., 2501380 Ontario Inc., 2527218 Ontario Inc., Dumopharm Inc., 2527475 Ontario Inc.

**Schedule of Professionals' Time and Rates
For the Period of August 1, 2020 to January 31, 2021**

<u>Name</u>	<u>Role</u>	<u>Billing Rate (Per Hour)</u>
Robert Kofman	File management	\$ 725 - 750
Mitch Vininsky	All aspects of mandate	\$ 625 - 650
Murtaza Tallat	Operations	\$ 450 - 475
Eli Brenner	Sale process	\$ 495
Simon Thean	Banking	\$ 225
Other staff and administrative		\$ 167
Total hours		319
Total fees		\$ 164,279
Average hourly rate		\$ 515

Appendix “N”

Court File No. CV-19-632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ECN FINANCIAL INC.

Applicant

- and -

**2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518 ONTARIO INC., FAMILY HEALTH
PHARMACY WEST INC. formerly known as M. BLACHER DRUGS LTD., 2501380
ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC., 2527475 ONTARIO INC. and
GRACE DIENA**

Respondents

AFFIDAVIT OF JENNIFER STAM
(sworn February 11, 2021)

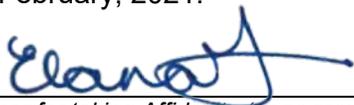
I, **Jennifer Stam**, of the City of Toronto, **MAKE OATH AND SAY:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and a partner with Norton Rose Fulbright Canada LLP ("**NRF**"), counsel for KSV Restructuring Inc., in its capacity as Court-appointed receiver (the "**Receiver**") in these proceedings and as such have knowledge of the matters herein deposed to. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.
2. I make this affidavit in support of a motion by the Receiver for, among other things, approval of the fees and disbursements of the Receiver and its counsel.
3. Attached hereto as **Exhibit "A"** is a schedule summarizing the accounts of NRF rendered to the Receiver for fees and disbursements incurred by NRF in connection with these proceedings for the period between August 12, 2020 and January 31, 2021.
4. Attached hereto as **Exhibit "B"** is a statement of experience summarizing the respective years of call and billing rates of each of the professionals at NRF that rendered services to the Receiver, the hours worked by each such individual and a blended hourly rate for the file.
5. Attached hereto as **Exhibit "C"** are true copies of the accounts rendered to the Receiver for the above-noted period. I confirm that these accounts accurately reflect the services

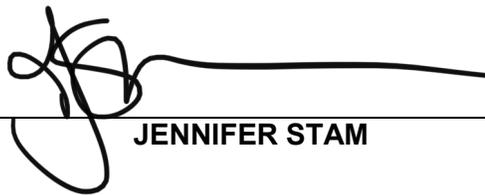
provided by NRF in this matter for this period and the fees and disbursements claimed by it for this period.

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

SWORN BEFORE ME via videoconference in the City of Toronto, in the Province of Ontario, on this 11th day of February, 2021.



A Commissioner for taking Affidavits (or as may be)



JENNIFER STAM

THIS IS **EXHIBIT "A"** TO THE AFFIDAVIT OF
JENNIFER STAM SWORN BEFORE ME VIA
VIDEOCONFERENCE IN THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO,
THIS 11th DAY OF FEBRUARY, 2021.



A Commissioner for taking Affidavits (or as may be)

SCHEDULE OF ACCOUNTS

Account Date	For Billing Period Ending	Fees	Costs	Tax	TOTAL
October 7, 2020	September 30, 2020	\$ 45,501.00	\$ 1,003.46	\$ 5,958.22	\$ 52,462.68
November 6, 2020	October 31, 2020	\$ 10,330.00	\$ 243.06	\$ 1,372.42	\$ 11,945.48
December 7, 2020	November 30, 2020	\$ 19,595.50	\$ 401.51	\$ 2,558.01	\$ 22,555.02
January 13, 2021	December 31, 2020	\$ 17,786.00	\$ 805.20	\$ 2,410.77	\$ 21,001.97
February 10, 2021	January 31, 2021	\$ 11,822.00	\$ 29.01	\$ 1,539.59	\$ 13,390.60
TOTAL:		\$ 105,034.50	\$ 2,482.24	\$ 13,839.01	\$ 121,355.75

THIS IS **EXHIBIT "B"** TO THE AFFIDAVIT OF
JENNIFER STAM SWORN BEFORE ME VIA
VIDEOCONFERENCE IN THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO,
THIS 11th DAY OF FEBRUARY, 2021.

A handwritten signature in blue ink, appearing to read 'Elana', is written above a horizontal line.

A Commissioner for taking Affidavits (or as may be)

STATEMENT OF EXPERIENCE

Name	Year of Call	Billing Rate	Hours Worked
Stam, Jennifer	2002	\$ 595.00	101.10
Merskey, Alan	1997	\$ 835.00	0.40
Reither, Eric	2001	\$ 875.00 (2020) \$ 910.00 (2021)	4.0
Choi, Peter	2017	\$ 405.00 (2020) \$ 430.00 (2021)	25.80
Bellissimo, Fiorella	Law Clerk	\$ 440.00 (2020) \$ 460.00 (2021)	12.60
Bianchi, Gianni	Law Clerk	\$ 310.00 (2020) \$ 315.00 (2021)	40.30
Carpico, Lilliana	Law Clerk	\$ 380.00 (2020) \$ 395.00 (2021)	5.30
Tsetsos, Maria	Law Clerk	\$ 325.00	0.90
Corovic, Tiana	Student	\$ 280.00	0.40
Moosa, Syed	Student	\$ 280.00	23.50
Anjum, Fatima	Student	\$ 290.00	11.40
TOTAL HOURS:			225.70

Blended Rate: (excl. Disbursements and HST)
$\$105,034.50 \div 225.70 \text{ hours} = \$ 465.37$

THIS IS **EXHIBIT "C"** TO THE AFFIDAVIT OF
JENNIFER STAM SWORN BEFORE ME VIA
VIDEOCONFERENCE IN THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO,
THIS 11th DAY OF FEBRUARY, 2021.

A handwritten signature in blue ink, appearing to read 'Elanor', written over a horizontal line.

A Commissioner for taking Affidavits (or as may be)

INVOICE

Invoice Number 9090277407
Matter Number 1001137255
Invoice Date October 07, 2020
NRF Contact Jennifer Stam



Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto ON M5K 1E7
Canada

Tel: +1 416-216-4000

Fax: +1 416-216-3930

www.nortonrosefulbright.com

GST/HST No. 111340006

Accounts Contact:

nrcreceivables@nortonrosefulbright.com

For the attention of: Bobby Kofman,
President and Managing Director
bkofman@ksvadvisory.com

KSV Kofman Inc.
150 King Street West
Suite 2308, Box 42
Toronto ON M5H 1J9

Rando Drugs Ltd.

Professional Services Rendered to September 30, 2020

Charges
CAD

SUMMARY

Taxable Fees	45,501.00
Taxable Disbursements	233.46
Taxable Other Charges	98.00
	<hr/>
Taxable Amount	45,832.46
HST 13.000%	5,958.22
	<hr/>
Non-Taxable Disbursements	672.00
	<hr/>
TOTAL AMOUNT DUE AND PAYABLE	CAD 52,462.68

Payable Upon Receipt
PAYMENT INFORMATION

RBC Financial Group, 1 Place Ville Marie, Montreal, Québec, CANADA H3C 3B5, Bank 003, Transit 00001, ACC. No. 161-327-2, Swift Code # ROYCCAT2. Include invoice number on transfer order.

Invoice Date	October 07, 2020	Invoice Number	9090277407
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

Rando Drugs Ltd.

TIME DETAILS

<u>DATE</u>	<u>NAME</u>	<u>HOURS</u>	<u>DESCRIPTION</u>
08/12/2020	Stam, J	0.60	Correspondence regarding PSA and related matters with P. Saad. Several conversations with B. Kofman regarding same.
08/13/2020	Stam, J	0.90	Conference call with P. Saad, KSV regarding Charter, follow up conversation with B. Kofman regarding same. Correspondence regarding same.
08/13/2020	Tsetsos, M	0.40	Email communications with J. Stam. Ordering PPSA search against Humber Pharmacy Inc.
08/14/2020	Stam, J	0.30	Correspondence regarding Humber and related matters.
08/17/2020	Stam, J	1.10	Reviewing and revising Sponsorship Agreement. Correspondence regarding same. Correspondence regarding September 3 court date.
08/18/2020	Stam, J	1.70	In depth review of 3rd Report. Correspondence regarding same. Correspondence with P. Layfield regarding E/W Transaction. Correspondence regarding Humber.
08/20/2020	Stam, J	1.60	Working on court materials. Drafting bill of sale regarding Humber. Correspondence regarding various matters.
08/21/2020	Stam, J	3.70	Working on court materials for September 3 motion. Correspondence with P. Saad regarding same. Correspondence with D. Sundin regarding same. Correspondence with P. Layfield regarding same. Correspondence with KSV regarding same.
08/24/2020	Bianchi, G	2.00	Drafting Fees Affidavit of Jennifer Stam and the motion record covers and index for the upcoming Rando Drugs motion and reformatting the Notice of Motion, sending same to J. Stam.
08/24/2020	Bianchi, G	0.50	Attending call with J. Stam to discuss the upcoming Rando Drugs motion.
08/24/2020	Stam, J	0.80	Correspondence regarding September 3 motion. Reviewing draft minutes of settlement. Correspondence regarding same. Working on materials regarding September 3 motion.
08/25/2020	Bianchi, G	1.00	Revising Rando Drugs motion record covers and finalizing the Fees Affidavit of J. Stam for swearing, sending same to J. Stam.
08/25/2020	Stam, J	0.70	Correspondence regarding sponsorship agreement and September 3 motion. Considering same. Conversations with KSV regarding same.
08/26/2020	Bianchi, G	0.50	Reviewing updated notice of motion for Rando Drugs and revising motion record covers.
08/26/2020	Stam, J	0.80	Reviewing revised report. Conversation with M. Vininsky regarding same. Revising orders and court materials regarding same.

This invoice may include fees and disbursements of the member firms of Norton Rose Fulbright. Such fees and disbursements of member firms other than Norton Rose Fulbright Canada LLP are invoiced and collected by Norton Rose Fulbright Canada LLP as agent of the relevant member firm. Norton Rose Fulbright Canada LLP is a limited liability partnership established in Canada. Norton Rose Fulbright Canada LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright South Africa Inc. and Norton Rose Fulbright US LLP are separate legal entities and all of them are members of Norton Rose Fulbright, a Swiss Verein. Norton Rose Fulbright helps coordinate the activities of the members but does not itself provide legal services to clients. For more information, see nortonrosefulbright.com.

Invoice Date	October 07, 2020	Invoice Number	9090277407
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

08/27/2020	Bianchi, G	6.00	Preparing and revising motion record for service and carrying out same.
08/27/2020	Stam, J	3.70	Further review of report. Finalizing court materials regarding September 3 motion. Conversations and correspondence regarding same. Conversation with S. Rakina regarding charter sale. Revising sponsorship agreement and authorization order. Drafting NDA. Correspondence regarding same.
08/28/2020	Bianchi, G	2.50	Preparing physical copies of motion record for service on the PPSA registrants and carrying out service of same.
08/28/2020	Stam, J	0.70	Reviewing changes to NDA. Correspondence regarding same. Correspondence regarding diligence and next steps.
08/30/2020	Bianchi, G	0.50	Reviewing practice direction regarding use of compendium for upcoming motion.
08/31/2020	Stam, J	0.70	Call with M. Vininsky, Weir Foulds regarding charter and diligence matters. Correspondence regarding various matters.
09/01/2020	Bianchi, G	1.00	Updating counsel slip and uploading revised version to Sync, preparing affidavit of service, and filing documents with the Court for upcoming motion.
09/01/2020	Reither, E	0.50	Conferencing with J. Stam regarding minute book review and establishing shareholders. Reviewing minute book review. Corresponding with F. Bellissimo regarding same.
09/01/2020	Stam, J	1.60	Conversation with E. Reither regarding DNPI and related matters. Considering same. Correspondence regarding September 3 motion. Reviewing correspondence from J. Stanleigh. Replying to same. Working on form of proposal. Correspondence regarding same.
09/02/2020	Bellissimo, F	1.00	Office conference with E. Reither regarding Dedicated National Pharmacies Inc.
09/02/2020	Bellissimo, F	0.50	Conducting due diligence search on 813866 Ontario Limited and Dedicated National Pharmacies Inc.
09/02/2020	Bianchi, G	0.50	Drafting covers and index for compendium and sending same to J. Stam.
09/02/2020	Reither, E	0.70	Conferencing with F. Bellissimo regarding minute book review and shareholder determinations and options. Providing assessment to J. Stam regarding same.
09/02/2020	Stam, J	1.30	Correspondence with J. Stanleigh regarding September 3 motion. Correspondence regarding proposal and sponsorship. Correspondence regarding DNPI. Reviewing documents regarding same.
09/03/2020	Bianchi, G	0.50	Preparing draft service email and letter regarding issued orders and providing detailed instructions for same to L. Symchych.

This invoice may include fees and disbursements of the member firms of Norton Rose Fulbright. Such fees and disbursements of member firms other than Norton Rose Fulbright Canada LLP are invoiced and collected by Norton Rose Fulbright Canada LLP as agent of the relevant member firm. Norton Rose Fulbright Canada LLP is a limited liability partnership established in Canada. Norton Rose Fulbright Canada LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright South Africa Inc. and Norton Rose Fulbright US LLP are separate legal entities and all of them are members of Norton Rose Fulbright, a Swiss verein. Norton Rose Fulbright helps coordinate the activities of the members but does not itself provide legal services to clients. For more information, see nortonrosefulbright.com.

Invoice Date	October 07, 2020	Invoice Number	9090277407
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

09/03/2020	Bianchi, G	0.50	Revising requested orders to complete any outstanding bullets.
09/03/2020	Bianchi, G	1.00	Carrying out tasks in preparation of and during motion hearing and attending hearing.
09/03/2020	Stam, J	3.70	Preparing for and attending Court regarding approval and vesting motion. Distribution and other matters. Review of J. Stanleigh materials regarding same. Follow up conversations regarding same.
09/04/2020	Bellissimo, F	0.90	Reviewing subscription agreement. Office conference with J. Stam.
09/04/2020	Stam, J	0.70	Reviewing WF comments on sponsorship agreement and revising same. Correspondence with F. Bellissimo regarding corporate questions regarding same. Working on same.
09/04/2020	Stam, J	0.20	Reviewing endorsement regarding Sept 3 motion. Conversation with B. Kofman regarding same. Correspondence regarding same.
09/05/2020	Stam, J	0.20	Correspondence with K. Plunkett regarding September 3 motion.
09/08/2020	Bellissimo, F	1.50	Reviewing draft sponsorship agreement and providing comments. Conducting due diligence on Rando Drugs Ltd.
09/08/2020	Bianchi, G	1.50	Preparing issued orders for service and carrying out steps relating to same.
09/08/2020	Stam, J	1.30	Reviewing P. Choi comments on Authorization Order and Proposal, revising same. Further revising sponsorship agreement. Correspondence with F. Bellissimo regarding same. Considering same. Correspondence with B. Kofman regarding same. Conversation with M. Vininsky regarding same.
09/09/2020	Stam, J	0.20	Correspondence with P. Layfield and D. Sundin regarding closing and related matters.
09/10/2020	Stam, J	1.10	Conference call with P. Choi and KSV regarding sponsorship agreement and related documents. Considering same. Preparing for same
09/14/2020	Stam, J	1.10	Reviewing mark up of Sponsorship Agreement. Conversations and correspondence regarding same. Revising same. Correspondence regarding same.
09/15/2020	Stam, J	1.50	Correspondence regarding Sponsorship Agreement. Finalizing same. Conversation with KSV regarding PPSA letter and related matters. Conversation with P. Choi regarding sponsorship agreement.
09/16/2020	Stam, J	0.80	Correspondence regarding signing of sponsorship agreement. Attending to matters regarding same. Conversation with E. Hofman regarding PPSA letter. Correspondence regarding same.
09/17/2020	Stam, J	0.30	Conversation with E. Hoffman regarding documents.

This invoice may include fees and disbursements of the member firms of Norton Rose Fulbright. Such fees and disbursements of member firms other than Norton Rose Fulbright Canada LLP are invoiced and collected by Norton Rose Fulbright Canada LLP as agent of the relevant member firm. Norton Rose Fulbright Canada LLP is a limited liability partnership established in Canada. Norton Rose Fulbright Canada LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright South Africa Inc. and Norton Rose Fulbright US LLP are separate legal entities and all of them are members of Norton Rose Fulbright, a Swiss Verein. Norton Rose Fulbright helps coordinate the activities of the members but does not itself provide legal services to clients. For more information, see nortonrosefulbright.com.

Invoice Date	October 07, 2020	Invoice Number	9090277407
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

			Correspondence regarding same. Correspondence regarding sale of east and west.
09/21/2020	Stam, J	2.80	Reviewing and revising draft report regarding authorization order. Correspondence regarding same.
09/22/2020	Bianchi, G	3.00	Drafting motion materials regarding motion to be heard October 2, 2020 for a Fee Approval and Authorization Order, sending same to J. Stam for review.
09/22/2020	Bianchi, G	1.00	Preparing Fee Affidavit of Jennifer Stam for Fee Approval Motion to be heard October 2, 2020, sending same to J. Stam for review.
09/22/2020	Choi, P	0.70	Reviewing the Fourth Report of the Receiver. Call with J. Stam to discuss the Fourth Report and the Factum.
09/22/2020	Stam, J	3.10	Working on draft Report. Conversations with KSV regarding same. Drafting and reviewing court materials regarding same. Considering legal issues regarding same.
09/23/2020	Bianchi, G	5.00	Preparing and making multiple revisions to motion materials in advance of service of Motion Record for motion returnable October 2, 2020, discussing same with J. Stam. Drafting service letter and email. Drafting Affidavit of Service. Serving motion record on the service list.
09/23/2020	Bianchi, G	0.50	Attending video call with J. Stam to discuss motion to be served and commissioning fee affidavit.
09/23/2020	Choi, P	2.60	Drafting a Factum for the motion regarding the Sponsorship Agreement and the Proposal.
09/23/2020	Stam, J	2.70	Finalizing motion materials for October 2 motion. Correspondence regarding same. Correspondence regarding East/West sale closing and related matters. Working on various matters. Reviewing documents from E. Hoffman regarding 2018 sale.
09/24/2020	Bianchi, G	1.00	Preparing courier packages for service of Notice of Motion on the PPSA registrants and coordinating the delivery of same. Carrying out filing of motion record.
09/24/2020	Choi, P	6.70	Drafting a Factum for the motion regarding the Sponsorship Agreement and the Proposal.
09/24/2020	Stam, J	0.70	Drafting response to E. Hoffman. Correspondence regarding motion and East/West sale closing.
09/25/2020	Stam, J	0.50	Correspondence re October 2 motion from J. Stanleigh. Discussion with B. Kofman regarding same.
09/27/2020	Stam, J	2.30	Reviewing and revising draft factum. Correspondence regarding same.
09/28/2020	Carpico, L	1.00	Considering email request for PPSA searches and ordering PPSA searches. Receipt and review of same. Forwarding copies to J. Stam.

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Invoice Date	October 07, 2020	Invoice Number	9090277407
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

09/28/2020	Choi, P	2.80	Reviewing the Factum and Book of Authorities of the Receiver. Internal correspondence regarding same.
09/28/2020	Corovic, T	0.40	Compiling a Book of Authorities for P. Choi.
09/28/2020	Merskey, A	0.40	Reviewing factum and discussing strategic issues with J. Stam.
09/28/2020	Stam, J	0.80	Further revising factum regarding October 2 motion. Internal discussions regarding same. Correspondence regarding J. Stanleigh meeting. Preparing for same
09/29/2020	Carpico, L	0.40	Receipt and review of certified PPSA searches and summary for Rando Drugs Inc. and email communications with J. Stam regarding same.
09/29/2020	Stam, J	1.30	Videoconference with J. Stanleigh, D. Diena, KSV regarding settlement proposal. Follow up with KSV regarding same. Correspondence regarding same. Reviewing correspondence regarding E. Hoffman. Correspondence with P. Choi regarding reorganization.
09/30/2020	Stam, J	0.90	Videoconference with KSV, ECN, C. Mills regarding various. Follow up correspondence regarding same. Correspondence regarding E/W closing. Correspondence regarding charter transaction.
Total		95.40	

TIME SUMMARY

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Partner			
Merskey, A	0.40	835.00	334.00
Reither, E	1.20	875.00	1,050.00
Stam, J	46.40	595.00	27,608.00
		Sub Total	28,992.00
<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Associate			
Choi, P	12.80	405.00	5,184.00

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Invoice Date	October 07, 2020	Invoice Number	9090277407
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Sub Total			5,184.00
Paralegal			
Bellissimo, F	3.90	440.00	1,716.00
Bianchi, G	28.50	310.00	8,835.00
Carpico, L	1.40	380.00	532.00
Tsetsos, M	0.40	325.00	130.00
Sub Total			11,213.00
<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Trainee			
Corovic, T	0.40	280.00	112.00
Sub Total			112.00
Total		95.40	45,501.00

DISBURSEMENT SUMMARY

<u>DESCRIPTION</u>	<u>QTY</u>	<u>AMOUNT</u>
Montreal		
Non-Taxable		
Court Fee	1.00	640.00
Registration Fee	1.00	32.00
Taxable		
Courier Fee	1.00	175.19
Registration Fee	1.00	58.27

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Invoice Date	October 07, 2020	Invoice Number	9090277407
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

	Sub Total	905.46
Toronto		
Taxable		
Document Production	392.00	98.00
	Sub Total	98.00
TOTAL		1,033.79

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INVOICE

Invoice Number 9090286249
Matter Number 1001137255
Invoice Date November 06, 2020
NRF Contact Jennifer Stam



Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto ON M5K 1E7
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GST/HST No. 111340006

Accounts Contact:

nrcreceivables@nortonrosefulbright.com

For the attention of: Bobby Kofman,
President and Managing Director
bkofman@ksvadvisory.com

KSV Kofman Inc.
150 King Street West
Suite 2308, Box 42
Toronto ON M5H 1J9

Rando Drugs Ltd.

Professional Services Rendered to October 31, 2020

Charges
CAD

SUMMARY

Taxable Fees	10,330.00
Taxable Disbursements	227.06
Taxable Amount	10,557.06
HST 13.000%	1,372.42
Non-Taxable Disbursements	16.00
TOTAL AMOUNT DUE AND PAYABLE	CAD 11,945.48

Payable Upon Receipt
PAYMENT INFORMATION

RBC Financial Group, 1 Place Ville Marie, Montreal, Québec, CANADA H3C 3B5, Bank 003, Transit 00001, ACC. No. 161-327-2, Swift Code # ROYCCAT2. Include invoice number on transfer order.

Invoice Date	November 06, 2020	Invoice Number	9090286249
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

Rando Drugs Ltd.

TIME DETAILS

<u>DATE</u>	<u>NAME</u>	<u>HOURS</u>	<u>DESCRIPTION</u>
10/01/2020	Stam, J	0.80	Correspondence regarding November 9 motion. Conversation with D. Sundin regarding status of East/West. Correspondence regarding same. Correspondence with P. Cho regarding motion and related matters. Considering same.
10/02/2020	Stam, J	0.90	Correspondence regarding East/West and charter transaction. Considering same. Videoconference with J. Stanleigh regarding without prejudice discussion. Follow up correspondence regarding same. Correspondence with E. Hoffman regarding Pelham sale.
10/06/2020	Stam, J	1.30	Without prejudice discussion with J. Stanleigh. Follow up discussion with KSV. Call to D. Sundin regarding East/West.
10/08/2020	Stam, J	0.80	Conversation with B. Kofman regarding various matters. Correspondence with P. Cho regarding Charter transaction. Reviewing correspondence from J. Stanleigh.
10/09/2020	Stam, J	0.20	Correspondence with P. Layfield regarding East/West status. Correspondence with KSV regarding same.
10/13/2020	Stam, J	0.30	Conversation with B. Kofman regarding status and related matters.
10/14/2020	Stam, J	0.40	Correspondence regarding East/West sale and other matters. Drafting response to J. Stanleigh. Considering issues regarding settlement offer.
10/15/2020	Stam, J	0.30	Conversation with D. Sundin regarding East/West. Correspondence regarding same.
10/16/2020	Stam, J	0.70	Correspondence regarding East/West and related matters. Drafting amendment to sponsorship agreement. Correspondence regarding same.
10/17/2020	Stam, J	0.80	Reviewing responding material. Conversation with B. Kofman regarding same. Correspondence regarding same.
10/19/2020	Bianchi, G	0.50	Preparing copy of responding motion record for J. Stam.
10/19/2020	Stam, J	1.80	Conversations regarding J. Stanleigh materials. Conversation with J. Stanleigh regarding settlement. Conversation with B. Kofman regarding various matters. Conversation with P. Saad regarding charter and related matters. Correspondence regarding same. Correspondence with C. Mills regarding charter.
10/20/2020	Bianchi, G	0.30	Drafting service email for service of motion materials on Peter Saad and serving same.
10/20/2020	Stam, J	0.70	Conversations with P. Saad regarding charter. Correspondence with

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Invoice Date	November 06, 2020	Invoice Number	9090286249
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

10/21/2020	Moosa, S	2.00	KSV regarding same. Correspondence with J. Berkow regarding November rent. Correspondence with D. Sundin regarding status. Drafting a closing book for J.Stam. Meeting with J.Stam to get instructions for same.
10/21/2020	Stam, J	0.60	Correspondence regarding charter. Reviewing revised settlement offer from J. Stanleigh. Correspondence regarding same.
10/22/2020	Moosa, S	0.40	Working on closing agenda for J .Stam.
10/22/2020	Stam, J	0.50	Conversations and correspondence with P. Saad regarding charter and deposit. Correspondence with KSV regarding same.
10/23/2020	Moosa, S	1.10	Drafting closing documents for J. Stam.
10/23/2020	Stam, J	0.80	Correspondence with P. Layfield regarding closing. Conversations and correspondence with P. Saad regarding charter and deposit. Correspondence with KSV regarding same.
10/26/2020	Moosa, S	0.50	Revising closing agreements for J.Stam based on her comments.
10/26/2020	Stam, J	0.70	Reviewing closing documents. Drafting settlement and release regarding Hesham. Correspondence with KSV regarding same.
10/27/2020	Moosa, S	0.30	Revising closing documents and preparing email correspondence for J.Stam.
10/27/2020	Stam, J	0.20	Reviewing closing agenda regarding East/West sale. Correspondence regarding same.
10/28/2020	Stam, J	1.30	Correspondence regarding settlement with Hesham. Correspondence regarding settlement with D. Diena. Conversation with P. Cho regarding status of various matters.
10/29/2020	Stam, J	0.70	Reviewing supplemental report. Revising factum. Correspondence regarding same.
10/30/2020	Bianchi, G	1.00	Reviewing factum for motion returnable November 9, 2020 and adding references to the responding motion record of the defendants and the supplement to the fourth report of the receiver, compiling factum and authority cited, and sending same to J. Stam for comment.
10/30/2020	Stam, J	0.60	Correspondence regarding settlement. Further revision of factum. Correspondence regarding same.
Total		20.50	

TIME SUMMARY

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
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Invoice Date	November 06, 2020	Invoice Number	9090286249
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

Partner

Stam, J	14.40	595.00	8,568.00
		Sub Total	8,568.00

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
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Paralegal

Bianchi, G	1.80	310.00	558.00
		Sub Total	558.00

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
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Trainee

Moosa, S	4.30	280.00	1,204.00
		Sub Total	1,204.00

Total		20.50	10,330.00
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DISBURSEMENT SUMMARY

<u>DESCRIPTION</u>	<u>QTY</u>	<u>AMOUNT</u>
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Non-Taxable

Registration Fee	1.00	16.00
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Taxable

Courier Fee	1.00	44.70
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Registration Fee	1.00	182.36
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TOTAL		272.57
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INVOICE

Invoice Number 9090295914
Matter Number 1001137255
Invoice Date December 07, 2020
NRF Contact Jennifer Stam



Norton Rose Fulbright Canada LLP
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Accounts Contact:

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For the attention of: Bobby Kofman,
President and Managing Director
bkofman@ksvadvisory.com

KSV Restructuring Inc.
150 King Street West
Suite 2308, Box 42
Toronto ON M5H 1J9

Rando Drugs Ltd.

Professional Services Rendered to November 30, 2020

Charges
CAD

SUMMARY

Taxable Fees	19,595.50
Taxable Disbursements	81.51
Taxable Amount	19,677.01
HST 13.000%	2,558.01
Non-Taxable Disbursements	320.00
TOTAL AMOUNT DUE AND PAYABLE	CAD 22,555.02

Payable Upon Receipt
PAYMENT INFORMATION

RBC Financial Group, 1 Place Ville Marie, Montreal, Québec, CANADA H3C 3B5, Bank 003, Transit 00001, ACC. No. 161-327-2, Swift Code # ROYCCAT2. Include invoice number on transfer order.

Invoice Date	December 07, 2020	Invoice Number	9090295914
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

Rando Drugs Ltd.

TIME DETAILS

<u>DATE</u>	<u>NAME</u>	<u>HOURS</u>	<u>DESCRIPTION</u>
11/02/2020	Stam, J	0.80	Finalizing factum. Correspondence regarding supplemental report. Conversation with P. Cho regarding waiver. Drafting same. Correspondence regarding same.
11/03/2020	Bianchi, G	1.50	Making revisions to and finalizing the factum of the Receiver for Motion returnable November 9, 2020, preparing covers for Receiver's Report, drafting service email and affidavit of service, sending same to J. Stam for review, serving factum and report on the service list, and carrying steps for filing.
11/03/2020	Stam, J	0.90	Correspondence regarding settlement matters. Finalizing supplement and factum regarding November 9 motion. Correspondence regarding same.
11/04/2020	Bianchi, G	0.50	Confirming filing of factum and report with the Court, reporting on same to J. Stam, and uploading documents to Sync.
11/04/2020	Bianchi, G	2.50	Drafting Notice of Motion and Order regarding the Grace Diena settlement and sending same to J. Stam for review.
11/04/2020	Stam, J	1.50	Correspondence regarding settlement. Working on same. Working on motion regarding same. Conversation with P. Cho regarding status of various matters.
11/05/2020	Bianchi, G	3.00	Making revisions to the draft Order and Notice of Motion for the Diena Settlement Approval motion, preparing motion record for service, drafting service email, service letter, and affidavit of service, sending same to J. Stam for review, serving motion record on the service list, and carrying out steps for filing the motion record with the Court.
11/05/2020	Stam, J	1.10	Finalizing settlement and motion regarding same. Correspondence regarding same.
11/09/2020	Bianchi, G	1.50	Sending draft orders to J. Stam in advance of motion hearing, preparing and making revisions to counsel slip in advance of motion hearing, attending motion hearing, sending signed orders to Court to request issuance and entering, drafting service email for Orders to send to Service List and sending same to J. Stam for review, and carrying out service of same.
11/09/2020	Stam, J	1.00	Preparing for and attending zoom court regarding sponsorship authorization motion. Correspondence regarding same.
11/11/2020	Stam, J	0.30	Correspondence regarding closing of East and West and other matters. Correspondence regarding next step in sponsorship agreement.

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Invoice Date	December 07, 2020	Invoice Number	9090295914
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

11/11/2020	Stam, J	0.50	Reviewing Pelham documents. Correspondence regarding same.
11/13/2020	Moosa, S	2.60	Meeting with J.Stam about next steps. Meeting with J.Stam and client. Revising closing agenda and creating blacklines. Drafting undertakings.
11/13/2020	Stam, J	2.30	Conference call with Weir Foulds, M. Vininsky regarding sponsorship and next steps. Internal discussion regarding East/West closing and other matters. Working on same.
11/14/2020	Moosa, S	1.10	Revising closing documents.
11/15/2020	Moosa, S	1.60	Revised closing documents.
11/15/2020	Stam, J	0.60	Reviewing and revising closing documents. Internal correspondence regarding same.
11/16/2020	Moosa, S	4.70	Drafting and revising closing documents. Assembling documents to send to other party's lawyer.
11/16/2020	Stam, J	0.30	Attending to matters regarding East/West closing.
11/17/2020	Bellissimo, F	0.50	Reviewing final court order. Office conference with J. Stam.
11/17/2020	Moosa, S	4.20	Meeting with J.Stam regarding next steps. Revising closing documents. Preparing signature pages. Corresponding with opposing party.
11/17/2020	Stam, J	1.10	Working on closing matters regarding East and West. Correspondence regarding same. Correspondence regarding next steps on charter transaction. Considering same.
11/17/2020	Stam, J	1.50	Working on matters regarding East and West closing. Conversation with F. Bellissimo regarding charter and reorganization. Correspondence with Weir Foulds regarding same. Correspondence with D. Sundin regarding landlord settlement. Correspondence with E. Hoffman regarding PPSA letters.
11/18/2020	Moosa, S	3.20	Revising documents, preparing signature pages and sending correspondence to other party's lawyers. Meeting with J.Stam to discuss next steps.
11/18/2020	Stam, J	1.50	Working on matters regarding East and West closings. Several conversations and correspondence regarding same.
11/19/2020	Bianchi, G	0.50	Carrying out steps for filing of the Receiver's Certificates in the East and West transactions and reporting on same to J. Stam.
11/19/2020	Moosa, S	1.30	Preparing closing documents.
11/19/2020	Stam, J	0.60	Attending to various closing matters regarding East and West. Correspondence and conversations regarding same.

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Invoice Date	December 07, 2020	Invoice Number	9090295914
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

11/20/2020	Bellissimo, F	1.00	Drafting reorganization documentation.
11/23/2020	Bellissimo, F	3.20	Drafting Articles of Amendment, subscription agreement and authorizing resolutions. Drafting documentation to purchase shares of 813866 Ontario Limited for cancellation.
11/23/2020	Stam, J	0.30	Conversation with KSV regarding Novacare adjustment and other matters. Correspondence regarding same.
11/24/2020	Moosa, S	0.50	Preparing execution copies in zip format to send to other party.
11/24/2020	Tsetsos, M	0.50	Email communications with J. Stam. Receiving, reviewing and preparing search summary against Rando Drugs Ltd.
11/25/2020	Stam, J	0.20	Correspondence regarding various charter matters. Considering same.
11/27/2020	Stam, J	0.70	Discussion with M. Vininsky regarding remaining steps. Considering same.
Total		49.10	

TIME SUMMARY

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Partner			
Stam, J	15.20	595.00	9,044.00
		Sub Total	9,044.00

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Paralegal			
Bellissimo, F	4.70	440.00	2,068.00
Bianchi, G	9.50	310.00	2,945.00
Tsetsos, M	0.50	325.00	162.50
		Sub Total	5,175.50

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Trainee			

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Invoice Date	December 07, 2020	Invoice Number	9090295914
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

Moosa, S	19.20	280.00	5,376.00
		Sub Total	5,376.00
Total		49.10	19,595.50

DISBURSEMENT SUMMARY

<u>DESCRIPTION</u>		<u>QTY</u>	<u>AMOUNT</u>
Non-Taxable			
Court Fee		1.00	320.00
Taxable			
Courier Fee		1.00	81.51
TOTAL			412.11

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INVOICE

Invoice Number 9090311014
Matter Number 1001137255
Invoice Date January 13, 2021
NRF Contact Jennifer Stam



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For the attention of: Bobby Kofman,
President and Managing Director
bkofman@ksvadvisory.com

KSV Restructuring Inc.
150 King Street West
Suite 2308, Box 42
Toronto ON M5H 1J9

Rando Drugs Ltd.

Professional Services Rendered to December 31, 2020

Charges
CAD

SUMMARY

Taxable Fees	17,786.00
Taxable Disbursements	758.42
Taxable Amount	18,544.42
HST 13.000%	2,410.77
Non-Taxable Disbursements	46.78
TOTAL AMOUNT DUE AND PAYABLE	CAD 21,001.97

Payable Upon Receipt
PAYMENT INFORMATION

RBC Financial Group, 1 Place Ville Marie, Montreal, Québec, CANADA H3C 3B5, Bank 003, Transit 00001, ACC. No. 161-327-2, Swift Code # ROYCCAT2. Include invoice number on transfer order.

Invoice Date	January 13, 2021	Invoice Number	9090311014
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

Rando Drugs Ltd.

TIME DETAILS

<u>DATE</u>	<u>NAME</u>	<u>HOURS</u>	<u>DESCRIPTION</u>
12/01/2020	Stam, J	5.20	Working on closing agenda for remaining Rando receivership and charter reorganization. Considering outstanding issues regarding same. Reviewing draft reorganization documents. Internal correspondence regarding same. Conversation with P. Bush regarding Pelham proceeds. Correspondence regarding same.
12/02/2020	Stam, J	1.80	Working on Rando reorganization matters. Reviewing and revising documents regarding same. Correspondence regarding same.
12/03/2020	Stam, J	1.20	Correspondence with PPSA registrants regarding Pelham. Conversation with F. Bellissimo regarding reorganization. Conversation with M. Vininsky regarding various matters. Correspondence with S. Rukavina regarding reorganization.
12/04/2020	Bellissimo, F	2.00	Continued work on reorganization documents.
12/04/2020	Stam, J	1.60	Discussion with K. Plunkett regarding Pelham proceeds. Conversation with K. Ohara regarding same. Correspondence regarding same. Conversation with A. Biderman regarding same. Correspondence with KSV regarding same. Correspondence regarding charter transaction. Considering reorganization issues.
12/08/2020	Bellissimo, F	0.50	Revising subscription agreement.
12/08/2020	Reither, E	0.70	Conferencing with J. Stam regard corporate steps.
12/08/2020	Stam, J	0.30	Correspondence regarding Abira.
12/08/2020	Stam, J	0.80	Internal discussion regarding reorganization matters. Considering same. Reviewing drafts of documents regarding same.
12/09/2020	Reither, E	0.40	Corresponding with J. Stam on transaction and transfer of 814866 Ontario shares.
12/09/2020	Stam, J	1.70	Working on reorganization documents. Revising same. Drafting amendment to sponsorship agreement. Correspondence with Weir Foulds regarding same.
12/10/2020	Stam, J	0.20	Correspondence with P. Saad regarding allocation.
12/11/2020	Carpico, L	0.60	Abira: Email communications with P. Choi and ordering due diligence searches against 2275518 Ontario Inc.
12/11/2020	Choi, P	2.90	Abira - Reviewing loan documents for 2275518 Ontario Inc. Preparing a Security Review Opinion. Internal correspondence regarding personal property searches.

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Invoice Date	January 13, 2021	Invoice Number	9090311014
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

12/14/2020	Carpico, L	0.50	Abira - Receipt and reviewing Ontario due diligence searches and email communications with P. Choi.
12/14/2020	Choi, P	3.50	Abira - Preparing a Security Review Opinion. Internal correspondence regarding same.
12/15/2020	Stam, J	0.40	Correspondence with S. Rukavina regarding charter sale. Correspondence with KSV regarding Pelham proceeds.
12/16/2020	Reither, E	0.50	Conferencing and corresponding with J. Stam regard change of directors and sponsorship agreement.
12/16/2020	Stam, J	0.50	Reviewing changes to reorganization documents. Internal discussions regarding same. Discussion with M. Vininsky regarding same and regarding Pelham.
12/17/2020	Bellissimo, F	0.60	Reviewing comments and revising stock transfer documentation.
12/17/2020	Reither, E	0.40	Conferencing with J. Stam regarding transaction.
12/17/2020	Stam, J	0.80	Reviewing comments from WF on charter transaction. Correspondence regarding same.
12/18/2020	Stam, J	0.70	Revising second amendment. Considering issues regarding indemnity and related matters. Correspondence regarding same.
12/21/2020	Stam, J	0.80	Revising second amendment and related documents. Correspondence with WF regarding same. Conversation with A. Biderman regarding Pelham. Correspondence with KSV regarding same.
12/22/2020	Stam, J	0.20	Correspondence regarding reorganization and related matters.
12/23/2020	Stam, J	0.80	Working on matters regarding amendment and related matters. Discussion with P. Cho regarding same.
12/24/2020	Stam, J	0.70	Conversation with P. Cho regarding amendment and related matters. Correspondence regarding same. Working on same.
12/29/2020	Stam, J	1.20	Correspondence with MT regarding receivables assignment and related matters. Correspondence regarding same. Drafting same.
12/30/2020	Stam, J	0.70	Dealing with second amendment and receivables assignment. Conversation with M. Vininsky regarding same. Correspondence regarding same.
Total		32.20	

TIME SUMMARY

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Partner			

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Invoice Date	January 13, 2021	Invoice Number	9090311014
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

Reither, E	2.00	875.00	1,750.00
Stam, J	19.60	595.00	11,662.00
		Sub Total	13,412.00

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
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Associate

Choi, P	6.40	405.00	2,592.00
		Sub Total	2,592.00

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
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Paralegal

Bellissimo, F	3.10	440.00	1,364.00
Carpico, L	1.10	380.00	418.00
		Sub Total	1,782.00

Total		32.20	17,786.00
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DISBURSEMENT SUMMARY

<u>DESCRIPTION</u>	<u>QTY</u>	<u>AMOUNT</u>
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Montreal

Non-Taxable

Registration Fee	1.00	46.78
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Taxable

Registration Fee	1.00	129.02
	Sub Total	175.80

Services OR LP/SEC - Montreal

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Invoice Date	January 13, 2021	Invoice Number	9090311014
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

Taxable

Bailiff Fee	1.00	55.00
External Copying	1.00	574.40
	Sub Total	629.40
TOTAL		821.97

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INVOICE

Invoice Number 9090315428
Matter Number 1001137255
Invoice Date February 10, 2021
NRF Contact Jennifer Stam



Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto ON M5K 1E7
Canada
Tel: +1 416-216-4000
Fax: +1 416-216-3930
www.nortonrosefulbright.com
GST/HST No. 111340006
Accounts Contact:
nrcreceivables@nortonrosefulbright.com

For the attention of: Bobby Kofman,
President and Managing Director
bkofman@ksvadvisory.com

KSV Restructuring Inc.
150 King Street West
Suite 2308, Box 42
Toronto ON M5H 1J9

Rando Drugs Ltd.

Professional Services Rendered to January 31, 2021

Charges
CAD

SUMMARY

Taxable Fees	11,822.00
Taxable Disbursements	21.01
Taxable Amount	11,843.01
HST 13.000%	1,539.59
Non-Taxable Disbursements	8.00
TOTAL AMOUNT DUE AND PAYABLE	CAD 13,390.60

Payable Upon Receipt
PAYMENT INFORMATION

RBC Financial Group, 1 Place Ville Marie, Montreal, Québec, CANADA H3C 3B5, Bank 003, Transit 00001, ACC. No. 161-327-2, Swift Code # ROYCCAT2. Include invoice number on transfer order.

Invoice Date	February 10, 2021	Invoice Number	9090315428
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

Rando Drugs Ltd.

TIME DETAILS

<u>DATE</u>	<u>NAME</u>	<u>HOURS</u>	<u>DESCRIPTION</u>
01/06/2021	Bianchi, G	0.50	Corresponding with Court regarding scheduling of motion and confirming same with J. Stam.
01/06/2021	Carpico, L	1.80	Dedicated National: Email communications with J. Stam. Ordering PPSA searches for Dedicated National Pharmacies Inc. and receipt and review of same circulating copies to J. Stam. Preparing PPSA summary and reviewing and circulating summary to J. Stam.
01/06/2021	Stam, J	0.30	Conversation with MOF regarding Pelham. Correspondence regarding same.
01/11/2021	Anjum, F	0.50	Meeting with J. Stam to receive instructions for Rando Receivership closing.
01/11/2021	Stam, J	0.40	Conversation with MOF regarding Pelham. Correspondence regarding same.
01/12/2021	Stam, J	0.30	Working on PPSA no interest letter regarding Pelham. Correspondence regarding same.
01/18/2021	Anjum, F	1.50	Updating closing checklist and organizing documents.
01/19/2021	Anjum, F	3.00	Meeting with J. Stam to receive instructions with respect to next steps. Corresponding with F. Bellissimo, L. Carpico, P. Choi and E. Reither with respect to organizing, preparing and updating Subscription Agreement, Discharge Letter, Share Specimen, and other relevant documents. Drafted Discharge Letter.
01/19/2021	Bellissimo, F	0.40	Updating reorganization documentation.
01/19/2021	Reither, E	0.20	Considering and corresponding with F. Anjum on comments on articles.
01/20/2021	Anjum, F	1.50	Corresponding with J. Stam, P. Choi, and L. Carpico with respect to updating and drafting the relevant documents for closing. Updating closing checklist to reflect changes made and drafting email to opposing counsel.
01/20/2021	Bellissimo, F	0.50	Finalizing closing documents.
01/20/2021	Choi, P	1.00	Drafting the Reorganization Approval Order. Internal correspondence regarding same.
01/20/2021	Stam, J	0.30	Working on Rando regarding organization documents. Internal discussions regarding same.
01/21/2021	Stam, J	0.80	Conversation with E. Reither regarding reorganization matters. Reviewing corporate documents. Considering same.

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Invoice Date	February 10, 2021	Invoice Number	9090315428
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

01/21/2021	Reither, E	0.20	Reviewing subscription agreement and conferencing with J. Stam regarding same.
01/21/2021	Choi, P	1.00	Drafting the Reorganization Approval Order and the Discharge and Fee Approval Order. Internal correspondence regarding same. Drafting the Diena Discharge Certificate.
01/21/2021	Carpico, L	1.00	Email communications with F. Anjum and receipt and review of search summaries and updating, reviewing and revising schedule to ECN discharge letter.
01/21/2021	Anjum, F	2.30	Corresponding with J. Stam to provide draft email to send to opposing counsel along with relevant attachments. Updating closing checklist and discharge letter to reflect comments made by J. Stam. Correspondence with respect to the same. Corresponding with P. Choi to receive Proposal Approval Order and Reorganization Approval Order for circulation.
01/22/2021	Anjum, F	1.30	Corresponding with J. Stam and E. Reither with respect to comments on the Subscription Agreement. Updating subscription agreement and responding to opposing counsel with the relevant attachments.
01/22/2021	Reither, E	0.40	Preparing and providing comments on subscription agreement.
01/22/2021	Stam, J	0.80	Correspondence regarding closing documents and February 19 orders. Reviewing and revising same. Correspondence with WF regarding same.
01/25/2021	Anjum, F	0.70	Corresponding with P. Choi with respect to TD Distributions and PPSA registrations in order to help draft orders. Reviewing email from opposing counsel.
01/25/2021	Choi, P	1.00	Drafting the Miscellaneous Order.
01/26/2021	Anjum, F	0.30	Corresponding with J. Stam with respect to request for adjusted trial balance from opposing counsel. Responding to opposing counsel with requested information.
01/28/2021	Choi, P	1.10	Abira - Reviewing loan documents. Corresponding with J. Stam regarding same.
01/28/2021	Stam, J	0.70	ABIRA: Reviewing Abira security opinion. Considering issues regarding same. Correspondence with K. Plunkett and KSV regarding same.
01/28/2021	Stam, J	1.30	Follow up regarding PPSA registrations. Correspondence regarding same. Working on February 19 materials and considering issues regarding same. Correspondence with MOF regarding Pelham.
01/29/2021	Choi, P	0.20	Abira - Reviewing the Security Opinion.

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Invoice Date	February 10, 2021	Invoice Number	9090315428
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

01/29/2021	Choi, P	0.20	Reviewing the Miscellaneous Order. Internal correspondence regarding same.
01/29/2021	Stam, J	0.60	Reviewing and revising draft February 19 order and related documents. Correspondence regarding same.
01/30/2021	Anjum, F	0.30	Reviewing correspondence from opposing counsel and discussing with J. Stam with respect to next steps. Circulating calendar invite for meeting to discuss next steps.
01/30/2021	Choi, P	0.80	Abira - Drafting the Security Opinion.
01/31/2021	Choi, P	1.30	Abira - Drafting the Security Opinion.
Total		28.50	

TIME SUMMARY

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Partner			
Stam, J	5.50	595.00	3,272.50
Reither, E	0.80	910.00	728.00
		Sub Total	4,000.50

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Associate			
Choi, P	6.60	430.00	2,838.00
		Sub Total	2,838.00

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Paralegal			
Carpico, L	2.80	395.00	1,106.00
Bianchi, G	0.50	315.00	157.50
Bellissimo, F	0.90	460.00	414.00
		Sub Total	1,677.50

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Invoice Date	February 10, 2021	Invoice Number	9090315428
Matter Description	Rando Drugs Ltd.		
Matter Number	1001137255		

<u>NAME</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Trainee			
Anjum, F	11.40	290.00	3,306.00
		Sub Total	3,306.00
Total		28.50	11,822.00

DISBURSEMENT SUMMARY

<u>DESCRIPTION</u>	<u>QTY</u>	<u>AMOUNT</u>
Montreal		
Non-Taxable		
Registration Fee	1.00	8.00
Taxable		
Registration Fee	1.00	21.01
TOTAL		29.01

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ECN FINANCIAL INC. and 2345760 ONTARIO INC., et al.
Applicant Respondents

Court File No.: CV-19-632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

AFFIDAVIT OF JENNIFER STAM
(sworn February 11, 2021)

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, ON M5K 1E7

Jennifer Stam (LSO# 46735J)

Tel: 416-202-6707

Fax: 416-216-3930

Email: Jennifer.stam@nortonrosefulbright.com

Lawyers for the Receiver, KSV Restructuring Inc.

ECN FINANCIAL INC. and 2345760 ONTARIO INC., et al.
Applicant Respondents

Court File No.: CV-19-632106-00CL

IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Estate File No.: 31-2702401

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**FIFTH REPORT OF COURT OF THE RECEIVER,
KSV RESTRUCTURING INC.
AND
FIRST REPORT TO THE COURT OF THE
PROPOSAL TRSUTEE,
KSV RESTRUCTURING INC.**

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, ON M5K 1E7

Jennifer Stam LSO# 46735J
Jennifer.stam@nortonrosefulbright.com
Tel: 416-202-6707
Fax: 416-216-3930

Lawyers for the Receiver and Proposal Trustee,
KSV Restructuring Inc.

TAB 3

Court/Estate File No.: 31-2702401

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE)	FRIDAY, THE 19TH
)	
JUSTICE HAINEY)	DAY OF FEBRUARY, 2021

**IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS
LTD., OF THE CITY OF TORONTO, IN THE PROVINCE OF
ONTARIO**

**ORDER
(Proposal Approval Order)**

THIS MOTION, made by KSV Restructuring Inc. (“**KSV**”), in its capacity as the proposal trustee (in such capacity, the “**Proposal Trustee**”) of Rando Drugs Ltd. (the “**Company**”), for an order, *inter alia*, approving the proposal in respect of the Company (the “**Proposal**”) filed by the Receiver, on behalf of the Company, on January 7, 2021, was heard this day virtually via Zoom videoconference as a result of the COVID-19 pandemic.

ON READING the Motion Record of the Proposal Trustee, including the Report of the Proposal Trustee dated February 11, 2021, and on hearing the submissions of counsel for the Proposal Trustee and the Receiver, and those other parties present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Katie Parent sworn ●, 2021, filed:

1. **THIS COURT ORDERS** that capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Proposal.

SERVICE

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

APPROVAL OF PROPOSAL

3. **THIS COURT ORDERS AND DECLARES** that the Proposal, as accepted by the requisite majority of the Company's creditors and as attached hereto as **Schedule "A"**, is fair and reasonable and is hereby approved and is binding and effective in accordance with its terms on the Company, all Affected Creditors, all holders of Equity Claims (including Existing Equity Holders) and all other Persons as provided for in the Proposal.

PROPOSAL IMPLEMENTATIONS

4. **THIS COURT ORDERS** that effective at the Proposal Implementation Time, the Proposal shall be implemented and all of its provisions shall be fully effective and binding on the Company and on all persons affected by the Proposal, and their respective heirs, executors, administrators, legal representatives, successors and assigns.

5. **THIS COURT ORDERS** that in addition to the powers and rights afforded to it under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, the Proposal Trustee be and is hereby authorized to take all actions and steps necessary or appropriate to implement the Proposal and the transactions contemplated thereby, subject to the terms of the Proposal, and that such steps and actions are hereby approved.

6. **THIS COURT ORDERS AND DECLARES** that the distributions, payments and disbursements delivered pursuant to the Proposal are not delivered by the Proposal Trustee in

its personal or corporate capacity or as legal representative of the Company and shall be without personal or corporate liability of the Proposal Trustee, and without limiting the foregoing, the Proposal Trustee shall have no, and is released from any, obligation or liability in connection with any taxes owing by the Company, or any withholdings or deductions that any person may assert should or should not have been paid or made in connection with such distributions, disbursements or payments.

7. **THIS COURT ORDERS** that, for the avoidance of doubt, the Proposal Trustee shall incur no liability or obligation for any act or omission as a result of carrying out the provisions of this Order and the Proposal, save and except for any gross negligence or wilful misconduct on its part.

8. **THIS COURT ORDERS** that effective at the Proposal Implementation Time, the commencement, continuation or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery from, or against, the Released Parties shall be and are hereby permanently barred, estopped and enjoined.

9. **THIS COURT ORDERS AND DECLARES** that effective at the Proposal Implementation Time, any and all claims of any nature against the Released Parties shall be and are hereby compromised, discharged and released in accordance with the Proposal, and the ability of any Person to proceed against the Released Parties in respect of or relating to any such claims shall be and is hereby forever discharged and restrained, and all proceedings with respect to, in connection with, or relating to, such claims shall be and are hereby permanently stayed.

GENERAL

10. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces

and territories in Canada against all persons, firms, corporations, governmental, municipal and regulatory authorities against whom it may be enforceable.

11. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province to act in aid of and to be complementary to this Court in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and the Receiver and their agents in carrying out the terms of this Order.

Schedule "A"
Proposal

[Remainder of page intentionally left blank.]

Court File No. / Estate File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

**IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

PROPOSAL

KSV Restructuring Inc. (formerly KSV Kofman Inc.), in its capacity as receiver (the **“Receiver”**) of the property, assets and undertaking of Rando Drugs Ltd. (the **“Company”**) hereby submits the following Proposal under Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Proposal, capitalized terms have the following meanings:

- (a) **“Administration Fees and Expenses”** means the fees and expenses, including legal fees and disbursements of the Court Officer;
- (b) **“Affected Claims”** means all Claims other than Unaffected Claims and Preferred Claims;
- (c) **“Affected Creditor”** means a Person holding one or more Affected Claims in respect of and to the extent of such Affected Claim;
- (d) **“Applicable Law”** means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;
- (e) **“Authorization Order”** means the Order of this Court made on November 9, 2020, among other things, authorizing the Receiver to file this Proposal and appointing KSV as Proposal Trustee for the purposes of administering this Proposal and all required steps hereunder;
- (f) **“BIA”** means the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended;
- (g) **“Business Day”** means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;
- (h) **“Claim”** means any claim against the Company and includes any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of the Company to any person, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, by surety or otherwise and whether or not such right is executory in nature, including, without limitation, the right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the

future based in whole or in part on facts which existed prior to or at the Filing Date, including Director/Officer Indemnity Claims, but excluding Unaffected Claims;

- (i) “**Company**” has the meaning given to it in the preamble;
- (j) “**Court**” means the Ontario Superior Court of Justice (Commercial List);
- (k) “**Court Officer**” means KSV in its capacities as Receiver and Proposal Trustee;
- (l) “**Creditor**” means any Person who holds one or more Claims;
- (m) “**Crown**” means Her Majesty in Right of Canada or of any Province of Canada their agents;
- (n) “**Crown Claims**” means the Claims of the Crown set out in Section 60(1.1) of the BIA outstanding as at the Filing Date against the Company, if any, payment of which will be made in priority to the payment of the Preferred Claims and to distributions in respect of the Ordinary Claims, and specifically excludes any other claims of the Crown;
- (o) “**Director/Officer Indemnity Claims**” means any existing or future right of any Director or Officer against the Company that arose or arises as a result of any Person filing a proof of claim (as contemplated by the BIA) in respect of a Director Claim or Officer Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by the Company;
- (p) “**Director**” means the current director of the Company as at the Filing Date in such capacity;
- (q) “**Director Claim**” means a Claim against a Director that relates to the obligations of the Company where the Director is by law liable in his capacity as director for the payment of such obligations and, for greater certainty, excludes any claim against a Director for guarantees he made in respect of any obligations of the Company or any other Company owned directly or indirectly by him;
- (r) “**Equity Claim**” has the meaning given to it in Section 2 of the BIA;
- (s) “**Event of Default**” has the meaning given to it in Article 9 of this Proposal;
- (t) “**Filing Date**” means the date on which the Receiver filed this Proposal under the BIA;
- (u) “**Governmental Entity**” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
- (v) “**KSV**” means KSV Restructuring Inc. (formerly KSV Kofman Inc.);
- (w) “**Law**” means any law, statute, order, decree, consent decree, judgment, rule, regulation, ordinance or other pronouncement having the effect of law, whether in Canada or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity;
- (x) “**Meeting**” means a meeting of the Ordinary Creditors of the Company called for the purpose of considering and voting in respect of this Proposal;
- (y) “**Non-Released Persons**” means any individual who is or was an Officer of the Company including, for greater certainty, Dani Diena, Grace Diena or any relative (by blood or marriage) of Dani Diena or Grace Diena;

- (z) **“Officer”** means any past or present officer of the Company;
- (aa) **“Officer Claim”** means a Claim against an Officer that relates to the obligations of the Company where the Officer is by law liable in his capacity as an officer for the payment of such obligations and, for greater certainty, excludes any claim against the Officer for guarantees he made in respect of any obligations of the Company or any other Company owned directly or indirectly by him;
- (bb) **“Ordinary Claims”** means all Claims other than Preferred Claims, Secured Claims and Unaffected Claims;
- (cc) **“Ordinary Creditor”** means a Person holding one or more Ordinary Claims;
- (dd) **“Ordinary Creditors’ Pool”** means the pool of funds in the amount of \$125,000 to be transferred by the Receiver to the Proposal Trustee for the purposes of distribution to Ordinary Creditors holding Ordinary Claims;
- (ee) **“Person”** means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;
- (ff) **“Preferred Claims”** means the Claims set out in Subsection 136(1) of the BIA, outstanding as at the Filing Date against the Company, if any, the payment of which will be made in priority to distributions in respect of the Ordinary Claims;
- (gg) **“Proposal”** means this Proposal made pursuant to the BIA, as further amended or supplemented from time to time;
- (hh) **“Proposal Approval Motion”** has the meaning given to it in Section 10.01 hereof;
- (ii) **“Proposal Approval Order”** has the meaning given to it in Section 10.02;
- (jj) **“Proposal Implementation Date”** means the date on which this Proposal is implemented as evidenced by the service of the Proposal Trustee’s certificate as contemplated by Section 10.04;
- (kk) **“Proposal Implementation Time”** means 12:01am on the Implementation Date (or such other time as the Court Officer and the Sponsor may designate);
- (ll) **“Proposal Trustee”** means KSV in its capacity as proposal trustee as appointed pursuant to the Authorization Order;
- (mm) **“PSA”** means the Proposal Sponsorship Agreement dated as of September 16, 2020 between the Sponsor and the Receiver, as the same has been or may be further amended from time to time;
- (nn) **“Receiver”** has the meaning given to it in the preamble;
- (oo) **“Receivership”** means the receivership proceedings pursuant to the Receivership Order;
- (pp) **“Receivership Order”** means the Order of the Court appointing KSV as Receiver made on December 4, 2019;
- (qq) **“Released Parties”** has the meaning given to it in Section 7.01;
- (rr) **“Reorganization Approval Order”** means the Order of this Court in the Receivership and these proceedings approving the Reorganization as contemplated by the PSA on the terms and conditions set out therein;

- (ss) **“Required Majority”** means the required majority of Affected Creditors entitled to vote on the Proposal as contemplated by Section 54 of the BIA;
- (tt) **“Respondents”** has the meaning given to it in the title of proceedings in the Receivership;
- (uu) **“Sponsor”** means 2775506 Ontario Inc.;
- (vv) **“Trustee”** means KSV, in its capacity as proposal trustee in this Proposal;
- (ww) **“Unaffected Claims”** means any Claims of ECN Financial Inc. under its security including any borrowings by the Receiver pursuant to the Receivership Order, all Administration Fees and Expenses;
- (xx) **“Unaffected Creditor”** means a Person holding one or more Unaffected Claims in respect of and to the extent of such Unaffected Claim.

1.02 PSA Defined Terms

Capitalized terms used herein and not otherwise defined have the meaning given to them in the PSA.

1.03 Headings

The division of this Proposal, into parts, paragraphs and subparagraphs, and the insertion of headings, is for convenience only and is not to affect the construction or interpretation of this Proposal.

1.04 Business Days

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.05 Successors and Assigns

This Proposal will be binding upon and will enure to the benefit of all persons named or referred to herein including, without limitation, all Creditors and their heirs, estate administrators, personal representatives, successors and assigns as the case may be.

ARTICLE 2 - PURPOSE AND EFFECT OF THIS PROPOSAL

2.01 Purpose

The purpose of this Proposal is to effect a proposal for the distribution of funds from the Ordinary Creditors' Pool.

2.02 Persons Affected

At the Proposal Implementation Time, this Proposal will become effective on and, subject to the fulfillment by the Company of its obligations hereunder, shall be binding on the Company, the Directors and Officers, the Affected Creditors and the Existing Equity Holders.

2.03 Effect of Proposal Implementation

Effective on the Proposal Implementation Time, all Claims of Affected Creditors shall be discharged, and the Company shall thereupon be released from all Claims of Affected Creditors, other than the obligation to make payment in the manner and to the extent described in this Proposal or as otherwise described.

2.04 Unaffected Claims

Unaffected Claims will not be affected by this Proposal and are to continue in the ordinary course under their present arrangements unless otherwise agreed to by an Unaffected Creditor.

ARTICLE 3 – TREATMENT OF CLAIMS

3.01 Preferred Claims and Mandatory Payments

(a) Crown Claims

Within five Business Days of the Proposal Implementation Date, the Crown Claims, if any, will be paid by the Trustee, in full with related interest and penalties as prescribed by the applicable laws, regulations and decrees.

(b) Preferred Claims

Within five Business Days of the Proposal Implementation Date, the Preferred Claims, if any, will be paid in full by the Trustee.

(c) The Levy

The levy payable to the Superintendent of Bankruptcy under the BIA shall be paid in respect of the Preferred Claims and Ordinary Claims.

3.02 Ordinary Claims

(a) Subject to the amounts required to be paid in Section 3.01(c), the Proposal Trustee shall make one or more distributions to Ordinary Creditors of 100% of the funds from the Ordinary Creditors' Pool on a pro rata basis in accordance with the proofs of claims that are filed by Ordinary Creditors and the BIA.

(b) Ordinary Creditors will accept the payment provided for in this Section 3.02 in complete satisfaction of all their Claims and all liens, certificates of pending litigation, executions or any other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against the Company's property or the Company. Upon the making of the payments provided for in this section, any and all such claims and all such liens, certificates or pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without cost to the Company.

3.03 Equity Claims

All Equity Claims, and all Director/Officer Indemnity Claims that are based on or related to Equity Claims, shall and shall be deemed to be fully, finally and irrevocably and forever compromised, released, discharged, settled, extinguished, cancelled and barred on the Proposal Implementation Date. Holders of Equity Claims shall not receive any consideration or distributions under this Proposal and shall not be entitled to vote on this Proposal at the Meeting.

ARTICLE 4 - VOTING ON THE PROPOSAL

4.01 For the purpose of voting on the Proposal, there shall be one class of Ordinary Creditors.

4.02 In order to be eligible to vote at the meeting of Ordinary Creditors, each Ordinary Creditor shall file a proof of claim with the Trustee in accordance with the applicable provisions of the BIA and thereafter the Trustee shall determine the claims in accordance with the provisions of section 135 of the BIA.

4.03 In order to receive a distribution from the Proposal, an Ordinary Creditor must submit a proof of claim prior to the time the Trustee distributes funds in accordance with the Proposal.

4.04 For greater certainty, Unaffected Creditors and Existing Equity Holders shall not be entitled to vote on the Proposal.

ARTICLE 5 - CLAIMS AGAINST DIRECTORS

5.01 In accordance with Section 50(13) of the BIA, effective on receipt of the Proposal Approval Order, the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete compromise, release and discharge of all Affected Claims, of any nature or source whatsoever, of all Creditors and any other persons against the Director, which arose before the Filing Date and which relate to obligations of the Company where the Director is by law liable in his capacity as Director for payment of such obligations, provided however that nothing herein shall release or discharge or be deemed to have released or discharged any Affected Claims against the Director that cannot be released or discharged pursuant to Section 50(14) of the BIA and provided further nothing herein shall release any Affected Claim against the Non-Released Persons.

5.02 Nothing in the Proposal shall be deemed, in any manner whatsoever, to constitute any acknowledgement of any liability or obligations of the Director.

ARTICLE 6 - PREFERENCES, TRANSFERS AT UNDER VALUE, ETC.

6.01 In conformity with Section 101.1 of the BIA, Sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like shall not apply to this Proposal.

6.02 As a result of and in accordance with Section 6.01 hereof and all of the rights, remedies, recourses and Claims described therein:

- (a) all such rights, remedies and recourses and any Claims based thereon shall be completely unavailable to the Trustee or any Creditors against the Company, any of the Company's property, any other Creditor or any other person whatsoever; and
- (b) the Trustee and all of the Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Claims based thereon against the Company, the Company's property any other Creditor or any other persons.

ARTICLE 7- RELEASES

7.01 Release

At the Proposal Implementation Time, the Company, the Company's present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (collectively, the "**Released Parties**") shall be released and discharged from any and all rights and claims of any Person against a Released Party ("**Released Claims**"), including without limitation any Affected Claim, whether or not any such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, where such right or claim is based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place (x) on or prior to the Proposal Implementation Date, or (y) after the Proposal Implementation Date in furtherance of the Proposal and that is in any way relating to, arising out of, or in connection with: (i) Affected Claims; (ii) the PSA; (iii) this

Proposal; (iv) the Receivership; or (v) the Subscription Agreement; provided, however, that nothing in this Section 7.01 will release or discharge:

- (a) Any Affected Claim against any of the other Respondents or the Non-Released Persons;
- (b) Any Claim of ECN Financial Inc.;
- (c) The Company of, or from, its obligations under this Proposal, under any Order, or under any document delivered by the Company on the Proposal Implementation Date pursuant to this Proposal; or
- (d) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

7.02 Injunctions

All Persons (regardless of whether or not such Persons are Affected Creditors) are permanently and forever barred, estopped, stayed and enjoined, on and after the Proposal Implementation Time, with respect to any and all Released Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against the Released Parties, as applicable; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties; (iii) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (iv) taking any actions to interfere with the implementation or consummation of this Proposal; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Proposal.

7.03 Non-Released Parties

For greater certainty, the compromise and release of Affected Claims hereunder do not in any way affect, compromise, release or impair the Claims of any Creditor against any other Respondent, the Non-Released Persons or any other Person other than specifically set out herein.

7.04 Timing of Releases and Injunctions

All releases and injunctions set forth in this Article shall become effective on the Proposal Implementation Date at the time or times and in the manner set forth in Article 7 of the PSA.

7.05 Knowledge of Claims

Each Person to which Section 7.01 hereof applies shall be deemed to have granted the releases set forth in Section 7.01 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any Applicable Law which would limit the effect of such releases to those claims including Claims or causes of action known or suspected to exist at the time of the granting of the release.

ARTICLE 8 - EVENT OF DEFAULT

8.01 The non-payment of amounts under ARTICLE 3 within ten (10) Business Days of the date on which such payment is due will constitute an event of default for the purposes of Section 62.1 of the BIA and otherwise under this Proposal.

8.02 Any event of default under the PSA which is not remedied or waived within the time provided for in the PSA shall also constitute an event of default hereunder.

ARTICLE 9 – COURT OFFICER

9.01 KSV Restructuring Inc. is the Court Officer under this Proposal. The Court Officer is acting in its capacities as Trustee and Receiver under this Proposal, and not in its personal capacity, and shall not incur any personal liabilities or obligations in connection with this Proposal or in respect of the business, liabilities, obligations of the Company, whether existing as at the Filing Date or incurred subsequent thereto.

9.02 The Court Officer will continue to monitor the Company's cash receipts and disbursements and perform all other obligations until this Proposal is either accepted by the Creditors and implemented or rejected by the Creditors.

9.03 All notices sent by the Trustee or to be sent to the Trustee pursuant to the BIA may be sent by email or ordinary prepaid, first class mail.

ARTICLE 10 - COURT APPROVAL, CONDITIONS PRECEDENT AND IMPLEMENTATION

10.01 Application for Approval Order

Each of the Affected Creditors, Equity Holders and the Official Receiver (as defined in and appointed under the BIA) are hereby given notice that, after acceptance of this Proposal by the requisite majority of Ordinary Creditors in accordance with the relevant provisions of the BIA, the Trustee will present a motion (the “**Proposal Approval Motion**”) to the Court seeking the Proposal Approval Order before the court on February 19, 2021 at 12 o'clock p.m. or soon thereafter.

10.02 Proposal Approval Order

The order approving the Proposal (the “**Proposal Approval Order**”) shall, among other things:

- (a) declare that this Proposal is fair and reasonable;
- (b) declare that this Proposal has been approved pursuant to Section 60 of the BIA and will be binding and effective as herein set out on the Company, all Affected Creditors, all holders of Equity Claims (including Existing Equity Holders) and all other Persons as provided for in this Proposal or in the Proposal Approval Order;
- (c) grant to the Trustee in addition to its rights and obligations under the BIA and any other Court Order, the powers, duties and protections contemplated by and required under the Proposal;
- (d) order that the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery as described in Section 7.02 hereof shall be permanently enjoined;
- (e) compromise, discharge and release the Released Parties from any and all claims of any nature in accordance with the Proposal, and declare that the ability of any Person to proceed against the Released Parties in respect of or relating to any such claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such claims be permanently stayed.

10.03 Conditions to Implementation

The implementation of this Proposal shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by this Proposal) of the following conditions:

- (a) the Proposal shall have been approved by the Required Majority at the Meeting;
- (b) the Court shall have granted the Authorization Order, Proposal Approval Order and Reorganization Approval Order, the operation and effect of which shall not have been stayed, reversed or amended, or in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (c) the Capitalization Amount shall have been funded by the Sponsor;
- (d) all conditions precedent to the implementation of the Reorganization under the PSA shall have been satisfied or waived;
- (e) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this Proposal illegal or otherwise prohibited;
- (f) all documents necessary to give effect to all material provisions of this Proposal shall have been executed and/or delivered by all relevant Persons; and
- (g) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated.

10.04 Proposal Trustee's Certificate of Plan Implementation

Upon written notice from the Receiver and the Sponsor to the Trustee that the conditions to Implementation set out in Section 10.03 have been satisfied or waived, the Trustee shall, as soon as possible following receipt of such written notice, serve on the service list in the Receivership Proceedings, and file with the Court, a certificate which states that all conditions precedent set out in Section 10.03 have been satisfied or waived and that the Proposal Implementation Date has occurred or will occur on a future date specified in the certificate.

ARTICLE 11 - MISCELLANEOUS

11.01 On receipt of the Proposal Approval Order, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety, including, without limitation the terms of the Proposal Approval Order. For greater certainty, each such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditors and the Company that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

11.02 The payment, compromise or other satisfaction of any Claim under this Proposal will be binding on the Creditors and their respective heirs, executors, administrators, successors and assigns for all purposes.

11.03 The Proposal shall be governed by and construed in accordance with the Laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the

Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

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Dated at Toronto this 7th day of January, 2021.

**RANDO DRUGS LTD.,
by KSV RESTRUCTURING INC., receiver of
the property, assets and undertaking of the
Company**

Per: 

We have the authority to bind the Company

IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court/Estate File No.: 31-2659855

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

Proceeding commenced at TORONTO

**ORDER
(Proposal Approval Order)**

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, ON M5K 1E7

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Lawyers to the Proposal Trustee,
KSV Restructuring Inc.

TAB 4

Court File No. CV-19-632106-00CL

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

THE HONOURABLE)	FRIDAY, THE 19TH
)	
JUSTICE HAINEY)	DAY OF FEBRUARY, 2021
)	

B E T W E E N :

ECN FINANCIAL INC.

Applicant

- and -

**2345760 ONTARIO INC., RANDO DRUGS LTD., 2275518
ONTARIO INC., FAMILY HEALTH PHARMACY WEST INC.
formerly known as M. BLACHER DRUGS LTD., 2501380
ONTARIO INC., 2527218 ONTARIO INC., DUMOPHARM INC.,
and 2527475 ONTARIO INC.**

Respondents

Court/Estate No. 31-2702401

**IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**ORDER
(Reorganization Approval Order)**

THIS MOTION, made by KSV Restructuring Inc. ("**KSV**"), in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**") of the property, assets and undertaking of Rando Drugs Ltd. ("**Rando**") and the other Respondents listed above, and in its capacity as proposal trustee of Rando, for an order, among other things:

- a) declaring that the reorganization of Rando (the "**Reorganization**") as contemplated by the Proposal Sponsorship Agreement ("**Sponsorship Agreement**") dated September 16, 2020, and approved by Order of this Court

dated November 9, 2020, constitutes a reorganization within the meaning of Section 186(1) of the *Ontario Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the “**OBCA**”);

- b) approving the Reorganization and the implementation documents related thereto;
- c) approving the Articles of Reorganization (as defined below); and
- d) approving the ECN Distribution Amount (as defined in the Sponsorship Agreement);

was heard this day via Zoom videoconference due to the COVID-19 pandemic.

ON READING the Fifth report to Court of the Receiver dated February 11, 2021 (the “**Fifth Report**”), and on hearing the submissions of counsel for the Receiver and those other parties present, no one else appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Katie Parent sworn and filed on ●, 2021:

NOTICE AND SERVICE

1. **THIS COURT ORDERS** that the time for service of the Motion Record in respect of this motion and the Fifth Report is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.

REORGANIZATION

2. **THIS COURT DECLARES** that the Reorganization constitutes a reorganization within the meaning of Section 186(1) of the OBCA.

3. **THIS COURT ORDERS** that the Reorganization and the implementation documents related thereto are hereby approved.

4. **THIS COURT ORDERS** that the articles of reorganization of Rando in furtherance of the Reorganization (the “**Articles of Reorganization**”), including all changes to the name and share structure of Rando, are hereby approved.

5. **THIS COURT ORDERS** that in addition to the powers and authorities provided to the Receiver in the BIA and the Order of this Court dated December 4, 2019 (the “**Receivership Order**”), the Receiver be and is hereby authorized to execute any and all documents on behalf of Rando or its board of directors in furtherance of the Reorganization, including without limitation, the Articles of Reorganization and any resolutions in relation thereto;

6. **THIS COURT ORDERS** that the ECN Distribution Amount is hereby approved.

GENERAL

7. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada against all persons, firms, corporations, governmental, municipal and regulatory authorities against whom it may be enforceable.

8. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

ECN FINANCIAL INC.
Applicant

and 2345760 ONTARIO INC., et al.
Respondents

Court File No.: CV-19-632106-00CL

IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court/Estate File No.: 31-2659855

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

Proceeding commenced at TORONTO

**ORDER
(Reorganization Approval Order)**

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, ON M5K 1E7

Jennifer Stam, LSO# 46735J

Tel: 416-202-6707

Fax: 416-216-3930

Email: jennifer.stam@nortonrosefulbright.com

Lawyers for the Receiver and Proposal Trustee,
KSV Restructuring Inc.

TAB 5

sworn February 11, 2021 (the "**Stam Affidavit**" and together with the Vininsky Affidavit, the "**Fee Affidavits**") for the period of time set out therein as well as estimated fees and disbursements of the Receiver and its counsel estimated to be incurred to the effective time of discharge, such amount estimated not to exceed \$85,000;

- c) approving the Receiver's activities as described in the Fifth Report dated February 11, 2021 (the "**Fifth Report**");
- d) directing the release and distribution of the Pelham Funds (defined below); and
- e) discharging KSV as the Receiver of the assets of Rando, 2345, Abira and the Remaining Respondents;

was heard this day via Zoom videoconference due to the COVID-19 pandemic.

ON READING the Motion Record, the Fifth Report, and on hearing the submissions of counsel for the Receiver and those other parties present, no one else appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Katie Parent sworn and filed on ●, 2021:

NOTICE AND SERVICE

1. **THIS COURT ORDERS** that the time for service of the Motion Record in respect of this motion and the Fifth Report is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.
2. **THIS COURT ORDERS** capitalized used herein and not otherwise defined have the meanings given to them in the Fifth Report.

ABIRA

3. **THIS COURT ORDERS** that the Receiver is hereby authorized, on behalf of Abira, to make one or more distributions to one or more of The Toronto-Dominion Bank, CFE Financial Inc. and/or RJE Investments Inc., on the terms and conditions set out in the Fifth Report.

4. **THIS COURT ORDERS** that, effective upon the filing of a discharge certificate confirming that final distributions have been made pursuant to paragraph 3 above (the "**Abira Discharge Certificate**"), the Receiver shall be discharged as receiver of the Property of Abira, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership of Abira herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of KSV in its capacity as the Receiver of the Property of Abira.

PELHAM FUNDS

5. **THIS COURT ORDERS** that Sullivan Mahoney LLP ("**Sullivan**") be and is hereby authorized and directed to release the Pelham Funds, forthwith and without deduction to the Receiver, and effective upon release of the funds to the Receiver:

- (a) Sullivan shall have no further obligation or liability to the Pelham Vendors with respect to such funds; and
- (b) The registrations by any PPSA registrant against the Pelham Vendors shall not continue to perfect any security interest in the Pelham Assets.

6. **THIS COURT ORDERS** that the Receiver is authorized to distribute the Pelham Funds (net of \$7,500) on a pro rata basis to (a) Kohl & Frisch Limited; (b) TD; and (c) ECN.

APPROVAL OF FEES AND DISBURSEMENTS

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and the fees and disbursements of NRFC as set out in the Fee Affidavits be and are hereby approved.

8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and NRFC, estimated not to exceed \$85,000, in aggregate, for the completion of the remaining activities in connection with the Receivership of Rando, Abira and the Remaining Respondents, are hereby approved.

APPROVAL OF RECEIVER'S REPORT AND ACTIVITIES

9. **THIS COURT ORDERS** that the Fifth Report and the activities and conduct of the Receiver described therein be and are hereby approved; provided, however, that the only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approvals.

DISCHARGE RE 2345 and REMAINING RESPONDENTS

10. **THIS COURT ORDERS** that, effective upon the issuance of this Order, the Receiver shall be discharged as receiver of the Property of Remaining Respondents, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership in respect of the Remaining Respondents herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of KSV in its capacity as the Receiver.

11. **THIS COURT ORDERS** that, effective upon the filing of a discharge certificate (the “**Rando Discharge Certificate**”) confirming the completion of the Proposal and Reorganization (as both terms are set out in the Fifth Report) and any other matters to be completed in the receivership of Rando and 2345, the Receiver shall be discharged as receiver of the Property of Rando and 2345, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership of Rando and 2345 herein including, without limitation, for the purposes of facilitating collection of outstanding receivables and any obligations under the Sponsorship Agreement (as defined in the Fifth Report), and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of KSV in its capacity as the Receiver.

RELEASE

12. **THIS COURT ORDERS AND DECLARES** that, effective upon the respective times of discharge as set out in paragraphs 4, 10 and 11, KSV is hereby released and discharged from any and all liability that KSV now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of KSV while acting in its capacity as the Receiver of the assets of Rando, Abira and the Remaining Respondents, save and except for any gross negligence or wilful misconduct on its part. Without limiting the generality of the foregoing, effective upon the respective times of discharge as set out in paragraphs 5, 11 and 12, KSV is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

GENERAL

13. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada against all persons, firms, corporations, governmental, municipal and regulatory authorities against whom it may be enforceable.

14. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

ECN FINANCIAL INC. and 2345760 ONTARIO INC., et al.
Applicant Respondents

Court File No.: CV-19-632106-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**ORDER
(Order re Miscellaneous Matters)**

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ECN FINANCIAL INC. and 2345760 ONTARIO INC., et al.
Applicant Respondents

Court File No.: CV-19-632106-00CL

IN THE MATTER OF THE PROPOSAL OF RANDO DRUGS LTD.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Estate File No.: 31-2702401

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**MOTION RECORD OF THE COURT-APPOINTED
RECEIVER AND PROPOSAL TRUSTEE,
KSV RESTRUCTURING INC.**

returnable February 19, 2021
(Approval of Proposal, Reorganization and
Miscellaneous Matters)

NORTON ROSE FULBRIGHT CANADA LLP

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