



COURT FILE NUMBER 2303 11446

COURT COURT OF KING'S BENCH OF ALBERTA ENT

JUDICIAL CENTRE EDMONTON

PLAINTIFF UMC FINANCIAL MANAGEMENT INC.

DEFENDANTS CAREADON CORP., 1978753 ALBERTA LTD.,
and TERENCE HODGSON in his capacity as
trustee of ALDER INVESTMENT GROUP
TRUST 2016

DOCUMENT **ORDER FOR APPROVAL OF SALES
PROCESS AND RECEIVER'S ACTIVITIES**

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT** **McLENNAN ROSS LLP**
Barristers & Solicitors
#600 - 12220 Stony Plain Road
Edmonton, AB T5N 3Y4
Solicitors for Ernst & Young Inc. in its capacity as
Receiver of Careadon Corp.
Attention: Ryan Trainer
File No.: 20232371
Email: ryan.trainer@mross.com
Phone: (780) 482-9153
Fax: (780) 733-9753

**DATE ON WHICH ORDER WAS
PRONOUNCED:** **August 31, 2023**

**LOCATION WHERE ORDER WAS
PRONOUNCED:** **Edmonton, Alberta**

**NAME OF JUSTICE WHO MADE THIS
ORDER:** **The Honourable Associate Chief Justice K.G.
Nielsen**

UPON THE APPLICATION of Ernst & Young Inc. in its capacity as Court-appointed Receiver (the "Receiver") of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof of Careadon Corp. ("Careadon") for an Order approving the proposed sales process (the "Sales Process") and the Receiver's activities as set out in the Receiver's First Report to the Court dated August 21, 2023 (the "First Report"); **AND UPON** having read the First Report, the Confidential Supplement thereto and all materials filed herein; **AND UPON** reviewing the proposed Sales Process attached as Schedule

"A" hereto; **AND UPON** hearing from counsel for the Receiver and any other interested party; **AND UPON** being satisfied that it is appropriate to do so;

IT IS HEREBY ORDERED THAT:

Service

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

Approval of Activities

2. The actions, conduct, and activities of the Receiver to date as outlined in the First Report are hereby ratified and approved.
3. The Receiver's statement of receipts and disbursements for the period of July 7, 2023 to August 16, 2023 are hereby ratified and approved.

Approval of Sales Process

4. The Sales Process is hereby approved, and the Receiver is directed to implement the Sale Process and to perform all steps and actions required of them pursuant to the Sales Process.
5. The Receiver is at liberty to reapply for further advice and direction as may be necessary to give full force and effect to the terms of this Order.

Service of this Order

6. Service of this Order may be effected on all interested parties by posting a copy of this Order to the Receiver's website for these proceedings, and service in such manner is deemed to be effected the next business day following such posting.



JUSTICE OF THE COURT OF KING'S
BENCH OF ALBERTA
September 1, 2023

SCHEDULE "A"

SALES PROCESS (the "SALES PROCESS")

Receivership of Careadon Corp. ("**Careadon**")

INTRODUCTION

1. On July 7, 2023, the Court of King's Bench of Alberta (the "**Court**") granted an order appointing Ernst & Young Inc. as receiver (in such capacity, the "**Receiver**"), without security of all of Careadon's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").
2. Careadon's sole physical asset is an eight-story independent living facility for adults aged 55 or over. The facility, known as Careadon Village, is located at 2 Inglewood Drive, St. Albert, Alberta (hereinafter referred to as the "**Building**"). The Building is currently under construction, with a total of 164 units, of which approximately 55 are essentially completed with the remaining 109 units to be completed (most of which are on the upper floors of the Building).
3. The Receivership Order authorizes the Receiver to market the Building for sale.
4. The Receiver intends to obtain an Order from the Court approving this Sales Process on August 31, 2023 (the "**Sales Process Order**").

Sales Process Overview

5. The purpose of this Sales Process is, among other things, to:
 - a. describe the Building available through the Sales Process;
 - b. solicit interest in sale of the Building;
 - c. describe the manner in which parties interested in purchasing the Building (the "**Potential Bidders**") may gain access to or continue to have access to due diligence materials concerning the Building;
 - d. describe the manner in which Potential Bidders and their respective bids become Qualified Bidders and Qualified Bids (each defined below);
 - e. set out the process for delivery, receipt and negotiation of Bids (defined below) received; and

- f. describe the process for selection of the Successful Bid (defined below), and the process for obtaining approval of the Successful Bid by the Court.
6. This Sales Process, including the various deadlines set out herein, may be amended from time to time on notice to Qualified Bidders (as defined below) in the Sales Process, by and at the sole discretion of the Receiver.
7. The Receiver will consider extending such deadlines, in the event that the Receiver determines that such an extension will generally benefit Careadon's creditors and other stakeholders.
8. The Receiver shall administer the Sales Process. In the event of a disagreement as to the interpretation or application of the Sales Process, the Court will have jurisdiction to hear and resolve such a dispute.
9. The transaction for the sale of the Building (the "**Transaction**") will be on an "as is, where is" basis and without any existing or surviving representations, warranties, covenants or indemnities of any kind, nature or description by the Receiver, or any of their respective agents, estates, or advisors, except to the extent as provided for in the Purchase and Sale Agreement (the "**PSA**").
10. All of the right, title and interest in and to the Building, and personal property owned by Careadon located thereon, will be sold and transferred free and clear of all security interests, mortgages, liens, caveats, writs, claims, options, and interests pursuant to an Approval and Vesting Order granted by this Honourable Court, with the exception of permitted encumbrances.
11. A summary of the key steps and dates of the Sales Process is as follows:

<u>Event</u>	<u>Date</u>
Receiver to send Teaser Letter to list of already known Potential Bidders and to advertise the Sales Process in the publications identified below.	Commencing September 4, 2023.
Qualified Bidders review the Data Room (as defined below) and may schedule	September 4 – October 16, 2023.

appointments to view and inspect the Building.	
Bid Deadline.	October 16, 2023
Receiver to review Bids and select the Successful Bidder.	Within one (1) week of the Bid Deadline.
Receiver to seek Court approval of the Winning Bid submitted by Successful Bidder.	Within thirty (30) days of selecting the Winning Bid (as defined below).

THE SALES PROCESS

12. The Receiver shall prepare a list of Potential Bidders comprised of persons who are known to the Receiver and its internal Transaction Real Estate Group and Corporate Finance Group as having an interest in purchasing the Building. Concurrently, the Receiver will prepare an initial offering summary (the **"Teaser Letter"**) notifying the Potential Bidders and any other interested persons of the Sales Process and inviting them to express interest in making a bid for the Building (the **"Bid"**). The Teaser Letter shall provide key details regarding the Building, provide pictures of the Building, and set out important deadlines under this Sales Process.
13. On or before September 4, 2023, the Receiver shall distribute the Teaser Letter to the Potential Bidders known to the Receiver, along with a copy of the Sales Process Order and a form of PSA and confidentiality agreement (the **"Confidentiality Agreement"**) that is acceptable to the Receiver in its sole discretion. Copies of the Teaser Letter, Sales Process Order, PSA and Confidentiality Agreement shall also be provided to any appropriate persons who become known to the Receiver after the distribution of such documents to the known Potential Bidders. The Sales Process also shall be posted on the Receiver's website.
14. Also, on or after September 4, 2023, the Receiver shall advertise this Sales Process in the following publications:
 - a. The Globe & Mail;

- b. Edmonton Journal;
 - c. St. Albert Gazette; and
 - d. Insolvency Insider.
15. Any Potential Bidder who:
- a. executes the Confidentiality Agreement;
 - b. provides written confirmation of the identity and contact information of the Potential Bidder; and
 - c. provides a written acknowledgement of receipt of a copy of the Sales Process Order approving this Sales Process and agreeing to accept and be bound by the provisions contained therein and herein;
- shall be deemed to be a **"Qualified Bidder"**.

Due Diligence

16. Upon a Potential Bidder's satisfaction of the conditions set out in Paragraph 15 of this Sales Process (and therefore becoming a Qualified Bidder), the Receiver will provide such Qualified Bidder with access to an electronic data room established by the Receiver (the **"Data Room"**) that will contain such information about the Building that the Receiver, in its reasonable business judgment, determines to be necessary for the Qualified Bidder to evaluate a Transaction.
17. The Receiver shall coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders; however, the Receiver shall not be obliged to furnish any information relating to the Building other than to a Qualified Bidder.
18. Qualified Bidders may schedule appointments with the Receiver to inspect the Building between September 4 and October 16, 2023.
19. The Receiver and its respective advisors give no representations or warranties as to the information made available pursuant to the Sales Process, including any information contained in the Data Room.

Bid Process

20. Any Qualified Bidder who wishes to submit a Bid must deliver their Bid to the Receiver at the address specified at **Schedule "A"** attached hereto no later than 4:00 p.m. Mountain Time on October 16, 2023, or such other date or time as the Receiver may determine (the "**Bid Deadline**").
21. A Bid **must be accompanied by a minimum 5% cash deposit** to be considered valid (the "**Deposit**").
22. A Bid **may not include** any request or entitlement of any break fee, expense reimbursement, or similar form of payment.
23. A Bid **may not** be subject to any conditions other than approval by the Court. Specifically, any financing or all inspections or other due diligence associated with the Building, must be completed by the Qualified Bidder prior to submitting its Bid to the Receiver.
24. A Bid submitted by a Qualified Bidder that complies with the conditions set out at paragraphs 21-24 is referred to herein as a "**Qualified Bid**".

Selection of Winning Bid

25. The Receiver shall review all Qualified Bids within a week of the Bid Deadline.
26. A Qualified Bid that is determined by the Receiver to be the highest, best or otherwise most favourable Bid is considered the "**Winning Bid.**" A Qualified Bidder who submits the Winning Bid that is accepted by the Receiver is referred to herein as the "**Successful Bidder**" and all other Qualified Bidders who submitted a Bid other than the Winning Bid are hereinafter referred to as an "**Unsuccessful Bidders**".
27. The Deposit of the Successful Bidder shall be applied to the total purchase price as defined in the PSA of the Successful Bidder.
28. The Deposit of an Unsuccessful Bidder shall be returned to the Unsuccessful Bidder within five business (5) days of the Receiver selecting the Winning Bid.
29. The Receiver reserves the right to reject or refuse to accept any Bid or to otherwise terminate the Sales Process at its sole discretion. The Receiver further reserves the right to deal with one or more Qualified Bidders to the exclusion of others.

Approval and Vesting Order

30. In the event the Receiver accepts a Winning Bid, the Receiver shall apply for an order from this Honourable Court in form and substance that is satisfactory to the Receiver, approving the Transaction contemplated by the Winning Bid and any necessary related relief required to consummate the Transaction contemplated by the Winning Bid, subject to the terms of the PSA (the **"Approval Order"**). The application for the Approval Order shall take place within thirty (30) days of selecting the Winning Bid or such later date as determined by the Receiver.

SCHEDULE "A"
Addresses for Deliveries

Any notice or other delivery made to the Receiver pursuant to the Sales Process must be made to:

ERNST & YOUNG INC.

EPCOR Tower, 10423 – 101 Street

Suite 1400, PO Box 44

Edmonton, Alberta T5H 0E7

Attention: Matt McCulloch / Evan MacKinnon

Tel: 780-638-6642 / 780-441-2447

Email: Matt.McCulloch@parthenon.ey.com / Evan.Mackinnon@parthenon.ey.com

With a copy to:

McLENNAN ROSS LLP

600 McLennan Ross Building

12220 – Stony Plain Road

Edmonton, Alberta T5N 3Y4

Attention: Ryan Trainer

Tel: 780-482-9153

Email: ryan.trainer@mross.com

Deliveries made pursuant to this Sales Process by email shall be deemed to be received when sent. In all other instances, deliveries made pursuant to the Sales Process shall be deemed to be received when delivered to the relevant address, as identified above.