

Bourikas, George

From: Thompson, Nancy <nancy.thompson@blakes.com>
Sent: Wednesday, June 30, 2021 11:18 AM
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Cc: Huff, Pam; Shalviri, Aryo; Monteyne, Jules
Subject: In the Matter of the Receivership Proceedings of Southmount Healthcare Centre Inc. et al - CV-21-00664273-00CL - Issued and Entered Order
Attachments: Appointment Order dated June 29, 2021 (Southmount Healthcare Centre Inc., et al., Court File No. CV-21-00664273-00CL).pdf

To the Service List:

Further to the hearing that proceeded yesterday in the matter of the receivership proceedings of Southmount Healthcare Centre Inc. et al. (Court File No. CV-21-00664273-00CL), please find attached the issued and entered Appointment Order of Justice Dunphy, together with His Honour's Endorsement as set out below, which is hereby served upon you pursuant to the *Rules of Civil Procedure* and E-Service Protocol.

Regards,
Nancy

Nancy Thompson
Law Clerk
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Dir: 416-863-2437

#3 In the Matter of the Receivership Proceedings of Southmount Healthcare Centre Inc. et al.

Style of Cause:

Court File No. CV-21-00664273-00CL ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) BETWEEN: AMERICAN GENERAL LIFE INSURANCE COMPANY, LEXINGTON INSURANCE COMPANY, AND THE VARIABLE ANNUITY LIFE INSURANCE COMPANY Applicants - and - SOUTHMOUNT HEALTHCARE CENTRE INC ., 180 VINE INC ., 2478658 ONTARIO LTD ., 2009 LONG LAKE HOLDINGS INC ., 65 LARCH HOLDINGS INC ., 100 COLBORNE HOLDINGS INC ., 240 OLD PENETANGUISH HOLDINGS INC ., GROSS PROPERTIES INC ., 180 VINE PURCHASER INC. AND 2413667 ONTARIO INC. Respondents APPLICATION UNDER section 243 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended, and under section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43

Appearances:

Pamela L.J. Huff Counsel for the 416-863-2958 pamela.huff@blakes.com Applicants
Aryo Shalviri Counsel for the 416-863-2962 aryo.shalviri@blakes.com Applicants
Jules Monteyne Counsel for the 416-863-5256 jules.monteyne@blakes.com Applicants

Sharon Kour Counsel for the 416-613-8282 skour@wfkllaw.ca Borrowers
Tim Duncan Counsel for Cannect International Mortgage Corporation 416-941-8817 tduncan@foglers.com
K. Daniel Reason Counsel for Add Capital Corp 519-661-6725 dreason@harrisonpensa.com.
Nedko Petkov Counsel for 1012689 Ontario Limited 416-369-7821 npetkov@dalelessmann.com
Evan Cobb Independent Counsel for the Proposed Receiver 416-216-1929 Evan.cobb@nortonrosefulbright.com
Jay Gronc Counsel for the City of Orillia 705-238-7171 jgronc@orillia.ca

Endorsement: This is an application to appoint a receiver over a group of 7 medical office buildings and a parking lot. The application is consented to by the respondent borrowers who have been working with the applicants for more than a year in an effort to cure the defaults and find a means to permit a refinancing or other outcome short of receivership. The debt in question exceeds \$68 million dollars. The applicants have registered first mortgage security and assignment of rents over all of the real estate, general security agreements with first priority PPSA registrations covering all personal property. The ownership structure here involves both legal and beneficial owners and acknowledgements and security have also been granted by beneficial owners. The Proposed Receiver is KPMG. KPMG has been working with the borrowers for some time as well and should be able to hit the ground running. Their first task will be to assemble a sales plan which they expect to return to court to seek approval of as soon as practicable. I have noted the disappointment of the borrowers that they were unable to persuade the lenders in this case to continue outside of court with an informal process. That being noted, the receiver expects to receive some input from the respondents in the design of the sales process and the assets are relatively passive in nature without employees to be retained. The Receivership can be conducted in an efficient and lean manner. The second secured lender and the borrower all share the same interest as the applicants of keeping costs low and the process efficient. Financing has been put in place to fund the Receiver. I have signed the draft order proposed with a few minor amendments. The applicants are responsible to ensure the order is properly entered. I would ask Applicants' counsel to forward this endorsement to the other attendees.



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