

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE MYERS

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TUESDAY, THE 19TH DAY
OF DECEMBER, 2017

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

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

APPROVAL AND VESTING ORDER

THIS MOTION, made by KSV Kofman Inc., in its capacity as Court-appointed receiver and manager (in such capacity, the “**Receiver**”), without security, of certain of the assets, undertaking and property of Legacy Lane Investments Ltd. (the “**Debtor**”) for an order, *inter alia*, approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale between the Receiver, as vendor, and 2609466 Ontario Inc. (the “**Purchaser**”), as purchaser, dated October 31, 2017 (the “**Sale Agreement**”), a copy of which is attached as Confidential Appendix “2” to the Tenth Report of the Receiver dated December 13, 2017 (the “**Tenth Report**”), and vesting in the Purchaser, or as it may direct in accordance with the Sale Agreement, all the Receiver’s and the Debtor’s right, title and interest in and to the property described as the

“Purchased Assets” in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Tenth Report and appendices thereto, and on hearing the submissions of counsel for the Receiver and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Danish Afroz sworn December 13, 2017, filed,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser, or as it may direct.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as **Schedule “A”** hereto (the “**Receiver’s Certificate**”), all the Receiver's and the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, including without limitation the subject real property identified in **Schedule “B”** hereto (the “**Real Property**”), shall vest absolutely in the Purchaser, or as it may direct, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, leases, notices of lease, subleases, licences, restrictions, contractual rights, options, judgments, liabilities (direct, indirect, absolute or contingent), obligations, levies, charges, or other financial or monetary claims, whether or not they

have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice Myers dated May 2, 2017; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on **Schedule “C”** hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule “D”**) and, for greater certainty, this Court orders and declares that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets and are non-enforceable and non-binding as against the Purchaser.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the appropriate Land Titles Division of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser, or as it may direct, as the owner of the subject real property identified in **Schedule “B”** hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule “C”** hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the

sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

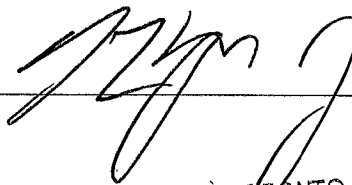
6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor,

the vesting of the Purchased Assets in the Purchaser, or as it may direct, pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **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.

A large, stylized handwritten signature in black ink, positioned above a horizontal line.

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

DEC 19 2017

PER / PAR:

Handwritten initials in black ink, appearing to be 'Mm', located below the 'PER / PAR:' label.

SCHEDULE "A"
FORM OF RECEIVER'S CERTIFICATE

Court File No. CV-17-11689-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

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

RECEIVER'S CERTIFICATE

RECITALS

I. Pursuant to an Order of the Honourable Mr. Justice Myers of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 2, 2017, KSV Kofman Inc. was appointed as receiver and manager (in such capacity, the "**Receiver**"), without security, of all the real property registered on title as being owned by Legacy Lane Investments Ltd. (the "**Debtor**") (collectively, the "**Lands**") and of all the assets, undertakings and properties of the Debtor acquired for or used in relation to the Lands (the "**Property**").

II. Pursuant to an Order of the Court dated December 19, 2017, the Court approved the agreement of purchase and sale between the Receiver, as vendor, and 2609466 Ontario Inc. (the "**Purchaser**"), as purchaser, dated October 31, 2017 (the "**Sale Agreement**"), and provided for

the vesting in the Purchaser, or as it may direct in accordance with the Sale Agreement, of all the Receiver's and the Debtor's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the transaction has been completed to the satisfaction of the Receiver.

III. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The transaction has been completed to the satisfaction of the Receiver; and

4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

KSV KOFMAN INC., in its capacity as court-appointed receiver of all the real property registered on title as being owned by Legacy Lane Investments Ltd. and of all the assets, undertakings and properties of Legacy Lane Investments Ltd. acquired for or used in relation to such real property, and not in its personal capacity or in any other capacity

Per: _____

Name:

Title:

SCHEDULE "B"
LEGAL DESCRIPTION OF THE REAL PROPERTY

18 Legacy Lane, Huntsville, Ontario

PIN 48079-0670 (LT)

PT OF BLK 23 PLAN 35M-694 PTS 1, 2, 3, 4, 5, 6, 7, 8 AND 12 35R22739; S/T TO PT 4 - 6 35R22739 EASEMENTS AS IN MT203, MT270; S/T PT 1 - 8 & 12 35R22739 AS IN MT43285; T/W PT 15 35R21206 AS IN MT26274;; TOGETHER WITH AN EASEMENT OVER PT 4, 6 AND 20 ON 35R21206 & PT 10 ON 35R22739 AS IN MT89198; SUBJECT TO AN EASEMENT OVER PT 2, 4, 5, 6 & 8 35R22739 IN FAVOUR OF PT 1-4, 6, 8, 10 , 12 , 14, 16, 17, 19 & 20 35R21206 EXCEPT PT 1-8 & 12 ON 35R22739 AS IN MT89198; TOWN OF HUNTSVILLE

SCHEDULE "C"
INSTRUMENTS TO BE DELETED FROM PIN NO. 48079-0670 (LT)

<u>Reg No.</u>	<u>Date</u>	<u>Instrument Type</u>	<u>Amount</u>	<u>Parties From</u>	<u>Parties To</u>
MT124116	2013/04/02	Charge	\$3,500,000.00	Legacy Lane Investments ltd.	2223947 Ontario Limited
MT124121	2013/04/02	Transfer of Charge	N/A	2223947 Ontario Limited	Olympia Trust Company 2223947 Ontario Limited
MT124949	2013/04/26	Transfer of Charge	N/A	2223947 Ontario Limited	Olympia Trust Company 2223947 Ontario Limited
MT135164	2014/01/16	Transfer of Charge	N/A	2223947 Ontario Limited	Olympia Trust Company 2223947 Ontario Limited
MT175835	2016/11/03	APL Court Order	N/A	Ontario Superior Court of Justice	Grant Thorton Limited
MT176499	2016/11/18	Construction Lien	\$93,959.00	HLD Corporation Ltd.	N/A
MT178270	2017/01/03	Certificate	N/A	HDL Corporation Ltd.	N/A
MT185619	2017/07/07	Charge	\$300,000.00	Legacy Lane Investments Inc.	Marshallzehr Group Inc.

SCHEDULE "D"
PERMITTED ENCUMBRANCES

Reg. No.	Date	Instrument Type	Amount	Parties From	Parties To
MT173	2005/04/21	Notice Agreement		Muskoka Commerce Park Inc.	The Corporation of the Town of Huntsville
MT202	2005/04/22	Notice Agreement		The District Municipality of Muskoka	Muskoka Commerce Park Inc.
MT203	2005/04/22	Transfer Easement		Muskoka Commerce Park Inc.	The District Municipality of Muskoka
MT26278	2006/11/22	Notice	\$2	2097056 Ontario Inc.	
MT43285	2007/12/12	Transfer Easement	\$2	2097056 Ontario Inc.	Union Gas Limited
MT67985	2009/06/24	Notice		The District Municipality of Muskoka	
MT89447	2010/10/15	Notice	\$2	2097056 Ontario Inc. 1693221 Ontario Inc.	
MT89448	2010/10/15	Application to Annex Restrictive Covenant		2097056 Ontario Inc. 1693221 Ontario Inc.	

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

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

BENNETT JONES LLP
3400 First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Sean H. Zweig (LSUC#57307D)
Tel: (416) 777-6253
Fax: (416) 863-1716

Counsel to the Receiver,
KSV Kofman Inc.