



No. H110166
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

1397225 ONTARIO LIMITED

PETITIONER

AND:

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

RESPONDENTS

NOTICE OF APPLICATION

Name of applicant: Alvarez & Marsal Canada Inc., Court-appointed Receiver-Manager of 682202 B.C. Ltd.

To: All Parties of Record

TAKE NOTICE that an application will be made by the Applicant to the presiding Judge at the Courthouse at 800 Smithe Street, Vancouver, BC, V6Z 2E1 on Thursday, the 10th day of October, 2013 at 9:45 a.m. for the Order as set out in Part 1 below.

Part 1: ORDERS SOUGHT

1. For an Order in the form of Order attached:
 - (a) approving the sale of the assets of 682202 B.C. Ltd. to Chartwell Master Care LP pursuant to an Agreement of Purchase and Sale dated September 6, 2013;
 - (b) authorizing the Receiver to execute the Agreement of Purchase and Sale;

- (c) vesting the assets of 682202 B.C. Ltd in Chartwell Master Care Corporation, or its nominee; and
 - (d) authorizing the Receiver to pay the net sale proceeds to 2242229 Ontario Inc. subject to the Receiver retaining such part of the sale proceeds as it deems prudent pending the passing of the Receiver's accounts and obtaining its discharge.
2. Such further and other relief as this Honourable Court may deem just.

Part 2: FACTUAL BASIS

- 1. Alvarez & Marsal Canada Inc. is the Court-appointed Receiver and Manager of 682202 B.C. Ltd.
- 2. The main asset of 682202 B.C. Ltd. consists of a seniors' facility in Mission, B.C.
- 3. The Receiver has filed three Reports to the Court detailing its activities to date.
- 4. The activities and accounts of the Receiver for the period ending December 31, 2012 were approved by Order of Justice Cole made April 24, 2013. That Order also authorized the Receiver to engage in a sale process for the sale of the assets of 682202 B.C. Ltd.
- 5. The Receiver undertook a detailed and extensive sales process, the particulars of which are set out in the Receiver's 3rd Report dated September 27, 2013 and filed herein.
- 6. The Receiver has accepted the offer of Chartwell Master Care LP to purchase the assets subject to the terms of an Agreement of Purchase and Sale dated September 6, 2013.
- 7. The Chartwell offer is the highest offer obtained by the Receiver.
- 8. The Chartwell offer is not sufficient to pay out the secured lender 2242229 Ontario Inc. in full, but 2242229 Ontario Inc. has agreed to the sale and agreed to discharge its security to permit the sale to proceed. 2242229 Ontario Inc. is the assignee of the security and debt held by the Petitioner and is owed approximately \$34 million.
- 9. The 2013 assessed value of the property is \$19.6 million.

Part 3: LEGAL BASIS

- 1. Order of Mr. Justice Sigurdson dated March 9, 2011.
- 2. Order of Mr. Justice Cole dated April 24, 2013.
- 3. Supreme Court Rules.

Part 4: MATERIAL TO BE RELIED ON

- 1. The Receiver's 1st, 2nd and 3rd Reports.

2. The Affidavit of John I McLean QC #1, sworn September 24, 2013.
3. The Pleadings filed herein.
4. Such further and other materials as counsel may advise and this Honourable Court may consider.

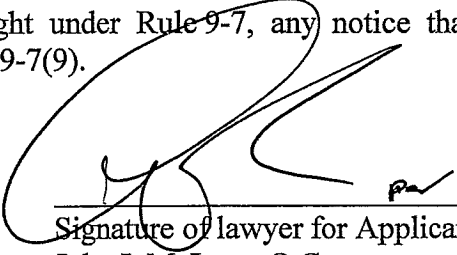
The applicant estimates that the application will take 15 minutes.

- ☐ This matter is within the jurisdiction of a master.
- ☒ This matter is not within the jurisdiction of a master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: Sept 27/2013



Signature of lawyer for Applicant
John I. McLean, Q.C.

To be completed by the court only:

Order made

[] in the terms requested in paragraphs _____ of Part 1 of this notice of application

[] with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Master

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts

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RESPONDENTS

ORDER MADE AFTER APPLICATION

APPROVAL AND VESTING ORDER

BEFORE THE HONOURABLE

THURSDAY, THE 10TH DAY
OF OCTOBER, 2013

THE APPLICATION of Alvarez & Marsal Canada Inc., in its capacity as Court-appointed Receiver and Manager (the “**Receiver**”) of the assets, undertakings and properties of 682202 B.C. Ltd. coming on for hearing at Vancouver, British Columbia, on the 10th day of October, 2013; AND ON HEARING John I. McLean, Q.C., counsel for the Receiver, and those other counsel listed on Schedule “**A**” hereto, and no one appearing on behalf of the Respondents although duly served; AND UPON READING the material filed, including the Third Report of the Receiver dated September 27, 2013 (the “**Report**”);

THIS COURT ORDERS AND DECLARES THAT:

1. The sale transaction (the "**Transaction**") contemplated by the Agreement of Purchase and Sale dated September 6, 2013 (the "**Sale Agreement**") between the Receiver and Chartwell Master Care LP (the "**Purchaser**"), a copy of which is attached as Appendix "**B**" to the Report is hereby approved, and the Sale Agreement is commercially reasonable. The execution of the Sale Agreement by the Receiver is hereby authorized and approved, and 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 to the Purchaser of the assets described in the Sale Agreement (the "**Purchased Assets**").
2. Upon delivery by the Receiver to the Purchaser of a certificate substantially in the form attached as Schedule "**B**" hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in Chartwell Master Care Corporation [or its nominee] in fee simple, 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, 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 Orders of this Court; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia 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**" hereto), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
3. Upon presentation for registration in the Land Title Office for the Land Title District of New Westminster of a certified copy of this Order, together with a letter from the solicitors for the Receiver, authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to:
 - (a) enter Chartwell Master Care Corporation [or its nominee] as the owner of the Lands, as identified in Schedule "**B**" hereto, together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licenses, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, in fee simple in respect of the Lands, and this Court declares that it has been proved to the satisfaction of the Court on investigation that the title of Chartwell Master Care Corporation [or its nominee] in and to the Lands is a good, safe holding and marketable title and directs the BC Registrar to register indefeasible title in favour of Chartwell Master Care Corporation as aforesaid; and

- (b) having considered the interest of third parties, to discharge, release, delete and expunge from title to the Lands all of the registered Encumbrances except for those listed in Schedule "D".
- 4. The Receiver is authorized to pay the net sale proceeds from the sale to 224229 Ontario Inc. subject to such holdback as the Receiver deems necessary pending the passing of the Receiver's accounts and its discharge.
- 5. The Receiver is to file with the Court a copy of the Receiver's Certificate forthwith after delivery thereof.
- 6. Pursuant to Section 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, the Receiver is hereby authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the company's records pertaining to the Debtor's past and current employees, to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.
- 7. Subject to the terms of the Sale Agreement, vacant possession of the Purchased Assets, including any real property, shall be delivered by the Receiver to the Purchaser at 12:00 noon on the Closing Date (as defined in the Sale Agreement), subject to the permitted encumbrances as set out in the Sale Agreement and listed on Schedule "D".
- 8. The Receiver, with the consent of the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court.
- 9. Notwithstanding:
 - (a) these proceedings;
 - (b) any applications for a bankruptcy order in respect of the Debtor now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made by or in respect of the Debtor,

the vesting of the Purchased Assets in the Purchaser 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 or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* 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.

10. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, 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.
11. The Receiver or any other party have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order.

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

Counsel for the Applicant, Alvarez & Marsal
Canada Inc., Receiver
John I. McLean, Q.C.
Gowling Lafleur Henderson LLP

By the Court

Registrar

Schedule A – Appearance List

NAME OF COUNSEL	REPRESENTING

Schedule B – Receiver's Certificate

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RECEIVER'S CERTIFICATE

The Receiver certifies that the Purchaser has paid the Purchase Price under the Sale Agreement and that the Sale Agreement has closed in accordance with its terms.

ALVAREZ & MARSAL CANADA INC., Receiver
and Manager of 682202 B.C. Ltd.

Per: _____

Authorized Signatory

Schedule C – Claims to be deleted/expunged from title to Real Property

1. Mortgage and Assignment of Rents in favour of 2242229 Ontario Inc., registered under Nos. BB465267 and BB465268
2. Mortgage and Assignment of Rents in favour of 2242229 Ontario Inc., registered under Nos. BB465270 and BB465271
3. Judgment in favour of The Crown in Right of Canada, registered under No. BB1293106
4. Certificate of Pending Litigation in favour of 1397225 Ontario Limited, registered under No. BB1933889

All other charges registered subsequent to Certificate of Pending Litigation BB1933889

**Schedule "D" – Permitted Encumbrances, Easements and Restrictive Covenants
related to Real Property**

1. The reservations, limitations, provisos and conditions expressed in the original grant thereof from the Crown.

Legal Notations:

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

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

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

CHARGES, LIENS AND INTERESTS: TATUTORY RIGHT OF WAY

BE76277 1991-05-29 15:17

REGISTERED OWNER OF CHARGE:

DISTRICT OF MISSION

COVENANT

BE76280 1991-05-29 15:17

REGISTERED OWNER OF CHARGE:

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

BE76280

COVENANT

BE76282 1991-05-29 15:17

REGISTERED OWNER OF CHARGE:

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

BE76282

EASEMENT

BE247061 1991-09-26 14:56

REMARKS: PLAN LMP1762 APPURTENANT TO LOT B PLAN LMP1741

COVENANT

BN43344 1999-02-24 10:50

REGISTERED OWNER OF CHARGE:

DISTRICT OF MISSION

BN43344

EASEMENT

BR308003 2001-11-16 14:51

REMARKS: PLAN LMP51855

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

COVENANT

BA598187 2006-12-29 14:27

REGISTERED OWNER OF CHARGE:

HOMEOWNER PROTECTION OFFICE

BA598187

STATUTORY RIGHT OF WAY

BB849135 2008-04-10 13:55

REGISTERED OWNER OF CHARGE:

SHAW CABLESYSTEMS LIMITED

Schedule "E" – Real Property

Municipality of Mission

Parcel Identifier No. 017-490-146

Lot A Section 20 Township 17 New Westminster District Plan LMP1741

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

RESPONDENTS

VESTING ORDER

GOWLING LAFLEUR HENDERSON LLP
Barristers & Solicitors
Bentall 5, Suite 2300, 550 Burrard Street
Vancouver, BC V6C 2B5
Tel. No. 604.683.6498
Fax No. 604.683.3558

File No. V37590

JIM/msh

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GOWLING LAFLEUR HENDERSON LLP
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File No. V37590

JIM/msh