

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ICICI BANK CANADA

Applicant

-and-

2058756 ONTARIO LIMITED

Respondent

**FIRST REPORT OF THE COURT APPOINTED RECEIVER
OF CERTAIN OF THE ASSETS OF 2058756 ONTARIO LIMITED**

Dated August 29, 2012

Introduction

Pursuant to a motion heard on June 21, 2012, the Honourable Mr. Justice Brown appointed A. John Page & Associates Inc. as receiver and manager ("**the Receiver**") of certain of the assets, undertakings and properties of 2058756 Ontario Limited ("**205**") 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. 43, as amended. A copy of the Initial Order is attached as *Exhibit "A"* ("**the Initial Order**").

The mandate covers all the assets of 205 acquired for or used in relation to a business except for the real estate located at 700 Gardiners Road, Kingston, Ontario ("**the Kingston Property**"). The principal asset of 205 apart from the Kingston Property is real property comprising land and a 513,500 square foot industrial building located at 100 Central Avenue Road, Brockville, Ontario ("**the Brockville Property**" or "**the Property**").

Notice to Reader

In preparing this Report and making the comments contained in the Report, the Receiver has been provided with and has relied upon unaudited financial and other information from a

variety of sources. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy and completeness of any of the information obtained and, accordingly, expresses no opinion or other form of assurance in respect of the information contained in this Report.

Some of the information referred to in this Report consists of forecasts and projections. An examination or review of all such financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future oriented financial information referred to or relied upon in this Report was based on estimates and assumptions. Readers are cautioned that, since such information is based on assumptions about future events and conditions that are not ascertainable, the actual results will vary from the forecasts and projections and the variations may be material.

Purpose of this Report

- Seek approval of the activities of the Receiver as described in this Report:
- Seek an order approving the listing of the Property for sale and for lease and
- Pass the accounts of the Receiver and its legal counsel to July 31, 2012

Malik Khalid and the Khalid Entities

The principal of 205 is Mr. Malik Khalid. As well as his interest in 205 Mr. Khalid appears to have an interest in and/or be the controlling mind over a number of other real estate and other ventures in Ontario, a property management company, SAMAK Management & Construction Inc. ("**SAMAK**"), and The M.S. Khalid Family Trust ("**The Family Trust**"). Collectively we will describe these various interests as "**the Khalid Entities**".

As discussed later, a number of key creditors of 205 have guarantees from some of the Khalid Entities and, because of the way in which the Khalid Entities were structured, some suppliers to the Brockville Property and the Kingston Property appear to be creditors of SAMAK and not of 205.

Because of this intertwined relationship and its impact on the stakeholders with an interest in the assets covered by the receivership ("**the Stakeholders**") we have been monitoring generally developments in the other Khalid Entities with a view to ensure that our actions as Receiver do not unnecessarily have a negative impact on the Stakeholders' interests in the Khalid Entities.

Mr. Khalid has been generally cooperative and is assisting us in our activities. He is represented by Mr. Alfred Apps.

Beneficial Ownership of the Assets of 205

We have obtained a copy of a "Declaration of Trust" dated November 24, 2004 that indicates that, at that time, 205 held the Brockville Property in trust for the Family Trust as to an undivided 50% interest and BPHL Holdings Inc. ("**BPHL**") as to the remaining 50%. BPHL is a company owned or controlled by Mr. Behrouz Parsa, a former business partner of Mr. Khalid. We understand that that business relationship has now ended. We have been informed by BDO Canada LLP, accountants to Mr. Khalid and the Khalid Entities, that in December 2008 the Family Trust purchased BPHL's 50% interest in the Brockville Property and that the Family Trust now has beneficial ownership of 100% of the Brockville Property.

We understand that the other large asset of 205, the Kingston Property, is also held by 205 in trust for the Family Trust.

Mr. Khalid, and through him the Family Trust, have been well aware of the lead up to the receivership. Mr. Khalid consented to the receivership.

We do not see any particular need to amend the Initial Order though 205 is a Trustee under the Family Trust.

The Brockville Property

Overview

The Property comprises approximately 40 acres of land and an older industrial plant of approximately 513,500 square feet which includes 61,000 square feet of office space. It is located adjacent to Highway 401 in central Brockville. At the date of our appointment there were two tenants collectively occupying approximately 93% of the space at the Property. The first tenant, Camelor Manufacturing Inc. ("**Camelor**"), was occupying 43,311 square feet pursuant to a lease that expires in 2016. The other tenant, Black & Decker Canada Inc. ("**Black & Decker**"), was occupying 436,150 square feet pursuant to a leasing arrangement that was due to end on September 30, 2012.

Taking Possession

Since the Property was occupied there was no need to change locks. We arranged for the utility meters to be read and for new accounts to be opened in our name. We had the existing insurance policy reviewed by our insurance advisors and, based on that advice, have been added to that policy and have made arrangements to pay the premiums in future. We toured the Brockville Property with Mr. Khalid. We formally notified the tenants of our appointment and they are now paying all rent directly to us.

Property Management

At the date of our appointment the property manager for the Brockville Property (and for some or all of the other Khalid Entities) was SAMAK. We negotiated an ongoing arrangement for SAMAK to act as our property manager ("**the SAMAK Property Management Agreement**"). We attach a copy of the SAMAK Property Management Agreement as *Exhibit "B"*. Prior to determining whether to engage SAMAK and, if so, on what basis, we canvassed the market to ascertain what it would cost us to engage a new property manager.

It is our view that, at the present time, it is more advantageous to retain SAMAK as property manager. They are familiar with the Property and its tenants. Most property managers are paid on a percentage of rent basis. The income from the Property is about to drop and therefore a different basis would be required. A new property manager would also require the more active involvement of the Receiver, at least initially, while they became familiar with the mandate.

The SAMAK Property Management Agreement provides for the payment of SAMAK from June 1, 2012 in accordance with the payment rate set down in the SAMAK Property Management Agreement. Based on our review of the property manager "marketplace" and the circumstances we believe this arrangement to be reasonable.

The SAMAK Property Management Agreement also provides for the payment of the arrears of a small number of local trade suppliers to the Property in order to ensure that they would continue to service the Property. The total amounts involved were approximately \$10,000.

Books and Records

The books and records relating to the Brockville Property are, we understand, kept using the Quickbooks accounting software. These were maintained by SAMAK. We understood from them that the data relating to the Brockville Property was commingled with data relating to other parties, including at least one third party. SAMAK initially offered to supply us with whatever reports we might need as an alternative to them releasing the full data disk to us containing data relating to other parties. We initially attempted to see if such an approach was practical but then determined that it was inflexible and too time consuming. We informed SAMAK that that approach was inefficient and demanded access to the data itself.

SAMAK provided us with access to Quickbooks data relating to the Brockville Property from January 1, 2010 which they had extracted from the original database. At the moment we seem able to run the reports we require. We are not in receipt of any other person's data.

Employees

205 had no employees. Work done at or with respect to the Brockville Property was either done by employees of SAMAK or by independent contractors/third party suppliers.

Existing Tenants

We have been able to negotiate a holdover lease through which Black & Decker will occupy approximately 111,000 square feet of space until October 31, 2012 and 86,000 square feet to December 31, 2012 at a net rental rate of \$3.50 per square foot per annum.

Existing Leasing Activity

On or about June 11, 2011 205 had signed a listing agreement with CBRE Limited ("**CBRE**") for leasing the vacant and soon to be vacant space at the Brockville Property. We have had discussions and one meeting with Mr. Ian Shackell, the Vice President in CBRE's Ottawa office responsible for this assignment. Given the existence of the listing agreement we were concerned that if we continued to discuss leasing prospects with him we might find him making a claim for a commission or otherwise. We have therefore indicated to him in writing that the Receiver was not adopting the prior June 11 agreement.

Prior to CBRE's involvement, Mr. Khalid had been attempting to locate tenants for the vacant and soon to be vacant space at the Brockville Property (with the assistance of a local realtor). At the current time there is active interest from one party for approximately 200,000 square feet of space. We have met with this party and have toured the Property with them. We are currently attempting to determine the approximate cost of the leasehold improvement work they would require and, at the same time, assess how the existence of the receivership would affect the form of lease agreement they might sign.

On or about March 17, 2011, 205 signed a conditional lease ("**the Roof Lease**") with a party ("**the Roof Tenant**"). The Roof Lease envisaged the erection of solar power generating panels ("**Solar Panels**") on part of the roof at the Brockville Property once certain due diligence had been performed and certain governmental approvals received. If the project went forward the plan was for the Solar Panels to be on the roof for 20 years and for 205 to receive an annual rental payment of \$60,000. We have reviewed the documentation that was made available to us relating to the Roof Lease. It seems that, while the Roof Tenant is still interested in pursuing this venture, they did not perform certain due diligence in the 60 day period after the lease signing and did not deliver the necessary notice of satisfaction or waiver. In particular they have not satisfied themselves as to whether the Brockville Property is satisfactory for the construction and installation of the Solar Panels. It is therefore our opinion that the Roof Lease has lapsed. We have had some communications with real estate brokers regarding whether a lease of this type is an asset. There is uncertainty in particular

because it potentially encumbers the Brockville Property for 20 years. We are therefore treating this as merely a potential leasing prospect that will be assessed as part of our overall strategic assessment (see later).

At this time there appear to be no other significant active leasing prospects where there is a strong possibility of a lease being signed in the near future.

While Mr. Khalid is assisting us with respect to the above leasing prospects we have, for greater certainty, confirmed that he is not looking for compensation in that regard. SAMAK is, as noted above, being paid pursuant to the SAMAK Property Management Agreement.

Building Condition Reports

We have not, as yet, commissioned a building condition report ("**BCR**") on the Property. We have however reviewed an earlier BCR prepared by Robert E. Dale Limited for 205 and dated June 21, 2010 ("**the Dale BCR**"). The Dale BCR indicates, among other things, that in their opinion the whole of the roof of the Brockville Property should be replaced. We are informed that approximately 80,000 square feet of roof has since been replaced. Deferred capital expenditure such as this will undoubtedly have an impact on the value of the Property.

Environmental Reviews

We have not commissioned, as yet, any environmental reviews of the Property. We have however reviewed a Phase I Environmental Site Assessment prepared by Quinte-Eco Consultants Inc. ("**QEC**") for 205 and dated June 16, 2004. Subject to the qualifications and assumptions to be found in the assessment report, QEC state that they did not observe conditions that present major environmental concerns at the Brockville Property. We are unaware of any subsequent environmental reports relating to the Brockville Property.

Go Forward Strategy

We asked three brokers, CBRE (Ottawa), Cushman and Wakefield (Ottawa) and DTZ Barnicke (Kingston) for their views on the strategies/options available to the Receiver with respect to the Property, what role they could play in any of those strategies and how they would charge for their services. We attach as *Exhibit "C"*, on a sealed basis because it contains possible sale price estimates, a memorandum we prepared summarizing our enquiry and attaching copies of the responses.

All the brokers seem to agree that the Property should be immediately listed concurrently for sale and for lease. They are however generally not optimistic about the prospects of being able to lease up the Property with high calibre tenants quickly. There seems to be a surfeit of large former industrial buildings in the general area.

Value of the Brockville Property

We are aware of two recent appraisals on the Property as follows:

1. Appraisal by John Byer of Associated Appraisers of Kingston, Ontario dated April 21, 2010.

Mr. Byer estimates the value of the Brockville Property using the "Income Approach" to be \$14,100,000. The appraisal assumes that Black & Decker (or some similar tenant) will continue to rent space. It further assumes a 6% vacancy allowance. He estimates the value on a "Market Comparison Approach" to be \$16,000,000. The appraisal states that "the economy appears to be in a recovery mode and values appear to be increasing once again". The appraisal therefore does not take into account the market uncertainty since then. He then gives more weight to the "Market Comparison Approach" and values the Brockville Property at \$15,500,000. He qualifies his appraisal by stating that if the Black & Decker lease is not renewed and the Brockville Property becomes substantially empty then it will have a significant negative impact on the subject's value. This appraisal was prepared for Mr. Khalid.

2. Appraisal by John Byer of Associated Appraisers of Kingston, Ontario dated February 15, 2012

Mr. Byer estimates the value of the Brockville Property using both the "Income Approach" and the "Market Comparison Approach" to be \$12,600,000 subject to the usual caveats. He suggests that the Property would need to be exposed to the market for 180 days in order to effect a sale at that price. His income value calculation assumes a vacancy rate of only 6%. His Comparable Sales analysis is based on properties of between 80,000 and 205,000 square feet in space. This appraisal was prepared for BPHL.

Based on the comments noted earlier from the three realtors that we consulted with and from our own observations we do not think that either of these appraisals give a realistic estimate of the current value of the Brockville Property. We do not rely upon them for any purpose.

The Kingston Property

Our appointment does *not* include the Kingston Property. The Kingston Property comprises a 515,000 square foot industrial building in Kingston, Ontario that had formerly been used by Nortel. It currently has two tenants occupying a small portion of the space. We understand it is occasionally used for trade shows. BPHL have a second mortgage over the Kingston

Property in addition to their mortgage over the Brockville Property as security for the same debt (see later). We were informed by Mr. Khalid in June 2012 that he had accepted an offer to purchase the Kingston Property. That offer was conditional on certain due diligence and recently we were informed that the conditions had not been met or waived and that the offer had lapsed.

The Kingston Property has a negative cash flow and significant tax arrears. It also is believed to have environmental contamination. Mr. Khalid has asked if the Receiver would provide funding of the order of \$20,000 per month to "keep the lights on". We can at this time see no basis for making such a payment.

BPHL's lawyer, Mr. Berkow, has indicated that BPHL is considering making an application to have a receiver appointed over the Kingston Property. We have already informed Mr. Berkow that we would not be prepared to act in that capacity.

Other Assets of 205

It is the Receiver's understanding that, for a number of years, funds from the Brockville Property have been used to support other real estate projects within the Khalid Entities which are/were either not generating any income or were not generating sufficient income to cover expenses. As a result the books of 205 suggest that an amount of approximately \$2,700,000 is due from these entities. The Receiver plans to make formal demand on these related parties for repayment but, given our knowledge of those other entities poor financial positions and encumbrances, is not optimistic of receiving payment from any of them in the near term.

These intercompany receivables are the only material assets of 205 that we are aware of other than the Brockville Property (and related assets) and the Kingston Property (and related assets).

Creditors

The BIA Notice of Receiver

We determined that we satisfied the definition of "Receiver" in the BIA and sent out the statutory Notice of Receiver to the creditors of 205 we were aware of. Determining who the creditors of 205 were was complicated by the fact that SAMAK appears to have entered into a number of contracts pertaining to both the Kingston Property and the Brockville Property in its own name as principal and not as agent for 205.

Secured Creditors

We understand that the following mortgages are registered against the Brockville Property:

	Mortgagee	Amount
1	ICICI Bank Canada	\$3,950,000
2	ICICI Bank Canada	2,250,000
3	BPHL	4,200,000
4	ICICI Bank Canada	5,000,000

In addition both ICICI Bank Canada ("**ICICI Bank**") and J.D.L. Finance Limited ("**JDL**") have registered security interests in accordance with the Ontario Personal Property Security Act. We understand that the registration by JDL is connected to a first mortgage they hold over the Kingston Property. We have asked our independent legal counsel, Gardiner Roberts, to review these creditors' security.

Property Taxes

It appears that 205 has not paid any property taxes re the Brockville Property since 2009. According to a tax bill dated August 1, 2012 the arrears are now \$994,974, comprising taxes to December 31, 2012 and, presumably, interest and penalties to August 1, 2012. We understand that interest and penalties at a rate of 15% per annum are being added each month to the outstanding balance. We have paid on to the City of Brockville the property taxes we have collected from Black & Decker and Camelor as part of their July and August 2012 rent.

Harmonized Sales Tax ("HST")

We are endeavouring to determine the status of 205's pre receivership HST accounting and the impact of the receivership, given that we are not Receiver of all of 205's assets.

We have set up a HST sub account and will file HST returns covering our own activities with CRA.

Other Government Claims

As noted earlier, 205 had no employees and we are unaware of any source deductions or employer health tax arrears.

The most recent corporate tax return filed by 205 is for the year ended October 31, 2011. It is a "Nil" return. We are advised that the operating income and expenses related to the Brockville Property and any related tax consequences were reported through the tax return of The Family Trust.

Other Matters

The Habib Canadian Bank Overdraft

We have been asked by SAMAK and Mr. Khalid if we would pay over to SAMAK approximately \$66,000 in order to extinguish the overdraft SAMAK has with Habib Canadian Bank pertaining to its pre receivership management of the Brockville Property. We attach as *Exhibit "D"* a memorandum we have prepared summarizing the events leading up to the creation of this overdraft.

The Receiver takes no position on whether such a payment should be made. The Receiver does not propose making any such payment at this time.

Payment of Certain Pre-Appointment Professional Fees

Pursuant to paragraph 3 of the Initial Order, the Receiver was authorized and directed to pay, up to a maximum of \$125,000 excluding HST, the fees and expenses of Heath Whiteley as counsel to the Applicant and A. John Page & Associates Inc. as reviewer/monitor in accordance with its agreements with the Applicant and the Respondent dated September 13, 2011 and May 15, 2012 ("**the May 15 Agreement**"). Payments totalling \$94,189 plus HST were paid to Mr. Whiteley (re his work in 2012) and to Gowlings (re Mr. Whiteley's work prior to 2012). Payments totalling \$30,811 plus HST were made to A. John Page & Associates Inc.

Cash Flow Projections

We have prepared 12 month cash flow projections to assist in managing the receivership. We note that the major tenant, Black & Decker, is in the process of vacating the Property. Their rent payments drop significantly in October 2012 and they will make their last rent payment in December 2012. This will leave the Property with only one tenant occupying only about 8% of the Property on January 1, 2013. Assuming no new tenants are found, the Property will start having a negative cash flow in October 2012 of about \$60,000 per month. If costs (primarily utilities) cannot be reduced significantly then we estimate this negative cash flow will climb to over \$130,000 in January 2013. We estimate it will vary through 2013, depending upon the size of the utility bills, but it will be generally over \$100,000 per month. On this basis, the Receiver will exhaust the cash currently in our possession in March 2013. If

utility bills in 2013 can be reduced by 50% we still estimate we will run out of cash in May 2013.

The Initial Order empowers the Receiver to borrow up to \$250,000 secured by a borrowing charge on the assets covered by the receivership. ICICI Bank has given the Receiver a lending commitment for up to \$1,000,000 if required.

These projections were prepared on the basis that no new tenants are located and no leasehold improvement costs are incurred. They generally are based on costs incurred over the prior twelve months. They do not make provision for any major out of the ordinary expenses.

The Receiver will, of course, be attempting to work with SAMAK to reduce the operating costs as much as possible as Black & Decker departs.

These numbers are disturbing and are one key component in our assessment of the go forward strategy for the Brockville Property.

The Receiver's Proposed Strategy with Respect to the Property

The Receiver is of the view that the Property should be immediately listed for sale "as is".

The Receiver is also of the view that attempts be made to lease up the vacant and soon to be vacant space at the Property in parallel to attempts to sell the Property. Leasing up the Property should enhance value. However, while there is a prospect of getting tenants to replace Black & Decker, in light of the advice we have received and our own assessment we think it would be imprudent to delay listing for sale in the hope that the Property can be leased up in short order.

As noted earlier, the Property will have a negative cash flow commencing in October 2012 and the Receiver will have exhausted the cash in its possession in the late spring of 2013 and will have to borrow to fund operating deficits after that time. It is therefore imperative that a buyer be sought promptly.

We propose initially listing the Property for sale at \$8.5 million. If however it is apparent in two to three months that the market sees this price as too high we propose reassessing the listing price with a view to a significant reduction at that time.

We propose attempting to negotiate a listing and leasing agreement with CBRE. If we are unable to negotiate an agreement with CBRE we propose attempting to negotiate an agreement with either DTZ Barnicke or Cushman & Wakefield.

We do not propose attempting to renew the Roofing Lease at this time because of the 20 year

encumbrance it would place on the Property. We can instead provide any purchaser with an introduction to the Roofing Tenant and allow them to assess whether a Roofing Lease is attractive to them.

Monitoring Assignment

As previously disclosed, pursuant to the May 15 Agreement we continue to review and report weekly to ICICI Bank on the receipts and disbursements over \$20,000 going through the bank accounts of certain of the Khalid Entities. Our fees for this ongoing work are not charged to the receivership.

Legal Counsel

As noted earlier we have engaged Gardiner Roberts (Jonathan Wigley and Jeff Rosekat) as our independent counsel.

Banking and the Receiver's Statement of Receipts and Disbursements

We have opened up receivership bank accounts at Royal Bank of Canada and at ICICI Bank. Attached as *Exhibit "E"* is a copy of the Receiver's Interim Statement of Receipts and Disbursement from June 21 to August 29, 2012. We are asking the court to approve these receipts and disbursements.

The fees and disbursements of the Receiver to July 31, 2012 are included as a disbursement in the Receiver's Interim Statement of Receipts and Disbursements. The Receiver's fees totalling \$94,003.16 (excluding HST) are more fully set out in the invoices attached to the Affidavit of A. John Page that is being filed separately with the Court in support of the application seeking their approval.

The fees and expenses of Gardiner Roberts to July 31, 2012 totalling \$19,659.75 (excluding HST) are also included as a disbursement in the Receiver's Interim Statement of Receipts and Disbursements. They are more fully set out in the Affidavit that is also being filed with the Court in support of the application seeking their approval.

All of which is respectfully submitted this 29th day of August, 2012

A. JOHN PAGE & ASSOCIATES INC.
COURT APPOINTED RECEIVER OF CERTAIN ASSETS OF 2058756 ONTARIO LIMITED
per:


A. John Page FCA, CMAA, CIRP, CIRP
President

**Exhibits to the Report of A. John Page & Associates Inc.
as Court Appointed Receiver of Certain Assets of 2058756 Ontario Limited
dated August 29, 2012**

Initial Order	A
SAMAK Property Management Agreement	B
Broker Proposal Memorandum	C
Habib Overdraft Memorandum	D
Statement of Receipts and Disbursements	E



Exhibit "A"

**First Report of
A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 29, 2012**

Initial Order dated June 21, 2012

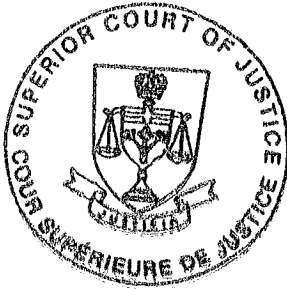
ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE *MR.*) THURSDAY, THE 21st DAY
)
JUSTICE BROWN) OF JUNE, 2012

ICICI BANK CANADA

Applicant

- and -



2058756 ONTARIO LIMITED

Respondent

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant 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 A. John Page & Associates Inc. as receiver and manager (in such capacities, the "**Receiver**") without security, of certain of the assets, undertakings and properties of 2058756 Ontario Limited (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Lionel Meunier sworn May 31, 2012 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, the Respondent and BPHL Holdings Limited ("**BPHL**"), and on reading the consent of A. John Page & Associates Inc. to act as the Receiver and the consent of the Debtor and BPHL to this Order,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this motion 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, A. John Page & Associates Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor, save and except for the real property known municipally as 700 Gardiners Road, Kingston, Ontario, acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"). For greater certainty, such proceeds of the Property, shall include all amounts paid and/or payable on or after May 31, 2012 by: (i) Black & Decker Canada Inc.; and/or (ii) Camalor Manufacturing Inc.; to either the Applicant, the Respondent and/or BPHL, or their respective agents, including, without limitation, the following:

- (a) a payment made by Black & Decker Canada Inc. ("**B&D**") by cheque dated June 7, 2012 in the amount of \$263,064.00 and made payable to Samak Management & Construction Inc. ("**Samak**"), for the benefit of the Respondent and on account of the rent for June, 2012 (the "**June B&D Rent**"); and
- (b) a payment made by B&D by cheque for approximately the same amount as in (a) above and made payable to Samak, for the benefit of the Respondent and on account of the rent for July, 2012.

PAYMENT OF CERTAIN PRE-APPOINTMENT PROFESSIONAL FEES

3. THIS COURT AUTHORIZES AND DIRECTS the Receiver to pay out of the June B&D Rent payment the fees and expenses of: (i) Heath Whiteley as counsel to the Applicant; and (ii) A John Page & Associates Inc. as reviewer/monitor (in accordance

up to a maximum of \$25,000, excluding H.S.T.

towards

with its agreements with the Applicant and the Respondent dated September 13, 2011 and May 15, 2012, respectively); up to the date of this Order, as approved by the Applicant and provided for by the terms of the Applicant's security, *subject to the right of BHL to challenge the amount paid in any subsequent assessment of the accounts of this receivership.* ✓

RECEIVER'S POWERS

4. 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 Debtor, 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 Debtor;
- (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 Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor, and nothing herein shall preclude the Receiver from appointing the Debtor as its agent for such purposes;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (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 Debtor, 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 Debtor, 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) with the further approval of the Court, 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 \$250,000; 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, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (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 Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor 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 Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its 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. All Persons shall inform the Receiver if any of the Records might contain information of third parties that were and remain subject to confidentiality obligations and shall provide the Receiver with details of any such confidentiality obligations. The Receiver shall then keep any such information confidential.

6. 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 Debtor, 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.

7. 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.

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 DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor 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 Debtor 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 Debtor, 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 Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor 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 Debtor, 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 Debtor 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 Debtor 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 Debtor's 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 Debtor 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 Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's 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 Debtor, 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, 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 Commercial List 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 \$250,000 (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 "A" 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 Receiver be at liberty to serve 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 electronic transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or notice by courier, personal delivery or electronic 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.

26. THIS COURT ORDERS that the Plaintiff, the Receiver, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Receiver may post a copy of any or all such materials on its website at www.ajohnpage.com.

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 Debtor.

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 motion, 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 Debtor's 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.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

A handwritten signature in black ink, appearing to be "R. J. [unclear]", written over a horizontal line.A small, stylized handwritten mark or signature in black ink.

JUN 21 2012

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that A. John Page & Associates Inc., the receiver (the "**Receiver**") of certain of the assets, undertakings and properties of 2058756 Ontario Limited (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (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 _____, 20__.

A. John Page & Associates Inc., solely in its
capacity as Receiver of the Property, and
not in its personal capacity

Per: _____
Name:
Title:

B E T W E E N:

ICICI BANK CANADA
Applicant

- AND -

2058756 ONTARIO LIMITED
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

(PROCEEDING COMMENCED AT TORONTO)

ORDER
(June 21, 2012)

Heath P.L. Whiteley
(L.S.U.C. No. 38528P)

Tel: (905) 773-7700

Fax: (905) 773-7666

Email: heath@whiteleylitigation.com

310 Stouffville Road
Richmond Hill, Ontario
L4E 3P4

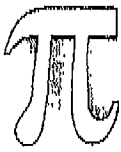
Lawyer for the Applicant



Exhibit "B"

**First Report of
A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 29, 2012**

SAMAK Property Management Agreement



August 1, 2012

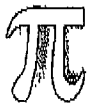
Mr. Alfred Apps
Wildeboer Dellelce LLP
Suite 800 - 365 Bay Street,
Toronto, ON
M5H 2V1

Dear Mr. Apps

A. John Page & Associates Inc. as Receiver of certain assets of 2058756 Ontario Limited (the "Receiver") - Property Management Services at 100 Central Avenue West, Brockville, Ontario

Further to the e-mail exchange of August 1, 2012, between you and Gardiner Roberts LLP, we are writing to confirm the terms of an agreement under which your client, SAMAK Management & Construction Inc. ("SAMAK"), will provide certain property management services at 100 Central Avenue West, Brockville, Ontario. These terms are as follow:

1. On the first day of each month, the Receiver will pay SAMAK a property management fee of 1.4875% (being 85% of 1.75%) of the gross revenue of the Property, net of HST for the month which is being paid (excluding the specific utility re-charges paid by Camelor Manufacturing). Currently, the gross revenue is \$255,532 per month net of HST, however this revenue will decrease as of October 1, 2012 to approximately \$82,119. The minimum monthly fee to be paid would be \$2,500.
2. In addition, the Receiver will contribute \$4,250 (being 85% of \$5,000) per month towards direct property payroll costs of \$5,000 per month inclusive of benefits, payable on the first day of each month.
3. SAMAK would provide services in accordance with the document attached and titled "Schedule A Proposed Operational Responsibility Allocation." SAMAK would not provide any "asset management services" or any services with respect to leasing or disposition strategy unless specifically requested by the Receiver.
4. Payment for the period of June 1 - 30, 2012 and payment for the month of July, 2012, can be made immediately upon this agreement being accepted by SAMAK.
5. All payments to SAMAK under this agreement and payments made by SAMAK in carrying out its responsibilities under this agreement shall be deposited to or made from the ICICI bank account which has been opened for this purpose.
6. The Receiver will provide SAMAK with a float of \$5,000 to cover expenditures to be



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Mr. Alfred Apps
August 1, 2012

made in the subsequent month. No later than the fifth business day of each month, SAMAK will provide the Receiver with a detailed accounting of third party payments made by SAMAK during the prior month with respect to the Property, provided such payments are consistent with this agreement, the Receiver will promptly reimburse SAMAK for those payments.

7. SAMAK will provide the Receiver with details of any payments made during the period from June 21 to July 31, 2012 on account of the Property. Provided they are consistent with this agreement, the Receiver will reimburse SAMAK for these expenses.
8. This agreement can be terminated by the Receiver or SAMAK on thirty days written notice.
9. The Receiver will pay or will reimburse SAMAK for the payment of the following pre-receivership small local creditor claims:

B. Lundy Mechanical Ltd.	\$441.44
Done Rite Cleaner's Ltd	\$1,094.92
Drapeau Automatic Sprinkler Corp.	\$1,869.59
French Brother Roofing (Belleville)	\$1,775.05
Ground Master	\$3,915.45
10. The Receiver will not pay the bill of J.L. Prior High Pressure Cleaning for \$4,491.04.
11. The Receiver understands that some of the above small local creditors may also have unpaid bills relating to goods and services supplied during the period from June 1 - 21, 2012. Providing such bills do not exceed \$3,000 and are consistent with this agreement, the Receiver will also pay or reimburse SAMAK for these costs.
12. Payments envisaged under this agreement can be made starting on August 1, 2012.
13. SAMAK waives and releases any claims which it may have had against the Receiver with respect to the Management Agreement dated July 1, 2009 as between 2058756 Ontario Ltd. and SAMAK Management and Construction Inc.



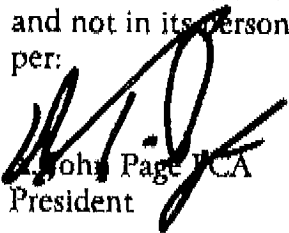
Page 3

Mr. Alfred Apps
August 1, 2012

Please have your client indicate its acceptance of these terms and conditions by signing below.

Yours very truly

A. JOHN PAGE & ASSOCIATES INC.
RECEIVER OF CERTAIN ASSETS OF 2058756 ONTARIO LIMITED
and not in its personal capacity
per:


A. John Page JCA
President

AGREED and accepted, this 2nd day of August, 2012.

SAMAK Management & Construction Inc.

Per: 

Name: MALIK S. KHALID
Title: President.

I have authority to bind the Corporation

Schedule A
Proposed
Operational Responsibility Allocation¹

Operational Duties	Receiver	Property Manager
Collect rents	X	
Pay utilities and taxes	X	
Enforce terms of tenant leases	X	
Physical property inspections		X
Building security		X
Building repairs	X	X
Capital improvements	X	X
Janitorial/Cleaning		X
Purchase required property supplies and services	X	X
Pay property bills	X	X
Negotiate and conclude third party supplier/service contracts as required	X	X
Manage third party contractors/contracts		X
Building maintenance		X
Grounds maintenance		X
HVAC system maintenance		X
Sprinkler system maintenance		X
Tenant relations, communications and satisfaction (i.e. complaint/request management)		X
Supervise all tenant moves		X
Complete any landlord work for new tenants	X	X
Oversee any tenant improvements and fixturing	X	X
Establish and implement environmental management system	X	X
Maintain property bank account		X
Maintain property accounting records		X
Maintain required full/part-time employees		X
Maintain payroll records, reports, returns, deductions and remissions		X
Maintain required insurance		X
Annual/monthly budgets and monthly cash-flow projections		X
Annual/monthly property (including financial) reports		X
Procure and provide any engineering, structural, environmental reports required by Receiver	X	X
Manage building emergency services and requirements		X
Ensure ongoing building code and other compliance		X
Maintain up-to-date building and tenant files, books and records		X

¹ All duties performed subject to advanced approval by the Receiver, as required. Where duties are flagged as being joint responsibilities of the Receiver and the Property Manager, advanced approval in writing is required from the Receiver. Any commitments or expenditures in excess of \$2,500 must also be approved in advance in writing by the Receiver.



Exhibit "C"

**First Report of
A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 29, 2012**

Broker Proposal Memorandum

This Exhibit is the subject of a sealing request and is not included in this version of the First Report. The Exhibit is being provided to the Court separately.



Exhibit "D"

**First Report of
A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 29, 2012**

Habib Overdraft Memorandum

Memorandum

To: File
From: A. John Page
Date: August 27, 2012
Subject: Habib Overdraft

Purpose of Memorandum

To summarize the events leading up to the creation of the overdraft of about \$66,000 in the SAMAK Brockville Account with Habib Canadian Bank("Habib").

All capitalized terms used herein and not otherwise defined are as defined in the First Report of A. John Page & Associates Inc. as Court appointed Receiver of Certain Assets of 2058756 Ontario Limited.

Background

SAMAK has acted as property manager for the Khalid Entities real estate interests including, in particular, the Brockville Property for a number of years. SAMAK managed the Brockville Property using a bank account with Habib entitled "SAMAK Management & Construction Inc. (Brockville)" ("The SAMAK Habib Account").

In late April 2012 Mr. Sidney Lubelsky, on behalf of BPHL, sent out a Notice of Attornment to the two tenants at the Brockville Property, Camelor and Black & Decker. Black & Decker had already paid their May rent to SAMAK but they put a hold on their June rent payment (which traditionally had been sent to SAMAK about two weeks prior to the due date). Camelor paid the May base rent of about \$12,000 to Mr. Lubelsky.

ICICI Bank is believed to have security over the Brockville Property and related assets, including rents, in priority to BPHL. They did not view this attempt by a subsequent creditor to seize assets covered by their security (as well as perhaps thwart attempts by 205 to negotiate a longer term lease with Black & Decker) in a positive light.

In late May, 2012, Mr. Marty Kaplan, representing the Khalid Entities, attempted to broker an agreement between BPHL and ICICI Bank with respect to what should happen to the June 2012 Black & Decker rent payment of approximately \$263,000. However we understand Mr. Lubelsky withdrew his support from the tentative agreement. Therefore, just prior to May 31,

Memorandum

Page 2

2012 Mr. Heath Whiteley, acting for ICICI Bank, issued a Notice of Attornment to Black & Decker and Camelor and also commenced a receivership application. At about this time Mr. Jack Berkow was engaged by BPHL.

We have been informed that in court on May 31, 2012 the lawyers present (Kaplan for the Khalid Entities, Berkow for BPHL and Whiteley for ICICI Bank) agreed that all lease payments subsequently received by any of the three parties, or their agents, would be held in trust pending further agreement or an order of the court. We further understand that the receivership application was adjourned.

Camelor paid their June base rent to Mr. Lubelsky in accordance with the Notice of Attornment previously issued by BPHL.

Black & Decker held onto their June rent pending a clarification of whose notice governed.

There was a meeting of the parties on June 5, 2012 ("the June 5 Meeting"). In attendance were Messrs. Berkow, Whiteley and Kaplan together with myself representing A. John Page & Associates Inc., M. Khalid, B. Parsa (the principal of BPHL) and Uwe Manski of BDO Canada Limited, advisors to Mr. Khalid. Black & Decker had previously given notice to 205 that they planned to vacate the Brockville Property by September 30, 2012. They had however been in discussions with Mr. Khalid regarding a possible lease extension. At least some of the parties present were concerned that the issuance of the Notices of Attornment in late April and late May 2012 might have "spooked" Black & Decker and thereby caused them to start making alternative leasing arrangements. At the June 5 Meeting it was therefore agreed that Black & Decker would be told that the parties had reached agreement in principle to fully support Mr Khalid in his forward management of the Brockville Property and that June's rent cheque and monthly thereafter should be paid to SAMAK just as they had done in the past. The hope was that this might "unspook" Black & Decker and persuade them to continue to negotiate a longer term lease extension. The parties also wanted to make sure that Black & Decker would actually pay their rent. This agreement was conveyed to Black & Decker by email on June 6, 2012 and SAMAK received the June rent cheque shortly after that.

It was also agreed at the June 5 Meeting that, once received, the Black & Decker cheque should be immediately given to A. John Page & Associates Inc. to be held pending a court order or the agreement of the parties. SAMAK handed the cheque over to us on June 12, 2012.

At the June 5 Meeting A. John Page & Associates Inc. was tasked with preparing a cash flow showing the various expenses etc. that might be paid with the Black & Decker cheque. The intent at the time had been to have the parties agree on how the money should be spent each month and have A. John Page & Associates monitor to ensure it was spent in that way. There

Memorandum

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was no discussion of payment being made by SAMAK of any expenses prior to the parties reaching an "agreement". In fact that would have been contrary to the idea that the parties should agree who was to be paid. One of the counsel present has commented to us that he thought the parties never turned their minds to this as the expectation was there would be a deal or no deal regarding the use of the rent monies before any payments were required to be made.

In the meantime, Camelor paid SAMAK two payments, for \$26,511 and \$13,663, on account of additional rent. This was in contravention of the two Notices of Attornment they had received. It seems they did not equate additional rent with Rent as defined in the Notices of Attornment. SAMAK did not hand these cheques on to us or ICICI Bank despite the issuance of Notices of Attornment, the understanding at the June 5 Meeting or the agreement reached at court on May 31, 2012.

During the first two weeks of June 2012 SAMAK continued to issue cheques drawn on the SAMAK Habib Account. Attached is a copy of the SAMAK Habib Account bank statement covering the period from May 23 to July 3, 2012 together with a listing prepared by SAMAK detailing the receipts and disbursements in June 2012. In particular on or about June 8, 2012 SAMAK issued a cheque to Hydro One (electricity) for \$47,955 re Brockville. They also made the normal Brockville monthly payment of principal and interest to ICICI Bank for \$43,530. By June 13, 2012 the SAMAK Habib Account was in overdraft to the extent of \$62,172. By June 30, 2012 it had risen to \$65,802.

(One automatic payment for \$2,831.88 was made to Aviva Insurance on July 3, 2012. This related to the insurance premium re the Brockville Property. Since this payment was made after our appointment as Receiver for a service we wished to receive we have reimbursed SAMAK for this payment.)

On June 13, 2012 Mr. Khalid retained Mr. Alfred Apps to represent him and the Khalid Entities. Mr. Kaplan ceased to have any ongoing involvement in this matter at that time.

The attempts to consensually agree upon how the monthly revenue from the Brockville Property should be disbursed failed and on June 21, 2012 A. John Page & Associates Inc. was appointed as Receiver. On that day, Mr. Khalid, on behalf of SAMAK, endorsed the first Black & Decker cheque over to us. He also gave us a second Black & Decker cheque for about \$263,000 representing the prepayment of the July rent. This he also endorsed over to us. The court order appointing us made specific reference to both of these cheques, specifically including them in the definition of property over which we were appointed Receiver. That definition also included any payments paid or payable by Camelor on or after May 31, 2012.

It is my impression that Mr. Khalid did not fully understand the aims of the June 5 Meeting and therefore did not brief his book keeper, Mohamed Yaseen. Mr. Yaseen just deposited the

Memorandum

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Camelor cheques as normal and raised payments to ICICI Bank and the utilities because such payments were "due". I assume Mr. Khalid actually signed the cheques making these payments but am not sure he had thought through the implications.

The Hydro One account was in the name of:

CENTRAL DIAGNOSTICS INC. IN TRUST
SAMAK MNGNT & CONSTRUCTION

Central Diagnostics Inc. ("Central Diagnostics") is another Khalid Entity. It is not immediately clear whether any unpaid hydro bill would have been a liability of Central Diagnostics, SAMAK, 205 or a combination of some or all of them. It is clear though that the beneficiary of the supply of hydro was the Brockville Property/205.

The impact of paying the hydro was to reduce the potential liability to Hydro One for hydro supplied to the Brockville Property by that amount. It is our estimate that there are now no or only nominal hydro arrears with respect to hydro supplied to the Brockville Property as at the date of the receivership because we estimate that the unbilled/unpaid balance is approximately the same as a security deposit held by Hydro One. I have however no reason to believe that the payment was made deliberately because of the fact that it might have been a liability of SAMAK or Central Diagnostics.

 <p>Habib Canadian Bank Member CDIC</p>	<p>Habib Canadian Bank</p> <p>A Subsidiary of Habib Bank AG Zurich</p> <p>Jul 5 2012, 03:20:15 PM GMT</p>			
	Logout	Home	HBZ	Change Password

User: SAMAK MANAGEMENT & CONSTR

Options

Accounts

Account	Currency	Balance	Title
3-1-2-20311-184-109388	CAD	68,634.01 DR	SAMAK MANAGEMENT & CONSTRUCTION INC (BROCKVILLE)

[From Date: 23-May-2012 To: 04-Jul-2012] [Previous Page]
 [Next Page] [First Page] [Last Page] [Done]

Date	Particulars	Debit	Credit	Balance
	Opening Balance			98,972.69 CR
23-May-2012	Cheque Cleared (#1777) [Ref: 3-1-2-68-23-May-2012]	6,027.13		
	Cheque Cleared (#1776)	9,187.18		83,758.38 CR
25-May-2012	Transfer by Ch.#1791 (Dt. 24-May-2012) [Ref: 3-1-2-92-25-May-2012]	8,000.00		
	Cheque Cleared (#1789) [Ref: 3-1-2-60-25-May-2012]	25,000.00		50,758.38 CR
30-May-2012	DEFT - AVIVA INSURANCE [Ref: 3-1-2-14-30-May-2012]	2,631.86		
	Handling charge from 27-Apr-2012 to 28-May-2012 [Ref: 3-1-1-68-30-May-2012]	26.40		
	Cheque Cleared (#1772) [Ref: 3-1-2-36-30-May-2012]	569.52		47,330.56 CR
31-May-2012	Transfer by Ch.#1792 (Dt. 31-May-2012) [Ref: 3-1-2-120-31-May-2012]	30,000.00		17,330.56 CR
04-Jun-2012	Cheque Cleared (#1770) [Ref: 3-1-2-87-04-Jun-2012]	1,559.40		15,771.16 CR
06-Jun-2012	Transfer by Ch.#1793 (Dt. 06-Jun-2012) [Ref: 3-1-2-120-06-Jun-2012]	15,000.00		771.16 CR
07-Jun-2012	Releasing hold on cheque for 3-1-2-33050-184-109388, Cheque #115901 [Ref: 3-1-2-95-07-Jun-2012]		26,511.75	27,282.93 CR
11-Jun-2012	Releasing hold on cheque for 3-1-2-33050-184-109388, Cheque #115920 [Ref: 3-1-2-137-11-Jun-2012]		13,662.62	40,945.75 CR
12-Jun-2012	Cheque Cleared (#1794) [Ref: 3-1-2-54-12-Jun-2012]	43,530.41		
	Cheque Cleared (#1795)	11,465.06		14,049.72 DR
13-Jun-2012	Cheque Cleared (#1798) [Ref: 3-1-2-64-13-Jun-2012]	47,954.76		
	Cheque Cleared (#1796)	110.97		
	Cheque Cleared (#1797)	57.04		62,172.49 DR
14-Jun-2012	Cheque Cleared (#1799) [Ref: 3-1-2-19-14-Jun-2012]	3,620.84		65,793.33 DR
28-Jun-2012	Handling charge from 29-May-2012 to 27-Jun-2012 [Ref: 3-1-1-149-28-Jun-2012]	6.80		65,802.13 DR
03-Jul-2012	DEFT - AVIVA INSURANCE [Ref: 3-1-2-1-03-Jul-2012]	2,831.88		68,634.01 DR

Go Back: Option List, Summary

12:04 PM

05/07/12

Accrual Basis

2058756 ONTARIO LIMITED - BROCKVILLE

Transactions by Account

As of 4 July 2012

Type	Date	Num	Name	Memo	Clr	Debit	Credit	Balance
10005 - Habib Canadian Bank-2184-109388								
Cheque	06/06/2012	1793	SAMAK Management & Construction ...		X		15,000.00	15,771.18
Bill Pmt -Cheque	08/06/2012	1795	Enbridge		X		11,465.06	771.18
Bill Pmt -Cheque	08/06/2012	1796	Hydro One 06087-99024		X		110.97	-10,693.88
Bill Pmt -Cheque	08/06/2012	1797	Hydro One 64767-06024		X		57.04	-10,804.85
Bill Pmt -Cheque	08/06/2012	1798	Hydro One Networks Inc.		X		47,954.76	-10,861.89
Bill Pmt -Cheque	08/06/2012	1799	The City of Brockville- Water & Sewer		X		3,620.84	-58,816.65
Bill Pmt -Cheque	10/06/2012	1794	ICICI Bank Canada	Monthly payment	X		43,530.41	-62,437.49
Deposit	11/06/2012			Deposit	X	40,174.57		-105,967.90
Bill Pmt -Cheque	30/06/2012	PAP	Aviva Insurance company of Canada	Service Charge	X		2,831.88	-65,793.33
Cheque	30/06/2012						8.80	-68,625.21
Total 10005 - Habib Canadian Bank-2184-109388						40,174.57	124,579.76	-68,634.01
TOTAL						40,174.57	124,579.76	-68,634.01

No cheques over \$20,000 No Released

Expecting Receipts over \$20,000 from Afghanistan Inc.



Exhibit "E"

**First Report of
A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 29, 2012**

Statement of Receipts and Disbursements

Brockville Receipts and Disbursements - ETD

21/06/2012 through 29/08/2012 (Cash Basis)

29/08/2012

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Category Description	21/06/2012- 29/08/2012
INCOME	
HST on Sales	97,998.54
Receivables	295,475.47
Rent	756,187.87
TOTAL INCOME	1,149,661.88
EXPENSES	
HST Input	35,635.20
Insurance	8,495.64
Legal Fees	19,659.75
Miscellaneous	1,323.07
OSB Fees	70.00
Other Operating Expenses	17,750.00
Pre-Appointment Fees	125,000.00
Pre-Receivership Suppliers	8,085.41
Property Management Fees	11,403.12
Property Taxes	50,121.78
Receiver's Fees	94,003.16
Utilities	6,952.64
TOTAL EXPENSES	378,499.77
OVERALL TOTAL	771,162.11