



**Supplement to the Second Report of
KSV Kofman Inc.
as Receiver and Manager of
Certain Property of
Scollard Development Corporation**

April 24, 2017

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COURT FILE NO: CV-17-11689-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT
CORPORATION

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

SUPPLEMENT TO THE SECOND REPORT OF
KSV KOFMAN INC.
AS RECEIVER AND MANAGER

APRIL 24, 2017

1.0 Introduction

1. This report (the "Supplemental Report") supplements the Second Report of the Receiver dated April 21, 2017.
2. Unless otherwise defined in the Supplemental Report, defined terms have the meanings provided to them in the Second Report.
3. This Supplement Report is subject to the restrictions in the Second Report.

2.0 Security Opinions

1. In connection with the contemplated payout of 217's mortgages, Bennett Jones provided opinions to KSV on the validity and enforceability of the security of 217 with respect to the three Memory Care Companies.
2. Bennett Jones is of the opinion, subject to the usual qualifications and assumptions, that the security of 217 is valid and enforceable against the relevant companies.
3. With respect to MC Oakville, Bennett Jones' opinion states that there is a prior ranking *Personal Property Security Act (Ontario)* financing statement in favour of certain individuals that appear to have invested in MC Oakville's syndicated mortgage (the "Oakville Investors"). Notwithstanding that, KSV is supportive of paying 217 in full in respect of the MC Oakville mortgage, given that it is KSV's understanding that all or substantially all of the value of MC Oakville's assets is comprised of real property, over which 217 ranks ahead of all of the Oakville Investors.
4. Copies of the security opinions will be made available to the Court should it wish to review them.

* * *

All of which is respectfully submitted,

KSV Kofman Inc

**KSV KOFMAN INC.
IN ITS CAPACITY AS RECEIVER AND MANAGER OF
CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION
AND NOT IN ITS PERSONAL CAPACITY**