

ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF 6773982 CANADA INC. AND 6317081 CANADA INC.
of the City of Ottawa, in the Province of Ontario

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

and

6773982 CANADA INC. AND 6317081 CANADA INC.

Respondents

**SECOND AND FINAL REPORT OF MNP LTD., IN ITS
CAPACITY AS COURT-APPOINTED RECEIVER OF
6773982 CANADA INC. AND 6317081 CANADA INC.**

SEPTEMBER 3, 2021

TABLE OF CONTENTS

Contents

INTRODUCTION AND BACKGROUND	4
PURPOSE OF THIS REPORT	5
NOTICE TO READER.....	6
RECEIVERSHIP ACTIVITIES FOLLOWING THE RECEIVERSHIP ORDER	7
THE REAL PROPERTY, MARKETING OF REAL PROPERTY AND RESULTS.....	7
THE SALES AGREEMENT AND TRANSACTION.....	8
ONGOING OPERATIONS	8
PRIORITY AND SECURED CLAIMS.....	8
UNSECURED CLAIMS	9
FUNDS AVAILABLE FOR DISTRIBUTION	11
PROFESSIONAL FEES	11
COMPLETION OF THE RECEIVERSHIP	11
SUMMARY AND RECOMMENDATIONS	12

APPENDICES

- 1** Receivership Order dated November 20, 2020
- 2** Approval Order dated April 14, 2021
- 3** Notice of Statement of Receiver
- 4** Canada Revenue Agency statement of account for 6773982 Canada Inc,
- 5** Bank of Nova Scotia statement of account
- 6** Guarantees provided by 6773982 Canada Inc. to Business Development Bank of Canada
- 7** Business Development Bank of Canada payout statement
- 8** 6773982 Canada Inc., August 31, 2020 year-end financial statement
- 9** Copy of email communications to Mr. Neil Priel
- 10** Projected list of unsecured creditors of 6317081 Canada Inc.
- 11** Final Statement of Receipts and Disbursements
- 12** Affidavit of John Haralovich, MNP LTD., sworn September 3, 2021
- 13** Affidavit of Roxanne Chapman, Soloway Wright LLP, sworn September 2, 2021

INTRODUCTION AND BACKGROUND

1. 6773982 Canada Inc. (“**677**”) and 6317081 Canada Inc. (“**631**”) are companies incorporated pursuant to the laws of Canada with their registered offices in Ottawa, Ontario.
2. 677 was the registered owner of the property municipally known as 276 Sunnyside Avenue, Ottawa, Ontario (the “**Real Property**”) and 631 operated a daycare at the Real Property.
3. 677 and 631 (collectively, the “**Companies**” or the “**Debtors**”) are managed and controlled by Mr. Neil Priel (the “**Director**”).
4. On or about June 16, 2017, the Companies became indebted to the Bank of Nova Scotia (“**BNS**” or the “**Lender**”), its senior secured creditor, with respect to certain credit facilities granted by the Lender pursuant to and under the terms of various credit and security agreements contained as Exhibits D through J to the Receivership Application Record (the “**Application Record**”) dated November 9, 2020 (the “**Security**”).
5. As reported in the Application Record, the Companies’ obligations to the Lender pursuant to the above loans and the Security (the “**Indebtedness**”) totaled \$857,419.40 as at October 15, 2020 (excluding interest and fees accrued since).
6. The Security provides for the appointment of a receiver in the event of default by the Debtors under the Security.
7. On October 15, 2020, BNS issued demands for payment of the Indebtedness to the Companies, along with Notices of Intention to Enforce Security in accordance with s. 244 of the *Bankruptcy and Insolvency Act* (the “**BIA**”) which demands and statutory notices are contained as Exhibit M of the Application Record.
8. On October 15, 2020, the Director contacted representatives for BNS advising that the Real Property was listed for sale for \$1,090,000.00 and requested a sixty-day forbearance period.
9. On October 20, 2020, legal counsel for BNS provided the Companies with a proposed forbearance agreement, contained as Exhibit O of the Application Record (the “**Forbearance Agreement**”). The Forbearance Agreement provided that, amongst other things, the Companies would repay the Indebtedness by no later than January 4, 2021.

10. On October 23, 2020, legal counsel for BNS corresponded with the Director to confirm acceptance of the Forbearance Agreement and received no reply and a signed copy of the Forbearance Agreement was not returned.
11. On November 9, 2020, BNS brought an application for the appointment of MNP Ltd. (“MNP”) as the receiver of the Companies and for the protection of the interests of BNS and other stakeholders.
12. On November 16, 2020, Cian McDonnell, on behalf of BNS, filed an affidavit to update the Application Record on efforts between BNS and the Companies to repay the Indebtedness. This affidavit confirms that the Companies had no access to funding to satisfy the Indebtedness and that insurance coverage with respect to the Real Property would cease on December 12, 2020.
13. By Order of this Honourable Court dated November 20, 2020 (the “**Receivership Order**”), MNP was appointed receiver (the “**Receiver**”), without security, of all of the assets, undertakings and properties of the Debtors used in relation to their businesses, including all proceeds thereof (the “**Property**”). A copy of the Receivership Order is attached at **Appendix “1”**.
14. Pursuant to the Order of the Honourable Madam Justice Robyn M. Ryan Bell dated April 14, 2021, (the “**Approval Order**”) the Receiver was authorized to proceed with the completion of the Sales Transaction (as defined below) for the sale of the Real Property and to make an initial distribution to Canada Revenue Agency (“**CRA**”) in the amount of \$8,367.00, to BNS in the amount of \$780,000.00 and to pay municipal tax arrears on closing. Attached as **Appendix “2”** is a copy of the Approval Order, along with a copy of the ancillary order issued on the that same day.
15. The prescribed notices and statements of the Receiver pursuant to ss. 245(1) and 246(1) of the BIA were sent to the Companies’ creditors. A copy of this notice is attached at **Appendix “3”**.

PURPOSE OF THIS REPORT

16. The purpose of this second and final report of the Receiver to the Court (the “**Final Report**”) is to:
 - (a) report on the activities of the Receiver since the First Report;
 - (b) seek the Court’s approval of the activities and conduct of the Receiver and that of its legal counsel as described in the Final Report;
 - (c) seek the Court’s approval of the professional fees and disbursements of the Receiver and of its legal counsel;

- (d) seek the Court's approval of the Receiver's final statement of receipts and disbursement (the "**Final SRD**");
- (e) seek the Court's approval in respect of a final distribution to BNS in the amount of \$76,803.47 on account of its secured claim;
- (f) seek the Court's approval in respect of a final distribution to CRA in the amount of \$589.36 on account of its priority statutory claim for HST;
- (g) seek the Court's approval in respect of a first and final distribution to Business Development Bank of Canada ("**BDC**") on an account of its claim in the amount of \$13,710.27;
- (h) seek the Court's approval and direction for the Receiver to transfer any remaining funds in the Companies' receivership estates to the estate of 631 (the "**Surplus Funds**") following the payment of the amounts set out in paragraphs 17(c), 17(e), 17(f) and 17(g) above;
- (i) seek the Court's approval and direction to allow the Receiver to assign 631 into bankruptcy so that the Surplus Funds may be distributed to 631's creditors in accordance with the claims process as set out in the BIA; and
- (a) seek the Court's approval for the release and discharge of the Receiver, including as a term of the Order discharging it, the release and discharge of the Receiver from any and all liability which the Receiver now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of the Receiver while acting in its capacity as Receiver, save and except for any gross negligence or willful misconduct on the Receiver's part.

17. All amounts referred to in the Final Report are in Canadian dollars unless otherwise noted.

NOTICE TO READER

18. This Final Report is prepared solely for the use of the Court, for the purpose of assisting the Court in making a determination of whether to approve the relief being sought. In preparing this Final Report, the Receiver has relied upon information from third party sources (collectively, the "**Information**"). Certain of the information contained herein may refer to, or be based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Honourable Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy and completeness of the Information in a

manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook.

RECEIVERSHIP ACTIVITIES FOLLOWING THE RECEIVERSHIP ORDER

19. Since the date of the First Report, the Receiver has undertaken the following actions in accordance with the Receivership Order and the Approval Order:

- (a) completed the Sales Transaction for the sale of the Real Property;
- (b) directed its legal counsel to wire the approved distribution in the amount of \$780,000.00 to BNS;
- (c) directed its legal counsel to wire payment to the City of Ottawa to satisfy municipal tax arrears in the amount of \$5,205.72;
- (d) issued payment to CRA in the amount of \$8,367.00;
- (e) arranged for the transfer keys to the purchaser of the Real Property;
- (f) arranged for the termination of utilities in respect of the Real Property or for the transfer of accounts to the purchaser;
- (g) arranged for the termination of the insurance in respect of the Real Property and the return of excess premiums;
- (h) contacted BDC to determine amounts owing to it in respect of the guarantee provided by 677 with respect to 631's indebtedness to BDC;
- (i) attempted to make contact with the Director of the Companies to advise them of the Surplus Funds resulting from the sale of the Real Property;
- (j) determined the tax implications regarding the potential corporate income taxes owed by the Companies after completion of the Sales Transaction; and
- (k) responded to creditor inquiries.

THE REAL PROPERTY, MARKETING OF REAL PROPERTY AND RESULTS

20. The marketing process and the results of the marketing process for the Real Property were detailed in Confidential Appendix "C" and a redacted copy was attached at Appendix "5" of the First Report.

THE SALES AGREEMENT AND TRANSACTION

21. On February 19, 2021, the Receiver accepted the final offer to purchase the Real Property (the “**Sales Agreement**”), copies of which were attached as Confidential Appendix “D” and a redacted copy of which was attached as Appendix “6” of the First Report (in which the purchaser’s identity and the purchase prices were redacted). The Sales Agreement provided for a deposit of \$50,000.00, that it was binding, and that the closing (the “**Sales Transaction**”) was subject to the approval of the Court.
22. On May 11, 2021, the Sales Transaction closed pursuant to the Sales Agreement and the Approval Order.

ONGOING OPERATIONS

23. The Receiver did not operate the daycare.
24. The Receiver did obtain an initial advance from BNS and accordingly issued a Receiver’s Certificate in the amount of \$20,000.00. A copy of the Receiver’s Certificate 1 was attached at Appendix “7” of the First Report and was repaid after the Sales Transaction closed.

PRIORITY AND SECURED CLAIMS

Priority Claims

25. As of March 15, 2021, the tax arrears for the Real Property were \$4,995.37. A copy of the property tax certificate was contained at Appendix “8” of the First Report. All amounts owed to the City of Ottawa in this regard have been paid by the Receiver.
26. The Receiver filed the 2019 and 2020 annual HST returns for 677 with CRA. The amount outstanding before interest and penalties was \$8,367.00 and there were no other returns to be filed. 677 did not have a payroll account and as a result, no amounts were owed for employee source deductions. The Court approved the payment of \$8,367.00 to CRA and this amount has been paid by the Receiver.
27. Attached at **Appendix”4”** is the statement of account from CRA as at March 11, 2021 that confirms the final amount due including interest and penalties in the amount of \$589.36 for 677 regarding the 2019 and 2020 annual HST returns filed with CRA by the Receiver.

28. The Receiver arranged for the filing the 2020 annual return for employee source deductions with CRA. The return was assessed by CRA and no amounts are outstanding to CRA by 631.

Secured Claims

29. The Receiver's independent legal counsel, André Ducasse of Soloway Wright LLP, provided the Receiver with a legal opinion, dated March 18, 2021, regarding the validity and enforceability of the security held by BNS, a copy of which was attached at Appendix "11" of the First Report.

30. Based on this legal opinion, it appears that:

- a) BNS's mortgage security with respect to the Real Property is valid and enforceable;
- b) The Receivership Order entitles the Receiver to deal with and sell the Real Property; and
- c) The general security agreements granted by the Companies to BNS create an attached and perfected security interest and are enforceable in accordance with their terms.

31. The parcel register for the Real Property and the PPSA search results for each of the Companies were enclosed with this legal opinion attached at Appendix "11" of the First Report.

32. BNS's legal counsel provided the Receiver with an updated statement of account attached at **Appendix "5"** in respect of 677's indebtedness to BNS as of June 25, 2021. As of September 2021, the outstanding balance owing to BNS will be \$76,803.47 (inclusive of per diem interest).

UNSECURED CLAIMS

33. Once priority and secured creditors are satisfied in full, the remaining funds in 677 will need to be applied to the unsecured debts of 677.

34. The Receiver was contacted by the BDC, which advised the Receiver that 677 had granted BDC an unsecured guarantee in support of 631's indebtedness to BDC.

35. Attached at **Appendix "6"** is a copy of two guarantees granted by 677 in favour of BDC in support of advances made by BDC to 631.

36. Attached at **Appendix "7"** is a payout statement provided to the Receiver by BDC supporting the outstanding indebtedness owing to BDC for loan three (3), in the amount of \$4,774.74 and five (5),

in the amount of \$8,654.34, plus per diem interest. This statement confirms that as of September 21, 2021, the aggregate amount of \$13,710.27 will be owing to BDC.

37. The year-end financial statements for 677 at note 2 to the financial statements confirm an inter-
corporate debt by 677 to 631 in the amount of \$780,303.00 (the “**677 Financial Statements**”).
Attached at **Appendix “8”** is a copy of the 677 Financial Statements.
38. The 677 Financial Statements further confirm that there are nominal accounts payable, estimated
to be \$14,227 (reported on the balance sheet). Of that amount, the most significant amount owing
was a provision for HST owing to CRA. This has been paid by the Receiver and addressed in the
priority payables noted in paragraph 26 of this report above.
39. The Receiver is not aware of any other unsecured debts owing by 677.
40. The Receiver attempted to contact the Director on July 13, 2021 and again of July 27, 2021 to
advise him of the Surplus Funds remaining in 677’s estate and to determine if there were any
unsecured claims against 677 that the Receiver would not be aware of. The Receiver has not
received a response to either request. Attached at **Appendix “9”** is a copy of both emails to Mr.
Priel.
41. Given there do not appear to any further claims by unsecured creditors of 677, the Receiver
recommends that the Court approve the Receiver disbursing the remaining net proceeds in 677’s
receivership estate to the estate of 631 to partly satisfy the inter-company debt and to allow for
creditors of 631 to be paid.
42. The Receiver is not aware of any secured creditors of 631.
43. 631 is indebted to BNS, estimated to be \$40,000.00, to BDC, estimated to be \$88,166.44 and to
various other unsecured creditors approximately totaling approximately \$165,940.58. Attached at
Appendix “10” is a projected list of unsecured creditors for 631 based on information the Receiver
has gathered.
44. The Receiver is recommending that the Court issue an Order permitting the Receiver to assign 631
into bankruptcy so that a claims process can then be implemented in accordance with the BIA so
as to permit 631’s unsecured creditors to advance their claims and receive their *pro-rata* share of
the Surplus Funds. This will also benefit the Director given that it will decrease his exposure under
the personal guarantees that he has granted to some of 631’s creditors.

FUNDS AVAILABLE FOR DISTRIBUTION

45. A copy of the Receiver's Final SRD is attached at **Appendix "11"**.

PROFESSIONAL FEES

46. Pursuant to paragraph 18 of the Receivership Order, the fees and disbursements of the Receiver and its legal counsel 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.

47. Pursuant to paragraph 19 of the Appointment Order, the Receiver is entitled to apply reasonable amounts out of the monies in its hands to satisfy its professional fees and disbursements and those of its counsel, and such amounts are to constitute advances against its remuneration and disbursements when and as approved by the Court.

48. Attached as **Appendix "12"** hereto is the Affidavit of John Haralovich sworn on September 3, 2021, in support of the fees and disbursements of the Receiver for the period from November 20, 2020 to September 3, 2021 \$37,562.00, plus HST of \$4,883.06 for a total of \$42,445.06. The Receiver estimates an additional \$3,000.00 plus HST to conclude the administration of the Receivership.

49. Attached as **Appendix "13"** hereto is the Affidavit of Roxanne Chapman, sworn on September 2, 2021, in support of the fees and disbursements of the Receiver's counsel for the period up to and including September 2, 2021 totaling \$24,719.19, inclusive of HST, plus an estimated additional \$3,500.00 plus HST to conclude the administration of the Receivership.

COMPLETION OF THE RECEIVERSHIP

50. As the Receiver's administration of this estate is substantially complete, the Receiver is presently seeking an Order discharging MNP from the powers, duties and obligations attendant to its appointment as Receiver. The Receiver is proposing that the discharge Order become effective on the day that the Receiver has completed its administration of the receivership in the manner set out in this Final Report.

SUMMARY AND RECOMMENDATIONS

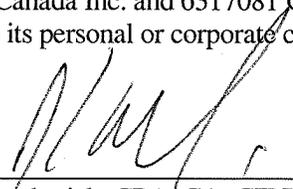
51. For the reasons outlined above, the Receiver respectfully recommends that this Court grant the Receiver's request for an Order providing for, amongst other things:

- (a) If necessary, abridging the time for and validation of service of the Notice of Motion and Motion Record herein;
- (b) Approving the Receiver's Final Report, and the activities and conduct of the Receiver and of its legal counsel since its appointment, all as recited in the Final Report;
- (c) Approving the Receiver's Final SRD;
- (d) Approving the payment of the fees and disbursements of the Receiver and Receiver's counsel;
- (e) Obtaining the Court's approval in respect of a final distribution to BNS in the amount of \$76,803.47 on account of its secured claim;
- (f) Obtaining the Court's approval in respect of a final distribution to CRA in the amount of \$589.36 on account of its priority statutory claim for HST;
- (g) Obtaining the Court's approval in respect of first and final distribution to BDC in the amount of \$13,710.27 on account of its unsecured claim;
- (h) Obtaining the Court's approval to transfer the Surplus Funds to the estate of 631 following the payment by the Receiver of the amounts set out above;
- (i) Obtaining the Court's approval for the Receiver to assign 631 into bankruptcy so that the Surplus Funds can be distributed to 631's creditors in accordance with the claims process set out in the BIA; and
- (j) Discharging and releasing MNP from the powers, duties and obligations attendant to its appointment as Receiver, effective upon the Receiver having completed its administration of the Companies' receivership.

This Second and Final Report is respectfully submitted to the Honourable Court as of this 3rd day of September 2021.

MNP LTD.,

In Its capacity as Court-Appointed Receiver of
6773982 Canada Inc. and 6317081 Canada Inc.
and not in its personal or corporate capacity
Per:



John P. Haralovich, CPA, CA, CIRP, CMA
Senior Vice President

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ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE) FRIDAY, THE 20th
)
JUSTICE ROGER) DAY OF NOVEMBER, 2020
)

THE BANK OF NOVA SCOTIA

Applicant

- and -

6773982 CANADA INC. AND 6317081 CANADA INC.

Respondents

ORDER
(Appointing Receiver)

THIS APPLICATION made by the Applicant, The Bank of Nova Scotia, 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 MNP Ltd. as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of the Respondents, 6773982 Canada Inc. and 6317081 Canada Inc. (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, and of the real property described at Schedule "A" to this Order and owned by the Respondent, 6773982 Canada Inc. (the "Real Property") was heard this day by judicial teleconference via Zoom at 161 Elgin St 2nd Floor, Ottawa, ON K2P 2K1.

ON READING the Notice of Application, the Affidavit of Cian McDonnell sworn October 30, 2020 and the Exhibits thereto, the Supplemental Affidavit of Cian McDonnell sworn November 16, 2020 and the Exhibits thereto, and on hearing the submissions of counsel for the Applicant, no other parties appearing, although duly served as appears from the affidavits of

service of Lindsay Provost sworn November 9, 2020 and November 16, 2020, and on reading the consent of MNP Ltd. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this Application 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, MNP Ltd. 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, and which includes the Real Property (collectively, 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;
- (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 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;
- (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;
- (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 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 \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$300,000; 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*, or section 31 of the Ontario *Mortgages Act*, as the case may be, 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 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;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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;

- (p) to enter into agreements with any 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;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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 the Debtors' 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 (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 books, documents, securities, contracts, orders, 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 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.

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.

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 are 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, 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*.

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.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. 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

17. 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, including, but not limited to, any illness or bodily harm resulting from a party or parties contracting COVID-19, 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

18. 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.

19. 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 Ontario Superior Court of Justice.

20. 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

21. 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 \$100,000 (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.

22. 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.

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

24. 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

25. 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.MNP.CA.

26. 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

27. 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.

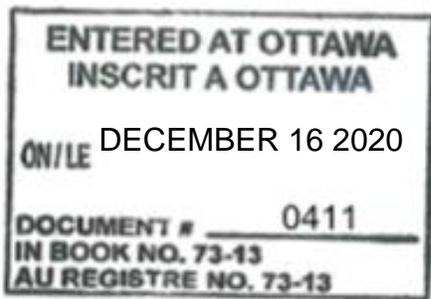
28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors, or any of them.

29. 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.

30. 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.

31. THIS COURT ORDERS that the Applicant shall have its costs of this Application , 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.

32. 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.



Justice P.E. Roger, Ontario Superior Court of Justice

SCHEDULE "A"

REAL PROPERTY

PT LT 53, PL 118266, AS IN NS111883; OTTAWA/NEPEAN (PIN 04130-0064 LT)

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that MNP Ltd., the receiver (the "Receiver") of the assets, undertakings and properties of the Respondents, 6773982 Canada Inc. and 6317081 Canada Inc. (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, and of the real property described at Schedule "A" to the Order, appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number __-CL-_____, 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 November, 2020.

MNP Ltd., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

THE BANK OF NOVA SCOTIA

v.

6773982 CANADA INC. et al

Applicant

Respondents

Court File No. CV-20-00084926-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT OTTAWA

ORDER

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2

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF 6773982 CANADA INC AND 6317081 CANADA INC.
of the City of Ottawa, in the Province of Ontario**

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

and

6773982 CANADA INC. AND 6317081 CANADA INC.

Respondents

**FIRST REPORT OF MNP LTD., IN ITS
CAPACITY AS COURT APPOINTED RECEIVER OF
6773982 CANADA INC. AND 6317081 CANADA INC.**

MARCH 19, 2021

Contents

INTRODUCTION AND BACKGROUND4

PURPOSE OF THIS REPORT.....5

NOTICE TO READER6

INITIAL RECEIVERSHIP ACTIVITIES.....7

THE REAL PROPERTY, THE APPRAISALS AND THE LISTINGS.....7

MARKETING OF REAL PROPERTY AND RESULTS.....8

THE SALES AGREEMENT AND TRANSACTION8

ONGOING OPERATIONS9

PRIORITY AND SECURED CLAIMS.....9

FUNDS AVAILABLE FOR DISTRIBUTION..... 11

PROFESSIONAL FEES..... 11

COMPLETION OF THE RECEIVERSHIP 12

SUMMARY AND RECOMMENDATIONS 12

APPENDICES

- 1 Receivership Order dated November 20, 2020
- 2 Notice of Statement of Receiver
- 3 Listing proposal Avison Young
- 4 Listing agreement Avison Young
- 5 Redacted Avison Young sale and marketing results
- 6 Redacted purchase and sale agreement
- 7 Receivers Certificate 1
- 8 City of Ottawa - Tax certificate
- 9 Canada Revenue Agency statement of account for 6773982 Canada Inc.
- 10 Canada Revenue Agency statement of account for 6317081 Canada Inc.
- 11 Soloway Wright LLP legal opinion re: BNS security dated March 18, 2021
- 12 Bank of Nova Scotia statement of account - 6773982 Canada Inc.
- 13 Bank of Nova Scotia statement of account - 6317081 Canada Inc.
- 14 Interim Statement of Receipts and Disbursements

Confidential Appendices

- A Juteau Johnson Comba Inc., appraisal
- B McLean, Simon & Associates (Ottawa), appraisal
- C Unredacted Avison Young sales and marketing summary
- D Unredacted Purchase and Sale Agreement

INTRODUCTION AND BACKGROUND

1. 6773982 Canada Inc. (“677”) is a company incorporated pursuant to the laws of Canada with its registered office in Ottawa, Ontario.
2. 6317081 Canada Inc. (“631”) is a company incorporated pursuant to the laws of Canada with its registered office located in Ottawa, Ontario.
3. 677 is the registered owner of property municipally known as 276 Sunnyside Avenue, Ottawa, Ontario (the “Real Property”) and 631 operated a daycare at the Real Property.
4. 677 and 631 (collectively, the “Companies” of the “Debtors”) are managed and controlled by Mr. Neil Priel (the “Director”).
5. On or about June 16, 2017, the Companies became indebted to the Bank of Nova Scotia (“BNS” or the “Lender”), its senior secured creditor, with respect to certain credit facilities granted by the Lender pursuant to and under the terms of various credit and security agreements contained as Exhibits D through J to the Receivership Application Record (the “Application Record”) dated November 9, 2020 (the “Security”).
6. As reported in the Application Record, the Companies’ obligations to the Lender pursuant to the above loans and the Security (the “Indebtedness”) totaled \$857,419.40 as at October 15, 2020 (excluding interest and fees accrued since).
7. The Security provides for the appointment of a receiver in the event of default by the Debtors under the Security.
8. On October 15, 2020, BNS issued demands for payment of the Indebtedness to the Companies, along with Notices of Intention to Enforce Security in accordance with s. 244 of the *Bankruptcy and Insolvency Act* (“BIA”) which demands and statutory notices are contained as Exhibit M of the Application Record.
9. On October 15, 2020, the Director contacted representatives for BNS advising that the Real Property was listed for sale with Re/Max Hallmark Jenna & Co. Group Realty (“Remax”) for \$1,090,000.00 and requested a sixty-day forbearance period.
10. On October 20, 2020, legal counsel for BNS provided the Companies with a proposed forbearance agreement, contained as Exhibit O of the Application Record (the

“Forbearance Agreement”). The Forbearance Agreement provided that, amongst other things, the Companies would repay the Indebtedness by no later than January 4, 2021.

11. On October 23, 2020, legal counsel for BNS corresponded with the Director to confirm acceptance of the Forbearance Agreement and received no reply and a signed copy of the Forbearance Agreement was not returned.
12. On November 9, 2020, BNS brought an application for the appointment of MNP Ltd. (“MNP”) as the receiver of the Companies and for the protection of the interests of BNS and other stakeholders.
13. On November 16, 2020, Cian McDonnell, on behalf of BNS, filed an affidavit to update the Application Record on efforts between BNS and the Companies to repay the Indebtedness. This affidavit confirms that the Companies have no access to funding to satisfy the Indebtedness and that insurance coverage with respect to the Real Property would cease on December 12, 2020.
14. By Order of this Honourable Court dated November 20, 2020 (the “Receivership Order”), MNP was appointed receiver (the “Receiver”), without security, of all of the assets, undertakings and properties of the Debtors used in relation to their businesses, including all proceeds thereof (the “Property”). A copy of the Receivership Order is attached at Appendix “1”.

PURPOSE OF THIS REPORT

15. The purpose of this first report of the Receiver to the Court (the “First Report”) is to:
 - (a) report on the activities of the Receiver since its appointment pursuant to the Receivership Order;
 - (b) seek the Court’s approval of the activities and conduct of the Receiver and that of its legal counsel as described in the First Report;
 - (c) seek the Court’s approval of the Sales Agreement (as defined below) and of the Sales Transaction (as defined below) and the conveyance of the Real Property to the purchaser thereof and vesting title to the Real Property in the purchaser free and clear of any encumbrances;

- (d) seek the Court's approval to seal certain confidential appendices to the First Report;
- (e) seek the Court's approval of the Receiver's Interim Statement of Receipts and Disbursements (the "Interim SRD");
- (f) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transactions close, seek the Court's approval in respect of an interim distribution to Canada Revenue Agency ("CRA") in the amount of \$8,367.00 in respect of CRA'S priority claim for HST;
- (g) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transaction closes, seek the Court's approval in respect of an interim distribution to BNS in the amount of \$780,000.00 on account of its first-ranking mortgage and secured claim; and
- (h) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transaction closes, seek the Court's approval in respect of paying to the City of Ottawa all outstanding municipal tax arrears (the "Tax Arrears") in respect of the Real Property, which Tax Arrears totaled \$4,995.37 as of March 15, 2021.

16. All amounts referred to in the First Report are in Canadian dollars unless otherwise noted.

NOTICE TO READER

17. This First Report is prepared solely for the use of the Court, for the purpose of assisting the Court in making a determination of whether to approve the relief being sought.

18. In preparing this First Report, the Receiver has relied upon information from third party sources (collectively, the "Information"). Certain of the information contained herein may refer to, or be based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Honourable Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy and completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook.

INITIAL RECEIVERSHIP ACTIVITIES

19. Immediately following the granting of the Receivership Order on November 20, 2020 (the “Receivership Date”), the Receiver attended at the Real Property to take possession of and secure the building. The initial activities of the Receiver included:
- (a) notifying the Companies of MNP’s appointment as Receiver;
 - (b) attending at the Real Property to inspect the site and take photographs;
 - (c) providing a copy of the Receivership Order to the Companies;
 - (d) arranging for insurance coverage for the Real Property;
 - (e) contacting various utilities to arrange for the continuation of services;
 - (f) requesting relevant information and the books and records of the Companies;
 - (g) responding to creditor inquiries; and
 - (h) preparing and issuing the prescribed notices and statement of the Receiver pursuant to ss. 245(1) and 246(1) of the BIA, which was sent to the Debtors’ creditors. A copy of this notice is attached at Appendix “2”.

THE REAL PROPERTY, THE APPRAISALS AND THE LISTINGS

20. The Real Property was purchased by 677 on July 26, 2012 for \$636,500.00.
21. At the date of the Receivership Order, Remax was marketing the Real Property with a list price of \$1,050,000.00.
22. On November 30, 2020, the Receiver obtained a listing proposal from Avison Young (“Avison”) to market and sell the Real Property. A copy of the listing proposal is contained at Appendix “3”.
23. On December 2, 2020, the Receiver received a real estate appraisal from Juteau Johnson Comba Inc. (the “Comba Appraisal”) for the Real Property. A copy of the Comba Appraisal is reproduced at Confidential Appendix “A”.
24. On December 2, 2020, given the favourable terms contained in the Avison listing proposal and that Avison is a reputable, competent and licensed commercial real estate broker, the Receiver selected Avison to list and market the Real Property with a list

price of \$1,049,500.00 which was in line with the previous Remax listing. A copy of the listing agreement is contained at Appendix "4".

25. On January 4, 2021, the Receiver received a real estate appraisal from McLean, Simon & Associates (Ottawa) (the "Simon Appraisal") for the Real Property. A copy of the Simon Appraisal is reproduced at Confidential Appendix "B".

MARKETING OF REAL PROPERTY AND RESULTS

26. The marketing process and the results of the marketing process for the Real Property are detailed in Confidential Appendix "C" and a redacted copy is attached at Appendix "5".

27. Highlights of Avison's marketing process in respect of the sale of the Real Property are as follows:

- a) Avison went to market to over 650 parties and asked all interested parties to submit offers to purchase by February 16, 2021;
- b) there were 1,137 direct hits on Loopnet and there were 1,443 views on Realtor.ca;
- c) 58 parties made inquiries and 15 formal inspections of the Real Property;
- d) parties advised Avison of their concerns about the restricted building use, lack of parking space and high listing price of the Real Property;
- e) at the time of the initial offering expiring, two (2) offers were received from parties interested in purchasing the Real Property; and
- f) on February 16, 2021, the purchasing party submitted an offer to purchase the Real Property that BNS confirmed it supported.

THE SALES AGREEMENT AND TRANSACTION

28. On February 19, 2021, the Receiver accepted the final offer to purchase the Real Property (the "Sales Agreement"), copies of which are attached as Confidential Appendix "D" and a redacted copy of which is attached as Appendix "6" (in which the purchaser's identity and the purchase prices were redacted). The Sales Agreement

provides for a deposit of \$50,000.00, and that it is binding, and that the closing (the "Sales Transaction") is subject to the approval of the Court.

29. The Receiver recommends that the Sales Agreement and the Sales Transaction with respect to the Real Property be approved by this Honourable Court for the following reasons:

- a) the Real Property was exposed widely to the marketplace in a manner that is common for properties of this nature and was listed for sale with a professional and licensed commercial real estate broker that is well known in the market;
- b) the Sales Agreement is now unconditional except for the Courts approval;
- c) the purchase price is greater than the appraised values of the Real Property;
- d) the purchase price is greater than the other offers received by the Receiver;
- e) the Real Property has been exposed the market since October 2020, by the Companies and the Receiver;
- f) the Receiver does not believe that further marketing of the Real Property will result in a superior offer; and
- g) the Sales Transaction that is the subject of the Sales Agreement is provident and a favourable outcome for the estate and followed a thorough, impartial and fair sales process that fully tested the market.

ONGOING OPERATIONS

30. The Receiver did not operate the daycare.

31. The Receiver did obtain an initial advance from BNS and accordingly issued a Receiver's Certificate in the amount of \$20,000.00. A copy of the Receiver's Certificate 1 is attached at Appendix "7".

PRIORITY AND SECURED CLAIMS

Priority Claims

32. As of March 15, 2021, the Tax Arrears for the Real Property were \$4,995.37. A copy of the property tax certificate is contained at Appendix "8".

33. The Receiver has recently filed the 2019 and 2020 annual HST returns for 677 with CRA. The amount outstanding before interest and penalties is \$8,367.00 and there are no

other returns to be filed. 677 did not have a payroll account and as a result, no amounts would be owed for employee source deductions.

34. Attached at Appendix "9" is the statement of account from CRA as at March 11, 2021 for 677 and the 2019 and 2020 annual HST returns filed with CRA by the Receiver.
35. 631 has not filed the 2020 annual return for employee source deductions with CRA. CRA confirms that annual remittances in the sum of \$17,915.88 have been remitted by 631. However, without the payroll service filing the annual T-4 returns, the Receiver is unable to confirm if any further amounts are owed. The current amount owed for prior periods is \$738.64. Attached at Appendix "10" is a statement of account from CRA as at March 11, 2021 for 631 confirming the amounts owed and remittances made for 2020 tax year.

Secured Claims

36. The parcel register for the Real Property confirms that BNS registered a charge on title to the Real Property on August 10, 2017 in the principal amount of \$975,000.00. The Receiver's independent legal counsel, André Ducasse of Soloway Wright LLP, provided the Receiver with a legal opinion, dated March 18, 2021, regarding the validity and enforceability of the security held by BNS, a copy of which is attached at Appendix "11".
37. Based on this legal opinion, it appears that:
 - a) BNS's mortgage security with respect to the Real Property is valid and enforceable;
 - b) The Receivership Order entitles the Receiver to deal with and sell the Real Property; and
 - c) The general security agreements granted by the Companies to BNS create an attached and perfected security interest and are enforceable in accordance with their terms.
38. The parcel register for the Real Property and the PPSA search results for each of the Companies are enclosed with this legal opinion attached at Appendix "11".

39. BNS provided the Receiver with an updated statement of account in respect of 677's indebtedness to BNS as of March 12, 2021. As of this date, the outstanding balance owing to BNS by 677 was \$777,460.70 plus daily per diem interest of \$97.14 and ongoing legal costs. The BNS statement of account is attached at Appendix "12".
40. BNS confirmed the Receiver's Certificate has accrued \$416.39 in interest with a daily per diem interest of \$4.08 contained at Appendix "12".
41. BNS provided the Receiver with an updated statement of account in respect of 631's indebtedness to BNS as of March 12, 2021. As of this date, the outstanding balance owing to BNS by 631 was \$49,677.79 plus daily per diem interest of \$4.68 and ongoing legal costs. The BNS statement of account is attached at Appendix "13".

FUNDS AVAILABLE FOR DISTRIBUTION

42. A copy of the Interim SRD is attached at Appendix "14". It confirms that receipts exceed disbursements by \$10,734.57 to the date of this First Report.
43. In the event the Sales Agreement and the Sales Transaction are approved by the Court and the transaction closes, the Receiver recommends paying the following distributions:
 - a) \$4,995.37, or such other amount as may be required to pay the Tax Arrears in respect of the Real Property;
 - b) \$780,000.00 to BNS on account of its secured mortgage claim; and
 - c) \$8,367.00 to CRA on account of its priority claim for HST remittances;
44. The balance of the sale proceeds will be held by the Receiver until a further report to the Court is filed with respect to distributing these proceeds.

PROFESSIONAL FEES

45. Pursuant to paragraph 18 of the Receivership Order, the fees and disbursements of the Receiver and its legal counsel 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.

46. Pursuant to paragraph 19 of the Appointment Order, the Receiver is entitled to apply reasonable amounts out of the monies in its hands to satisfy its professional fees and disbursements and those of its counsel, and such amounts are to constitute advances against its remuneration and disbursements when and as approved by the Court.

47. The approval of fees and disbursements of the Receiver and that of its legal counsel will be sought in a further report to the Court.

COMPLETION OF THE RECEIVERSHIP

48. The Receiver will attempt to close the Sales Transaction and report back to Court upon its completion. In the event the Sales Transaction does not close, the Receiver will resume the sales process in respect of the Real Property subject to the Receivership Order.

SUMMARY AND RECOMMENDATIONS

49. For the reasons outlined above, the Receiver respectfully recommends that this Court grant the Receiver's request for an Order, amongst other things:

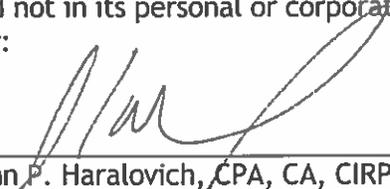
- (a) If necessary, abridging the time for and validation of service of the Notice of Motion and Motion Record herein;
- (b) Approving the Receiver's First Report, and the activities and conduct of the Receiver and of its legal counsel since its appointment, all as recited in the First Report;
- (c) Approving the Sales Agreement and Sales Transaction, and the conveyance of the Real Property to the purchase and vesting title of the Real Property in the purchaser free of encumbrances;
- (d) Approving the sealing of the confidential appendices to the First Report pending the closing of the Sales Transaction or further Order of this Court;
- (e) Approving the Interim SRD;
- (f) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transaction closes, approving an interim distribution to CRA in the amount of \$8,367.00;

- (g) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transaction closes, approving an interim distribution to BNS in the amount of \$780,000.00 on account of its first-ranking mortgage and secured claim; and
- (h) in the event the Court approves the Sales Agreement and the Sales Transaction and the said transaction closes, approving payment to the City of Ottawa for all Tax Arrears in respect of the Real Property.

This First Report is respectfully submitted to the Honourable Court as of this 19th day of March 2021.

MNP LTD.,

In Its capacity as Court-Appointed Receiver of
6773982 Canada Inc. and 6317081 Canada Inc.
and not in its personal or corporate capacity
Per:



John P. Haralovich, CPA, CA, CIRP, CMA
Senior Vice President

3

District of: Ontario
Division No. 12 - Ottawa
Court No.
Estate No. 33-165756

- FORM 87 -

Notice of Statement of the Receiver
(Subsections 245(1) and 246(1) of the Act)

In the matter of the receivership of
6773982 Canada Inc. and 6317081 Canada Inc.

The receiver gives notice and declares that:

1. On the 20th day of November 2020, we, MNP Ltd., became the receiver in respect of the property of 6773982 Canada Inc. and 6317081 Canada Inc., that is described below:

Real Property or Immovable	Building - Ottawa - 276 Sunnyside Avenue	1000000.00
----------------------------	--	------------

2. We became a receiver by having taken possession or control of the property described above (or by virtue of being appointed by The Bank of Nova Scotia), pursuant to General Security Agreement dated July 18, 2017 granted by 6317081 Canada Inc. and a mortgage on the real property dated August 10, 2017 granted by 6773982 Canada Inc.

3. The undersigned took possession or control of the property described above on the 20th day of November 2020.

4. The following information relates to the receivership:

- (a) Address: 276 Sunnyside Avenue, Ottawa, ON
- (b) Principal line of business: Daycare Centre
- (c) Location(s) of business:

276 Sunnyside, Ottawa, ON, K1S 0R8

(d) Amount owed to each creditor who holds a security on the property described above:

Scotia Mortgage Corporation	\$845000.00
-----------------------------	-------------

(e) The list of other creditors and the amount owed to each creditor and the total amount due is as follows:

Scotiabank	Unsecured	\$95000.00
Baker Tilly Ottawa LLP	Unsecured	\$4259.00
CRA - Tax - Ontario	Unsecured	\$1.00
Baker Tilly Ottawa LLP	Unsecured	\$1129.00
Star Life Fire and Safety Inc.	Unsecured	\$1288.00
Star Life Fire and Safety Inc.	Unsecured	\$553.70

(f) The intended plan of action of the receiver during the receivership, to the extent that such a plan has been determined, is as follows: The Receiver will have the property appraised, listed for sale and will complete a sales transaction for the benefit of the secured creditor.

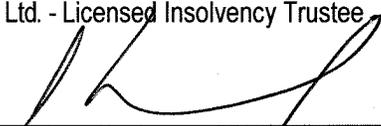
(g) Contact person for receiver:

John Haralovich, Tel: (613) 691-4270, Fax: (613) 726-9009.

Dated at the City of Ottawa in the Province of Ontario, this 3rd day of December 2020.

MNP Ltd. - Licensed Insolvency Trustee

Per:



John Karalovich - Receiver

1600 Carling Avenue, Suite 800

Ottawa ON K1Z 1G3

Phone: (613) 691-4270 Fax: (613) 726-9009

4



RECEIVED
April 23 2021 SD

Tax Centre
 Hamilton ON L8R 3P7

April 15, 2021

MNP LTD.
 1600 CARLING AVE., SUITE 800
 OTTAWA ON K1Z 1G3

Account Number
 84771 3997 RT0001

Dear John Haralovich:

Subject: 6773982 CANADA INC.

We understand that you have been appointed receiver or receiver-manager (receiver) for the above GST/HST registrant. Currently, the registrant owes goods and services tax / harmonized sales tax (GST/HST) of \$8,956.36.

Period outstanding	GST/HST payable	Penalty & interest	Total
2020-11-20	\$4,508.00	\$186.37	\$4,694.37
2019-12-31	\$3,859.00	\$402.99	\$4,261.99

Under the Excise Tax Act, \$8,367.00 of the above totals represents property of the Crown held in trust and does not form part of 6773982 CANADA INC.'s property, business, or estate. This is the case whether or not those funds are kept separate and apart from the registrant's own money or from the estate's assets.

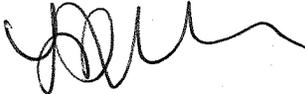
You must pay the Receiver General for Canada \$8,367.00 out of the realization of any property subject to the trust created by subsection 222(3) of the Act before paying any other creditor. Please send us your payment right away. If this is not possible, please tell us when you will make the payment. Also, please tell us when you will pay the remaining balance of \$589.36.

.../2

As a receiver, you must collect and remit the registrant's GST/HST for the period you are acting as a receiver. You also must file the registrant's returns for any periods ending while you were acting as receiver. This includes any returns the registrant did not file for a period ending in or immediately before the fiscal year you became receiver.

For more information or clarification, please call us at 416-997-1102.

Yours truly,



for K. Figaszewska (1214)
Insolvency Officer

5

John Haralovich

From: Tim Hogan <thogan@harrisonpensa.com>
Sent: June 25, 2021 4:41 PM
To: John Haralovich
Cc: Andre Ducasse; McDonnell, Cian
Subject: RE: BNS - 677 Canada [External] Sunnyside - CLOSED [IWOV-HPMain.FID525080]

CAUTION: This email originated from outside of the MNP network. Be cautious of any embedded links and/or attachments.
MISE EN GARDE: Ce courriel ne provient pas du réseau de MNP. Méfiez-vous des liens ou pièces jointes qu'il pourrait contenir.

John, here is what BNS is owed today:

- on the 677 guarantee and GSA: \$50,157.23 total (principal of \$49,500 & interest of \$657.23) the per diem is \$4.69
- on the 677 Canada term loan: \$5,766.00 total
- Paid legals: \$17,967.52
- Legals to close: \$2,500
- Total: \$76,30.75

Tim Hogan | [HARRISON PENZA LLP](#) | 450 Talbot St., London, Ontario N6A 5J6 | *tel* 519-661-6743 | *fax* 519-667-3362 | thogan@harrisonpensa.com

Assistant | Cathy Coleiro | *tel* 519-850-5568 | ccoleiro@harrisonpensa.com

This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

From: Tim Hogan
Sent: Friday, June 25, 2021 4:10 PM
To: John Haralovich <John.Haralovich@mnp.ca>
Cc: Andre Ducasse <aducasse@solowaywright.com>; McDonnell, Cian <cian.mcdonnell@scotiabank.com>
Subject: RE: BNS - 677 Canada [External] Sunnyside - CLOSED [IWOV-HPMain.FID525080]

John, sorry my bad in that CEBA is not against 677. It is against the op co. So that avoids that issue.

That only leaves BNS' secured claim – Cian will send us the number on that

Tim Hogan | [HARRISON PENZA LLP](#) | 450 Talbot St., London, Ontario N6A 5J6 | *tel* 519-661-6743 | *fax* 519-667-3362 | thogan@harrisonpensa.com

Assistant | Cathy Coleiro | *tel* 519-850-5568 | ccoleiro@harrisonpensa.com

This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

John Haralovich, CIRP, LIT, CPA, CA, CMA

Senior Vice President

DIRECT 613.691.4262

FAX 613.726.9009

CELL 613.297.4759

1600 Carling Avenue Suite 800

Ottawa, ON K1Z 1G3

john.haralovich@mnp.ca

mnpdebt.ca



Member of Praxity, A158L
Global Alliance of Independent Firms



From: McDonnell, Cian <Cian.McDonnell@scotiabank.com>
Sent: May 21, 2021 11:42 AM
To: John Haralovich <John.Haralovich@mnp.ca>
Cc: thogan@harrisonpensa.com; Chopra, Neel <neel.chopra@scotiabank.com>
Subject: RE: [External] FW: Sunnyside - CLOSED

CAUTION: This email originated from outside of the MNP network. Be cautious of any embedded links and/or attachments.
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Hi John,

As discussed:

1. The residual on the Term loan is \$5,765.87 today with a per diem of \$0.74.
2. The P&I on the receiver loan is \$20,689.89 with a per diem of \$4.08.

I'll discuss with Tim on the security situation for the claim for 6317081 .

Regards,

Cian McDonnell | Manager, Special Accounts Management

Scotiabank | Global Risk Management

40 King Street West | 26th Floor | Toronto, ON., Canada | M5H 3Y2

T 416-933-1911 | M 647-926-9572 | F 416-933-1357

cian.mcdonnell@scotiabank.com

<http://scotiabank.com>

Scotiabank is a business name used by The Bank of Nova Scotia

From: John Haralovich <John.Haralovich@mnp.ca>
Sent: May 21, 2021 10:42 AM
To: McDonnell, Cian <Cian.McDonnell@scotiabank.com>
Cc: thogan@harrisonpensa.com; Chopra, Neel <neel.chopra@scotiabank.com>
Subject: RE: [External] FW: Sunnyside - CLOSED

Gents,

In looking at the payout statement, we can pay back the receivers certificate and likely clear the \$17,000 left in 677. Based on the \$780K paid, it would have settled the original loan plus a portion would need to be applied to the receivers advance.

6



GUARANTEE

The Business Development Bank of Canada ("BDC") has agreed to make a loan of \$60,000, account number 048629-05 (the "Loan"), to 6317081 Canada Inc. (the "Borrower") according to the terms of the letter of offer dated November 20th, 2014 (the "Letter of Offer") and the guarantor agrees to guarantee the obligations of the Borrower under the Loan.

Each party signing below (the "Guarantor"), on a joint and several basis, unconditionally guarantees payment to BDC of all amounts owing under the Loan, together with interest from the date of demand plus fees and costs incurred by BDC in the enforcement of this Guarantee.

This guarantee extends to all future advances and readvances of the Loan.

The Guarantor warrants that there are no agreements, representations and conditions that have been relied upon by the Guarantor that are not expressed in this Guarantee. Furthermore, the Guarantor shall not rely upon any representation made by BDC in respect of the liability of the Guarantor under this Guarantee unless such representation is in writing executed by BDC and no agreement has the effect of diminishing or discharging the liability of the Guarantor under this Guarantee unless the agreement is in writing and executed by BDC.

This obligation to pay will not be reduced or discharged for any reason, including, without limitation:

- The giving of time or other indulgences to the Borrower.
- Changes to the Loan terms and conditions including changes in the rate of interest or repayment terms.
- Amendments or extensions or renewals to the Letter of Offer and this Guarantee.
- Any agreement or compromise that has the effect of diminishing or extinguishing the liability of the Borrower.
- Any other event, circumstance or fact, including without limitation, any act or omission (whether negligent or otherwise), of BDC or the Borrower, which would, at law or at equity, constitute or give rise to a defence to this Guarantee.
- Failure of BDC to seek recourse against the Borrower.
- The release of any obligation to pay including the obligation of any Guarantor. If more than one person guarantees any of the obligations of the Borrower to BDC under this Guarantee, BDC may release any Guarantor without reducing or discharging the liability of any remaining Guarantor.

The Guarantor's liability under this Guarantee will continue until all liabilities of the Borrower under the Loan are repaid in full. By signing below the Guarantor acknowledges having read and understood this Guarantee and has either obtained independent legal advice in connection with this Guarantee or has voluntarily determined not to seek such independent legal advice.

Signed this 26th day of November, 2014

Signature of Witness:

6773982 Canada Inc.

Per:

Print witness name: Raina Sharma

Neil Vickie Priel

Occupation: BDC Senior Account Manager

Address: 55 Metcalfe Street, Ottawa, ON



GUARANTEE

The Business Development Bank of Canada ("BDC") has agreed to make a loan of \$92,000, account number 048629-03 (the "Loan"), to 6317081 Canada Inc. (Glebe Reggio Centre) (the "Borrower") according to the terms of the letter of offer dated November 7th, 2012 (the "Letter of Offer") and the guarantor agrees to guarantee the obligations of the Borrower under the Loan.

Each party signing below (the "Guarantor"), on a joint and several basis, unconditionally guarantees payment to BDC of all amounts owing under the Loan, together with interest from the date of demand plus fees and costs incurred by BDC in the enforcement of this Guarantee.

This guarantee extends to all future advances and readvances of the Loan.

The Guarantor warrants that there are no agreements, representations and conditions that have been relied upon by the Guarantor that are not expressed in this Guarantee. Furthermore, the Guarantor shall not rely upon any representation made by BDC in respect of the liability of the Guarantor under this Guarantee unless such representation is in writing executed by BDC and no agreement has the effect of diminishing or discharging the liability of the Guarantor under this Guarantee unless the agreement is in writing and executed by BDC.

This obligation to pay will not be reduced or discharged for any reason, including, without limitation:

- The giving of time or other indulgences to the Borrower.
- Changes to the Loan terms and conditions including changes in the rate of interest or repayment terms.
- Amendments or extensions or renewals to the Letter of Offer and this Guarantee.
- Any agreement or compromise that has the effect of diminishing or extinguishing the liability of the Borrower.
- Any other event, circumstance or fact, including without limitation, any act or omission (whether negligent or otherwise), of BDC or the Borrower, which would, at law or at equity, constitute or give rise to a defence to this Guarantee.
- Failure of BDC to seek recourse against the Borrower.
- The release of any obligation to pay including the obligation of any Guarantor. If more than one person guarantees any of the obligations of the Borrower to BDC under this Guarantee, BDC may release any Guarantor without reducing or discharging the liability of any remaining Guarantor.

The Guarantor's liability under this Guarantee will continue until all liabilities of the Borrower under the Loan are repaid in full. By signing below the Guarantor acknowledges having read and understood this Guarantee and has either obtained independent legal advice in connection with this Guarantee or has voluntarily determined not to seek such independent legal advice.

Signed this 8th day of November 20 12

Signature of Witness:

Print witness name: Raina Sharma

Occupation: BDC Account Manager

6773982 Canada Inc.

Per:

(Authorized Signing Officer)

Neil Vickie Priel

7



June 10, 2021

6317081 Canada Inc.
276, Sunnyside Ave,
Ottawa, ON K1S 0R8

Dear Mr. Priel

**Subject: Confirmation of Prepayment Amounts—Loan number 048629-03/05
6317081 Canada Inc. (the "debtor")**

As requested, Business Development Bank of Canada ("BDC") has calculated the prepayment figures for the above mentioned loan, as at June 10, 2021, to be¹:

	Loan 03	Loan 05
Principal	\$4,400.00	\$8,000.00
Interest up to and including June 9, 2021	\$224.74	\$504.34
Admin Fees	\$150.00	\$150.00
Total	<u>\$4,774.74</u>	<u>\$8,654.34</u>
Current Per Diem (subject to change)	\$0.86	\$1.87
Current Interest rate – floating base +2.60/4 %	<u>7.15%</u>	<u>8.55%</u>

Since this loan is on a floating interest rate, please contact this office one day prior to the date of payout and request the exact amount of accrued interest required to retire the loan. The amounts will be confirmed to you by email. Funds and Per Diem Interest calculated up to and including the date prior to the payout must be received by BDC no later than 12:00 p.m. on the payout date. If the Funds and Per Diem Interest are not received by 12:00 p.m. of the fifth business day from the date of the letter, this payout letter is no longer valid and may not be relied upon. If you are not able to deliver the payout prior to 12:00 p.m. of the fifth business day, please contact this office one day prior to the new date of payout to reconfirm the exact amount of accrued interest and the new Per Diem Interest required to retire the loan.

Any subsequently produced prepayment figures will render the contents herein null and void.

Provided the payment is honoured including the Per Diem Interest, BDC hereby undertakes to execute and return discharges of all security taken with respect to the above loan, upon request. Please forward any draft discharges, where applicable, to this office for execution.

The executed discharges will be delivered to you in due course.

Any release and/or discharge granted by BDC is made on the basis that all source deductions, GST/HST/QST obligations and all other amounts, claims and demands owed by any party to the

¹ The above calculations are based on the assumption that all regularly scheduled payments due prior to the payout date are paid in full. It is your responsibility to ensure that this is the case.



loan to the Canada Revenue Agency, Revenu Quebec or any other governmental agency that could give rise to a deemed trust claim by such agency in priority to any claim or security held by BDC in relation to the loan (collectively, "Deemed Trust Claims") have been paid in full. To the extent that BDC suffers a loss or is required to pay any amounts to any governmental agency in respect of any Deemed Trust Claims as a result of the failure of any loan party to meet its obligations to such governmental agency, then BDC shall be entitled to claim the full amount of any loss or payment required to be made by it in respect of any Deemed Trust Claim from the loan parties, or any of them, and the discharges shall not operate as a release of the loan parties to such extent.

Yours truly,

Lori Naccarato

Lori Naccarato
Senior Account Manager, Special Accounts
T (705) 941-3035
E Lori.NACCARATO@bdc.ca

Heather Squires

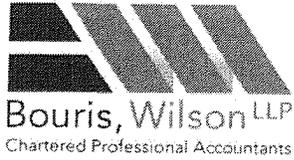
Heather Squires
Analyst, Special Accounts

8

Prepared by	Reviewed by
KM	
11/12/2020	

Account	Prelim	Adj's	Reclass	Rep	Rep 08/19	%Chg	L/S
069 Personal Card	(4,853.07)	0.00	4,853.07	0.00	0.00	0	GG. 3
084 Sales of Product Income	(6,637.17)	0.00	6,637.17	0.00	0.00	0	XX. 1
1030 Cash Draws	200.00	0.00	0.00	200.00	200.00	0	A
1065 Scotia Chequing Account (Nev	280.55	0.00	0.00	280.55	1,261.10	(78)	A
1207 A/R - Priel Resources	47,520.18	0.00	0.00	47,520.18	47,520.18	0	GG. 2
1250 Accrued revenue	0.00	4,424.78	0.00	4,424.78	2,985.00	48	C
1705 Furniture and Equipment	7,180.17	0.00	0.00	7,180.17	7,180.17	0	U. 4
1805 Landscaping	30,150.54	0.00	0.00	30,150.54	30,150.54	0	U. 5. 1
1825 Accum. Amort - Furn. & Equip.	(4,426.17)	(551.00)	0.00	(4,977.17)	(4,426.17)	12	U. 4
1830 Accum. Amort - Landscaping	(11,601.54)	(3,710.00)	0.00	(15,311.54)	(11,601.54)	32	U. 5. 1
1860 Building	1,167,181.41	0.00	0.00	1,167,181.41	1,167,181.41	0	U. 2
1865 Accum. Amort. - Building	(213,257.73)	(38,157.00)	0.00	(251,414.73)	(213,257.73)	18	U. 2
1875 Fence	6,534.97	0.00	0.00	6,534.97	6,534.97	0	U. 3
1877 Accum Amort -Fence	(2,674.97)	(386.00)	0.00	(3,060.97)	(2,674.97)	14	U. 3
1880 Land	220,278.32	0.00	0.00	220,278.32	220,278.32	0	U. 1
2011 GST/HST Payable	(9,254.89)	68.45	0.00	(9,186.44) <i>pd</i>	(3,858.83)	138	BB. 1
2100 Accounts Payable	0.00	(595.00)	(1,695.00)	(2,290.00)	(4,188.88)	(45)	BB
2101 Accrued Accounting	0.00	(2,700.00)	0.00	(2,700.00)	(2,700.00)	0	BB
2105 Scotia Momentum Visa (Busis	(50.71)	0.00	0.00	(50.71)	0.00	0	BB
2610 Due to 6317081 Canada	(759,914.26)	(20,388.25)	0.00	(780,302.51) <i>X</i>	(731,072.66)	7	GG. 1
2635 Loan Payable - (BDC)	(41,268.00)	18,242.00	23,026.00	0.00	(41,268.00)	(100)	KK
2636 Loan Payable (BDC - loan3)	0.00	0.00	(4,400.00)	(4,400.00) <i>X</i>	0.00	0	KK
2637 Loan Payable (BDC - loan5)	0.00	0.00	(8,000.00)	(8,000.00) <i>X</i>	0.00	0	KK
2638 Loan Payable (BDC - loan6)	0.00	0.00	(10,626.00)	(10,626.00)	0.00	0	KK
2655 Mortgage - Scotiabank-2017	(760,695.64)	(1,681.76)	0.00	(762,377.40)	(791,045.24)	(4)	KK. 5
2680 Loan from Shareholders	(31,634.56)	8,132.95	(3,158.07)	(26,659.68)	(31,634.56)	(16)	GG. 3
3350 Common Shares	(100.00)	0.00	0.00	(100.00)	(100.00)	0	TT. 1
3390 Preferred Shares	(100.00)	0.00	0.00	(100.00)	(100.00)	0	TT. 1
3560 Retained Earnings	354,636.89	0.00	0.00	354,636.89	355,999.51	0	TT. 2
4200 Sales	(41,061.95)	(4,424.78)	(6,637.17)	(52,123.90)	(125,320.00)	(58)	XX. 1
4201 Government Grant	(9,750.00)	0.00	0.00	(9,750.00)	0.00	0	XX. 1. 1
4430 Miscellaneous Revenue	0.00	0.00	0.00	0.00	(169.50)	(100)	XX. 1
5610 Accounting & Legal	1,124.70	3,226.55	0.00	4,351.25	5,713.75	(24)	XX. 9
5616 Home Office	0.00	960.00	0.00	960.00	960.00	0	XX.11
5630 Utilities	4,521.81	0.00	0.00	4,521.81	5,035.83	(10)	XX.11
5660 Amortization Expense	0.00	42,804.00	0.00	42,804.00	45,501.00	(6)	XX. 3
5690 Interest & Bank Charges	392.30	0.00	0.00	392.30	3,012.06	(87)	XX. 4
5695 Loan Interest	35,644.15	3,828.01	0.00	39,472.16	43,303.04	(9)	XX. 7
5720 Property Taxes	20,744.67	(9,092.95)	0.00	11,651.72	13,058.23	(11)	XX.10
5740 Miscellaneous Expense	0.00	0.00	0.00	0.00	14.34	(100)	XX.12
5765 Repair & Maintenance	890.00	0.00	0.00	890.00	3,754.61	(76)	XX.12
5900 Rent	0.00	0.00	0.00	0.00	3,774.02	(100)	XX.11
	0.00	0.00	0.00	0.00	0.00	0	
Net Income (Loss)	(5,868.51)			(43,169.34)	1,362.62	(3268)	

6773982 CANADA INC.
Financial Statements
August 31, 2020
(Unaudited - See Notice To Reader)



1701 Woodward Drive, 2nd Floor
Ottawa, Ontario
K2C 0R4
Tel: (613) 727-8500
Fax: (613) 727-8585
Website: www.bouriswilson.com

Notice To Reader

On the basis of information provided by management, we have compiled the balance sheet of 6773982 Canada Inc. as at August 31, 2020 and the statements of income and retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Bouris

BOURIS, WILSON LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
November 12, 2020

6773982 CANADA INC.

**Statement Of Income
(Unaudited - See Notice To Reader)**

For The Year Ended August 31, 2020

	2020	2019
Revenue		
Rental revenue	\$ 52,124	\$ 125,320
Government grant	9,750	-
Other revenue	-	170
	<u>61,874</u>	<u>125,490</u>
Expenses		
Amortization	42,804	45,501
Bank charges	392	3,012
Interest on long-term debt	39,472	43,303
Professional fees	4,351	5,714
Property taxes	11,652	13,058
Rent	5,482	9,770
Repairs and maintenance	890	3,769
	<u>105,043</u>	<u>124,127</u>
Net income (loss) for the year	<u>\$ (43,169)</u>	<u>\$ 1,363</u>

The attached notes form an integral part of these financial statements

6773982 CANADA INC.

**Statement Of Retained Earnings
(Unaudited - See Notice To Reader)**

For The Year Ended August 31, 2020

	2020	2019
Balance (deficit), beginning of year	\$ (354,637)	\$ (356,000)
Net income (loss) for the year	<u>(43,169)</u>	<u>1,363</u>
Balance (deficit), end of year	<u>\$ (397,806)</u>	<u>\$ (354,637)</u>

The attached notes form an integral part of these financial statements

6773982 CANADA INC.
(Incorporated under the Canada Business Corporations Act)

Balance Sheet
(Unaudited - See Notice To Reader)

August 31, 2020	2020	2019
Assets		
Current		
Cash	\$ 481	\$ 1,461
Accounts receivable	<u>4,425</u>	<u>2,985</u>
	4,906	4,446
Non-interest bearing loan receivable from a related company, with no fixed terms of repayment, not expected to be received within one year	47,520	47,520
Property, plant and equipment (note 1)	<u>1,156,561</u>	<u>1,199,365</u>
	<u>\$ 1,208,987</u>	<u>\$ 1,251,331</u>
Liabilities And Equity		
Current		
Accounts payable and accrued liabilities	\$ 14,227	\$ 10,747
Due to director	26,660	31,635
Current portion of long-term debt (note 2)	<u>48,609</u>	<u>69,936</u>
	89,496	112,318
Long-term debt (note 2)	<u>1,517,097</u>	<u>1,493,450</u>
	<u>1,606,593</u>	<u>1,605,768</u>
Equity		
Share capital (note 3)	200	200
Retained earnings (deficit)	<u>(397,806)</u>	<u>(354,637)</u>
	<u>(397,606)</u>	<u>(354,437)</u>
	<u>\$ 1,208,987</u>	<u>\$ 1,251,331</u>

The attached notes form an integral part of these financial statements

Approved on behalf of the Board of Directors:

6773982 CANADA INC.

**Notes To The Financial Statements
(Unaudited - See Notice To Reader)**

For The Year Ended August 31, 2020

1. Property, plant and equipment comprises the following:

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 220,278	\$ -	\$ 220,278	\$ 220,278
Building	1,167,181	251,414	915,767	953,924
Fence	6,535	3,061	3,474	3,860
Furniture and equipment	7,180	4,977	2,203	2,754
Landscaping	30,151	15,312	14,839	18,549
	\$ 1,431,325	\$ 274,764	\$ 1,156,561	\$ 1,199,365

2. Long-term debt comprises the following:

	2020	2019
BDC prime rate + 2.6% loan payable to a related party in monthly principal payments of \$1,100 plus interest	\$ 4,400	\$ 12,100
BDC prime rate + 4% loan payable to a related party in monthly principal payments of \$1,000 plus interest	8,000	15,000
4.67% mortgage payable in blended monthly instalments of \$5,425, due August 2022	762,377	791,045
BDC prime rate + 2% loan payable to a related party in monthly principal payments of \$506 plus interest	10,626	14,168
Non-interest bearing loan payable to a related party with no fixed terms of repayment, not expected to be repaid within one year	780,303	731,073
	1,565,706	1,563,386
Less: current portion	48,609	69,936
	\$ 1,517,097	\$ 1,493,450

3. Share capital comprises the following:

Authorized

An unlimited number of class A voting shares

An unlimited number of Class B non-voting, no participating shares

Stated capital

	2020	2019
100 Class A shares	\$ 100	\$ 100
100 Class B shares	100	100
	\$ 200	\$ 200

9

John Haralovich

From: John Haralovich
Sent: July 27, 2021 12:27 PM
To: npriel@yahoo.ca
Cc: Andre Ducasse
Subject: RE: Update

Neil,

Following up to our message below. We have not received a response from you.

I will provide you until August 4, 2021 to provide a response, failing which we will proceed to court for their approval to have a claims process ordered for 631.

Please contact me at the number below to discuss the file.

Regards,

John Haralovich, CIRP, LIT, CPA, CA, CMA

Senior Vice President

DIRECT 613.691.4262

FAX 613.726.9009

CELL 613.297.4759

1600 Carling Avenue Suite 800

Ottawa, ON K1Z 1G3

john.haralovich@mnt.ca

mntdebt.ca

MNP
LTD

Member of Praxity, AISBL
Global Alliance of Independent Firms



From: John Haralovich
Sent: July 13, 2021 4:52 PM
To: npriel@yahoo.ca
Cc: Andre Ducasse <aducasse@solowaywright.com>
Subject: Update

Neil,

We have completed the sale of the building and are writing to you to request you provide our office will bills that have not been paid for either corporation.

We hold sufficient funds to repay BNS in full and with that we need to determine other amounts due.

We have been in contact with BDC and are aware of those amounts, and therefore are only seeking other potential unpaid accounts.

If you can supply scanned copies of the unpaid accounts, that would be appreciated. We attach a copy of the initial Order and paragraphs 4 and 5 of the Order allow you to provide the information to our firm.

Should you have any questions concerning the above, please contact me directly.

John Haralovich, CIRP, LIT, CPA, CA, CMA

Senior Vice President

DIRECT 613.691.4262

FAX 613.726.9009

CELL 613.297.4759

1600 Carling Avenue Suite 800

Ottawa, ON K1Z 1G3

john.haralovich@mnp.ca

mnpdebt.ca

MNP LTD

Member of Praxity, AISBE
Global Alliance of Independent Firms



10

6317081 Canada Inc.
Estimated Summary of unsecured creditors
As at August 19, 2021

	<u>Amount</u>
Business Development Bank of Canada	\$ 88,166.44
Bank of Nova Scotia	40,000.00
City of Ottawa	25,604.44
Northbridge General Insurance	1,401.22
Jan-Pro Canada EST INC.	801.20
LBEL Inc.	773.11
Star Life Fire and Safety Inc.	1,288.20
Baker Tilly Ottawa LLP	2,758.97
Bouris, Wilson LLP	2,147.00
Daycare client requesting refund	3,000.00
	<u>\$ 165,940.58</u>

1

1

**MNP LTD., RECEIVER RE:
6773982 CANADA INC. AND 6317081 CANADA INC.**

**FINAL STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD NOVEMBER 20, 2020 TO SEPTEMBER 3, 2021**

Receipts:

Sale of property	\$ 1,100,000
Corporate tax refund	4,026
	<u>1,104,026</u>

Disbursements:

Filing fee	72
License fee	275
Insurance	5,066
Utilities	2,955
Change of locks	211
HST paid	14,937
Bank charges and interest	718
Consulting services	1,686
Appraisal fees and expenses	4,906
Real estate commissions	55,000
Legal fees	21,928
Receiver fees and expenses	29,400
Property taxes	3,872
Canada revenue agency	8,367
Payment to secured creditor - Bank of Nova Scotia	780,000
	<u>929,393</u>

Excess of Receipts over Disbursements **\$ 174,633**

Represented by:

Amounts due to the Bank of Nova Scotia	\$ 76,804
Amounts due to Canada Revenue Agency	589
Amounts due to Business Development Bank of Canada	13,710
Final Receivers fees and expenses	12,613
Final legal fees and expenses	3,955
	<u>107,671</u>

Projected Surplus funds to be applied to inter-corporate account **\$ 66,962**

12

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

6773982 CANADA INC. AND 6317081 CANADA INC.

Respondent

AFFIDAVIT OF JOHN HARALOVICH
(sworn on September 3, 2021)

I, John Haralovich, of the City of Ottawa, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Senior Vice President of MNP LTD. (“MNP”), the Licensed Insolvency Trustee (“LIT” or “Receiver”) 6773982 Canada Inc. and 6317081 Canada Inc. (the “Debtor”). As such, I have knowledge of the matters to which I hereinafter depose except where such knowledge is stated to be based on information and belief, in which case I confirm the source of my information and belief verily believe such information to be true.
2. MNP was appointed as Receiver of the property of the Debtor by way of Court Order dated November 20th, 2020.
3. Attached hereto as **Exhibit “A”** are the detailed ledgers of the Receiver for the period November 20, 2020 to September 3, 2021, in the amount of \$37,562.00 plus HST of \$4,883.06, totalling \$42,445.06. The Receivers fees amounted to **3.8%** of the gross realization of the Estate.

4. The following table further summarizes the LIT involved and other staff used by MNP as noted in Exhibit "A" by work completed by each MNP professional, group classification with MNP, the hours worked by each professional, along with the amounts and the effective hourly rates charged for each professional:

Professional	Position	Hours Invoiced	Amount Invoiced (excluding HST)	Effective Hourly Rate
John Haralovich	LIT, Partner	80.80	\$35,956.00	\$445.00
Insolvency Staff	Estate Technicians	<u>14.3</u>	<u>\$1,606.00</u>	<u>\$112.31</u>
Total		95.10	\$37,562.00	\$394.97

5. The work completed in this matter which is described in Exhibit "A" and the Final Report of the Receiver includes the following:

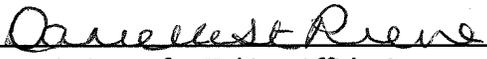
- Taking possession of the real property;
- Arranging for transfer of utilities;
- Obtaining the required books and records to support year end reporting and employee t4's;
- Inspection of site during engagement to collect mail;
- Arranging for insurance and termination of coverage after the sale was completed;
- Arrange for appraisals;
- Review listing proposal and provide information about the property to the listing agent;
- Prepare purchase and sale agreement;
- Review of various offers and advised the secured lender;
- Completion of the sales transaction;
- Review corporate tax implications regarding sale of the real property;
- Correspond with secured and unsecured creditors for both companies and compile a list of debts to be paid after the sales transaction was completed; and
- Corresponding with representatives for Canada Revenue Agency to file the prescribed HST and employee source documents.

6. As a result of the above efforts, MNP was able to achieve a gross realization of \$1,104,026.00 as noted in Appendix 11 of the Final Report of the Receiver. The net realization, including the payment to priority and secured creditors, in full, amounted to \$879,470.00. This realization, has resulted in all stakeholders fully recovering on their secured claims, namely the Bank of Nova Scotia, Canada Revenue Agency and the Business Development Bank of Canada.

7. The above rates charged by MNP throughout the course of these proceedings are comparable to the rates charged by other LIT firms in the Ottawa market for the provision of similar services.

8. This affidavit is sworn in support of a motion to, inter alia, approve the attached account of MNP and the fees and disbursement detailed therein, and for no improper purpose.

SWORN BEFORE me at the City of Ottawa in)
the Province of Ontario)
this 3rd day of September, 2021)


A Commissioner for Taking Affidavits, etc.)



JOHN HARALOVICH

Danielle Ann St. Pierre
a Commissioner, etc.,
Province of Ontario,
for MNP Ltd.
Expires September 23, 2023

This is Exhibit "A" referred to in the Affidavit of John Haralovich
sworn September 3rd, 2021



Commissioner for Taking Affidavits (or as may be)

Danielle Ann St. Pierre
a Commissioner, etc.,
Province of Ontario,
for MNP Ltd.
Expires September 23, 2023

6773982 Canada Inc. and 6317081 Canada Inc.

Summary of WIP for the period November 20, 2020 to September 3, 2021

Date	Description	Units	Amount	Notes
TRUSTEE/LIT				
20-Nov-2020	John Haralovich	2.00	\$ 890.00	initial court hearing
20-Nov-2020	John Haralovich	3.50	\$ 1,557.50	taking possession, changing of locks, quote for insurance
24-Nov-2020	John Haralovich	2.20	979.00	review of files removed from site, send director email regarding information required
25-Nov-2020	John Haralovich	.80	356.00	work on hydro, call with creditor
01-Dec-2020	John Haralovich	1.20	534.00	review listing proposal, call with agent, call with former bookkeeper
02-Dec-2020	John Haralovich	.90	400.50	work on receivers notice
02-Dec-2020	John Haralovich	1.20	534.00	send appraisal out to secured creditor, call with insurance company, bind coverage
03-Dec-2020	John Haralovich	2.50	1,112.50	work on 245/246 notice, call with agent, call with appraiser
04-Dec-2020	John Haralovich	.80	356.00	post filing docs on web
08-Dec-2020	John Haralovich	2.50	1,112.50	attend site for appraisal
09-Dec-2020	John Haralovich	.50	222.50	review and sign title docs
15-Dec-2020	John Haralovich	.80	356.00	review listing proposal
21-Dec-2020	John Haralovich	.70	311.50	review marketing proposal
04-Jan-2021	John Haralovich	.90	400.50	complete APA
12-Jan-2021	John Haralovich	1.10	489.50	review of mail, send BDC package
18-Feb-2021	John Haralovich	1.10	489.50	review of offers, send emails to secured party and lawyers
22-Feb-2021	John Haralovich	.80	356.00	review the final offer, and advise all parties
24-Feb-2021	John Haralovich	.70	311.50	respond to emails from creditors
25-Feb-2021	John Haralovich	.60	267.00	call with agent regarding marketing report
03-Mar-2021	John Haralovich	1.40	623.00	start first report to court
10-Mar-2021	John Haralovich	5.30	2,358.50	work on report to the court
11-Mar-2021	John Haralovich	5.80	2,581.00	work on first report to the court
12-Mar-2021	John Haralovich	.80	356.00	call with accountant regarding t-4's
15-Mar-2021	John Haralovich	2.90	1,290.50	work on report to court, send email to Andre
17-Mar-2021	John Haralovich	.90	400.50	various emails to follow up on payroll account
18-Mar-2021	John Haralovich	1.50	667.50	complete first report
26-Mar-2021	John Haralovich	.80	356.00	review payroll information received from consultant
13-Apr-2021	John Haralovich	.80	356.00	provide information to Andre re court material
14-Apr-2021	John Haralovich	2.20	979.00	preparation and attending court session, call with Andre regarding sale closing process
27-Apr-2021	John Haralovich	1.10	489.50	review court reports, email BNS and lawyers
30-Apr-2021	John Haralovich	.30	133.50	review and respond to emails regarding closing
07-May-2021	John Haralovich	.50	222.50	call with Andre re closing
10-May-2021	John Haralovich	.60	267.00	call with agent regarding closing
21-May-2021	John Haralovich	.90	400.50	call with BNS, call with Andre Ducasse about repaying receivers certificate
25-May-2021	John Haralovich	.90	400.50	process repayment of receivers certificate
28-May-2021	John Haralovich	.40	178.00	respond to the City of Ottawa regarding claims against 631
31-May-2021	John Haralovich	.50	222.50	call with Andre regarding surplus proceeds, email BDC to confirm if they have any claim
01-Jun-2021	John Haralovich	.70	311.50	call with Sheldon to discuss claims process for 631
09-Jun-2021	John Haralovich	.40	178.00	review emails from BDC
10-Jun-2021	John Haralovich	.40	178.00	review BDC guarantee and stmt of account
18-Jun-2021	John Haralovich	.30	133.50	review correspondence from insurance company
07-Jul-2021	John Haralovich	.90	400.50	start work on second report to the court
08-Jul-2021	John Haralovich	2.80	1,246.00	work on second report to the court
12-Jul-2021	John Haralovich	1.80	801.00	work on court report
13-Jul-2021	John Haralovich	3.50	1,557.50	work on provisional income tax return, call with Andre on how to deal with surplus, email director for further claims
14-Jul-2021	John Haralovich	1.50	667.50	work on final report, emails with BDC
12-Aug-2021	John Haralovich	1.90	845.50	work on court report
16-Aug-2021	John Haralovich	1.80	801.00	work on second report to the court
17-Aug-2021	John Haralovich	2.10	934.50	complete first draft of second report to the court
19-Aug-2021	John Haralovich	.90	400.50	work on fee affidavit
01-Sep-2021	John Haralovich	4.50	2,002.50	work on changes to court report, send V2 to legal for review
02-Sep-2021	John Haralovich	1.10	489.50	work on finalization of report
03-Sep-2021	John Haralovich	3.80	1,691.00	Complete second report and forward to legal
Total LIT		80.80	35,956.00	

6773982 Canada Inc. and 6317081 Canada Inc.

Summary of WIP for the period November 20, 2020 to September 3, 2021

Date	Description	Units	Amount	Notes
INSOLVENCY STAFF				
02-Dec-2020	Danielle St. Pierre	2.00	248.00	Input receivership information into ascend.
02-Dec-2020	Danielle St. Pierre	.30	37.20	Added 4 additional creditors into ascend
04-Dec-2020	Danielle St. Pierre	.50	62.00	Notice of Receivership sent to creditors. Affidavit of mailing prepared and signed. Sent by ordinary mail.
08-Dec-2020	Sandra Dilio	.20	21.00	e-file receivers notice
08-Dec-2020	James De Salis	.40	42.00	Identifying wire transfer problems and trying to help with solution
09-Dec-2020	James De Salis	.20	21.00	Confirmation of wire payment and verifying sender identity (provided contact info)
09-Dec-2020	James De Salis	.40	42.00	Setup banking, logging wire payment
10-Dec-2020	James De Salis	.30	31.50	Preparing cheques for invoices
11-Dec-2020	Sandra Dilio	.20	21.00	edit engagement and post changes to web
14-Dec-2020	James De Salis	.20	21.00	Insurance cheque issued
14-Dec-2020	James De Salis	.20	21.00	Corporate tax refund posted
24-Dec-2020	Sandra Dilio	.20	21.00	inquiry from creditor
06-Jan-2021	Danielle St. Pierre	.50	62.00	Added additional creditor in ascend. Saved invoice on the H drive under file name.
08-Jan-2021	James De Salis	.20	21.00	payment of appraisal invoice
13-Jan-2021	Sandra Dilio	.50	52.50	update creditors, mail out Notices of Receivership
13-Jan-2021	Danielle St. Pierre	.40	49.60	Input 4 creditors into ascend
15-Jan-2021	James De Salis	.30	31.50	Preparing bills, cutting cheques
20-Jan-2021	James De Salis	.20	21.00	Cheque clearing
18-Feb-2021	James De Salis	.20	21.00	Utility bill paid
18-Feb-2021	James De Salis	.30	31.50	More utility invoices recorded and paid
11-Mar-2021	James De Salis	.40	42.00	Accounting for HST
15-Mar-2021	James De Salis	.20	21.00	Utility invoice processed
19-Mar-2021	Sandra Dilio	.20	21.00	follow-up with James regarding HST corrections
22-Mar-2021	Gisele Mubika	.30	37.20	Chqs Req' processed to James for the T4s request
22-Mar-2021	James De Salis	.30	31.50	Preparing wire transfer to cover Ceridian bill
22-Mar-2021	James De Salis	.10	10.50	Requesting wire from Versa
23-Mar-2021	James De Salis	.20	21.00	Confirming & logging wire to Ceridian
25-Mar-2021	Gisele Mubika	.30	37.20	Made a follow up with Ceridian for the T4s request
26-Mar-2021	Sandra Dilio	.30	31.50	T4 mailing to former staff
12-Apr-2021	James De Salis	.30	31.50	Preparing utilities fees, issuing for signing
14-Apr-2021	Gisele Mubika	.80	99.20	Court report posting on Sitecore
10-May-2021	James De Salis	.20	21.00	Preparing wire transfer instructions & void cheque
12-May-2021	Sandra Dilio	.40	42.00	Enbridge and Ottawa Hydro regarding sale of property, final bill, and end of service
12-May-2021	James De Salis	.20	21.00	Preparing utility bill payments
13-May-2021	James De Salis	.20	21.00	Receipt of wire transfer from lawyers
13-May-2021	James De Salis	.20	21.00	Preparing interim bill after sale of property
26-May-2021	Alexis Lewis-Coelho	.10	10.50	Preparing Cheque re; Harrison Pensa
02-Jun-2021	Alexis Lewis-Coelho	.20	21.80	Cheque processing - Hydro Ottawa
07-Jul-2021	Alexis Lewis-Coelho	.20	21.80	Deposited cheque received from Halpenny Insurance Brokers - partial refund of insurance
13-Jul-2021	Alexis Lewis-Coelho	.30	32.70	Processed journal entries for sale of property
03-Aug-2021	Alexis Lewis-Coelho	.20	21.80	Prepared cheque for water bill payment - City of Ottawa
17-Aug-2021	Alexis Lewis-Coelho	.20	21.80	Processed cheque for payment of utilities - Enbridge
17-Aug-2021	Alexis Lewis-Coelho	.20	21.80	Processed cheque for payment to Bouris Wilson LLP
31-Aug-2021	Alexis Lewis-Coelho	.20	21.80	Processed cheque for payment of professional services - MNP Ltd
02-Sep-2021	Alexis Lewis-Coelho	.20	21.80	processed cheque for the payment of legal fees - Soloway Wright LLP.
03-Sep-2021	Alexis Lewis-Coelho	.20	21.80	processed journal to multiple accounts
Total Insolvency Staff		14.30	1,606.00	
Total		95.10	\$ 37,562.00	

13

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP
OF 6773982 CANADA INC. AND 6317081 CANADA INC.
OF THE CITY OF OTTAWA, ONTARIO**

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

6773982 CANADA INC. and 6317081 CANADA INC.

Respondents

**AFFIDAVIT OF ROXANNE CHAPMAN
(sworn on September 2, 2021)**

I, Roxanne Chapman, of the City of Ottawa, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a law clerk with the law firm of Soloway Wright LLP ("SW"), the lawyers for the Court-Appointed Receiver, MNP Ltd. (the "Receiver"), and have assisted with the carriage of this matter. As such, I have knowledge of the matters to which I hereinafter depose except where such knowledge is stated to be based on information and belief, in which case I confirm the source of my information and belief and verily believe such information to be true.
2. For convenience, defined terms herein not otherwise defined are as defined in the Receiver's second and final report to the Court (the "Final Report").

3. Attached hereto as **Exhibit "A"** are true copies of the invoices issued by SW for fees and disbursements incurred during the course of the within proceeding to the period ending September 2, 2021. The attached invoices are summarized as follows:

Invoice Date	Fees	Disbursements	HST	Total
December 16, 2020	\$1,300.00	\$40.85	\$174.31	\$1,515.16
June 8, 2021	\$13,390.00	\$873.71	\$1,794.31	\$16,058.02
September 2, 2021	\$6,250.00	\$73.90	\$822.11	\$7,146.01
TOTAL	\$20,940.00	\$988.46	\$2,790.73	\$24,719.19

4. I have been advised by André Ducasse, the lawyer with carriage of this matter on behalf of the Receiver, and verily believe that the work carried out by SW personnel on behalf of the Receiver can be briefly summarized as follows:

- Preparing material regarding approval motion and motion for distribution order, including drafting and revising Receiver's First Report to the Court, Notice of Motion, Factum and Authorities, reviewing confidential appendices and preparing brief of confidential appendices, fee affidavits and Court Orders, reviewing authorities regarding same, and preparing for and attending the said motion.
- Ongoing correspondence and communications with the Receiver regarding advice with respect to receivership proceedings and various issues regarding same.
- Advising the Receiver and dealing with the sale of the Real Property, including tax arrears, searches regarding sale, dealing with encumbrances, requisitions and response thereto, and dealing with purchaser's counsel in respect of the foregoing.
- Ongoing correspondence and communication with the Receiver regarding secured and priority claims, documents regarding same, vetting of secured or priority claims (the Bank of Nova Scotia, Business Development Bank of Canada and Canada Revenue Agency), and opinions to Receiver regarding same.

- Dealing with all aspect of the closing of the Sales Transaction, including preparing and exchanging closing documents, undertakings regarding closing, statement of adjustments, and various dealings and communications with purchaser's counsel regarding same. Also dealing with post-closing issues, including discharging security and secured registrations pursuant to Approval and Vesting Order.
- Preparing material regarding final distribution and discharge motion, including drafting and revising Receiver's Final Report to the Court, Notice of Motion, Factum and Authorities, fee affidavits, and Court Orders regarding same, reviewing authorities regarding same, and preparing for and attending said motion.

5. The following table further summarizes the invoices attached as Exhibit "A" by work completed by each SW professional, his or her position with SW, the hours worked by each professional, along with the amounts and the effective hourly rates charged for each professional:

Professional	Position	Hours Invoiced	Amount Invoiced (excluding HST)	Effective Hourly Rate
André Ducasse	Partner	37.3	\$15,603.00	\$418.31
Sybil Johnson-Abbott	Partner	5.5	\$2,138.00	\$388.73
Caleb Timmermann	Associate Lawyer	4.4	\$924.00	\$210.00
Nicholas Valsamis	Associate Lawyer	8.7	\$1,240.00	\$142.53
Isabelle Amyot	Articling Student	1.2	\$180.00	\$150.00
Irene Smith	Law Clerk	1.2	\$206.00	\$171.67
Shana Gardiner	Law Clerk	3.0	\$525.00	\$175.00
Kelly Marrison	Law Clerk	0.1	\$19.00	\$190.00
Veronica Redmond	Law Clerk	0.5	\$95.00	\$190.00
Courtney MacNeil	Law Clerk	<u>0.1</u>	<u>\$10.00</u>	<u>\$100.00</u>
Total		62.0	\$20,940.00	\$337.74

6. I have further been advised by André Ducasse, and verily believe that, to the best of his knowledge the above rates charged by SW throughout the course of these proceedings are

standard and comparable to the rates charged by other law firms in the Ottawa market for the provision of similar services.

7. I make this Affidavit in support of a motion by the Receiver for, *inter alia*, approval of the fees and disbursements of the Receiver's counsel.

SWORN BEFORE me at the City of Ottawa in)
the Province of Ontario)
this 2nd day of September, 2021)
)
)
)
)
)
)

A Commissioner for Taking Affidavits, etc.)

Audrey Hucasse
LSO # 44739R

Roxanne Chapman

ROXANNE CHAPMAN

This is Exhibit "A" referred to in the Affidavit of Roxanne Chapman sworn September 2, 2021



Commissioner for Taking Affidavits (or as may be)

A. DeCassio

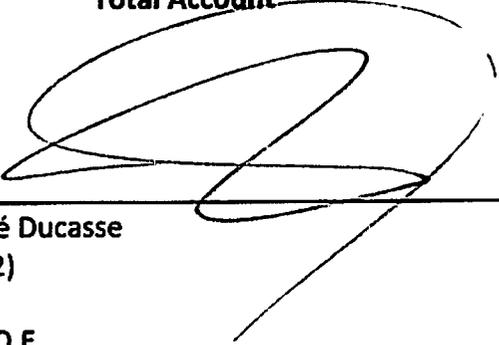
John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

December 16, 2020
Our File # 52064-01009
Invoice # 321658
GST/HST Reg. #121761480

INTERIM ACCOUNT SUMMARY

RE: 6773982 CANADA INC.

Our Fee Herein		\$ 1,461.00
Less Courtesy Discount		- \$ 161.00
Net Fee Herein		\$ 1,300.00
Total Disbursements		\$ 40.85
HST on Fees - 13.00%	\$ 169.00	
HST on Disbursements - 13.00%	<u>\$ 5.31</u>	
Total Taxes		<u>\$ 174.31</u>
Total Account		<u><u>\$ 1,515.16</u></u>



André Ducasse
(0092)

E. & O.E.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT, INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.

John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

December 16, 2020
Our File # 52064-01009
Invoice # 321658
GST/HST Reg. #121761480

INTERIM ACCOUNT

TO OUR FEE for professional services rendered and disbursements incurred with respect to the following matter and more particularly described as follows:

RE: 6773982 CANADA INC.

FEES

Date	Atty	Description of Services Rendered	Hours
10/30/20	AD	Various emails and call with applicant's counsel re: issues re: proposed receivership application.	.30
11/02/20	AD	Correspondence to applicant's counsel re: issues re: application and Court attendance.	.20
11/03/20	AD	Correspondence from and to applicant's counsel re: issues re: court attendance re: receivership application; reviewing correspondence with court re: same.	.20
11/09/20	AD	Correspondence from counsel for applicant creditor re: service of motion material and reviewing same; correspondence from debtor's principal re: application for receivership order.	.20
11/13/20	AD	Various correspondence with applicant's counsel and J. Haralovich re: insurance coverage and reviewing documents re: same.	.20
11/17/20	AD	Correspondence from respondent's principal and T. Hogan re: receivership application hearing; correspondence to and from J. Haralovich re: insurance coverage.	.10
11/18/20	AD	Call with applicant's counsel (T. Hogan) re: issues re: receivership application; correspondence from counsel re: same.	.20
11/20/20	AD	Call with J. Haralovich re: receivership order and next steps re: receivership proceedings and proposed course of action re: marketing of property; correspondence from and to T. Hogan re: receivership order, endorsement and registering order on title; consultation with S. Johnson-Abbott re: same.	.30
11/30/20	AD	Correspondence from and to J. Haralovich re: debtors' failure to cooperate with receiver and information required by receiver.	.10

Invoice #: 321658
6773982 CANADA INC.

December 16, 2020

Date	Atty	Description of Services Rendered	Hours
12/02/20	AD	Email to applicant's counsel re: status of issued receivership order and registering on title.	.10
12/03/20	AD	Call with J. Haralovich re: issues re: sales process, including appraisals and listings.	.20
12/04/20	SJ	E-mail from A. Ducasse and instructions to law clerk regarding registration of court order.	.10
12/04/20	AD	Correspondence from and to J. Haralovich re: recent developments re: receivership proceedings and next steps re: same; correspondence from T. Hogan re: issued receivership order; memo to S. Johnson-Abbott re: registering order on title to secured property.	.20
12/04/20	AD	Correspondence from T. Hogan re: issued order; memo to S. Johnson-Abbott re: registering order on title.	.10
12/07/20	SJ	Call with A. Ducasse regarding registration of court order and instructions to I. Smith regarding same.	.10
12/07/20	IS	Attend to Teraview Search; obtain and review Parcel Register; download documents; review Order appointing Receiver; prepare Application to Register Court Order.	.60
12/08/20	SJ	Review draft application to register a court order; e-mail to A. Ducasse regarding same.	.20
12/08/20	AD	Memo from S. Johnson-Abbott re: registration of order on title; correspondence to J. Haralovich re: same.	.10
12/08/20	IS	Prepare Acknowledgment and Direction; e-mail to S. Johnson-Abbott re: documents for execution.	.10
12/09/20	SJ	E-mail from J. Haralovich regarding executed documents; instructions to title search regarding registration of receiving order.	.10
12/09/20	IS	Receipt of executed Acknowledgment and Direction authorizing registration of Court Order appointing Receiver.	.10
12/10/20	AD	Telephone attendance with J. Haralovich re: recent developments and issues re: marketing and sale process.	.10

Total Hours: 3.90

Our Fee Herein: \$ 1,300.00

Invoice #: 321658
6773982 CANADA INC.

December 16, 2020

DISBURSEMENTS

Description of Costs Advanced	Amount
Teraview Search Fee	29.95
Teraview Search	10.90
Total Disbursements:	\$ 40.85
HST on Fees - 13.00%	\$ 169.00
HST on Disbursements - 13.00%	<u>\$ 5.31</u>
Total Taxes	\$ 174.31
Total Account	<u>\$ 1,515.16</u>

THIS IS OUR ACCOUNT

John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

December 16, 2020
Our File # 52064-01009
Invoice # 321658
GST/HST Reg. #121761480

REMITTANCE ADVICE

For professional services rendered and disbursements incurred.

Total Fees	\$ 1,300.00
Total Costs	\$ 40.85
Total Taxes	<u>\$ 174.31</u>
Total Account	<u><u>\$ 1,515.16</u></u>

To ensure proper credit to your account please return this remittance with your payment.

Please note payments can now be made by eTransfer to receivables@solowaywright.com (please include customer number 52064 in the message), or by means of the Bill Payment function of the major Canadian Banks, using customer number 52064.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT, INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.

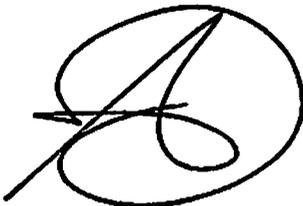
John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

June 8, 2021
Our File # 52064-01009
Invoice # 327373
GST/HST Reg. #121761480

INTERIM ACCOUNT SUMMARY

RE: 6773982 CANADA INC.

Our Fee Herein	\$ 13,390.00
Total Disbursements	\$ 873.71
HST on Fees - 13.00%	\$ 1,740.70
HST on Disbursements - 13.00%	<u>\$ 53.61</u>
Total Taxes	<u>\$ 1,794.31</u>
Total Account	\$ 16,058.02
Less Transfer from Trust	- \$ 16,058.02
Total Amount Due	<u>\$ 0.00</u>



André Ducasse
(0092)

E. & O.E.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT,
INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR
DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.

John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

June 8, 2021
Our File # 52064-01009
Invoice # 327373
GST/HST Reg. #121761480

INTERIM ACCOUNT

TO OUR FEE for professional services rendered and disbursements incurred with respect to the following matter and more particularly described as follows:

RE: 6773982 CANADA INC.

FEES

Date	Atty	Description of Services Rendered	Hours
12/17/20	SJ	Discussion with A. Ducasse regarding issued and entered order.	.10
12/17/20	AD	Memo to S. Johnson-Abbott re: registering receivership order on title.	.10
12/17/20	IS	Office consultation and e-mails to and from S. Johnson-Abbott; update Application to register Court Order.	.20
12/18/20	SJ	Electronic signing of court order.	.10
12/18/20	AD	Correspondence from and to S. Johnson-Abbott re: registered order; correspondence to receiver and applicant's counsel re: same.	.10
12/18/20	IS	Attend to registration of Court Order appointing MNP Ltd. as Receiver.	.20
1/04/21	AD	Correspondence from and to J. Haralovich re: draft agreement of purchase and sale; drafting and revising agreement of purchase and sale; correspondence to J. Haralovich re: same.	1.10
1/25/21	AD	Correspondence from counsel for applicant and J. Haralovich re: status of sales process and next steps re: same.	.10
2/18/21	AD	Various emails with J. Haralovich re: purchase offers and various issues re: same and sales process and advice re: proposed course of action re: same; various emails with applicant's counsel re: same.	.60
2/22/21	AD	Emails with J. Haralovich re: status of sale and vetting of security and issues re: same.	.20
2/23/21	AD	Correspondence from and to J. Haralovich re: executed agreement of purchase and sale and reviewing same and next steps re: receivership proceedings and approval motion; further email from J. Haralovich re: preliminary accounting.	.20

Invoice #: 327373
6773982 CANADA INC.

June 8, 2021

Date	Atty	Description of Services Rendered	Hours
2/24/21	AD	Various emails from receiver and applicant creditor re: CEBA loan claims process; telephone attendance with applicant creditor's counsel re: same.	.20
3/09/21	AD	Telephone attendance with J. Haralovich re: issues re: court report, approval motion and next steps re: same; emails from T. Hogan and J. Haralovich re: same.	.20
3/11/21	AD	Correspondence from and to J. Haralovich re: tax certificate; instructions to clerk re: same; further correspondence from and to J. Haralovich re: Court report and independent legal opinion re: BNS security.	.20
3/12/21	AD	Telephone attendance with J. Haralovich re: issues re: sale, proceeds, possible distribution and next steps re: approval motion.	.20
3/16/21	AD	Correspondence from and to J. Haralovich re: issues re: Court report and possible distributions; correspondence from and to J. Haralovich re: tax certificate.	.20
3/17/21	AD	Correspondence from J. Haralovich re: receiver's Court report and interim statement of receipts and disbursements; reviewing file, including application material, re: receiver Court report; drafting and revising Court report; instructions to clerk re: same; reviewing BNS's loan and security instruments re: security opinion; drafting and revising said security opinion; memo to clerks re: property and PPSA searches.	3.40
3/18/21	AD	Drafting and revising security opinion and Receiver's first report to the Court; memo to clerks re: further property and PPSA searches; reviewing search results; correspondence to J. Haralovich re: revised Court report and security opinion.	.80
3/18/21	VR	Instructions from Andre Ducasse; pull a copy of the PIN and registered and obtain two PPSA searches; report to Roxanne Chapman.	.30
3/18/21	KM	Ordering corporate profiles.	.10
3/19/21	AD	Reviewing and revising Receiver's Court report, appendices thereto and confidential appendices and making notes re: same; drafting and revising notice of motion, approval and vesting order and ancillary order; instructions to clerk re: same; instructions to associate re: preparing factum and authorities for approval motion.	2.80
3/19/21	CT	Instructions from A. Ducasse to prepared factum for approval and vesting order; review Receiver's first report and appendices and make notes re: same; draft factum.	3.40
3/22/21	AD	Correspondence to Court re: expedited hearing date for approval motion.	.30
3/22/21	CT	Review and revise draft factum for approval of Receiver's first report.	.40
3/23/21	AD	Emails with T. Hogan and J. Haralovich re: approval motion; call with J. Haralovich re: same.	.10
3/23/21	CT	E-mail to A. Ducasse re: draft factum for review.	.10

June 8, 2021

Invoice #: 327373
6773982 CANADA INC.

Date	Atty	Description of Services Rendered	Hours
3/25/21	AD	Drafting and revising approval motion material, including notice of motion, factum, and orders; reviewing authorities; instructions associate re: factum and authorities; correspondence from and to Court re: approval motion; emails with J. Haralovich re: same.	1.80
3/25/21	CT	E-mails with A. Ducasse re revisions to draft factum for approval of receiver's first report; revise same.	.50
3/28/21	AD	Correspondence from J. Haralovich re: status of CRA claims and approval motion; correspondence from Court and J. Haralovich re: same.	.10
3/29/21	AD	Correspondence from and to Court re: approval motion.	.10
3/30/21	AD	Reviewing and revising motion record, brief of confidential appendices, ancillary order and approval and vesting order; drafting and finalizing same; instructions to clerk re: serving and filing of material in support of approval motion; following up and emails with purchaser's counsel re: approval and vesting order; correspondence to J. Haralovich re: motion material.	.90
4/06/21	AD	Email from counsel for prospective purchaser re: approval and vesting order; email to S. Johnson-Abbott re: issues re: same; correspondence to counsel re: issues re: approval and vesting order.	.20
4/08/21	AD	Correspondence from purchaser's counsel re: issues re: approval and vesting order; consultation with S. Johnson-Abbott re: same; drafting and revising approval and vesting order; correspondence to purchaser's counsel re: revised order; reviewing and revising motion confirmation form; instructions to clerk re: same and filing revised orders.	.50
4/12/21	AD	Correspondence from purchaser's counsel re: assignment of APS; revising approval and vesting order accordingly; correspondence to counsel re: revised order; instructions to clerk and correspondence to Court re: approval and vesting order.	.30
4/13/21	AD	Memo to clerks re: property and execution searches; reviewing search results; reviewing motion material re: preparing for approval motion; making notes re: same; correspondence from Court re: motion; instructions to clerk re: same; call with counsel for applicant creditor re: proposed orders; correspondence to counsel re: same.	2.60
4/13/21	VR	Instructions from Andre Ducasse; open updated PIN and execution search for 6773982 Canada Inc.; report to Roxanne Chapman.	.20
4/14/21	AD	Preparing for and attending in Court re: approval motion and related relief; revising orders required by Court; instructions to clerk re: same.	1.70
4/15/21	SJ	E-mail from A. Ducasse regarding vesting order being approved; instructions to law clerk regarding organizing for closing.	.20
4/15/21	AD	Reviewing file re: issues re: transaction and closing; memo to S. Johnson-Abbott re: same.	.20
4/19/21	AD	Correspondence from and to applicant's counsel re: orders; instructions to clerk re: same.	.10

June 8, 2021

Invoice #: 327373
6773982 CANADA INC.

Date	Atty	Description of Services Rendered	Hours
4/20/21	SJ	E-mail from J. Haralovich regarding real estate commission.	.10
4/21/21	AD	Correspondence from and to counsel for purchaser re: approval and vesting order.	.10
4/26/21	AD	Various emails with clerk re: instructions re: orders and issues re: real estate transactions; memo from clerk re: same and status of orders at Court; report to J. Haralovich re: same.	.20
4/26/21	IA	Attend at Courthouse for A. Ducasse re: status of Order from Madam Justice Bell; scan and send documents to R. Chapman.	1.20
4/27/21	SJ	E-mail from A. Ducasse regarding issued Court Order; e-mail to purchaser's counsel regarding confirmation of closing date and instructions to law clerk regarding same.	.20
4/27/21	AD	Correspondence from and to J. Haralovich and counsel for applicant re: status of order and next steps re: transaction; instructions to clerk re: order and transaction; instructions to student re: approval and vesting order and attendance at Court re: same; memo from student re: same; correspondence from Court re: issued orders; correspondence to service list re: same; correspondence to purchaser's counsel re: same; memo to S. Johnson-Abbott re: same and closing issues.	.60
4/29/21	SJ	E-mails regarding taxes; instructions to law clerk regarding tenancies for purposes of adjustments on the statement of adjustments.	.20
4/29/21	AD	Correspondence to and from J. Haralovich re: issues re: closing and information re: same.	.10
4/30/21	SJ	E-mail to a. Ducasse regarding use of property and HST matters; instructions to law clerk regarding closing documents.	.20
4/30/21	AD	Emails with S. Johnson-Abbott and J. Haralovich re: issues re: transaction and HST.	.10
5/03/21	SJ	Review and revise closing documents.	.60
5/03/21	AD	Emails with S. Johnson-Abbott re: issues re: transaction; correspondence to J. Haralovich re: same.	.10
5/04/21	SJ	E-mail from purchaser's counsel regarding HST registration; instructions to law clerk regarding statement of adjustments to be revised; review revised statement of adjustments; e-mail to J. Haralovich regarding same.	.30
5/04/21	AD	Email from S. Johnson-Abbott re: closing issues and adjustments and reviewing same.	.10
5/05/21	SJ	Review and revise letter to J. Haralovich; review and update estimate of monies and e-mail to A. Ducasse regarding same; instructions to law clerk regarding estimate of monies.	.40
5/05/21	AD	Correspondence from and to T. Hogan (applicant's counsel) re: status of transaction and closing re: same; memo from S. Johnson-Abbott re: distributions and various issues re: closing; reviewing file re: same; memo to S. Johnson-Abbott re: same.	.30

Invoice #: 327373
6773982 CANADA INC.

June 8, 2021

Date	Atty	Description of Services Rendered	Hours
5/07/21	SJ	E-mail from vendor's counsel regarding spelling error on vesting order and instructions to law clerk regarding same; e-mails with purchaser's counsel regarding used residential use and HST matters.	.60
5/07/21	AD	Telephone attendance with J. Haralovich re: closing and issues re: same and transaction; emails with S. Johnson-Abbott re: same and HST issues raised by purchaser's counsel; reviewing emails re: same; teleconference with S. Johnson-Abbott and J. Haralovich re: same.	.50
5/10/21	SJ	Review file and review outstanding matters and pre-closing matters.	.30
5/10/21	AD	Emails with S. Johnson-Abbott and J. Haralovich re: issues re: closing and information re: same.	.10
5/11/21	SJ	Attending to closing matters.	1.00
5/11/21	AD	Correspondence from S. Johnson-Abbott re: closing; correspondence to applicant's counsel re: same.	.10
5/11/21	SG	Review offer to purchase and approval and vesting order document; order tax and water certificates; draft closing documents; draft statement of adjustments; draft electronic application for vesting order; attend to closing matters; draft report to client.	3.00
5/21/21	AD	Email from and to T. Hogan re: claims process and next steps re: receivership proceedings; telephone attendance with J. Haralovich re: same.	.20
5/27/21	SJ	Review and revise reporting letter; instructions to law clerk regarding same.	.60
5/28/21	SJ	Final review of report and e-mail to Clint regarding same.	.10
5/28/21	AD	Correspondence from S. Johnson-Abbott re: sales report and reviewing same; correspondence from and to J. Haralovich re: City of Ottawa's claims and issues re: same.	.20
5/31/21	AD	Telephone attendance with applicant's counsel (T. Hogan) re: cross corporate claims and claims process re: surplus funds; telephone attendance with J. Haralovich re: same.	.50
6/03/21	AD	Correspondence from City of Ottawa legal counsel and J. Haralovich re: City's claim pursuant to funding agreement.	.10

Total Hours: 37.20

Our Fee Herein: \$ 13,390.00

June 8, 2021

Invoice #: 327373
6773982 CANADA INC.

DISBURSEMENTS

Description of Costs Advanced	Amount
Teraview Registrations (non taxable)	65.30
Teraview Registration Fee	10.90
PPSA Search	16.00
Cyberbahn Fee	41.28
Motions/Orders (non taxable)	320.00
Teraview Search Fee	50.90
Teraview Executions/Sheriff Certificate	11.95
Teraview Search	21.80
Tax Cert (City of Ottawa/Kingston)	72.50
Water Certificate (Ottawa or Kingston)	72.50
Real Estate Transaction Levy	65.00
Photocopies and Printing	18.60
Cert. Cheques/Bank Drafts (non taxable)	76.00
Courier Charges	30.98
Total Disbursements:	\$ 873.71
HST on Fees - 13.00%	\$ 1,740.70
HST on Disbursements - 13.00%	<u>\$ 53.61</u>
Total Taxes	\$ 1,794.31
Total Account	\$ 16,058.02
Less Transfer from Trust	- \$ 16,058.02
Total Amount Due	\$ 0.00

THIS IS OUR ACCOUNT

John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

June 8, 2021
Our File # 52064-01009
Invoice # 327373
GST/HST Reg. #121761480

REMITTANCE ADVICE

For professional services rendered and disbursements incurred.

Total Fees	\$ 13,390.00
Total Costs	\$ 873.71
Total Taxes	<u>\$ 1,794.31</u>
Total Account	\$ 16,058.02
Less Transfer from Trust	- \$ 16,058.02
Total Amount Due	\$ 0.00

To ensure proper credit to your account please return this remittance with your payment.

Please note payments can now be made by eTransfer to receivables@solowaywright.com (please include customer number 52064 in the message), or by means of the Bill Payment function of the major Canadian Banks, using customer number 52064.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT, INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.

TRUST STATEMENT – UNINVESTED RETAINER FUNDS

May 11, 2021	Received from Merovitz Potechin re: wire	\$1,051,333.94
May 11, 2021	Paid to Avison Young Commercial Real Estate	-\$ 12,150.00
May 11, 2021	Paid to City of Ottawa	-\$ 5,128.76
May 11, 2021	Paid to City of Ottawa	-\$ 76.96
May 11, 2021	Paid to Versabank	-\$ 235,566.99
May 11, 2021	Paid to Harrison Pensa LLP in Trust	-\$ 780,000.00
June 8, 2021	Paid to Soloway Wright LLP Payment on Account of Invoice #321658	-\$ 1,515.16
June 8, 2021	Paid to Soloway Wright LLP Payment on Account of Invoice #327373	-\$ 16,058.02
Trust Balance of Retainer Funds as at March 15, 2016		<u>\$ 838.05</u>

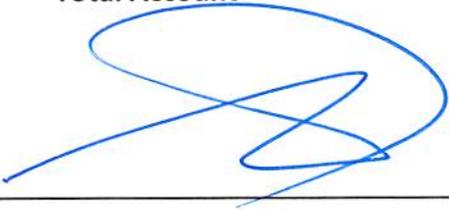
John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

September 2, 2021
Our File # 52064-01009
Invoice # 330159
GST/HST Reg. #121761480

INTERIM ACCOUNT SUMMARY

RE: 6773982 CANADA INC.

Our Fee Herein		\$ 7,067.50
Less Courtesy Discount		- \$ 817.50
Net Fee Herein		\$ 6,250.00
Total Disbursements		\$ 73.90
HST on Fees - 13.00%	\$ 812.50	
HST on Disbursements - 13.00%	<u>\$ 9.61</u>	
Total Taxes		<u>\$ 822.11</u>
Total Account		<u>\$ 7,146.01</u>



André Ducasse
(0092)

E. & O.E.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT,
INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR
DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.

John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

September 2, 2021
Our File # 52064-01009
Invoice # 330159
GST/HST Reg. #121761480

INTERIM ACCOUNT

TO OUR FEE for professional services rendered and disbursements incurred with respect to the following matter and more particularly described as follows:

RE: 6773982 CANADA INC.

FEES

Date	Atty	Description of Services Rendered	Hours
6/09/21	AD	Correspondence from and to J. Haralovich re: BDC claim and issues re: same.	.10
6/11/21	AD	Correspondence form and to J. Haralovich re: BDC claim and claims process.	.10
6/28/21	AD	Various emails from T. Hogan and J. Haralovich re: status of receivership proceedings and issues re: BNS's claims; correspondence from and to J. Haralovich re: same and Court attendance re: ongoing receivership proceedings, including for distribution orders, approval orders and possible claims process.	.20
6/30/21	AD	Call with J. Haralovich re: further secured claims and issues and next steps re: same and ongoing receivership proceedings.	.20
7/13/21	AD	Telephone attendance with J. Haralovich re: various creditor claims, claims process, potential creditor distributions, issues re: same, and next steps re: same and receivership proceedings; memo to clerks re: execution searches; reviewing search results; correspondence to J. Haralovich re: same.	.50
7/13/21	CM	Produce clear execution certificate for 6773982 Canada Inc. and 6317081 Canada Inc.	.10
7/20/21	AD	Correspondence from and to T. Hogan re: status of receivership proceedings and next steps re: same.	.10
7/26/21	AD	Telephone attendance with T. Hogan re: recent developments and proposed course of action re: ongoing receivership proceedings; call with J. Haralovich re: correspondence to debtor re: outstanding claims and issues re: same and ongoing receivership proceedings and next steps re: same.	.20

Invoice #: 330159
6773982 CANADA INC.

September 2, 2021

Date	Atty	Description of Services Rendered	Hours
7/27/21	AD	Correspondence from receiver to debtor re: status of claims and next steps re: same and receivership proceedings.	.10
7/28/21	AD	Telephone attendance with J. Haralovich re: Court report, Court attendance, relief to be sought and next steps re: same; instructions to associate re: bankruptcy proceedings and claims process pursuant thereto.	.30
7/29/21	NV	Conduct legal research re the permissibility of a receiver to bankrupt operating company to initiate claims process for unsecured creditors.	4.70
7/30/21	AD	Reviewing case law and authorities re: receiver's ability to assign debtor into bankruptcy.	.30
8/05/21	AD	Correspondence with Court re: approval and discharge motions; emails with J. Haralovich re: same; correspondence to Court re: same; correspondence to applicant's counsel re: same.	.10
8/23/21	AD	Correspondence from J. Haralovich re: receiver's court report; reviewing file re: receiver's court report; drafting and revising receiver's court report; instructions to clerk re: same.	1.40
8/31/21	AD	Correspondence from and call with J. Haralovich re: receiver's final Court report; reviewing file and pleadings re: issues to address in re: receiver's final Court report; drafting and revising final Court report; correspondence to J. Haralovich re: report.	2.40
9/01/21	AD	Correspondence from and to J. Haralovich re: revised Court report and issues re: distribution and discharge motion; drafting and revising court report, notice of motion and order; instructions to clerk re: same; instructions to associate re: factum; instructions to clerk re: fee affidavit; drafting and revising fee affidavit; telephone attendance with J. Haralovich re: foregoing and payout amounts with respect to distributions and issues re: distribution and discharge motion.	3.40
9/02/21	AD	Reviewing case law and authorities re: factum and assigning debtor into bankruptcy; instructions to associate re: factum; drafting and revising factum; drafting and finalizing material re: distribution and discharge motion, including notice of motion, order, fee affidavit and factum; instructions to clerk re: same.	2.20
9/02/21	AD	Drafting and revising fee affidavit and factum.	.50
9/02/21	NV	Email correspondence and consultation with A. Ducasse re drafting factum and authorities; review authorities in preparation for drafting factum; draft factum; review and revise factum.	4.00

Total Hours: 20.90

Our Fee Herein: \$ 6,250.00

Invoice #: 330159
6773982 CANADA INC.

September 2, 2021

DISBURSEMENTS

Description of Costs Advanced	Amount
Teraview Executions/Sheriff Certificate	23.90
On Line Carswell Searches	50.00
Total Disbursements:	\$ 73.90
HST on Fees - 13.00%	\$ 812.50
HST on Disbursements - 13.00%	<u>\$ 9.61</u>
Total Taxes	\$ 822.11
Total Account	<u>\$ 7,146.01</u>

THIS IS OUR ACCOUNT

John Haralovich
MNP Ltd.
1600 Carling Avenue, Suite 800
Ottawa, ON K1Z 1G3

September 2, 2021
Our File # 52064-01009
Invoice # 330159
GST/HST Reg. #121761480

REMITTANCE ADVICE

For professional services rendered and disbursements incurred.

Total Fees	\$ 6,250.00
Total Costs	\$ 73.90
Total Taxes	<u>\$ 822.11</u>
Total Account	<u><u>\$ 7,146.01</u></u>

To ensure proper credit to your account please return this remittance with your payment.

Please note payments can now be made by eTransfer to receivables@solowaywright.com (please include customer number 52064 in the message), or by means of the Bill Payment function of the major Canadian Banks, using customer number 52064.

TERMS: PAYMENT UPON RECEIPT. IN ACCORDANCE WITH SECTION 33 OF THE SOLICITORS ACT, INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID FEES, CHARGES OR DISBURSEMENTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS STATEMENT IS DELIVERED.

THE BANK OF NOVA SCOTIA

- and -

6773982 CANADA INC. and 6317081 CANADA INC.

Applicant

Respondents

Court File No.: CV-20-00084926-0000

ONTARIO SUPERIOR COURT OF JUSTICE

**IN THE MATTER OF THE COURT-APPOINTED
RECEIVERSHIP OF 6773982 CANADA INC. AND 6317081
CANADA INC., of the City of Ottawa, in the Province of
Ontario**

Proceedings commenced at Ottawa, Ontario

**AFFIDAVIT OF ROXANNE CHAPMAN
(sworn on September 2, 2021)**

SOLOWAY WRIGHT LLP

Lawyers

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Ottawa, ON K1R 7Y2

André A. Ducasse (#44739R)

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Lawyers for the Court-Appointed Receiver, MNP Ltd.