

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**1951584 ONTARIO INC. (formerly DESANTE FINANCIAL SERVICES INC.) and  
CWB MAXIUM FINANCIAL INC.**

Applicants

- and -

**BLESS HUI PHARMA INC., JM WESTVIEW PHARMA INC., MAPLE MEDI PHARMA  
INC., RIVER HILL PHARMACY LTD., SJ EAST PHARMA INC., ST. MARY  
THEOTOKOS PHARMA INC., STONEY CREEK PHARMA INC., TORONTO  
APOTHECARY PHARMA INC., WESTWAY HOLDINGS INC.,  
OLDE WALKERVILLE HOLDINGS INC., ST. MARY COOKSVILLE PHARMA INC.,  
4231 SHEPPARD AVENUE EAST INC., JUBILEE PROPERTY INVESTORS INC.,  
AND JG WINDSOR INC.**

Respondents

**SECOND REPORT OF MSI SPERGEL INC.  
IN ITS CAPACITY AS THE RECEIVER OF  
JM WESTVIEW PHARMA INC., SJ EAST PHARMA INC., BLESS HUI PHARMA INC.,  
MAPLE MEDI PHARMA INC., RIVER HILL PHARMACY LTD., ST. MARY  
THEOTOKOS PHARMA INC., STONEY CREEK PHARMA INC., TORONTO  
APOTHECARY PHARMA INC., WESTWAY HOLDINGS INC., OLDE WALKERVILLE  
HOLDINGS INC. ST. MARY COOKSVILLE PHARMA INC., 4231 SHEPPARD  
AVENUE EAST INC., JUBILEE PROPERTY INVESTORS INC.,  
JG WINDSOR INC., AND ABU SEIFEIN BRIMLEY PHARMA INC.**

August 4, 2021

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5. Proposed Receiver's Report dated January 25, 2021 (without appendices)
6. First Report of the Receiver dated February 1, 2021 (without appendices)
7. Redacted Sales and Marketing Proposals of Colliers and Avison Young  
With respect to 4231 Sheppard Avenue East, Unit C1, Toronto, ON
8. Listing Agreement for 4231 Sheppard Avenue East, Unit C1, Toronto, ON
9. Redacted copy of the 275 Offer/Agreement of Purchase and Sale
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17. Revised Olde Walkerville Pharmacy Listing Agreement (Wyandotte location)
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19. Brimley Listing Agreement
20. Fee Affidavit of Mukul Manchanda sworn August 4, 2021
21. Receiver's Interim Statements of Receipts and Disbursements as at June 30, 2021 for each of the Debtors

## CONFIDENTIAL APPENDICES

1. Appraisal Reports for 4231 Sheppard Avenue East, Unit C1, Toronto, ON
2. Unredacted copies of the sales and marketing proposal of Colliers and Avison Young
3. Final Progress Report issued by Avison Young dated July 14, 2021
4. Comparative Summary of Offers Received for 4231 Sheppard Avenue E.
5. Unredacted copy of 2759232 Ontario Corporation offer to purchase 4231 Sheppard Avenue E.
6. Summary of NDAs and Offers Received with respect to Pharmacies
7. Unredacted copy of Noorwala Offer with respect to Maple Medi Pharmacy
8. Unredacted copy of GSV Drugs Inc. Offer with respect to Toronto Apothecary Pharmacy
9. Unredacted copy of Basilious Offer with respect to Bless Hui Pharmacy
10. Unredacted copy of Basilious Offer with respect to River Hill Pharmacy
11. Unredacted copy of Bolos Offer with respect to Stoney Creek Pharmacy

## I. APPOINTMENT AND BACKGROUND

1. This second report ("**Second Report**") is filed by msi Spergel inc. ("**Spergel**") in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**") of the following companies (collectively the "**Debtors**"):
  - i. JM Westview Pharma Inc. ("**Westview**");
  - ii. SJ East Pharma Inc. ("**SJ East**");
  - iii. Bless Hui Pharma Inc. ("**Bless Hui**")
  - iv. Maple Medi Pharma Inc. ("**Maple Medi**");
  - v. River Hill Pharmacy Ltd. ("**River Hill**");
  - vi. St. Mary Theotokos Pharma Inc. ("**Theotokos**");
  - vii. Stoney Creek Pharma Inc. ("**Stoney Creek**");
  - viii. Toronto Apothecary Pharma Inc. ("**Toronto Apothecary**");
  - ix. Westway Holdings Inc. ("**Westway Holdings**");
  - x. Olde Walkerville Holdings Inc. ("**Olde Walkerville**"),
  - xi. St. Mary Cooksville Pharma Inc., ("**Cooksville**")
  - xii. 4231 Sheppard Avenue East Inc., ("**4231**")
  - xiii. Jubilee Property Investors Inc., ("**Jubilee**")
  - xiv. JG Windsor Inc. ("**JGWI**"); and
  - xv. Abu Seifein Brimley Pharma Inc. ("**Brimley**").
2. JM Westview was a Canadian owned private corporation formerly carrying on the business of a retail pharmacy in Tilbury, Ontario.
3. SJ East was a Canadian owned private corporation formerly carrying on the business of a retail pharmacy in Brighton Ontario.
4. Bless Hui is a Canadian owned private corporation carrying on the business of a retail pharmacy (the "**Bless Hui Pharmacy**") at 280 Spadina Avenue Toronto, Ontario (the "**Bless Hui Premises**").

5. Maple Medi is a Canadian owned private corporation carrying on the business of a retail pharmacy (the "**Maple Medi Pharmacy**") at 2535 Major MacKenzie Drive, Vaughan, Ontario.
6. River Hill is a Canadian owned private corporation carrying on the business of a retail pharmacy (the "**River Hill Pharmacy**") at 2086 Lawrence Avenue West, Toronto, Ontario (the "**River Hill Premises**").
7. Theotokos is a Canadian owned private corporation formerly carrying on the business of a retail pharmacy in Toronto, Ontario.
8. Stoney Creek is a Canadian owned private corporation carrying on the business of a retail pharmacy (the "**Stoney Creek Pharmacy**") at 800 Queenston Road, Stoney Creek, Ontario (the "**Stoney Creek Premises**").
9. Toronto Apothecary is a Canadian owned private corporation carrying on the business of a retail pharmacy (the "**Apothecary Pharmacy**") at 842 Markham Road, Toronto, Ontario (the "**Apothecary Premises**").
10. Westway Holdings is a Canadian owned private corporation formerly carrying on the business of a retail pharmacy in Toronto, Ontario.
11. Olde Walkerville is a Canadian owned private corporation carrying on the business of two retail pharmacies in Windsor, Ontario.
12. Cooksville was a Canadian owned private corporation formerly carrying on the business of a retail pharmacy in Mississauga, Ontario.
13. 4231 is a Canadian owned private corporation. 4231 owns real property municipally known as 4231 Sheppard Avenue East, Unit C1, Toronto, Ontario (the "**4231 Real Property**").
14. Jubilee is a Canadian owned private corporation carrying on the business of a real estate holding company in Richmond Hill, Ontario.
15. JGWI is a Canadian owned private corporation carrying on the business of a real estate holding company in Windsor, Ontario.

16. Brimley is a Canadian owned private corporation carrying on the business of a retail pharmacy in Toronto, Ontario.
17. Spergel was appointed as the Receiver of all of the assets, undertakings and properties of the Debtors (collectively, the "**Property**") by the Orders of the Honourable Mr. Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), in the case of Bless Hui, Maple Medi, River Hill, Theotokos, Stoney Creek, Toronto Apothecary, Westway Holdings and Olde Walkerville made November 25, 2020, in the case of JM Westview and SJ East made January 26, 2021, in the case of Cooksville, 4231, JGWI and Jubilee, made February 3, 2021 and in the case of Brimley, made April 8, 2021 (collectively, the "**Receivership Orders**"). Copies of the Receivership Orders are attached to this Second Report as **Appendices "1", "2", "3" and "4"**, respectively. The Receivership Orders were granted by the Court on consent of the Debtors who were represented by Counsel.
18. The Receiver filed a report in its capacity as the Proposed Receiver on January 25, 2021 (the "**Proposed Receiver's Report**") reporting its findings with respect to Westview and SJ East. A copy of the Proposed Receiver's Report (without appendices) is attached to this Second Report as **Appendix "5"**.
19. The Receiver filed its First Report dated February 1, 2021 (the "**First Report**") reporting its further findings with respect to Westview and SJ East. A copy of the First Report (without appendices) is attached to this Second Report as **Appendix "6"**.
20. The Receiver retained Goldman Sloan Nash & Haber LLP (the "**Receiver's Counsel**") as its independent legal counsel.

## **II. PURPOSE OF THIS SECOND REPORT AND DISCLAIMER**

21. The purpose of this Second Report is to report to the Court regarding the Receiver's activities and conduct since the Receiver's First Report dated February 1, 2021, and to seek Orders from this Court:
  - i. approving the First Report and approving the actions of the Receiver described therein;

- ii. approving this Second Report and activities described herein, including, without limitation, the Receiver's interim statements of receipts and disbursements as at June 30, 2021 for the receivership of each of the Debtors (the "**Interim R&Ds**");
- iii. approving the 4231 Real Property sale transaction contemplated by the agreement of purchase and sale dated July 11, 2021 between the Receiver as vendor and 2759232 Ontario Corporation ("**275 Ontario**") as purchaser, (the "**4231 Sale Agreement**") with respect to the Purchased Assets (as defined in the 4231 Sale Agreement) (the "**4231 Purchased Assets**"), and authorizing the Receiver to complete the transaction contemplated thereby (the "**4231 Transaction**");
- iv. vesting in 275 Ontario, 4231's right, title and interest in and to the 4231 Purchased Assets free and clear of any claims and encumbrances save and except for "Permitted Encumbrances";
- v. approving the Maple Medi sale transaction contemplated by the agreement of purchase and sale dated June 2, 2021 between the Receiver as vendor and Muhammed Haroon Noorwala in Trust for a corporation to be formed as assigned to 2842319 Ontario Inc. (the "**Maple Medi Purchaser**") as purchaser, (the "**Maple Medi Sale Agreement**") with respect to the Purchased Assets (as defined in the Maple Medi Sale Agreement) (the "**Maple Medi Purchased Assets**"), and authorizing the Receiver to complete the transaction contemplated thereby (the "**Maple Medi Transaction**");
- vi. vesting in the Maple Medi Purchaser, Maple Medi's right, title and interest in and to the Maple Medi Purchased Assets free and clear of any claims and encumbrances save and except for "Permitted Encumbrances";
- vii. approving the Toronto Apothecary sale transaction contemplated by the agreement of purchase and sale dated June 7, 2021 between the Receiver as vendor and GSV Drugs Inc. ("**GSV**") as purchaser, (the "**Toronto Apothecary Sale Agreement**") with respect to the Purchased Assets (as



defined in the Toronto Apothecary Sale Agreement) (the "**Toronto Apothecary Purchased Assets**"), and authorizing the Receiver to complete the transaction contemplated thereby (the "**Toronto Apothecary Transaction**");

- viii. approving the Bless Hui sale transaction contemplated by the agreement of purchase and sale dated June 14, 2021 between the Receiver as vendor and Raouf Basilious in Trust for a corporation to be formed as assigned to Guide Pharma Inc. (the "**Bless Hui Purchaser**") as purchaser, (the "**Bless Hui Sale Agreement**") with respect to the Purchased Assets (as defined in the Bless Hui Sale Agreement) (the "**Bless Hui Purchased Assets**"), and authorizing the Receiver to complete the transaction contemplated thereby (the "**Bless Hui Transaction**");
- ix. approving the River Hill sale transaction contemplated by the agreement of purchase and sale dated June 14, 2021 between the Receiver as vendor and Raouf Basilious in Trust for a corporation to be formed as assigned to Emily Crossing Inc. (the "**River Hill Purchaser**") as purchaser, (the "**River Hill Sale Agreement**") with respect to the Purchased Assets (as defined in the River Hill Sale Agreement) (the "**River Hill Purchased Assets**"), and authorizing the Receiver to complete the transaction contemplated thereby (the "**River Hill Transaction**");
- x. approving the Stoney Creek sale transaction contemplated by the agreement of purchase and sale dated June 14, 2021 between the Receiver as vendor and Sameh Bolos in Trust for a corporation to be formed as assigned to Best Companions Pharm Inc. (the "**Stoney Creek Purchaser**") as purchaser, (the "**Stoney Creek Sale Agreement**") with respect to the Purchased Assets (as defined in the Stoney Creek Sale Agreement) (the "**Stoney Creek Purchased Assets**"), and authorizing the Receiver to complete the transaction contemplated thereby (the "**Stoney Creek Transaction**", together with the 4231 Transaction, the Maple Medi Transaction, the Toronto Apothecary Transaction, the Bless Hui

Transaction and the River Hill Transaction shall be referred to herein as the "**Transactions**");

- xi. sealing the Confidential Appendices (as defined herein) to this Second Report until the earlier of the completion of the Transactions or further Order of this Court;
  - xii. approving the fees and disbursements of the Receiver as described in the Fee Affidavit of Mukul Manchanda sworn August 4, 2021;
  - xiii. such further and other relief as Counsel may advise and this Court may permit
22. The Receiver will not assume responsibility or liability for losses incurred by the reader due to the circulation, publication, reproduction or use of this Second Report for any other purpose.
23. In preparing this Second Report, the Receiver has relied upon certain information provided to it by the Debtors and or its principals. The Receiver has not performed an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Receiver expresses no opinion or other form of assurance with respect to such information.
24. Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

### **III. ACTIONS OF THE RECEIVER**

25. Immediately upon its appointment, the Receiver directly or through Counsel attended to the following:
- i. secured possession of the premises and attended to all necessary repairs where applicable;
  - ii. notified landlords and arranged for continuation of occupation in addition to negotiating lease extensions where necessary and new leases where such were not in place as at the date of appointment;

- iii. arranged for the registration of the Receiver's interest on the title to real property, where applicable;
  - iv. communicated with tenants in occupation of the real property and instructed said tenants to pay all arrears and future rent to the Receiver which continues to date;
  - v. arranged for insurance in the name of the Receiver;
  - vi. opened dedicated trust accounts for each of the receivership entities and dealt with existing accounts;
  - vii. notified the office of the Superintendent of Bankruptcy of its appointment as Receiver;
  - viii. prepared and filed all documents mandated by the *Bankruptcy and Insolvency Act.*; and
  - ix. communicated with the Canada Revenue Agency ("**CRA**") with respect to each of the Debtors.
26. With respect to the operating pharmacies, in addition to the above, the Receiver attended to the following:
- i. met with and re-hired the pharmacists and technicians, some of whom are independent contractors with others being employees;
  - ii. confirmed its appointment with the Ontario College of Pharmacists (the "**OCP**") and in accordance with the requirements of the Ontario College of Pharmacists (the "**OCP**"), the Receiver ensured that a Designated Manager and Narcotics Signer was formally engaged;
  - iii. prepared and filed necessary documentation with Service Canada with respect to the *Wage Earner Protection Plan Act* ("**WEPPA**");
  - iv. quantified PMSI security interests in favour of suppliers;
  - v. quantified rental arrears;
  - vi. secured a continuation of pharmaceutical supply; and

- vii. took all necessary steps to ensure that the pharmacies remained fully operational under the supervision of the Receiver and that the transfer of care and control to the Receiver was seamless and without interruption to client service. The pharmacies continue to operate with most of the same personnel and remain open the same hours as previously.
27. With respect to the unsold real estate, the Receiver's efforts are ongoing to market and sell the real properties.

#### **IV. THE TRANSACTIONS**

28. Pursuant to the terms of the Receivership Orders, the Receiver was empowered and authorized to, among other things, market any or all of the Debtors' assets, including advertising and soliciting offers in respect of the assets and negotiating such terms and conditions of sale as the Receiver, in its discretion, deemed appropriate.

##### ***4231 Sheppard Avenue East Inc.***

29. The sole asset of 4231 is a commercial condominium unit located at 4231 Sheppard Avenue East, Unit C1, Toronto, Ontario.
30. Upon appointment, the Receiver engaged the services of Wagner, Andrews & Kovac Ltd. ("**Wagner**") and Cornwall Property Consultants Ltd. ("**Cornwall**") to attend at and conduct a full narrative appraisal of the 4231 Real Property. The Receiver obtained appraisals in relation to the 4231 Real Property from Wagner on February 16, 2021 and from Cornwall on February 18, 2021. Copies of the appraisal reports are attached to this Second Report as **Confidential Appendix "1"**.
31. The Receiver requested sales and marketing proposals from two GTA commercial real estate brokers, Colliers International ("**Colliers**") and Avison Young Commercial Real Estate Services LP ("**Avison Young**"). Copies of the sales and marketing proposals with valuations redacted are attached to this Second Report as **Appendix "7"**. Unredacted copies of the sales and marketing proposals are attached to this Second Report as **Confidential Appendix "2"**.

32. The Receiver entered into an MLS Listing Agreement with Avison Young dated March 24, 2021 at a list price of \$350,000 (the "**4231 Listing Agreement**"). A copy of the 4231 Listing Agreement is attached to this Second Report as **Appendix "8"**.
33. Avison Young widely marketed the subject real property to garner maximum interest and multiple offers to purchase. A copy of the Final Progress Report issued by Avison Young dated July 14, 2021 is attached to this Second Report as **Confidential Appendix "3"**.
34. Multiple offers were received by Avison Young with respect to the 4231 Real Property. Attached hereto as **Confidential Appendix "4"** is a comparative summary of Offers received.
35. Efforts were expended by the Receiver to negotiate certain of the offers, which negotiations resulted in the Receiver accepting the Offer submitted by 2759232 Ontario Corporation (the "**275 Offer**"). The acceptance of the 275 Offer is conditional only upon the approval of this Honourable Court and accordingly is the subject matter, inter alia, of the motion brought by the Receiver. A copy of the 275 Offer/Agreement of Purchase and Sale with redactions is attached to this Second Report as **Appendix "9"**. An unredacted copy is attached as **Confidential Appendix "5"**
36. The Receiver is of the view that the sale process was conducted in a commercially reasonable manner and that the market was extensively canvassed pursuant to Avison Young's marketing efforts detailed above and contained in the Avison Young's Listing Proposal. It is the opinion of the Receiver that the terms and conditions contained within the 4231 Sale Agreement are commercially reasonable in all respects and that the purchase price in the 4231 Sale Agreement is at market value for the 4231 Real Property and is the best outcome to the estate in the circumstances.

#### ***The Pharmacy Sales***

37. The Receiver is seeking approval of the sale of the following pharmacies:
  - i. Maple Medi Pharmacy;

- ii. Apothecary Pharmacy;
- iii. Bless Hui Pharmacy;
- iv. River Hill Pharmacy; and
- v. Stoney Creek Pharmacy (collectively, the "**Pharmacies**").

The sales and marketing process undertaken by the Receiver with respect to the Pharmacies is outlined in greater detail below.

38. Upon its appointment, the Receiver worked on stabilizing the operations of the Conditionally Sold Pharmacies. Once the operations were stabilized, the Receiver sought sales and marketing proposals from two real estate brokers specialized in the pharmacy industry, Maged Bebawy ("**Bebawy**"), a broker with ReMax West Realty Inc. and Albert Salib, ("**Salib**") a broker with Salib Real Estate Ltd.
39. The Receiver entered into MLS Listing Agreements with Bebawy with respect to:
  - i. the Maple Medi Pharmacy dated March 24, 2021;
  - ii. the Apothecary Pharmacy dated March 24, 2021;
  - iii. the Bless Hui Pharmacy dated March 24, 2021;
  - iv. the River Hill Pharmacy dated March 24, 2021; and
  - v. the Stoney Creek Pharmacy dated March 24, 2021 (collectively, the "**Listing Agreements**").

Copies of the Listing Agreements are attached to this Second Report as **Appendix "10"**.

40. Online data rooms were set up by the Receiver containing the financial and other information related to the Pharmacies. Prior to being granted access to the data room(s), prospective purchasers were required to sign a Non-Disclosure Agreement ("**NDA**") in order to protect the integrity of the information made available in the data room(s).
41. Bebawy also widely marketed the Pharmacies to garner maximum interest. An email blast was sent by Bebawy to approximately 800 prospective purchasers. A fax broadcast was also sent to approximately 4965 pharmacies in Ontario with a

success rate of 4242. A copy of the email blast sent to prospective purchasers and marketing report is attached to this Second Report as **Appendix “11”**.

42. As a result of the above, the following interest was generated in the Conditionally Sold Pharmacies:

- i. 37 interested parties signed the NDA and obtained the information related to the Maple Medi Pharmacy. The Receiver received 6 written offers for the assets of the Maple Medi Pharmacy.
- ii. 35 interested parties signed the NDA and obtained the information related to the Apothecary Pharmacy. The Receiver received 3 written offers for the assets of the Apothecary Pharmacy.
- iii. 29 interested parties signed the NDA and obtained the information related to the Bless Hui Pharmacy. The Receiver received 3 written offers for the assets of the Bless Hui Pharmacy.
- iv. 38 interested parties signed the NDA and obtained the information related to the River Hill Pharmacy. The Receiver received 8 written offers for the assets of the River Hill Pharmacy.
- v. 43 interested parties signed the NDA and obtained the information related to the Stoney Creek Pharmacy. The Receiver received 11 written offers for the assets of the Stoney Creek Pharmacy.

Summaries of NDAs and Offers received with respect to the Pharmacies are attached to this Second Report as **Confidential Appendix “6”**.

43. Efforts were expended by the Receiver to negotiate certain of the offers, which negotiations resulted in the Receiver:

- i. accepting the Offer submitted by Muhammed Haroon Noorwala in Trust for a Corporation to be formed as assigned to 2842319 Ontario Inc. (the “**Noorwala Offer**”) with respect to the Maple Medi Pharmacy. The acceptance of the Noorwala Offer is conditional only upon the approval of this Honourable Court and accordingly is the subject matter, inter alia, of the motion brought by the Receiver. A copy of the Noorwala

Offer/Agreement of Purchase and Sale with redactions for the purchase price and deposit is attached to this Second Report as **Appendix "12"**. An unredacted copy of the Noorwala Offer is attached as **Confidential Appendix "7"**.

- ii. accepting the Offer submitted by GSV Drugs Inc. with respect to the Apothecary Pharmacy (the "**GSV Offer**"). The acceptance of the GSV Offer is conditional upon successful assignment of the lease of the Apothecary Premises to GSV and the approval of this Honourable Court. Accordingly, the GSV Offer is the subject matter, inter alia, of the motion brought by the Receiver. A copy of the GSV Offer/Agreement of Purchase and Sale with redactions for the purchase price and deposit is attached to this Second Report as **Appendix "13"**. An unredacted copy of the Noorwala Offer is attached as **Confidential Appendix "8"**.
- iii. accepting the Offer submitted by Raouf Basilious ("**Basilious**") in Trust for a Corporation to be formed as assigned to Guide Pharma Inc. with respect to the Bless Hui Pharmacy (the "**Basilious Bless Hui Offer**"). The acceptance of the Basilious Bless Hui Offer is conditional upon successful assignment of the lease of the Bless Hui Premises to Basilious or a corporation to be formed by Basilious, obtaining OCP accreditation and the approval of this Honourable Court. Accordingly, the Basilious Bless Hui Offer is the subject matter, inter alia, of the motion brought by the Receiver. A copy of the Basilious Bless Hui Offer/Agreement of Purchase and Sale with redactions for purchase price and deposit is attached to this Second Report as **Appendix "14"**. An unredacted copy of the Noorwala Offer is attached as **Confidential Appendix "9"**.
- iv. accepting the Offer submitted by Raouf Basilious in Trust for a Corporation to be formed as assigned to Emily Crossing Inc. with respect to the River Hill Pharmacy (the "**Basilious River Hill Offer**"). The acceptance of the Basilious River Hill Offer is conditional upon successful assignment of the lease of the River Hill Premises to Basilious or a corporation to be formed



by Basilious, obtaining OCP accreditation and the approval of this Honourable Court. Accordingly, the Basilious River Hill Offer is the subject matter, inter alia, of the motion brought by the Receiver. A copy of the Basilious River Hill Offer/Agreement of Purchase and Sale with redactions for purchase price and deposit is attached to this Second Report as **Appendix "15"**. An unredacted copy of the Noorwala Offer is attached as **Confidential Appendix "10"**.

- v. accepting the Offer submitted by Sameh Bolos ("**Bolos**") in Trust for a Corporation to be formed as assigned to Best Companions Pharma Inc. with respect to the Stoney Creek Pharmacy (the "**Bolos Offer**"). The Bolos Offer, together with the Noorwala Offer, the GSV Offer, the Basilious Bless Hui Offer and the Basilious River Hill Offer shall be referred to as the "**Offers**"). The acceptance of the Bolos Offer is conditional upon successful assignment of the lease of the Stoney Creek Premises to Best Companions, obtaining OCP accreditation and the approval of this Honourable Court. Accordingly, the Bolos Offer is the subject matter, inter alia, of the motion brought by the Receiver. A copy of the Bolos Offer/Agreement of Purchase and Sale with redactions as to purchase price and deposit is attached to this Second Report as **Appendix "16"**. An unredacted copy of the Noorwala Offer is attached as **Confidential Appendix "11"**. (collectively with Confidential Appendices "1", "2", "3", "4", "5", "6", "7", "8", "9" and "10", the "**Confidential Appendices**").

44. The Receiver is of the view that the sale process with respect to the Pharmacies was conducted in a commercially reasonable manner and that the market was extensively canvassed pursuant to Bebawy's marketing efforts detailed above and the negotiations undertaken by the Receiver with the leading bidders. It is the opinion of the Receiver that the terms and conditions contained within: a) the Maple Medi Sale Agreement; b) the Toronto Apothecary Sale Agreement; c) the Bless Hui Sale Agreement; d) the River Hill Sale Agreement; and e) the Stoney Creek Sale Agreement (collectively the "**Sale Agreements**") are commercially

reasonable in all respects and that the purchase price in the Sale Agreements are at market value and are the best outcome to the estates in the circumstances.

**V. REQUEST FOR A SEALING ORDER**

45. The Receiver is seeking a sealing order in respect of the Confidential Appendices to this Second Report as they each contain commercially sensitive information, the release of which prior to the completion of the Transactions would be prejudicial to the stakeholders of the Debtors' estates in the event the Transactions do not close.

**VI. OPERATING PHARMACIES NOT SUBJECT TO SALE AGREEMENTS**

***Olde Walkerville Holdings Inc.***

46. The sole assets of Olde Walkerville are two retail pharmacies operating out of leased premises located at 1701 Wyandotte Street East, Windsor, Ontario and 870 Erie Street East, Windsor, Ontario (collectively, the "**Windsor Pharmacies**").
47. The Windsor Pharmacies were previously listed for sale with Bebawy however, the marketing efforts did not garner any material offers.
48. The Windsor Pharmacies remain fully operational under the supervision of the Receiver and revised listing agreements have been signed with Bebawy (the "**Revised Olde Walkerville Listing Agreements**") by the Receiver. Copies of the Revised Olde Walkerville Listing Agreements are attached to this Second Report as **Appendices "17" and "18"**, respectively.

***Abu Seifein Brimley Pharma Inc.***

49. The sole asset of Brimley is a retail pharmacy operating out of leased premises at 127 Montezuma Trail, Toronto, Ontario
50. The pharmacy remains fully operational under the supervision of the Receiver and a Listing Agreement for the sale of the pharmacy has been signed with Bebawy by the Receiver (the "**Brimley Listing Agreement**"). A copy of the Brimley Listing Agreement is attached to this Second Report as **Appendix "19"**.

**VII. NON-OPERATING DEBOTRS**

***JM WESTVIEW PHARMA INC.***

51. As previously reported by the Receiver, the pharmacy operations of Westview operating as Mill Street Pharmacy in Tilbury, Ontario ceased in January 2021. The Receiver has filed an Assignment in Bankruptcy with respect to Westview and is currently investigating the movement of its assets. The Receiver will report to Court further in this regard as its investigation progresses.

***SJ EAST PHARMA INC.***

52. As previously reported by the Receiver, the pharmacy operations of SJ East operating as Brighton Pharmacy in Brighton, Ontario ceased in or around November, 2020. The Receiver has filed an Assignment in Bankruptcy with respect to SJ East and is currently investigating the movement of its assets. The Receiver will report to Court further in this regard as its investigation progresses.

***ST. MARY THEOTOKOS PHARMA INC.***

53. The pharmacy operations of Theotokos ceased prior to the appointment of the Receiver and the principals of the Debtors have advised that the operations were co-mingled with those of Bless Hui given its proximity.

***WESTWAY HOLDINGS INC.***

54. The pharmacy operations of Westway ceased prior to the appointment of the Receiver and it is believed that the operations were co-mingled with those of River Hill given its proximity.

***ST. MARY COOKSVILLE PHARMA INC.***

55. The pharmacy operations of Cooksville ceased in or around November, 2020. The Receiver has filed an Assignment in Bankruptcy with respect to Cooksville and is currently investigating the movement of its assets. The Receiver will report to Court further in this regard as its investigation progresses.

**VIII. DEBTORS WITH ONLY REAL ESTATE ASSETS**

***JUBILEE PROPERTY INVESTORS INC.***

56. The sole asset of Jubilee is a single commercial condominium unit located at 280 West Beaver Creek, Unit 11, Richmond Hill, Ontario. (the "**Jubilee Condominium**").
57. The Jubilee Condominium is subject to what the Receiver believes is a non-arms-length 40 year lease with a pharmacy (the "**Jubilee Pharmacy Lease**").
58. The Receiver is presently in negotiations with the tenant to purchase the unit and will report back to Court on further recommended steps for the disposition of the Jubilee Condominium.
59. The Receiver is presently preparing to file an Assignment in Bankruptcy with respect to Jubilee to preserve the rights of the Trustee to challenge the validity of the Jubilee Pharmacy Lease should negotiations with the Tenant fail to result in an agreement of purchase and sale.

***JG WINDSOR INC.***

60. The sole asset of JGWI is an approximately 3500 square foot medical building located at 2780 Totten Avenue in, Windsor, Ontario. (the "**Totten Building**") currently occupied by a single physician and a pharmacy (the "**Totten Tenants**").
61. The Totten Building is subject to what the Receiver believes is a non-arms-length 40 year lease in favour of a pharmacy owned by the same principal as the Jubilee Pharmacy described above (the "**Totten Pharmacy Lease**").
62. The Receiver is presently in negotiations with the pharmacy tenant to purchase the building and will report back to Court on further recommended steps for the disposition of the Totten Building.
63. The Receiver is presently preparing to file an Assignment in Bankruptcy with respect to JGWI to preserve the rights of the Trustee to challenge the validity of the Totten Pharmacy Lease should negotiations with the Tenant fail to result in an agreement of purchase and sale.

## **IX. FEES AND DISBURSEMENTS OF THE RECEIVER**

64. Attached to this Second Report as **Appendix "20"** is the Affidavit of Mukul Manchanda, sworn August 4, 2021, ( the "**Manchanda Affidavit**") which incorporates, by reference a copy of the time dockets pertaining to the receiverships of each of the Debtors for the period to and including June 30, 2021.
65. The fees and disbursements of the Receiver for each of the Debtors are as follows:
- i. in respect of the receivership of Westview for the period to and including June 30, 2021 fees of \$15,632.66 (inclusive of HST, disbursements and a discount of \$932.70) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 32.00 hours at an effective rate of \$460.55 per hour;
  - ii. in respect of the receivership of SJ East for the period to and including June 30, 2021 fees of \$24,720.90 (inclusive of HST, disbursements and a discount of \$2,355.30) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 61.20 hours at an effective rate of \$395.22 per hour;
  - iii. in respect of the receivership of Bless Hui for the period to and including June 30, 2021 fees of \$118,213.97 (inclusive of HST, disbursements and a discount of \$14,160.60) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 374.50 hours at an effective rate of \$316.97 per hour;
  - iv. in respect of the receivership of Maple Medi for the period to and including June 30, 2021 fees of \$112,188.53 (inclusive of HST, disbursements and a discount of \$20,258.35) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 391.20 hours at an effective rate of \$305.39 per hour;
  - v. in respect of the receivership of River Hill for the period to and including June 30, 2021 fees of \$108,548.28 (inclusive of HST, disbursements and a discount of \$17,595.10) were charged by Spergel as detailed in the

- Manchanda Affidavit. This represents a total of 365.75 hours at an effective rate of \$310.44 per hour;
- vi. in respect of the receivership of Theotokos for the period to and including June 30, 2021 fees of \$1,901.17 (inclusive of HST, disbursements and a discount of \$263.80) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 5.15 hours at an effective rate of \$326.69 per hour;
  - vii. in respect of the receivership of Stoney Creek for the period to and including June 30, 2021 fees of \$110,832.28 (inclusive of HST, disbursements and a discount of \$17,216.60) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 351.40 hours at an effective rate of \$327.79 per hour;
  - viii. in respect of the receivership of Toronto Apothecary for the period to and including June 30, 2021 fees of \$117,938.98 (inclusive of HST, disbursements and a discount of \$17,840.35) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 374.80 hours at an effective rate of \$325.84 per hour;
  - ix. in respect of the receivership of Westway for the period to and including June 30, 2021 fees of \$1,356.54 (inclusive of HST, disbursements and a discount of \$297.60) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 5.40 hours at an effective rate of \$276.11 per hour;
  - x. in respect of the receivership of Olde Walkerville for the period to and including June 30, 2021 fees of \$134,025.94 (inclusive of HST, disbursements and a discount of \$22,580.55) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 420.95 hours at an effective rate of \$334.94 per hour;
  - xi. in respect of the receivership of Cooksville for the period to and including June 30, 2021 fees of \$1,901.17 (inclusive of HST, disbursements and a discount of \$263.80) were charged by Spergel as detailed in the

- Manchanda Affidavit. This represents a total of 5.15 hours at an effective rate of \$326.69 per hour;
- xii. in respect of the receivership of 4231 for the period to and including June 30, 2021 fees of \$20,622.35 (inclusive of HST, disbursements and a discount of \$2,423.80) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 62.00 hours at an effective rate of \$402.52 per hour;
  - xiii. in respect of the receivership of Jubilee for the period to and including June 30, 2021 fees of \$15,984.65 (inclusive of HST, disbursements and a discount of \$1,461.70) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 35.95 hours at an effective rate of \$433.75 per hour;
  - xiv. in respect of the receivership of JGWI for the period to and including June 30, 2021 fees of \$23,252.89 (inclusive of HST, disbursements and a discount of \$1,921.80) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 50.50 hours at an effective rate of \$445.40 per hour;
  - xv. in respect of the receivership of Brimley for the period to and including June 30, 2021 fees of \$84,269.75 (inclusive of HST, disbursements and a discount of \$15,284.00) were charged by Spergel as detailed in the Manchanda Affidavit. This represents a total of 299.80 hours at an effective rate of \$299.73 per hour;
66. The Receiver has reviewed the Receiver's Counsel's accounts and given the Receiver's involvement in this matter, the Receiver is of the view that all the work set out in Receiver's Counsel's accounts was carried out and was necessary. The hourly rates of the lawyers who worked on this matter were reasonable in light of the services required, and the services were carried out by lawyers with the appropriate level of experience.

**X. RECEIVER'S STATEMENTS OF RECEIPTS AND DISBURSEMENTS**

67. Attached to this Second Report as **Appendix "21"** are copies of the Receiver's Statements of Receipts and Disbursements as of June 30, 2021 for each of the Debtors.

**XI. RECOMMENDATION**

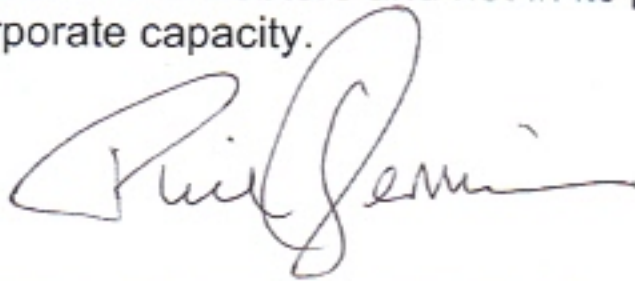
68. For the reasons outlined in this Second Report, the Receiver respectfully requests that the Court grant the relief specified at Paragraph 21 of this Second Report.

Dated at Toronto this 4<sup>th</sup> day of August, 2021.

**msi Spergel inc.**

solely in its capacity as the Court-appointed Receiver of the Debtors and not in its personal or corporate capacity.

Per:



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Philip H. Gennis, JD., CIRP, LIT  
Licensed Insolvency Trustee